Flour Mills of Nigeria Plc ("Flour Mills" or "the Issuer" or "the Company"), a public limited liability company incorporated in Nigeria and listed on The Nigerian Stock Exchange (the "Exchange"), has established this ₦100,000,000,000 Commercial Paper Issuance Programme (the "CP Programme"), under which Flour Mills may from time to time issue Commercial Paper notes ("CPs" or "Notes"), denominated in Nigerian Naira ("Naira" or "₦") or in such other currency as may be agreed between the Issuer and the Dealer and or the Arranger (as defined in the section entitled, "Summary of the Programme", in separate series or tranches subject to the terms and conditions ("Terms and Conditions") contained in this Programme Memorandum.

Each Series and each Tranche (as defined under the Terms and Conditions) will be issued in such amounts, and will have such discounts, period of maturity and other terms and conditions as set out in the Pricing Supplement applicable to such series or tranche (the “Applicable Pricing Supplement”). The maximum aggregate nominal amount of all Notes from time to time outstanding under the CP Programme shall not exceed ₦100,000,000,000 or its equivalent in any other currency over a three year period that this Programme Memorandum, including any amendments thereto, shall remain valid.

This Programme Memorandum is to be read and construed in conjunction with any supplement hereto and all documents which are incorporated herein by reference, and in relation to any Series or Tranche (as defined herein), together with the Applicable Pricing Supplement. This Programme Memorandum shall be read and construed on the basis that such documents are incorporated and form part of this Programme Memorandum.

This Programme Memorandum, the Applicable Pricing Supplement and the CPs have not been and will not be registered with the Securities and Exchange Commission, or under the Investment and Securities Act, No. 29 of 2007.

The Notes issued under this Programme shall be issued in dematerialised form, registered, quoted and traded over the counter via the FMDQ QTC Securities Exchange ("FMDQ") platform in accordance with the rules, guidelines and such other regulation with respect to the issuance, registration and quotation of commercial paper as may be prescribed by the Central Bank of Nigeria ("CBN") and FMDQ from time to time, or any other recognized trading platform as approved by the CBN. The securities will settle via the Central Securities Clearing System Plc ("CSCS"), acting as Registrars and Clearing Agent for the Notes.

This Programme Memorandum and the Applicable Pricing Supplement shall be the sole concern of the Issuer and the party to whom this Programme Memorandum and the Applicable Pricing Supplement is delivered (the "Recipient") and shall not be capable of distribution and should not be distributed by the Recipient to any other parties nor shall any offer made on behalf of the Issuer to the Recipient be capable of renunciation and assignment by the Recipient in favour of any other party. In the event of any occurrence of a significant factor, material mistake or inaccuracy relating to the information included in this Programme Memorandum, the Issuer will prepare a supplement to this Programme Memorandum or publish a new Programme Memorandum for use in connection with any subsequent issue of CP Notes.

The document is important and should be read carefully. If any recipient is in any doubt about its contents or the actions to be taken, such recipient should please consult his/her banker, stockbroker, accountant, solicitor or any other professional adviser for guidance immediately. This Programme Memorandum has been seen and approved by the Board of Directors of Flour Mills of Nigeria Plc, who jointly and individually accept full responsibility for the accuracy of all information given.

**FBNQUEST MERCHANT BANK LIMITED**

This Programme Memorandum is dated 24 August 2018
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## Glossary of Defined Terms

Except where expressed otherwise, the following definitions apply throughout this document.

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<td><strong>“Agency Agreement”</strong></td>
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<tr>
<td><strong>“Arranger” or “FBNQMB”</strong></td>
</tr>
<tr>
<td><strong>“Board” or “Directors”</strong></td>
</tr>
<tr>
<td><strong>“Business Day”</strong></td>
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<tr>
<td><strong>“CBN”</strong></td>
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<td><strong>“CBN Guidelines”</strong></td>
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<tr>
<td><strong>“CGT”</strong></td>
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<tr>
<td><strong>“CITA”</strong></td>
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<tr>
<td><strong>“Commercial Paper”, “CP” or “Notes”</strong></td>
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<tr>
<td><strong>“Conditions” or “Terms and Conditions”</strong></td>
</tr>
<tr>
<td><strong>“CP Programme” or “Programme”</strong></td>
</tr>
<tr>
<td><strong>“CSCS” or the “Clearing System”</strong></td>
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<tr>
<td><strong>“CSCS Rules”</strong></td>
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<tr>
<td><strong>“Day Count Fraction”</strong></td>
</tr>
<tr>
<td><strong>“Dealer”</strong></td>
</tr>
<tr>
<td><strong>“Dealing Members”</strong></td>
</tr>
<tr>
<td><strong>“Event of Default”</strong></td>
</tr>
<tr>
<td><strong>“Eligible Individual Investor” or “EII”</strong></td>
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<td><strong>“Face Value”</strong></td>
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</table>
**GLOSSARY OF DEFINED TERMS**

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;FGN&quot;</td>
<td>Federal Government of Nigeria</td>
</tr>
<tr>
<td>&quot;FIRS&quot;</td>
<td>Federal Inland Revenue Service</td>
</tr>
<tr>
<td>&quot;Flour Mills&quot; or “Issuer” or “FMN”</td>
<td>Flour Mills of Nigeria Plc</td>
</tr>
<tr>
<td>&quot;FMDQ&quot; or “FMDQ OTC PLC”</td>
<td>means FMDQ OTC PLC, a securities exchange and self-regulatory organisation licensed by the Securities and Exchange Commission to provide a platform for, amongst others, listing, quotation, noting, registration and trading of debt securities</td>
</tr>
<tr>
<td>&quot;FMDQ Rules”</td>
<td>The FMDQ Commercial Paper Registration and Quotation Rules, May 2017 (as may be amended from time to time) and such other regulations (including but not limited to Market Bulletins) with respect to the issuance, registration and quotation of commercial papers as may be prescribed by FMDQ from time to time</td>
</tr>
<tr>
<td>&quot;Force Majeure&quot;</td>
<td>Means any event or circumstance (or combination of events or circumstances) that is beyond the control of the Issuer which materially and adversely affects its ability to perform its obligations as stated in the Conditions, which could not have been reasonably foreseen, including without limitation, nationwide strikes, national emergency, riot, war, embargo, legislation, acts of God, acts of terrorism, and industrial unrest</td>
</tr>
<tr>
<td>&quot;Government”</td>
<td>Any federal, state or local government of the Federal Republic of Nigeria</td>
</tr>
<tr>
<td>&quot;Holder” or “Noteholder”</td>
<td>The holder of a Note as recorded in the Register kept by the CSCS in accordance with the Terms and Conditions</td>
</tr>
<tr>
<td>&quot;Implied Yield”</td>
<td>The yield accruing on the Issue Price of a Note, as specified in the Applicable Pricing Supplement</td>
</tr>
<tr>
<td>&quot;Issue Date”</td>
<td>The date upon which the relevant Series/Tranche of the Notes is issued as specified in the Applicable Pricing Supplement</td>
</tr>
<tr>
<td>&quot;Issue Price”</td>
<td>The price at which the relevant Series/Tranche of the Notes is issued, as specified in the Applicable Pricing Supplement</td>
</tr>
<tr>
<td>&quot;Issuing, Calculation and Paying Agent”</td>
<td>FBNQuest Merchant Bank Limited or any successor issuing, calculation and paying agent in respect of the Notes, appointed by the Issuer</td>
</tr>
<tr>
<td>&quot;LFN&quot;</td>
<td>Laws of the Federation of Nigeria</td>
</tr>
<tr>
<td>&quot;Maturity Date”</td>
<td>The date as specified in each Applicable Pricing Supplement on which the Principal Amount is due</td>
</tr>
<tr>
<td>&quot;Material Adverse Change”</td>
<td>Means a material adverse effect on the ability of the Issuer to perform and comply with its payment obligations under the CP Programme</td>
</tr>
<tr>
<td>&quot;NIBOR”</td>
<td>the Nigerian Inter-bank Offered Rate</td>
</tr>
<tr>
<td>&quot;Naira&quot;, &quot;NGN&quot; or &quot;₦“</td>
<td>The Nigerian Naira</td>
</tr>
<tr>
<td>&quot;Noteholders“</td>
<td>Mean the several persons for the time being, whose names are shown in the records of the CSCS and/or entered in the Register of Noteholders as holders of the Notes and shall include the legal and personal representatives or successors of the Noteholders and those entered as joint Noteholders</td>
</tr>
<tr>
<td><strong>Defined Terms</strong></td>
<td><strong>Definition</strong></td>
</tr>
<tr>
<td>-------------------</td>
<td>---------------</td>
</tr>
<tr>
<td><strong>“Notes”</strong></td>
<td>The commercial paper issued by the Issuer from time to time pursuant to the Programme Memorandum and any Applicable Pricing Supplement as promissory notes and held in a dematerialised form by the Noteholders through the CSCS</td>
</tr>
<tr>
<td><strong>“OTC”</strong></td>
<td>Over The Counter</td>
</tr>
<tr>
<td><strong>“Outstanding”</strong></td>
<td>means, in relation to the Notes, all the Notes issued, other than: (i) those Notes which have been redeemed pursuant to these Conditions (ii) those Notes in respect of which the date (including, where applicable, any deferred date) for its redemption in accordance with the relevant conditions has occurred and the redemption moneys have been duly paid in accordance with the provisions of this Deed and (iii) those Notes which have become void under the provisions of this Deed</td>
</tr>
<tr>
<td><strong>“Pricing Supplement” or “Applicable Pricing Supplement”</strong></td>
<td>The Pricing Supplement applicable to a particular series or tranche of Notes issued under the CP Programme</td>
</tr>
<tr>
<td><strong>“Principal Amount”</strong></td>
<td>The nominal amount of each Note, as specified in the Applicable Pricing Supplement</td>
</tr>
<tr>
<td><strong>“Programme”</strong></td>
<td>The N100,000,000,000 (One Hundred Billion Naira) commercial paper issuance programme established by the Issuer which allows for the multiple issuance of Notes from time to time</td>
</tr>
<tr>
<td><strong>“Programme Memorandum”</strong></td>
<td>This information memorandum dated 24 August 2018 which details the aggregate size and broad terms and conditions of the CP Programme</td>
</tr>
<tr>
<td><strong>“Qualified Institutional Investor” or “QII”</strong></td>
<td>include banks, fund managers, pension fund administrators, insurance companies, investment/unit trusts, multilateral and bilateral institutions, registered private equity funds, registered hedge funds, market makers, staff schemes, trustees/custodians, stockbroking firms and any other category of investors as may be determined by FMDQ from time to time. Clean CPs shall only be sold to QIIs and EIIs</td>
</tr>
<tr>
<td><strong>“Redemption Amount”</strong></td>
<td>The amount specified in the Applicable Pricing Supplement as the amount payable in respect of each Note on the Redemption Date</td>
</tr>
<tr>
<td><strong>“Redemption Date”</strong></td>
<td>Means in relation to any Tranche, the date on which redemption monies are due and payable in respect of the Notes as specified in these Conditions and the Applicable Pricing Supplement</td>
</tr>
<tr>
<td><strong>“Register”</strong></td>
<td>A register or such registers as shall be maintained by the Registrar in which are recorded details of Noteholders</td>
</tr>
<tr>
<td><strong>“Registrar”</strong></td>
<td>The CSCS or such other registrar as may be appointed by the Issuer in respect of the Notes issued under the Programme</td>
</tr>
<tr>
<td><strong>“Relevant Currency”</strong></td>
<td>The currency in which payments in respect of the Notes of the relevant Tranche or Series are to be made as indicated in the Applicable Pricing Supplement</td>
</tr>
<tr>
<td><strong>“Relevant Date”</strong></td>
<td>The payment date of any obligation due on the Notes</td>
</tr>
<tr>
<td><strong>“Relevant Last Date”</strong></td>
<td>The date stipulated by CSCS and specified in the Applicable Pricing Supplement, after which transfer of the Notes will not be registered</td>
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</table>
### Glossary of Defined Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Series”</td>
<td>A Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects except for their respective Issue Dates, and/or Issue Prices</td>
</tr>
<tr>
<td>“Specified Office”</td>
<td>The office of the Issuing, Calculation and Paying Agent as specified under the Agency Agreement and shall include such other office or offices as may be specified from time to time thereunder</td>
</tr>
<tr>
<td>“Tranche”</td>
<td>Notes which are identical in all respects</td>
</tr>
<tr>
<td>“VAT”</td>
<td>Value Added Tax as provided for in the Value Added Tax Act, CAP VI, LFN 2004 (as amended by the Value Added Tax Act No 12 of 2007)</td>
</tr>
<tr>
<td>“WHT”</td>
<td>Withholding Tax as provided for in section 78(2) of CITA and section 70 of PITA</td>
</tr>
<tr>
<td>“Zero Coupon Note”</td>
<td>A Note which will be offered and sold at a discount to its Face Value and which will not bear interest, other than in the case of late payment</td>
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</tbody>
</table>
IMPORTANT NOTICES

This Programme Memorandum contains information provided by the Issuer in connection with the CP Programme under which the Issuer may issue and have outstanding at any time Notes up to a maximum aggregate amount of ₦100,000,000,000 (One Hundred Billion Naira). The Notes shall be issued subject to the Terms and Conditions contained in this Programme Memorandum.

The Issuer shall not require the consent of the Noteholders for the issue of Notes under the Programme.

The Issuer accepts responsibility for the information contained in this Programme Memorandum. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case) the information contained or incorporated in this Programme Memorandum is correct and does not omit anything likely to affect the import of such information.

The Issuer, having made all reasonable enquiries, confirms that this Programme Memorandum contains or incorporates all information which is reasonably material in the context of the CP Programme and the offering of the Notes, that the information contained in this Programme Memorandum is true and accurate in all material respects and is not misleading and that there are no other facts the omission of which would make this document or any of such information misleading in any material respect.

No person has been authorised by the Issuer to give any information or to make any representation not contained or not consistent with this Programme Memorandum or any information supplied in connection with the CP Programme and if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

Neither this Programme Memorandum nor any other information supplied in connection with the CP Programme is intended to provide a basis for any credit or other evaluation, or should be considered as a recommendation or the rendering of investment advice by the Issuer, the Dealer, or the Arranger that any recipient of this Programme Memorandum should purchase any Notes.

No representation, warranty or undertaking, express or implied is made and no responsibility is accepted by the Arranger, the Dealer, or other professional advisers as to the accuracy or completeness of the information contained in this Programme Memorandum or any other information provided by the Issuer. The Arranger, the Dealer and other professional advisers do not accept any liability in relation to the information contained in this Programme Memorandum or any other information provided by the Issuer in connection with the Programme.

Each person contemplating purchasing any Commercial Paper should make its own independent investigation of the financial condition and affairs, and its own appraisal of the credit worthiness, of the Issuer. Neither this Programme Memorandum nor any other information supplied in connection with the CP Programme constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Notes.

The delivery of this Programme Memorandum does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof. Investors should review, among other things, the most recent audited annual financial statements of the Issuer prior to taking any investment decision.

Notes issued under the Programme shall be restricted to Qualified Institutional Investors and Eligible Individual Investors who meet the qualification criteria prescribed by FMDQ from time to time.

SPECIFICALLY, FMDQ OTC PLC TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROGRAMME MEMORANDUM, NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THIS CP PROGRAMME, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROGRAMME MEMORANDUM.
INCORPORATION OF DOCUMENTS BY REFERENCE

This Programme Memorandum should be read and construed in conjunction with:

1. Each Applicable Pricing Supplement relating to any Series or Tranche of Notes issued under the Programme; and

2. The audited annual financial statements of the Issuer for the financial years prior to each issue of Notes under this Programme

which shall be deemed to be incorporated into, and to form part of, this Programme Memorandum and which shall be deemed to modify and supersede the contents of this Programme Memorandum as appropriate.

The audited financial statements and documents incorporated by reference shall be available on the website of the Issuer, www.fmnplc.com, unless such documents have been modified or superseded (and which documents may at the Issuer’s option be provided electronically). Requests for such documents shall be directed to the Issuer or Arranger at their specified offices as set out in this Programme Memorandum.
**SUMMARY OF THE PROGRAMME**

This summary information should be read in conjunction with the full text of this Programme Memorandum from where it is derived. The information below is a brief summary of the key features and summarized terms and conditions of the proposed CP Programme:

<table>
<thead>
<tr>
<th>Issuer:</th>
<th>Flour Mills of Nigeria Plc</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arranger and Dealer:</td>
<td>FBNQuest Merchant Bank Limited</td>
</tr>
<tr>
<td>Issuing, Calculation and Paying Agent:</td>
<td>FBNQuest Merchant Bank Limited</td>
</tr>
<tr>
<td>Auditors:</td>
<td>KPMG Professional Services</td>
</tr>
<tr>
<td>Registrars/Custodian:</td>
<td>Central Securities Clearing System Plc</td>
</tr>
<tr>
<td>Solicitors:</td>
<td>G. Elias &amp; Co.</td>
</tr>
<tr>
<td>Programme:</td>
<td>The commercial paper issuance programme established by the Issuer which allows for the multiple issuance of Notes from time to time under a standardized documentation framework</td>
</tr>
<tr>
<td>Programme Size:</td>
<td>₦100,000,000,000 (One Hundred Billion Naira)</td>
</tr>
<tr>
<td>Issuance in Series:</td>
<td>The Notes will be issued in series and each series may comprise one or more tranches issued on different dates. The Notes in each Series, each a tranche, will have the same maturity date and identical terms (except that the Issue Dates and Issue Price may be different). Details applicable to each Series and Tranche will be specified in the Applicable Pricing Supplement</td>
</tr>
<tr>
<td>Issue Price:</td>
<td>The price at which the relevant Series/Tranche of the Notes is issued, as specified in the Applicable Pricing Supplement</td>
</tr>
<tr>
<td>Issue Size:</td>
<td>As specified in the Applicable Pricing Supplement, subject to a minimum value of ₦5 million and multiples of ₦1,000 thereafter</td>
</tr>
<tr>
<td>Use of Proceeds:</td>
<td>Unless otherwise stated in the applicable Pricing Supplement, the net proceeds from each issue of the CPs will be applied to support the Issuer’s short term funding requirements, as part of its working capital management strategy</td>
</tr>
<tr>
<td>Interest Payments:</td>
<td>Notes shall be issued at a discount and in the form of zero-coupon notes. Thus, the Notes will not bear interest, other than in the case of late payment</td>
</tr>
<tr>
<td>Source of Repayment:</td>
<td>The repayment of all obligations under the CP issuance will be funded from the operating cash flows of the Company</td>
</tr>
<tr>
<td>Default Rate:</td>
<td>Interest rate equivalent to the daily overnight NIBOR + 5% per annum or issue rate + 5% per annum (whichever is higher)</td>
</tr>
<tr>
<td>Currency of Issue:</td>
<td>Nigerian Naira</td>
</tr>
<tr>
<td>Redemption:</td>
<td>As stated in the Applicable Pricing Supplement, subject to the CBN Guidelines and the FMDQ Rules</td>
</tr>
</tbody>
</table>
| Issuer Rating: | A2 (short term) expiring September 2018 by Global Credit Rating Co  
BBB+ (long term) expiring September 2018 by Global Credit Rating Co  
*A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency* |
| Tenor: | As specified in the Applicable Pricing Supplement, subject to a minimum tenor of 15 days and a maximum of 270 days, including roll-over from the date of issue |
| Status of Notes: | Each Note constitutes a senior unsecured obligation of the Issuer and the Notes rank *pari passu* among themselves, and save for certain debts mandatorily preferred by law, with other present and future senior unsecured obligations of the Issuer outstanding from time to time |
| Quotation: | The Notes will be quoted on the FMDQ Platform or any other recognized trading platform. All secondary market trading of the Notes shall be done in accordance with the rules in relation to the quotation or listing of any Series or Tranche of Notes quoted or listed on the relevant trading platform |
| Taxation: | The Notes issued under the Programme will be zero-coupon notes and as such, will be offered and sold at a discount to Face Value. The Notes will thus not bear interest, and the Issuer will not be required to withhold or deduct tax from payments in respect of the Notes to the Note holders. However, the discount on the Notes may be taxed in accordance with applicable Nigerian tax laws. |
| Governing Law: | The Notes issued under the Programme and all related contractual documentation will be governed by, and construed in accordance with Nigerian law |
| Source of Repayment | Operating Cash Flow of the Issuer |
| Settlement Procedures: | Purchases will be settled via direct debit, electronic funds transfers, NIBBS Instant Payment (NIP), NIBBS Electronic Funds Transfer (“NEFT”) or Real Time Gross Settlement (“RTGS”)|
A. BUSINESS OVERVIEW

Flour Mills of Nigeria Plc was incorporated in September 1960 and remains Nigeria’s largest and oldest integrated food business, with a broad product portfolio and a robust pan-Nigerian distribution network. FMN has the largest food basket offering of any Nigerian FMCG company with over 28 consumer products. The Company’s major business is constantly evolving to meet the diverse needs of FMN’s stakeholders.

FMN aims to continue to expand its current businesses, while seeking to develop new ones both organically and through targeted acquisitions and/or joint ventures by taking advantage of scale, manufacturing excellence, strong brands and dominant market share.

The Company employs, directly and indirectly, over 3,500 people from diverse ethnic, cultural and religious backgrounds working harmoniously to deliver superior value to customers and other stakeholders.

I. Food Value Chain

FMN’s core strength lies in its food business, which is the highest contributor to the Company’s revenue (contributing 89.4% as at 31 March 2018). The food business encompasses flour milling as well as the production of pasta, noodles, semolina, and wheat meal. FMN’s flagship flour brands, Golden Penny Flour and Golden Penny Pasta have sustained market leadership status with market shares of approximately 34.1% and 36.5% of the flour and pasta markets respectively as at 31 March 2018, as estimated by management. In addition, the ball foods segment also enjoyed a significant market share of 60.1% as at 31 March 2018.

Furthermore, to strongly position itself as a leading food business in Nigeria and Africa, FMN is focused on accelerating innovation in its products and processes. The FMN food business is proactively developing a range of new high quality products across three chains (Food Service, Business-to-Consumer and Corporate) to take advantage of the recovery in the Nigerian economy.

Flour products

FMN mills various types of wheat imported largely from North America and Europe at its state-of-the-art mills in Apapa. FMN’s flagship flour brand, Golden Penny Flour enjoys market leadership status with a market share of approximately 34.1% as at 31 March 2018 as estimated by management. FMN is committed to developing its core business of flour milling, offering a unique value proposition to its numerous industrial customers and is well positioned to maintain and further expand its market leadership through product innovation, excellent customer care, consistent quality, value for money and dependability. FMN’s flour products, the flour of choice for Nigerian bakers, consist of the following varieties:

- Golden Penny Prime Flour, the flour of choice for Nigerian bakers;
- Soft Biscuit Flour, primarily used for making biscuits and snacks;
- Noodles Flour, specially formulated for noodles manufacturers;
- Confectionery Flour, a blend of high quality flours used for confectioneries;
- Multipurpose Flour, which contains 10% cassava and is suitable for baking and frying; and
- Eagle Wheat Flour, another type of flour used for baking.

Pasta products

The Company manufactures and sells a wide range of pasta products under the Golden Penny label. In 2014, to meet the growing demand for its pasta products, FMN commissioned and began full operations of a “greenfield” pasta factory in Agbara, Ogun State, which is ISO certified by SON. The factory is equipped with three fully automated industrial lines with combined capacity of approximately 100,000 metric tonnes per annum. According to management estimates, Golden Penny Pasta commands a 36.5% share of the pasta market in Nigeria. The branded pasta products include:
• Spaghetti;
• Twist;
• Spaghettini;
• Piccollini;
• Macaroni;
• Fideo;
• Eliche; and
• Couscous

**Noodle products**

The Company produces and sells noodles under its Golden Penny Noodles brand. The Golden Penny Noodles brand was launched in March 2009 and is available in 70g, 100g and 150g packs. It currently offers chicken, beef and seafood seasonings. According to management estimates, Golden Penny Noodles commands a c.9% share of the noodles market in Nigeria.

**Ball foods and breakfast cereals**

FMN produces a diverse range of “ball foods” and breakfast cereals which provide healthy and nutritious options for homes requiring quality and affordable “ball food” delicacies and cereals. The “ball foods” and cereals manufactured at FMN’s world class cereal factory in Agbara, Ogun State include:

- Golden Penny Goldenvita, a healthy whole wheat meal with more fibre than regular semovita;
- Golden Penny Semovita, a superior quality brand of semolina made from the finest quality wheat;
- Golden Penny Masavita: is a wholesome maize meal popular in the Northern region; and
- Daily Delight breakfast cereal, made from whole maize flour and soya beans flour which is high in energy, calcium and protein and fortified with vitamin A and iron.

**Snack products**

FMN is involved in the production of snacks with products such as cheeseballs, noodle snacks, chin-chin.

II. **Agro-allied Value Chain**

FMN’s agro-allied business involves the domestic blending of fertiliser\(^1\).

**Fertiliser**

FMN through its division, Golden Fertiliser, blends, distributes and supplies various types of fertilisers. Since its establishment in 1997, Golden Fertiliser has been transformed from a small player to one of the leading brands in the agro-allied supply chain in Nigeria. As part of FMN’s measures to reposition the division for improved performance in blending, loading and delivery operations, the division has mechanised its bagging operations and increased its bagging capabilities. In addition, the distribution of fertiliser has been further enhanced by the acquisition of additional warehouses in Lagos to improve customer service. Partnerships with agro-dealers and farmer support organisations have also been formed to enhance the Company’s strategy in reaching farmers directly with quality fertilisers in affordable pack size. FMN imports high grade granular fertiliser and fertiliser materials such as UREA, NPK 15-15-15, Di-Ammonium Phosphate, Muriate of Potash and Granular Ammonium Sulphate, which have been tested and certified by the Federal Ministry of Agriculture and Rural Development. FMN blends these materials at a modern fertiliser plant, which has a production capacity of 600,000 metric tonnes per annum.

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\(^1\) The Company’s other businesses related to primary agriculture are undertaken through its subsidiaries.
III. Logistics and Support Value Chain

The Company’s logistics and support businesses provide services such as packaging, transportation and power generation to support FMN’s other divisions. While the primary goal of these businesses is to service the Company, the units also offer services to third party customers. FMN continues to develop its expertise in requisite areas to facilitate the provision and movement of raw materials and finished products for itself and third parties throughout the country by investing in additional equipment for its support business. Key developments in the logistics and support business include:

- Improvement of BAGCO division with the commissioning of a new printing line for Morpack unit. This investment is expected to improve the future prospects of its packaging division; and
- The purchase of new Jenbacher diesel generators and a CAT3516 diesel powered generator, and refurbishment of its existing Siemens SGT-300 turbine in response to the decline in power generation experienced in 2016 has led to improved and stable power supply at a reduced cost.

FMN believes that brand differentiation is evolving and becoming more important in the Nigerian FMCG market.

Transportation

FMN, through its transport division, provides strong logistics support for the Company, with its nationwide distribution fleet, ensuring the effective and reliable delivery of products to customers across Nigeria.

Power Generation

FMN has made significant investments in power generation. The Company operates General Electric Jenbacher gas generators at its Apapa mills, with a combined capacity of 30 megawatts. This has enabled the Company reduce the occurrence of production stoppages due to power shortages. In addition, the Company has a 30 megawatt diesel plant at the same site to act as back up, with intentions to acquire additional engines (for redundancy). The turbines use the cogeneration technology (combined heat and power) which helps to reduce the volume of greenhouse gases released into the atmosphere.
B. COMPANY STRUCTURE

FMN operates through 6 divisions across its three broad segments - Food, Agro-Allied and Logistics, which represent the Company’s core operations.

An illustrative diagram of the Company’s structure is shown below:
C. BOARD OF DIRECTORS

The Board of Directors of FMN comprises fourteen members. The Board formulates the broad policies and takes decisions regarding the management and operations of FMN, to ensure that the Company’s strategic objectives are achieved.

**Mr John G Coumantaros** is the Chairman of FMN. He holds a BA in History from Yale University (1984). Mr John G Coumantaros commenced work in 1984 with Southern Star Shipping Company Inc. where he became Vice President in 1992, Senior Vice President in 2000 and President in 2008. He was appointed to the Board of FMN as a non-Executive Director in 1990. He served as non-Executive Vice Chairman of the Company between 2012 and 2014 before being appointed as Chairman of the Board of Directors on 10 September 2014. He is also a Director of Oxbow Carbon LLC, a leading international energy company and ELBISCO Holdings SA, a fast moving consumer food business in Athens, Greece.

**Dr (Chief) Emmanuel A Ukpabi (KJW)** is the Vice Chairman of FMN. He holds a Bachelor’s Degree in Chemistry from University of Nsukka (1970). He attended the Advanced Management Programme of the Lagos Business School (1996) and the Management Programme of the University of Navarra’s IESE Business School in Spain (1998). He joined FMN as a management trainee in 1972 and rose to the position of Managing Director, serving as Group Managing Director of FMN from January 2002 to March 2013. Mr Ukpabi also serves as a Director of Northern Nigeria Flour Mills Plc, Apapa Bulk Terminal Limited and Golden Sugar Company Limited. He was appointed as Vice Chairman of the Board in 2013.

**Mr Paul M Gbededo** is the Managing Director of FMN. He graduated from the Plastic and Rubber Institute and became an associate of National College of Rubber Technology, both from the Polytechnic of North London in 1980. He holds an MSc Degree in Polymer Technology from Loughborough University (1981). He is also an alumnus of the Lagos Business School Advanced Management Programme. Mr Gbededo has worked with FMN for over 30 years, starting with BAGCO in 1982 where he held several managerial positions until 1998. He joined FMN in 1998 as general manager of fertiliser operations. He served as pioneer General Manager/Director of Golden Pasta and was elevated to the position of Managing Director of FMN’s agro-allied business in July 2012. In March 2013, Mr Gbededo was appointed as Group Managing Director of FMN and sits on the boards of Golden Sugar Company Limited and other subsidiaries of FMN.

**Alhaji Abdullahi Ardo Abba** is a non-Executive Director of FMN. He holds a Diploma in Livestock Production from the University of London (1967). He is currently Chief Executive of Abbas Agro Limited and Proprietor of Alkama Bakery in Yola. He previously worked as the Kaduna Abattoir manager, Production Manager and Deputy Managing Director of Mokwa Cattle Ranch and Managing Director of Bauchi Meat Company Limited from 1975 to 1979. He joined the Board of FMN in 1983.

**Professor Jerry Gana, CON**, is a non-Executive Director of FMN. He holds a Bachelor’s Degree in Geography from Ahmadu Bello University (1970). He also obtained an MSc Degree in Rural Resources Planning leading to a Ph.D in Market Place Systems and Rural Development from University of Aberdeen in Scotland (1974). He previously taught at the Ahmadu Bello University from 1974 to 1986, rising to the post of professor in 1985. He was appointed the Chairman of Mass Mobilisation for Social and Economic Recovery during Rtd General Babangida’s regime.

He subsequently became a cabinet minister for Agriculture and Natural Resources (1993), Information and Culture (1994), Cooperation and Integration in Africa (1999 - 2001) and (2001 - 2003). Professor Gana also served as Peoples Democratic Party (PDP) National Secretary and Secretary of the PDP Board of Trustees from 1998 till his resignation in 2006. Professor Gana is currently the Pro-Chancellor and Chairman of Council of the University of Lagos. He was appointed to the Board of FMN on 13 March 2013.
Mr Alfonso Garate is a non-Executive Director of FMN. He holds a Bachelor of Economics and Business Administration Degree from University Pontificia Comillas – ICADE in Madrid, Spain (1992) and attended Harvard Business School's Advanced Management Program (2009). He is also an alumnus of the International Institute for Management Development Business School of Post Graduate Studies in Lausanne, Switzerland (2007). He later proceeded to Holcim Limited, a company in which he held different management positions and subsequently became the Chief Executive Officer of Holcim Trading SA. He became a member of the Board of FMN on 11 March 2015.

Alhaji Rabiu Muhammad Gwarzo, OON, is a non-Executive Director of FMN. He studied Commercial Accounting between 1972 and 1975 at the West Ham College and North East London Polytechnic. He holds a Certificate in Accounting and Finance from the University of Strathclyde in Glasgow, Scotland (1982). Alhaji Gwarzo joined Northern Nigeria Flour Mills Plc as an accountant in 1985 and rose to the position of Deputy Managing Director in 1991 before his appointment as Managing Director in 1997. Alhaji Gwarzo became Vice Chairman of Northern Nigeria Flour Mills of Nigeria Plc in 2011. He is also a member of the Kano Peace Development Initiative and Director of Kano State Investment Company Limited. He was appointed to the Board of FMN on 8 December 2009.

Mr Ioannis Katsaounis is a non-Executive Director of FMN. He holds a Bachelor of Science Degree in Mechanical Engineering from University of Minnesota (1969), an MBA in Economics from the University of California (1970), a Graduate Degree in Economics from the University of Geneva (1972), a Degree in Regional Development from the University of Athens (1975). Prior to joining FMN, Mr Katsaounis was the founder and owner of Plexus Construction Company in Greece. He also served as Managing Director and General Manager of Alucanco S. A., Greece, an aluminium can manufacturing company from 1985 to 2000. He joined the Board of FMN in 1993.

Mr Thanassis Mazarakis is a non-Executive Director of FMN. He holds a Bachelor of Arts Degree in Economics from Princeton University (1984) and an MBA from the Wharton School of Business, University of Pennsylvania (1985). He joined the Board of FMN in July 2006. Prior to joining FMN, Mr Mazarakis held numerous positions in finance, marketing and general management. He was the Chief Financial Officer of the Prudential Insurance Company of America and the Chief Executive Officer of Chase Merchant Services.

Mr Atedo Peterside, CON, is a non-Executive Director of FMN. He holds a B.Sc. degree in Economics from the City University, London (1976) and an MSc in Economics from London School of Economics & Political Science (1977). He is the Founder of Stanbic IBTC Bank Plc, where he was the Chief Executive Officer (CEO) from inception of the Bank in February 1989 (then IBTC) until 2007 when he was elected Chairman. Until 29 May 2015, Mr Peterside was a member of the National Council on Privatisation (“NCP”) and Chairman of the NCP’s Technical Committee and a member of the National Economic Management Team. Mr Peterside has extensive experience and expertise in banking, finance and business administration.


Mr Foluso O Phillips is a non-Executive Director of FMN. He holds a degree in Industrial Economics from the University of Wales’ Institute of Science and Technology, Cardiff, Wales 1974. He is a qualified Industrial Economist, a Chartered Management Accountant of the United Kingdom and a Fellow of the Institute of Chartered Accountants of Nigeria. He is Executive Chairman and Founder of Phillips Consulting Limited and also holds several other Board positions including Chairman of Nigeria Economic Summit Group, Chairman of Nigeria/South Africa Chamber of Commerce, Chairman of Interbrand Sampson West Africa and Chairman, Web Liquid West Africa. Mr Phillips also serves as Director, Special Olympics of Nigeria, Director, Vigeo
Holdings Limited and an Advisory Board member of Africa Leadership Academy. He joined the Board of FMN in March 2014.

**Alhaji Yunus Olalekan Saliu** is a non-Executive Director of FMN. He holds a degree in Economics from the University of Ibadan (1969) and is a Fellow of the Institute of Chartered Accountants of Nigeria (1976). He is an alumnus of the Lagos Business School Executive Programme and has attended some executive and leadership development programs and training in the United Kingdom, United States of America, Switzerland and Australia. He started his career as an Audit Senior in KPMG Audit in 1974 and was admitted as a Partner of the firm in 1982 before joining FMN as Finance Director/Company Secretary in 1994. He stepped aside from his role of Finance Director in September 2011 and served FMN as an Executive Director and Company Secretary until December 2015. He is also the Vice-Chairman of Body of Patrons, Lagos Mainland District of the Institute of Chartered Accountants of Nigeria.

**Mr Folarin Rotimi Abiola Williams** is a non-Executive Director of FMN. He holds a Bachelor’s degree in AGGI Chemical Engineering from the Imperial College of Science and Technology in London (1976) and an MA Cantab from Cambridge University (1983). He subsequently attended the Nigerian Law School from 1983 to 1984. Mr Williams is a highly experienced legal practitioner who is principally active in commercial and corporate advisory work and litigation. He currently serves on the Board of Pharma-Deko Plc, G. Cappa Plc and a number of other companies. He joined the Board of FMN on 20 May 2005.

**Mrs Salamatu Hussaini Suleiman** is a Non-Executive Director of FMN. She obtained an LLB (Hons) degree from Ahmadu Bello University (1981) as well as an LLM from the London School of Economics & Political Science (1987). Her experience spans over three decades across various private sector and public organizations. She has held various leadership positions including Secretary and Director of Legal Services at the Securities & Exchange Commission, Honourable Minister of Women Affairs and Social Development, Federal Republic of Nigeria, Minister of State II, Foreign Affairs Ministry, Federal Republic of Nigeria, and Commissioner, Political Affairs, Peace and Security, ECOWAS Commission. She presently sits on the board of Stanbic IBTC Holdings Plc.
**USE OF PROCEEDS**

Unless otherwise stated in the applicable Pricing Supplement, the net proceeds from each issue of CPs will be used to support the Issuer’s short term funding needs.

The applicable Pricing Supplement for each Series under the Programme will specify details of the use of proceeds of the particular Series.
The following are the Terms and Conditions of the Notes to be issued by the Issuer under the Programme. The provisions of the Applicable Pricing Supplement to be issued in respect of any Series are incorporated by reference herein and will supplement these Terms and Conditions for the purposes of those Notes. The Applicable Pricing Supplement in relation to any Series may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions contained herein, replace or modify the following Terms and Conditions for the purpose of such Series.

1. **ISSUANCE OF NOTES**

   The Issuer may from time to time, subject to these Terms and Conditions, issue Notes in one or more Series on a continuous basis under the Programme in an aggregate principal amount not exceeding ₦100,000,000,000 (One Hundred Billion Naira).

2. **FORM, DENOMINATION AND TITLE**

   2.1 **Form and Denomination**

      2.1.1 Unless otherwise specified in any Applicable Pricing Supplement, the Notes shall be registered electronically and serially numbered.

      2.1.2 The Notes issued under this Programme shall be denominated in Nigerian Naira in a minimum amount of ₦1000.

      2.1.3 The Notes will be issued at a discount. The rate of discount will be calculated on the basis of such Day Count Fraction specified in the Applicable Pricing Supplement.

      2.1.4 Notes will be issued through book-entry deposit by crediting the CSCS account of applicants.

      2.1.5 Registers of Noteholders shall be maintained by the CSCS and the Issuing, Calculation and Paying Agent.

   2.2 **Title**

      Title to the Notes will pass upon credit to the CSCS account of the Noteholder. Transfer of title to Notes shall be effected in accordance with the rules governing transfer of title in securities held by CSCS. The Issuer shall deem and treat the registered Noteholder as reflected in the records of CSCS and the Register as the absolute owner thereof for all purposes, including but not limited to the payment of outstanding obligation in respect of the Notes.

3. **STATUS OF THE NOTES**

   The Notes constitute [senior unsecured] obligations of the Issuer and the Notes rank pari passu among themselves and, save for certain debts preferred by law, pari passu with all other present and future senior unsecured obligations of the Issuer outstanding from time to time.

4. **REDEMPTION**

   The Notes are only redeemable at maturity at the face value specified in the Applicable Pricing Supplement.

5. **PAYMENTS**

   The face value of the Notes will be paid to the Noteholders shown on the Register at the close of business on the Relevant Day. The registered Noteholders shall be the only persons entitled to receive payments in respect of the Notes and the Issuer will be discharged by payment to, or to the order of, the registered Noteholders in respect of any amount so paid.
5.1 Method of Payments

5.1.1 Payment of the outstanding obligation in respect of the Notes will be made by electronic funds transfer, in the currency of the Notes specified in the Applicable Pricing Supplement.

5.1.2 All monies payable in respect of the Notes shall be paid to the Noteholders by the Issuing, Calculation and Paying Agent. Noteholders shall not be required to present and/or surrender any documents of title to the Issuing, Calculation and Paying Agent.

5.1.3 In the case of joint Noteholders, payment by electronic transfers will be made to the account of the Noteholder first named in the Register. Payment by electronic transfer to the Noteholder first named in the Register shall discharge the Issuer of its relevant payment obligations under the Notes.

5.1.4 In the case of nominees, the nominee shall be paid as the registered Noteholder, which payee shall in turn transfer such funds to the holders of the beneficial interests. The Issuer shall not be under an obligation to enquire as to whether such funds are actually transferred to the holders of the beneficial interests.

5.1.5 Neither the Issuer nor its agents shall be responsible for any loss in transmission of funds paid in respect of each Note. Neither the Issuer nor its agents shall be under an obligation to enquire as to whether such funds are actually transferred to the holders of the beneficial interests.

5.1.6 If the Issuing, Calculation and Paying Agent is prevented or restricted directly or indirectly from making any payment by electronic funds transfer (whether by reason of strike, lockout, fire explosion, floods, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, government interference or control or any other cause or contingency beyond the control of the Issuer), the Issuing, Calculation and Paying Agent shall make such payment by cheque (or by such number of cheques as may be required in accordance with applicable banking law and practice). Such payments by cheque shall be sent by post to the address of the Noteholder as set forth in the Register.

5.1.7 Cheques may be posted by registered mail, provided that the Issuing, Calculation and Paying Agent shall be responsible for any loss in transmission. The relevant postal authority shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this condition.

5.2 Payment Day

If the due date for payment of any amount in respect of the Notes is not a Business Day, then the Noteholder thereof shall not be entitled to payment of the amount due until the next Business Day and the Noteholder shall not be entitled to any further interest or other payment in respect of such delay.

6. EVENTS OF DEFAULT

6.1 Events of Default

An Event of Default in relation to the Notes shall arise if any one or more of the following events shall have occurred and be continuing:

6.1.1 subject to conditions 5.1.6 and 5.2 above, if the Issuer fails to make payment by the due date of any amount due on the Notes;
6.1.2 other than in relation to condition 6.1.1, if the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for a period of five (5) Business Days following the service on the Issuer of a written notice requiring that breach to be remedied;

6.1.3 if an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer, or the Issuer initiates insolvency proceedings or becomes insolvent, or is provisionally or finally sequestrated, or is provisionally or finally wound up, or is unable to pay its debts as they become due, or is placed under provisional or final judicial management, or enters into a scheme of arrangement or compromise with its creditors;

6.1.4 should the shareholders or directors of the Issuer pass a resolution for the winding up of the Issuer;

6.1.5 if the Issuer acts in any way which may have a material adverse effect on the Issuer’s business, financial condition or assets, or its ability to perform its obligations under the Programme;

6.1.6 if an attachment, execution or other legal process is levied, enforced upon, issued or sued against a material or substantial part of any assets of the Issuer and is not discharged or stayed within sixty (60) days of service by the relevant officer of the court of such attachment, execution or other legal process; or

6.1.7 if a writ of execution is issued by any competent court attaching any material or substantial part of assets belonging to the Issuer and such remains unsatisfied for more than seven (7) days after the date on which it is issued.

6.2 Action upon Event of Default

Upon the occurrence of an Event of Default and such Event of Default is continuing, any Noteholder may by written notice to the Issuer at its registered office, effective upon the date of receipt thereof by the Issuer, declare the Notes held by that Noteholder to be forthwith due and payable, provided that no such action shall be taken if the Issuer withholds or refuses to make any payment in order to comply with any law or regulation of Nigeria or to comply with any order of a court of competent jurisdiction.

In addition, the Noteholders shall have the right to exercise all other remedies available to them under the laws of Nigeria.

7. REGISTER

7.1 The Register shall be maintained by the CSCS and the Issuing, Calculation and Paying Agent. The Register shall reflect the number of Notes issued and shall contain the name, address, and bank account details of the registered Noteholders. The Register shall set out the aggregate amount of the Notes issued to each Noteholder and the date of issue.

7.2 Statements issued by the CSCS and the Issuing, Calculation and Paying Agent as to the aggregate number of Notes standing to the CSCS account of any Noteholder shall be conclusive and binding for all purposes save in the case of manifest error, and such person shall be treated by the Issuer as the legal and beneficial owner of such aggregate number of Notes for all purposes.

7.3 The Register shall be open for inspection during the normal business hours of the Issuing, Calculation and Paying Agent to any Noteholder or any person authorised by the Noteholder.
7.4 The CSCS and Issuing, Calculation and Paying Agent shall alter the Register in respect of any change of name, address or bank account number of any of the registered Noteholders of which it is notified in accordance with these Terms and Conditions.

8. NOTICES

8.1 Notices to Noteholders shall be sent by the Issuing, Calculation and Paying Agent registered mail or delivered by hand to the address appearing in the Register.

8.2 Any notice shall be deemed to have been given on the seventh (7th) day after the day on which it is mailed by pre-paid registered mail and on the day of delivery, if delivered by hand.

8.3 Notices to Noteholders shall also be published in a daily newspaper with nationwide circulation in Nigeria, and any such notices shall be deemed to have been given and received on the date of first publication. A notice to be given by any Noteholder to the Issuer shall be in writing and given by lodging (either by hand delivery or posting by registered mail) that notice with the Issuer at its registered office.

9. MODIFICATION

9.1 The Dealer and Arranger and the Issuer may agree without the consent of the Noteholders, to any modification of the Terms and Conditions which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of Nigeria and which is not prejudicial to the interest of the Noteholders.

9.2 Save as provided in condition 9.1 above, no amendment of the Terms and Conditions may be effected unless:

9.2.1 such amendment is in writing and signed by or on behalf of the Issuer and

9.2.2 such amendment:

9.2.2.1 if it affects the rights, under the Terms and Conditions, of all the Noteholders, is approved in writing by or on behalf of Noteholders, holding not less than seventy-five per cent (75%) of the outstanding Principal Amount of all the Notes; or

9.2.2.2 if it affects only the rights, under the Terms and Conditions, of a particular group (or groups) of Noteholders, is approved in writing by or on behalf of the Noteholders in that group (or groups) holding not less than seventy-five per cent (75%) of the outstanding Principal Amount of all the Notes held by that group.

9.3 Any such modification shall be binding on the affected Noteholders and shall be notified to the Noteholders in accordance with Condition 8 (Notices) within seven (7) Business Days.

10. MEETING OF NOTEHOLDERS

10.1 The Issuer may at any time convene a meeting of all Noteholders upon at least twenty-one (21) days prior written notice to such Noteholders. The notice is required to be given in accordance with Condition 8 (Notices). Such notice shall specify the date, place and time of the meeting to be held, which place shall be in Nigeria.

10.2 Every Director or duly appointed representative of the Issuer may attend and speak at a meeting of the Noteholders but shall not be entitled to vote, other than as a proxy or representative of a Noteholder.

10.3 Noteholders holding not less than ten per cent (10%) of the aggregate amount of the outstanding Notes shall be able to request the Issuer to convene a meeting of Noteholders.
10.4 Notices of meeting convened by the Noteholders in condition 10.3 above shall be sent to the Issuer at the same time it is dispatched to other Noteholders.

10.5 A Noteholder may by an instrument in writing (a “form of proxy”) signed by the holder or, in the case of a corporation executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, appoint any person (“a proxy”) to act on his or its behalf in connection with any meeting or proposed meeting of the Noteholders.

10.6 Any Noteholder which is a corporation may by resolution of its directors or other governing body authorised any person to act as its representative (a “representative”) in connection with any meeting or proposed meeting of the Noteholders.

10.7 Any proxy or representative appointed shall, so long as the appointment remains in force, be deemed for all purposes in connection with any meeting or proposed meeting of the Noteholder specified in the appointment, to be the holder of the Notes to which the appointment relates and the holder of the Notes shall be deemed for such purposes not to be the holder.

10.8 The chairman of the meeting shall be appointed by the Issuer. The procedures to be followed at the meeting shall be as determined by the chairman subject to the remaining provisions of this condition 10. Should the Noteholders requisition a meeting, and the Issuer fail to call such a meeting within five (5) days of the requisition, then the chairman of the meeting held at the instance of the Noteholders, shall be selected by a majority of Noteholders present in person or proxy.

10.9 At any such meeting one or more Noteholders present in person, by representative or by proxy, holding in aggregate not less than one third of the Principal Amount of Notes shall form a quorum. On a poll, each Noteholder present in person or by proxy at the time of the meeting shall have the number of votes equal to the number of Notes, by denomination held by the Noteholder.

10.10 If within thirty (30) minutes after the time appointed for any such meeting a quorum is not formed, the meeting shall, if convened upon the requisition of Noteholders, be dissolved. In any other case, it shall be adjourned to such date and time not being less than three (3) days nor more than ten (10) days thereafter and at the same time and place. At such adjourned meeting one or more Noteholders present or represented by proxy shall form a quorum and shall have power to pass any Extraordinary Resolution or other resolution and to decide upon all matters which could properly have been dealt with at the original meeting had the requisite quorum been present.

11. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders to issue further Notes under the Programme.

12. GOVERNING LAW

The provisions of the Programme Memorandum and the Notes are governed by, and shall be construed in accordance with the laws of the Federal Republic of Nigeria.
Prior to the suspension by the Central Bank of Nigeria in July 2009, of the use of commercial papers and bankers acceptance as off-balance sheet instruments by banks and discount houses, zero-coupon commercial papers were exempt from withholding tax. This position has been maintained with commercial papers now being issued on the basis that a zero-coupon commercial paper is a “discount” instrument. As a “discount” instrument, no “interest” (properly so-called) is paid by the Issuer to the purchaser of the commercial paper.

Accordingly, the discount on the commercial paper is not caught by the provisions of the law requiring payment of withholding tax on interest. However, there is taxable income made by a company or individual when it purchases such commercial paper at a discount (i.e. the difference between the discounted value and the face value of the commercial paper), which income would have been taxable under the Companies Income Tax Act or the Personal Income Tax Act, as the case may be. However, the provisions of the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 (the “CIT Exemption Order”) and Personal Income Tax (Amendment) Act, 2011 (the “PITA Amendment”) exempt such taxable income from the imposition of Companies Income Tax and Personal Income Tax. The effect of the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 and the Personal Income Tax (Amendment) Act, 2011 is to exempt otherwise taxable income earned by holders of short-term debt securities issued by corporate bodies from the imposition of companies income tax and personal income tax respectively.

The CIT Exemption Order is for a period of ten (10) years from the date of its commencement being January 2, 2012 until January 1, 2022 (the “Expiry Date”). Consequently, unless the CIT Exemption Order is extended by the Federal Government of Nigeria, interest payments made on the Notes after the Expiry Date will be subject to the imposition of companies’ income tax. The exemption under the PITA Amendment is indefinite. Until the Expiry Date, neither Companies income tax nor Personal Income Tax is chargeable on the difference between the discounted value and the face value of the Notes.

Further, by virtue of the Value Added Tax (Exemption of the Proceeds of the Disposal of Government and Corporate Securities) Order 2011 (the “2011 VAT Exemption Order”), commencing from January 2, 2012, the proceeds from the disposal of the Notes are exempt from the imposition of value added tax. This exemption is for a period of ten (10) years from its commencement. Notwithstanding the imminent expiry of the 2011 VAT Exemption Order, proceeds from the disposal of the Notes after the Expiry Date will not be subject to the payment of VAT. This is because the Value Added Tax Act (Chapter VI) Laws of the Federation of Nigeria 2004 (as amended by the Value Added Tax (Amendment) Act 2007) does not impose VAT on the proceeds realized from a disposal of securities.

In addition, the Value-Added Tax (Exemption of Commissions on Stock Exchange Transactions) Order, 2014 exempts the imposition of value added tax on (a) commissions earned on traded value of the shares, (b) commissions payable to the Securities and Exchange Commission, (c) commissions payable to the NSE; and (d) commissions payable to the CSCS. Accordingly, any commission payable to the CSCS in connection with Notes will be exempt from the imposition of value added tax. This exemption is for a period of five (5) years from the date of commencement of the order.

Also, capital gains tax is not payable on sale of the Notes as gains are not made on the sale of the Notes.

The foregoing general summary is not intended to be, and should not be construed to be tax advice to any particular subscriber. In particular, it does not constitute a representation by the Issuer, its tax advisers or the Dealer and Arranger on the tax consequences attaching to a subscription or purchase of Notes issued under the Programme. Tax considerations that may be relevant to a decision to acquire, hold or dispose of Notes issued under the Programme and the tax consequences applicable to each actual or prospective purchaser of the Notes may vary. Any prospective investor who is in any doubt as to his/her tax position or who is subject to taxation in any jurisdiction other than Nigeria should consult his/her own professional advisers without delay as to the consequences of an investment in the Notes in view of his/her own personal circumstances. Neither the Issuer, its tax advisers nor the Dealer and Arranger shall be liable to any subscriber in any manner for placing reliance upon the contents of this section.
RISK FACTORS

The following section does not describe all the risks (including those relating to each prospective investor’s particular circumstances) with respect to an investment in the Notes. The risks in the following section are provided as general information only. Prospective investors should refer to and carefully consider the risks described below and the information contained elsewhere in this Programme Memorandum, which may describe additional risks associated with the Notes. Investors should also seek professional advice before making investment decisions in respect of the Notes.

IN RELATION TO THE COMPANY

FMN is exposed to operational and market risks in its ordinary course of business. Whilst the Issuer believes that it has implemented appropriate policies, systems and processes to control and mitigate these risks, investors should note that any failure to control these risks adequately could have an adverse effect on the financial condition and/or reputation of the Issuer. The following is a description of the risk factors which are material in respect of the financial situation of FMN as the Issuer of the Commercial Paper Notes under the Programme.

1. Business Risks – These are the risks that FMN faces in its operations and include the following:

   **The Company may be adversely affected by competition from other FMCG manufacturers in Nigeria**

   The Nigerian FMCG market is diversified and highly competitive with local and international companies competing with their brands and active route-to-market programmes. FMN faces competition from local and international branded product manufacturers, who produce, promote and sell products under their own names or brands, and retailer brand manufacturers, who primarily produce products on behalf of local and international retailers, who in turn promote and sell the products under their own brands or labels.

   **The Company may be affected by product liability claims or otherwise be subject to adverse publicity**

   The Company may be affected by product liability claims resulting from tampering by unauthorised third parties, product contamination or spoilage, including the presence of foreign objects, substances, chemicals, and other agents, or residues introduced during the growing, storage, handling or transportation phases. In addition, any significant product liability claim against the Company could also subject the Company to adverse publicity. Furthermore, the Company may be subject to adverse publicity relating to other matters, including, but not limited to, product quality, brands, complaints and production facilities. Adverse publicity may negatively impact the Company’s reputation, regardless of whether or not the allegations are valid.

   **The workforce of the Company is unionised and may cause disruptions to operations**

   The Company may face industrial action, disturbances across its workforce or employees may otherwise oppose the closure of production facilities. Any such actions, disturbances or opposition could result in a deterioration of the Company’s relationship with its employees. In addition, the Company may experience a disruption of operations and increased costs as a result of such actions or disturbances. Therefore, any major deterioration in relationship with employees, trade unions and other employee representative bodies could have a material adverse effect on the Company’s business, financial condition and results of operations.

2. Environmental Risks - These are losses that may arise due to significant natural occurrences in the environment. The operations of the Company are exposed to certain environmental challenges which include but are not limited to pollution, environmental degradation, global warming, severe flooding and other natural hazards:

   **Any major natural disaster may significantly affect the day to day operations of the Company and may result in severe damage beyond the Company’s control and adversely affect the Company’s business.**

   The nature of environmental risks is that they are often sudden, unpredictable and unforeseen. Although the Company feels that it has sufficient processes and safety measures in place to prevent and effectively respond to accidents that may occur as a result of changes in the environment, there is no guarantee that such processes will prevent all accidents, which may impose a variety of liabilities and adversely affect the Company’s business.
Failure to comply with environmental laws and regulations in Nigeria could subject the Company to potential liabilities or result in the limitation or suspension of the sale or production of product

The operations of the Company may pose certain hazards to the environment, which include but are not limited to release of dust particles into the atmosphere

The Company may be liable for clean-up costs, replacement costs or subject to litigation claims under hazardous conditions. Stricter enforcement of existing laws and regulations, the introduction of new laws and regulations, the discovery of previously unknown contamination or the imposition of new or increased requirements could require the Company to incur additional costs or become the basis of new or increased liabilities that could reduce earnings and cash available for operations and, as a result, adversely affect financial performance.

3. Sector Risks – These are the risks generally facing the FMCG sector:

   Product contamination, though inadvertent, could lead to a loss of consumer confidence and arise in legal and financial liability

   A significant proportion of FMN’s business involves the production and distribution of edible products, which are susceptible to contamination if not handled with the requisite care applicable. FMN may be required to recall products that may fail to meet internal quality standards and/or the applicable health and safety standards set by the SON or other government agencies. FMN may also be required, to pay damages to third parties if the contamination causes personal injury or other damage.

   A significant loss of market share by FMN may lead to a decline in earnings if consumers opt for competitor products and/or substitute brands

   Consumer pricing and value for money are critical measures that determine the popularity and demand for the Company’s brands. FMN products compete with other brands on the basis of quality, price, availability and market demand. In addition, if the Company is unable to develop innovative products, this may result in the loss of market share to competitors who are able to do so. A loss of market share to a competitor would reduce the prevalence of the Company’s brand in the market and negatively impact its earnings.

4. Regulatory Risk – these are the risks brought about through adherence to regulation governing the sector, which may have a negative impact on the way the Company operates:

   The Company’s operations may be affected by unfavourable governmental trade policies and regulations in both Nigeria and countries from which it imports its raw materials. In addition, the SON requires flour producers to fortify flour produced with vitamins and micronutrients. Another requirement by the SON is the mandatory inclusion of a percentage of cassava flour in wheat flour in an attempt to create import substitution opportunities for cassava. In furtherance of the same goals, the Government implements higher import duties on finished wheat and semolina products than the wheat grains.

5. Market Risks - These are risks arising from the fluctuation in the value of financial instruments caused by changes in market prices such as interest rate, commodity prices, exchange rates and other prices:

   The Company’s activities expose it primarily to financial risks of changes in foreign currency exchange rates, interest rates and commodity prices. Exposure to market risk is measured using sensitivity analyses.

6. Currency Risks - These are risks that arise from the change in price of one currency against another:

   The input costs of FMN are subject to fluctuation in the exchange rate of the Naira against the United States Dollar. The Company undertakes transactions denominated in foreign currencies such as the importation of significant proportions of the Company’s raw materials. As the bulk of FMN’s raw materials are imported (i.e. wheat for its flour milling business, polypropylene for its packaging business), FMN is vulnerable to volatility in the Naira to United States Dollar exchange rate. Unfavourable movement in exchange rates may affect the Company’s foreign currency transactions and have a negative impact on the Company’s financial condition.
7. **Interest Rate Risk** - Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market interest rates:

   The Company is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. It conducts sensitivity analyses that are determined based on the exposure to interest rates for borrowings at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1000 basis point (BP) increase or decrease is used when reporting the Nigerian Interbank Offered Rate (NIBOR) risk internally to key management personnel and these represent management's assessment of the reasonably possible change in interest rates.

8. **Credit Risk Management** - Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company:

   A default by a counterparty poses the risk of the Company incurring higher costs in debt recovery. Where the debts are recovered or obligations enforced late, there are financial losses as a result of the time value of money for the period the debt was unrecovered or delays in production due to delays in performance. In the event that the debt cannot be recovered, financial loss is incurred.

**IN RELATION TO THE NOTES**

1) **Limited active trading market for the Bonds**

   Any Series or Tranche issued under the Programme will be new securities for which there may be no active two-way quote trading market, thus, the liquidity of the notes may be limited. Although an application will be made for commercial papers issued under the Programme to be quoted on the FMDQ or listed on any other SEC registered stock exchange (subject to the provisions of the applicable Supplement), there is no assurance that an active trading market will develop or any quotation or admission to trading of the commercial papers will be maintained. Accordingly, there is no assurance of the development or liquidity of any trading market for any particular Tranche/ Series of the commercial papers.

2) **Credit ratings may not reflect the full impact of the commercial papers’ risks**

   The commercial papers will assume the entity rating of FMN or may be assigned separate rating by Global Credit Rating Co. Limited or any other SEC registered rating agency appointed by the Issuer as specified in the relevant Supplement. The ratings may not reflect all the risks related to structure, market, additional factors discussed above and any other factors that may affect the value of the commercial papers. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

3) **Modifications, waivers and substitution**

   The Conditions of the commercial papers contain provisions for modification of the Terms and Conditions and for calling general meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend or vote at the relevant general meeting and Noteholders who voted in a manner contrary to the majority.
SETTLEMENT, CLEARING AND TRANSFER OF NOTES

Words used in this section shall bear the same meanings as used in the section headed “Definitions and Interpretations”, except to the extent that they are separately defined in this section or the meaning if applied, would be clearly inappropriate for the context.

Clearing System
The Notes will be issued in dematerialised form and will not be represented by any certificate or written instrument. As stipulated by the CBN Guidelines, each Series or Tranche of Notes will be held in custody by the CSCS, either in the name of the beneficial owner or Nominee.

All transactions in the Notes shall be cleared and settled electronically in accordance with the rules and operating procedures of the CSCS. Subject as aforesaid, each Tranche of Notes will be issued, cleared and transferred in accordance with the Terms and Conditions and will be settled through authorised participants who will follow the electronic settlement procedures prescribed by CSCS.

Authorised Participants
CSCS will maintain a central securities account for Dealing Members (the “Authorised Participants”) and each beneficial owner of the Notes is required to have a sub-account under the Authorised Participants. Noteholders may exercise their rights in respect of the Notes held in the custody of the CSCS only through the Authorised Participants.

For purposes of Notes issued under this Programme, the Authorised Participant is FBNQuest Merchant Bank Limited and any other bank appointed by the Issuer to act as ICPA.

Registration
i. The Authorised Participant shall register with the CSCS, where CP custody and depository services are required. The Authorised Participant shall complete Form: CSCS-CP001 and shall be required to submit proof of appropriate FMDQ membership along with the completed form.

ii. Noteholders are required to route their account opening applications and transactions through the Authorised Participant, who will officially notify CSCS to create sub-accounts for these Noteholders and attach Noteholders' mandates to this effect.

iii. The CSCS will assign a unique identification number (the “Trade Member Code”) to the Authorised Participant and also provide an account number (and sub-account numbers for Noteholders) after creation as requested by the Authorised Participant to enable them to trade the CPs.

iv. FMDQ shall request for the CP to be registered with CSCS, who in turn shall furnish FMDQ and the Authorised Participant with the CP Symbol and ISIN Codes for the registered CP, subject to receipt of CP registration fees from the Authorised Participant.

v. The CSCS will re-open the existing ISIN code for all tranches with same maturity dates, however new ISIN codes will be issued for tranches with different maturity dates.

Custody and Dematerialisation
i. An Authorised Participant with physical CP notes may decide to dematerialise CP(s) with CSCS by completing Form CSCS-CP003.

ii. All holders of CP notes must route these notes through the Authorised Participant who will then submit on the CSCS authorised platform in dematerialized form.

iii. The Authorised Participant may also decide to keep the CPs in physical form with CSCS (subject to service agreement with CSCS), acting as the Custodian for the issue.

iv. The Authorised Participant can also lodge the CP(s) electronically by using the CSCS e-lodgement format.

v. The Authorised Participant will advise CSCS, after dematerialisation or e-lodgement to transfer CPs to Noteholders’ (or their custodians’) accounts at CSCS before trading commences.

vi. Cut-off time for e-lodgement of CPs is 10.00 a.m. on the day before the value date, and CSCS shall process the same within 24 hours of receipt.

Redemption
i. No transactions or trades may be effected for any CPs two (2) working days prior to its maturity date as the register closes two (2) working days before the Maturity Date.

ii. The Authorised Participant will submit a letter to CSCS confirming the intention of the Issuer to repay the Noteholders on the Maturity Date by 12.00 noon on the date which is two (2) working days before the Maturity Date.
iii. CSCS shall expunge (knock-off) matured CPs on the Maturity Date or Redemption Date of the CP.

iv. The Maturity Date shall be on a Business Day, however if the Maturity Date falls on a public holiday, payment will be made on the following working day.

Roll-Over
i. Every roll-over of a CP shall be treated or classified as a fresh/separate CP.

ii. Upon granting approval for rollover, FMDQ shall request for the rollover CP to be registered with CSCS, who in turn shall furnish FMDQ and the Authorised Participant with the new CP Symbol and ISIN Codes, subject to receipt of CP rollover fees from the Authorised Participant.

iii. CSCS shall expunge the existing CP Symbol and ISIN Codes from the system and replace with the new codes.

Default
i. Where the Issuer is unable to repay the Noteholders and the CP will be in default status, the Authorised Participant shall notify CSCS, FMDQ, as well as the Noteholders, latest two (2) Business Days before the Maturity Date, latest by 3.00pm.

ii. CSCS shall make public the default status to the market latest by the date which is one (1) Business Day before the Maturity Date.

iii. In case of (i) above, the CP holdings must remain with the CSCS until the ICPA pays off the Noteholders and notifies CSCS and the FMDQ with evidence.

iv. Thereafter, CSCS will notify the public and expunge the CP from the CSCS depository accordingly.

Secondary Market Trading (OTC) Guidelines
i. Standard settlement cycle is T+2.

ii. FMDQ shall submit the confirmed CP trade details on trade day in the specified format via the CSCS authorised platform, based on the following settlement timelines:
   • Same Day Settlement: 12.30 p.m.
   • T+1 or T+2 Settlements: 3.00 p.m.

iii. The CSCS shall deliver securities and send confirmation of transfers via the CSCS authorised platform by 2.00 p.m. on the settlement date to FMDQ and the Nigeria Inter-Bank Settlement System ("NIBSS") simultaneously. The Authorised Participant shall state the particular account number where the CP(s) will be settled.

iv. NIBSS shall transfer settlement amounts to respective accounts and send confirmation to the FMDQ and CSCS simultaneously.

v. Transactions for standard settlement (T+2) shall stop five (5) Business Days before the Maturity Date. Therefore, the last applicable settlement shall be before close of business on the date which is three (3) Business Days before the Maturity Date.

Reporting
i. The CSCS shall effect the transfer of CPs on the settlement date as advised by the Authorised Participant or the FMDQ and keep records of consideration for each transaction.

ii. The CSCS will advise the Authorised Participant or the FMDQ for onward communication to the Authorised Participant, as applicable, of successful and failed transactions on each settlement day.

iv. The Authorised Participant can visit the CSCS website (www.cscsnigeriaplc.com) to ascertain its CP balances after each day's trade. This is available only to the institutions that subscribe to the CSCS online service.

Transfer of Notes
Title to beneficial interest in the Notes will pass on transfer thereof by electronic book entry in the securities accounts maintained by the CSCS and may be transferred only in accordance with rules and operating procedures of the CSCS.

Cash Settlement
Transaction parties will be responsible for effecting the payment transfers via Real Time Gross Settlement, National Electronic Funds Transfer or any other transfer mode agreed by the transaction parties and recognised by the CBN.
PRO FORMA APPLICABLE PRICING SUPPLEMENT

FLOUR MILLS OF NIGERIA PLC

Issue of Up to ₦[●] (Series 1) Commercial Paper Notes
Under its ₦100,000,000,000 Commercial Paper Issuance Programme

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum, originally dated 24 August 2018 prepared by FBNQuest Merchant Bank Limited on behalf of Flour Mills of Nigeria Plc in connection with its ₦100,000,000,000 Commercial Paper Issuance Programme (“the Programme Memorandum”), as amended and/or supplemented from time to time.

Any capitalised terms not defined in this Applicable Pricing Supplement shall have the meanings ascribed to them in the Programme Memorandum.

This document constitutes the Applicable Pricing Supplement relating to the issue of Commercial Paper Notes (“CP Notes” or “the Notes”) described herein. The Notes described herein are issued on and subject to the Terms and Conditions as amended and/or supplemented by the Terms and Conditions contained in this Applicable Pricing Supplement. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

This document has been prepared in accordance with the Central Bank of Nigeria Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Paper, issued on 18th November 2009 and the FMDQ Commercial Paper Registration and Quotation Rules in force from time to time. The document is not required to be registered with the Nigerian Stock Exchange (“NSE”) or the Securities and Exchange Commission (“SEC”). The document is important and should be read carefully, if any recipient is in any doubt about its contents or the actions to be taken, such recipient should be consult his/her Banker, Stockbroker, Accountant, Solicitor any other professional adviser for guidance immediately.

Arranger and Dealer
Issuing, Calculation and Paying Agent
FBNQUEST MERCHANT BANK LIMITED
RC: 264978

This Pricing Supplement Is Dated [●]
**Issuer** | Flour Mills of Nigeria Plc  
**Arranger & Dealer, Issuing, Calculation and Paying Agent** | FBNQuest Merchant Bank Limited  
**Receiving Bank** | First Bank of Nigeria Limited  
**Auditors** | KPMG Professional Services  
**Custodian** | Central Securities Clearing Services Plc  
**Series Number** | 1  
**Programme Size** | ₦100,000,000,000  
**Issued and Outstanding at the date of this Pricing Supplement** | ₦[●]  

| **Face Value** | ₦[●]  
**Discounted Value** | ₦[●]  
**Nominal Amount Per Note** | ₦[●]  
**Tenor** | [●]  
**Issue Date** | [●]  
**Maturity Date** | [●]  
**Final Redemption Amount** | [●]  
**Minimum Subscription** | ₦5,000,000 and multiples of ₦1,000 thereafter  
**Specified Currency** | Nigerian Naira (₦)  
**Status Of Notes** | Each Note constitutes a senior unsecured obligation of the Issuer and rank *pari passu* among themselves, and save for certain debts mandatorily preferred by law, with other present and future senior unsecured obligations of the Issuer outstanding from time to time  
**Form Of Notes** | Uncertificated  
**Listing** | The FMDQ OTC platform or any other recognized Exchange  
**Taxation** | Please refer to the ‘Tax Considerations’ section in the Programme Memorandum  
**Method Of Offer** | Fixed Price Offer  
**Book Closed Period** | The Register will be closed from [●] to [●] until the Maturity Date  
**Implied Yield** | [●]%  
**Discount Rate** | [●]%  
**Basis For Determining Amount(s) Payable** | \( PV = FV \times \left(1 - \frac{DR\times t}{\text{actual number of days in a year}}\right) \)  
**Day Count Fraction** | Actual/Actual (actual number of days in a month and actual number of days in a year)  
**Business Day Convention** | Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria on which banks are open for business in Nigeria  
**Use of Proceeds** | To support short term funding requirements  
**Source of Repayment** | General cash flows  
**Redemption/Payment Basis** | Redemption at par  
**Issuer’s Early Redemption** | Not Applicable
Issuer’s Optional Redemption: Not Applicable
Issuer’s Optional Redemption: Not Applicable
Other Terms Applicable On Redemption: [●]
Offer Opens: [●]
Offer Closes: [●]
Allotment Date: [●]
Notification Of Allotment: All applicants will be notified through an email and/or telephone of their allotment by no later than [●]
Payment Date: [●], 2018
Details Of Bank Account(s) To Which Payments Are To Be Made In Respect Of The Notes:
Bank: First Bank of Nigeria Limited
Account Name: Flour Mills CP Issue Proceeds Account
Account Number: 202-671-0558
Sort Code: 011151919
Settlement Procedures And Settlement Instructions: Purchases will be settled via direct debit, electronic funds transfer (NIBBS, NEFT, RTGS, etc.)
Issuer Rating:
A2 (short term) expiring September 2018 by Global Credit Rating Co
BBB+ (long term) expiring September 2018 by Global Credit Rating Co
Specified Office of Arranger:
FBNQuest Merchant Bank Limited
10 Keffi Street
Off Awolowo Road
Ikoyi, Lagos

CORPORATE ACTIONS
Except as disclosed in this document, there have been no corporate actions since the March 31, 2018 audited accounts.

MATERIAL ADVERSE CHANGE STATEMENT
Except as disclosed in this document, there has been no material adverse change in the financial position or prospects of the Issuer since the March 31, 2018 audited accounts.

RESPONSIBILITY
The Issuer and its Board of Directors accepts responsibility for the information contained in this Applicable Pricing Supplement which, when read together with the Programme Memorandum and supplemental Programme Memorandum, if any, contains all information that is material in the context of the issue of the Notes.

Signed at Flour Mills of Nigeria Plc, 1 Golden Penny Place, Wharf Road, Apapa, Lagos on this [●]th day of [●], 2018.

For and on behalf of
Flour Mills of Nigeria Plc

Name
Capacity: Director
Who warrants his/her authority hereto

Name
Capacity: Director
Who warrants his/her authority hereto
INDEPENDENT AUDITORS’ REPORT ON SUMMARY FINANCIAL INFORMATION

To the Board of Directors of Flour Mills of Nigeria Plc.

The accompanying summary financial information on pages 33 to 36 which comprise the summary statement of financial position as at 31 March 2018, the summary statement of profit or loss and other comprehensive income, the summary statement of changes in equity and the summary statement of cash flows for the year then ended, are derived from the audited financial statements of Flour Mills of Nigeria Plc (“the Company”), for the year ended 31 March 2018. We expressed an unmodified audit opinion on those financial statements in our report dated 29 June 2018. Those financial statements, and the summary financial information, do not reflect the effects of events that occurred subsequent to the date of the report on those financial statements.

The summary financial information do not contain all the disclosures required by International Financial Reporting Standards, Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011. Reading the summary financial information, therefore, is not a substitute for reading the audited financial statements of Flour Mills of Nigeria Plc (“the Company”) for the year ended 31 March 2018.

Directors’ Responsibility for the Summary Financial Statements
The Directors are responsible for the preparation of the summary of the audited financial statements for the year ended 31 March 2018 in accordance with the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004.

Auditor’s Responsibility
Our responsibility is to express an opinion on the summary financial information based on our procedures, which were conducted in accordance with International Standard on auditing (ISA 810) Engagements to Report on Summary Financial Statements.

Opinion
In our opinion, the summary financial information derived from the audited financial statements of Flour Mills of Nigeria Plc for the year ended 31 March 2018 are consistent, in all material respects, with those financial statements in accordance with the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004.

Metropolitan M. Akama, FCA
FRC/2012/ICAN/0000000020
For: KPMG Professional Services
Chartered Accountants
Lagos, Nigeria
26 July 2018.
The directors present the summary financial information of Flour Mills of Nigeria Plc ("the Company") for the years ended 31 March 2017 and 31 March 2018. These summary financial information are derived from the full financial statements for the year ended 31 March 2018 and are not the full financial statements of the Company. The procedure for obtaining the audited financial statements is described in page 7, "Documents incorporated by Reference". The guidelines of the Central Bank of Nigeria do not require the complete financial statements to be included in this document.

The Company’s Auditors issued an unmodified audit opinion on the full financial statements for the year ended 31 March 2018 from which these summary financial information were derived.

FLOUR MILLS OF NIGERIA PLC
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 March

<table>
<thead>
<tr>
<th>Company*</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N’000</td>
<td>N’000</td>
</tr>
<tr>
<td>Revenue</td>
<td>389,397,836</td>
<td>375,225,284</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>-337,820,842</td>
<td>-324,918,838</td>
</tr>
<tr>
<td>Gross profit</td>
<td>51,576,994</td>
<td>50,306,446</td>
</tr>
<tr>
<td>Selling and distribution expenses</td>
<td>-5,595,264</td>
<td>-4,981,999</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>-11,707,308</td>
<td>-12,013,415</td>
</tr>
<tr>
<td>Net operating gains and losses</td>
<td>-4,989,445</td>
<td>-3,362,121</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>29,284,977</td>
<td>29,948,911</td>
</tr>
<tr>
<td>Investment income</td>
<td>9,810,954</td>
<td>3,230,407</td>
</tr>
<tr>
<td>Finance costs</td>
<td>-24,941,948</td>
<td>-22,199,739</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>14,153,983</td>
<td>10,979,579</td>
</tr>
<tr>
<td>Net income tax expense</td>
<td>-4,909,254</td>
<td>-1,150,533</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>9,244,729</td>
<td>9,829,046</td>
</tr>
<tr>
<td>Other comprehensive income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that will not be reclassified to profit or loss:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remeasurements on net defined benefit liability</td>
<td>-735,088</td>
<td>979,281</td>
</tr>
<tr>
<td>Related tax</td>
<td>235,228</td>
<td>-313,370</td>
</tr>
<tr>
<td>Remeasurements on net defined benefit liability, net of tax</td>
<td>-499,860</td>
<td>665,911</td>
</tr>
<tr>
<td>Items that may be reclassified to profit or loss:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain/(loss) on available-for-sale financial assets</td>
<td>38,760</td>
<td>-21,556</td>
</tr>
<tr>
<td>Other comprehensive income for the year net of taxation</td>
<td>-461,100</td>
<td>644,355</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>8,783,629</td>
<td>10,473,401</td>
</tr>
<tr>
<td>Profit (loss) attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the Company</td>
<td>9,244,729</td>
<td>9,829,046</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the Company</td>
<td>8,783,629</td>
<td>10,473,401</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Earnings per share</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per share information</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic earnings per share (kobo)</td>
<td>352</td>
<td>375</td>
</tr>
<tr>
<td>Diluted earnings per share (kobo)</td>
<td>352</td>
<td>375</td>
</tr>
</tbody>
</table>

*Due to the merger of the Company with a subsidiary during the year, the 2018 Company numbers are those of the merged entities while the 2017 numbers are those of the Company prior to the merger.
## FLOUR MILLS OF NIGERIA PLC

### Statement of Financial Position

**As at 31 March**

<table>
<thead>
<tr>
<th></th>
<th>2018 N'000</th>
<th>2017 N'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>83,837,249</td>
<td>85,393,986</td>
</tr>
<tr>
<td>Investment property</td>
<td>60,954</td>
<td>48,137</td>
</tr>
<tr>
<td>Goodwill</td>
<td>1,876,816</td>
<td>1,876,816</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>1,088,440</td>
<td>191,508</td>
</tr>
<tr>
<td>Investment in subsidiaries</td>
<td>35,280,134</td>
<td>3,866,517</td>
</tr>
<tr>
<td>Biological assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Long term loans</td>
<td>44,441,768</td>
<td>25,053,053</td>
</tr>
<tr>
<td>Available for sale investments</td>
<td>62,900</td>
<td>24,140</td>
</tr>
<tr>
<td>Prepayments</td>
<td>1,575,533</td>
<td>1,604,444</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>168,223,794</td>
<td>118,058,601</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>71,755,238</td>
<td>63,597,671</td>
</tr>
<tr>
<td>Biological assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>49,546,925</td>
<td>80,823,655</td>
</tr>
<tr>
<td>Derivative assets</td>
<td>-</td>
<td>387,814</td>
</tr>
<tr>
<td>Prepayments</td>
<td>16,778,199</td>
<td>52,235,925</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>16,300,426</td>
<td>28,829,491</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>154,380,788</td>
<td>225,874,556</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>322,604,582</td>
<td>343,933,157</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital and reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>2,050,197</td>
<td>1,312,126</td>
</tr>
<tr>
<td>Share premium</td>
<td>75,377,444</td>
<td>36,812,540</td>
</tr>
<tr>
<td>Fair value reserve</td>
<td>-72,556</td>
<td>-111,316</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>74,091,211</td>
<td>70,102,349</td>
</tr>
<tr>
<td><strong>Equity attributable to owners of the Company</strong></td>
<td>151,446,296</td>
<td>108,115,699</td>
</tr>
<tr>
<td><strong>Non-controlling interest</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td>151,446,296</td>
<td>108,115,699</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>14,984,392</td>
<td>7,363,893</td>
</tr>
<tr>
<td>Retirement benefit obligation</td>
<td>4,293,331</td>
<td>3,084,875</td>
</tr>
<tr>
<td>Long service award</td>
<td>1,720,629</td>
<td>1,403,388</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>9,805,335</td>
<td>5,904,270</td>
</tr>
<tr>
<td>Deferred income</td>
<td>1,981,752</td>
<td>2,032,098</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>31,083,760</td>
<td>18,404,858</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>16,466,200</td>
<td>34,349,436</td>
</tr>
<tr>
<td>Derivative liabilities</td>
<td>2,969,054</td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>40,126,542</td>
<td>55,801,512</td>
</tr>
<tr>
<td>Borrowings</td>
<td>71,382,864</td>
<td>111,429,573</td>
</tr>
<tr>
<td>Current tax payable</td>
<td>1,097,052</td>
<td>550,633</td>
</tr>
<tr>
<td>Deferred income</td>
<td>1,981,752</td>
<td>2,032,098</td>
</tr>
<tr>
<td>Dividend payable</td>
<td>8,873,032</td>
<td>10,058,636</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>322,604,582</td>
<td>343,933,157</td>
</tr>
</tbody>
</table>
## Statement of Changes in Equity for the year ended March 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>Share capital</th>
<th>Share Premium</th>
<th>Fair value reserve</th>
<th>Retained earnings</th>
<th>Total attributable to equity holders</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at April 1, 2016</td>
<td>1,312,126</td>
<td>36,812,540</td>
<td>-89,760</td>
<td>62,209,233</td>
<td>100,244,139</td>
<td>100,244,139</td>
</tr>
<tr>
<td>Profit for the year</td>
<td></td>
<td></td>
<td></td>
<td>9,829,046</td>
<td>9,829,046</td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td>-21,556</td>
<td>665,911</td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td></td>
<td></td>
<td></td>
<td>10,494,957</td>
<td>10,473,401</td>
<td></td>
</tr>
<tr>
<td>Transactions with owners recorded directly in equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue of shares</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>39,302,975</td>
<td></td>
</tr>
<tr>
<td>Transfer to reserves from merger</td>
<td>-2,160,169</td>
<td></td>
<td></td>
<td></td>
<td>39,302,975</td>
<td></td>
</tr>
<tr>
<td>Transfer to reserves from unclaimed dividends</td>
<td>-2,160,169</td>
<td></td>
<td></td>
<td></td>
<td>39,302,975</td>
<td></td>
</tr>
<tr>
<td>Dividend declared</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total contributions by and distributions to owners of the Company recognised directly in equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as at March 31, 2017</td>
<td>2,050,197</td>
<td>75,377,444</td>
<td>-72,556</td>
<td>74,091,211</td>
<td>151,446,296</td>
<td>151,446,296</td>
</tr>
</tbody>
</table>
FLOUR MILLS OF NIGERIA PLC
Statement of Cash Flows
For the Year Ended 31 March

<table>
<thead>
<tr>
<th>Company</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>N'000</td>
<td>N'000</td>
<td></td>
</tr>
</tbody>
</table>

### Cash flows from operating activities
- Cash (generated from)/used in operating activities: -27,256,362 / -8,346,089
- Income tax paid: -226,542 / -1,263
- Long service award benefit paid: -167,736 / -88,048
- Retirement benefit paid: -275,391 / -203,909
- Realised foreign exchange loss: 1,516,224 / -6,154,270

**Net cash (used in)/generated from operating activities**: -26,409,807 / -14,793,579

### Cash flows from investing activities
- Acquisition of property, plant and equipment: -8,456,517 / -6,842,793
- Proceeds from sale of property, plant and equipment: 1,864,147 / 156,467
- Acquisition of intangible assets: -13,219 / -42,491
- Acquisition of investment property: - / -
- Purchase of biological assets: - / -
- Net loans received from/(granted to) related companies: 52,919,525 / -23,813,415
- Finance income: 9,810,954 / 3,230,407

**Net cash (used in)/generated from investing activities**: 56,124,892 / -27,311,825

### Cash flows from financing activities
- Proceeds on share issue: 39,302,975 / -
- Proceeds from borrowings: 261,643,908 / 113,195,929
- Repayment of borrowings: -296,036,810 / -69,657,393
- Consideration paid for acquisition of NCI: -1,683,000 / -229,532
- Dividends paid: -2,838,587 / -2,971,314
- Unclaimed dividend received: 192,403 / 464,702
- Finance costs paid: -24,941,948 / -19,230,685

**Net cash generated from /(used in) financing activities**: -24,361,059 / 21,571,707

### Net cash movement for the year
- 5,354,026 / -20,533,697
- Cash at the beginning of the year: -5,519,945 / 15,013,752
- Cash increase through merger: 145 / -

**Net cash at end of the year**: -165,774 / -5,519,945
Flour Mills of Nigeria Plc

Nigeria Corporate Analysis

<table>
<thead>
<tr>
<th>Rating class</th>
<th>Rating scale</th>
<th>Rating</th>
<th>Rating outlook</th>
<th>Expiry date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long term</td>
<td>National</td>
<td>BBB-(n)</td>
<td>Stable</td>
<td>September 2018</td>
</tr>
<tr>
<td>Short term</td>
<td>National</td>
<td>A2(n)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Financial data:

<table>
<thead>
<tr>
<th>(US$ m)</th>
<th>31/03/16</th>
<th>31/03/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/US$ (avg.)</td>
<td>197.9</td>
<td>284.3</td>
</tr>
<tr>
<td>N/US$ (close)</td>
<td>198.9</td>
<td>306.3</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,711.1</td>
<td>1,551.4</td>
</tr>
<tr>
<td>Total debt</td>
<td>536.9</td>
<td>788.8</td>
</tr>
<tr>
<td>Total capital</td>
<td>456.0</td>
<td>320.6</td>
</tr>
<tr>
<td>Cash &amp; equiv.</td>
<td>167.0</td>
<td>147.0</td>
</tr>
<tr>
<td>Turnover</td>
<td>1,731.1</td>
<td>1,844.8</td>
</tr>
<tr>
<td>EBITDA</td>
<td>153.8</td>
<td>220.5</td>
</tr>
<tr>
<td>NPAT</td>
<td>72.9</td>
<td>31.1</td>
</tr>
<tr>
<td>Op. cash flow</td>
<td>134.7</td>
<td>(145.6)</td>
</tr>
</tbody>
</table>

Summary rating rationale

- The ratings of Flour Mills of Nigeria Plc ("FMN"), referring to the parent company and its subsidiaries (together "the Group") reflect its leadership position within the Nigerian flour milling industry, underpinned by a substantial multi-product milling capacity, wide distribution network, and business diversification. More significantly, its backward integration initiatives are beginning to underpin a more sustainable supply chain and strengthen Group's synergies, as well as hedging against market volatility.

- Revenue expanded by 53% in FY17, driven by rising demand within the food division (particularly sugar products) and an increase in selling prices across various products. Accordingly, gross margin widened to a review high of 12.7%. This, combined with the curtailed operating expenses also saw EBITDA and operating margin widen to 12% and 9% respectively. Furthermore, results as at end June 2017 ("1Q FY18") indicate an improvement, with strong operating margin of 10.1%, and pre-tax profit of N6.2bn, against full year 2017 position of N10.5bn.

- Operating income was strong enough to absorb the growth in finance cost, resulting in higher net interest coverage ratio of 1.3 (FY16: 0.7x). Improving interest coverage to more sustainable levels above 2x has been highlighted by Global Credit Rating Company Limited ("GCR") as core to positive ratings progression.

- Positive cash flow from operations have been evidenced in all years under review, barring FY17 where a large working capital absorption (impacted by forex movements) saw an outflow of N4.4bn (albeit reversed in 1Q FY18). This, combined with the capex undertaken during the period, necessitated the increase in debt.

- Gross debt rose to N241.6bn at FY17 (FY16: 165.3bn), driven by the translation on the Group’s dollar denominated loans, together with higher bank overdraft utilised for working capital funding. This, combined with the moderate growth in equity saw gross gearing rise to 246% (FY16: 182%), while gross debt to EBITDA fell to 385% (FY16: 542%) on the back of the improved earnings. The suspended capital raise does not place immediate funding pressure on the Group, but would help improve funding capacity for future expansion/acquisitions.

- While funding has largely been for long term assets, 79% of debt was short term at FY17 (FY16: 71%). This mismatch in duration does expose FMN to liquidity pressure, although GCR notes that the Group has evidenced a similar debt composition since FY14.

Factors that could trigger a rating action may include

Positive change: Continued earnings growth and margin enhancement despite the challenging and volatile environment. A substantial reduction in debt would also support improved credit protection metrics.

Negative change: Given that the Group’s gearing is relatively high, any increase could trigger a negative rating action. Similarly, the ratings are susceptible to a deterioration in financial performance, whether due to internal or external factors, as this would impact the Group’s ability to honour principal and interest obligations.

GCR Contact:

Primary Analyst: Femi Atere
Credit Analyst: femi@globalratings.net

Committee Chairperson: Dave King
dave@globalratings.net

Analyst location: Lagos, Nigeria
Tel: +234 1 4622515
Website: www.globalratings.com.ng
LEGAL OPINION ON THE NOTES

G. ELIAS & CO.
6 BROAD STREET LAGOS NIGERIA
www.glias.com +234-14657900 2806970 geliac@gielas.com

August 28, 2018

The Directors
Flour Mills of Nigeria Plc
1, Golden Penny Place
Wharf Road
Apapa
Lagos
Nigeria

Dear Sirs,

Re: Flour Mills of Nigeria Plc’s ₦100,000,000,000 Commercial Paper Issuance Programme – Legal Opinion

1. INTRODUCTION

1.1 We have acted as Programme Solicitors in respect of the ₦100,000,000,000 Commercial Paper Issuance Programme established by Flour Mills of Nigeria Plc (the “Issuer”) (the “Programme”).

1.2 In this Legal Opinion (this “Opinion”), unless otherwise defined or the context otherwise requires, the following capitalised terms shall have the following meanings:

1.2.1 “Agent” means FBNQuest Merchant Bank Limited;
1.2.2 “CAC” means Corporate Affairs Commission;
1.2.3 “CBN” means the Central Bank of Nigeria;
1.2.4 “Dealer and Arranger” means FBNQuest Merchant Bank Limited;
1.2.5 “Dealer and Arranger Agreement” means an agreement of the same name dated on or about the date hereof and executed between the Issuer and the Dealer and Arranger;
1.2.6 “Deed of Covenant” means a deed of the same name dated on or about the date hereof and executed by the Issuer as a deed poll in favour of the Noteholders;
1.2.7 “FMDQ Rules” means the FMDQ Commercial Paper Quotation Rules issued in May 2017 as may be amended or supplemented from time to time;

GECO/FMNP/CP/ISO/007/27082018/FINAL
LEGAL OPINION ON THE NOTES

G. ELIAS & CO.

1.2.8 "Guidelines" means the CBN guidelines on the issuance and treatment of bankers acceptances and commercial papers issued on November 18, 2009 and the CBN circular dated July 12, 2016 titled "Mandatory Registration and Listing of Commercial Papers;"

1.2.9 “Nigerian Courts” means the Supreme Court of Nigeria, the Court of Appeal, the Federal High Court and the various State High Courts;

1.2.10 “Nigerian Law” includes any statutes or regulations made or imposed by any Nigerian authority and any treaty or international convention which the Federal Republic of Nigeria has ratified and incorporated into its domestic law;

1.2.11 “Notes” means the debt instruments issued by the issuer under the Programme;

1.2.12 “Noteholders” means the persons who have invested in the Notes;

1.2.13 “Programme Memorandum” means the memorandum dated on or about the date hereof disclosing details of a programme for the issuance by the Issuer of the Notes;

1.2.14 “SEC” means the Securities and Exchange Commission; and

1.2.15 “Transaction Documents” means the Programme Memorandum, the Issuing, Calculation and Paying Agency Agreement, the Dealer and Arranger Agreement and the Deed of Covenant.

2. DOCUMENTS

In our capacity as Programme Solicitors, we have reviewed various agreements, documents and matters of law as we have deemed necessary, including the following documents:

2.1 a copy of the certificate of incorporation of the Issuer;

2.2 a certified copy of the Memorandum and Articles of Association of the Issuer;

2.3 a resolution of the Board of Directors of the Issuer dated June 11, 2018 approving the Programme, authorizing the terms of, and the transactions contemplated by the Transaction Documents; and

2.4 the executed Transaction Documents.

3. SCOPE

3.1 This Opinion is confined to Nigerian law as interpreted and applied by Nigerian Courts and we neither express nor imply any opinion on any matter insofar as it may be affected by the law of a country other than Nigerian Law, or as to matters of fact. We
express no opinion nor make any comment on the content, adequacy or sufficiency of the commercial terms negotiated by the parties to the Transaction Documents.

3.2 Except for the enquiries at the CAC with respect to the Issuer on March 19, 2018, we have not assisted in the investigation or verification of the facts, or the reasonableness of any assumption or statement of opinion (including, without limitation, as to the solvency of any other person expressed to be a party to the Transaction Documents or any other person), contained in the Transaction Documents or in determining whether any material fact has been omitted therefrom.

4. EXTENT OF REVIEW AND EXAMINATION

4.1 For the purpose of providing this Opinion, we have examined only executed copies of the Transaction Documents, but not any document or agreement cross-referenced in any of the Transaction Documents save for such other documents we have considered necessary, for the purposes of giving this Opinion.

4.2 We have made no searches or enquiries concerning any person (other than the Issuer) or on any corporate records of a person (other than the Issuer’s) nor have we examined any documents, other than the documents referred to in clause 2 (Documents) of this Opinion.

5. ASSUMPTIONS

The Opinion set out herein is based upon the following assumptions:

5.1 Genuineness and Authenticity

5.1.1 the genuineness of all signatures and seals on all and any document reviewed by us;

5.1.2 the completeness and conformity to the originals of all Transaction Documents and other documents supplied to us as certified, electronic, or photocopies;

5.1.3 the genuineness and authenticity of all approval letters, consents and authorizations sighted;

5.1.4 the genuineness and authenticity of all documents in the Issuer’s files at the CAC as at March 19, 2018;

5.1.5 the documents in the file of the Issuer held at the CAC as at March 19, 2018 are the most recent records of the Issuer;

5.1.6 the accuracy and completeness of all corporate minutes, resolutions, certificates and records which we have seen;

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GECO/FWN/EP/30/007/270/2018/FINAL
5.1.7 the accuracy of any and all representations of facts expressed in or implied by
the documents we have examined;

5.1.8 the absence of any amendments or variations to the terms of the Transaction
Documents and the authenticity of the originals of such Transaction
Documents;

5.1.9 that each of the Transaction Documents has been duly authorised, and duly
executed, by or on behalf of the parties thereto and that the performance
thereof is within the capacity and powers of the parties thereto;

5.1.10 that the terms of the Transaction Documents are or will be observed and
performed by the Issuer; and

5.1.11 the absence of any other contractual or similar arrangements between any of
the parties to the Transaction Documents which modify or supersede any of
the terms of the Transaction Documents.

5.2 Completeness

All statements as to matters of fact contained in the Transaction Documents are
correct, save to the extent that they relate to matters specifically opined upon herein.

5.3 Good Faith, etc.

The lack of bad faith and absence of fraud, coercion, duress or undue influence on the
part of any of the parties to the Transaction Documents, their respective directors,
officers, employees, agents and advisers.

5.4 Consents

All necessary consents, authorizations and licences for the execution, delivery and
performance of the Transaction Documents have been obtained and have not been
withdrawn as at the date hereof.

5.5 Restrictions

There are no agreements, letters or other arrangements having contractual effect
which render a party to the Transaction Documents incapable of performing its
obligations under such documents and there are no contractual or similar restrictions
contained in any agreement or arrangement (other than those in the Transaction
Documents) that are binding on any party to such Transaction Document which would
affect the conclusions made in this Opinion.
6. **OUR OPINION**

Based on the foregoing assumptions and subject to the qualifications set out below, we are of the following opinion:

6.1 **Enforceability**

6.1.1 There is no provision in the issuer’s constitutional documents and under Nigerian law which will be contravened by:

(i) any provision in any Transaction Document; or

(ii) the carrying out of any relevant transactions contemplated by the Transaction Documents.

6.1.2 There has been obtained and there is in full force and effect every consent, approval or authorization by any Nigerian authority which is either necessary or desirable in connection with:

(i) the execution by the issuer of any of the Transaction Documents; or

(ii) the validity or enforceability of any of the Transaction Documents.

6.1.3 All the Transaction Documents are governed by Nigerian Law and constitute obligations of the parties thereto that are legal, valid, and binding upon the parties and enforceable against the parties in accordance with their terms.

6.1.4 Without prejudice to Clause 6.1.3 above, all the Transaction Documents are in a proper form to be enforced under Nigerian law and would be recognised by a Nigerian Court as constituting legal, valid, and binding obligations of the parties thereto, enforceable against the parties thereto in accordance with their terms.

6.1.5 Each Note when issued by the Issuer will constitute the legal, valid and binding obligations of the Issuer enforceable in accordance with its terms.

6.1.6 It is not necessary in order for any Noteholder to exercise or enforce any of its rights under the Transaction Documents that it should be licensed, registered, resident or otherwise authorized to carry on any business in Nigeria.

6.2 **Legal Status of the Issuer**

6.2.1 The issuer is duly incorporated and validly exists under Nigerian Law. To the best of our knowledge as at the date hereof, no steps have been taken to wind up the Issuer, to terminate its existence or to appoint a receiver in respect of it.
or otherwise to place its business or any of its assets outside the control of its directors.

6.2.2 To the best of our knowledge, the Issuer holds all licences, approvals and authorizations from the Standards Organization of Nigeria and the National Agency for Food and Drug Administration and Control necessary for the conduct of its business as set out in the Programme Memorandum.

6.3 Authorisation

6.3.1 The Issuer has the full power, authority and capacity to execute, deliver, perform and observe the terms and conditions of the Transaction Documents.

6.3.2 All corporate and other actions that are necessary or advisable to authorise the Issuer to enter into, execute, deliver, perform and observe the terms and conditions of the Transaction Documents have been taken.

6.3.3 The resolution referred to under Clause 2 (Documents) is valid under the Issuer’s constitutional documents and Nigerian Law. The resolution is sufficient corporate authorization for the Issuer to execute the Transaction Documents and to carry out all relevant transactions; and the resolutions need not be filed, recorded or registered with any authority in Nigeria.

6.4 SEC Matters

It is permissible for the Issuer as a public limited liability company to issue the Notes and invite the investing public to invest in the Notes without requiring the approval of SEC or registration with the SEC.

6.5 Compliance

6.5.1 The Notes have been issued in compliance with the Guidelines and the FMDQ Rules.

6.5.2 The Issuer has been rated as required by and in compliance with the Guidelines and the FMDQ Rules.

6.6 Exchange Control Compliance

6.6.1 The issuance of the Notes in Nigerian Naira is permitted by law.

6.6.2 Residents and non-residents of Nigeria may deal in, invest in, acquire or dispose of the Notes.

6.6.3 Non-residents of Nigeria who have brought funds into Nigeria for subscription to the Notes through approved and lawful channels may upon liquidating their...
6.6.4 Nigerian Courts will give judgment in foreign currency.

6.7 Registration

6.7.1 Other than the stamping of the Notes and the relevant Transaction Documents at the Stamp Duties Office of the Federal Inland Revenue Service (“FIRS”), it is not necessary or desirable for any further action to be taken in the future (including the making of any registrations or filings) in order to preserve as a matter of law the interests of the investors in the Notes.

6.7.2 Save for the stamping of the relevant Transaction Documents, no consent, licence, authorization or similar approval or other action by, and no notice to or filing or registration with, any governmental authority or regulatory body is required in Nigeria for the due execution, delivery and performance by the Issuer of the Transaction Documents.

6.8 Insolvency

6.8.1 Subject to bankruptcy and insolvency laws generally applicable to Nigerian companies, in bankruptcy or insolvency proceedings involving the Issuer the obligations of the Issuer under the Transaction Documents will remain valid, binding and enforceable.

6.8.2 Subject to bankruptcy and insolvency laws generally applicable to Nigerian companies, upon the maturity of the Notes, in the event that that the Issuer is unable to discharge any of its obligations to the Noteholders, the unsatisfied Noteholders as creditors of the Issuer are entitled to apply for the winding up of the Issuer on the ground of the Issuer’s inability to pay its debts.

6.8.3 The Notes are unsecured and unguaranteed Notes and no security interests have been created in favour of the Noteholders by the Transaction Documents.

6.8.4 Upon the insolvency of the Issuer, Nigerian Law would treat the Noteholders as unsecured creditors of the Issuer for all purposes.

6.9 Tax Matters

6.9.1 The Issuer is not entitled or required to withhold tax on payments to any investor on the zero-coupon Notes.
6.9.2 The Noteholders will not be entitled to pay income taxes on the discount on the Notes.¹

6.9.3 The Transaction Documents will be charged with nominal stamp duties at the rate of N500 per Transaction Document and N50 for every additional copy of each Transaction Document.

6.9.4 On buying or selling the Notes, investors will pay no value added tax.²

6.9.5 Value Added Tax will not be payable on the commission payable to the Central Securities Clearing System Plc.³ Unless extended by the Minister of Finance, this five (5) year exemption will lapse on July 24, 2019.

6.9.6 A sale of a Note by a Noteholder will not give rise to a charge to capital gains tax.

6.10 Miscellaneous

6.10.1 The Issuer’s assets are not entitled to any immunity from service or process, suit, judgment, execution or attachment (including pre-judgment attachment) in respect of any obligation under any of the Transaction Documents; and

6.10.2 The Transaction Documents do not contain any provision or provide for any transaction or other action which could have the consequence of making the Noteholders liable in Nigeria in respect of any debt, liability or obligation of the Issuer or in respect of any non-compliance by the Issuer with any Nigerian Law.

7. QUALIFICATIONS

This opinion is subject to the following qualifications:

7.1 Our Opinion that an obligation or document is enforceable means that the obligation or document is of a type and form which Nigerian Courts generally will enforce. It does not mean that the obligation or document can necessarily be enforced in all circumstances and with regard to a final judgment or award, certain defences to its application or grounds for setting it aside may be accepted or applied, in spite of an agreement to the contrary;

7.2 A judgment given in any foreign currency may be satisfied by the payment of the Naira equivalent thereof at the time of payment;

¹ Section 78 (1) of the Companies Income Tax (Amendment) Act, 2007 only requires companies to withhold tax on interest and royalty payments. Consequently, the Issuer does not have an obligation to withhold tax on the discount.

² Value Added Tax (Exemption of Commissions on Stock Exchange Transaction) Order, 2014 exempted the imposition of Value Added Tax on commissions paid to the Central Securities Clearing System Plc.

7.3 the assessment and enforcement of stamp duties on documents by the Stamp Duties Office of the FIRS is erratic and largely untested in Nigerian Courts;

7.4 upon the presentation of a winding-up petition against a Nigerian company, proceedings commenced against it to enforce a liability may be stayed or restrained by a Nigerian Court;

7.5 the enforcement of the rights of the parties under the Transaction Documents may with the passage of time become statute-barred under the limitation laws of the Federal Republic of Nigeria; and

7.6 the power of Nigerian Courts to order specific performance of an obligation or to order any other equitable remedy is discretionary and, accordingly, a Nigerian Court might make an award of damages where specific performance of an obligation or any other equitable remedy was sought.

8. **BENEFIT OF OPINION**

This Opinion is prepared exclusively for the purpose of the Programme and for the benefit of the Issuer, its advisers on the Programme (and then only in relation to the Programme) and persons who invest in the Notes. Other than for the Programme and for the benefit of the persons to whom it is meant, it is not to be used by any other person or for other purposes or quoted or referred to in any public document or filed with anyone without our express written consent. This Opinion is not to be distributed, in whole or in part, to any person other than as agreed between the Issuer and us and then only for purposes directly relating to the Programme.

Yours faithfully,

For: G. Elias & Co.
GENERAL INFORMATION

- **Authorisation**
  This CP Programme and Notes issued hereunder were approved by the resolution of the Board of Directors of Flour Mills of Nigeria Plc dated 11 June 2018.

- **Auditors**
  KPMG Professional Service acted as auditors of the annual financial statements of the Issuer for the financial year ended 31 March, 2018, and was responsible for the audit, and issued unqualified reports.

- **Going Concern**
  The Issuer is at the date hereof a going concern, and can be reasonably expected to meet all of its obligations as and when they fall due.

- **Litigation**
  The Issuer is not engaged (whether as defendant or otherwise) in any legal, arbitration, administration or other proceedings, the result of which might have or have had a material effect on the financial position or the operations of the Issuer, nor is the Issuer aware of any such proceedings being threatened or pending.

- **Material Contracts**
  The following agreements have been entered into and are considered material to this Programme:
  
  i. the Deed of Covenant dated August 24, 2018 executed by the Issuer as a deed poll in favour of the Noteholders;
  ii. the Dealer Agreement dated August 24, 2018 executed by the Arranger and the Issuer; and
  iii. the Issuing, Calculation and Paying Agency Agreement dated August 24, 2018 executed by the Issuer and the Issuing, Calculation and Paying Agent.

  Other material contracts in respect of any issuance of Notes under the Programme will be disclosed in the Applicable Pricing Supplement issued in respect of that Series or Tranche.

- **Ultimate Borrower**
  The Issuer is the borrower in respect of the Notes.
PARTIES TO THE TRANSACTION

ISSUER
Flour Mills of Nigeria Plc
1, Golden Penny Place
Wharf Road, Apapa
Lagos Nigeria

ARRANGER AND DEALER
ISSUING, CALCULATION AND PAYING AGENT
FBNQuest Merchant Bank Limited
10, 16-18 Keffi Street
Off Awolowo Road,
S/W Ikoyi, Lagos
Nigeria

AUDITORS
KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island, Lagos
Nigeria

Solicitors
G. Elias & Co.
6 Broad Street
Lagos Nigeria

RECEIVING BANK
First Bank of Nigeria Limited
Samuel Asabia House
35 Marina
Lagos Nigeria