This document is important and should be read carefully. If you are in any doubt as to its contents or the action to be taken, please consult your Banker, Stockbroker, Accountant, Solicitor or any other professional adviser for guidance immediately. Investing in this offer involves risks. For information concerning certain risk factors which should be considered by prospective investors, see “risk factors” commencing on page 37 hereof.

FLOUR MILLS OF NIGERIA PLC
RC 2343
₦70,000,000,000
BOND ISSUANCE PROGRAMME
SHELF PROSPECTUS

This Prospectus and the Bonds which it offers has been approved and registered by the Securities and Exchange Commission (the “**SEC**” or the “**Commission**”). It is a civil wrong and a criminal offence under the Investments and Securities Act No. 29 of 2007 (the “**ISA**” or the “**Act**”) to issue a prospectus which contains false or misleading information. Clearance and registration of this Prospectus and the Bonds (as defined below) which can be issued under the Programme do not relieve the parties of any liability arising under the Act for false and misleading statements contained herein or for any omission of a material fact.

This Prospectus has been issued in compliance with Part IX of the Act, the Rules and Regulations of the Commission 2013 (as amended) (“**SEC Rules**”), the FMDQ Short Term Bonds Registration Process and Listing Rules 2016 as approved by the SEC and the listing requirements of The Nigerian Stock Exchange (“**The NSE**”) and contains particulars in compliance with the requirements of the Commission for the purpose of giving information with regard to the Programme.

Under this ₦70,000,000,000 Bond Issuance Programme (the “**Programme**”), Flour Mills of Nigeria PLC (“**FMN**” or the “**Issuer**” or the “**Company**”) may from time to time issue Bonds as more fully described herein (the “**Bonds**”). Bonds issued under the Programme may be (i) senior and unsecured; or (ii) senior and secured; or (iii) subordinated; or (iv) equity linked; or (v) convertible; or (vi) exchangeable or (vii) any other format recognised by the SEC, and may be issued from time to time in separate series, amounts, prices and on terms to be set out in any accompanying supplementary Prospectus or Pricing Supplement (“Supplement”).

The maximum aggregate nominal amount of all Bonds issued from time to time and outstanding under the Programme shall not exceed ₦70,000,000,000 over the three (3) years specified by the SEC as at the date of this Prospectus or any other time frame prescribed by the SEC, the FMDQ and The NSE following the issue of this Prospectus, including any amendments thereto. No Bond will be allotted or issued on the basis of this Prospectus later than the date that falls three (3) years after the date of the issue of this Prospectus or any other time frame as prescribed by the SEC following the Issue of this Prospectus.

This Prospectus 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 of the Programme, together with the applicable Supplements. Executed offer documents can be found on the websites of SEC (http://sec.gov.ng/), FMDQ (https://fmdqotc.com/) and FMN (https://fmnplc.com/)

The registration of this Prospectus (“**Prospectus**”), including any Supplement shall not be taken to indicate that the Commission endorses or recommends the Bonds or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus.
A decision to invest in the Bonds offered by FMN should be based on consideration by the Qualified Institutional Investor and High Net-Worth Investor / Eligible Individual Investor of this Prospectus and any document incorporated by reference as a whole. An investment in certain Bonds may entail a risk of loss of all or a portion of the principal amount of the Bonds which is directly caused by fluctuation of interest rates; devaluation of the currency of issue; value of the Bonds at a securities market; or other indices or by a change in the condition of business or assets of the party selling the Bonds or other parties. Also an exercise of an option or other right associated with certain Bonds or cancellation of a contract for sale of certain Bonds may be subject to certain time limitations. (See the Section on “Risk Factors” on pages 37 to 40 for information on certain factors which should be considered by prospective investors). Investors are advised to note that liability for false or misleading statements or acts made in connection with this Prospectus is provided in sections 85 and 86 of the Act.

LEAD ISSUING HOUSE / BOOK RUNNER

Stanbic IBTC Capital
RC1031358

JOINT ISSUING HOUSES / BOOK RUNNERS

ARM Securities	FBNQuest Merchant Bank	FCMB	United Capital	Zenith Capital
RC125242	**RC264978**	**RC446561**	**RC444999**	**RC639491**

THIS SHELF PROSPECTUS IS DATED 1 NOVEMBER 2018
THE PROGRAMME IS VALID FOR 3 YEARS FROM THE DATE OF ISSUANCE

IMPORTANT NOTICES

This Prospectus has been prepared by Issuing Houses on behalf of Flour Mills of Nigeria PLC in connection with its ₦70,000,000,000 Bond Issuance Programme for the purpose of giving information to prospective investors in respect of the Bonds described herein. The SEC has cleared and registered this Shelf Prospectus.

The Board of Directors accept full responsibility for the accuracy of all information contained in this Prospectus and confirm (having taken all reasonable care to ensure that is the case) that the information contained in this Prospectus is in accordance with The NSE, FMDQ and The SEC Rules and has not omitted anything likely to affect the import of such information.

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

Neither this Prospectus nor any other information supplied in connection with the Bonds: (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or any of the Issuing Houses that any recipient of this Prospectus or any other information supplied in connection with the issue of Bonds should purchase the Bonds.

Each prospective investor contemplating the purchase of any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer. Neither this Prospectus nor any other information supplied in connection with the issue of the bond or the Bonds constitutes an offer or invitation by or on behalf of the Issuer or any of the Issuing Houses to any person to subscribe for or to purchase the Bonds.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Bonds shall in any circumstance imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme continues to remain correct as of any time subsequent to the date indicated in the document containing the same.

The Issuing Houses do not undertake to review the financial condition or affairs of the Issuer throughout the life of the Bonds or to advise any investor in the Bonds of any information coming to their attention. The Issuing Houses have not separately verified the information contained in this Prospectus and accordingly no representation, warranty or undertaking, express or implied, is made and to the fullest extent permitted by law. No responsibility or liability is accepted whether in contract or otherwise by any Issuing House as to the accuracy or completeness of the information contained in this Prospectus or any other information supplied in connection with the Bonds or their distribution. Each person receiving this Prospectus acknowledges that such person has not relied on the Issuing Houses or any person affiliated with any of the Issuing Houses in connection with its investigation of the accuracy of this Prospectus or such information or its investment decision.

The receipt of this Prospectus or any information contained in it or supplied with it or subsequently communicated to any person does not constitute investment advice from any of the Issuing Houses to any prospective investor. Prospective investors should make their own independent assessment of the merits or otherwise of subscribing to the Bonds offered herein and should seek their own professional advice in connection with any prospective investment by them.

The distribution of this Prospectus and the offer or sale of Bonds may be restricted by law in certain jurisdictions. Persons who come into possession of this Prospectus or any Bonds must inform themselves about, and observe any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Bonds in the United States of America, the United Kingdom and certain other jurisdictions.

IMPORTANT NOTICES

The Issuer does not represent that this Prospectus may be lawfully distributed, or that any Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, nor does it assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which would permit a public offering of any Bonds or distribution of this document in any jurisdiction (other than Nigeria) where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any Applicable Law and regulations.

CONTENTS

KEY TERMS AND ABBREVIATIONS

In this document, unless otherwise stated or clearly indicated by the context, the following words have the meanings stated opposite them.

"**Programme Limit**"	₦70,000,000,000 (Seventy Billion Naira)
"**Applicable Law**"	Any applicable Nigerian law (including common law), statute, constitution, judgment, treaty, regulation, rule, by-law, order, decree, code of practice, circular, directive, other legislative measure, guidance note, requirement, request, guideline or injunction (whether or not having force of law and, to the extent not having force of law, is generally complied with by persons to whom it is addressed or applied) of or made by any authority, which is binding and enforceable on or against the Issuer or the subject matter of, or any party to any of the Issue documents
"**ARM Securities**"	ARM Securities Limited
"**Authority**"	Any national, regional or local government or governmental, administrative, fiscal, judicial, or government-owned body, department, commission, authority, tribunal, agency or entity having jurisdiction over the Issuer
"**BAGCO**"	BAGCO a division of FMN
"Board" or **"Directors" or "Board of Directors"**	The Issuer's board of directors as may be constituted from time to time
"**Board Resolution**"	The resolution of the Board dated 06 December 2017 authorizing the Programme
"**Bonds**" or "**Securities**"	A registered instrument of indebtedness or notice of allocation (for electronic credits directly to Bondholders' CSCS accounts) issued by the Programme in accordance with the terms of this Prospectus and any applicable Supplement
"**Bondholder**"	A person in whose name a Bond is registered in the register of Bondholders and/or in the records of the CSCS and "Bondholders" shall be construed accordingly
"**Business Day**"	Any day except Saturdays, Sundays and public holidays declared by the Federal Government on which banks are open for business in Lagos Nigeria
"CAMA"	Companies and Allied Matters Act Cap C20 LFN 2004
"CBN"	Central Bank of Nigeria

"**CITA**"	Companies' Income Tax Act
"**Closing Date**"	The date stipulated as such in the applicable Supplements
"**Conditions**"	In relation to the Bonds of any Series, the terms and conditions in accordance with which the Bonds will be issued as set out in the section headed "Terms and Conditions of the Bonds" in the relevant Series Trust Deed or as may otherwise be endorsed on or incorporated by reference into the Bond or Bonds constituting such Series and which is in the form or substantially in the form specified in the Trust Deed; having regard to the terms of the Bonds of the relevant Series, as may be agreed between the Issuer and the Trustees, in each case as may be from time to time modified in accordance with the provisions of the Trust Deed
"**Coupon**"	The interest payable on any Bonds (other than Zero Coupon) in the amount and on the dates specified in the Series Trust Deed
"**Coupon Commencement Date**"	The date of issue for any particular series of Bonds or such other date as may be specified in the Pricing Supplement from which the Coupon on the Bonds begins to accrue
"**Coupon Determination Date**"	The date falling no later than 2 (two) Business days prior to the Coupon Payment Date where the Trustees determine the Coupon Rate applicable to a Bond (other than Fixed rate and zero coupon Bonds)
"**Coupon Payment Date**"	Any date set out in the Pricing Supplement as the date on which the Coupon becomes payable
"**Coupon Period**"	The period from (and including) a Coupon Payment Date (or as the case may be the Coupon Commencement Date) to (but excluding) the next Coupon Payment Date
"**Coupon Rate**"	The applicable rate of the Coupon; as stated in the relevant Supplement and for a Floating Rate Bond, this will be the rate determined on a Coupon Determination Date for each Coupon Period by the Trustees
"CSCS"	Central Securities Clearing System PLC
"**Default Rate**"	The default rate or the Coupon for any late payment specified in the applicable Series Trust Deed and/or Supplements
"**Deloitte**"	Deloitte & Touche
"**Event of Default**"	The events of default which are particularly described in Condition 19 of the Terms and Conditions of the programme
"**Exchange**"	The FMDQ OTC PLC or the Nigerian Stock Exchange or any other securities exchange recognised by the Commission
"**Extraordinary Resolution**"	A resolution of the Bondholders passed in accordance with the provisions contained in the Trust Deed
"**Par Value**"	The value the Bondholder will get per Bond on the Maturity Date

"FBNQuest"	FBNQuest Merchant Bank Limited
"FCMB Capital Markets"	FCMB Capital Markets Limited
"**Federal Government**" or "**FGN**"	Federal Government of Nigeria
"**Final Broken Amount**"	The final coupon payment in respect of the period from (and including) the preceding Coupon Payment Date, to (but excluding) the Maturity Date, in relation to any Tranche or Series issued under the Programme
"**Financial Indebtedness**"	any indebtedness for or in respect of: i. monies borrowed; ii. any bond, note, debenture, loan, or other similar instrument; iii. any redeemable preference share; iv. any finance or capital lease; v. receivables sold or discounted (otherwise than on a non-recourse basis); vi. the acquisition cost of any asset to the extent payable after its acquisition or possession by the party liable where the deferred payment is arranged primarily as a method of raising finance or financing the acquisition of an asset; vii. any other transaction, (including any forward sale or purchase agreement) which has the commercial effect of a borrowing; viii. any counter-indemnity obligation in respect of any guarantee, indemnity, bond or any other instrument issued by a bank or financial institution; or any guarantee, indemnity or similar assurance against any financial loss of any person in respect of any item referred to in i-viii above
"**Fixed Rate Bonds**"	Bonds in respect of which interest is to be calculated and paid on a fixed rate basis, and will not change during the life of the Bonds
"**Floating Rate Bond**"	Bonds in respect of which interest is payable in accordance with a variable benchmark rate as prescribed in the relevant Supplementary Shelf Prospectus or Pricing Supplement
"**FMDQ**" or "**FMDQ OTC PLC**"	A SEC licensed "OTC" market securities exchange
"FMN" or the **"Company"** or the **"Issuer"**	Flour Mills of Nigeria Plc
"FMCG"	Fast Moving Consumer Goods
"**Force Majeure**"	Any event or circumstance (or combination of events or circumstances) that is beyond the reasonable control of the Issuer and the Trustees which materially and adversely affects the ability of any party to perform its obligations under or pursuant to the Trust Deed, which could not have been reasonably foreseen, including without limitation change of law, national emergency, war, acts of God,

	invasion by foreign enemy, revolution, act of terrorism, civil commotion, and industrial unrest
"FX"	Foreign Exchange
"**Group**"	Flour Mills of Nigeria Plc together with its subsidiaries
"**Golden Sugar**"	Golden Sugar Company Limited
"**IFRS**"	International Financial Reporting Standards promulgated by the International Accounting Standards Board (IASB) (which include standards and interpretations approved by the IASB and International Accounting Standards issued under previous constitutions), together with its pronouncements thereon from time to time, which are applied on a consistent basis
"**Independent Expert**"	A financial audit firm of repute appointed from amongst PricewaterhouseCoopers, Ernst & Young, KPMG and Deloitte
"**ISA**"	Investments and Securities Act No 29, 2007
"Issue Date"	The date on which the Bonds are issued as specified in the applicable Pricing Supplement in relation to any particular Series or Tranche
"**Issue Documents**"	The documents required to be executed and delivered in connection with the issue of the Bonds and includes the Trust Deed, the Prospectus and in relation to any Series, the Series Trust Deed, the Supplement and any other agreement or document filed with the Commission and relating to the issue of the Bonds
"**Issue Price**"	The price at which the Bonds are issued, as specified in the Supplementary Shelf Prospectus
"Issuing Houses" or **"Issuing Houses / Book Runners"**	Stanbic IBTC Capital Limited, ARM Securities Limited, FBNQuest Merchant Bank Limited, FCMB Capital Markets Limited, United Capital PLC, Zenith Capital Limited and any other issuing house appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Series or Tranche of Bonds
"Kaboji Farms"	Kaboji Farms Limited
"**LFN**"	Laws of the Federation of Nigeria 2004
"**Lead Issuing House**" or "**Lead Issuing House / Book Runner**"	Stanbic IBTC Capital Limited
"**Listing Rule**"	The Listing Rules of The NSE or FMDQ
"**Majority Bondholders**"	Bondholders representing sixty-seven percent (67%) or more of the Principal Amount Outstanding at any particular time
"**Material Adverse Effect**"	Any event or circumstance which (when taken alone or together with any previous event or circumstance,) has or (in the reasonable opinion of the Trustees formed in good faith) could be expected to have, a material adverse effect on all or any of: i. the assets, business or financial condition of the Issuer;

	ii. the ability of the Issuer to perform its obligations under the Trust Deed; or iii. the rights of the Bondholders under the Trust Deed;
"**Maturity Date**"	The date as specified in each applicable Supplement on which the Principal Amount is due
"**Moratorium**"	An authorised postponement or suspension of payment of any debt obligation
"**Naira**" or "**₦**" or "**NGN**"	The Nigerian Naira, the lawful currency of the Federal Republic of Nigeria
"NEFL"	Nigerian Eagle Flour Mills Limited
"**Nigeria**"	The Federal Republic of Nigeria and the word "Nigerian" shall be construed accordingly
"NNFM"	Northern Nigeria Flour Mills Plc
"**Offer**"	The offer of the Bonds to investors
"Ordinary Shares"	The Ordinary Shares held by the shareholders of the Company
"**Permitted Security**"	i. Security Interests created by the Issuer or any Subsidiary which is in existence before the date of this Deed; ii. Security Interests arising in the ordinary course of the Issuer's or any Subsidiary's business not exceeding an aggregate value of ₦500,000,000 (five hundred million Naira) at any given time; and iii. any Security Interest arising out of the refinancing, extension, renewal or refunding of any Financial Indebtedness secured by a Security Interest permitted by any of the above exceptions, provided that the Financial Indebtedness secured by such Security Interest does not exceed the amount of the original Financial Indebtedness and such Security Interest is not extended to cover any assets or property not previously subject to such Security Interest.
"**PITA**"	Personal Income Tax Act Chapter, P8, LFN 2004 (as amended by the Personal Income Tax (Amendment) Act No. 20 of 2011)
"**Potential Event of Default**"	Any condition, event or act which, with the lapse of time, making or giving of any notice, certification, declaration, demand, determination or request, or the taking of any similar action or the fulfilment of any similar condition, would constitute an Event of Default
"Premier Feed Mills"	Premier Feed Mills Company Limited
"**Principal Amount**" or "**Principal**"	The nominal amount of each Bond, as specified in the relevant Supplement
"**Principal Amount Outstanding**"	The principal amount outstanding and remaining unredeemed on the Bonds at any particular time
"**Professional Parties**"	Professionals engaged by the Issuer whose roles are to ensure the success of the Bond Issue
"Programme" or **"Bond Issuance Programme"**	The Bond Issuance Programme described in this Prospectus pursuant to which the Issuer may issue several separate Series or Tranches from time to time with varying

	maturities and variable rates of interests provided however that the aggregate value does not exceed ₦70,000,000,000
"**Programme Trust Deed**" or "**Trust Deed**"	A master trust deed made between the Issuer and the Trustees, in relation to the Programme
"**Prospectus**" or "**Shelf Prospectus**"	This Prospectus dated 1 November 2018 including any supplementary shelf prospectus
"**Rating Agency**"	Global Credit Rating Co. and any other rating agency appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Series or Tranche of Bonds
"Receiving Banks"	Stanbic IBTC Bank PLC, Access Bank PLC, First Bank of Nigeria Limited, United Bank for Africa PLC and Zenith Bank PLC and any other receiving bank appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Series or Tranche of Bonds
"Register"	The Bond register kept at the specified office of the Registrar into which shall be entered the names and addresses of each Bondholder and the particulars, transfers and redemption of the Bonds held by each Bondholder for the relevant Series
"Registrars"	Any entity appointed registrar by the Issuer as specified in the applicable Supplement
"Reporting Accountants"	Deloitte & Touche
"ROM Oil Mills"	ROM Oil Mills Limited
"**Rules** & **Regulations**"	SEC Rules, The NSE rules, FMDQ rules and any other rules as may be applicable from time to time
"SEC Rules"	The Rules and Regulations of the Securities & Exchange Commission (2013) issued pursuant to the Investments and Securities Act No. 29 2007 as may be amended from time to time
"**SEC" or the "Commission**"	Securities and Exchange Commission
"**Security Interest**"	means any mortgage, charge, assignment (including by way of security), lien, pledge, encumbrance, hypothecation, retention of title provision, trust or flawed asset arrangement (for the purpose of, or which has the effect of, granting security) or any other security interest of any kind whatsoever, or any agreement, whether conditional or otherwise, to create any of the same
"**Series**"	A Tranche together with any further Tranche or Tranches which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Maturity Dates, Coupon Commencement Dates and/or Issue Prices
"**Series Trust Deed**"	The trust deed made between the Issuer and the Trustees in relation to a specific Series under the Programme
"**Sinking Fund**" or "**Debt Service Reserve Account**"	Where specified by a Series Trust Deeds, the fund or bank account established into which shall be paid all Coupon, principal and other monies due in accordance with the

	provisions of the Series Trust Deed and managed by the Trustees
"SON"	Standards Organisation of Nigeria
"Stanbic IBTC Capital"	Stanbic IBTC Capital Limited
"Sunti Golden Sugar	Sunti Golden Sugar Estates Limited
"Supplement"	Supplementary Shelf Prospectus or Pricing Supplement
"Supplementary Shelf Prospectus" or "Pricing Supplement"	The document(s) to be issued pursuant to this Prospectus, which shall provide final terms and conditions of a specific Series or Tranche of Bonds under the Programme or supplement information contained in the Prospectus
"**SSA**"	Sub-Saharan Africa
"Thai Farm"	Thai Farm International Limited
"The NSE" or "The Exchange"	The Nigerian Stock Exchange
"**Tranche**"	Bonds which are identical in all respects (including as to listing)
"**Trustee Act**"	Trustee Investments Act Cap T22, LFN 2004
"**Trustees**"	ARM Trustees Limited, Stanbic IBTC Trustees Limited, United Capital Trustees Limited and/or any other Trustee appointed from time to time
"United Capital"	United Capital PLC
"**USD**" or "**US$**"	The United States Dollar, the lawful currency of the United States of America
"**VAT**"	Value Added Tax as provided for in the VAT Act
"**VAT Act**"	The Value Added Tax Act, Cap V1, LFN 2004 (as amended by the Value Added Tax (Amendment) Act No 12 of 2007)
"**WHT**"	Withholding Tax as provided for in the relevant sections of the CITA and the PITA
"Zenith Capital"	Zenith Capital Limited

FORWARD LOOKING STATEMENTS

Certain statements included herein may constitute forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements can be identified by the use of forward looking terminology such as “estimates”, “believes”, “expects”, “may”, “are expected to”, “intends”, “will”, ‘‘will continue”, “should”, “would”, “seeks”, “approximately”, or “anticipates”, or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the Issuer’s intentions, beliefs or current expectations concerning, amongst other things, the Issuer’s results of operations, financial condition, liquidity, prospects, growth, strategies and the markets in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

Prospective investors should be aware that forward-looking statements are not guarantees of future performance of the Issuer or the industry in which the Issuer operates and that the Issuer’s actual results of operations, financial condition and liquidity and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this Prospectus. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realized. In the event that the Issuer’s actual results of operations, financial condition, liquidity and the development of the industry in which the Issuer operates are consistent with the forward looking statements contained in this Prospectus, it is not guaranteed that those results or developments would be indicative of results or developments in subsequent periods.

Factors that could cause actual results to differ materially from the Issuer’s expectations are contained in cautionary statements in this Prospectus and include, among other things, the following:

- Overall political, economic and business conditions in Nigeria;
- Changes in government regulations, especially those pertaining to the banking industry;
- Changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations;
- Economic and political conditions in international markets, including governmental changes;
- The demand for the Issuer’s products and services;
- Competitive factors in the industries in which the Issuer and its customers operate;
- Interest rate fluctuations and other capital market conditions;
- Exchange rate fluctuations; and
- The timing, impact and other uncertainties of future actions.

The sections of this Prospectus entitled “**Risk Factors**”, “**Description of Flour Mills of Nigeria Plc”** “**Reporting Accountant’s Report”** and “**Statutory and General Information**” contain more detailed discussions of the factors that could affect the Issuer’s future performance and the industry in which it operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Prospectus may not occur.

Nevertheless, when evaluating forward-looking statements, prospective investors should carefully consider the foregoing factors and other uncertainties and events, as well as the other risks identified in this Prospectus.

The Issuer does not undertake any obligation to update or revise any forward looking statements whether as a result of new information, future events or otherwise. All subsequent written or oral forward looking statements attributable to the Issuer or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

OTHER INFORMATION

This Prospectus should be read and construed in conjunction with the Issuer's Audited Annual Reports for the financial years ended 31st March 2016, 31st March 2017 and 31st March 2018, comprising the audited annual financial statements of the Issuer and prepared in compliance with the International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board and prescribed by the Financial Reporting Council of Nigeria ("**FRCoN"**) (which include standards and interpretations approved by the FRCoN), together with its pronouncements thereon from time to time, and applied on a consistent basis.

THIRD PARTY INFORMATION

The Issuer has obtained certain statistical and market information that is presented in this Prospectus on such topics as the Nigerian economic landscape and related subjects from certain government and other third-party sources described herein. The Issuer has reproduced such information and, so far as the Issuer is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution.

Prospective investors should also note that some of the Issuer's estimates are based on such third-party information. Neither the Issuer nor any of the Issuing Houses have independently verified the figures, market data or other information on which these third parties have based their studies. Certain statistical information reported herein has been derived from official publications of, and information supplied by, a number of Government agencies and ministries, including the CBN, the Nigerian Debt Management Office ("DMO") and the Nigerian National Bureau of Statistics ("NBS").

ROUNDING

Certain figures included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures, which precede them.

ISSUE OF PRICING SUPPLEMENTS / SUPPLEMENTARY SHELF PROSPECTUSES

Following the registration of this Prospectus with the SEC, a Supplementary Prospectus or Pricing Supplement may be prepared by the Issuer for the approval of the SEC, as the case may be, in accordance with Rule 279(3)(6)(b) of the SEC Rules.

Statements contained in any such Supplement shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

FMN declares that, to the best of its knowledge and honest belief, no material facts have been omitted from, and there are no material misstatements in, this Prospectus, which would make any statement contained herein misleading or untrue. FMN will, in the event of any significant new factor or material mistake or inaccuracy relating to information included in this Prospectus that is capable of affecting the assessment of the Programme or the Bonds, prepare a Supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of Bonds.

Flour Mills of Nigeria Plc RC 2343
1 Golden Penny Place, Wharf Road, Apapa, Lagos State, Nigeria
P.O. Box 341, Apapa, Lagos State, Nigeria.
Tel: 0705-689-1000, 2000, 3000, 1111, 2222, 3333
Web: www.fmnplc.com

Food and Agro-Allied Group

September 5, 2018

The Director General
Securities & Exchange Commission
SEC Tower
Plot 272 Samuel Adesoji Ademulegun Street
Central Business District
Abuja

Dear Sir,

Flour Mills of Nigeria Plc ₦70 billion (Seventy Billion Naira) Bond Issuance Programme (the "Programme") and subsequent issuance of Notes under the Programme

The Shelf Prospectus has been prepared by Flour Mills of Nigeria Plc (the "Issuer") with a view to providing a description of the relevant aspects of the Issuer's business in connection with the Programme.

On behalf of the Board of Directors, we hereby make the following declarations:

(i) We confirm that the information contained in this Shelf Prospectus is, to the best of our knowledge, in accordance with the facts and contain no omission likely to affect its import:

(ii) There has been no significant change in the financial condition, or material adverse change in the prospectus of the Issuer since the date of this document, and

(iii) The issuer is not in breach of any terms and conditions in respect of borrowed monies which resulted in the occurrence of an event of default and an immediate recall of such borrowed monies during the 12 (twelve) months preceding the date of this Shelf Prospectus

Signed for and on behalf of
Flour Mills of Nigeria Plc:

By its duly authorised representatives:

Mr Paul Gbededo Group Managing Director	**Mr Jacques Vauthier** Group Chief Finance Officer	**Mr Joseph Umolu** Company Secretary

NOTARISED by me

KEHINDE BURAIMO
NOTARY PUBLIC
7th Floor Mandilas Building
35, Simpson Street, Lagos.
P. O. Box 2252, Marina Lagos

CHAIRMAN: J. G. Coumantaros (U.S.A). **GROUP MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER:** P.M. Gbededo
DIRECTORS: (Vice Chairman) Dr. (Chief) E. A. Ukpabi (KJW), Alhaji A.A. Abba, Prof. J. Gana, CON, A.O. Garate (Spanish), Salamatu H. Suleiman, Alhaji R. M. Gwarzo, OON, I.N. Katsaounis (Greek), T. Mazarakis (Greek), A. N.A. Peterside, CON, F.O. Phillips, Alhaji Y.O.A. Saliu, F.R.A. Williams, Jnr.

Founder: G.S. Coumantaros (1922 - 2016)

Directors and Company Secretary of the Issuer

Executive Director:
Mr Paul M. Gbededo **(Group Managing Director)**
Road 47, Q4 Victoria Garden City
Ajah
Lagos

Company Secretary:
Mr Joseph O. Umolu
1 Golden Penny Place
Wharf Road
Apapa
Lagos

Non-Executive Directors:

Mr John G. Coumantaros **(Chairman)**
33rd Floor, 712 Fifth Avenue
New York
United States of America
Joseph Umolu

Dr (Chief) Emmanuel A. Ukpabi (KJW) **(Vice Chairman)**
76 Marine Road
Apapa
Lagos
Joseph Umolu

Alhaji Abdullahi Ardo Abba
26 Mayo Inne Road
Jimeta
Yola
Adamawa
Joseph Umolu

Professor Jerry Gana, CON
2 Misratah Street
Wuse II
Abuja
Joseph Umolu

Mr Alfonso Garate
33rd Floor, 712 Fifth Avenue
New York
United States of America
Joseph Umolu

Alhaji Rabiu Muhammad Gwarzo, OON
15 Mai Malari Road
Bompai Industrial Estate
Kano
Joseph Umolu

Mr Ioannis Katsaounis
26 Filellinon Street
Athens
Greece
Joseph Umolu

Mr Athanasios George Mazarakis
33rd Floor, 712 Fifth Avenue
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United States of America
Joseph Umolu

Mr Atedo Nari Atowari Peterside, CON
I.B.T.C. Place
Walter Carrington Crescent
Victoria Island
Lagos
Joseph Umolu

Mr Foluso O. Phillips
Phillips Consulting
4th Floor, UBA House
57 Marina
Lagos
Joseph Umolu

Alhaji Yunus Olalekan A. Saliu
3 Abike Sulaiman Street
Lekki Phase 1
Lekki
Lagos
Joseph Umolu

Mr Folarin Rotimi Abiola Williams
1 Shagamu Avenue
Ilupeju
Lagos
Joseph Umolu

Mrs Salamatu Hussaini Suleiman
19 Bolaji Akinyemi Crescent
Katampe Extension
Abuja
Joseph Umolu

Issuing Houses

Stanbic IBTC Capital Limited
I.B.T.C. Place
Walter Carrington Crescent
Victoria Island,
Lagos
KBE.
Kobby Bentsi-Enchill

ARM Securities Limited
1 Mekunwen Road
Off Oyinkan Abayomi Drive
Ikoyi
Lagos
Tamitayo Sogbola

FBNQuest Merchant Bank Limited
10 Keffi Street
Off Awolowo Road
Ikoyi
Lagos
Taiwo Okeowo

FCMB Capital Markets Limited
6th Floor, First City Plaza
44 Marina
Lagos
Abimbola Kasim

Issuing Houses

United Capital PLC
12th Floor, UBA House
57 Marina
Lagos

Peter Ashade

Zenith Capital Limited
15th Floor, Civic Towers
Ozumba Mbadiwe Road
Victoria Island
Lagos

Solicitors to the Issuer

KB & Company
7th Floor Mandilas House
35 Simpson Street
Lagos Island
Lagos

EMMANUEL EDEH

Solicitors to the Programme

The New Practice
49, Raymond Njoku Street
South-West Ikoyi
Lagos

BABA ALAKIJA

Registrars

Atlas Registrars Limited
34 Eric Moore Road
Iganmu
Lagos

TEMILOLA SILVA

Reporting Accountant

Deloitte & Touche
Civic Towers
Ozumba Mbadiwe Road
Victoria Island
Lagos

Trustees

Stanbic IBTC Trustees Limited
The Wealth House
Plot 1678 Olakunle Bakare Close
Victoria Island
Lagos

Toni Agaba-Olojo

United Capital Trustees Limited
12th Floor, UBA House
57 Marina
Lagos

Tokunbo Ajayi

ARM Trustees Limited
1 Mekunwen Road
Off Oyinkan Abayomi Drive
Ikoyi
Lagos

FOLASHADE ADELOYE

Legal Adviser to the Trustees:
Udo Udoma & Belo-Osagie
St. Nicholas House (10th & 13th Floors)
Catholic Mission Street
Lagos

Receiving Banks

Access Bank PLC
Plot 999c, Danmole Street
Off Adeola Odeku
Victoria Island
Lagos

Bolaji Keem-Salami

First Bank of Nigeria Limited
Samuel Asabia House
35 Marina
Lagos

ROTIMI ADEBEMIKE

Stanbic IBTC Bank PLC
I.B.T.C. Place
Walter Carrington Crescent
Victoria Island,
Lagos

Olu Delano

United Bank for Africa PLC
UBA House
57 Marina
Lagos

Zenith Bank PLC
Plot 84 Ajose Adeogun Street
Victoria Island
Lagos

EMEKA EZEKANNAGHA

DOCUMENTS TO BE INCORPORATED BY REFERENCE

The Issuer will, in the event of any material change in its financial position, which is not reflected in this Prospectus, prepare an amendment or supplement to this Prospectus; also, the Issuer's information given in this Prospectus and the terms and conditions of additional Bonds to be issued under the Programme may be updated in a Supplement pursuant to the Rules & Regulations. Any such amendment or supplement will be incorporated by reference into this Prospectus and forms an integral part hereof. Any statement contained in a document that is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

This Prospectus and any Supplement (as applicable) are accessible, and copies of them are available free of charge at the offices of the Issuing Houses from 8:00 am till 5:00 pm on Business Days, and on the website of the Issuer (www.fmnplc.com), during the validity of the Programme.

Telephone enquiries should be directed to the Issuing Houses on:

Stanbic IBTC Capital Limited: +234 1 422 8000

ARM Securities Limited: +234 1 448 8282

FCMB Capital Markets Limited: +234 1 261 2620

FBNQuest Merchant Bank Limited: +234 1 270 2290-4

United Capital PLC: +234 1 280 7471

Zenith Capital Limited: +234 1 278 4431

THE PROGRAMME

This Prospectus is issued pursuant to the Rules and Regulations and contains particulars in compliance with the requirements of the SEC, The NSE and FMDQ for the purpose of giving information to the public with regard to the ₦70,000,000,000 Bond Issuance Programme established by the Issuer. The specific terms of each Series or Tranche in respect of which this Prospectus is being delivered will be set forth in the applicable Supplement and shall include the specific designation, aggregate principal amount, the currency or currency unit for which the Bonds may be purchased, maturity, interest provisions, authorised denominations, Issue Price, any terms of redemption and any other specific terms. If a specific issue under the Programme requires a listing, an application will be made to The NSE and/or the FMDQ for the admission of such Bonds to the relevant exchange.

Each of the Directors represents that he/she has taken reasonable care to ensure that the information concerning the Issuer contained in this Prospectus is true and accurate in all material respects as at the date of this Prospectus and confirms, having made all reasonable enquiries, that to the best of his/her knowledge and belief, there are no material facts, the omission of which, would make any material statement herein misleading or untrue.

LEAD ISSUING HOUSE / BOOK RUNNER

Stanbic IBTC Capital

RC: 1031358

JOINT ISSUING HOUSES / BOOK RUNNERS

ARM Securities	FBNQuest Merchant Bank	FCMB	United Capital	Zenith Capital
RC125242	**RC264978**	**RC446561**	**RC444999**	**RC639491**

ON BEHALF OF

FLOUR MILLS OF NIGERIA PLC
RC 2343

Are authorized to Issue this Shelf Prospectus in respect of

THE ₦70,000,000,000 BOND ISSUANCE PROGRAMME

This Shelf Prospectus contains:

1. on page 16, a declaration to the effect that the Issuer and its subsidiaries did not breach any terms and conditions in respect of borrowed monies which resulted in the occurrence of an Event of Default and an immediate recall of such borrowed monies during the twelve (12) calendar months immediately preceding the date of filing an application with the SEC for the registration of this Shelf Prospectus;
2. on pages 62 to 67, the Reporting Accountants' Report on the Issuer's historical financial information, prepared by Deloitte for incorporation in this Shelf Prospectus;
3. on page 61, an extract of the Ratings Report prepared by Global Credit Ratings Co. Limited;
4. on page 71, the details and summary of the claims and litigation against the Issuer prepared by The New Practice

DESCRIPTION OF THE PROGRAMME

Under the proposed Programme structure, a single consolidated Programme will be established whereby applications to issue Bonds with a tenor of between one and three years ("**Short Term Bonds**") may be routed through FMDQ for processing and ultimate approval and registration with the SEC, and applications to issue Bonds with a tenor of three years and above ("**Medium Term Bonds**" or "**other Bonds**") submitted directly to the SEC. The process for routing Short Term Bonds through the FMDQ will be in accordance with the framework for the issuance of Short Term Bonds as set out in the FMDQ Rules, while the other Bonds will be governed by the applicable process for issuance of issuing securities under the SEC Rules. Regardless of the route of application and approvals for the Bonds to be issued, all Bonds issued under the Programme will ultimately be approved and registered by the SEC pursuant to the Programme. At the discretion of the Issuer, applications for Short Term Bonds may also be submitted directly to the SEC.

FMN may from time to time issue Bonds, in Naira or an equivalent in such other currency or currencies as may be specified in the applicable Pricing Supplement. The applicable terms of the Bonds will be set out in the Terms and Conditions incorporated by reference into the Prospectus and the applicable Supplement. A summary description of the Programme, the proposed issuance structure, regulatory framework and a summary of the Programme terms and conditions, is set out in this section, and sections under the respective headings "*Description of the Issuance Structure*" and "*Summary of the Programme*".

This Prospectus will apply to the Bonds issued under the Programme, in an aggregate nominal amount outstanding, which does not exceed the Programme Limit.

DESCRIPTION OF THE DOCUMENTATION FRAMEWORK

The establishment of this Programme has been undertaken by FMN to refinance existing short term debt obligations, extending its debt maturity profile and also to take advantage of opportunistic investments.

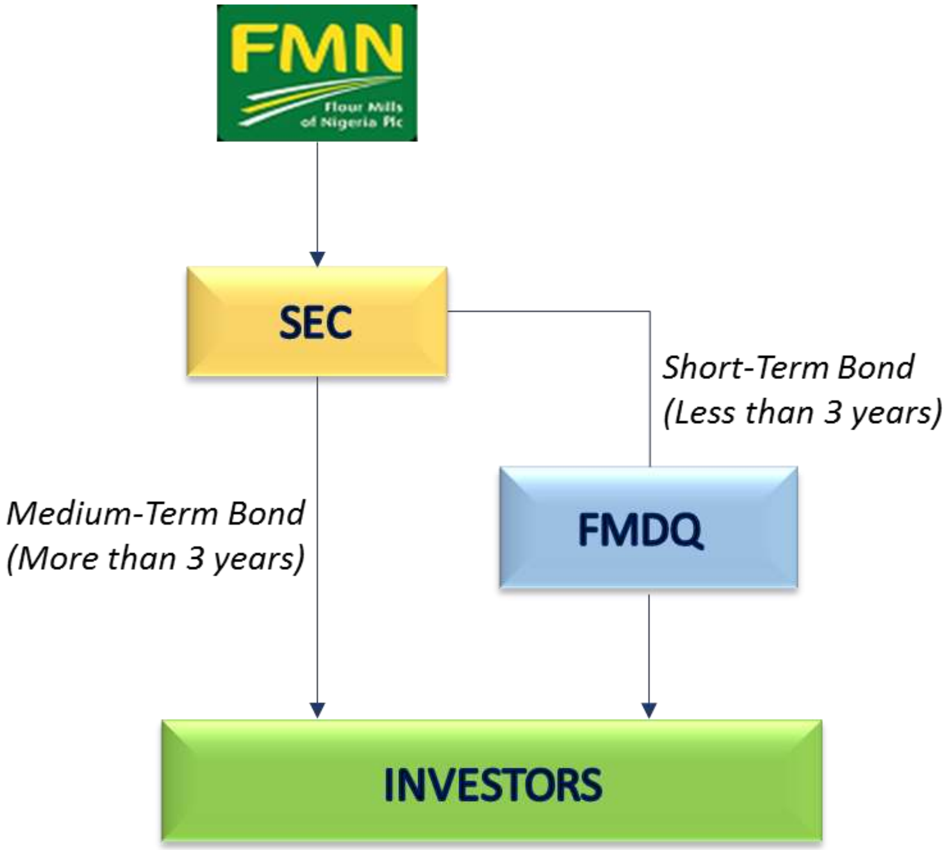
The applicable Supplement for each Tranche or Series under the Programme will specify details of the use of proceeds of the particular Tranche or Series.

A summary of the documentation governing the Bonds to be issued under the Programme is outlined below:

i. This Prospectus disclosing material information in relation to the Issuer;
ii. The relevant Supplement containing specific terms relating to that particular issue of Bonds
iii. A Programme Trust Deed between the Issuer and the Trustees setting out inter alia, the powers, rights, obligations/duties of the Trustees in relation to the Bonds issued under the Programme;
iv. Series Trust Deeds will be entered into constituting each series of Bonds issued by FMN, and will contain specific terms relating to that particular issue of Bonds; and
v. Vending Agreement between the Issuer and the Issuing Houses in connection with the roles of management and marketing of the offer amongst others. These will be prepared on a series by series basis

The documentation of each series will specify which Bonds are being issued. Documentation relating specifically to the issuance of Bonds will be filed and reviewed by the regulators – FMDQ and/or SEC in relation to Short Term Bonds and the SEC in relation to other Bonds.

ISSUANCE / REGULATORY FRAMEWORK STRUCTURE



VALIDITY PERIOD OF THE PROSPECTUS AND DELIVERY OF DOCUMENTS

This Prospectus is valid from its date until 1 November 2021 ("**Validity Period**"). No Bonds shall be issued or allotted on the basis of this Prospectus read together with the applicable Supplement(s) later than the Validity Period or any other validity period as enforced by the SEC from time to time unless the Validity Period is renewed by the Commission.

This Prospectus can be obtained free of charge from the offices of the Issuer and any of the Issuing Houses and can also be downloaded from the respective websites of the Commission and the Issuer, throughout its Validity Period.

SUMMARY OF THE PROGRAMME

This summary should be read as an introduction to this Prospectus. It does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus as a whole, any Supplement and other documents, if any, incorporated by reference into this Prospectus.

TERMS	DESCRIPTION
Issuer:	Flour Mills of Nigeria Plc.
Programme Description:	A Bond Issuance Programme undertaken by the Issuer of convertible and non-convertible, senior or subordinated debt instruments to be issued in Series, and or Tranches. The Programme covers Fixed Rate Bonds, Floating Rate Bonds, Reverse Floating Bonds, Zero Coupon Bonds, any combinations thereof and in any other format recognised by the SEC, all of which shall be denominated in Naira or in such other currency as may be agreed between the Issuing Houses and the Issuer and specified in the applicable Supplement. No Bonds shall be offered on the basis of this Prospectus or any Supplement after the expiration of the Validity Period or any other validity period as enforced by the SEC from time to time unless the Validity Period is renewed by the SEC. The Bonds shall be constituted by the Programme Trust Deed and a Series Trust Deed. A Series Trust Deed will be issued in respect of each Series, provided that any terms and conditions relevant to additional Bonds, if any, under the Programme shall be governed by the relevant Series Trust Deed.
Programme Limit:	₦70,000,000,000 (Seventy Billion Naira) aggregate principal amount of Bonds outstanding at any one time.
Lead Issuing House / Book Runner	Stanbic IBTC Capital Limited
Joint Issuing Houses / Book Runners	ARM Securities Limited, FBNQuest Merchant Bank Limited, FCMB Capital Markets Limited, United Capital Plc and Zenith Capital Limited
Trustees:	ARM Trustees Limited, Stanbic IBTC Trustees Limited and United Capital Trustees Limited.
Method of Issue	The Bonds issued under the Programme may be offered and sold by way of public offering or private placement, through a book building process and/or any other methods as described in the applicable Supplement, within Nigeria or otherwise, in each case in accordance with the applicable Rules and Regulations.
Issuance in Series:	The Bonds will be issued in Series, and each Series may comprise one or more Tranches issued on different dates. The Bonds in each Series will have identical terms (except that the Issue Dates, Maturity Dates, Issue Price, Coupon Commencement Dates and related matters may be different). Details applicable to each Series and Tranche will be specified in the applicable Supplement.
Currency:	The Bonds shall be denominated in Naira (₦) or in such other currency as may be agreed between the Issuer and the Issuing Houses and specified in the relevant Supplement, subject to compliance with all applicable legal and regulatory requirements. Where any currency other than the Naira is specified in the relevant Supplement, the selling restrictions and additional disclosure requirements applicable to such other currency will be specified in the relevant Supplement.
Use of Proceeds:	The net proceeds from each Series or Tranche under the Programme will be used solely for the purposes for which the Bonds were issued and shall be disbursed in the manner disclosed in the applicable Supplement.

Maturities:	The Bonds shall have such maturities, as may be agreed by the Issuer and the Issuing Houses and specified in the applicable Supplement, subject to such maturities as may be allowed or required from time to time by the relevant laws or regulations applicable in Nigeria.
Maturity Date:	As specified in the applicable Supplement.
Tenor:	The tenor of a particular Series or Tranche shall be determined by the Issuer and the Issuing Houses and specified accordingly in the applicable Supplement for the Bonds being issued.
Issue Price:	Bonds may be issued at Par Value or at a discount to Par Value. The Issue Price of a specific Series or Tranche shall be specified in the applicable Supplement.
Closing Date:	The Closing Date of a specific Series or Tranche shall be stated in the applicable Supplement.
Coupon:	Bonds may be interest-bearing or non-interest bearing. The Coupon, if any, payable on the Bonds shall be determined by the Issuer and Issuing Houses and stated accordingly in the applicable Supplement.
Frequency:	The frequency of payment of interest and any other monies due on the Bonds shall be specified in the applicable Supplement.
Repayment:	Repayment terms in respect of the Bonds issued under the Programme shall be specified in the applicable Supplement.
Day Count Convention:	In case of Zero Coupon Bonds: Act/360 (actual number of days in a Month and 360 days in a Year). In case of Fixed and Floating Rate Bonds: Act/365 (actual number of days in a Month and 365 days in a Year) or Act/Act (actual number of days in a Month and actual number of days in a Year), as the case may be. Different day count conventions may be stipulated in the applicable Supplement.
Principal Redemption:	Bonds will be redeemed on the dates specified in the relevant Supplement.
Early Redemption:	Early redemption will be permitted only to the extent specified in the applicable Supplement, and subject to any applicable legal and regulatory limitations.
Redemption Amount:	The relevant Supplement will specify the redemption amount or, if applicable, the basis for calculating the redemption amounts payable
Form of Bonds/ Transferability:	The Bonds will be issued in un-certificated or book entry form registered with a separate identification code with the CSCS as specified in the applicable Supplement. Where Bonds are represented by a Certificate(s), such Certificate will be numbered serially with an identifying number recorded in the relevant Certificate and in the Register. The Bonds will be freely transferable in accordance with the provisions of the Trust Deed.
Interest Rate:	Bonds issued under the Programme may be issued on a fixed rate, floating rate, zero coupon, indexed rate, variable rate or reserve floating rate or as defined in the applicable Supplement. **Fixed Rate Bonds:** Fixed interest will be payable semi-annually in arrears, or as specified in the relevant Supplement; **Floating Rate Bonds:** will bear interest set separately for each Series by reference to a specified variable benchmark rate plus a fixed spread. The benchmark rate and the applicable spread shall be specified in the relevant Supplement; **Zero Coupon Bonds:** may be issued at their principal amount or at a discount and will not bear interest, other than in the case of default interest for late payment as prescribed in the relevant supplement;

	Indexed Bonds: payments of principal in respect of index redemption Bonds or of interest in respect of index linked interest Bonds will be calculated by reference to such index and/or formula or to changes in the prices of Bonds as prescribed in the relevant Supplement; **Convertible Bonds:** may bear a fixed rate or floating rate of interest, and have attached thereto, a right to convert such amount or holding of Bonds into fully paid ordinary shares of the Issuer as prescribed in the relevant Supplement; **Exchangeable Bonds:** may provide the Bondholder (and/or the Issuer) with an option to convert the Bonds or other securities into shares in a parent or subsidiary company of the Issuer as prescribed in the relevant Supplement; **Variable Rate Bonds:** will bear a rate of interest that varies in accordance with a pre-determined schedule as prescribed in the relevant Supplement.
Interest Period(s) or Interest Payment Date(s) for Floating Rate Bonds:	Such period(s) or date(s) as shall be specified in the applicable Supplement.
Listing:	Each Series or Tranche may be listed on The NSE and/or FMDQ platform, and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system as specified in the relevant Supplement.
Bonds Trading & Liquidity:	Bonds may trade OTC or on any other recognised trading platform between banks and qualified market counterparties.
Issuer Rating:	The Issuer was assigned a rating of BBB+ by Global Credit Rating Co. Limited in September 2017 and Bbb+ by Agusto and Co in July 2018. The ratings are valid for a period of one year from the date of ratings exercise, following which the ratings will be reviewed. Bonds issued under the Programme will be assigned a rating and such rating shall be indicated in the applicable Supplement.
Taxation:	The Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 ("Order") and the PITA exempt income and interest earned by holders of bonds issued by corporate bodies from the imposition of income tax under the CITA and PITA respectively. The exemption granted under this Order is for a period of 10 years commencing from January 2, 2012 while there is no similar limitation in respect of the exemption under PITA. Furthermore, the proceeds from the disposal of the Bonds are exempt from tax imposed under the VAT Act by virtue of the Value Added Tax (Exemption of the Proceeds of the Disposal of Government and Corporate Securities) Order 2011, commencing from January 2, 2012. This exemption is also for a period of ten (10) years from the commencement date of this Order. Thus, the Issuer will not be required by law to withhold tax on Coupon payments to the Bondholders. In relation to Bonds with a maturity date later than January 2, 2022, the Issuer may be required by law to withhold tax on Coupon payments to the Bondholders. In addition, the Value Added Tax (Exemption of Commissions on Stock Exchange Transactions) Order, 2014 exempts (a) commissions earned on traded value of the shares, and (b) commissions payable to the SEC, The NSE and the CSCS from VAT for a period of five years from the commencement date of the order i.e. 25th July, 2014. Accordingly, any commission payable to the CSCS, SEC or The NSE in connection with Bonds will be exempt from VAT for a period of five (5) years from the commencement date of this Order.
Negative Pledge:	For as long as any of the Bonds remain outstanding, the Issuer shall not, without the prior consent of the Trustees in writing, create or permit to

	subsist any Security Interest to secure any Financial Indebtedness, unless the Issuer's obligations under the Bonds are secured equally and rateably therewith or have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustees in their absolute discretion shall deem not to be materially less beneficial to the Bondholders
Governing Law:	The Bond Issuance Programme, the Trust Deed and related documents will be governed by, and construed in accordance with the laws of Nigeria.

INFORMATION RELATING TO THE PROSPECTUS

This Prospectus has been prepared by the Issuer in connection with the ₦70,000,000,000 (Seventy Billion Naira) Bond Issuance Programme, for the purpose of giving information to the prospective investors in respect of the Bonds described herein. The SEC has cleared this Prospectus and will register the securities listed herein. The registration of this Prospectus and any Supplement by the SEC shall not be taken to indicate that the SEC endorses or recommends the Bonds to be issued under the Programme or assumes responsibility for the correctness of any statements made or opinions or reports expressed herein.

This Prospectus contains certain statements, estimates and projections with respect to the future performance of the Issuer. These statements, estimates and projections reflect various assumptions by the Issuer concerning its anticipated future performance, which have been included solely for illustrative purposes. These statements, estimates and projections should not however, be relied upon as representations, warranties or undertakings, expressed or implied, as to the future financial condition of the Issuer and actual occurrences may vary materially from the projected developments contained herein and/or the assumptions on which such statements, estimates and projections were based.

The receipt of this Prospectus or any information contained in it or supplied with it or subsequently communicated to any person does not constitute investment advice from the Issuing Houses to any prospective investor. Prospective investors should make their own independent assessment of the merits or otherwise of subscribing to the securities offered herein and should seek their own professional advice in connection with any prospective investment by them.

Nothing in this Prospectus should be construed to mean that the Issuing Houses are bound to provide any information coming to their attention to any Bondholder or potential investors in the Bonds. Also, no Issuing House is bound to advise any investor or potential investors on the financial condition or affairs of the Issuer during the life of the Programme contemplated therein.

TERMS AND CONDITIONS OF THE PROGRAMME

The following is the text of the general terms and conditions which, (subject to amendment and as completed, modified, supplemented, varied or replaced, in whole or in part, by the final terms, which are set out in the relevant Series Trust Deed and/or applicable Supplement (the "Final Terms") and, save for the italicized text), will apply to the Bonds.

The provisions of these Conditions, which are applicable to the Bonds issued under the Programme, shall be deemed to be completed by the information contained in the relevant Final Terms. Bonds may be issued in individual tranches, which together with other tranches may form a series of bonds. Any provisions of the Final Terms modifying, supplementing or replacing, in whole or in part, the provisions of these Conditions shall be deemed to so modify, supplement or replace, in whole or in part, the provisions of these Conditions; alternative or optional provisions of these Conditions as to which the corresponding provisions of the Final Terms are not completed or are deleted shall be deemed to be deleted from these Conditions; and all provisions of these Conditions which are inapplicable to the Bonds shall be deemed to be deleted from these Conditions, as required to give effect to the terms of the relevant Final Terms

The Bonds are constituted by and under the Programme Trust Deed dated 1 November 2018 between Issuer and the Trustees, as supplemented by the relevant Series Trust Deed between the Issuer and the Trustees. The Bondholders are entitled to the benefit of and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the relevant Series Trust Deed applicable to them. Copies of the Trust Deed are available for inspection between 8:00a.m till 5:00p.m on Business Days, at the offices of the Trustees at 1 Mekunwen Road Off Oyinkan Abayomi Drive, Ikoyi, Lagos for ARM Trustees Limited; The Wealth House, Plot 1678 Olakunle Bakare Close, Off Sanusi Fafunwa Street, Victoria Island, Lagos, Nigeria for Stanbic IBTC Trustees Limited; and UBA House (12th Floor), 57 Marina, Lagos for United Capital Trustees Limited; and at the offices of the Registrar as specified in the applicable Supplement.

Any Series of Bonds which is to be created and issued pursuant to the Programme Trust Deed shall be constituted by, be subject to and have the benefit of a Series Trust Deed (the "Series Trust Deed") between the Issuer and the Trustees. The Issuer shall execute and deliver such Series Trust Deed to the Trustees containing such provisions (whether or not corresponding to any of the provisions contained in the Programme Trust Deed) as the Trustees may require. Each Series Trust Deed shall set out the form of the Series of Bonds to be so constituted thereby.

These Conditions include summaries of, and are subject to the detailed provisions of the Trust Deed and the relevant Series Trust Deed. The Bondholders are entitled to the benefit of and are bound by, and are deemed to have notice of, all the provisions of the Programme Trust Deed and the relevant Series Trust Deed applicable to them.

Words and expressions defined in the Trust Deed (as same may be amended, varied or supplemented from time to time with the consent of the Parties thereto) are expressly and specifically incorporated into and shall apply to these Conditions.

1. FORM AND DENOMINATION

Bonds issued under the Programme may be fixed rate bonds, floating rate bonds, discounted or a combination thereof in denominations as may be specified in the relevant Pricing Supplement.

The Bonds shall be issued in uncertificated (dematerialised or book-entry) form, which shall be registered with a separate securities identification code with the CSCS.

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2. REPAYMENT

The principal on the Bonds will be repaid on the relevant Maturity Date or on an amortising basis in accordance with the terms of the relevant Series or such date as the Trustees in accordance with the Trust Deed declares the Bonds to have become immediately repayable, together with such premium (if any) agreed in the relevant Series Trust Deed, on such Bonds.

3. REDEMPTION

3.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled, the Issuer will redeem the Bonds at their principal amount on such dates as specified in the Series Trust Deed.

3.2 Redemption prior to Maturity

3.2.1 Subject to the terms of the relevant Series Trust Deed, the Issuer shall be entitled at anytime to redeem the whole or any part of the Bonds upon giving the holders of the Bonds to be redeemed not less than three months' notice of its intention to do so, and at the expiration of such notice, the Issuer shall be entitled and bound to redeem the Bonds in respect of which such notice has been given

3.2.2 In the event of the Issuer at anytime determining to redeem part only of the Bond for the time being outstanding, the particular Bond to be redeemed shall be selected by drawing to be made as provided in Condition 10 or at the option of the Issuer pro rata to holdings.

3.2.3 Early redemption shall take place on such terms as shall be agreed in the relevant Series Trust Deed or on such terms as shall be determined by the Bondholders or the relevant Bondholder whose Bond is to be redeemed at 11a.m on the date set for redemption.

3.2.4 In the case of redemptions made under this Condition, not less than 3 (three) month's previous notice in writing of the date fixed for redemption, which shall be a Coupon Repayment Date, shall be given by the Issuer to each Bondholder any of whose Bond is to be redeemed. Such notice shall state the amount of the Bond due for redemption and the condition under which such redemption is to be effected and shall name the date and place for redemption of such Bond.

3.3 Redemption for Taxation Reasons

If so specified in the Pricing Supplement, the Bonds may be redeemed at the option of the Issuer in whole, or in part, if on giving not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Bondholders (which notice shall be irrevocable) at their early redemption amount together with the Coupon accrued to the date fixed for redemption, if:

i. the Issuer satisfies the Trustees and the Commission immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Nigeria or any political subdivision or any authority thereof or therein having power to impose tax (other than the expiry of the Companies Income Tax Act Cap C21 LFN 2004 exemption in respect of the Bonds set out in the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 in relation to Bonds with a maturity date later than January 2, 2022), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the Series or Tranche of the Bonds; and

ii. such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 (ninety) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustees and the Commission a certificate signed by two Directors stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

Provided, however, that no such notice of redemption shall be given earlier than:

iii. where the Bonds may be redeemed at any time, 90 (ninety) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or would be entitled (as such entitlement is materially reduced) to claim a deduction in respect of computing its taxation liabilities; or

iv. where the Bonds may be redeemed only on a Coupon Payment Date, 60 (sixty) days prior to the Coupon Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts or would not be entitled (or such entitlement is materially reduced) to claim a deduction in respect of computing its taxation liabilities.

4. PURCHASE OF BONDS BY THE ISSUER

The Issuer may at any time and from time to time purchase any part of the Bonds through the market or by tender (available to all Bondholders alike) but not otherwise. Any Bond so purchased will be cancelled and will not be available for re-issue.

5. STATUS OF THE BONDS

The Bonds are direct and unconditional obligations of the Issuer and the status of the Bonds shall be as set out under the relevant Pricing Supplement and Series Trust Deed.

6. COVENANTS BY THE ISSUER

6.1 Negative Pledge

For as long as any of the Bonds remain outstanding, the Issuer shall not, without the prior consent of the Trustees in writing, create or permit to subsist any Security Interest to secure any Financial Indebtedness, unless the Issuer's obligations under the Bonds are secured equally and rateably therewith or have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustees in their absolute discretion shall deem not to be materially less beneficial to the Bondholders. PROVIDED THAT the restrictions in this Condition 6.1 will not apply to Permitted Security.

6.2 Further Indebtedness

For as long as the Bonds remain outstanding and save as provided in this Trust Deed, the Issuer may incur any other indebtedness for borrowed moneys provided that such further indebtedness shall not be in breach of Condition 6.1 above.

6.3 Restricted Payments

The Issuer shall not declare or pay any dividend in cash or otherwise or make a distribution (whether by way of redemption, acquisition or otherwise) in respect of its share capital if an Event of Default has occurred and is continuing.

7. COUPON

If a Pricing Supplement so specifies, the Bonds of that Series will bear Coupon from the Coupon Commencement Date at the Coupon Rate(s) specified in, or determined in accordance with, the

Pricing Supplement and such Coupon will be payable in respect of each Coupon Period on the Coupon Payment Date(s) specified in the Pricing Supplement. The Coupon payable on the Bonds of any Series for a period other than a full Coupon Period shall be determined in accordance with the Pricing Supplement.

7.1 **Coupon on Fixed Rate Bonds**

The Fixed Rate Bonds (being those Bonds that specify that the coupon is payable at a fixed rate) shall bear coupon on the Principal Amount Outstanding at the Coupon Rate specified in the applicable Pricing Supplement from (and including) the Coupon Commencement Date specified in the applicable Pricing Supplement to (but excluding) the Maturity Date. Coupon shall be payable in arrears on the Coupon Payment Date in each year. The first payment of coupon will be made on the Coupon Payment Date following the Coupon Commencement Date (specified in the applicable Pricing Supplement) and, if the first anniversary of that Coupon Commencement Date is not a Coupon Payment Date, the first payment of coupon shall be as specified in the applicable Pricing Supplement.

If the Maturity Date is not a Coupon Payment Date, coupon from (and including) the preceding Coupon Payment Date (or the Coupon Commencement Date, as the case may be) to (but excluding) the Maturity Date will amount to the Final Broken Amount. If coupon is required to be calculated for a period other than a full year, such coupon shall be calculated on the basis of the actual number of days elapsed divided by 365 or such other method as described in the applicable Pricing Supplement.

7.2 **Coupon on Floating Rate Bonds**

General

The Floating Rate Bonds (being those Bonds that specify that the coupon is payable at a floating rate) shall bear interest on its Principal Amount by reference to a specified floating rate benchmark plus a margin as may be described in the applicable Pricing Supplement and/or Series Trust Deed.

Coupon Payment Dates

The Floating Rate Bonds shall bear coupon on its Principal Amount from (and including) the Coupon Commencement Date at the rate equal to the Coupon Rate payable in arrears on the Coupon Payment Date(s).

Coupon Rate

The Coupon payable from time to time in respect of each of the Floating Rate Bonds will be determined in the manner specified in the applicable Pricing Supplement.

Calculation of Coupon

The Coupon amount payable in respect of the Bonds shall be calculated by applying the Coupon Rate to the specified denomination and multiplying such sum by the applicable Day Count Fraction.

For the Purposes of Condition 8.2 (d):

“Day Count Fraction” means, in respect of the calculation of an amount of Coupon for any Coupon Period (specified in the applicable Pricing Supplement):

i. if “Actual/365” is specified, the actual number of days elapsed in the Coupon Period divided by 365; or
ii. such other specified calculation method.

7.3 **Discounted Bonds**

The Zero Coupon Bonds (being those Bonds that are issued at a discount to their face value) will be issued at an issue price such that the yield to maturity is reflected in the difference between the discounted issue price and the final redemption amount of such Zero Coupon Bond as specified in the applicable Pricing Supplement and/or Series Trust Deed. Zero Coupon Bonds will not bear Coupon other than in the case of late payment, which will be calculated as specified in the applicable Supplementary Shelf Prospectus and/or Series Trust Deed.

8. SINKING FUND/DEBT SERVICE RESERVE ACCOUNT

8.1 The provisions of this Condition 8 will only apply where provision is made for a sinking fund in the relevant Series Trust Deed. Where no such provision is made, this Condition 8 shall not apply to the Bonds.

8.2 The Issuer shall, not later than the date specified in a Series Trust Deed for any Series, cause payments to be made into a bank account which shall be called a “Sinking Fund Account” or “Debt Service Reserve Account” (“DSRA”) which shall be managed by the Trustees and shall form part of the trust property. The Issuer shall irrevocably authorise the Chief Finance Officer or any officer for the time being in charge of the finance of the Issuer to deduct, as a first charge on the Issuer’s cashflows and to place to the credit of the Sinking Fund Account or the DSRA (in accordance with the Series Trust Deed setting up a particular Series and referenced in the Applicable Pricing Supplement), such sum or sums from the finance of the Issuer, at the Issuer’s discretion not below the sum as stipulated in the Series Trust Deed on a monthly basis which sum shall be applied by the Trustees towards the payment of Coupon and the redemption, at par, of the Bond PROVIDED THAT the Trustees at their discretion may ask the Issuer to increase the amount being credited to the account if in its opinion the amount being credited to the account may not be sufficient to meet coupon and principal repayment due on the Bonds at any time.

8.3 **Authorised Investment**

Any monies standing to the credit of the Sinking Fund Account or the DSRA may, at the discretion of the Trustees, be invested by the Trustees in their name or under their legal control in any investments for the time being authorised by the Trustees Investment Act for the investment of trust monies or in any other investments which may be approved by the Commission. PROVIDED HOWSOEVER that the Trustees shall, while any Bonds are outstanding, render accounts on a half-yearly basis to the Issuer.

8.4 If at any time prior to the date specified in the Series Trust Deed, the Issuer redeems any Bond under the provisions of Condition 3 hereof or purchases any Bond under the provisions of Condition 4 above, the Trustees shall remit to the Issuer such monies received from the Issuer for the credit of the DSRA which are over and above the amount necessary to meet all future coupon payments and principal redemptions, at par, PROVIDED THAT, subject to Clause 14 of the Deed, the Trustees in their absolute discretion may withhold such sums as deemed necessary to maintain a cushion against coupon fluctuations.

9. CANCELLATION OF BONDS

Any part of the Bonds redeemed or purchased shall be cancelled and the Issuer shall not keep such Bond valid for the purpose of re-issue.

10. DRAWING OF BONDS FOR REDEMPTION

Whenever under these Conditions a drawing of Bond for redemption is required to be made, the Issuer shall (subject as provided in these Conditions) cause such drawing to be made at the registered office of either of the Trustees for the time being or at some other place approved by the Trustees. Notice in writing of the day, time and place of every such drawing shall be given by the

Issuer to the Trustees and any person appointed by the Trustees shall be entitled to be present at such drawing. Every such drawing shall be made in such manner and by such methods as the Trustees may approve as convenient for selecting the amount of Bonds required to be drawn.

11. DELIVERY OF DOCUMENT

If required by the Issuer every Bondholder whose Bond is due to be redeemed under these Conditions shall not later than the due date for such redemption deliver up any such document(s) as may be required by the Issuer.

12. TRUSTS

12.1 Except as required by law or as ordered by a court of competent jurisdiction the Issuer will recognise the Bondholder of any Bond as the absolute owner of such Bond and shall not be bound to take notice or see to the execution of any trust whether express, implied or constructive to which any Bond may be subject.

12.2 The receipt by a Bondholder for the time being of any Bond (or in the case of joint registered holders, the payment to the joint Bondholder whose name stands first in the Register) of the principal of such Bond or of any other money payable in respect of such Bond shall be a good discharge to the Issuer notwithstanding any notice it may have whether express or otherwise of the right, title, coupon or claim of any other person to or in such principal, dividend or other money. No notice of any trust whether express, implied or constructive shall (except as provided by statute or as required by a court of competent jurisdiction) be entered on the Register in respect of any Bond.

13. FREEDOM FROM EQUITIES

Every Bondholder will be recognised by the Issuer as entitled to his Bond free from any equities, set-off or cross-claim on the part of the Issuer against the original or any intermediate holder of the Bond.

14. TRANSFERS

14.1 The Bond is transferable in amounts or integral multiples of an amount specified in the Series Trust Deed.

14.2 Transfers of the Bond shall be by an instrument in writing in any form the Issuer and the Trustees may approve.

14.3 If the Bonds are listed, the Bonds shall be transferred on the Exchange in accordance with the rules and regulation of the Exchange.

14.4 Every instrument of transfer must be signed by or on behalf of the transferor or where the transferor is a corporation, properly executed according to its constitutional documents, and the transferor shall be deemed to remain the owner of the Bonds until the name of the transferee is entered in the Register.

14.5 Every instrument of transfer must be left for registration at the place where the Register shall for the time being be kept accompanied by such evidence as the Issuer may require to prove the title of the transferor or his right to transfer the Bond and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do.

14.6 Closed Periods: No Bondholder may require the transfer of a Bond to be registered during the period of 15 (fifteen) days ending on the due date for any payment of principal or Coupon on that Bond.

15. TRANSMISSION

15.1 In the case of the death of a Bondholder the survivor or survivors where the deceased was a joint holder and the executor or administrator of the deceased where he was a sole or only surviving holder shall be the only person recognised by the Issuer as having any title to such Bond.

15.2 Any person becoming entitled to any Bond in consequence of the death or bankruptcy of any Bondholder or of any other event giving rise to the transmission of such Bond by operation of law may upon producing such evidence of his title as the Registrars shall think sufficient, be registered as the holder of such Bond himself or subject to Condition 14 may transfer such Bond without himself being registered as the holder of such Bond.

16. METHOD OF PAYMENT OF PRINCIPAL MONEY, COUPON AND PREMIUM

Payment of the Principal, Coupon and premium (if any) for the time being owing or due on all or any part of the Bond will be credited to the bank account nominated for this purpose by the Bondholder or in the case of joint registered Bondholders by the joint Bondholders or any other method as the Trustees may determine:

17. RECEIPTS FOR MONEY PAID

If several persons are entered in the register as joint holders of any Bond, then the receipt by any of such persons of any Coupon or principal or other money payable on or in respect of such Bond shall be as effective a discharge to the Issuer as if the person signing such receipt were the sole registered holder of such Bond.

18. TITLE

Transfer of title to Bonds issued in uncertificated form shall be effected in accordance with the rules governing transfer of title in securities held by CSCS. In these Conditions, Bondholders and (in relation to a Bond) holder means the person in whose name a Bond is registered in the Register of Bondholders.

19. EVENTS OF DEFAULT

If any of the following events stated in this Condition 19 (“Events of Default”) have occurred and are continuing in accordance with the time frame set out below, the Trustees may at their discretion or shall,

i. if so requested in writing by the Majority Bondholders; or
ii. if so directed by an Extraordinary Resolution of the Bondholders,

give written notice to the Issuer at its specified office that the Bonds are immediately repayable whereupon the Principal Amount Outstanding on the Bonds together with accrued Coupon shall become immediately due and repayable:

19.1 **Non-Payment:** if the Issuer fails to pay any sums representing principal, coupon and premium (if any) on the Bond or any fees or other sums as they fall due in accordance with this Deed unless its failure to pay is caused by an administrative or technical error, and payment is made within 10 (ten) Business Days of its due date. Provided however that where such non-payment is due to a Force Majeure event the Trustees may in their discretion (after consultation with the Issuer) determine that such Force Majeure event can be remedied within a reasonable period after the grace period referred to above in this Clause and extend the grace period;

19.2 **Cross Default:** if any Financial Indebtedness of the Issuer of a value exceeding ₦20,000,000,000 (twenty billion Naira) in aggregate (for the avoidance of doubt, any amounts being contested in good faith shall not be counted towards such value) is not paid when due or within any applicable grace period, or the Financial Indebtedness of the Issuer of a value exceeding ₦20,000,000,000 (twenty billion Naira) in aggregate is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an Event of Default (however described) and such event shall be certified in writing by the Trustees to be in their opinion materially prejudicial to the interest of the Bondholders;

19.3 **Insolvency:** If

19.3.1 the Issuer is unable, for the purposes of CAMA, to pay its debts, or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its Financial Indebtedness;

19.3.2 A Moratorium is declared in respect of any Financial Indebtedness of the Issuer, and such Moratorium is not discharged within 45 (forty-five) Business Days after it was declared. Provided that the Issuer is able to show to the satisfaction of the Trustees within 10 (ten) Business days after such Moratorium is declared that it is in good faith negotiating for the lifting of the Moratorium;

19.3.3 Any corporate action or legal proceedings is concluded and judgment given against the Issuer in relation to:

19.3.3.1 a Moratorium of any Financial Indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer other than a solvent liquidation or any reorganisation of the Issuer;

19.3.3.2 the appointment of a liquidator (other than in respect of a solvent liquidation of the Issuer) receiver, administrator, administrative receiver or other similar officer in respect of the Issuer or any of its assets; or

19.3.3.3 any analogous procedure or step is taken in any jurisdiction, and such proceeding is not dismissed or terminated on or before the 30 (thirtieth) Business Day (which would exclude days on which Nigerian courts are on vacation) after the order is made or if any such dismissal or stay ceases to be in effect (or such longer period as the Trustees may permit) PROVIDED THAT the Issuer has within 10 (ten) Business Days filed good faith legal proceedings in the relevant court for the order to be set aside, dismissed or stayed;

19.4 **Cessation of Business:** if the Issuer ceases to conduct all or substantially all of its business as is now conducted or changes all or substantially all of the nature of such business or merges or consolidates with any other entity without the prior written consent of the Trustees pursuant to Clause 7.7 of the Trust Deed; or

19.5 **Material Adverse Effect:** If a Material Adverse Effect has occurred;

19.6 **Enforcement Proceedings:** if any distress, execution or other process shall be levied or enforced or sued upon or against any asset(s) of the Issuer having an aggregate value of N10,000,000,000 (Ten Billion Naira) ("Assets") and such action or process is not be discharged, or stayed within 90 (ninety) days of service by the relevant officer of the court of such attachment, execution or other legal process or if an encumbrancer shall take possession or a Receiver shall be appointed over the Assets of the Issuer and such event shall be certified in writing by the Trustees to be in their opinion materially prejudicial to the interests of the Bondholders PROVIDED THAT if the Issuer has filed good faith legal proceedings in the relevant court for application for dismissal or stay within 10 (ten) Business Days of becoming aware of the order or action, then such shall not be regarded as an Event of Default; or

19.7 **Breach of Other Obligations:** if Other than Non-Payment as in Condition 19.1, if default shall be made by the Issuer in the performance or observance of any covenant, condition, provision or agreement including the representations and warranties which default will affect the capacity of the Issuer to perform its payment obligations under this Trust Deed, and the

Issuer shall fail to perform fully or make good the breach of such covenant, condition, provision or agreement within 30 (thirty) days from receipt of notice in writing by the Trustees (or in their opinion such longer period as the Trustees may reasonably determine is not materially prejudicial to the interests of the Bondholders).

20. NOTICES

20.1 Any notice or other document may be given to or served on any Bondholder either personally or by sending it by electronic mail, by post in a prepaid envelope or delivering it addressed to him at his registered address or (if he desires that notices shall be sent to some other persons or address) to the person at the address supplied by him to the Issuer for the giving of notice to him.

20.2 In the case of joint registered holders of any Bond a notice given to the Bondholder whose name stands first in the Register shall be sufficient notice to all the joint holders.

20.3 Any notice or other document duly served on or delivered to any Bondholder under these conditions shall (notwithstanding that such Bondholder is then dead or bankrupt or that any other event has occurred and whether or not the Issuer has notice of the death or the bankruptcy or other event) be deemed to have been duly served or delivered in respect of any Bond registered in the name of such Bondholder as sole or joint holder unless before the day of posting (or if it is not sent by post before the day of service or delivery) of the notice or document his name has been removed from the Register as the holder of the Bond and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or claiming through or under him) in the Bond.

20.4 Any notice shall be deemed to have been served on the fifth (5th) day following that on which the letter containing the notice is posted and in proving such service it shall be sufficient to prove that the envelope containing the notice or the notice itself was properly addressed, stamped and posted. Any notice given by delivery otherwise than by post shall be deemed given at the time it is delivered to the address specified.

21. MEETINGS OF BOND HOLDERS

The rights and duties of the Bondholders in respect of attendance at meetings of Bondholders are set out in the Second Schedule of the Trust Deed (Provisions for Meetings of Bondholders). Decisions taken at Bondholders meetings may only be exercised by the Trustees in accordance with the Trust Deed or under these Conditions. For the avoidance of doubt, the Conditions of the Bond can only be amended with the consent of the Parties as that term is defined in the Trust Deed.

22. GOVERNING LAW

The Bonds are governed by, and shall be construed in accordance with, the laws of the Federal Republic of Nigeria.

23. PRESCRIPTION

Claims against the Issuer in respect of the Bonds shall be void unless presented for payment within ten (10) years (in the case of principal) and five years (in the case of interest), from the due date for payment of any amount due on such Bonds.

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RISK FACTORS

This section does not describe all the risks (including those relating to each prospective investor's particular circumstances) with respect to an investment in the Bonds. The risks in this 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 Prospectus, which may describe additional risks associated with the Bonds.

The Issuer disclaims any responsibility for advising prospective investors of such risks as they exist at the date of this Prospectus or as such risks may change from time to time. Prospective Investors should consult their own financial and legal advisers about the risks associated with an investment in the Bonds.

An investment in the Bonds involves certain risks, most of which may or may not occur and neither the Issuer nor any of the Issuing Houses is in a position to express a view on the likelihood of any such contingency occurring. Accordingly, prospective investors should carefully consider, amongst other things, the following risk factors together with all of the other information included in this Prospectus and any applicable Supplement before purchasing the Bonds.

IN RELATION TO NIGERIA

1. Economic risk

Lack of economic diversification exposes the country to downside risks in oil price and production

The structure of the Nigerian economy remains largely undiversified; import dependent, consumption driven. The country is dependent on oil for economic activities, fiscal revenues and foreign exchange. Oil accounts for more than 90% of exports and foreign exchange earnings while the manufacturing sector accounts for less than one percent of total exports. Dominance of oil as the major source of export receipts, coupled with import dependence heightens Nigeria's vulnerability to external shocks. The impact of the steady decline in oil prices from mid-2015 was evident in the depreciation of the currency, foreign exchange illiquidity, decline in foreign reserves, and a slowdown in the economy.

Large infrastructure deficit poses a hindrance to the development of the economy

The value of Nigeria's total infrastructure stock (road, rail, power, airports, water, telecoms, and seaports) represents only 35% GDP. This is far below the level of peer emerging market countries, where the average is 70%.[1] Nigeria lacks stable power supply and adequate infrastructure such as roads, rail, ports, broadband networks etc., which has led to challenges in the development of many sectors of the economy. The power sector still faces challenges which relate to governance, funding, legal, regulatory and pricing issues across the value chain. Given the huge capital investment required to address this deficit, there have been calls for the private sector to play a key role in providing critical infrastructure, either directly or in collaboration with the FGN. However, challenges with pricing and funding continue to call to question the viability of private sector investment.

Issues with governance and processes continue to weigh on doing business in Nigeria

Bureaucracy, bribery and corruption, are of serious concern and constitute major barriers to doing business in Nigeria and hinder economic growth and social development. Nigeria recently moved 24 places to rank 145 out of 190 countries in the World Bank's 2018 Doing Business index. While this is an improvement, the country still performs poorly in the areas of paying taxes, enforcing contracts and trading across borders. This continues to impact negatively on tax revenue, investor confidence and mobility of goods.

2. Political risks

Political, economic and social stability in Nigeria have historically been affected by political and religious conflicts, terrorism, and social and religious tensions. However, over the past year, there has been moderation in the number and frequency of attacks and cases of kidnapping across

[1] The Nigerian Economic Recovery & Growth Plan 2017-2020

various parts of Nigeria. The sectarian conflicts in the Middle Belt; insurgence of Boko Haram activity in Northern Nigeria; and the Fulani herdsmen crisis contribute to the regions' security challenges.
If the Federal Government is unable to address conditions such as poverty, low levels of education, religious intolerance, weak enforcement of law and order, these risks may persist.

IN RELATION TO FMN

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 Bonds under the Programme.

3. **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

4. **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.

Non-compliance with established environmental rules and regulations is also a threat to the Company

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.

5. 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.

6. 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.

7. 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.

8. 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.

9. 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.

10. 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 BONDS

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 bonds may be limited. Although an application will be made for Bonds 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 listing or admission to trading of the Bonds will be maintained. Accordingly, there is no assurance of the development or liquidity of any trading market for any particular Tranche/ Series of the Bonds.

2) Credit ratings may not reflect the full impact of the Bonds' risks

The Bonds will be assigned a 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 Bonds. 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 Bonds contain provisions for calling general meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend or vote at the relevant general meeting and Bondholders who voted in a manner contrary to the majority.

4) Early Redemption

The Bonds may be subject to early redemption. Therefore, Bondholders may face the risk that the Bonds will be redeemed before maturity in a falling interest rate environment, forcing the Bondholders to reinvest the proceeds at a lower rate of return.

NIGERIA – AN OVERVIEW

(i) GENERAL OVERVIEW

The Federal Republic of Nigeria is located in West Africa and has a total area of 923,768 km[1] and is bordered by the Republic of Benin to the west, Niger and Chad to the north, Cameroon to the east and the Gulf of Guinea to the south.

Nigeria consists of 36 states and the Federal Capital Territory, Abuja, which is located in North Central Nigeria. The states and the Federal Capital Territory are grouped into six geopolitical zones: North West, North Central, North East, South East, South South and South West. There are currently 774 constitutionally recognized local government areas and area councils in Nigeria. Nigeria has experienced considerable economic growth (6.5% average) since its return to democratic rule in 1999 and subsequent adoption of market friendly economic policies.

Nigeria is the most populous country in Africa, with a population of approximately 198 million as at April 2018 according to the National Population Commission. Nigeria has a relatively young population, with 3.13% of the population aged 65 years and above, 19% between the ages of 15 and 24, 32% between the ages of 25 and 59 and 44% under 15 years of age, as of 2017. The World Bank estimated the average population density for the country at 195 people per square kilometre in 2014, at 200 people per square kilometre in 2015 and at 204 people per square kilometre in 2016. Nigeria's population is unevenly distributed across the country.

Nigeria is home to over 250 ethnic groups, with over 500 languages, and the variety of customs, and traditions among them gives the country great cultural diversity. The three largest ethnic groups are the Hausa and the Fulani with 29% of the population; along with the Yoruba and Igbo (Ibo) with 21% and 18% of the population respectively.

Approximately 49% of Nigerians are urban dwellers, with the urbanization rate estimated at 4.3% with significant population clusters are scattered throughout the country. The highest density areas are in the south and southwest as Lagos remains Nigeria's largest city as well as the country's commercial centre with a population of approximately 13.1 million people. In addition to Lagos, the top three most populated cities in Nigeria are made up of Kano (c.3.5 million) and Ibadan (c. 3.2 million).

Nigeria has made progress in socio-economic terms over the last 15 years, however, Nigeria still faces key developmental challenges, which include reducing the dependency on the oil sector and diversifying the economy, addressing the infrastructure gap, and building strong and effective institutions, as well as governance issues, public financial management systems, human development indicators, and the living conditions of the population.

The Nigerian economy is highly dependent on the oil sector. Real growth of the oil sector was 14.77% (year-on-year) in Q1 2018. This represents an increase of 30.37% points relative to rate recorded in the corresponding quarter of 2017. Quarter-on-Quarter, the oil sector grew by 13.24% in Q1 2018. The Oil sector contributed 9.61% to total real GDP in Q1 2018, up from 8.53% and 7.35% recorded in the Q1 2017 and Q4 2017, respectively.

Dependence on the oil sector makes the economy vulnerable to oil price fluctuations. The collapse of crude oil prices on account of the global economic slowdown resulted in lower oil revenues for the government and ultimately led to a contraction in the economy. In the first, second, third and fourth quarters of 2016, Nigeria experienced contractions in real GDP of (0.7)%, (1.5)%, (2.3)% and (1.7)%, respectively, and (0.5)% in the first quarter of 2017. This contraction was largely influenced by and attributable to a number of factors including but not limited to a decline in consumer spending, record-high inflation, pipeline vandalism in the Niger Delta region, depletion of foreign reserves, and the weakening of the Naira against foreign currencies amongst others.

The GDP however grew in the second, third and fourth quarter of 2017 by 0.72%, 1.17% and 2.11% (year-on-year) in real terms respectively. Overall, for the year 2017, Nigeria recorded a real annual GDP growth rate of 0.83%, compared to the (1.58%) contraction recorded in 2016. For the first quarter of 2018, GDP growth slowed by to 1.95% compared to 2.11% recorded in the fourth quarter of 2017.

However, this represents a year on year growth of 2.87% compared to 0.91% GDP contraction in the first quarter of 2017.

GDP performance in recent years is increasingly supported by growth in the non-oil sector, with the biggest growth drivers being agriculture, telecommunications, manufacturing and trade. Real GDP in the non-oil sector grew in the first quarter of 2018 compared to Real GDP growth in the non-oil sector over the same period in 2016, due primarily to growth in agriculture, finance and insurance, electricity, gas, steam and air conditioning supply as well as and other services. The emerging growth in GDP reflects a renewed focus on economic diversification, increased efforts at promoting growth in the private sector, recovering oil production, some recovery in non-oil industries and modest growth in agriculture.

The non-oil sector grew by 0.76% in real terms during Q1 2018. This is higher by 0.04% point compared to the rate recorded Q1 2017 and 0.70% point lower than the fourth quarter of 2017. This sector was driven mainly by Agriculture (Crop production); other drivers were financial institutions and insurance, Manufacturing, Transportation and Storage and Information and Communication. In real terms, the Non-Oil sector contributed 90.39% to the nation's GDP, lower than 91.47% recorded in the first quarter of 2017 and 92.65% recorded in the fourth quarter of 2017. Government policy has focused on improving infrastructure and reforming other key sectors, such as power and agriculture, which remain impediments to speedy, economic growth.

The CBN is currently supporting growth in the rest of the economy through small and medium scale enterprises and the agricultural sector, with initiatives such as the Anchor Borrowers Programme which allows participants in the agricultural value chain to access credit at single digit rates of interest. Furthermore, the CBN is in the process of improving the implementation of its current policies, aimed at achieving a market-determined exchange rate regime to build confidence and encourage foreign exchange inflows.

A summary of recent macro-economic indicators for Nigeria is shown below.

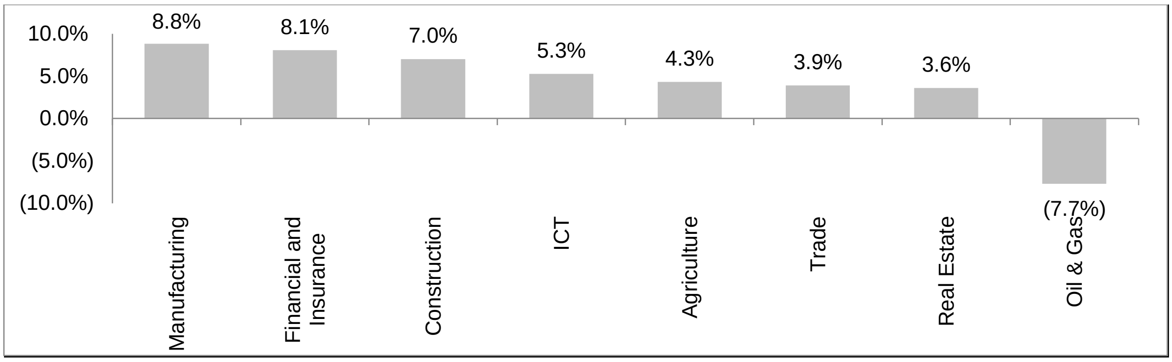
Economic indicators	2013	2014	2015	2016	2017
Population (m)	171.8	176.5	181.2	186.0	190.9
Nominal GDP US$bn	515.0	568.5	493.8	405.4	376.4
Real GDP growth (%)	5.4%	6.3%	2.7%	-2%	0.83%
GDP per capita US$	2,997	3,222	2,726	2,180	1972
Inflation (%)	8.5%	8.1%	9.0%	16%	13.8%
Exchange rate (NGN/US$)	157.3	158.6	192.7	253.0	305.3
FX reserves (US$ bn)	40.3	32.0	26.7	25.8	38.8

Source: Economist Intelligence Unit

Falling oil revenues widened the Federal Government deficit from ₦1.2 trillion in 2013 to ₦1.4 trillion in 2015, and an estimated ₦2.2 trillion in 2016. States in particular have been badly hit by the oil price shock; in 2015, 40 per cent of states were running a deficit of more than 30 per cent of their revenues.

Following the 1.2% contraction recorded in the first half of 2016, Nigeria's economy entered a recession amidst a low oil-price environment. The Nigerian economy further contracted in the third quarter of 2016, primarily as a result of continued negative growth in the oil and gas sector as a result of decreasing oil production numbers. By contrast, the non-oil sector grew slightly during the third quarter of 2016, reversing two successive quarters of negative growth, driven by the growth in the agriculture (crop production), information & communication and other services sectors.

Non-Oil Sectors Driving Economic Growth Average annual growth rate 2012-2016

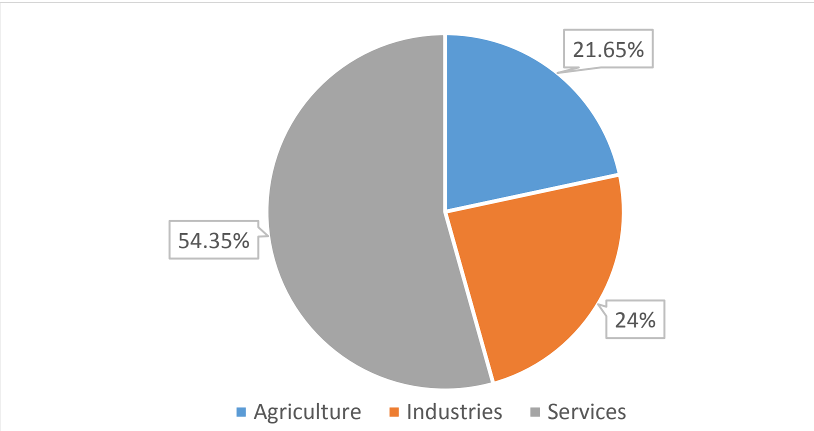


Source: 2017 Budget Proposal

The Nigerian economy is on the part of recovery, recording growth for the fifth time in the first quarter of 2018, growing 1.95% year-on-year, after emerging from recession in the second quarter of 2017. The latest GDP performance represents a decline of 0.16% from 2.11% the previous quarter but a 2.87% growth when compared with the first quarter of 2017.

GDP performance in recent years is increasingly being supported by growth in the non-oil sector, with the biggest growth drivers being agriculture, telecommunications, manufacturing and trade. Real GDP in the non-oil sector grew by 0.5% in the second quarter of 2017 compared to the same period in 2016, due primarily to growth in agriculture, finance and insurance, electricity, gas, steam and air conditioning supply as well as and other services. The non-oil sector is expected to be the main driver of the country's economy in the near future. The multiplier effects of such development include creation of jobs and reduction in the unemployment gap, promotion of service-based businesses and establishment of ancillary goods and services in the agricultural sector.

Contribution to Real GDP Q1 2018



Source: National Bureau of Statistics

For Q1 2018, the contribution of services, agriculture and industries to GDP were approximately 54.4%, 21.7% and 24% respectively. For full year 2017, the services, agriculture and industries contributed approximately 52.7%, 25.1% and 22.3% to the GDP respectively.

(ii) ECONOMIC OVERVIEW

Government policy has focused on improving infrastructure and reforming key sectors which remain impediments to faster economic growth i.e. power, infrastructure and agriculture

President Muhammadu Buhari who became the first Nigerian presidential candidate to defeat an incumbent president after a peaceful election, has clearly communicated three key priorities – anti-corruption, security and the economy. More specifically – (i) Transparency in the oil and gas sector and particularly the public sectors involvement in the Nigerian National Petroleum Corporation (NNPC) (ii) To restore security to areas plagued by heightened insecurity; and (iii) To deliver employment and heavy economic growth.

Restoring strength to Nigeria's agriculture sector is a core component of the government's strategy for the economy. There is critical focus on restoring competitiveness in palm oil, cocoa, rice, cassava, sesame, kola nuts etc. which would drive rural incomes, GDP growth and employment. The expectation is an improvement in the balance of payments and reduced reliance on imported food products.

Despite expected growth in the economy, Nigeria lacks stable power supply and adequate infrastructure leading to challenges in development of many sectors of the economy. It is estimated that the sector requires US$10,000,000,000 to restore the generation and distribution infrastructure in the next few years.

Nigeria's National Integrated Infrastructure Master Plan (2014 – 2043) sets out a 30 year, US$3.1trillion, action plan to address the nation's infrastructure challenges including power, and transport, amongst others. The aim of the plan is to raise the country's stock on infrastructure from its current level of 20-25% of GDP to 70% by 2043.

In addition, the Economic Recovery and Growth Plan (ERGP) published in March 2017 is a more comprehensive economic plan, which addresses the implementation of medium-term growth plans, as well as short-term initiatives aimed at strengthening the economy, and is intended to promote national prosperity and an efficient, dynamic and self-reliant economy to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice and equality of status and opportunity.

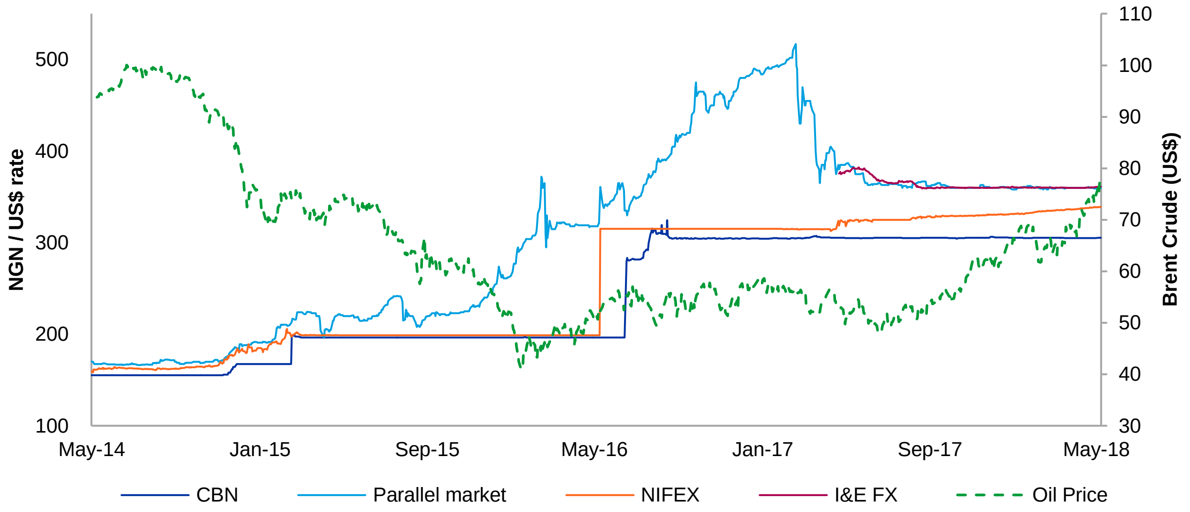
The strategic objectives of the ERGP are (i) restore economic growth through macroeconomic stability and economic diversification (ii) invest in the Nigerian people by increasing social inclusion, creating jobs and improving the human capital base of the economy (iii) build a globally competitive economy by investing in infrastructure and improving the business environment. The recently released report by the World Bank on the ease of doing business indicated that Nigeria had moved up 24 points from 169 position in 2017 to 145 in 2018 and is one of the top ten improved countries worldwide, after carrying out a number of reforms to improve its business environment.

Interest rates and inflation and exchange rates

The Naira to US Dollar exchange rate has historically been sensitive to fluctuations in the price of crude oil. The NGN/USD rate remained relatively stable around ₦155/$1 - ₦160/$1 through 2009 and 2013. The exchange rate has however come under pressure since June 2014 following the decline in the price of oil, Nigeria's key export commodity, leading the CBN to alter its management of the FX market in February 2015 by closing the Retail Dutch Auction System (RDAS) and taking other administrative measures aimed at stabilising the foreign exchange market. As a result, the NGN/US$ remained fairly stable at just below ₦200/US$1 for the most part of 2015. As a result of further pressure on the Naira, the CBN deployed a range of policy interventions with a view to reducing foreign currency demand and avoiding Naira devaluation. Some of these policies include the harmonization of the Cash Reserve Ratio ("CRR") on public and private deposits and restriction on accessing foreign currency from the official market for 41 specific items. The exchange rate as at May 2018 is ₦305.95/US$1.

In 2017, the CBN introduced a number of policies with the aim of mitigating foreign exchange shortages in the economy as well as stimulating macroeconomic activity. Introduction of the Investors' & Exporters (IE) FX window in April 2017 has created easier access to foreign exchange for companies and has somewhat stabilized the Naira against the US$ across all FX windows. The market seems to be slowly gaining confidence in the CBN's newest reforms as the average daily turnover has increased to up to US$40,000,000 daily although, the CBN accounts for roughly 40% of the transactions. Nigeria's foreign exchange reserves have also increased to more than its two-year high of c.US$38.8billion in December 2017, representing an improved, sizable FX buffer for the country. As at 28 May 2018, Federal reserves stood at US$47.7billion.

Exchange rate: Evolution of the Naira vs. US Dollar



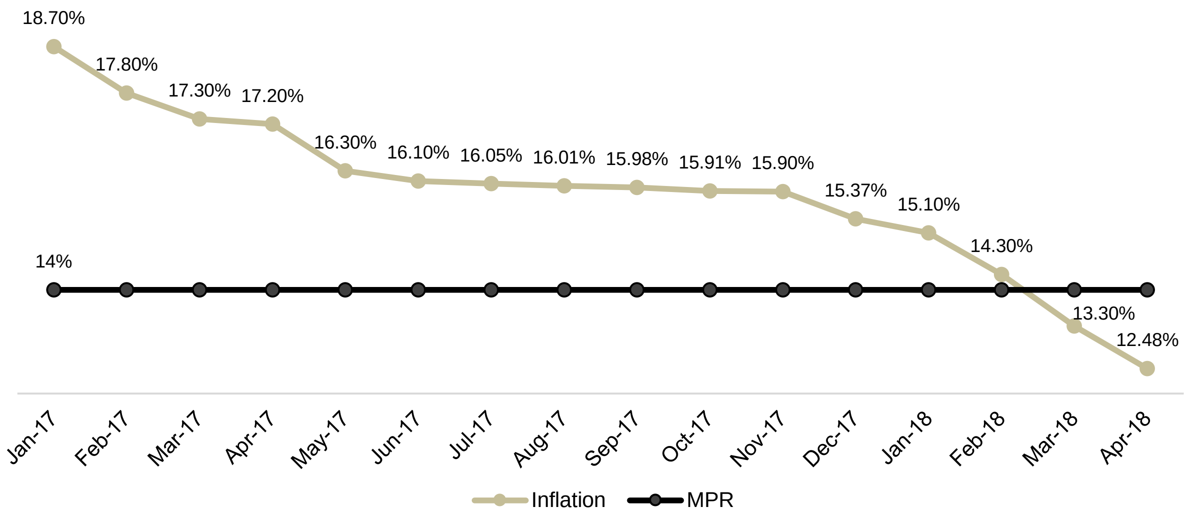
Sources: National Bureau of Statistics, Standard Bank Research, BMI, Bloomberg, EIU

Over the years, a combination of tight monetary policies and modest wage growth have contributed to reduced inflationary pressure on the economy. Inflation averaged 10.4% from 2007 till December 2015, reaching a high of 15.6% in February 2010 and a low of 4.1% in September 2007. In line with the CBN's target, headline inflation rate remained within single-digits for over 2 years from January 2013 to January 2016. Inflationary pressure increased from late 2015 resulting to double digits inflation rate by February 2016 with year-on-year inflation levels for headline inflation, core inflation and food inflation reaching 11.38%, 11.0%, and 11.35% respectively. The acceleration could be attributed to the significant increase in consumer prices on the back of higher fuel prices due to removal of fuel subsidies and exchange rate pass-through of the Naira devaluation. These factors continued to impact the Consumer Price Index as year-on-year headline inflation peaked at 18.7% in January 2017. However, pressure on inflation has continued to ease, dropping for eleven consecutive months to 15.37% in December 2017.[2] Inflation declined to 15.13%, 14.33%, 13.34% and 12.48% for January, February, March and April 2018 respectively marking the fifteenth consecutive decline.

A key priority of the CBN is to maintain price and financial stability, and support economic development. The CBN maintained its benchmark monetary policy rate at 12% from October 2011 till November 2014 when it was increased to 13%. This prolonged tightening phase came to an end in November 2015, when the Monetary Policy Committee adopted an aggressive easing stance and cut the benchmark interest rate by 200 bps to 11%, with an asymmetric corridor of -700bps/+200bps. This was in a bid to align monetary policy with the policies of the fiscal authority, which were geared towards stimulating output growth whilst ensuring price stability. However, in July 2016, in a bid to curb increasing inflation due to high electricity tariffs and price hikes, the CBN increased the MPR rate by 200bps from 12% to 14%. Although inflationary pressure gradually decreased in 2017, the CBN has decided to keep the policy rate unchanged, while actually intensifying its currency sterilization operations[3]

[2] Nigerian Bureau of Statistics Quarterly Reports on Consumer Price Index
[3] Standard Bank Research

Monetary Policy Rate vs. Inflation



Nigerian Bureau of Statistics, CBN

KEY DRIVERS OF ECONOMIC GROWTH IN NIGERIA

Drivers of growth	
Political reforms	▪ President Muhammadu Buhari's government assumed office on 29 May 2015 and pursued administrative and legislative steps to implement the agenda of the All Progressives Congress Some of the reforms which the current administration has taken include: i. exiting the Joint Venture cash call obligation arrangement with international oil companies; ii. adopting the Zero Based Budget (ZBB) approach, commencing with the 2016 Budget, with the aim of justifying every government expenditure in line with government policies and priorities; iii. introducing a Treasury Single Account; and iv. introducing the Efficiency Unit in the Ministry of Finance to guard against financial leakages. ▪ Such reforms are critical for the country to overcome the major structural challenges it faces, namely widespread corruption, an overreliance on oil exports and a dearth of productive capacity
Rising consumer class	▪ The outlook for consumer-facing industries is enhanced by Nigeria's attractive profile where the population – the continent's largest – is young, growing and increasingly wealthy ▪ The telecoms and food and beverage sectors have performed strongly over recent years and are expected to continue as GDP per capita rises
Power and Manufacturing	▪ Nigeria’s consumer potential presents vast opportunities for manufacturers of finished goods ▪ Development of the manufacturing sector will help Nigeria deal with chronic unemployment issues, which will mitigate political risk and give a further boost to the country's private consumption outlook ▪ Interventions by the World Bank in the power sector are expected to provide the much needed capital to further develop the sector

Drivers of growth	
The oil sector	▪ With a drive towards economic diversification, it is expected that the oil sector will contribute less to economic growth in the coming years ▪ The sector, however, still accounts for the vast majority of fiscal and export revenues and will therefore be important to currency, price and general macro stability that are crucial for sustainable economic growth over the coming years
Agriculture reforms	▪ Agriculture contributed 24.44% to Nigeria's GDP in the third quarter of 2017 ▪ Continued improvement in access to agricultural inputs over the coming years ahead will see yields rise and will boost the contribution of agriculture to GDP growth ▪ It will also increase the disposable income of the many Nigerians who rely on farming for their livelihood, which in turn will increase demand for consumer goods and services

POLITICAL OVERVIEW

Nigeria returned to democratic governance in 1999 with the election of Olusegun Obasanjo, a member of the People's Democratic Party ("PDP") as President, following many years of military rule. Obasanjo commenced the implementation of policies aimed at diversifying the economy to reduce reliance on the oil and gas sector, improving macroeconomic stability and developing the nation's infrastructure.

In 2007, Nigeria witnessed its first ever transition from one democratically elected government to another with the election of Umaru Musa Yar'Adua, also a member of the PDP. Following the death of Umaru Yar'Adua three years into his first term in 2010, vice president, Goodluck Jonathan, took office for the last year of the late president's term before being elected to a full presidential term in 2011.

In 2015, President Muhammadu Buhari, under the All Progressives Congress ("APC") party, became the first Nigerian presidential candidate to defeat an incumbent president after defeating Goodluck Jonathan in what many considered a peaceful election. Policy priorities for the Buhari administration include boosting infrastructure investment and diversifying the economy by targeting investment at specific sectors (notably agriculture and solid minerals). He has also communicated other key focus areas of priority – anti-corruption and security.

Nigeria has, from time to time, experienced attacks and kidnappings in parts of the country, particularly in the northern and south-southern states. It is believed that the attacks in the northern states have been carried out by Islamist militia groups based in the north, such as Ansaru and Boko Haram. Since his election in 2015, President Buhari has focused on combating terrorism in Nigeria as one of the key priorities of the Government, and has the support of Western governments and a joint task force consisting of military forces from Nigeria, Chad and Niger.

In the South Eastern part of the country, secessionist sentiment has lingered in the region since the Biafra separatist rebellion tipped Africa's most populous country into a civil war between 1967 and 1970 that killed an estimated one million people. More recently, a group known as the Indigenous People of Biafra ("IPOB") has emerged campaigning for the secession of a part of south-eastern Nigeria.[4]

In view of generating wealth and easing tensions in the country, the long term goal of the current political administration is to achieve lower oil dependency and develop a diversified, competitive and investment-driven economy. In achieving this, the administration is currently focused on three key themes:

a. Amplifying the economic impact of policies

- Aim is to deliver sustainable economic growth and development
- A key focus of the current administration is to drive growth in key sectors of the economy and to facilitate infrastructural development

[4] Reuters, 12 September 2017

- An increase in capital expenditure of over 30% was provided for in the 2017 budget (₦2.1trn from ₦1.6trn in 2016)
- Policy goal of import substitution in agriculture and manufacturing to improve domestic productivity along the value chain and a renewed focus on social safeguards

b. Reducing the exploitation of its citizens through an anti-corruption drive:

- Aim is to curb revenue leakages and create an effectual civil service
- Focused drive to resolve the interlinked challenges of corruption, insecurity and economic underperformance through:
  - I. Reforming the opaque and mismanaged oil sector by revamping the Nigerian National Petroleum Corporation (NNPC)
  - II. Tightening leakages in key government ministries (Defense, Customs, Finance and Budget)

c. Improving the level of security amidst insurgency:

- Aim is to restore security to the areas plagued with unrest
- The government has a defined objective of eliminating insurgency in the country's North East region
- President Buhari's military experience, his strong support in northern Nigeria and his dedication to this challenge has seen the government deliver clear advances in the fight against armed militancy in the north
- Emerging threats in the Niger Delta region receiving focused attention through negotiations with militant groups in the region who had resumed attacks on oil and gas facilities

Introduction

The Nigerian food industry has witnessed subdued growth in 2017 on the back of weak consumer purchasing power stifled by high inflation and unemployment. However, staple foods such as bread, pasta, rice and cereals are expected to perform well and show modest growth as more consumers shift preferences to basic value products. According to Business Monitor International (BMI), bread, pasta and cereals sales are forecast to grow at a cumulative annual growth rate of 18% between 2017 and 2021.

Agriculture is a large sector within the Nigerian economy, accounting for 29% of GDP in the third quarter of 2017. Despite this, Nigeria is still heavily dependent on food imports, spending ₦1.3trn on food imports annually.[5] This has made the country vulnerable to weaknesses in the currency, translating into accelerating food prices, such that imported food inflation has exceeded core inflation. The recent pressure on the exchange rate has, however, created the stimulus for ongoing backward integration and import substitution programmes.

In 2016, The CBN instituted a policy restricting access to FX in the interbank market for 41 imported items. Included in these items were food and agricultural products such as rice, palm oil, vegetable oil, meat, margarine, poultry and tomatoes/tomato paste. Demand for local food and raw materials rose significantly as a result of FX restrictions. This is expected to incentivise both the government and private sector to harvest opportunities in the agriculture and allied industries.

Immediate past President, Goodluck Jonathan and his administration introduced the Agriculture Transformation Agenda (ATA). The current administration is largely building on the successes of the ATA while seeking to close key gaps with The Agriculture Promotion Policy (APP). Both programs have prioritised improving productivity of the following focus crops and activities, including rice, wheat, maize, fish (aquaculture), dairy milk, soya beans, poultry, horticulture (fruit and vegetables) and sugar.

Flour

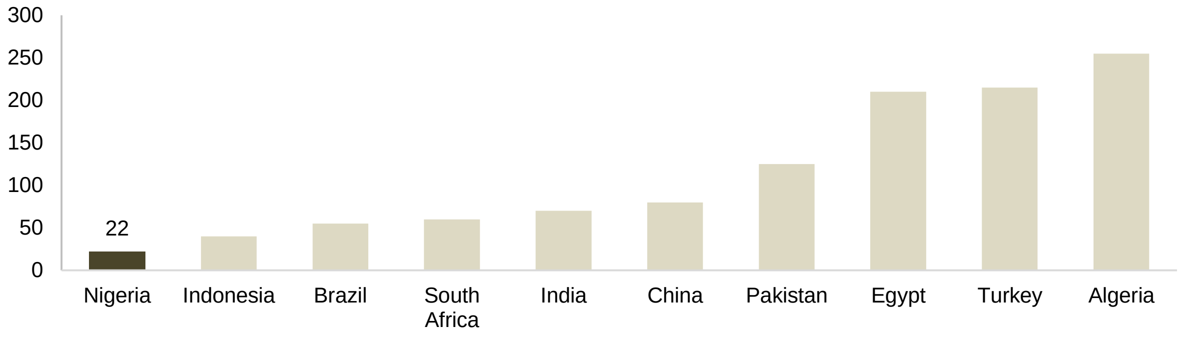
The value chain of the flour milling industry spans the importation of wheat, milling of wheat into flour, bagging and distribution of flour to consumers. Flour is the main ingredient of staple foods such as bread, semolina, pastries, noodles and biscuits. Nigeria and wider SSA continues to experience increased demand for wheat given rapid population growth, urbanization, changing tastes and rising incomes.

Nigeria's flour and related products industry is estimated at US$4 billion with forecast annual growth rate of 2% year-on-year. The primary raw material, wheat, is largely imported from the United States. The United States Department of Agriculture (USDA) estimates local production at 60,000 metric tons ("mt"), vs a demand of c.4.6 million mt. Most of Nigeria's wheat farmlands are rain-fed and insufficient to bring about increased production needed for self-sufficiency. The growing demand for wheat flour in Nigeria for the production of bread, biscuits, pastries, pasta, noodles and wheat meals contributes to the importation of over US$1.2 billion of wheat annually.[6]

Nigeria is one of the biggest consumers of wheat in Africa, lagging behind only Ethiopia in SSA. However, Nigeria's wheat consumption per capita of 0.022 mt/ person is one of the lowest when compared to other emerging markets. This is indicative of potential opportunities for growth in consumer demand driven by the growth in population, an emerging middle class and rapid urbanisation.

[5] Business Monitor International, Q3 2017 Food and Drink Report
[6] Standard Bank Research

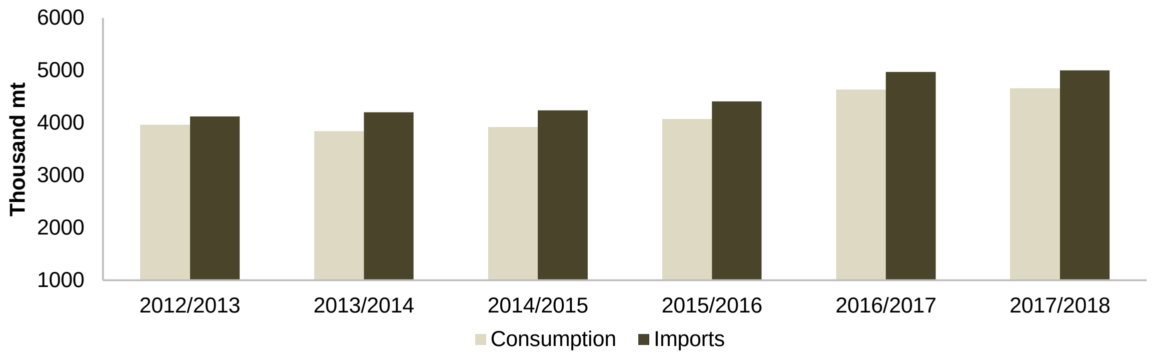
Per capita wheat consumption (kg)



Source: Standard Bank Research, USDA

The falling currency and higher-than-normal market prices have weakened consumers' purchasing power and caused a shift in consumer spending towards value products. Given the weak recovery in household income, it is expected that demand for staple foods such as rice, bread and pasta will continue to increase. Nigerian wheat imports are typically higher than domestic consumption due to informal exports of wheat flour to neighbouring landlocked countries in SSA. It is estimated that over 400,000 metric tons of branded Nigerian wheat flour is exported informally to countries in these regions despite the insecurity across the North-Eastern Nigerian border, which is the major export route for wheat flour and products.

Nigerian wheat consumption and imports



Source: Standard Bank Research, USDA

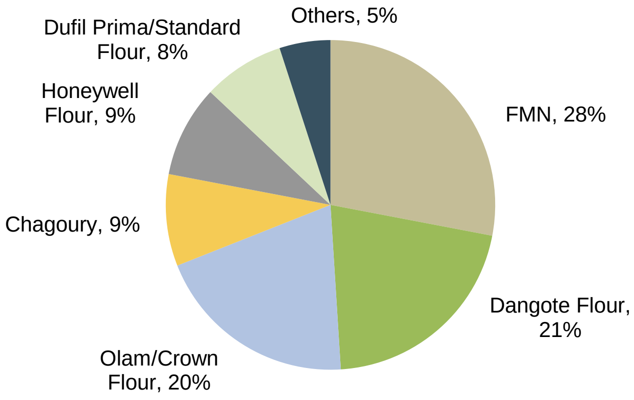
Key industry players

There are many players of various sizes competing for market share in the Nigerian flour milling industry comprising more than ten flour milling companies. FMN, Honeywell Flour Mills, Dangote Flour and Olam Group, being the top four players, account for over 80% market share. The industry's combined milling capacity is estimated at about 30,000 metric tons per day (mtpd), with average utilisation below 50%.[7]

Other players in the industry are the Chagoury Group, owners of Ideal Flour Mills, Port Harcourt Flour Mills and the Niger Delta Flour Mills, and Dufil Prima Foods.

[7] Standard Bank Research, August 2017

Installed capacity of Nigerian flour millers (% contribution to total)



Source: Standard Bank Research, August 2017

Intense competition, close substitutes and high production costs keep margins in the industry low. Industry players that can command superior volume of market demand and a nationwide sales and distribution network dominate industry profitability. Also, because almost all inputs (raw wheat) are imported, port access is a key determinant of success.

The seasonal demand for wheat based products is a major determinant of the profitability of flour milling companies. The availability of cheaper substitute products such as maize and groundnut between the months of October and February leads to a huge drop in demand for wheat based products, while demand tends to peak between the months of March and September when these substitutes are not readily available. As a result, survival in the industry also requires aggressive marketing of products Industry players that thrive in the market also require efficient distribution networks to ensure products are available at major markets across the country. Flour millers tend to be located close to these major markets to take advantage of lower distribution costs and ensure adequate supply of goods to end consumers.

Industry Trends

Flour consumption is on the rise in pace with growth in the country's middle class. The production of flour used in baking of bread is on the increase, as bread is a standard item in the country's diet and is a convenient food for many Nigerians. The rapid growth of fast food restaurants offering pastries and small cake/pastries business owners in recent years has also contributed to the increase in wheat demand.

The production of noodles continues to remain at high levels with most flour millers diversifying into noodle production to tap into the huge local market. As flour millers already produce the input needs for flour based end products, it is both strategically sound and economically beneficial to invest in flour based product business lines. Thus, major flour millers have invested in product lines such as pasta, noodles and other ready-to-eat flour based products in recent times.

Flour millers have also started taking steps to meet their input needs via backward integration strategies. FMN has led competitions to embark on backward integration via investments in the agro-allied industry with maize, rice, soya bean, cassava, palm and sugarcane farms. Also, FMN's agri-inputs business takes advantage of the Company's extensive distribution network to supply fertilizers and seeds to farmers across the country, which allows the Company to offer a broader suite of products and capture a larger share of consumers' wallets, while reducing dependence on imported raw materials in order to maintain growth and sustained profitability.

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a. HISTORICAL OVERVIEW

Flour Mills of Nigeria Plc was incorporated on 29 September 1960 as a private limited liability company and commenced operations in 1962 with an installed flour milling capacity of 500 metric tonnes per day. In 1978, FMN was converted to a public limited liability company and its shares were subsequently listed on The Nigerian Stock Exchange. Today, FMN is the largest flour milling company in Nigeria with an installed flour milling capacity of approximately 2.9 million metric tonnes per annum. FMN continues to evolve from a food focused business to a food and agro-allied company.

In 2012, FMN commenced implementing its backward integration programs through its agro-allied business initiatives, primarily to support its core food business. The Company has continued to pursue strategic business opportunities, such as capacity expansion and realignment of its core food business whilst backwardly integrating in order to further mitigate reliance on imports and exposure to external volatility in the food business by increasing local content in a substantive and sustainable way. Recent developments, milestones and investments in the Company's businesses are as follows:

- performance testing of the new sugar mill of Sunti Golden Sugar Estate based in Niger State in 2016. The trial runs of the mill precede the formal commissioning, which is expected in 2018;
- the commissioning of the downstream plants for producing bottled-vegetable oils, margarines and spreads at the ROM Oil Mills Limited factory in Oyo State in 2015;
- the assembly of new state-of-the-art sorghum mill at Northern Nigeria Flour Mills Plc in 2017;
- the modification of Northern Nigeria Flour Mills Plc's existing silo facilities to receive locally grown wheat in 2016;
- the acquisition of the remaining 25% equity stake in Thai Farm International Limited in 2016;
- the acquisition of an additional 5% equity stake in ROM Oil Mills Limited in 2017;
- the process of acquiring additional hectares of land in Edo State for future expansion of the Company's palm production capabilities;
- partnership to reconstruct Wharf Road in Apapa to improve access to FMN's premises and reduce congestion as part of the Company's initiatives; and
- improvements aimed at increasing power generating capacity and reliability for the Company's Apapa and Agbara industrial complexes in 2016.

FMN has continued to streamline its business operations to focus on its core businesses. In line with FMN's restructuring and rationalisation activities aimed at optimising costs by maintaining a lean structure, improving synergies and enhancing efficiencies, the following subsidiaries were recently wound-up and de-registered in 2016:

- Western Cement Limited, effective 04 August;
- Southern Star Shipping Company (Nigeria) Limited, effective 28 July;
- Pure Oil Mills Limited, effective 28 July;
- Burham Cement Limited, effective 29 June;
- FMN Agro allied Ventures Nigeria Limited, effective 29 June; and
- Sovereign Foods Limited, effective 29 June.

In addition, FMN received the sanction of the Federal High Court to merge with Golden Penny Rice Limited (its erstwhile subsidiary) on 04 October 2017.

b. BUSINESS OVERVIEW

Flour Mills of Nigeria Plc 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 87.5% as at 31 March 2017). The food business encompasses flour milling, the production of pasta, noodles, semolina, wheat meal, garri (a newly introduced product) as well as the processing of healthy edible oils and refined sugar. FMN's flagship flour brands, Golden Penny Flour and Golden Penny Pasta have sustained market leadership status with market shares of approximately 42% and 58% of the flour and pasta markets respectively as at 31 March 2017, as estimated by management. In addition, the ball foods segment also enjoyed a significant market share of 55% as at 31 March 2017.

In terms of new product investments and local content development, the Company commissioned a state-of-art sorghum cereal mill in Kano in 2017 and intends to add multi-grain blending facilities to its portfolio by March 2018. The new cereal mill is to be positioned as the central local cereal hub. Also, the Company successfully tested the milling of locally-grown sorghum for inclusion in bread flour and other wheat products as part of its strategic commitment to enhance local content and reduce importation.

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) in anticipation of a 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 42% as at 31 March 2017 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 Flour, the flour of choice for Nigerian bakers;
- Soft Biscuit Flour, primarily used for making biscuits and snacks;
- Prime Flour, used mostly by bakeries to produce bread and cake recipes;
- 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 58% 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 and instant powder drink.

II. Agro-allied Value Chain

FMN’s agro-allied business involves the domestic blending of fertiliser.

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.

III. Logistics and Support Value Chain

The Company's logistics and support businesses provide services such as packaging, port operations, 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.

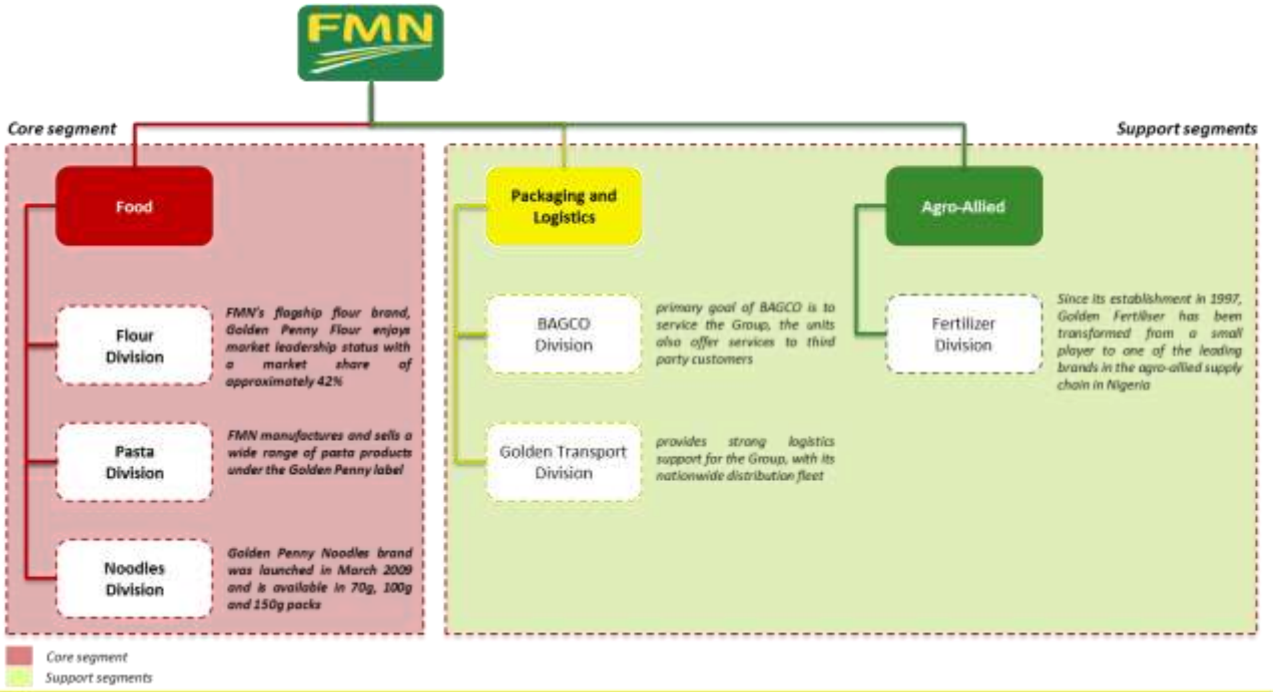
Power Generation

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. In 2014, FMN installed two Siemens gas turbines in its sugar refinery located in Apapa, each with a rated capacity of 15 megawatts which substantially increased the Company's electricity generation capacity in Apapa from 60 megawatts to 90 megawatts. The turbines use the cogeneration technology (combined heat and power) which helps to reduce the volume of greenhouse gases released into the atmosphere.

c. COMPANY STRUCTURE

FMN operates through 6 divisions across its three broad segments - food, agro-allied and logistics, most of which complement the Company's core operations.

An illustrative diagram of the Company's structure is shown below:



d. BOARD OF DIRECTORS

The Board of Directors of FMN comprises fifteen members. The Board formulates the broad policies and takes decisions for the management and operations of FMN with a view to attaining the Company's objectives.

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 Laussanne, 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.
He also serves as Chairman of Cadbury Nigeria Plc, ANAP Business Jets Limited and ANAP Holdings Limited. He also sits on the boards of Boards of Standard Bank of South Africa, Standard Bank Group Limited, Nigerian Breweries Plc and Unilever Nigeria Plc. He joined the Board of FMN in March 2010.

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 Supplement, the net proceeds from each issue of the Bonds will be used to refinance existing short term debt obligations, extending the Issuer's debt maturity profile and to take advantage of opportunistic investments.

The applicable Supplement for each Tranche or Series will specify details of the use of proceeds of the particular Tranche or Series.

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Flour Mills of Nigeria Plc

Nigeria Corporate Analysis **September 2018**

Rating class	Rating scale	Rating	Rating outlook	Expiry date
Long term	National	BBB+$_{(NG)}$	Stable	September 2019
Short term	National	A2$_{(NG)}$		

Financial data:

(USD'm comparative)[a]

	31/03/17	31/03/18
N/US$ (avg.)	284.3	305.8
N/US$ (close)	306.3	305.7
Total assets	1,116.1	1,045.6
Total debt	500.0	336.4
Total capital	346.2	485.7
Cash & equiv.	94.1	53.3
Turnover	1,319.8	1,273.4
EBITDA	157.5	144.4
NPAT	34.6	30.2
Op. cash flow	(106.7)	(135.8)
Market share	Flour (42%), Pasta (58%), Noodles (9%), Second largest in the fertilizer market.	
Market cap *	N111.3bn/USD364.5m	

[a] Central Bank of Nigeria ("CBN") exchange rate.
** As at August 2, 2018 @ N305.45/USD.*

Rating history:

Initial rating (June 2016)
Long-term: BBB+$_{(NG)}$
Short-term: A2$_{(NG)}$
Rating outlook: Stable

Last rating (September 2017)
Long-term: BBB+$_{(NG)}$
Short-term: A2$_{(NG)}$
Rating outlook: Stable

Related methodologies/research:

Global Master Criteria for Rating Corporate Entities, updated February 2018
Flour Mills of Nigeria Plc Rating Reports (2016-17)
Glossary of Terms/Ratio, February 2018

GCR contacts:

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Summary rating rationale

- The ratings of Flour Mills of Nigeria Plc ("FMN" or "the Company") reflect its leading position within the Nigerian flour milling industry, underpinned by its substantial multi-product milling capacity, diversification and wide distribution network.
- Despite a volatile economic environment, FMN has demonstrated earnings resilience, supported by increasing selling prices and volumes growth as capacity expanded. Coupled with cost rigour, this has seen profit margins strengthen, with EBITDA margin widening above 10% in FY17 and FY18. Management plans to further mitigate the high cost of importation of its raw materials by internalising more aspects of its supply chain.
- Interest costs have been elevated since FY16 due to high lending rates. Excluding the high interest income from subsidiaries, which has not always been timeously settled, weak interest coverage of 1.6x was reported in FY18 (FY17: 1.8x). Budgets anticipate interest coverage to rise above 4x in FY19, however this will be dependent on improved earnings and a significant moderation in interest costs.
- FMN has evidenced volatile cash flows over the review period, attributable to high working capital pressures, particularly in FY17 and FY18. Specifically, discretionary cash outflows have been underpinned by significant rise in intercompany loan receivables, prepayments and inventories, coupled with reduction in trade and other payables.
- While the support of the subsidiaries in ensuring a more sustainable supply chain is noted, some of them are currently loss making and require financial backing from the parent company. The intention is for subsidiaries to raise funding independently without recourse to FMN, however, in Global Credit Rating Company Limited's ("GCR") opinion, access to commercial financing is unlikely to be sufficiently available as long as the subsidiaries report constrained earnings and negative cash flows. This may be partly alleviated by the access some of the subsidiaries have to low-rate government support funding facilities.
- FMN undertook a N40bn rights Issue, which, combined with N12bn of cash in hand was utilised to settle short term debt. Nevertheless, despite the decline in gross debt to N103bn at FY18, earnings based gearing metrics remain fairly high. Moreover, gross debt has climbed to N118bn as at 1Q FY19 (almost double the forecast level), but management expects it to remain within budget for the full year. Any significant rise in debt would see gearing metrics climb further, and put pressure on the current rating.
- The high concentration of loan maturities in FY19 (85% of debt) and the substantial operating requirements will result in significant cash outflows. FMN has also indicated that the recapitalisation of its subsidiaries may continue by converting intercompany loans to equity. Accordingly, FMN will need to generate robust cash flows from core operations and have adequate liquidity to meet these impending obligations, while containing any further rise in debt. This will partly be met by the N30bn bond issuance (under a N70bn Bond Issuance Programme).

Factors that could trigger a rating action may include

Positive change: Resolving the cash drain from intercompany loans is critical to ratings progression. Enhanced margins, efficient working capital management and further debt reduction would bode positively.

Negative change: Earnings based gearing metrics remain fairly high, and any further increase would likely result in a negative rating action. Of particular concern is the continued cash absorption by subsidiaries, which continues to place FMN under significant liquidity pressure. If sustained, this would negatively impact the ratings.

Nigeria Corporate Analysis | Public Credit Rating

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03 August 2018

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

Dear Sir/Madam,

Reporting Accountants' Report on the Financial Statement of Flour Mills of Nigeria Plc for the four years ended 31 March 2018

We have examined the audited financial statements of Flour Mills of Nigeria Plc ("Flour Mills" or "the Company") for the years ended 31 March 2015, 2016, 2017 and 2018 as extracted from the consolidated financial statements of the Group ("Flour Mills and its subsidiaries") for the purpose of the proposed NGN70,000,000,000 Bond Issuance Programme. The financial statements, which were audited by Deloitte & Touche (2015) and KPMG Professional Services (2016 - 2018), comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and explanatory notes.

These audited financial statements, in respect of which the auditors issued clean audit opinions, were prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Our examination of the audited financial statements was conducted in accordance with the "International Standards on Review Engagements (ISRE) 2400 – Engagements to Review Financial Statements". This standard requires that we plan and perform our examination to obtain moderate assurance that the audited financial statements are free from material misstatement. Such moderate assurance provides less assurance than an audit and do not require us to issue an audit opinion. Our examination was limited to a review of the auditor's work papers, the evidence obtained, and the analytical procedures applied by the auditor in respect of financial data.

Based on our review, and on the requirements of the International Financial Reporting Standards, the Companies and Allied Matters Act, and the Financial Reporting Council of Nigeria Act, nothing has come to our attention that causes us to believe that the audited financial statements of Flour Mills of Nigeria Plc (for the four years ended 31 March 2015, 2016, 2017 and 2018) contain material misstatements. Please note that the Directors of Flour Mills are responsible for the contents of the prospectus in which this report is included.

Yours faithfully,
For: Deloitte & Touche

Temitope Odukoya
Partner
FRC/2013/ICAN/0000000084

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Statement of profit or loss and other comprehensive income for the years ended 31 March 2015-2018

	Notes	31-Mar-18 N'000	31-Mar-17 N'000	31-Mar-16 N'000	31-Mar-15 N'000
Revenue	5	389,397,836	375,225,284	247,876,504	229,777,869
Cost of sales	6	337,820,842)	(324,918,838)	(223,664,917)	(204,834,346)
Gross profit		**51,576,994**	**50,306,446**	**24,211,587**	**24,943,523**
Selling and distribution expenses	9	(5,595,264)	(4,981,999)	(4,600,274)	(3,670,990)
Administrative expenses	10	11,707,308)	(12,013,415)	(9,436,976)	(12,155,155)
Net operating gains and losses	8	(4,989,445)	(3,362,121)	(5,874,164)	(2,311,060)
Operating profit		**29,284,977**	**29,948,911**	**4,300,173**	**6,806,318**
Gain on disposal of investment in associate		-	-	13,952,039	-
Investment income	12	9,810,954	3,230,407	1,008,096	3,652,727
Finance costs	13	24,941,948)	(22,199,739)	(13,011,811)	(9,548,061)
Profit before taxation		**14,153,983**	**10,979,579**	**6,248,497**	**910,984**
Net income tax (expense) /credit	14	(4,909,254)	(1,150,533)	4,177,289	1,508,560
Profit for the year		**9,244,729**	**9,829,046**	**10,425,786**	**2,419,544**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Re-measurements on net defined benefit liability	34	(735,088)	979,281	(579,832)	456,698
Related tax	15	235,228	(313,370)	173,950	(137,009)
Re-measurements of defined benefit liability, net of tax		**(499,860)**	**665,911**	**(405,882)**	**319,689**
Items that may be reclassified to profit or loss:					
Gain/ (loss) on available-for-sale financial assets		38,760	(21,556)	(69,020)	(20,740)
Other comprehensive income for the year net of taxation		**(461,100)**	**644,355**	**(474,902)**	**298,949**
Total comprehensive income for the year		**8,783,629**	**10,473,401**	**9,950,884**	**2,718,493**
Earnings per share					
Per share information					
Basic earnings per share (kobo)	16	352	375	397	92
Diluted earnings per share (kobo)	16	352	375	397	92

*Due to the merger of the Company with a subsidiary during the year (Note 21), the 2018 Company numbers are those of the merged entities while the 2017 numbers are those of the Company prior to the merger.

Statement of financial position as at 31 March 2015, 2016, 2017 and 2018

	Notes	Mar-18 N'000	Mar-17 N'000	Mar-16 N'000	Mar-15 N'000
Assets					
Property, plant and equipment	17	83,837,249	85,393,986	85,732,371	80,421,776
Investment property	18	60,954	48,137	49,704	985,655
Goodwill	20	1,876,816	1,876,816	1,876,816	-
Intangible assets	19	1,088,440	191,508	86,435	96,642
Investment in subsidiaries	22	35,280,134	3,866,517	3,636,985	3,787,985
Long term loans	25	44,441,768	25,053,053	2,551,592	4,618,008
Available for sale investments	23	62,900	24,140	45,696	114,716
Prepayments	29	1,575,533	1,604,444	1,703,939	-
Total non-current assets		**168,223,794**	**118,058,601**	**95,683,538**	**90,024,782**
Current assets					
Inventories	27	71,755,238	63,597,671	37,257,683	47,921,280
Trade and other receivables	28	49,546,925	80,823,655	66,504,239	73,571,648
Derivative assets	26	-	387,814	-	-
Prepayments	29	16,778,199	52,235,925	12,179,968	6,891,312
Cash and cash equivalent	30	16,300,426	28,829,491	21,671,179	13,120,856
Total current assets		**154,380,788**	**225,874,556**	**137,613,069**	**141,505,096**
Total assets		**322,604,582**	**343,933,157**	**233,296,607**	**231,529,878**
Equity and liabilities					
Capital and reserves					
Share capital	32	2,050,197	1,312,126	1,312,126	1,312,126
Share premium	32	75,377,444	36,812,540	36,812,540	36,812,540
Fair value reserve		(72,556)	(111,316)	(89,760)	(20,740)
Retained earnings		74,091,211	70,102,349	62,209,233	58,547,740
Total equity		**151,446,296**	**108,115,699**	**100,244,139**	**96,651,666**
Liabilities					
Non-current liabilities					
Borrowings	33	14,984,392	7,363,893	8,209,155	5,164,630
Retirement benefit obligation	34	4,293,331	3,084,875	3,454,172	2,552,715
Long service award	35	1,720,629	1,403,388	1,426,602	1,142,397
Deferred tax	15	9,805,335	5,904,270	4,553,105	8,800,109
Deferred income	36	280,073	648,432	900,749	1,102,914
		31,083,760	**18,404,858**	**18,543,783**	**18,762,765**
Current liabilities					
Bank overdraft	30	16,466,200	34,349,436	6,657,427	41,025,619
Derivative liabilities	26	-	2,969,054	-	-
Trade and other payables	37	40,126,542	55,801,512	29,046,061	24,452,751
Borrowings	33	71,382,864	111,429,573	67,045,775	23,329,671
Unsecured fixed rate bond		-	-	-	19,248,115
Current tax payable	14	1,097,052	550,633	439,157	624,831
Deferred income	36	147,084	221,658	256,687	249,326
Dividend payable	38	1,981,752	2,032,098	1,936,869	120,307
Customer deposits	39	8,873,032	10,058,636	9,126,709	7,064,827
		140,074,526	217,412,600	114,508,685	116,115,447
Total liabilities		**171,158,286**	**235,817,458**	**133,052,468**	**134,878,212**
Total equity and liabilities		**322,604,582**	**343,933,157**	**233,296,607**	**231,529,878**

Statement of changes in equity for the year ended 31 March 2015-2018

	Share Capital	Share Premium	Fair value reserve	Retained earnings	Equity attributable to owners of the Company	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000
Company						
Balance as at April 01, 2014	**1,192,842**	**36,812,540**	**-**	**60,937,729**	**98,943,111**	**98,943,111**
Profit for the year				2,419,544	2,419,544	2,419,544
Other comprehensive income	-	-	(20,740)	319,689	298,949	298,949
Total comprehensive income for the year	**-**	**-**	**(20,740)**	**2,739,233**	**2,718,493**	**2,718,493**
Transactions with owners recorded directly in equity						
Bonus issue transfer from reserves	119,284	-	-	(119,284)	-	-
Dividend declared	-	**-**	-	(5,009,938)	(5,009,938)	(5,009,938)
Total contributions by and distributions to owners of the Company recognised directly in equity	**119,284**	**-**	**-**	**(5,129,222)**	**(5,009,938)**	**(5,009,938)**
Balance as at March 31, 2015	1,312,126	36,812,540	(20,740)	58,547,740	96,651,666	96,651,666
Balance as at April 01, 2015	**1,312,126**	**36,812,540**	**(20,740)**	**58,547,740**	**96,651,666**	**96,651,666**
Profit for the year	**-**	**-**	**-**	10,425,786	10,425,786	10,425,786
Other comprehensive income	-	-	(69,020)	(405,882)	(474,902)	(474,902)
Total comprehensive income for the year	**-**	**-**	**(69,020)**	**10,019,904**	**9,950,884**	**9,950,884**
Transactions with owners recorded directly in equity						
Transfer to reserves from Merger	**-**	-	-	(880,902)	(880,902)	(880,902)
Transfer to reserves from unclaimed dividends	-	-	-	33,423	33,423	33,423
Dividend	-	-	-	(5,510,932)	(5,510,932)	(5,510,932)
Total contributions by and distributions to owners of the Company recognised directly in equity	**-**	**-**	**-**	**(6,358,411)**	**(6,358,411)**	**(6,358,411)**
Balance as at March 31, 2016	**1,312,126**	**36,812,540**	**(89,760)**	**62,209,233**	**100,244,139**	**100,244,139**

	Share capital	Share Premium	Fair value reserve	Retained earnings	Equity attributable to owners of the Company	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000
Balance as at April 01, 2016	**1,312,126**	**36,812,540**	**(89,760)**	**62,209,233**	**100,244,139**	**100,244,139**
Profit for the year	**-**	**-**	**-**	9,829,046	9,829,046	9,829,046
Other comprehensive income	-	-	(21,556)	665,911	644,355	644,355
Total comprehensive income for the year	**-**	**-**	**(21,556)**	**10,494,957**	**10,473,401**	**10,473,401**
Transactions with owners recorded directly in equity						
Transfer to reserves from unclaimed dividends	**-**	-	-	22,412	22,412	22,412
Dividend declared	-	-	-	(2,624,253)	(2,624,253)	(2,624,253)
Total contributions by and distributions to owners of the Company recognised directly in equity	**-**	**-**	**-**	**(2,601,841)**	**(2,601,841)**	**(2,601,841)**
Balance as at March 31, 2017	**1,312,126**	**36,812,540**	**(111,316)**	**70,102,349**	**108,115,699**	**108,115,699**
Balance as at April 1, 2017	1,312,126	36,812,540	111,316)	70,102,349	108,115,699	108,115,699
Profit for the year	-	-	-	9,244,729	9,244,729	9,244,729
Other comprehensive income	-	-	38,760	(499,860)	(461,100)	(461,100)
Total comprehensive income for the year	**-**	**-**	**38,760**	**8,744,869**	**8,783,629**	**8,783,629**
Transactions with owners recorded directly in equity						
Issue of shares	738,071	38,564,904	-	-	39,302,975	39,302,975
Transfer to reserves from merger (Note 21)	-	-	-	2,160,169)	(2,160,169)	(2,160,169)
Transfer to reserves from unclaimed dividends (Note 38)	-	-	-	28,415	28,415	28,415
Dividend declared (Note 38)	-	-	-	2,624,253)	(2,624,253)	(2,624,253)
Total contributions by and distributions to owners of Company recognised directly in equity	**738,071**	**38,564,904**	**-**	**4,756,007)**	**34,546,968**	**34,546,968**
Balance as at March 31, 2018	**2,050,197**	**75,377,444**	**(72,556)**	**74,091,211**	**151,446,296**	**151,446,296**
Note(s)	32	32				

Statement of cash flows for the years ended 31 March 2015-2018

	Note	Mar-18 N'000	Mar-17 N'000	Mar-16 N'000	Mar-15 N'000
Cash flows from operating activities					
Cash (generated from)/used in operating activities	31	(27,256,362)	(7,881,387)	25,963,224	17,513,809
Income tax paid	14	(226,542)	(1,263)	(102,174)	(1,245,305)
Long service award benefit paid	35	(167,736)	(88,048)	(56,768)	(101,472)
Retirement benefit paid	34	(275,391)	(203,909)	(389,251)	(756,184)
Foreign exchange loss		1,516,224	(6,154,270)	(3,812,588)	(5,314,067)
Net cash (used in)/ generated from operating activities		**(26,409,807)**	**(14,328,877)**	**21,602,443**	**10,096,781**
Cash flows from investing activities					
Acquisition of property, plant and equipment	17	(8,456,517)	(6,842,793)	(6,513,112)	(17,190,257)
Proceeds from sale of property, plant and equipment		1,864,147	156,467	85,257	189,775
Acquisition of intangible assets	19	(13,219)	(42,491)	(12,993)	(63,835)
Net loans received from / (granted to) related companies		52,919,527	(23,813,415)	2,066,416	7,514,948
Net proceeds from sale of investment in associate		-	-	27,267,092	-
Additions to investment in subsidiary/Proceeds from disposal of investment in associate		-	-	(50,000)	153,000
Finance income	12	9,810,954	3,230,407	982,569	2,781,873
Dividend income received		-	-	25,527	894,036
Net cash (used in)/ generated from investing activities		**56,124,892**	**(27,311,825)**	**23,850,756**	**(5,720,460)**
Cash flows from financing activities					
Proceeds form share issue	32	39,302,975	-	-	-
Proceeds from borrowings	33	261,643,908	113,195,929	69,968,981	96,674,165
Repayment of borrowings	33	(296,036,810)	(69,657,393)	(35,954,536)	(89,474,281)
Consideration paid for acquisition of NCI	22	(1,683,000)	(229,532)	-	-
Dividends paid	38	(2,838,587)	(2,971,314)	(3,660,946)	(4,981,928)
Unclaimed dividend received		192,403	-	-	-
Finance costs paid		(24,941,948)	(19,230,685)	(13,011,811)	(9,548,061)
Movement in unsecured fixed rate bond		-	-	(19,248,115)	(7,660,485)
Net cash generated from/ (used in) financing activities		**(24,361,059)**	**21,107,005**	**(1,906,427)**	**(14,990,590)**
Net cash movement for the year		5,354,026	(20,533,697)	43,546,772	(10,614,269)
Cash at the beginning of the year		(5,519,945)	15,013,752	(27,904,763)	(17,290,494)
Cash decrease through merger	21	145	-	(628,257)	-
Net cash at end of the year	30	**(165,774)**	**(5,519,945)**	**15,013,752**	**(27,904,763)**

1. INCORPORATION AND SHARE CAPITAL HISTORY

FMN was incorporated as a limited liability company on 29 September 1960 with a share capital of ₦1,000,000 and was converted to a public limited liability company in November 1978. The Company currently has an authorised share capital of ₦2,500,000,000 comprising 5,000,000,000 Ordinary Shares of 50 kobo each, while its issued and paid-up share capital is ₦ 2,050,197,803 comprising 4,100,395,606 Ordinary Shares of 50 kobo each.

The following changes have taken place in FMN's authorised and issued share capital since the shares were first quoted on The Nigerian Stock Exchange.

Year	Authorised (₦)		Issued & Fully Paid-up (₦)		Consideration
	Increase	Cumulative	Increase	Cumulative	
1979	-	15,000,000	8,000,000	15,000,000	
1980	10,000,000	25,000,000	-	15,000,000	
1980	-	25,000,000	10,000,000	25,000,000	Scrip 2:3
1984	7,500,000	32,500,000	-	25,000,000	
1985	-	32,500,000	7,500,000	32,500,000	Scrip 3:10
1993	65,000,000	97,500,000	-	32,500,000	
1994	-	97,500,000	65,000,000	97,500,000	Scrip 2:1
1996	152,500,000	250,000,000	-	97,500,000	
1996	-	250,000,000	32,500,000	130,000,000	Scrip 1:3
1996	-	250,000,000	65,00,000	195,000,000	Scrip 1:2
1999	100,000,000	350,000,000	-	195,000,000	
2000	0	350,000,000	78,000,000	273,000,000	Cash
2002	150,000,000	500,000,000	-	273,000,000	
2003	-	500,000,000	91,000,000	364,000,000	Scrip 1:3
2005	-	1,000,000,000	218,400,000	582,400,000	Rights issue 3 for 5
2006	-	1,000,000,000	194,133,334	776,533,334	Scrip 1:3
2008	-	1,000,000,000	854,186,668	854,186,668	Scrip 1:10
2010	-	1,000,000,000	77,653,334	939,605,334	Scrip 1:10
2011	1,000,000,000	2,000,000,000	-	939,605,334	
2012	-	2,000,000,000	227,783,111	1,167,388,445	Rights Issue 8 for 33
2013	-	2,000,000,000	25,453,913	1,192,842,358	Share exchange upon BAGCO and Niger Mills Merger
2014	-	2,000,000,000	-	1,192,842,358	
2015	-	2,000,000,000	119,284,236	1,312,126,594	Scrip 1:10
2016		2,000,000,000	-	1,312,126,594	
2018	500,000,000	2,500,000,000	738,071,209	2,050,197,803	Rights Issue 9 for 16

2. SHAREHOLDING STRUCTURE

As at 31 March 2018, FMN's issued share capital of 4,100,395,606 Ordinary Shares of 50 kobo each was beneficially held as follows:

Shareholder	Ordinary Shares held	%
Excelsior Shipping Company Limited	2,242,727,580	54.70
Others	1,857,668,026	45.30
	4,100,395,606	100.00

As at 31 March 2018, except as stated above, no other shareholder held more than 5% of the issued share capital of the Company.

3. DIRECTORS' BENEFICIAL INTERESTS

The interests of the Directors in the issued share capital of the Company as recorded in the Register of Directors' Interests or as notified by them for the purpose of section 275(1) of CAMA as at 31 March 2018 are as follows:

Director	***Direct Shareholding***	***Indirect Shareholding***	***%***
Mr John G. Coumantaros[8]	Nil	Nil	Nil
Dr (Chief) Emmanuel Akwari Ukpabi (KJW)	6,554,665	Nil	0.16
Mr Paul M. Gbededo	2,720,109	Nil	0.07
Alhaji Abdullahi Ardo Abba	12,343	Nil	-
Professor Jerry Gana, CON	68,750	Nil	-
Mr Alfonso Garate	Nil	Nil	Nil
Alhaji Rabiu Muhammad Gwarzo, OON	199,722	Nil	-
Mr Ioannis Katsaounis	3,241,950	Nil	0.08
Mr Athanasios George Mazarakis	Nil	Nil	Nil
Mr Atedo Nari Atowari Peterside, CON	Nil	2,500,000	0.06
Mr Foluso O. Phillips	Nil	Nil	Nil
Alhaji Yunus Olalekan A. Saliu	1,668,985	Nil	0.04
Mr Folarin Rotimi Abiola Williams	30,082	Nil	-
Mrs Salamatu Hussaini Suleiman	Nil	Nil	Nil

4. INDEBTEDNESS

As at 31 March 2018, the Company had outstanding indebtedness of ₦86.36 billion, which included:

a. ₦3.14 billion loan facilities obtained from the Bank of Industry in different tranches at fixed interest rates between 7% and 10% per annum;

b. ₦70.23 billion terms loans (unsecured) facilities obtained from various commercial banks in Nigeria to finance the importation of raw materials at an average interest rate of 18%;

c. ₦12.99 billion borrowings provided by other subsidiaries in the Flour Mills Group to Flour Mills of Nigeria Plc at an annual interest rate of 9%;

[8] *Mr George S. Coumantaros and Mr John G. Coumantaros represents Excelsior Shipping Company Limited. The parent and ultimate holding company of FMN is Excelsior Shipping Company Limited, a company registered in Liberia. The beneficial owner of Excelsior Shipping Company Limited is a trust established by the late Mr George S. Coumantaros*

5. OFF BALANCE SHEET ITEMS

As at March 31, 2018, there were contingent liabilities in respect of litigation against the Company and other regulatory reviews amounting to ₦5.91 billion (2017 - ₦4.67 billion). In the opinion of the Directors, the liabilities, if any, are not likely to be material but the amount cannot be determined with sufficient reliability.

6. RESEARCH AND DEVELOPMENT

Over the past four years, FMN has spent over ₦182.7 on executing innovative research in developing new products and finding ways of improving efficiency and enhancing product quality as part of its normal business operations.

7. SUBSIDIARIES

As at the date of this Shelf Prospectus, the Company had 17 subsidiaries:

Subsidiaries	***% Shareholding***
Apapa Bulk Terminal Limited	100%
Agri Estates Limited	100%
Agro Allied Farms Sunti Limited	100%
Agro Allied Syrups Limited	100%
Agri Palm Limited	100%
Best Chickens Limited	100%
Crestview Towers Limited	100%
Golden Agri Inputs Limited	100%
Golden Shipping Company Nigeria Limited	100%
Golden Sugar Company Limited	100%
Kaboji Farms Limited	100%
Northern Nigeria Flour Mills Plc	53%
Nigerian Eagle Flour Mills Limited	51%
Olympic Towers Limited	100%
Premier Feed Mills Company Limited	62%
ROM Oil Mills Limited	95%
Thai Farm International Limited	100%

8. CLAIMS AND LITIGATION

In the ordinary course of its business, FMN is currently involved in thirty (30) lawsuits out of which nine (9) were either instituted by FMN or FMN filed a counter claim while twenty-one (21) of the suits were instituted against FMN.

The total amount claimed in the lawsuits that were either instituted by FMN or in which it filed a counter-claim is approximately ₦263,859,175.79 (Two Hundred and Sixty-Three Million, Eight Hundred and Fifty Nine Thousand, One Hundred and Seventy Five Naira, Seventy-Nine kobo).

The amount claimed in the lawsuits instituted against FMN, is ₦1,090,831,912.53 (One Billion, Ninety Million, Eight Hundred and Thirty One Thousand, Nine Hundred and Twelve Naira, Fifty-Three kobo) and €79,700 (Seventy-Nine Thousand, Seven Hundred Euros).

In the opinion of the Solicitors to the Programme, the contingent liability to which FMN may likely be exposed on account of these matters are not likely to exceed the sum ₦1,090,831,912.53 (One Billion, Ninety Million, Eight Hundred and Thirty One Thousand, Nine Hundred and Twelve Naira, Fifty-Three kobo) and €79,700 (Seventy-Nine Thousand, Seven Hundred Euros). Having considered the information provided by the solicitors defending the various claims against FMN and made such other enquiries, as considered necessary and appropriate, the Solicitors to the Programme are of the opinion that none of the claims against FMN is material in the context of the proposed Programme.

Except as stated above, the Solicitors to the Programme are not aware of any other pending or threatened claims involving FMN which are material to the proposed Programme. The Solicitors to the Programme are also of the opinion that none of the cases referred to above is likely to have any material adverse effect on FMN or the proposed Programme.

The directors of FMN have indicated that they are not aware of any other pending and or threatened claims or litigation except for those referred to above and that in their opinion, none of the cases is likely to have any material adverse effect on FMN or the proposed Programme.

9. EXTRACTS FROM THE MEMORANDUM AND ARTICLES OF ASSOCIATION

Article 58 - Borrowing Powers of the Board of Directors

"The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party. Provided that the amount for the time being remaining undischarged of moneys borrowed or secured by or on behalf of the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not at any time without the previous sanction of the Company in general meeting exceed one and a half times the aggregate of the amount for the time being paid up on the share capital of the Company and of its reserve so however that no Lender or other person dealing with the Company shall be concerned to see or enquire whether this limit is observed."

10. DECLARATIONS

Except as otherwise disclosed in this Prospectus:

1 No share of the Issuer is under option or agreed conditionally or unconditionally to be put under option;
2 No commissions, brokerages or other special terms have been granted by the Issuer to any person in connection with the Bond Issuance Programme or sale of any securities of the Issuer;
3 Save as disclosed in this Shelf Prospectus, the directors of the Issuer have not been informed of any holding representing 5% or more of the issued share capital of the Issuer;
4 There are no founders', management or deferred shares or any options outstanding;
5 There are no material service agreements between the Issuer or any of its respective Directors and employees other than in the ordinary course of business;

6 There are no long-term service agreements between the Issuer or any of its respective Directors and employees other than in the ordinary course of business;

7 No Director of the Issuer has had any interest, direct or indirect, in any property purchased or proposed to be purchased by the Issuer in the five years prior to the date of this Shelf Prospectus;

8 No prosecution has commenced against the Issuer or any of its respective subsidiaries in respect of any breach of any securities or CAMA;

9 No action has been taken against the Issuer by The NSE or FMDQ OTC in respect of any breach of the listing requirements of The NSE or FMDQ OTC respectively.

It is further declared that as at the date of this Prospectus:

10 None of the Directors is under any bankruptcy or insolvency proceedings in any court of law;

11 None of the Directors has been convicted in any criminal proceeding;

12 None of the Directors is subject of any order, judgment or ruling of any court of competent jurisdiction or regulatory body relating to fraud or dishonesty.

11. COSTS AND EXPENSES

The costs and expenses of and incidental to the issuance of Bonds under the Programme, including fees payable to the regulatory authorities, brokerage commission, professional parties, printing and distribution expenses, would be determined at each issuance and will not exceed the maximum amount stipulated by the regulatory authorities. In addition, these costs and expenses shall be borne by FMN and will be specified in the applicable Supplement.

12. MATERIAL CONTRACTS

The following agreement has been entered into and is considered material to this Programme:

i. Trust Deed between FMN, ARM Trustees Limited, Stanbic IBTC Trustees Limited and United Capital Trustees Limited dated 1 November 2018;

Other material contracts in respect of any issuance of Bonds under the Programme will be disclosed in the applicable Pricing Supplement in respect of that Series of Bonds.

13. RELATIONSHIPS BETWEEN THE ISSUER AND ITS ADVISERS

There is no relationship between the Issuer, the Issuing Houses and the other Professional Parties as at the date of the Shelf Prospectus other than in the ordinary course of business.

14. OVERVIEW OF CORPORATE GOVERNANCE

FMN is committed to the best practice and procedures in corporate governance. Its business is conducted in a fair, honest and transparent manner which conforms to high ethical standards. This enables the Board of Directors and Management to accomplish the Company's strategic goals, ensure good growth and corporate stability for the benefit of all stakeholders.

Composition of the Board

The Company's Articles of Association provides that its Board of Directors shall consist of not more than 15 (fifteen) directors. The Board is currently composed of 14 (fourteen) members made up of a Non-Executive Chairman, a Non-Executive Vice Chairman, 1(one) Executive Director and 11 (eleven) Non-Executive Directors, two of whom are Independent Directors. The thorough process of selecting Board members gives premium to educational and professional background, integrity, competence, capability, knowledge, expertise, skills, experience and diversity.

Board Meetings

Members of the Board of Directors hold at least one meeting per quarter to approve the Company's business strategy and objectives, decide on policy matters, direct and oversee the Company's affairs, progress performance, operations, finances and ensure that adequate resources are available to meet the Company's goal and objectives. Attendance of Directors at quarterly meetings is very good.

The Company's Memorandum and Articles of Association allows for teleconferencing in order to ensure wide consultation and maximum participation by Board members.

Role of Directors

The highlights of the role of directors include:

I. Critical and regular examination of the Company's overall strategy with a view to ensuring that its goals, business plan and budget are in alignment.
II. Assign respective committees to consider and take appropriate decisions on issues requiring Board attention.
III. Establish well-considered objectives for the Company and monitor implementation, reviewing performance and ensure the deployment of appropriate competencies.
IV. Ensure that adequate resources are available to meet the Company's goals and objectives
V. Oversee Board appraisal, training, succession planning, appointment and remuneration of members.

Board Committees

The Board of Directors has two principal board committees in line with SEC's Code of Corporate Governance:

I. Remuneration/Governance Committee
II. Risk Management Committee

For effective management, the Company is structured along the following segments and directorates:

Segments
- Agro Allied;
- Food;
- Packaging;
- Port Operations and Logistics; and
- Real Estate

Directorates
- Finance;
- Corporate Services / Legal;
- Technical
- Marketing and Sales
- Supplies / Procurement
- General Services
- Human Resources
- Internal Audit

Statutory Audit Committee

Pursuant to section 359(3) of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004, the Company has put in place an Audit Committee comprising three Directors and three shareholders. Members of the Audit Committee receive regular reports and updates on financial matters and internal control reviews from internal and external auditors.

Internal Audit Committee

The Internal Audit function is currently manned by a team of professionals charged with the responsibility of ensuring that strategic business risks facing the Company are promptly identified, effectively mitigated, and that recommendations are proffered and continuously monitored. To ensure independence of this important function, Internal Audit reports directly to the statutory Audit Committee on a quarterly basis and is supervised by the Risk Management Committee of the Board.

Code of Conduct

In demonstration of strong commitment to best practices in corporate governance, integrity and high ethical standards in all aspects of FMN’s business, the Company has a Code of Conduct in place. Apart from being in line with current global trends, FMN's Code of Conduct also aligns with the requirements of regulatory authorities. Through the provisions of the Code, FMN instils in its Directors and employees the need to maintain high standard of corporate values, transparency, accountability, professionalism and promote good corporate governance.

Whistle Blowing

Under its whistle blowing mechanism, employees of FMN and other stakeholders including third parties are encouraged to report any observed or suspected acts of fraud, corruption or other irregularities, orally or anonymously contact the independent helpline by telephone or online without fear of reprisal or recrimination. The Company guarantees that the identity of the reporting individual or organization shall be accorded utmost protection and the report timeously investigated and treated. The robust system has been embraced by all employees and stakeholders and is producing good results.

15. MERGERS AND TAKEOVERS

As at the date of this Shelf Prospectus, FMN is not aware of any attempt by any investor to acquire a majority shareholding in the Company or by the Company of any other entity. However, on 04 October 2017, FMN received the sanction of the Federal High Court to merge with Golden Penny Rice Limited (its erstwhile subsidiary) on 04 October 2017.

16. CONSENTS

The following have given and not withdrawn their written consents to the issue of this Shelf Document with their names and reports (where applicable) included in the form and context in which they appear:

Directors of the Company:	Mr John G. Coumantaros Dr (Chief) Emmanuel Akwari Ukpabi (KJW) Mr Paul M. Gbededo Alhaji Abdullahi Ardo Abba Professor Jerry Gana, CON Mr Alfonso Garate Alhaji Rabiu Muhammad Gwarzo, OON Mr Ioannis Katsaounis Mr Athanasios George Mazarakis Mr Atedo Nari Atowari Peterside, CON Mr Foluso O. Phillips Alhaji Yunus Olalekan A. Saliu Mr Folarin Rotimi Abiola Williams Mrs Salamatu Hussaini Suleiman
Company Secretary:	Mr Joseph O Umolu
Lead Issuing House:	Stanbic IBTC Capital Limited
Joint issuing Houses:	ARM Securities Limited FBNQuest Merchant Bank Limited FCMB Capital Markets Limited United Capital Plc

	Zenith Capital Limited
Solicitors to the Issuer:	KB & Company
Solicitors to the Programme:	The New Practice
Bond Trustees	ARM Trustees Limited Stanbic IBTC Trustees Limited United Capital Trustees Limited
Reporting Accountant:	Deloitte & Touche
Receiving Banks:	Access Bank Plc First Bank of Nigeria Limited Stanbic IBTC Bank Plc United Bank for Africa Plc Zenith Bank Plc

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents can be inspected at the offices of Stanbic IBTC Capital Limited, ARM Securities Limited, FBNQuest Merchant Bank Limited, FCMB Capital Markets Limited, United Capital Plc and Zenith Capital Limited at I.B.T.C. Place, Walter Carrington Crescent, Victoria Island; 1 Mekunwen Road, Off Oyinkan Abayomi Drive, Ikoyi, Lagos; 16 Keffi Street, Off Awolowo Road, Ikoyi, Lagos; 12th Floor, UBA House, 57 Marina, Lagos; and 15th Floor, Civic Towers, Ozumba Mbadiwe Road, Victoria Island, Lagos respectively between 8:00a.m and 5:00p.m on Business days, for the validity of the Programme:

i. The Certificate of Incorporation of the Issuer;
ii. The Memorandum and Articles of Association of the Issuer;
iii. A copy of the resolution dated 06 December 2017 passed at the meeting of the Board of Directors of FMN, approving the Programme signed by a Director and the Company Secretary;
iv. This Prospectus dated 1 November 2018 issued in respect of the ₦70,000,000,000 Bond Issuance Programme;
v. The Programme Trust Deed;
vi. The audited financial statements of the Issuer for the three years ended 31 March 2018;
vii. The Report by Deloitte on the audited financial information of the Issuer for each of the three years ended 31 March 2018;
viii. The schedule of the claims and litigation referred to above and the Solicitors' opinion thereon;
ix. The material contracts referred to on page 72 of this Shelf Prospectus;
x. The written consents referred to on page 74 of this Shelf Prospectus; and
xi. The Issuer's Ratings Report.

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be prepared by the Issuer for each Series of Bonds issued under the Programme

FLOUR MILLS OF NIGERIA PLC

RC 2343

OFFER FOR SUBSCRIPTION OF [·] [·] YEAR [·] % FIXED RATE SENIOR UNSECURED BOND DUE [·]
UNDER THE ₦70,000,000,000 FLOUR MILLS OF NIGERIA PLC BOND ISSUANCE PROGRAMME
ISSUE PRICE: ₦ [•] PER UNIT
PAYABLE IN FULL ON APPLICATION

This Pricing Supplement is prepared for the purpose of Rule 279(3) (6) & (7) of the Rules and Regulation of the Securities & Exchange Commission ("The Commission" or "SEC") in connection with the ₦70,000,000,000.00 Bond Issuance Programme established by Flour Mills of Nigeria ("the Issuer"). This Pricing Supplement is supplemental to, and should be read in conjunction with, the Shelf Prospectus dated [•] and any other supplements to the Shelf Prospectus to be issued by the Issuer. Terms defined in the Shelf Prospectus have the same meaning when used in this Pricing Supplement.

To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Shelf Prospectus, the provisions of this Pricing Supplement shall prevail. This Pricing Supplement may be used to offer and sell the Bonds only if accompanied by the Shelf Prospectus. Copies of the Shelf Prospectus can be obtained free of charge from the offices of the Commission, the Issuer and the Issuing Houses and can also be downloaded from the respective websites of the Commission (http://sec.gov.ng/) and the Issuer (https://fmnplc.com/), throughout its validity period.

The registration of the Shelf Prospectus and this Pricing Supplement shall not be taken to indicate that the Commission endorses or recommends the securities or assumes responsibility for the correctness of any statements made or opinions or reports expressed in the Shelf Prospectus or this Pricing Supplement. No securities will be allotted or issued on the basis of the Shelf Prospectus read together with this Pricing Supplement later than three years after the date of the issue of the Shelf Prospectus.

This Pricing Supplement contains particulars in compliance with the requirements of the Commission for the purpose of giving information with regard to the Securities being issued hereunder (the "Series [●] Bonds" or "Bonds"). An application has been made to The NSE for admission of the Bonds to its exchange. The Bonds now being issued will upon admission to the exchange qualify as a security in which Trustees may invest under the Trustee Investments Act (Cap T22) Laws of the Federation of Nigeria, 2004. The Bonds also qualify as a security under Section 20(1)(g) of the Personal Income Tax Act, Cap P8, LFN, 2004 as well as Section (19)(2) of the Companies Income Tax Act, Cap C21, LFN, 2004.

The Issuer accepts full responsibility for the accuracy of the information contained in this Pricing Supplement. The Issuer declares that having taken reasonable care to ensure that such is the case, the information contained in this Pricing Supplement is, to the best of its knowledge (having made all reasonable enquiry), in accordance with the facts and does not omit anything likely to affect the import of such information and that save as disclosed herein, no other significant new factor, material mistake or inaccuracy relating to the information included in the Shelf Prospectus has arisen or has been noted, as the case may be, since the publication of the Shelf Prospectus. Furthermore, the material facts contained herein are true and accurate in all material respects and the Issuer confirms that, having made all reasonable enquiries, to the best of its knowledge and belief, there are no material facts, the omission of which would make any statement contained herein misleading or untrue.

This Pricing Supplement is dated [•] 2018

Final terms of the Series [●] Bonds

1.	Issuer:	Flour Mills of Nigeria Plc
2.	Description of the Bond:	[●]
3.	Series Number:	[●]
4	Specified Currency:	[●]
5.	Aggregate Nominal:	₦[●]
6.	Issue Price:	[●]
7	Net proceeds	₦[●]
8.	Denominations:	[●]
9.	Issue Date:	[●]
10.	Coupon Commencement Date	[Coupon shall accrue from the Allotment date]
11.	Maturity Date:	[●]
12.	Principal Moratorium:	[●]
13.	Coupon Basis:	[●]
14.	Coupon:	[●]% p.a.
15.	Redemption/Payment Basis:	[●]
16.	Status:	[●]
17.	Payment Undertaking:	[●]
18.	Negative Pledge	[●]
19.	Listing(s):	[●]
20.	Method of Distribution:	[●]
21.	Offer Period:	[●]

Provisions relating to coupon (if any) payable

22. Fixed Rate Bond Provisions

i.	Coupon Payment Date(s)/Payment Dates:	[●]
ii.	Coupon Amount(s):	[●]
iii.	Day Count Fraction:	[●]
iv.	Business Day Convention:	[Modified Following: Where a Coupon Payment Date falls on a non-Business Day,

		such payment shall be postponed to the next day which is a Business Day provided that if such a Business Day falls into the next calendar month, such Coupon Payment Date shall be brought forward to the immediately preceding Business Day].
v.	Other terms relating to method of calculating Coupon for Fixed Rate Bonds:	[●]
vi.	Zero Coupon Note Provisions:	[●](Delete if not applicable)

Provisions relating to redemption

23.	Optional Early Redemption	
(ii)	Call Option:	[Applicable/Not Applicable]
(iii)	Put Option:	[Applicable/Not Applicable]
24.	Scheduled Amortisation:	[Applicable/Not Applicable]
25.	Redemption Amount(s):	[●]
26.	Scheduled Redemption Dates:	[●]

General provisions applicable to the Bonds

27.	Form of Bonds:	Dematerialised
20	Form of Dematerialised Bonds:	[Registered/Certificate/Dematerialised]
21	Registrar:	[●]
28.	Trustee:	[●]
29.	Record Date:	[●]
30.	Other terms or special conditions:	[●]
31.	Payment Agent	[●]

Distribution, clearing and settlement provisions

32.	Method of Distribution:	[●]
33.	Underwriting:	[●]
34.	Delivery	[●]
35.	Clearing System:	Central Securities Clearing System PLC

36.	Rating:	
	17 Issuer:	[●]
	18 Issue:	[●]
	An issue rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.	

General

37.	Taxation:	See "Taxation" on page [●] of the Shelf Prospectus dated [●].
38.	Risk Factors:	See Risk Factors on page [●] - [●] of the Shelf Prospectus dated [●].
39.	Governing Law:	The Bonds will be governed by and construed in accordance with the laws of the Federal Republic of Nigeria.

Appendices

40.	Appendices:	[List and attach appendices if applicable]

Use of proceeds

[Insert details of use of proceeds]

Material adverse change statement

Except as disclosed in this document and in the Shelf Prospectus dated [●] 2018, there has been no significant change in the financial or trading position of the Issuer since [Insert date of last audited accounts or interim accounts (if later)] and no material adverse change in the financial position or prospects of the Issuer since [insert date of last published annual accounts].