Rating Report- Draft| Asset Management | April 2026[1]

Chapel Hill Denham Management Limited

Rated entity	Rating class	Rating scale	Rating	Outlook
Chapel Hill Denham Management Limited	Long Term Issuer	National	A-(NG)	Evolving
	Short Term Issuer	National	A2(NG)	

Analytical entity

Chapel Hill Denham Management Limited (CHDM or the asset manager) is registered with the Securities and Exchange Commission (SEC) of Nigeria to provide fund management, investment, and advisory services to retail and corporate clients.

CHDM is a wholly owned subsidiary of Chapel Hill Advisory Partners Limited (CHAPS or the group), accounting for less than 20% of the group's total revenue, profit and assets respectively in 2025. As a result, GCR has adopted a standalone credit analysis (with a cap) approach in assigning the national scale issuer ratings to CHDM

Credit profile summary

Strengths

- Strong expertise in Infrastructure fund management
- Good leverage and cashflow, supported by an unlevered balance sheet
- Membership of CHAPS through which the asset manager leverages cross-selling opportunities and product distribution

Weakness

- Negative parental support

Rating summary

The rating of CHDM balances its unlevered balance sheet and an improving business profile, which has supported consistent growth in funds under management (FUM) and stable earnings, against a modest liquidity position.

Outlook statement

The evolving outlook reflects our view that the group's ongoing acquisition plans (which are in advanced stages) could materially alter the credit profile of the asset manager over the outlook period. Nonetheless,

[1] The last rating announcement was in March 2026. Rating reports are updated at least once a year from the date of the last announcement

CHDM's credit profile on a standalone is expected to continue to improve based on sustained growth in FUM which could translate to better market share and earnings while maintaining an externally ungeared balance sheet position.

Rating triggers

Since the ratings are capped at the group level, an upgrade could result from i) a material improvement in the Group's overall business and credit profile, ii) improvement in market share while maintaining an ungeared balance sheet, and iii) liquidity metrics consistently above 1.5x. Conversely, the ratings could be downgraded if i. market share declines below current levels, ii. liquidity metrics fall below 1.5x, or iii. there is a downgrade of the Group's ratings

Risk score summary

Rating Components & Factors	Score
Operating environment	**5.50**
Country risk score	3.50
Sector risk score	2.00
Business profile	**(0.75)**
Competitive position	(0.75)
Sustainability	0.00
Financial profile	**3.00**
Earnings vs risk	1.25
Leverage & cash flow	1.75
Liquidity	0.00
Comparative profile	**(0.75)**
Group support	(0.75)
Peer comparison	0.00
Total Risk Score	**7.00**

Analytical contacts

Primary analyst	Ifunanya Ibekwe	Analyst, Financial Institutions
Lagos, NG	IfunanyaI@GCRratings.com	+234 1 904 9462
Committee chair	Vimbai Mandebvu	Deputy Sector Head, Financial Institutions
Ebene, MU	VimbaiM@GCRratings.com	+230 428 2690

Related criteria and research

Criteria for the GCR Ratings Framework, May 2024
Criteria for Rating Asset Managers, November 2019* appendix to the Criteria for Financial Services
GCR Ratings Scales, Symbols & Definitions, May 2023
GCR Country Risk Scores, March 2026
GCR Financial Institutions Sector Risk Score, December 2025

Ratings history

Chapel Hill Denham Management Limited					
Rating class	Review	Rating scale	Rating	Outlook	Date

Long term issuer	Initial	National	BBB+(NG)	Stable	January 2022
Short term issuer		National	A2(NG)		
Long term issuer	Last	National	A-(NG)	Stable	February 2025
Short term issuer		National	A2(NG)		

Private rating usage

Recipients of this credit rating notification are to note that the ratings accorded are private. A private rating is by nature confidential, but GCR may agree that the rated entity distributes the credit rating notification to (prospective) investors and other relevant counterparties, but only to the extent that such parties agree to confidentiality with the Rated Entity and agree that the credit rating action is private and only intended to be used in a closed circle of known parties. GCR requires Rated Entities to disclose the counterparties to whom it intends to distribute the Notification prior to such distribution.

Operating environment

Country risk[2]

The revised Nigerian country risk score of '3.75' balances improved fiscal and external risk dynamics against vulnerabilities to exogenous factors, particularly commodity and climate risk. The adoption of a more Country Risk Scores: Updated 23 March 2026 flexible, market driven foreign exchange regime since 2023 has significantly bolstered gross external reserves, while full deregulation of the oil sector under the Petroleum Industry Act, 2021 has eased fiscal spending pressures and spurred strong oil refining productivity. Sustained fiscal consolidation efforts are also evident in improved revenue collection controls, enhanced treasury management, and broad-based tax reforms. The tight monetary policy stance of the Central Bank of Nigeria (CBN) has significantly eased inflationary pressures and enhanced exchange rate stability. However, these gains remain fragile, and are tempered by persistent structural challenges, widening fiscal deficits, rising debt servicing costs, and cost of living crises as prices remained elevated. Effective fiscal and monetary policy coordination remains critical to sustaining macroeconomic stability. inflationary pressures and enhanced exchange rate stability. However, these gains remain fragile, and are tempered by persistent structural challenges, widening fiscal deficits, rising debt servicing costs, and cost of living crises as prices remained elevated. Effective fiscal and monetary policy coordination remains critical to sustaining macroeconomic stability.

For full details, please see GCR's Country Risk Score report. The Country Risk Scores are available for download at GCR Ratings.

Sector risk

The upward revision of the Nigerian Financial Institutions Risk Score to '3.75' reflects the improving regulatory environment, greater transparency, and clearer governance and policy direction by the Central Bank of Nigeria (CBN). Specifically, the CBN's foreign exchange reforms have enhanced foreign currency liquidity and narrowed the gap between official rates and unofficial market foreign-exchange rates, thereby

[2] The Nigeria country risk score was 3.50 as of CHDM's last rating review in March 2026, and it has been subsequently improved to 3.75 later in the same month.

reducing foreign exchange roundtripping and contributing to the relative exchange rate stability. Additionally, the discontinuation of arbitrary cash reserve requirements (CRR) debits in favour of a more transparent and predictable CRR regime has improved banking sector liquidity management and planning. Nonetheless, the persistently high CRR continues to be a constraint. The Nigerian banking sector remains competitive, though dominated by the five largest banks which collectively accounted for about 70% of total assets, loan portfolio and customer deposits, respectively. The sector's increased digitalisation and the transition to holding company structures could further support business diversification and competitiveness over the medium term. Additionally, the ongoing recapitalisation efforts by Nigerian banks, ahead of the 31 March 2026 deadline, is expected to enhance the sector's global competitiveness, improve capacity to underwrite large-ticket transactions and enhance the ability to absorb losses from significant external and domestic shocks, particularly those arising from naira devaluation and credit migrations.

The standard negative 1.75 adjustment for NBFI was applied for SEC-regulated entities. For full details, please see GCR's Financial Institutions Sector Risk Score report. The Sector Risk Scores are available for download at GCR Ratings.

Business profile

Competitive position

CHDM maintains an established position in the Nigerian asset management subsector, with a demonstrated niche in alternative assets, managing the largest infrastructure and real estate funds within the subsector. Total FUM increased by 107.0% to NGN457.7 billion (USD318.6 million) as of 31 December 2025, supported by increased investor appetite for its infrastructure and real estate investments and subscriptions to traditional funds. Despite this strong growth, overall market share remains moderate at c.4.8% (2024: 5.0%), reflecting the subsector's concentration to a few large players. The portfolio mix shows that the Nigeria Infrastructure Debt Fund (NIDF) and Nigeria Real Estate Investment Trust Fund (NREIT) accounted for 64.3% of total FUM in 2025 (2024: 77.6%), with the remainder spread across traditional mutual funds and private portfolios.

Exhibit 1: AUM Breakdown (NGN'million)

	2025	2024	2023
Nigeria Infrastructure Debt Fund (NIDF)	130,737	117,431	118,574
Nigeria Real Estate Investment Fund (NREIT)	163,627	54,160	54,330
CHDM Money Market Fund	37,630	12,104	7,309
Nigeria Dollar Fund	28,236	24,183	9,792
Private Wealth	4,078	2,956	4,863
Paramount Fund	7,530	2,319	1,124
Nigeria Bond Fund	1,076	1,389	1,346
Women's Balanced Fund	-	-	294
Advisory	84,832	6,608	5,841
Total	**457,748**	**221,154**	**203,451**

Source: CHDM

The asset manager competitive position is also supported by the group's strong brand franchise, track record of good performance and established distribution network across Nigeria and Ghana. In addition, most funds managed by the CHDM have consistently outperformed internal performance targets, which we view positively. We expect the asset manager's competitive position to be sustained over the rating horizon.

Sustainability

Sustainability assessment is currently neutral, the highest score achievable under our framework. CHDM's board composition aligns with minimum corporate governance standards, comprising five members: two executives (including the Managing Director), one independent director, and two non-executive directors. Additionally, the asset manager maintains separate independent board for its closed-end funds (NIDF and NREIT), supporting governance, transparency, and specialised oversight at the fund level. For the financial year ended 2024, CHDM received an unqualified audit opinion from Abax-Osas. We have also used the unaudited management accounts for the year ended 31 December 2025 in assessing the asset manager's position, given that the financials were being audited as at the rating review date. However, the level and detail of financial disclosures could be improved.

Financial profile

Cashflow and leverage

CHDM's cash flow and leverage position remains a key rating strength, supported by an externally ungeared balance sheet and good operating cashflow. As of 31 December 2025, shareholders' equity increased by 51.0% to NGN9.5 billion (USD6.6 million), of which NGN6.5 billion (USD4.5 million) represents retained earnings, with the remainder comprising share capital and premium, including a NGN1.5 billion capital injection during the year to support operational liquidity and strategic initiatives. Operating cash flows are expected to remain sufficient to meet obligations, with the externally ungeared profile sustained over the rating horizon.

Earnings

CHDM's earnings strengthened during the review period, underpinned by the growth in FUM and modest operating cost base. Gross revenue increased by 16.2% to NGN5.5 billion (USD3.8 million), largely driven by stable management fees, which accounted for 61.6% of total revenue in 2025 (2024: 63.8%), and other income, primarily interest on financial assets. Operating costs grew more slowly than revenue, benefiting from cost-control measures implemented during the year. Consequently, EBITDA margin improved slightly to 49.1% from 45.7% in 2024. Bottom line profit registered at NGN2.7 billion (2024: NGN531.0 million), resulting in a marked improvement in return on equity and return on assets to 28.4% and 14.7%, respectively (2024: 9.1% and 6.0% respectively). We expect the asset manager's earnings to remain strong over the next 12-18 months, supported by continued FUM growth and an improved cost structure.

Exhibit 2: Profitability metrics (NGN'000)

	2025	2024	2023	2022	2021
Gross Revenue	5,528,366	4,757,441	3,175,810	1,179,907	851,744
Operating Costs	2,813,267	1,840,721	1,748,844	879,244	511,943
EBITDA	2,715,099	2,173,353	1,426,966	300,662	339,800
Profit Before Tax	2,715,099	734,158	505,023	256,491	303,221
Cost to Income (%)	50.9	54.3	55.1	74.5	60.1
ROE (%)	28.4	9.1	7.7	20.7	19.9

EBITDA Margin (%)	49.1	45.7	44.9	25.5	39.9
ROA (%)	14.7	6.0	3.3	6.6	6.7

Source: CHDM's financial statements and GCR financial tool

Liquidity

The asset manager's liquidity position is neutral to the rating, reflecting an adequate level of liquid assets available to support operations. Coverage of anticipated liquidity uses by liquidity sources averaged 1.5x over the last three years and is expected to register above 1x over the next 12–18 months, supported by the stable cashflows and improved in earnings capacity following the launch of new products. Refinancing and covenant risks are limited, given the asset manager's ungeared balance sheet.

Comparative profile

Peer analysis

The peer analysis is neutral to the rating.

Group support

CHDM is a wholly owned, operating subsidiary within CHAPS, contributing less than 20% each to the group's total assets, revenue and profit. Accordingly, the ratings are based on CHDM's standalone credit profile but remain constrained by the group's creditworthiness, given the operational integration and shared brand.

Rating adjustment factors

Structural adjustments

No structural adjustments have been made to the Anchor Credit Evaluation in arriving at the final ratings.

Instrument ratings

No instrument rating adjustments.

Glossary

Assets	A resource with economic value that a company owns or controls with the expectation that it will provide future benefit.
Capital	The sum of money that is invested to generate proceeds.
Credit	A contractual agreement in which a borrower receives something of value now, and agrees to repay the lender at some date in the future, generally with interest. The term also refers to the borrowing capacity of an individual or company
Environment	The surroundings or conditions in which an entity operates (Economic, Financial, Natural).
Equity	Equity is the holding or stake that shareholders have in a company. Equity capital is raised by the issue of new shares or by retaining profit.
Financial Institution	An entity that focuses on dealing with financial transactions, such as investments, loans and deposits.
Financial Year	The year used for accounting purposes by a company or government. It can be a calendar year or it can cover a different period, often starting in April, July or October. It can also be referred to as the fiscal year.
Interest	Scheduled payments made to a creditor in return for the use of borrowed money. The size of the payments will be determined by the interest rate, the amount borrowed or principal and the duration of the loan.
Issuer	The party indebted or the person making repayments for its borrowings.
Leverage	With regard to corporate analysis, leverage (or gearing) refers to the extent to which a company is funded by debt.
Liquidity	The speed at which assets can be converted to cash. It can also refer to the ability of a company to service its debt obligations due to the presence of liquid assets such as cash and its equivalents. Market liquidity refers to the ease with which a security can be bought or sold quickly and in large volumes without substantially affecting the market price.
Margin	A term whose meaning depends on the context. In the widest sense, it means the difference between two values.
Portfolio	A collection of investments held by an individual investor or financial institution. They may include stocks, bonds, futures contracts, options, real estate investments or any item that the holder believes will retain its value.
Private	An issuance of securities without market participation, however, with a select few investors. Placed on a private basis and not in the open market.
Rating Horizon	The rating outlook period
Retained Earnings	Earnings not paid out as dividends by a company. Retained earnings are typically reinvested back into the business and are an important component of shareholders' equity.
Revaluation	Formal upward or downward adjustment to assets such as property or plant and equipment.
Risk	The chance of future uncertainty (i.e. deviation from expected earnings or an expected outcome) that will have an impact on objectives.
Short Term	Current; ordinarily less than one year.
Total Risk	Both systematic and unsystematic risks.

Salient points of accorded ratings

GCR affirms that a.) no part of the ratings process was influenced by any other business activities of the credit rating agency; b.) the ratings were based solely on the merits of the rated entity, security or financial instrument being rated; and c.) such ratings were an independent evaluation of the risks and merits of the rated entity, security or financial instrument.

The ratings above were solicited by, or on behalf of, the rated entities.

The rated entity participated in the rating process via in person interaction and/or via online virtual interaction and/or via electronic and/or verbal communication and correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible. The information received from the rated entity and other reliable third parties to accord the credit ratings included:

- Audited financial results as of 31 December 2024
- Management accounts as of 31 December 2025
- Other relevant information
- Exchange rate source: Central Bank of Nigeria USD1.00 =NGN1436.31 (31 December 2025), NGN1550.25 (31 December 2024)

CREDIT RATINGS ISSUED BY GCR ARE GCR'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY GCR (COLLECTIVELY, PUBLICATIONS) MAY INCLUDE SUCH CURRENT OPINIONS. GCR DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE. SEE APPLICABLE GCR RATING SCALES, SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY GCR'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: FRAUD, LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS (ASSESSMENTS) AND OTHER OPINIONS INCLUDED IN GCR'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. GCR'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND GCR'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL OR HOLD PARTICULAR SECURITIES. GCR'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. GCR ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING OR SALE.

GCR'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE GCR'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

GCR'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by GCR from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. GCR adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources GCR considers to be reliable including, when appropriate, independent third-party sources. However, GCR is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing its Publications.

To the extent permitted by law, GCR, its affiliates and its and their directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if GCR or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by GCR.

To the extent permitted by law, GCR, its affiliates and its and their directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, GCR or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY GCR IN ANY FORM OR MANNER WHATSOEVER.

GCR hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) rated by GCR have, prior to assignment of any credit rating, agreed to compensate GCR for the provision of those credit ratings opinions and services rendered by it. GCR also maintains policies and procedures to address the independence of GCR's credit ratings and credit rating processes.