

PRINCESS MEDI-CLINIC LIMITED PRIVATE PLACEMENT MEMORANDUM

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ CAREFULLY. IF YOU ARE IN ANY DOUBT ABOUT ITS CONTENTS OR THE ACTION TO TAKE, PLEASE CONSULT YOUR FINANCIAL ADVISER, ACCOUNTANT, BANKER, SOLICITOR OR ANY OTHER PROFESSIONAL ADVISER FOR GUIDANCE IMMEDIATELY.

INVESTING IN THIS OFFER INVOLVES RISKS. FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY THE PROSPECTIVE INVESTORS, SEE "RISKS" ON PAGE 5



PRINCESS MEDI CLINICS LIMITED PRIVATE PLACEMENT MEMORANDUM

by way of an Offer for Sale

1,400,000
Ordinary Shares of N1 each

at

N500 per share

Payable in full on Application

Application Opens: October 12, 2021

Application Closes: December 12, 2021

THIS PRIVATE PLACEMENT MEMORANDUM IS DATED 12TH OF OCTOBER 2021

TABLE OF CONTENTS

SUMMARY OF THE OFFER	3
BACKGROUND	3
INVESTMENT RATIONAL	4
RISKS	5
BOARD OF DIRECTORS OF PRINCESS MEDI-CLINICS LIMITED	6
VALUATION	7
VALUATION SUMMARHY	7
GENERAL INFORMATION.....	8
SHAREHOLDING STRUCTURE.....	8
COSTS AND EXPENSES (DETAILS OF THE UTILIZATION OF PROCEEDS).....	8
DECLARATIONS.....	8
OVERVIEW OF CORPORATE GOVERNANCE	8
Appendix.....	9

**PRINCESS MEDI-CLINIC LIMITED
PRIVATE PLACEMENT MEMORANDUM**

SUMMARY OF THE OFFER

The Offer	1,400,000 Ordinary Shares of N500 each in Princess Medi-Clinics Nigeria Limited					
Financial Adviser	Cowry Asset Management Limited					
Mode of Offer	Offer for Sale via Share Purchase Agreement (SPA)					
Offer Price	N500 per share					
Share Capital	Authorised:	N2,000,000.00 (divided into 2,000,000 Ordinary Shares of N1 each.)				
	Issued and Fully Paid:	N2,000,000.00 comprising 2,000,000.00 Ordinary Shares of N1 each				
Purpose of the Offer	It is an offer for sale hence the proceed will be paid to existing shareholders					
Gross Offer Proceeds	N700,000,000.00					
Payment Terms	In full on application					
Minimum Application	Minimum of 100,000 Ordinary Shares and in multiples of 10,000 Ordinary Shares thereafter					
Offer Opening Date	October 12, 2021					
Offer Closing Date	December 12, 2021					
Financial Summary		2021	2022	2023	2024	2025
	Forecast Financial Summary					
	Gross Earnings (N' 000)	456,752.11	593,777.74	742,222.18	890,666.62	979,733.28
	Profit Before Tax (N' 000)	(54,510.26)	85,567.36	193,610.25	274,182.77	258,074.17
	Profit After Tax (N' 000)	0	58,185.80	131,654.97	186,444.28	175,490.43
	Share Capital (N' 000)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
	Net Asset (N' 000)	759,280.57	817,466.38	949,121.35	1,135,565.63	1,311,056.06
EPS (N)	93.84	29.09	65.83	93.22	87.75	
Indebtedness	As at 31st of June 2021, Princess Medi-Clinics Limited had N445m debt from CBN Intervention Fund					
Claims and Litigations	As at 31st of June 2021, Princess Medi Clinics Limited had no outstanding litigation.					

BACKGROUND

Princess Medi-Clinics Nig. Ltd, owners and operators of the Princess Medical Centre hospitals is a healthcare brand that had given a new breath of life to medical services in Port Harcourt and its environs. Princess Medical Centre is the registered patent name while the corporate name is Princess Medi-Clinics Nigeria Limited.

Princess Medi-Clinics (PMC) was initially established as a 2-star hospital in Port Harcourt in 1988, which is called the CLASSIC WING and is today located at #3B Ndahbros Street, Trans Amadi Port Harcourt. In 2013, PMC started the development of a multi-specialty hospital, THE SIGNATURE WING to contribute significantly to the stemming tide of medical tourism in Nigeria, with financial support from the Shell Aspire Growth Fund. The Signature Wing, which is located at # 5 Ndahbros Street, Trans Amadi has changed the narrative of healthcare delivery in Port Harcourt since it commenced operations in 2018.

Princess Medi-Clinics Nigeria Limited by its culture of delivering premium healthcare services through her well-motivated expert employees owns a well built and furnished staff quarters located at #7 National Supply road Trans Amadi-Industrial Layout.

The services are provided following appropriate Standard Operating Procedures (SOPs) and are in partnership with both local and International healthcare facilities to provide even more upscale services. The Signature Wing is made of 2 buildings, one of which is on 6 floors with 50 beds, plus 3 fitted theatres ,5 dialysis machines and beds and emergency room with 4 patients couches. The Classic Wing nearby has 10 beds, a theatre, an X-ray machine and laboratory.

The facilities at PMC, the signature includes:

- ✚ Critical Health Care (ICU & SCBU)
- ✚ Land & Air Ambulance Services including evacuation to top partner hospitals in Europe, Dubai, India, S.A etc.)
- ✚ Cardiology

PRINCESS MEDI-CLINIC LIMITED PRIVATE PLACEMENT MEMORANDUM

- ✦ Dialysis
- ✦ Multispecialty Medi-Care
- ✦ IVF
- ✦ Endoscopy
- ✦ General Practice
- ✦ Obstetrics & Gynecology
- ✦ Pediatric
- ✦ Ear, Nose & Throat
- ✦ Audiometry and Tympanometry
- ✦ Dental
- ✦ Physiotherapy and Pain Management
- ✦ Cardiology Unit
- ✦ 3 bed Intensive Care Unit
- ✦ Special Care Baby Unit
- ✦ Medical Diagnostics including:-
- ✦ Blood Bank & Fully Automated Laboratory
- ✦ Digital Radiography and 4D Ultrasound
- ✦ 2 Bed Isolation Unit

The company is also an assistive care center for international SOS, Paris, France offering medical emergencies and other related medical critical care services to their clients.

INVESTMENT RATIONALE

- ✦ **Existing Retainership Agreement:** The company has recently secured retainership agreements with most of the international oil companies within the state. Some of these include
 - Nigeria Liquefied Natural Gas (NLNG)
 - Total E & P Nigeria Limited
 - Nigeria Agip Oil Company (NAOC)
 - Nigerian National Petroleum Corporation (NNPC)
 - Exxon Mobil Unlimited
 - Halliburton Energy Services Nigeria Limited
 - International SOS Nigeria
 - Shell Petroleum Dev. Company
 - Aveon Offshore Ltd
 - Siat Nigeria Limited
 - Belemaoil Producing Ltd
 - Pellegrini Nig. Catering Ltd
 - A.O.S. Orwell.
 - NIMASA
 - First Bank Plc
 - Chevron, etc.

The company is Registered with the National Health Insurance Scheme (**NHIS**) and most of the nation's HMOs.

In 2021, the company obtained tax exemption, Pioneer Status from the Nigerian Investment Promotion Council (**NIPC**).

- ✦ **Attractive Return on Investment:** The hospital is estimated to generate a cumulative net profit of N497.27bn in 5years. This also amounts to an annual average earnings yield of 15.33%
- ✦ **Strong Support from the Central Bank of Nigeria:** The CBN has through its special intervention fund supported the hospital with N500m in long term debt capital
- ✦ **Experienced Management Team:** The management team is lead by seasoned medical practioners and competent administrative personnel

RISKS

Below are certain risks associated with the Nigerian healthcare industry, which an investor should be aware of. The material implications of the risks envisaged by the company's management have been quantified as far as possible. Where such quantifications have not been made, it may be construed that the implication cannot be quantified. The following factors need to be taken into consideration by potential investors when making their investment decision.

1. Economic Risks

Interest rate volatility

Alterations in market interest rates could affect the interest rates charged on expected Bank loan which could impact negatively (if higher than estimated) on projected earnings. The company is however optimistic that the CBN loan will remain in single digit in line with their strategy for real sector development

2. Performance Risks

Default Risk: Default risk is the chance that the hospital will be unable to deliver their projected earnings hence may not be able to pay back their debt obligations as at when due. The management strongly believes that their over 40years of combined experience will enhance their ability to effectively and efficiently deliver premium healthcare services and by extension deliver on their earnings and obligations.

3. Political Risks

This risk is associated with the political climate in the country. Nigeria's diverse political, religious and ethnic landscape has led to struggles for power between rival groups. Despite the reduction in militant activities and terrorist attacks, this risk still exists to an extent. However, the management expects a calmer atmosphere going forward

4. Demand Risks

Demand risk is the chance that there will not be enough demand for healthcare services. To address this, the management has secured retainership agreements several international oil companies

5. Policy Risks

This includes the risk of government policy changes that may trigger restructuring of existing healthcare system. The management thinks this is very unlikely as the drive has always supported improvements in healthcare management

BOARD OF DIRECTORS OF PRINCESS MEDI-CLINICS LIMITED

DR. EMI MEMBERE-OTAJI, Chairman

Born on 10th June 1958, is the Chairman/CEO of Elshcon Group of companies with interest in Oil and Gas, Shipping and Healthcare. He is a medical doctor turned entrepreneur. A graduate of University of Lagos, Medical School, Nigeria and certificates from Lagos Business School and MCDonough School of Business, Georgetown University, Washington DC, USA. Among others, he is a Fellow and recipient of the “Award of Excellence” of the Nigeria Institute of Management and also the Nigerian Association of Chamber of Commerce, Industry, Mines & Agriculture (NACCIMA), Fellow College of Health Sciences & Technology, Rivers State and Association of General & Private Medical Practitioners of Nigeria, Paul Harris Fellow of Rotary International and “Award of Role of Honor” from the Nigerian Medical Association Rivers State chapter and Distinguished Medical Practitioner of Nigeria (**DMP**) Awardee of the Association of General & Private Medical Practitioners of Nigeria (**AGPMPN**).

He is a one-time Chairman of West African Glass Industry Plc, a former Director of Pabod Breweries Limited. He was a former Commissioner for Health, Special Adviser to the Rivers State Government on Privatization and Investments and also a former Chairman, Board of Directors of Clearline International Limited (**HMO**). Also a former Governing Board Member, University of Port Harcourt Business School. He is the immediate Past President of the Port Harcourt Chamber of Commerce, Industry, Mines & Agriculture (**PHCCIMA**), National Vice President - Nigerian Association of Chamber of Commerce, Industry, Mines & Agriculture (**NACCIMA**), Elected Council Member – Nigerian Institute of Management (Chartered), Chairman - Marine Trade Group PETAN and Member – Petroleum Technology Association of Nigeria (**PETAN**), Vice Chairman Maritime Trade Group **NACCIMA**, Founding Member of Ship Owners Association of Nigeria (**SOAN**), Trustee - Marine Equipment Owners Association (**MEOLAN**). Member - National Economic Council Committee on Export Promotion and Member of the Board of Directors of Oil & Gas Free Zones Authority (**OGFZA**), Director – ECOWAS Regional Sealink Project Company / Coordinator Sealink Implementation Committee and Governing Board Member of the Nigerian Chamber of Shipping (**NCS**), among others.

MR. MATTHEW AMEDE, OSSAI - CHIEF OPERATING OFFICER

Matthew Ossai Amede is the Head, Corporate Services of the hospital. He holds a Masters of Business Administration (MBA) degree of the University of Benin, Benin City obtained in 1992 and a first-class Bachelor of Arts (B.A) Education Degree from the Obafemi Awolowo University, Ile Ife in 1985. He has over 28 years working experience in the area of Administration, Human Resources Management and Business Development. He is an Associate Member of the Chartered institute of Personnel Management (CIPM).

DR. ONYINYECHUKWU AGUWA-UGOCHUKWU - MEDICAL DIRECTOR

Dr. Onyinyechukwu Aguwa-Ugochukwu is a dedicated Cardiologist with very strong devotion to the specialty. A Fellow of the West African College of Physicians, she was appointed Clinical Director in 2017 and presently serves as Medical Director of Princess Medical Centre. Dr. Aguwa Ugochukwu is endowed with the attitude, passion and energy needed for the position, which had made her the PEOPLE'S DOCTOR.

MR. CHINEDU ISALIAH OKONYIA - HEAD, ACCOUNT AND FINANCE DIRECTORATE

Mr. Chinedu Isaiah Okonyia holds Bachelor of science (B.Sc) degree in Accounting, Delta State University, Abraka and National diploma in Accountancy from Federal Polytechnic Auchi. He is an Associate Member of the Institute of chartered Accountant of Nigeria (ICAN). An Associate Member of Nigeria institute of Management (NIM). He has over 10 years work experience in finance, Accounting and Risk Management. Prior to Mr. Okonyia joining the services of Princess Medical Centre. He held a position of Senior Accountant in Preswin Nig limited and internal Auditor at St. Luke's hospital, all in Asaba Delta State. The above background has shaped his perspective on business and has greatly influenced his approach in delivery financial solutions.

**PRINCESS MEDI-CLINIC LIMITED
PRIVATE PLACEMENT MEMORANDUM**

VALUATION TABLE

Growth Rate	19%	30%	25%	20%	10%	
	2021	2022	2023	2024	2025	Terminal Value
Turnover	456,752,112	593,777,745	742,222,181	890,666,617	979,733,279	
Less Cost of Sales	199,034,735	208,986,472	229,885,119	264,367,887	317,241,464	
Gross Profit	257,717,377	384,791,273	512,337,062	626,298,730	662,491,815	
Depreciation	39,439,408	39,439,408	39,439,408	39,439,408	39,439,408	
Other Admin Expenses	236,188,587	227,537,918	251,785,645	290,346,664	348,285,680	
Administrative Expenses	275,627,995	266,977,326	291,225,053	329,786,072	387,725,088	
Interest Expenses	36,599,643	32,246,588	27,501,758	22,329,893	16,692,560	
Profit/Loss before Taxation	(54,510,261)	85,567,359	193,610,251	274,182,765	258,074,167	
EBITDA	21,528,790	157,253,355	260,551,417	335,952,066	314,206,135	
Provision for Capex	91,534,714	91,534,714	91,534,714	91,534,714	91,534,714	
Free Cashflow to Firm	(70,005,924)	65,718,641	169,016,703	244,417,353	222,671,421	2,382,584,209
Discount Factor	0.8547	0.7305	0.6244	0.5337	0.4561	0.4561
Present Values	(59,834,123)	48,008,358	105,529,053	130,433,332	101,562,919	1,086,723,229
Enterprise Value	1,412,422,768					
Net Debt	445,000,000					
Equity Value	967,422,768					
Shares In Issue	2,000,000					
Fair Value Per Share	484					

VALUATION SUMMARY

Valuation Summary 1 (Capitalisation of Deposits Option)			
Methodology	Fair Value	Weight	Weighted Value
Free Cash Flow to Equity	967,422,767.65	70%	677,195,937.35
Asset - NBV	759,280,576.07	30%	227,784,172.82
Brand Equity			100,000,000.00
Fair Value to Equity			1,004,980,110.17
Fair Value Per Share			502.49

GENERAL INFORMATION

1. SHAREHOLDING STRUCTURE

As at date of this Offer Memorandum, the Company's issued share capital of 2,000,000 Ordinary shares of N1 each was beneficially held as follows:

a) Pre- Private Placement Shareholding Structure

S/N	Name of Shareholder	Number of Shares	%Shareholding
1	Dr. Emi Memebere-Otaji	1,860,000	93%
2	Mr Tonye Memebere-Otaji Lloyd	140,000	7%
	Total	10,000,000	100%

2. COSTS AND EXPENSES (DETAILS OF THE UTILIZATION OF PROCEEDS)

The proceeds of the Offer will be paid to the existing shareholders who have volunteered to sell down their stake in the company. However, the costs and expenses of making the Offer shall be deducted from the offer proceeds

3. OVERVIEW OF CORPORATE GOVERNANCE

Princess Medi-Clinics Limited is a company of integrity and maintains high ethical standards. The partners reputation for honest, open and dependable business conduct, built over the years is an asset just as its people and brands. Princess Medi-Clinics Limited will conduct its business in full compliance with the laws and regulations of Nigeria.

Board of Directors

The Board comprises of a Chairman, Medical Director and two other Directors. The company is willing to admit the prospective investor some seats in the board. Profiles of the Directors are stated on pages 6 - 7 of this document. The position of the Chairman is distinct from that of the Medical Director. The Chairman is Dr. Emi Memebere-Otaji while the Medical Director is Dr. Onyinyechukwu Aguwa-Ugochukwu.

DECLARATIONS

Except as otherwise disclosed herein:

1. No share of the Company is under option or agreed conditionally or unconditionally to be put under option
2. There are no long-term service agreements between the Company and any of the Directors and employees except pension agreements
3. The Company also hereby declares that none of its directors or management staff is subject to any of the following in Nigeria or elsewhere
 - i. A petition brought under any bankruptcy or insolvency proceedings either against his/her person or against any partnership or company of which he or she is partner, director or key personnel;
 - ii. A conviction in a criminal proceeding relating to fraud or dishonesty;
4. A judgement or a ruling by a regulatory body relating to fraud or dishonesty restraining him/her from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.
5. The Medical Director is promised sweat equity of 5% shares after 5 years, beginning from 2018. This will be sold back to the business upon her exit from the hospital.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Financial Advisers' Office as listed on page 13 between 8.00 a.m. and 5.00p.m. on any Business Day throughout the validity of the offer

1. The Certificate of Incorporation of the Company
2. The Memorandum and Articles of Association of the Company
3. Shareholders' No Objection Letter
4. The Company's 5years Audited Accounts
5. The solicitor's opinion on claims and litigations

Appendix 1

Financial Forecast

	2021	2022	2023	2024	2025
Gross Earnings (N' 000)	456,752,112	593,777,745	742,222,181	890,666,617	979,733,279
Profit Before Tax (N' 000)	(54,510,261)	85,567,359	193,610,251	274,182,765	258,074,167
Profit After Tax (N' 000)	(54,510,261)	58,185,804.11	131,654,970.83	186,444,280.52	175,490,433.71
Share Capital (N' 000)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Net Asset (N' 000)	759,280,576.07	817,466,380.18	949,121,351.01	1,135,565,631.53	1,311,056,065.24
EPS (N)		29.09	65.83	93.22	87.75
ROI		6.47%	14.63%	20.72%	19.50%

CONTACT ADDRESS

COMPANY:

PRINCESS MEDI-CLINICS LIMITED

HEAD OFFICE ADDRESS

5 Ndah Bros Street Opposite St. Matthews Ang Church
Trans Amadi Industrial Layout, PHC.

Phone: +234 806 367 4818

Email: info@princessmedical.com

FINANCIAL ADVISER:

COWRY ASSET MANAGEMENT LIMITED

HEAD OFFICE ADDRESS

Plot 1319 Karimu Kotun

Victoria Island

Lagos