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**THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ CAREFULLY.**  
If you are in any doubt about its contents or the action to be taken, please consult your Banker, Stockbroker, Accountant, Solicitor or any other professional adviser for guidance immediately. "For information concerning certain risk factors which should be considered by prospective investors, see 'risk factors' on page 18"

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PRIVATE PLACEMENT MEMORANDUM

**COOPXCHANGE LIMITED** RC 927277

PRIVATE PLACEMENT OF

**100,000,000**

ORDINARY SHARES OF ₦1.00 EACH

AT

~~₦~~1.25

PER SHARE

PAYABLE IN FULL ON APPLICATION

APPLICATION LIST

OPENS 9 DECEMBER, 2011

CLOSES 31 JANUARY, 2012

ISSUING HOUSE



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**This Private Placement Memorandum and the securities which it offers have not been registered by the Securities & Exchange Commission. The Private Placement Memorandum and the securities which it offers are directed solely at the recipient and do not constitute an offer or an invitation to the general public to subscribe to the securities offered therein. Each prospective investor to whom this Private Placement Memorandum has been addressed is expected to scrutinize the information contained therein independently, for which said information, the Directors of CoopXchange Limited have individually and collectively accepted responsibility.**

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**This Private Placement Memorandum is dated December 1, 2011**

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## **IMPORTANT NOTICE**

This Private Placement Memorandum (“the Memorandum” or “PPM”) contains confidential information about CoopXchange Limited (“CoopXchange”, “CXL” or “the Company”) and is intended solely for the purpose of giving information to the selected group of potential investors to whom it is addressed. This document is not a Prospectus and does not constitute an offer or an invitation to the general public to subscribe to the securities offered herein. Subscription to the shares being offered may only be made by prospective investors who have been specifically invited to take up shares in CoopXchange Limited in accordance with the terms and conditions contained in this Memorandum. Every prospective investor to whom this document is addressed is expected to scrutinize the information contained in this Memorandum independently and evaluate the securities being offered. No application has been made or is required to be made to the Securities & Exchange Commission for the clearance of this PPM or the registration of the securities it offers. No application has been made to the Council of The Nigerian Stock Exchange for the admission of the shares being offered herein by way of Private Placement or for the existing issued share capital of CXL.

The information contained in this Memorandum and any other document or information furnished in connection with the Private Placement is confidential and proprietary to the CoopXchange Limited (“the Offeror”) and is solely for the confidential use of such persons with the express understanding that without prior written permission of CoopXchange Limited, such persons will not release the Memorandum or discuss the information contained herein or make reproductions of or use the Memorandum for any other purpose other than evaluating a potential investment in the Company.

The Memorandum includes certain statements, financial estimates and projections with respect to the future performance of the Company. These statements, estimates and projections reflect various assumptions by the Company concerning anticipated results, which have been included solely for illustrative purposes. These statements, estimates and projections should not, however, be relied upon as a representation, warranty or undertaking, expressed or implied, as to the future performance of the Company, and actual results may vary materially from the projected results contained herein and/or the assumptions on which such statements, estimates and projections were based.

The Directors of CoopXchange Limited collectively and individually accept full responsibility for the accuracy of the information contained in the Memorandum. The Directors have taken reasonable care to ensure that the material facts contained herein are true and accurate in all respects and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other material facts the omission of which would make any material statement herein misleading or untrue.

**INDICATIVE TIMELINE**

<b>EVENT</b>	<b>Date</b>	<b>RESPONSIBILITY</b>
Investors Forum	07/12/2011	All Parties
Application List Opens	09/12/2011	Issuing House
Application List Closes	31/01/2012	Issuing House
Placement Agents make returns	16/02/2012	Issuing House
Prepare/discuss basis of allotment with CXL	22/02/2012	Issuing House
Board approval of basis of allotment	28/02/2012	Issuing House
Pay net offer proceeds to CXL	29/02/2012	Issuing House
Return excess/rejected application money	06/03/2012	Issuing House
Dispatch Share Certificates	06/03/2012	Issuing House
File basis of allotment with Corporate Affairs Commission	06/03/2012	Company Secretary

## 1. SUMMARY OF THE PRIVATE PLACEMENT

The following information should be read in conjunction with the full text of the PPM, from which it is derived:

1. **OFFEROR:** CoopXchange Limited (“CoopXchange”).

2. **SHARE CAPITAL:**

**Pre-Offer:**

	₦	Ordinary shares of ₦1 each
<b>Authorised</b>	150,000,000	150,000,000
Issued and Fully Paid	1,000,000	1,000,000
	₦	Ordinary shares of ₦1 each
<b>*Post-Offer:</b>		
<b>Authorised</b>	150,000,000	150,000,000
Issued and Fully Paid	150,000,000	150,000,000

There is a deposit for shares of ₦49,000,000 to be capitalised post-offer.

3. **THE PRIVATE PLACEMENT** 100,000,000 ordinary shares of ₦1 each at ₦1.25 per share in CoopXchange Limited.

4. **PURPOSE:** The Private Placement is being undertaken to raise capital for the strategic expansion of CoopXchange’s Business Lines.

5. **METHOD OF ISSUE:** By Private Placement.

6. **PRIVATE PLACEMENT PRICE:** ₦1.25 per share.

7. **PAYMENT:** In full on application.

8. **OPENING DATE:** December 9, 2011

9. **CLOSING DATE:** January 31, 2012

10. **MINIMUM SUBSCRIPTION** ₦5,000,000

11. **USE OF PROCEEDS:** The net proceeds of ₦125,000,000 after deducting offer costs of ₦1,250,000 representing 1% of the offer size will be used as follows:

[REDACTED]

12. **UNDERWRITING:** The Offer will not be underwritten at the instance of the Issuer.

- 13. INDEBTEDNESS:** As at the date of the Private Placement Memorandum, CXL had no indebtedness in the ordinary course of business.
- 14. CLAIMS AND LITIGATION:** As at the date of this Private Placement Memorandum, the Company is in its ordinary course of business involved in no litigations.
- 15. STATUS:** The ordinary shares to be offered rank *pari passu* in all respects with the existing issued ordinary shares of the Company.
- 16. QUOTATION:** No application has been made to the Council of The Nigerian Stock Exchange for the admission to its Daily Official List of the Company's ordinary shares being placed in the near future.

<b>17 PROFIT FORECAST</b>					
<b>Year Ending 31 December</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Turnover	240,040	250,050	350,070	320,080	340,085
Gross Profit	187,640	182,050	254,870	218,080	238,085
Profit before Taxation	98,756	110,419	176,668	141,326	157,735
Estimated Taxation	31,602	35,334	56,534	45,224	50,475
Profit after Taxation	67,154	75,085	120,134	96,102	107,260
Proposed Dividend	(20,000)	(50,000)	(80,000)	(80,000)	(90,000)
<b>FORECAST STATISTICS:</b>					
Earnings per share (kobo)	44.8	50.1	80.1	64.1	71.5
Dividend per share (kobo)	13	33	53	53	60
Earnings yield at offer price (%)	36	40	64	51	57
Dividend yield at offer price (%)	11	27	43	43	48
Price Earnings ratio at offer price	2.79	2.50	1.56	1.95	1.75

\*Based on 150,000,000 shares that will be in issue post offer.

## **2. DIRECTORS, SECRETARY AND OTHER PARTIES**

<b>DIRECTORS</b>	<p><b>Prof. Herbert O. Orji</b> (<i>Chairman</i>) 19, Ribadu Road, South West Ikoyi, Lagos.</p>
	<p><b>Mr. Adebola O. Orolugbagbe</b> (<i>Executive Vice Chairman</i>) 46, Alaafin Avenue, Oluyole Industrial Estate, Ibadan, Oyo State.</p>
	<p><b>Mr. Sesby Banjoh</b> (<i>Director</i>) 13B, Fodayemi Street, Ilupeju, Lagos.</p>
	<p><b>Alhaji Sanni U. Abubakar</b> (<i>Director</i>) 46, Alaafin Avenue, Oluyole Industrial Estate, Ibadan. Oyo State.</p>
	<p><b>Mr. Vennat Omigie</b> (<i>Director</i>) 19, Ribadu Road, South West Ikoyi, Lagos.</p>
	<p><b>Mr. Akeem Badiru</b> (<i>Director</i>) 52, Raymond Njoku, Off Awolowo Rd., Ikoyi, Lagos.</p>
	<p><b>Mr. Israel Olatunde Adedeji</b> (<i>Director</i>) 46, Alaafin Avenue, Oluyole Industrial Estate, Ibadan, Oyo State.</p>
	<p><b>Alhaji Abubakar Mohammed</b> (<i>Director</i>) 46, Alaafin Avenue Oluyole Industrial Estate Ibadan, Oyo State.</p>
<b>COMPANY SECRETARY</b>	<p><b>Olanike Fabiyi (Mrs.)</b> 46, Alaafin Avenue Oluyole Industrial Estate Ibadan, Oyo State.</p>
<b>REGISTERED ADDRESS</b>	<p>Zion House: Ground Floor 46, Alaafin Avenue Oluyole Industrial Estate Ibadan, Oyo State.</p>
<b>FINANCIAL ADVISERS/ISSUING HOUSE</b>	<p><b>LeadCapital Plc</b> Plot 281, Ajose Adeogun Street Victoria Island Lagos</p>

**AUDITORS**

**Baker Tilly Nigeria**

Zion House: 46 Alaafin Avenue  
Oluyole Industrial Estate  
Ibadan, Oyo State

**SOLICITORS TO THE PRIVATE  
PLACEMENT**

**Funmi Roberts & Co**

1st Floor, Asabi House,  
108, Adekunle Fajuyi Rd., Adamasingba,  
P.M.B. 5227, Ibadan. Oyo State.

**RECEIVING BANK**

**Ecobank Plc.**

24, New Court Road,  
Dugbe, Ibadan. Oyo State.



### 3. THE CHAIRMAN'S LETTER

The following is the text of the letter received by LeadCapital Limited from Prof. Herbert O. Orji, Chairman of CoopXchange Limited.

Zion House  
46, Alaaafin Avenue  
Oluyole Industrial Estate  
Ibadan  
Oyo State

December 1, 2011

The Managing Director  
**LeadCapital Limited**  
Plot 281, Ajose Adeogun Street  
Victoria Island  
Lagos

Dear Sir,

**COOPXCHANGE LIMITED – SPECIAL PLACING OF 100,000,000 ORDINARY SHARES OF ₦1.00 EACH AT ₦1.25 PER SHARE**

On behalf of the Directors of CoopXchange Limited (“CoopXchange”, “CXL” or “the Company”), I am pleased to provide the following information relating to the Offer for Subscription by way of Private Placement of 100,000,000 ordinary shares of ₦1.00 each at ₦1.25 per share.

#### 3.1. HISTORY AND BUSINESS

CoopXchange Limited was incorporated on 15 December 2010 and aims to provide an exchange platform that will enhance cooperation amongst co-operative societies and small businesses alike for the facilitation of procurement and sale of goods and services of the different co-operative societies amongst themselves to engender and facilitate trade in a seamless manner. It is on this platform that exchange of goods and services will take place between all affiliate co-operative societies.

CoopXchange is conceptualized in the mould of the 13.7 billion pounds a year Co-operative Group in the UK. In addition, the Company also intends to offer trading services as they exist in a typical stock or commodities exchange, which offers various co-operatives a trading exchange platform, to sell their individual products (commodities) and services (financial) to members of other co-operative societies. These commodities are usually sold below open market prices. The Company's focus is to bring a variety of commodities to co-operatives members through its robust database system at cheaper prices, where goods and services will be traded amongst various co-operative bodies and their members.

A major plank of CoopXchange's business strategy is the establishment of CoopXchange Credit Union, a co-operative membership financial services that offers variety of banking services ranging from Shares Current Accounts, Shares Savings Account, Shares Deposits, Shares Credit/Debit cards, Mortgage loans, Consumer loans, SME lending etc.

Presently, CoopXchange has two locations that are operational where membership banking services are being offered. The Company began offering pilot services on September 1, 2011 and became fully operational on December 1, 2011.

It is the long term objective of the CXL Credit Union arm to evolve into a full-fledge co-operative bank in the future.

Presently, most co-operatives operate in a localised manner amongst closed user groups made up of members of a single/particular organisation. However, this approach has traditionally limited the extent of commercial activities these co-operatives facilitate and execute. CoopXchange seeks to provide a platform for the integration of the commercial activities of these co-operatives and thereby engender broader trading opportunities, access to a wider array of products, funding sources and development for the members of member co-operatives.

With an aggressive marketing plan, CoopXchange expects to experience steady growth as it becomes more familiar to the general public. CoopXchange will maintain operations and provide the public with a unique and innovative exchange trading platform that will cater to the needs of a variety of people such as those on fixed incomes, middle income families, low income families, the elderly, and the large student population in Nigeria. The successful operation of CoopXchange will provide a customer base that will allow it to be self-sufficient.

### ***3.1.1. Objectives of the Company***

1. To provide a wide range of financial and professional services and merchandise at reasonable prices to co-operative members and non members.
2. To be an active and vocal member of the co-operative community, and provide continual re-investment through participation in the co-operative community activities and financial contributions.
3. To achieve a healthy profit margin within the first year and provide adequate return on shareholder investments.

### ***3.1.2. Vision and Mission Statement***

CoopXchange aims to become the largest and most effective source of discounted goods and financial services for most co-operative members and non members in Nigeria. The Company's goal is to provide customers with benefits of convenient access to a wide variety of discounted commodities across the country.

CoopXchange provides a variety of interesting merchandise options at bargain prices. Dedicated to customer service, CoopXchange will give its patrons the kind of service that is respectful and prompt. CoopXchange wants each customer to feel as though he/she has gotten first class treatment at a bargain price. This goal is constantly before us.

### ***3.1.3. Key Success Factors***

The management of CoopXchange has identified the following as key criteria needed to succeed in this business. These include:

1. Enlisting as many co-operative societies as possible.
2. Ensuring broad participation from enlisted co-operatives.
3. Designing and providing products that will ensure all co-operatives and their members gainfully benefit.
4. Ensure efficient and prompt delivery of goods and services.
5. Sell a broad range of products.
6. Provide for 100% satisfaction of customers.
7. Be an active member of the co-operative community.
8. Actively courting customer and stakeholder input.

### **3.2. SUMMARY OF OPERATIONS**

The company shall establish a real and physical warehouse store where it intends to sell bulk commodities to its members on a wholesale basis. The wholesale store shall be known as COOPCO Wholesale. Thus, it is the strategy of the company to make the wholesale store the flagship of the business. However, significant use will be made of appropriate IT Platforms and MIS Systems to allow for proper inventory management, asset analytics and trend spotting. With this in mind, the company shall lease a warehouse with adequate space for stocking and parking. The warehouse shall also double as the delivery and goods inspection point for every transaction that is consummated on the trading platform to ensure quality of products. It shall also serve as the selling point to members of the public who wish to walk in to purchase goods and services. The company shall build a virtual portal with a web based transaction platform that will enable Co-operative societies to transact business effectively from wherever they may be. All transactions will however go through the settlement bank.

The processing of all transactions takes place at the central processing office in Ibadan, Oyo state while there is an administrative and contact office in Lagos.

### **3.3. PRODUCTS AND SERVICES**

CoopXchange sells a variety of quality discount merchandise. These merchandise include items such as foods, fresh farm produce, electronics, power generators, household items, essential commodities, dishware, household fittings, toys, cosmetics, candy, and a list of items too exhaustive to list here. Dedicated staffs are committed to providing excellent customer service.

The goods and merchandise are supplied by member co-operatives that source their products either from their parent companies or any valuable source known to them. Other goods are also purchased from a variety of well-known manufacturers and importers such as Procter & Gamble, Dangote Group, Nigerian Breweries, PZ Zocchonis, Cadbury, Nestle, Far East Mercantile Company, Stallion Group, Dana Group as well as a number of other generic

branded companies. Shipments arrive on a daily basis. The Company will continue to find new product lines that can be added to its inventory.

CoopXchange is able to sell products at very low prices, because the cost of funding to its operations is low. Aside from this, the Company will purchase items from discontinued lines, seconds, over runs, etc., that cannot be sold to a manufacturer's usual wholesale customers.

#### **3.4. MARKET ANALYSIS SUMMARY**

Sales are expected to increase steadily as consumers find that they can purchase a variety of quality items at bargain prices. CoopXchange intends to tap into the wholesale market with pricing that will encourage quantity buying, and its pricing will attract consumers on low and fixed budgets.

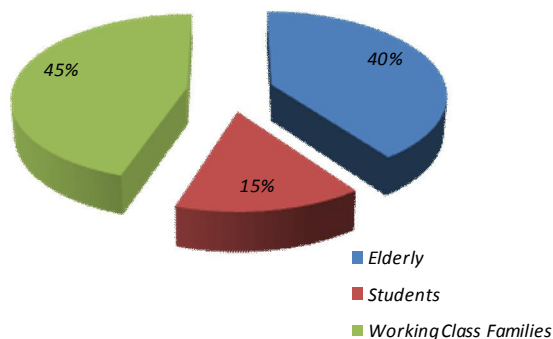
#### **3.5. MARKET SEGMENTATION**

CXL target market is the lower and middle income earners of the society. This includes working class individuals, resellers, the elderly, and students, many of whom are price conscious and looking to find significant value for their money.

The market analysis pie chart shows potential customers and the company's target markets. CoopXchange intends to provide affordable shopping alternatives to working class families with incomes under N50,000 per month, for resellers who want to buy goods at relatively low prices for re-sale to the members of the public, for elderly people on fixed incomes, and also a large student population that tend to be on strict budgets. The co-operatives make up the largest market segment in that it forms a large proportion of the working class of the 150 million population. CoopXchange expects this market to grow at a rate of 30% per year. This market constitutes the general public who are looking for affordable merchandise at bargain prices. Co-operative workers constitute the second largest market with a fast growing retirement community. There are also many communities that shop in the public market that will add to the percentage of consumers.

Based on the analysis carried out, it is expected that over the next 5 years a lot more traffic for CXL's business will be derived from working class families and individuals, followed by students based on emerging demographic trends.

### Market Segmentation



Market Analysis						
Potential Customers	Year 1	Year 2	Year 3	Year 4	Year 5	CAGR
Elderly	40%	37.2%	34.4%	31.8%	29.3%	-8%
Students	15%	15.2%	15.3%	15.4%	15.4%	1%
Working Class Families	45%	47.6%	50.2%	52.8%	55.3%	5%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	

#### 3.5.1. Target Market Segmentation/Marketing Strategy

The idea of a co-operative society is to make life more affordable for its members and facilitate access to credit. This involves the provision of discounted goods and services to subscribed members of a typical co-operative society. CoopXchange focuses on the price conscious consumer who is looking for value as well as quality but whose income is fixed and low. The co-operative societies will be marketed as they are isolated populations which do most of their shopping in the same market with the rich in the society. If CoopXchange can attract and keep these consumers the word will continue to spread about what the Company trading platform has to offer.

CoopXchange will benchmark its objectives for sales promotion and mass selling.

At CoopXchange, the two trading platforms are:

- Commodities; and
- Financial.

#### 3.5.2. Industry Analysis

In an ever changing global economy, the discount wholesale store model is becoming more popular with the consumer worldwide. However, Nigeria is yet to have such an opportunity bestowed on its people. For example, in the United States of America (USA), you have such wholesale store models such as Smart & Final, FEDCO, COSTCO, etc. Same for the UK and other developed countries in Europe and Asia. A few countries in

Southern Africa such as South Africa and Namibia also have. But there is not a single store providing such services in Nigeria. The closest one has to this type of business model is the informal Oke-Arin market on the Lagos Island. This makes Nigeria very ripe for a provider of a large selection of bargain-priced items to CXL's target market, which is its intended goal.

### **3.5.3. Partnerships and Alliances**

CoopXchange has been able to build some important milestones and bridges. The Company has enlisted the support of the followings:

1. **Co-operative Federation of Nigeria (“CFN”)**: This is the overall umbrella body for the co-operative movement in Nigeria. CFN is a member of the International Co-operative Alliance (ICA). Under the supervision of the president of the Federation, CoopXchange is working directly with Executive Secretary's office to make inroads for the actualization of its business proposition.
2. **Lagos State Co-operative Federation (“LASCOFED”)**: CoopXchange has sealed an alliance and a working relationship with the management of the Lagos State Co-operative Federation working directly with the president of the Federation, Alh. Saheed Olanrewaju Oki. The alliance with LASCOFED is very important because Lagos state boasts of the biggest and most buoyant departmental co-operative societies in Nigeria, with the likes of NNPC, Nigerian Breweries, Guinness, Nigerian Bottling Co. Plc., Total, Chevron, Mobil, AP, DPR, PZ Cussons, etc.
3. **Abuja Co-operative Federation (“ABCOF”)**: CoopXchange has successfully formed a working partnership with the management of ABCOF with a view to playing a very prominent role in the running of CoopXchange when it finally commences operations. These efforts are being co-ordinated by the office of the president of ABCOF.
4. **South West Co-operative Credit Union League (“SWECCUL”)**: This is the umbrella body for the leagues of credit unions in South West Nigeria, including Kwara state. The other states are Lagos, Oyo, Osun, Ekiti, Ogun and Ondo states.
5. **National Association of Co-operative Credit Union of Nigeria (NACCUN)**: This is the supervisory body of all credit unions in Nigeria. Its jurisdiction covers the entire federation including the Federal Capital Territory (FCT), Abuja.
6. **World Council of Credit Union (WOCCU)**: On the international scene, through its membership of NACCUN, CoopXchange has secured its membership with the World Council of Credit Union (WOCCU). The World Council of Credit Union offers technical expertise to emerging credit union market in the developing world. This makes it a strategic partnership.
7. **National Co-operative Credit Union Administration (NCCUA)**: This organ is the supervisory body that oversees and supervises the administration of the Credit Union movement and business as a provider of co-operative financial services in Nigeria.

8. **National Co-operative Credit Union Share Insurance Fund (NCCUSIF):** An equivalent of the Nigerian Deposit Insurance Corporation (NDIC), this body guarantees the deposits and savings of members at credit unions up to N250,000, in the event of the insolvency of a credit union.
9. **National Co-operative Advisory Board:** This is a very important organ set up by the Co-operative Federation of Nigeria (CFN) to serve as the advisory organ for the implementation of CoopXchange's business relationships with signed on co-operatives.
10. **The Co-operative Investment & Trust Society Ltd.:** They are the supervisory entity over all co-operative societies in the South West states of Lagos, Oyo, Ogun, Ondo, Osun and Ekiti. They are also the owners of the former Co-operative Bank, which was bought over by Skye Bank Plc during the banking consolidation exercise. Their influential role ensures that the most important federation (LASCOFED) is an integral part of CoopXchange.
11. **National Association of Co-operative Credit Unions of Nigeria (NACCUN):** This is a Federal Government organ established by the Federal Ministry of Commerce and Co-operatives to oversee the organization and disbursement of loans and credit to co-operative societies in Nigeria. They are very important to the operations of CoopXchange.
12. **Nigeria National Co-operative Wholesale Association (NNCWA):** This is another Federal Government organ established by the Federal Ministry of Commerce and Co-operatives to oversee the organization of wholesale of goods to co-operative societies in Nigeria. They are very important to the operations of CoopXchange.
13. **Nigeria Agricultural Co-operative Marketing Organization (NACMO):** This is a Federal Government organ established by the Federal Ministry of Commerce and Co-operatives to oversee the organization of the sale and purchase of agricultural products by the co-operative societies in Nigeria. They are also very important to the operations of CoopXchange.
14. **National Co-operative Insurance Society of Nigeria (NCISN):** This is a Federal Government organ established under the supervision of the Federal Ministry of Commerce and Co-operatives to oversee the organization of insuring businesses and assets of co-operative societies in Nigeria. They are important to the operations of CoopXchange.
15. **Co-operative Supply Association (CSA):** This is a Federal Government organ established by the Federal Ministry of Commerce and Co-operatives to oversee the organization of the supply chain of goods and services to co-operative societies in Nigeria. They are a key partner to the operations of CoopXchange.

### 3.6. DIRECTORS & KEY MANAGEMENT STAFF

The Board and Management team of CoopXchange is comprised of individuals that have had varying professional experiences ranging from a combination of finance, accounting,

management, and financial law. Each member of the team has held a management position at one time or the other in these fields and have the requisite educational background. The management team will be involved with the daily operations of the company and Board Members will be involved in an advisory capacity and handle consulting and business development aspects of the operations. Details of the Board and Management are as follows:

#### **Professor Herbert O. Orji - Chairman**

Prof. Herbert O. Orji is an Investment Banker, Chartered Stockbroker and a Fellow of the Chartered Institute of Bankers (U.K & Nigeria). He is the Chairman and CEO of **Summa Guaranty & Trust Company Plc (“SGTC”)**, a member firm of the Nigerian Stock Exchange (“NSE”). Educated at Howard, Michigan, Union and Harvard Universities, he started his professional career with Riggs National Bank, Washington, DC as a computer systems programmer in 1973. Between 1975 and 1979, he served as a Management Trainee, Manager-Commercial Accounts and Assistant Treasurer before becoming a Second Vice-President of American Express Bank, New York. For five years, he worked at General Management levels in Commercial and Corporate Banking with United Bank for Africa Plc (“UBA”) in Lagos and later as the pioneer representative and General Manager of UBA, London with responsibilities for the United Kingdom and Western Europe. In 1985, he was appointed the Managing Director & CEO of Progress Bank of Nigeria Plc and served meritoriously until his voluntary disengagement in 1991. Thereafter, he worked with the International Finance Corporation (“IFC”) as a Consulting Advisor on financial projects in English speaking West African countries before joining SGTC PLC in 1993.

Dr. Orji has published two best-selling books and over 50 articles on Banking, Finance, Investments and Development. He is the Chairman of the Board of Business in Africa Group Ltd, South Africa and current President and Chairman of Council, African Banking & Finance Association (“ABFA”). He is the Chairman of the Research & Development Committee of the African Business Round table (“ABR”), the Pan-African organization that heads the NEPAD Business Group. He also serves as the Vice-Chairman of the Industrial Training Fund (the federal government of Nigeria premier capacity building fund), a Director of African Development Insurance Company Limited (“ADIC”), Bio-Organics Nutrients Systems Nigerian Limited, International Wireless Incorporated, Houston, Texas; and Tribex Technologies Corporation, Fairfax, Virginia. Dr. Orji is an active member of the United States Corporate Council for Africa, having served as a member of its pioneer Board of Directors for three years simultaneously with his ABR board membership.

Dr. Orji is a regular speaker at international conferences and workshops. He also lectures at the National Institute for Policy and Strategic Studies (“NIPSS”), Nigeria; teaches Mergers, Acquisitions, Divestitures and Valuations at the Lagos Business School MBA and Executive Education Programmes as a Resource Person. From 1996, he has served in several international committees on privatization of utilities, Oil & Gas, and infrastructure in Africa under the auspices of the ABR, World Bank-IFC, ADB and BIA investment conferences. He is the Chairman and President of the Governing Council of the United Way International-Nigeria, an affiliate of the United Way International USA & Vice-President of Harvard Business School Association of Nigeria.

#### **Adebola O. Orolugbagbe (Executive Vice Chairman)**



Mr. Orolugbagbe holds a Bachelor of Arts degree in History/Political Science from the University of Ibadan (1985) and a Master's Degree in Public Administration from the University of Abuja (2007). He studied for and obtained a professional qualification in Real Estate Mortgage, Finance and Lending in the United States of America which qualified him to work with mortgage financial Institutions as a professional lender.

He worked with several real state organizations such as Mike Glickman Realty, Muselli Real Estate Co., Amric Realty Inc. and Mid-Wilshire Mortgage Bank Corp., all in Los Angeles, California.

As a team leader/supervisor of the Mid-Wildhire Mortgage Bank Corp., Business Improvement team, he managed a number of transformation Projects that created, automated and improved business processes.

In 1993, he returned to Nigeria briefly to set up Island Ventures Ltd., Horrolls Properties Ltd., and Geneva Holdings Ltd., which were engaged in importation of automobiles, properties development and sales and consumer food items respectively. He returned to United States for a course in Information Technology and returned finally in 1999 to establish DTK Solutions Ltd. and Experian Data Information Co. Ltd., both Information and Telecommunications Companies. While DTK Solutions engaged in the retail of computer hardware and software, Experian Data was engaged in the deployment of voice and data network.

As a result of the ever increasing demand in the financial services sector of the economy and the void that exists therein, it became necessary to seek to fill such void. This led to the establishment of a Financial Services Company by the name, The Fundgrow Company Ltd. in July 2008, where he became the pioneer Chief Executive Officer. The Company officially commenced operations in its present location in Ibadan on August 3rd, 2009.

#### **Eno Ndukwe - COO, Business Development & Strategy**

Eno Ndukwe is an experienced Management Consultant with an extensive background in consulting for numerous Business Incubation and Transformation Initiatives in the UK for over 13 years. Companies she has worked for include London Borough of Hackney (2006 - 2007), SGC Bristol (2005 - 2006), Electronic Arts (2006), Royal Borough of Kensington & Chelsea, London Borough of Lambeth (2001 - 2004).

She has worked in Nigeria for the last 2 years and her most recent assignments include heading a £39 million Business Change Programme at PZ Cussons Nigeria Ltd and more recently leading their N5.5 billion New Product Development Programme.

Ndukwe is a well-rounded business executive and her experiences include Business Process Re-engineering, Business Incubation and the introduction of new technology, formulating Business Models, the use of Business Process Re-engineering techniques to streamline processes and deliver substantial cost savings and staff headcount reduction.

Ndukwe holds a B.Sc. in Economics, M.Sc in Information Technology from East London Business School and M.Sc. in Information Systems Management from the University of Liverpool.

She possesses Strong Programme and Project Management, Business Process Management, Business Planning, Change Management and ICT skills.

#### **Akinbami Olatunbosun - Executive Director, Finance & Accounts**

Mr. Akinbami is a 1997 graduate of the University of Ilorin. He also obtained his Master's degree from the University of Lagos in 2000 and a PGD from the Federal University of Technology, Akure in 2002. He is a chartered accountant and began his Banking career in 2001 at the Universal Trust Bank where he was responsible for managing the bank's relationships with manufacturers in various sectors. In 2005, he joined Equitorial Trust Bank as a relationship manager and rose to become the unit head of the Business and Commercial Banking Group. In 2008, he joined the commercial Banking Group of Bank PHB Plc at Ibadan as Unit Head and was responsible for deepening the Bank's relationships and market share in the region. He held this position until 2010 when he joined the Fund Grow Company as CFO. He brings with him a wealth of Settlement Banking experience to the group as the Chief Financial Officer.

#### **Olanike O. Tosho-Obembe - Executive Director, Legal & General Administration**

Olanike Tosho-Obembe is a 1993 graduate of European Studies and also holds a Masters degree in Industrial and Labor Relations (M.LR), both from the premier University of Ibadan.

She worked with First Bank of Nigeria Plc for a number of years before exercising her entrepreneurial skills and spearheading a number of personally owned business entities.

Later, in a bid to pursue her dream profession, Tosho-Obembe decided to further her academic experience and began her study of Law. After her call to bar, she worked with a few select law offices for several years. This enabled Tosho-Obembe to gain additional expertise and exposure to the various areas of law. She also simultaneously attended a number of professional courses both in Nigeria and abroad.

Tosho-Obembe is presently the Legal Adviser to The Fundgrow Company and a founding member of Fundgrow Co-operatives, which aims at encouraging small scale and medium enterprises to grow.

Tosho-Obembe's core area of practice is Business Development, Strategic Planning and Corporate Advisory Services.

#### **Matthew Odenike- IT Manager, Acting General Manager**

Mr. Matthew Odenike has an OND in banking and finance from the polytechnic of Ibadan. With over 6years experience in the Information Technology sector, Mr. Odenike currently works at CoopXchange Credit Union as Management Information System Manager.

### **3.7. RISKS AND MITIGATING FACTORS**

1. **Country/Political Risks:** As a large proportion of the Company's income is based within the country and restricted to the salary earners majorly, a negative change in the economy invariably, would result in a downturn in the income stream of the Company. However, the political situation of the country has been relatively stable under the current administration, and there is an expectation that the situation will remain stable in the forthcoming years. Similarly, as a key and vital sector of the economy, the

demand for everyday commercial goods is less vulnerable to economic downturn than other sectors.

2. **Currency Risks:** Though the Company’s own business activities are not substantially exposed to foreign exchange, foreign investors are subject to fluctuations in the exchange rate of the Naira against major currencies, which may reduce returns of and on their investments in CoopXchange.
3. **Environmental Risks:** This refers to risks that are related to the physical premises of the Company’s business. CoopXchange complies with and would continue to adhere to all international environmental standards and procedure and is adequately equipped to deal with any environmental threat/incidence that may arise in the ordinary course of business.
4. **Product Quality Risk:** Management is conscious of the fact that the quality of the goods and services offered by the Company would have a great effect on its development, penetration and acceptability in the market and will consider this in selecting its suppliers, other professional parties and service providers for its various activities.
5. **Revenue Target Risk/Low Subscriber Patronage:** This is the risk that the expected patronage and revenue required to drive the continuous growth of the business will not be realized as scheduled, due to investor apathy or otherwise. This risk is mitigated by the fact that CoopXchange has taken reasonable care in researching its target consumer base and creating liaisons and relationships with key co-operatives to drive this unique business model.
6. **Economic Risk:** This is the risk that the economy experiences a downturn due to the imprudent use of resources and improper economic policies to achieve this. It is laudable that the present economic policies of Government have facilitated growth in various sectors of the economy and CoopXchange expects the new government will continue with and even build on the economic policies of the past administration.

### 3.8. PREMISES

CXL’ s corporate headquarters is situated at **Zion House, 46, Alaafin Avenue, Oluyole Industrial Estate, Ibadan, Oyo State.**

Details of the Company’s premises are listed below:

Location	Use/Purpose	Address	Title
<b>Abuja</b>	Northern Branch	• No. 2, Ozubulu Str. Kubwa Extension 111, Dutse Alhaji, Bwari Expressway, FCT, Abuja.	Leasehold
<b>Lagos</b>	Correspondent Office	• 19, Ribadu Road, South West Ikoyi, Lagos;	Leasehold
	Satellite Office	• 13b, Fodayemi street, Ilupeju, Lagos.	Leasehold
<b>Ibadan</b>	Head Office	• Zion House, 46, Alaafin Avenue, Oluyole Estate, Ibadan	Leasehold

### **3.9. PURPOSE OF THE PRIVATE PLACEMENT**

The purpose of the private placement is to enable CoopXchange procure the necessary infrastructure needed for the strategic expansion of its business lines and to enhance its working capital.

The net proceeds of the private placement of N125,000,000 after deducting offer costs of N1,250,000 representing 1% of the offer will be deployed as follows:

[REDACTED]

[REDACTED]

### **3.10. WORKING CAPITAL**

The Directors of CXL, after due consideration of the future needs/plans of the Company, are of the opinion that the Company will have adequate working capital and liquid resources for its immediate and foreseeable obligations and funding requirements.

### **3.11. FUTURE PLANS AND STRATEGIES OF THE COMPANY**

CoopXchange is poised to transform the way co-operatives conduct their overall businesses which include but are not limited to Co-operative Financial services (CFS), Farmers' Co-operatives, Co-operative Investments, purchases and commercial transactions and plans to become the leading commodities wholesaler in Nigeria. The Company's strategy is to expand its business through the creation of more branches in Lagos, Kano, FCT and Abeokuta over the next three to five (3-5) years, thus gaining a wider market scope.

CoopXchange future plans are highlighted in the points below:

1. Creating a Co-operative Exchange Trading Platform (CETP)
2. Establishing and stocking up a Co-operative Store (COOPCO)
3. Addition of Credit Union (CFS) Branches in Lagos and Kano
4. Establishment of Co-operative farms that will produce goods and farm products to service partners
5. Development of the Co-operative City, which will boast of luxury homes, middle income homes, shopping centres, grocery stores, school, church, mosques, hospital and a business park.

6. Open operating offices in each of the 36 state capitals of the federation
7. Ensuring improved productivity

Yours faithfully,

**Prof. Herbert O. Orji**  
Chairman

## 4. FINANCIAL FORECAST

### 4.1. PROFIT AND DIVIDEND FORECAST 2012 - 2016

The Directors are of the opinion that subject to unforeseen circumstances, and based on the assumptions in note 4.4 below, the profit after taxation for the years ending 2012, 2013, 2014, 2015, and 2016 is projected to be N67.1 million; N75million, N120.1 million, N96.1 million and N107.2 million respectively.

#### PROJECTED PROFIT AND LOSS ACCOUNT

<b>PROFIT FORECAST</b>					
<b>Year Ending 31 December</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Turnover	240,040	250,050	350,070	320,080	340,085
Thrift and Loan Contr.	2,000	-	-	-	-
Deduct: Cost of Sales	-	-	-	-	-
Selling Costs	54,400	68,000	95,200	102,000	102,000
<b>Gross Profit</b>	<b>187,640</b>	<b>182,050</b>	<b>254,870</b>	<b>218,080</b>	<b>238,085</b>
Preliminary Expenses	20,350	-	-	-	-
Administrative Overheads	23,400	29,124	31,439	32,945	34,682
Leasehold Rentals	13,000	13,000	15,600	18,720	22,464
Marketing Overheads	12,300	15,831	17,127	17,751	18,439
Advisory fees	6,250	-	-	-	-
Depreciation	12,500	12,843	12,843	6,010	3,510
Financial Overheads	1,084	835	1,193	1,328	1,255
Operating Expenses	88,884	71,632	78,202	76,754	80,350
<b>Profit before taxation</b>	<b>98,756</b>	<b>110,419</b>	<b>176,668</b>	<b>141,326</b>	<b>157,735</b>
Taxation Provision	31,602	35,334	56,534	45,224	50,475
<b>Profit after taxation</b>	<b>67,154</b>	<b>75,085</b>	<b>120,134</b>	<b>96,102</b>	<b>107,260</b>
Proposed Dividend	(20,000)	(50,000)	(80,000)	(80,000)	(90,000)
Profit brought forward	(29,110)	18,044	43,128	83,263	99,364
Profit carried forward	18,044	43,128	83,263	99,364	116,624
Net Profit Margin (%)	28.0	30.0	34.3	30.0	31.5
Gross Profit Margin (%)	78.2	72.8	72.8	68.1	70.0
Earnings per share (kobo)	44.8	50.1	80.1	64.1	71.5
Dividend per share (kobo)	13.3	33.3	53.3	53.3	60.0
Earnings yield at offer price (%)	35.8	40.0	64.1	51.3	57.2
Dividend yield at offer price (%)	10.7	26.7	42.7	42.7	48.0
Price Earnings ratio at offer price	2.8	2.5	1.6	2.0	1.7

#### 4.2. PROJECTED BALANCE SHEET 2012 - 2016

The balance sheet is expected to grow over the next five years. Total Assets for the years ending 2012, 2013, 2014, 2015 and 2016 is expected to be N250 million, N309 million, N410 million, N419 million and N455 million respectively. While, the Net Assets for the years ending 2012, 2013, 2014, 2015 and 2016 is expected to be N193 million, N218 million, N258 million, N274 million, N291 million respectively.

#### PROJECTED BALANCE SHEET

<b>PROJECTED BALANCE SHEET</b>					
<b>Year Ending Dec 31st</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>Assets</b>					
Fixed Assets	36,897	30,054	17,211	19,201	15,691
Stock	2,000	2,001	7,933	8,500	8,500
Leasehold Rentals	13,000	13,000	15,600	18,720	22,464
Thrift and loan	21,670	27,088	37,923	43,340	46,049
Cash & Bank Balances	176,786	237,528	331,870	329,505	362,817
	<b>250,354</b>	<b>309,671</b>	<b>410,537</b>	<b>419,266</b>	<b>455,521</b>
<b>Liabilities</b>					
Taxation	31,602	35,334	56,534	45,224	50,475
Thrift and Loan Contr.	5,709	6,209	15,741	19,678	23,422
Dividend	20,000	50,000	80,000	80,000	90,000
	<b>57,311</b>	<b>91,543</b>	<b>152,275</b>	<b>144,902</b>	<b>163,897</b>
<b>Net Assets</b>	<b>193,043</b>	<b>218,128</b>	<b>258,263</b>	<b>274,364</b>	<b>291,624</b>
<b>FINANCED BY:</b>					
Share capital - Paid up	150,000	150,000	150,000	150,000	150,000
Share Premium	25,000	25,000	25,000	25,000	25,000
Profit and Loss	18,044	43,128	83,263	99,364	116,624
<b>Shareholders Funds</b>	<b>193,044</b>	<b>218,128</b>	<b>258,263</b>	<b>274,364</b>	<b>291,624</b>

#### 4.3. PROJECTED CASHFLOW STATEMENT 2012 - 2016

Over the next five years, CoopXchange is projected to generate adequate cash flow to finance its operations.

#### PROJECTED CASHFLOW STATEMENT

PROJECTED CASHFLOW STATEMENT					
Year Ending Dec 31st	2012	2013	2014	2015	2016
	N'000	N'000	N'000	N'000	N'000
<b>INCOME</b>					
Thrift and Loan Contr.	2,000	500	1,000	250	-
Turnover	240,040	250,050	350,070	320,080	340,085
Thrift and Loan Repayment	-	22,000	27,500	38,500	44,000
Share Capital/deposit for shares	125,000	-	-	-	-
	<b>367,040</b>	<b>272,550</b>	<b>378,570</b>	<b>358,830</b>	<b>384,085</b>
<b>EXPENDITURE</b>					
Stock Purchase/Selling Costs	54,400	68,000	95,200	102,000	102,000
Credit Union	22,000	27,500	38,500	44,000	46,750
Preliminary Expenses	20,350	-	-	-	-
Administrative Overheads	23,400	29,124	31,439	32,945	34,682
Advisory fees	6,250	-	-	-	-
Leasehold Rentals	16,000	13,000	15,600	18,720	22,464
Financial Overheads	754	752	1,028	1,245	1,214
Marketing Overheads	12,300	15,831	17,127	17,751	18,439
Plant & Machinery	18,000	-	-	-	-
Furniture & Fittings	3,800	-	-	-	-
Motor Vehicles	10,000	6,000	-	6,000	-
Office Equipment	3,000	-	-	2,000	-
Dividend	-	20,000	50,000	80,000	80,000
Taxation	-	31,602	35,334	56,534	45,224
	<b>190,254</b>	<b>211,808</b>	<b>284,228</b>	<b>361,195</b>	<b>350,773</b>
<b>NET CASHFLOW</b>	<b>176,786</b>	<b>60,742</b>	<b>94,342</b>	<b>(2,365)</b>	<b>33,312</b>
BALANCE B/F	0	176,786	237,528	331,870	329,505
<b>BALANCE C/F</b>	<b>176,786</b>	<b>237,528</b>	<b>331,870</b>	<b>329,505</b>	<b>362,817</b>



#### 4.4. BASES AND ASSUMPTIONS FOR THE FORECAST

The forecast have been arrived at on the following bases and assumptions:

- **Bases**

- i. The financial forecasts for the years 2012, 2013, 2014, 2015 and 2016 have been prepared on the assumptions that the company will operate on the bases consistent with accounting policies stated below:
  - Historical cost convention
  - Profits/commission is recognized on cash basis only
  - Depreciation which is calculated to write-off value of fixed assets over their useful lives shall be on straight line basis
  - Turnover (Co-op only) represents goods sold to third parties only
  - Loans and Advances are stated after writing-off part of it that is assumed to be bad and doubtful of recovery
  - Investment is valued at the lower of cost or estimated market value
- ii. The company will be able to raise the required N125 million as stated therein and disburse it as in the projection.
- iii. The performance of co-operative societies in the western region has been reviewed as the basis for measuring the reasonableness of the forecast.

- **Assumptions**

- i. Interest expense on thrift and credit is expected to be maximum of 20% per annum. Interest income shall be 48% per annum.
- ii. Overhead expense shall increase on a yearly basis at the rate of 10% per annum on salaries, directors' remunerations, transport and travelling, entertainment and PR, Motor Vehicle maintenance.
- iii. Lease rentals shall increase from the third year and consistently over the rest of the period.
- iv. Depreciation rate shall be as follows:

a. Motor Vehicles:	33.3%
b. IT Equipments:	25%
c. Furniture & Fittings:	20%
d. Plant & Machinery:	33.3%

v. Provision for doubtful debts at the following rates:

a. General – 1% of total debts

b. Specific – 20% of non-performing debts (= 2.5% of total debts)

vi. Dividends shall be declared at the following rates

2012	2013	2014	2015	2016
13k	33k	53k	53k	60k

vii. Corporate tax shall be paid in accordance with the tax laws and rates ruling as at the date and time of preparing these projections and is assumed that it will not change over the entire period covered by the projections.

viii. Bank rates shall be a maximum of 0.5 per mille for COT.

ix. Businesses of CoopXchange shall attract a fee of 2% of the value of each transaction.

x. Investment shall attract interest of a maximum of 17% per annum while trading shall bring a maximum of 20% on the value of goods sold as profit per annum. Other areas of co-operative investments shall attract 2% per annum on the value of each transaction.

xi. Pre-operational expenses shall be written-off profits in the first two years of operation.

xii. 35% is used as discounting factor rate for capital investment appraisal.

xiii. Political stability is assumed and changes in economic environment will not adversely affect the operation of the company.

xiv. Industrial disputes and strikes within and outside the industry will not adversely affect the operation of the company.

xv. Company to raise fresh capital of N125m by issuing 125m shares at N1.25 each to which the promoters will be participating.

## 5. STATUTORY & GENERAL INFORMATION

### 5.1. INCORPORATION AND SHARE CAPITAL HISTORY

CoopXchange Limited was incorporated on the 15th December, 2010. The Company was incorporated with an initial authorised share capital of N 1,000,000 divided into 1,000,000 ordinary shares of N1.00 each. On 18 November 2011, the authorised share capital was increased to 150,000,000 ordinary shares of N1.00 each. Below is a schedule on the increases of the authorised and issued share capital of the Company:

Date Issued	Authorized Share Capital		Issued and Fully Paid		Consideration
	Increase	Cumulative	Increase	Cumulative	
	N	N	N	N	
15/12/2010	1,000,000	1,000,000	1,000,000	1,000,000	Cash
18/11/2011	149,000,000	150,000,000	-	1,000,000	Cash

There is a deposit for shares of N49,000,000 to be capitalised post-offer.

### 5.2. SHAREHOLDING STRUCTURE

As at the date of this Memorandum, the issued and fully paid ordinary shares of the Company are held 100% by Nigerian citizens and corporate institutions and beneficially owned as follows:

Shareholders	No. of Shares Held	% Holding
Prof. Herbert O. Orji	80,000	8.0
The Fundgrow Company Ltd. (Rep. by Adebola O. Orolugbagbe)	518,850	51.88
Africorp Ltd. (Represented by Vennat Omigie)	208,650	20.86
Sesby Banjoh	96,560	9.65
Israel Olatunde Adedeji	57,940	5.8
Akeem Badiru	38,000	3.8

### 5.3. DIRECTORS' BENEFICIAL INTERESTS

The interests of the Directors of CoopXchange Limited in the issued share capital of the Company as recorded in the Register of Members as at the date of the Memorandum and/or as notified by the Directors for the purposes of Section 275 of the Companies and Allied Matters Act, 1990 are as follows:

Directors	Direct Shareholding	Indirect Shareholding	% Holding
Prof. Herbert O. Orji	80,000		8
Adebola O. Orolugbagbe		518,850	51.88
Vennat Omigie		208,650	20.86
Sesby Banjoh	96,560		9.65
Israel Olatunde Adedeji	57,940		5.8
Badiru Akeem	38,000		3.8

### 5.4. INDEBTEDNESS

As at December 2010, CXL had no indebtedness arising from bank overdrafts, import finance facilities, finance lease obligations, customers' security deposits, other short term and long term loans.

#### **5.5. SUBSIDIARIES AND ASSOCIATED COMPANIES**

As at the date of this Placement Memorandum, the Company had no subsidiaries.

#### **5.6. CLAIMS AND LITIGATIONS**

There are no currently no pending claims and litigation against the company.

#### **5.7. MATERIAL CONTRACTS**

As at the date of the Placement Memorandum, the Company does not have any subsisting material contracts other than those entered into in the ordinary course of business.

#### **5.8. CONSENTS**

The following have given and not withdrawn their written consents to this Placement Memorandum with respect to the mention of their names and inclusion of their reports (where applicable) in the form and the context in which they appear:

**Directors of the Company:** Prof. Herbert O. Orji  
Mr. Adebola O. Orolugbagbe  
Mr. Sesby Banjoh  
Alhaji Sanni U. Abubakar  
Mr. Vennat Omigie  
Mr. Akeem Badiru  
Mr. Israel Olatunde Adedeji  
Alhaji Abubakar Mohammed

**Company Secretary:** Olanike Fabiyi (Mrs.)

**Financial Advisers:** LeadCapital Plc

**Auditors to the Company:** Baker Tilly Nigeria

**Solicitors to the Offer:** Funmi Roberts & Co

**Receiving Bank:** Ecobank Plc

#### **5.9. DECLARATION**

Except as otherwise disclosed in this Memorandum:

- (a) No share of CXL is under option or agreed conditionally or unconditionally to be put under option;
- (b) The shares being offered pursuant to this private placement have not been encumbered in any manner;
- (c) Save as disclosed herein, the Directors of CXL have not been informed of any holding representing 5% or more of the issued share capital of the Company;

- (d) There is no founder, management or deferred shares or any option outstanding in CXL;
- (e) There are no material service agreements between CXL and any of its Directors and employees other than in the ordinary course of business;
- (f) No Director of CXL has had any interest, direct or indirect, in any property purchased or proposed to be purchased by the Company in the since incorporation;
- (g) No director or key management staff of the Company is or has been involved in any of the following:
  - ✓ A petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or a partnership in which he was a partner or any company of which he was a director or key personnel;
  - ✓ A conviction in a criminal proceeding in a named subject of pending criminal proceedings relating to fraud or dishonesty;
- (h) No existing and potential related-party transactions and conflict of interest in relation to the company and its related-parties;
- (i) There are no amounts or benefits paid or intended to be paid or given to any promoter within the two years preceding the date of the Memorandum.

#### **5.10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available at the offices of CoopXchange Limited during normal business hours on any weekday (except public holidays), during the Placement Period:

- (a) The Private Placement Memorandum;
- (b) The Certificate of Incorporation of the Company;
- (c) The Memorandum and Articles of Association of the Company, duly certified by the Corporate Affairs Commission;
- (d) The resolution of the Board of Directors recommending the Private Placement, which was passed and duly certified by a Director and the Company Secretary;
- (e) The certified true copy of the shareholders' resolution authorising the Private Placement,
- (f) The Profit Forecast of the Company for the five years ending 2016;
- (g) The written consents referred to in 5.8 above
- (h) The material contract referred to above; and

#### **5.11. RELATIONSHIP BETWEEN THE OFFEROR AND ITS ADVISERS**

As at the date of this Memorandum, no relationship exists between the Offeror and other professional parties to the Placement other than in the normal course of business.

#### **5.12. COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

CoopXchange Limited strives to comply with the code of corporate governance as it relates to its operations.

## **6. PROCEDURE FOR APPLICATION AND ALLOTMENT**

### **6.1. APPLICATION**

- a. Prospective Investors to whom this Memorandum is addressed are hereby invited to apply for the shares through CoopXchange Limited.
- b. Application for the ordinary shares now being offered must be made in accordance with the instructions set out on the back of the Application Form.

- c. The Application List for the ordinary shares will be open to each prospective investor from the date of receipt of the Memorandum. The number of shares for which application is made should be entered in the boxes provided on the Application Form.
- d. Applicants should sign the Application Form and write their full names, addresses and daytime telephone number(s) in the appropriate sections. A corporate applicant should affix its seal and state its incorporation (RC) number in the spaces provided for this purpose.

## **6.2. ALLOTMENT**

The Directors of CoopXchange Limited, reserve the right to accept or reject any application in whole or in part. All irregular or suspected multiple applications will be rejected.

## **6.3. APPLICATION MONIES**

All application monies will be retained in a separate interest-yielding bank account with Ecobank Plc pending allotment. If any application is not accepted, or is accepted for fewer shares than the number applied for, a crossed cheque for the full amount or the balance of the amount paid (as the case may be) will be returned by registered post within 10 working days of allotment. Share certificates in respect of shares allotted will be sent by registered post not later than 15 working days from the date the directors of CoopXchange agree on the allotment proposal.





Company Seal/Incorporation number(Corporate Applicant)									

**Comment [j1]:** Kindly fit this in the page above

### INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM

Applications must be made in accordance with the instructions set out on the back of this Application Form. Care must be taken to follow these instructions as applications that do not comply may be rejected.

1. Applications can only be made on the Application Form duly stamped and signed by LeadCapital.
2. Applications must not be for less than the minimum number of shares stated on the Application Form. Applications for more than the minimum number of shares must be in the multiples stated on the Application Form. The number of ordinary shares for which an application is made and the amount of the cheque or bank draft attached should be entered in the boxes provided.
3. The applicant should make only one application, whether in his own name or in the name of a nominee. Multiple or suspected multiple applications will be rejected.
4. Joint applicants must all sign the Application Form.
5. An application from a group of individuals should be made in the names of those individuals with no mention of the name of the group. An application by a firm which is not registered under the Companies and Allied Matters Act 1990 should be made either in the name of the proprietor or in the names of the individual partners. In neither case should the name of the firm be mentioned.
6. An application from a corporate body must bear the corporate body's seal and be completed under the hand of a duly authorised official.
7. An application from a pension or provident fund must be in the name of each individual trustee unless the trustee is a limited liability company.
8. The applicant should not print his signature. If he is unable to sign in the normal manner he should be treated for the purpose of this Offer as an illiterate and his right thumbprint should be clearly impressed on the Application Form.
9. Application Form when completed should be lodged with LeadCapital Plc.

<p><b>Application Form</b></p> <p><b>COOPXCHANGE LIMITED</b></p>
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