

This Programme Memorandum has been prepared in accordance with the Central Bank of Nigeria Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers issued on 11 September 2019 and the CBN Circular of 12 July 2016 on Mandatory Registration and Listing of Commercial Papers (together the "**CBN Guidelines**") and the FMDQ Commercial Paper Registration and Quotation Rules in force as at the date hereof. The document is important and should be read carefully. If you are in any doubt about its content or the action to take, kindly consult your Stockbroker, Accountant, Banker, Solicitor, or any other professional adviser for guidance immediately. This Programme Memorandum has been seen and approved by the Executive Management of Babban Gona Farmer Services Nigeria Limited who jointly and individually accepts full responsibility for the accuracy of all information given.



Babban Gona Farmer Services Nigeria Limited RC: 1022040

₦15,000,000,000

Commercial Paper Issuance Programme

Babban Gona Farmer Services Nigeria Limited ("**Babban Gona**" or "**the Issuer**"), a private limited liability company incorporated in Nigeria, has established this **₦15,000,000,000** (Fifteen Billion Naira) Commercial Paper Issuance Programme (the "**CP Programme**"), under which Babban Gona may from time to time issue Commercial Paper notes ("CP Notes" or "Notes"), denominated in Nigerian Naira ("Naira" or "₦") or in such other currency as may be agreed between the Issuer and each relevant Arranger (as defined in the section entitled, "Summary of the Programme", in separate series or tranches subject to the terms and conditions ("Terms and Conditions") contained in this Programme Memorandum.

Each Series or Tranche (as defined under the Terms and Conditions) will be issued in such amounts, and will have such discounts, period of maturity and other terms and conditions as set out in the Pricing Supplement applicable to such series or tranche (the "Applicable Pricing Supplement"). The maximum aggregate nominal amount of all CP Notes from time to time outstanding under the CP Programme shall not exceed **₦15,000,000,000** (Fifteen Billion Naira) over a three-year period that this Programme Memorandum, including any amendments thereto, shall remain valid.

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

The CP Notes will be issued in dematerialised form and may be registered, quoted and traded on the FMDQ Securities Exchange Limited ("**FMDQ Exchange**" or the "**Exchange**") in accordance with the rules, guidelines and such other regulation as may be prescribed by the Central Bank of Nigeria ("**CBN**") and FMDQ Exchange from time to time, or any other recognized trading platform as approved by the CBN, and securities will settle via the Central Securities Depository acting as Registrars and Clearing Agent for the Notes.

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

Arranger/Issuing & Placing Agent



CAPITAL MARKETS

RC 446561

FCMB Capital Markets Limited

Collecting and Paying Agent



RC 46713

First City Monument Bank Limited

This Programme Memorandum is dated 18 January 2022

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DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the meanings respectively assigned to them.

TERMS	DEFINITION
"Agency Agreement"	The Collecting and Paying Agency Agreement dated on or about the date of this Programme Memorandum executed by the Issuer and the Collecting and Paying Agent
"Arrangers" or "Issuing and Placing Agent" or "IPA"	FCMB Capital Markets Limited and any other Arranger appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer's right to terminate the appointment
"Babban Gona", "Issuer" or the "Company"	Babban Gona Farmer Services Nigeria Limited
"Board" or "Directors"	Board of Directors of Babban Gona
"Business Day"	Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria on which commercial banks are open for general business in Lagos, Nigeria
"CBN"	Central Bank of Nigeria
"CBN Guidelines"	CBN's Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers, issued on 11 September 2019 and the CBN Circular of 12 July 2016 on Mandatory Registration and Listing of Commercial Paper, as amended or supplemented from time to time
"CITA"	Companies Income Tax Act Cap C21, LFN 2004 (as amended by the Companies Income Tax Act No 11 of 2007) and as amended by the Finance Act 2019 and 2020
"Collecting and Paying Agent" or "CPA"	First City Monument Bank Limited or any successor collecting and paying agent appointed in accordance with the Agency Agreement
"Commercial Paper", "CP", "CP Notes" or "Notes"	Quoted Commercial Paper Notes to be issued by the Issuer under the CP Programme in form of short-term zero-coupon notes
"Conditions" or "Terms and Conditions"	Terms and conditions, in accordance with which the Notes will be issued, set out in the section of this Programme Memorandum headed "Terms and Conditions of the Notes"
"CP Programme" or "Programme"	The CP Programme described in this Programme Memorandum pursuant to which the Issuer may issue several separate Series or Tranches of Notes from time to time with varying maturities and discount rates provided, however, that the aggregate Face Value of Notes in issue does not exceed N 15,000,000,000
"CSD"	Central Securities Clearing System PLC or FMDQ Depository Limited (which expression shall include their successors) or any additional or alternative clearing system approved by the Issuer or any clearing system specified in the Applicable Pricing Supplement
"Day Count Fraction"	The method of calculating the discount/interest in respect of a Note as specified in the Applicable Pricing Supplement

DEFINITIONS

TERMS	DEFINITION
"Default Date"	The date on which the written notice of the Event of Default is served to the Issuer
"Eligible Investors"	This means an investor that is not a Qualified Institutional Investor as defined by the FMDQ Exchange Rules, that has executed a declaration attesting to his/her/its eligibility in the manner prescribed in the FMDQ Exchange Rules
"Event of Default"	An event of default by the Issuer as set out in Condition 9
"Face Value"	The par value of the Notes
"FGN"	Federal Government of Nigeria
"FCMB CM"	FCMB Capital Markets Limited
"FMDQ Exchange" or "FMDQ Securities Exchange Limited"	A financial market infrastructure warehousing a securities exchange and self-regulatory organization licensed by the SEC to provide a platform for inter alia, the listing, quotation, registration, and trading of securities
"FMDQ Exchange Rules"	The FMDQ Commercial Paper Registration and Quotation Rules, April 2021 (as may be amended from time to time) and such other regulations (including but not limited to Market Bulletins) with respect to the issuance, registration and quotation of commercial papers as may be prescribed by FMDQ Exchange from time to time
"Holder" or "Noteholder"	The holder of a Note as recorded in the Register kept by the CSD in accordance with the Terms and Conditions
"Implied Yield"	The yield accruing on the Issue Price of a Note, as specified in the Applicable Pricing Supplement
"Issue Date"	The date upon which the relevant Series/Tranche of the Notes is issued as specified in the Applicable Pricing Supplement
"Issue Price"	The price at which the relevant Series/Tranche of the Notes is issued, as specified in the Applicable Pricing Supplement
"Issue Rate"	The Discount Rate at Issuance as may be stated in the Applicable Pricing Supplement
"LFN"	Laws of the Federation of Nigeria
"Material Adverse Change"	A material adverse effect on the ability of the Issuer to perform and comply with its obligation(s) under the CP Programme
"Naira", "NGN" or "N"	The Nigerian Naira
"Notes"	Commercial Paper Notes issued by the Issuer from time to time pursuant to this Programme Memorandum and any Applicable Pricing Supplement and held in a dematerialised form by the Noteholders through the CSD
"Noteholders"	The several persons for the time being, whose names are shown in the records of the CSD as holders of the

DEFINITIONS

TERMS	DEFINITION
	Notes and shall include the legal and personal representatives or successors of such persons
"PITA"	Personal Income Tax Act Cap P8, LFN 2004 (as amended by the Personal Income Tax (Amendment) Act No 20 of 2011 and the Finance Act 2019 and 2020)
"Pricing Supplement" or "Applicable Pricing Supplement"	The Pricing Supplement applicable to a Series or Tranche of Notes issued under the CP Programme
"Principal Amount"	The nominal amount of each Note, as specified in the Applicable Pricing Supplement
"Programme Memorandum"	This information memorandum dated 18 January 2022 which sets out the aggregate size and broad terms and conditions of the CP Programme
"Qualified Institutional Investors"	This include banks, fund managers, pension fund administrators, insurance companies, investment/unit trusts, multilateral and bilateral institutions, registered private equity funds, registered hedge funds, market makers, staff schemes, trustees/custodians, stockbroking firms and any other category of investors as may be determined by the Securities and Exchange Commission from time to time
"Redemption Date"	The date as specified in each Applicable Pricing Supplement on which the Principal Amount is due
"Register"	A register or such registers as shall be maintained by the CSD in which are recorded details of Note holders
"Relevant Date"	The payment date of any obligation due on the Notes
"Relevant Last Date"	The date stipulated by the CSD and specified in the Applicable Pricing Supplement, after which transfer of the Notes will not be registered
"SEC"	The Securities and Exchange Commission, Nigeria
"Series"	A Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects except for their respective Issue Dates, and/or Issue Prices
"The NGX"	The Nigerian Exchange Group Limited
"Tranche"	Notes which are identical in all respects
"VAT"	Value Added Tax as provided for in the Value Added Tax Act, CAP VI, LFN 2004 (as amended by the Value Added Tax Act No 12 of 2007 and the Finance Act, 2019 and 2020)
"WHT"	Withholding Tax as provided for in section 78(2) of CITA and section 70 of PITA
"Zero Coupon Note"	A Note which will be offered and sold at a discount to its Face Value and which will not bear interest, other than default interest in the case of late payment

USE OF PROCEEDS AND SOURCES OF REPAYMENT

This Programme Memorandum contains information provided by the Issuer in connection with the CP Programme under which the Issuer may issue and have outstanding at any time Notes up to a maximum aggregate amount of ₦15,000,000,000 (Fifteen Billion Naira). The Notes shall be issued subject to the Terms and Conditions contained in this Programme Memorandum.

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

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

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

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

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

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

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

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

The Arranger and CPA are under no obligation to seek recovery or initiate any action against the Issuer.

FMDQ SECURITIES EXCHANGE LIMITED TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROGRAMME MEMORANDUM, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS DOCUMENT.

INCORPORATION OF DOCUMENTS BY REFERENCE

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

1. Each Applicable Pricing Supplement relating to any Series or Tranche of Notes issued under the Programme; and
2. The audited financial statements of the Issuer for the financial years prior to each issue of Notes under this Programme.

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

The Issuer may for so long as any Note remains outstanding, publish an amended and restated Programme Memorandum or a supplement to the Programme Memorandum upon any subsequent issue of Notes, where there has been:

- a) a material change in the condition (financial or otherwise) of the Issuer which is not reflected in the Programme Memorandum or any supplement to the Programme Memorandum; or
- b) any modification of the terms of the Programme, which would then make the Programme Memorandum materially inaccurate or misleading.

Any such new Programme Memorandum or Programme Memorandum as supplemented and/or modified shall be deemed to have been substituted for the previous Programme Memorandum or to have modified the previous Programme Memorandum from the date of its issue.

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

SUMMARY OF THE PROGRAMME

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

1.	Issuer:	Babban Gona Farmer Services Nigeria Limited
2.	Programme:	Babban Gona Commercial Paper Issuance Programme
3.	Programme Size:	₦ 15,000,000,000 (Fifteen Billion Naira)
4.	Issued and Outstanding as at the date of this Programme Memorandum	Nil
5.	Estimated Additional Amount to be Issued in the Current Year:	₦5,000,000,000 (Five Billion Naira)
6.	Arranger/Issuing and Placing Agent:	FCMB Capital Markets Limited
7.	Collecting and Paying Agent:	First City Monument Bank Limited
8.	Solicitors:	Udo Udoma & Belo-Osagie
9.	Auditors:	Deloitte & Touché
10.	Registrars/Custodian:	The CSD stated in the applicable Pricing Supplement
11.	Default Date:	The date on which the written notice of the Event of Default is served to the Issuer
12.	Default Rate:	Interest rate equivalent to the daily overnight Nigerian Inter-bank Offered Rate (NIBOR) + 5% per annum or Issue Rate + 5% per annum (whichever is higher)
13.	Issuance in Series:	The Notes will be issued in Series or Tranches, and each Series may comprise one or more Tranches issued on different dates. The Notes in each Series, each a Tranche, will have the same maturity date and identical terms (except that the Issue Dates and Issue Price may be different). Details applicable to each Series or Tranche will be specified in the Applicable Pricing Supplement
14.	Use of Proceeds:	The net proceeds from each issue of Notes under the Programme will be used solely to support the Issuer's short term funding requirements or as may otherwise be specified in the Applicable Pricing Supplement
15.	Sources of Repayment	The proceeds of the Notes issued under the Programme and the interest thereon would be repaid from the operational cash flows of the Issuer
16.	Method of Issue:	The Notes may be offered and sold by way of a fixed price offer for subscription or through a book building process and/or any other methods as described in the Applicable Pricing Supplement, within Nigeria or otherwise, in each case as specified in the Applicable Pricing Supplement.
17.	Tenor:	As specified in the Applicable Pricing Supplement, subject to a minimum tenor of 15 (Fifteen) days and a maximum of 270 (Two Hundred and Seventy) days, including roll-over from the date of issue. The maturity date of all outstanding CPs shall fall within

SUMMARY OF THE PROGRAMME

		the validity period of the latest Issuer/CP Programme rating filed with the Exchange.
18.	Interest Payments:	Notes shall be issued at a discount and in the form of zero-coupon notes. Thus, the Notes will not bear interest, other than default interest in the case of late payment
19.	Issue Price:	The Notes shall be issued at a discount. The effective rate of interest will be calculated based on such Day Count Fraction specified in the Applicable Pricing Supplement.
20.	Issue Rate:	The Discount Rate at Issuance as may be specified in the Applicable Pricing Supplement
21.	Issue Size:	As specified in the Applicable Pricing Supplement, subject to the minimum level of subscription
22.	Currency of Issue:	Nigerian Naira
23.	Minimum Level of Subscription	N 100,000,000 (One Hundred Million Naira) and multiples of N 1,000 (One Thousand Naira) thereafter
24.	Issuer Rating:	<p>The Issuer has been assigned a rating of "BBB-" from Global Credit Rating Co.</p> <p>Pursuant to the CBN Guidelines and FMDQ Exchange Rules, either the issuer of a CP or the specific issue itself shall be rated by a rating agency registered in Nigeria or any international rating agency acceptable to the CBN.</p> <p>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.</p>
25.	Redemption:	As stated in the Applicable Pricing Supplement, subject to the CBN Guidelines and the FMDQ Exchange Rules
26.	Payment at Maturity:	At maturity, payment will be made to investors only if the Issuer has made the funds available to the CPA
27.	Settlement Procedures:	Purchases will be settled via Direct Debit, Electronic Funds Transfers, NIBBS Instant Payment (NIP), NIBBS Electronic Funds Transfer ("NEFT") or Real Time Gross Settlement ("RTGS")
28.	Registration & Quotation:	<p>In compliance with the CBN circular issued in July 2016, an application has been made to FMDQ Exchange for the Registration of the Programme.</p> <p>The Issuer shall have any Series or Tranche of Notes issued under this Programme quoted on the FMDQ Exchange Platform or any other recognized trading platform. All secondary market trading of the Notes shall be done in accordance with the rules in relation to the quotation of any Series or Tranche of Notes quoted on the relevant trading platform</p>
29.	Sponsor to the Registration & Quotation	FCMB Capital Markets Limited

SUMMARY OF THE PROGRAMME

30.	Status of Notes:	Each Note constitutes a senior unsecured obligation of the Issuer and, the Notes shall rank pari passu among themselves, and save for certain debts/payment mandatorily preferred by law, with other present and future senior unsecured obligations of the Issuer outstanding from time to time
31.	Taxation:	The Notes issued under the Programme will be zero-coupon notes and as such, will be offered and sold at a discount to Face Value. The Notes will thus not bear interest, and the Issuer will not be required to withhold or deduct tax from payments in respect of the Notes to the Note holders. However, the discount on the Notes may be taxed in accordance with applicable Nigerian tax laws.
32.	Governing Law:	The Notes issued under the Programme and all related contractual documentation will be governed by and construed in accordance with Nigerian law.

USE OF PROCEEDS AND SOURCES OF REPAYMENT

Use of Proceeds

The net proceeds from each issue of Notes under the Programme will be used solely to support the Issuer's short term funding requirements or as may otherwise be specified in the Applicable Pricing Supplement.

Sources of Repayment

The proceeds of the Notes issued under the Programme and the interest thereon would be repaid from the operational cash flows of the Issuer.

REGULATION ON THE ISSUANCE, REGISTRATION & QUOTATION OF CP

Background

In July 2009, the CBN suspended the use of Commercial Papers and Bankers Acceptances as off-balance-sheet instruments by Nigerian banks and discount houses, citing concerns over abuse of their use as financing instruments. The ban was subsequently lifted on 16 November 2009. On 18 November 2009, the CBN issued the CBN Guidelines to facilitate the effective and efficient functioning of the Nigerian money market and provide a regulatory framework for the issuance of CPs and BAs in Nigeria. An updated guideline was subsequently issued on 11 September 2019. The CBN also issued a circular on mandatory registration and listing of commercial papers on 12 July 2016

Regulatory Framework

Issuance, registration, quotation of and investment in CPs by Banks in Nigeria is subject to the provisions of the CBN Guidelines and the FMDQ Rules as highlighted below:

Size and Tenor

CPs shall be issued at the primary market for a minimum value of ₦100,000,000 and multiples of ₦1,000 thereafter or as otherwise determined.

Furthermore, they shall be issued for maturities of between 15 (Fifteen) days and 270 (Two Hundred and Seventy), including rollover, from the date of issue. The maturity date of all outstanding CPs shall fall within the validity period of the latest Issuer/CP Programme rating filed with the Exchange and within the validity period of the registered Programme under which it is issued. The interest or discount element on maturing CPs may not be capitalised and rolled over.

Rating

Either the issuer of CP or the specific issue shall have an investment grade rating (minimum of BBB- or similar rating) by a rating agency registered in Nigeria or any international rating agency acceptable to the CBN. An indicative rating should have been obtained prior to the submission of declarations and information to the FMDQ Exchange.

Investors in Commercial Papers

CPs may be issued to and held by individuals, deposit money banks, other corporate bodies registered or incorporated in Nigeria and unincorporated bodies, non-resident Nigerians and foreign institutional investors.

Clean CPs (i.e. CPs not backed by a guarantee or such other credit enhancement shall only be sold to Qualified Institutional Investors, and Eligible Investors (i.e. an investor that is not a QII as defined by the FMDQ Exchange Rules, that has executed a declaration attesting to his/her/its eligibility in the manner prescribed in the FMDQ Exchange Rules).

Forms of Maintaining CPs

Issuers and investors in CPs may issue or hold CPs in dematerialized or physical form. Issuers and investors in CPs are encouraged to issue or hold CPs in dematerialised form.

Calculation and Paying Agent

Only a deposit money bank (licenced by the CBN) that is a registered member of the FMDQ Exchange may act as a CPA for the issuance of CP.

General Requirements

- i. CPs are only redeemable at maturity and as such cannot be pre-liquidated.

REGULATION ON THE ISSUANCE, REGISTRATION & QUOTATION OF CP

- ii. Investors may rediscount the paper with the Issuer before maturity at new market terms if the Issuer is willing to purchase the risk.
- iii. Any proposed issue of CPs shall be completed within the period of two (2) weeks from the date of opening of the issue for subscription.
- iv. All CPs issued in Nigeria shall be registered with a depository, which shall serve as the custodian of all issues and central depository for all dematerialised instruments.

Compliance with the CBN Guidelines

The Issuer has complied with all applicable provisions as stated in the CBN Guidelines. A legal opinion confirming adherence to the CBN Guidelines is incorporated on pages 46-52 of this Programme Memorandum.

Compliance with Securities Regulations

There is no obligation for the Issuer to register the Notes with the SEC. This is by virtue of Rule 8 of the SEC Rules, which exempts short-term securities (including notes) with maturity dates not exceeding 9 months from the date of issuance from registration with the SEC.

Mandatory Registration and Quotation

The CBN circular on CPs, effective July 12, 2016, require CPs to be registered and quoted on authorised securities exchanges. Accordingly, banks are prohibited from transacting in CPs (that are not quoted or intended for quotation on an authorised securities exchange), in any capacity whatsoever, including but not limited to as Issuer, Guarantor, Issuing, Placing, Paying and Collecting Agent ("IPPCA"), Collecting and Paying Agent ("CPA"); etc.

The CBN having approved the quotation rules of the FMDQ Exchange, has cleared it for the quotation of CPs in Nigeria.

TERMS AND CONDITIONS

The following is the text of the terms and conditions of the Notes which, subject to amendment and as completed, modified, supplemented, varied or replaced, in whole or in part, by the final terms which are contained in the Applicable Pricing Supplement (the "Final Terms"), will govern the Notes to be issued under the Programme.

The provisions of these Terms and Conditions of the Notes (the "Conditions") which are applicable to the Notes issued under the renewed Programme shall be deemed to be completed by the information contained in the relevant Final Terms. Any provision 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.

DEFINITIONS

In these Conditions, unless inconsistent with the context or separately defined in the Applicable Pricing Supplement, the following expressions shall have the following meanings:

"Agency Agreement" means the Collecting and Paying Agency Agreement dated on or about the date of this Programme Memorandum executed by the Issuer, the Collecting and Paying Agent

"Applicable Pricing Supplement" means the pricing supplement relating to each Tranche setting out the applicable and/or such other terms and conditions applicable to that Tranche;

"Business Day" means any day (other than Saturday or Sunday or a public holiday declared by the Federal Government of Nigeria) on which banking institutions are open for business in Lagos, Nigeria;

"CBN Guidelines" means the CBN Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers issued on 11 September 2019 and the CBN Circular of 12 July 2016 on Mandatory Registration and Listing of Commercial Paper, as amended or supplemented from time to time;

"Collecting and Paying Agent" means FCMB Limited, acting as the collecting and paying agent and any successor collecting and paying agent appointed in accordance with the Agency Agreement;

"CSD" means the Central Securities Clearing System Plc or the FMDQ Depository Limited, which expression shall include their successors or any additional or alternative clearing system approved by the Issuer or any clearing system specified in the Applicable Pricing Supplement;

"CSD Rules" means the rules and operating procedures for the transfer of title in securities held with the CSD;

"CSD Securities Account" means a securities account maintained by a Noteholder with the CSD;

"Default Rate" means the interest rate equivalent to the daily overnight NIBOR + 5% per annum or issue rate + 5% per annum (whichever is higher);

"Event of Default" means an event of default by the Issuer as set out in Condition 9;

"Face Value" means the par value of the Notes;

"Force Majeure" means any event or circumstance (or combination of events or circumstances) that is beyond the control of the Issuer which materially and adversely affects its ability to perform its obligations as stated in the Conditions, which could not have been reasonably foreseen, including without limitation, nationwide strikes, national emergency, pandemic, epidemics, outbreak of infectious disease or any other public health crisis, including quarantine or other restrictions, riot, civil strife, war, embargo, legislation, acts of terrorism, acts of God, industrial unrest or other events beyond the control of the parties which may materially or adversely affect the capabilities of the parties to perform their respective obligations under this Agreement;

"Government" means any federal, state or local government of the Federal Republic of Nigeria;

TERMS AND CONDITIONS

"Issue Date" means, in relation to any Note, the date on which the Note is issued by the Issuer in accordance with the Agency Agreement and the terms and conditions in the Applicable Pricing Supplement;

"Issue Price" means the price at which the relevant Series/Tranche of the Notes is issued, as specified in the Applicable Pricing Supplement;

"Issuer" means Babban Gona Farmer Services Nigeria Limited, a private limited liability company incorporated under the laws of the Federal Republic of Nigeria with RC No 1022040 and having its registered office at 12 Professor Olagoke Olabisi Street, U3 estate, Lekki, Lagos, Nigeria;

"Issuing and Placing Agent" means FCMB Capital Markets Limited and any successor issuing and placing agent appointed in accordance with the Agency Agreement;

"NIBOR" means the Nigerian Inter-Bank Offered Rate;

"Noteholders" mean the several persons for the time being, whose names are shown in the records of the CSD as holders of the Notes and shall include the legal and personal representatives or successors of such persons;

"Notes" means the commercial paper issued by the Issuer from time to time pursuant to the Programme Memorandum and any Applicable Pricing Supplement and held in a dematerialised form by the Noteholders through the CSD and payable in accordance with the provisions of this Programme Memorandum and any Applicable Pricing Supplement;

"Outstanding" means, in relation to the Notes, all the Notes issued, other than:

- (i) those Notes which have been redeemed pursuant to these Conditions; and
- (ii) those Notes in respect of which the date (including, where applicable, any deferred date) for its redemption in accordance with the relevant conditions has occurred and the redemption moneys have been duly paid in accordance with the provisions of this Agreement.

"Principal Amount" means the aggregate nominal amount of the Notes Outstanding;

"Programme" means the ~~N~~15,000,000,000 (Fifteen Billion Naira) commercial paper issuance programme renewed by the Issuer which allows for the multiple issuance of Notes in separate Tranches or Series from time to time;

"Programme Memorandum" means then information memorandum in respect of the Programme dated on or about the date hereof providing detailed particulars of the Programme, and includes any supplementary programme memorandum issued by the Issuer from time to time in respect of the Notes;

"Redemption Amount" means the amount specified in the Applicable Pricing Supplement as the amount payable in respect of each Note on the Redemption Date;

"Redemption Date" means in relation to any Tranche, the date on which redemption monies are due and payable in respect of the Notes as specified in these Conditions and the Applicable Pricing Supplement;

"Register" means the register to be maintained by the CSD in respect of the Notes and the Noteholders;

"Registrar" means the CSD or such other registrar as may be appointed by the Issuer in respect of the Notes issued under the Programme;

"Relevant Currency" means the currency in which payments in respect of the Notes of the relevant Tranche or Series are to be made as indicated in the Applicable Pricing Supplement;

TERMS AND CONDITIONS

"Relevant Date" means, in respect of any payment, the date on which such payment first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven (7) days after that on which notice is duly given to the Noteholders that such payment will be made;

"Relevant Last Day" means the date specified in the Applicable Pricing Supplement after which transfer of the Notes will not be registered;

"Series" means a series of Notes issued by the Issuer comprising one or more Tranches, having identical terms on issue and expressed to have the same series number but may not have the same Issue Date and Issue Price;

"Special Resolution" means a resolution passed by at least three-fourths (3/4) majority of the Noteholders of the Outstanding Notes at any point in time;

"Specified Office" means the offices of the Issuing and Placing Agent and the Collecting and Paying Agent as specified under the Agency Agreement and shall include such other office or offices as may be specified from time to time thereunder;

"Tranche" means in relation to a Series, those Notes of that Series that are issued on the same date and at the same Issue Price; and

"Zero-coupon Notes" mean Notes which will be offered and sold at a discount to their Face Value and will not bear interest, save for default interest payable on late payments.

CONDITION 1

CURRENCY, FORM, TITLE AND DENOMINATION

1.1 Issue and Currency

1.1.1 The Notes may be issued from time to time by the Issuer in Tranches pursuant to the Programme. A Tranche may, together with a further Tranche or Tranches, form a Series of Notes issued, provided that the aggregate Principal Amount of all Notes Outstanding under the Programme at any one point in time does not exceed the Programme size. The Applicable Pricing Supplement for each Tranche/Series is (to the extent relevant) incorporated herein for the purposes of those Notes and supplements these Conditions. The Applicable Pricing Supplement may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of those Notes.

1.1.2 The Noteholders are by virtue of their subscription to, or purchase of the Notes, deemed to have notice of, and are entitled to the benefit of and are subject to all the provisions of the Applicable Pricing Supplement and the Deed of Covenant.

1.1.3 The Notes shall be registered electronically and serially numbered.

1.1.4 Notes issued under the Programme will be Zero-coupon Notes.

1.2 Form and Title

1.2.1 The Notes will be issued in uncertificated (dematerialised or book entry) form, which shall be registered with a separate securities identification code with the CSD.

1.2.2 Title to the Notes shall pass upon credit to the CSD Securities Account of the Noteholder.

1.2.3 Transfer of title shall be effected in accordance with the CSD Rules.

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- 1.2.4 The CSD statement of account shall be conclusive and binding for all purposes save in the case of manifest error and such Noteholder shall be treated by the Issuer and the Issuing and Placing Agent as the legal and beneficial owner of such aggregate number of Notes for all purposes and no person will be liable for so treating the Noteholder.

1.3 Denomination

- 1.3.1 Subject to the Applicable Pricing Supplement, the Notes shall be denominated in a minimum amount of ₦5,000,000 (Five Million Naira) and integral multiples of ₦1,000 (One Thousand Naira) thereafter.
- 1.3.2 The minimum denominations of Notes denominated in other currencies will be in accordance with any applicable legal and regulatory requirements.

1.4 Closed Periods

No Noteholder may require the transfer of the Notes (i) during the period of ten (10) days ending on the relevant Redemption Date; (ii) following the issuance of default notice to the Issuer pursuant to Condition 9 (*Events of Default*); or (iii) following the Relevant Last Day.

CONDITION 2 STATUS OF THE NOTES

- 2.1 Each Note constitutes a direct, unconditional, senior and unsubordinated obligation of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Notes shall, save for such obligations as may be mandatorily preferred by applicable legislation relating to creditor's rights, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, from time to time.

CONDITION 3 REDEMPTION

- 3.1 The Notes will be redeemed at the Redemption Amount, specified in or determined in the manner specified in the Applicable Pricing Supplement, on the Redemption Date subject to the provisions contained in Condition 4 (Payments).

CONDITION 4 PAYMENTS

- 4.1 Only Noteholders named in the Register as at the close of business on the Relevant Last Day shall be entitled to payment of amounts due and payable in respect of the Notes. The Noteholder shall be the only person entitled to receive payments in respect of the Notes and the Issuer will be discharged by payment to, or to the order of, the Noteholder in respect of each amount so paid.
- 4.2 Payments of any outstanding obligation regarding the Notes will be made in the Relevant Currency by credit/electronic funds transfer to the specified bank account of the Noteholder.
- 4.3 In the case of joint Noteholders, payment by electronic transfers will be made to the account of the first-named Noteholder in the Register. Payment by electronic transfer to the first-named Noteholder in the Register shall discharge the Issuer of its relevant payment obligations under the Notes.
- 4.4 In the case of nominees, the nominee shall be paid as the registered Noteholder, who shall in turn transfer such funds to the holders of the beneficial interests.

TERMS AND CONDITIONS

- 4.5 If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer by reason of a Force Majeure Event, the Issuer shall, to the extent practicable, make such payment by cheque (or by such number of cheques as may be required in accordance with applicable banking law and practice) of any such amounts made payable to the relevant Noteholder. Such payments by cheque shall be sent by post to the address of the Noteholder of registered Notes as set forth in the Register on the Relevant Last Day or, in the case of joint Noteholders of registered Notes, the address set forth in the Register of that one of them who is first named in the Register in respect of that Note.
- 4.6 Cheques shall be posted by registered post, provided that the Issuer shall not be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this Condition 4.6.
- 4.7 Where the Issuer is unable to make payment by electronic funds transfer or cheques due to the occurrence of a Force Majeure Event, the Issuer or its Agent shall: (i) hold such funds for payments of amount due in respect of the Notes in trust for the Noteholders until such time as the Issuer is able to make payment; and (ii) notify Noteholders (to the extent possible) of its inability to make payment.
- 4.8 Where the Issuer fails to redeem the Notes on the Redemption Date (and only in this event), provided such failure is not as a result of a Force Majeure Event, interest shall begin to accrue on the Redemption Amount at the Default Rate from the Redemption Date until the date on which all amounts due in respect of such Note have been paid.
- 4.9 Any payment in respect of the Notes shall be made on a Business Day. Where the Redemption Date is not a Business Day, that payment shall be made on or by the next Business Day. The Noteholder shall not be entitled to any interest, return or other payment in respect of any such delay.
- 4.10 On the Redemption Date, payment shall only be made to the Noteholders if the Issuer has made funds available to the Collecting and Paying Agent.
- 4.11 In respect of payments relating to Notes under a Tranche, (notwithstanding that such Notes may have the same Issue Date), where the total Issue Price payable by a Noteholder in respect of the said Notes has not been received by the relevant Issue Date, but is at the discretion of the Issuer accepted within 5 (five) Business Days thereof, the Issue Price payable by the Noteholder in respect of such Notes shall be adjusted to reflect the reduced tenor of the investment as applicable.

CONDITION 5 **TRANSFER OF NOTES**

- 5.1 All Notes issued under the Programme in dematerialized or immobilized (book entry) form may be transferred only in accordance with the CSD Rules.
- 5.2 Transfer of the Notes will only occur by way of electronic book entry in the CSD accounts of the Noteholders in accordance with the CSD Rules.

CONDITION 6 **REGISTER**

- 6.1 The Register shall be maintained by the CSD. The Register shall reflect the number of Notes issued and shall contain the name, address, and bank account details of the registered Noteholders. The Register shall set out the aggregate Principal Amount of the Notes held by each Noteholder and the Issue Date.

TERMS AND CONDITIONS

- 6.2 The Register shall be open for inspection during the normal business hours of the Registrar to any Noteholder or any person authorised by the Noteholder.
- 6.3 Each Tranche or Series shall be registered in the applicable Register.
- 6.4 The Registrar shall alter the Register in respect of any change of name, address or bank account number of any of the registered Noteholders of which it is notified in accordance with these Conditions.

CONDITION 7 **TAXATION**

The Notes issued under the Programme will be Zero-coupon Notes and as such, will be offered and sold at a discount to their Face Value. The Notes will thus not bear interest (save for default interest payable on late payments) and the Issuer will not be required to withhold or deduct tax from payments in respect of the Notes to the Noteholders. However, the discount on the Notes may be taxed in accordance with applicable Nigerian tax laws.

CONDITION 8 **PRESCRIPTION**

The Notes will become void unless presented for payment in respect of the Redemption Amount within three (3) years from the relevant Redemption Date.

CONDITION 9 **EVENTS OF DEFAULT**

9.1 Events of Default

Upon the happening of any of the following events ("Events of Default") which is continuing, any Noteholder may, by written notice to the Issuer at its specified office(s), effective upon the date of receipt thereof by the Issuer declare the Notes held by that Noteholder to be forthwith due and payable, provided that no such action shall be taken if it is as a result of Force Majeure or the Issuer withholds or refuses to make any payment in order to comply with any law or regulation of Nigeria or to comply with any order of a court of competent jurisdiction. In addition, the Noteholders shall have the right to exercise all other remedies available to them under the laws of the Federal Republic of Nigeria.

Upon the occurrence of an Event of Default, the Issuer shall pay Noteholders interest at the Default Rate until the debt obligations to the Noteholders have been settled in full.

- 9.1.1 **Non-Payment or Part-Payment:** The Issuer fails to make payment or makes part-payment by the Redemption Date in respect of any Tranche or Series of Notes and such failure continues for a period of seven (7) Business Days, save for where its failure to pay is as a result of an administrative or technical error and payment is made within ten (10) Business Days of its due date; or
- 9.1.2 **Breach of Other Obligations:** The Issuer does not perform or comply with any one or more of its other obligations in the Notes which default is incapable of remedy or where capable of remedy, is not remedied within fifteen (15) days after written notice of such default shall have been given to the Issuer at its specified office; or
- 9.1.3 **Breach of Representation:** any representation, warranty or undertaking made in connection with any documentation supplied by the Issuer pursuant to the Programme is in the reasonable opinion of the Arranger, materially incorrect or misleading; or
- 9.1.4 **Winding-up:** an order is made or an effective resolution passed for the winding-up or

TERMS AND CONDITIONS

dissolution of the Issuer, or the Issuer applies or petitions for a winding-up or administration order in respect of itself or ceases or through an official action of its board of directors threatens to cease to carry on all or a substantial part of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganization, merger or consolidation on terms approved by the Noteholders; or

- 9.1.5 **Insolvency:** the Issuer is, or is deemed by law or a court to be insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer; or
- 9.1.6 **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out, on or against a material or substantial part of the property, assets or revenues of the Issuer, and such distress, attachment, execution or other legal process is not discharged or stayed within ninety (90) days; or
- 9.1.7 **Failure to take action:** any action, condition or thing (including the obtaining of any consent or approval) now or hereafter necessary to enable the Issuer to comply with its obligations under the Programme for the issuance of the Notes is not taken, fulfilled or done, or any such consent or approval is revoked, modified, withdrawn or withheld or ceases to remain in full force and effect, resulting in the Issuer being unable to perform any of its payment or other obligations in terms of the Notes or the Programme for the issuance of the Notes.

CONDITION 10 **NOTICES**

10.1 Notices to the Noteholders

- 10.1.1 All notices to the Noteholders will be valid if mailed to them at their respective addresses of record in the relevant Register. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the CBN Guidelines, the CSD Rules and the FMDQ Exchange Rules or such other regulatory authority as may be applicable to the Notes.
- 10.1.2 Any notice shall be deemed to have been given on the second day after being so mailed or on the date of publication in national newspapers, or if published more than once or on different dates, on the date of the first publication.

10.2 Notices from the Noteholders

- 10.2.1 Notices to be given by any Noteholder to the Issuer shall be in writing and given by lodging the same, with the Issuing and Placing Agent.
- 10.2.2 Any change of name or address on the part of the Noteholder shall forthwith be notified to the Issuer and subsequently, the Register shall be altered accordingly following notifications to the CSD.

CONDITION 11 **CHANGE OF AN AGENT**

- 11.1 The Issuer is entitled to vary or terminate the appointment of the Issuing and Placing Agent and /or the Collecting and Paying Agent and /or appoint additional or other agents and/or approve any change in the Specified Office through which any agent acts, provided that there will at all times during the subsistence of the Programme, be an agent with Specified Offices.

TERMS AND CONDITIONS

- 11.2 The Agents act solely as agents of the Issuer and do not assume any obligation towards or any relationship of agency or trust for or with any Noteholder.

CONDITION 12 **MODIFICATION**

- 12.1 The Arranger may agree with the Issuer, without the consent of the Noteholders to any modification of any of these Conditions which is in the opinion of the Arranger of a minor or technical nature or is made to correct a manifest error, or to comply with the mandatory provisions of any law in Nigeria and which, in the opinion of the Arranger, is not materially prejudicial to the interests of the Noteholders.
- 12.2 Save as provided in Condition 12.1 above, no amendment of the Conditions may be effected unless;
- (i) such amendment is in writing and signed by or on behalf of the Issuer; and
 - (ii) such amendment:
 - (a) If it affects the rights, under the Conditions, of all the Noteholders, is signed by or on behalf of Noteholders, holding not less than 75% (seventy-five percent) of the outstanding Principal Amount of all the Notes; or
 - (b) If it affects only the rights, under the Conditions, of a particular group (or groups) of Noteholders, is signed by or on behalf of the Noteholders in that group (or groups) holding not less than 75% (seventy-five percent) of the outstanding Principal Amount of all the Notes held by that group.
- 12.3 Any such modification, authorisation or waiver shall be binding on the Noteholders and shall be notified to the Noteholders, as soon as practicable in accordance with Condition 10 (Notices).

CONDITION 13 **MEETINGS OF NOTEHOLDERS**

- 13.1 The Issuer may at any time convene a meeting of all Noteholders upon at least twenty-one (21) days prior written notice to such Noteholders. The notice is required to be given in accordance with Condition 10 (*Notices*). Such Notice shall specify the date, place and time of the meeting to be held, which place shall be in Nigeria.
- 13.2 Every director or duly appointed representative of the Issuer may attend and speak at a meeting of the Noteholders but shall not be entitled to vote, other than as a proxy or representative of a Noteholder.
- 13.3 Two (2) or more Noteholders holding or representing by proxy a simple majority of the Principal Amount of the Notes that are Outstanding for the time being, shall be able to request the Issuer to convene a meeting of Noteholders. Should the Issuer fail to requisition such a meeting within ten (10) days of such a request being received by the Issuer, the Noteholders requesting the meeting may convene such a meeting.
- 13.4 A Noteholder may by an instrument in writing (a "Form of Proxy") signed by the holder or, in the case of a corporation executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, appoint any person (a "Proxy") to act on his or its behalf in connection with any meeting or proposed meeting of the Noteholders.
- 13.5 Any Noteholder, which is a corporation, may by resolution of its directors or other governing body, authorise any person to act as its representative (a "**Representative**") in connection with any meeting or proposed meeting of the Noteholders.

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- 13.6 Any Proxy or Representative so appointed shall, so long as the appointment remains in force, be deemed for all purposes in connection with any meeting or proposed meeting of the Noteholder specified in the appointment, to be the holder of the Notes to which the appointment relates and the holder of the Notes shall be deemed for such purposes not to be the holder.
- 13.7 The chairman of the meeting of the Noteholders shall be appointed by a majority of Noteholders present in person or proxy. The procedures to be followed at the meeting shall be as determined by the chairman subject to the remaining provisions of this Condition 13.
- 13.8 At any such meeting, two (2) or more Noteholders present in person, by representative or by proxy, holding in aggregate not less than one third (1/3rd) of the Principal Amount of Notes shall form a quorum. On a poll, each Noteholder present in person or by proxy at the time of the meeting shall have the number of votes equal to the number of Notes, by denomination held by the Noteholder.
- 13.9 If within thirty (30) minutes after the time appointed for any such meeting, a quorum is not formed, the meeting shall, if convened upon the requisition of Noteholders, be dissolved. In any other case, it shall be adjourned to such date and time not being less than fourteen (14) days nor more than twenty-one (21) days thereafter and at the same time and place. At such adjourned meeting, one or more Noteholders present or represented by proxy shall form a quorum and shall have power to pass any Special Resolution and to decide upon all matters which could properly have been dealt with at the original meeting had the requisite quorum been present.
- 13.10 A resolution in writing duly signed by 75% (seventy-five percent) of the Noteholders for the time being Outstanding, shall be as effective for all purposes as a Special Resolution duly passed at a meeting of the Noteholders, provided that the resolution was sent to all the Noteholders entitled to receive notice of a meeting of Noteholders. Such resolution may be contained in one document or in several documents of identical form duly signed by or on behalf of all of the Noteholders.

CONDITION 14 **FURTHER ISSUES**

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

CONDITION 15 **GOVERNING LAW**

- 15.1 The provisions of these Conditions and the Notes are governed by, and shall be construed in accordance with, the laws of the Federal Republic of Nigeria.

TAX CONSIDERATIONS

The Companies Income Tax (Exemption of Bonds and Short-Term Government Securities) Order 2012 ("Order"), grants exemption to income and interest earned, by corporate bodies for a period of 10 years with effect from the commencement date of 2nd January 2012. The Order applies to all categories of bonds, but in relation to short term securities, the Order only refers to income from FGN short term securities and therefore, it is not clear whether it extends to those issued by corporates.

In addition to the Order, the Personal Income Tax Act exempts all forms of taxes on income earned from investment made by individuals or other bodies liable to tax under the PITA. This exemption applies to all corporate bonds and short-term securities, including interest earned on bonds and short-term securities issued by corporates and there is no limitation period for the exemption.

The Notes issued under the Programme will be Zero Coupon Notes and as such, will be offered and sold at a discount to Face Value. The Notes will thus not bear interest and the Issuer will not be required to withhold or deduct tax from payments in respect of the Notes to the Note holders. This is based on section 78 of the CITA and section 70 of the PITA, which require companies to withhold tax only on interest payments. However, the discount on the Notes may be construed as income and taxed in accordance with applicable Nigerian tax laws.

The above summary is not intended to be and should not be construed to be tax advice to any investor. Any prospective investor who is in any doubt as to his/her tax position or who is subject to taxation in any jurisdiction other than Nigeria should consult his/her own professional advisers without delay as to the consequences of an investment in the Notes in view of his/her own personal circumstances. Neither the Issuer nor its tax advisers shall be liable to any subscriber in any manner for placing reliance upon the contents of this section.

RISK FACTORS

RISKS RELATING TO THE COMMERCIAL PAPER NOTES

The Company believes that the following factors may affect the Issuer's ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the company is not able to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the CP Notes are also described below.

Risks Related to the Company's Business

Babban Gona faces competition in 5 sectors, though its unique model differs from all others:

Trading: On the marketing side, Babban Gona competes with other aggregators, namely traders and agents. Such entities are typically not as involved in the production and storage cycles as Babban Gona is. As a result, they cannot guarantee quality, consistency and steady supply all year round. Furthermore, this group of actors is highly fragmented and suffers from poor intra-sectoral communication, impeding this group from creating a cost-effective and profitable economy of scale of the type Babban Gona has constructed.

Credit: On the credit side, Babban Gona is unique in that it is the only company in Nigeria sustainably making loans to Nigerian smallholder farmers on such a large scale and at competitive rates. While a few banks have begun to increase their agricultural portfolio, they typically concentrate further downstream in the processing and retail end of the value chain due to the lower perceived risk associated with such business models. Any loans that are made to small holder farmers are offered at rates between 27% and 60% annualized percentage rate (APR) compared to the Babban Gona average rate of 17.5% APR from inception.

Agricultural Inputs: On the input delivery side, Babban Gona is unique in that it provides end to end services and inputs and that it does so at such competitive rates. Typically, agricultural input distributors have found it challenging to access rural markets with low costs due to poor distribution channels. Babban Gona members, however, receive discounts on inputs, such as the previously discussed significant discount on urea fertilizer Babban Gona members received because of Babban Gona's economies of scale. For this reason, Babban Gona has rapidly grown to be the leading provider of agricultural inputs directly to small holder farmers.

Outgrower Schemes: While these organizations bear some similarity to Babban Gona, since they aggregate farmers and provide the necessary support to boost yields, both organizations are fundamentally different. Because out grower schemes in Nigeria are based around non-perishable staple crops, there is significant opportunity for farmers to side sell to buyers willing to offer a better price than the out grower. As a result, out-growers' schemes in Nigeria tend to disintegrate in the long run, due to the gradual erosion of trust between both parties. In our model, there is 100% alignment of interest, driven by the fact that the Agricultural Franchise, like a farmer organization, does not buy produce from farmers, but instead markets the produce on their behalf.

Farmer Organizations and Other Similar Models: Groups such as these generally do not focus on smallholder farmers and act more as collaborations of elite, large-scale, corporate farms designed to increase access to government support. These organizations are more political in nature than Babban Gona and do not necessarily provide the inputs and services that Babban Gona provides. Though there are a few private initiatives replicating Babban Gona's model, to date they are relatively smaller in size versus Babban Gona, however we monitor their activities closely.

The Company is positioned to benefit from governmental policies seeking to develop the agricultural sector:

Over the last 6 years, agricultural development has become a priority of the Nigerian government. In 2011, the Ministry of Agriculture launched the Agricultural Transformation Agenda, a plan intended to create a more enabling environment for the private sector to invest in the Nigerian agricultural space. This original strategy was developed by Doreo Partners, one of Babban Gona's investors, in partnership with the

RISK FACTORS

Ministry of Agriculture, and thus reflects many of the philosophies employed in the work of Babban Gona. The strategy limits big government crowding out the private sector and provides an enabling environment for companies like Babban Gona to flourish.

Similarly, the Nigerian government has prioritized agricultural self-sufficiency, or efforts to move closer towards it, for several prominent crops, including those of Babban Gona. This policy aims to stimulate the growth of domestic production of those crops to meet ever-increasing demand; this government support, which recognises the importance of avoiding crowding out, will greatly benefit businesses like Babban Gona. These policies are not expected to change in the near future, as both the current and the previous administrations have prioritized them.

Lastly, Nigeria's agricultural sector maintains the advantage of government support for agricultural research and support for the institutions which perform such research. World-renowned research facilities, such as the International Institute for Tropical Agriculture, are located in Nigeria, and Babban Gona has been able to leverage the research muscle of these institutions to develop competitive products like Aflasafe, a solution to the preponderance of harmful aflatoxins in much Nigerian maize. Babban Gona will continue to partner with these research institutions to create innovative solutions to agricultural challenges.

Market Risk

Historically, the price of maize and rice rises steadily during the 12 months after harvest, until the next major harvest comes in the following year. From our experience, the price of these commodities will increase by 25% - 50% over the course of 12 months. A key reason for this reliable pricing trend is due to the fact that the vast majority of maize and rice is produced via rain fed agriculture due to the very low levels of irrigation available in Nigeria, estimated at less than 100,000 hectares (Ha). This creates a scenario where prices are lowest at harvest when there is oversupply and prices begin to rise over the next 12 months as demand begins to outstrip supply.

In addition, due to the large nature of these markets, with 12 million metric ton (MT) of maize produced in Nigeria and an estimated 4 million MT of rice produced in Nigeria, it is difficult for large volumes of imports to flood the market and cause a decline in commodity pricing. It should be noted that we have developed an innovative commodity price insurance product that will pay Babban Gona in the event we have to sell our members products below the cost of production, ensuring at a bare minimum we are able to recoup our loan.

In 2019 price movement post-harvest was very limited. This was a unique situation that has only occurred once in the Company's 8 years of operations and is due to the combined impact of economic recession coupled with an election year where investment is typically delayed due to individuals and organizations waiting to see the outcome of the elections. Another risk (although extremely rare) would be post-harvest price drop. We are mitigating a risk of post-harvest economic losses due to low price appreciation through a self-insurance mechanism that provides liquidity to offset economic losses.

Foreign Exchange Risk

To mitigate foreign exchange risk, the Company will be employing a back-to-back loan structure. Hence, all U.S. Dollar (USD) denominated debt raised will be immediately deposited in a major Nigerian bank. The bank will pay interest on this deposit that will match the Company's cost of capital, i.e., coupon rate/interest rate on bond, in effect protecting the value of their principal invested in USD and guaranteeing coupon/interest payments. The Bank will then leverage this USD investment as collateral to make a Naira denominated facility available to Babban Gona to fund its operations.

Default Risk

Babban Gona adopts risk mitigation measures to address default concerning willful default, diversion of funds, low productivity and commodity price risk.

RISK FACTORS

Political Risk

Babban Gona benefits from significant support from both political and traditional leadership in the country. In addition, as a leading social enterprise in the country the Company has often been asked to provide advice at the highest levels of government i.e., Presidential Advisory Committee, Vice Presidential and Federal Ministerial levels. This combination of access to key leaders helps provide requisite political support, if required.

Security Risk

To mitigate security risks, Babban Gona specifically selects communities in which to operate that have a long history of peace. Most security challenges in our axis of operation, Abuja, to Kano, tend to happen in the larger urban areas with very little ripple effects on the surrounding rural communities. It is for this reason that the Company has strategically positioned its headquarters and grain storage facilities in these peaceful rural communities that have been immune to security challenges. Any community where a significant rise in insecurity is identified, the Company minimizes growth or completely exits that community to mitigate for this risk.

Risk related to the liquidity of the Notes

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon the market for similar securities, general economic conditions, and the financial condition of the Company. Although applications will be made for Notes issued under the Programme to be admitted and traded on the FMDQ platform, there is no assurance that such applications will be accepted, that any particular issue of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development of a liquid secondary market for any particular issue of the Notes.

Risks related to the change in price of the Notes

Changes in market price of Commercial Paper in the regulated market depends on supply and demand for Commercial Paper and changes in interest rates in the market. Excess demand for Commercial Paper could lead to a higher price, and excess supply could lead to a decrease in the price of Commercial Paper. In case of higher interest rates in the market, Commercial Paper holders could request higher return for Commercial Paper, which in turn could lead to a lower price of Commercial Paper in the regulated market. In case of lower interest rates in the market, Commercial Paper holders could expect lower return for Commercial Paper, which in turn could lead to a higher price of Commercial Paper in the regulated market.

SETTLEMENT, CLEARING AND TRANSFER OF NOTES

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

Clearing System

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

All transactions in the Notes shall be cleared and settled electronically in accordance with the rules and operating procedures of the CSD. Subject as aforesaid, each Tranche of Notes will be issued, cleared, and transferred in accordance with the Terms and Conditions and will be settled through Authorised Participants (as defined below) who will follow the electronic settlement procedures prescribed by the CSD.

Authorised Participants

The CSD will maintain a central securities account for Issuing & Placing Agent, Collecting & Paying Agent and Dealing Members ("Authorised Participants") and each beneficial owner of the Notes is required to have a sub-account under the Authorised Participants. Note holders may exercise their rights in respect of the Notes held in the custody of the CSD only through the Authorised Participants. For purposes of Notes issued under this Programme, the Authorised Participants are FCMB Capital Markets Limited, First City Monument Bank Limited and any other Issuing and Placing Agent appointed by the Issuer.

Registration

- i. The Authorized Participant is required to register with the CSD before dealing in CPs.
- ii. Note holders are required to route their account opening applications and transactions through the Authorized Participant, who would then notify the CSD to create a relevant sub-account for the Noteholder.
- iii. The CSD will assign a unique identification number ("Trade Member Code") to the Authorized Participant and also open the account(s) requested by the Authorized Participant.
- iv. The CSD will furnish the Authorized Participant with the following information:
 - a. Trade Member code;
 - b. Account Number(s), including sub-accounts for clients; and
 - c. CP Symbol and ISIN Codes (the CSD will re-open the existing ISIN code for all tranches with same maturity dates, however new ISIN codes will be issued for tranches with different maturity dates).

Lodgement

- i. The Authorized Participant will electronically lodge CPs with the CSD and advise the CSD after lodgement to transfer the CPs to the sub-accounts, individual accounts, or custodial accounts of the beneficial owners of the Notes.
- ii. The CSD shall process same within 24 hours of receipt.

Redemption

- i. No transactions or trades may be effected for any CP five (5) working days prior to its maturity date as the Register closes two (2) working days before maturity date.
- ii. The Authorized Participant must notify the CSD to expunge (knock-off) matured CPs not later than 3.00pm on the maturity/redemption date of the CP.

SETTLEMENT, CLEARING AND TRANSFER OF NOTES

- iii. The CSD shall expunge matured CPs on the maturity date of the CPs.
- iv. Maturity must be on a business day, however, where this falls on a public holiday, the ensuing working day shall be the maturity date of the CP.

Roll-Over

- i. Every roll-over of a CP shall be treated or classified as a fresh/ separate CP and shall be registered with the CSD who in turn shall furnish Issuing and Placing Agent and the Collection and Paying Agent with the new CP Symbol and ISIN Codes, subject to the receipt of CP rollover fees.
- ii. The new codes shall replace the existing CP Symbol and ISIN Codes in the system.

Default

- i. In case of a default, the Authorised Participants shall notify the CSD, investors and FMDQ no later than 3.00pm, two (2) business days before the maturity date.
- ii. The CSD shall make public the default status latest one (1) day before the maturity date. In this event, the CP holdings must remain with the CSD until the CPA pays off the CP holders and notifies the CSD with evidence.
- iii. The CPA shall pay off the Note holders and notify the CSD with the evidence.
- iv. Thereafter, the CSD shall notify the public and expunge the CP from the depository accordingly.

Secondary Market Trading (OTC) Guidelines

- i. Standard settlement cycle is T + 2.
- ii. The Authorized Participant shall submit Dealing Members' confirmed CP trade details on trade day in the specified format via the CSD's authorized platform, based on the following settlement timelines:
 - a. Same Day Settlement - 12.30pm
 - b. T+1 or T+2 Settlements - 3.00pm
- iii. The CSD shall deliver securities and send confirmation of transfers via the CSD's authorized platform by 2pm on settlement day to the FMDQ Exchange and Nigeria Inter-Bank Settlement System (NIBSS) simultaneously. Authorized participants shall state the particular account number where the CP(s) will be settled.
- iv. NIBSS shall transfer settlement amounts to respective accounts and send confirmation to the FMDQ Exchange and the CSD simultaneously.
- v. Transactions for standard settlement (T + 2) shall stop five (5) working days before maturity date, therefore the last applicable settlement shall be before close of business (3) working days before maturity date.

Reporting

- i. The CSD will effect the transfer of CPs on the settlement date as advised by the buyer and seller (the "Transaction Parties") and also keep records of consideration for each transaction.
- ii. The CSD will advise the Arrangers of their position, successful and failed transactions on each settlement day.
- iii. The Authorized Participant and Note holders can ascertain their CP balances after each day's trade via the CSD website (www.fmdqgroup.com/fmdqdepository or www.cscs.ng).

SETTLEMENT, CLEARING AND TRANSFER OF NOTES

Transfer of Notes

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

Cash Settlement

The Transaction Parties will be responsible for effecting the payment transfers either via Real Time Gross Settlement ("RTGS"), NIBSS Electronic Funds Transfer ("NEFT") or any other transfer mode agreed by the Transaction Parties and recognised by the CBN.

PROFORMA APPLICABLE PRICING SUPPLEMENT

Babban Gona Farmer Service Nigeria Limited RC: 1022040

Issue of Series [•] Commercial Papers Notes

under its ~~N~~15,000,000,000

Commercial Paper Issuance Programme

The Pricing Supplement must be read in conjunction with the Programme Memorandum, originally dated 18 January 2022 prepared by FCMB Capital Markets Limited on behalf of Babban Gona Farmer Services Nigeria Limited in connection with ~~N~~15,000,000,000 (Fifteen Billion Naira) Commercial Paper Issuance Programme, as amended and/ or supplemented from time to time the Programme Memorandum”).

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

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

This document has been prepared in accordance with the Central Bank of Nigeria’s Guidelines on the Issuance and Treatment of Bankers’ Acceptance and Commercial Papers issued on 11 September 2019 and the FMDQ Exchange Rules. The document is not required to be registered with the Nigerian Stock Exchange (“NSE”) or the Securities and Exchange Commission (“SEC”). This document is important and should be read carefully. If any recipient is in any doubt about its contents or actions to be taken, such recipient should consult his/her Banker, Stockbroker, Accountant, Solicitor, or any other professional adviser for guidance immediately.

Arranger/Issuing & Placing Agent



CAPITAL MARKETS

RC 446561

FCMB Capital Markets Limited

Collecting and Paying Agent



RC 46713

First City Monument Bank Limited

This Pricing Supplement is dated [•]

PROFORMA APPLICABLE PRICING SUPPLEMENT

Issuer	Babban Gona Farmer Services Nigeria Limited
Arrangers/Issuing & Placing Agent	FCMB Capital Markets Limited
Collecting and Paying Agent	First City Monument Bank Limited
Sponsor to the Quotation on FMDQ Exchange	FCMB Capital Markets Limited
Solicitor	Udo Udoma & Belo-Osagie
Custodian	FMDQ Depository Limited
Programme Size	₦15,000,000,000 (Fifteen Billion Naira)
Series Number	[•]
Issued and Outstanding at the date of this Pricing Supplement	₦[•]
Face Value	₦[•]
Discounted Value	₦[•]
Nominal Amount Per Note	₦[•]
Tenor	[•]
Issue Date	[•]
Maturity Date	[•]
Currency of Issue	Nigerian Naira
Final Redemption Amount	[•]
Minimum Subscription	[•] and multiples of [•] thereafter
Specified Currency	Nigerian Naira, ₦
Status of Notes	Each Note constitutes a senior unsecured obligation of the Issuer and save for certain debts mandatorily preferred by law, the Notes rank pari passu among themselves, and save for certain debts mandatorily preferred by law, with other present and future senior unsecured obligations of the Issuer outstanding from time to time
Form of Notes	Dematerialized
Use of Proceeds	[To finance working capital requirements and other operational needs]
Quotation	Notes may be quoted on the FMDQ Securities Exchange or any other recognized Exchange
Taxation	Please refer to the "Tax Considerations" section in the Programme Memorandum
Method of Offer	Fixed Price Offer
Implied Yield	[•]%
Discount Rate	[•]%
Any Other Formula or basis For Determining Amount(s) Payable	$PV = FV * (1 - (DR * t / \text{Actual number of days in a year}))$
Day Count Fraction	Actual/Actual (actual number of days in a month and actual number of days in a year)
Business Day Convention	Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria
Redemption/Payment Basis	Redemption at Par
Issuer's Early Redemption	[Not Applicable]

PROFORMA APPLICABLE PRICING SUPPLEMENT

Issuer's Optional Redemption	[Not Applicable]
Other Terms Applicable on Redemption	[Not Applicable]
Offer Opens	[•]
Offer Closes	[•]
Allotment Date	[•]
Notification of Allotment	All applicants will be notified through an email and/or telephone of their allotment by no later than [•]
Payment Date	[•]
	Bank: [•]
Details of Bank Account(s) to which payments are to be made in respect of the Notes	Account Name: [•] Account Number: [•] Sort Code: [•]
Settlement Procedures and Settlement Instructions	Purchases will be settled via direct debit, electronic funds transfer (NIBBS, NEFT, RTGS, etc.)
Issuer Rating	[•]
Delivery Date	[•]

MATERIAL ADVERSE CHANGE STATEMENT

Except as disclosed in this document, there has been no material adverse change in the financial position or prospects of the Issuer since the [•] audited accounts.

RESPONSIBILITY

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

Signed at _____ on this _____ day of _____ 20[•]

For and on behalf of:

Babban Gona Farmer Services Nigeria Limited

Name:
Capacity: Director
Who warrants his/her authority hereto

Name:
Capacity: Director
Who warrants his/her authority hereto

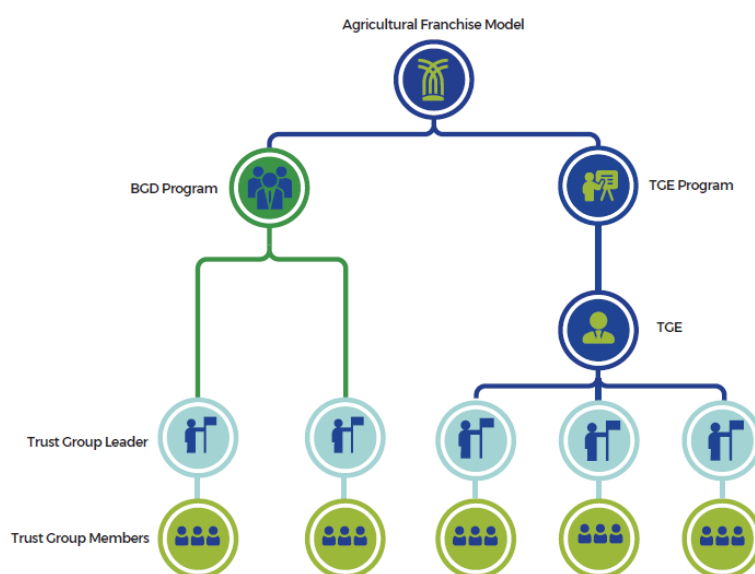
DESCRIPTION OF BABBAN GONA FARMER SERVICES NIGERIA LIMITED

Introduction

Babban Gona is an agricultural franchise providing smallholder farmers in Nigeria professional management services and access to finance, increasing yields and net income for its farmer members through the provision of integral services. These services include training in good agricultural practices, credit, agricultural input/services, and storage/marketing services.

Babban Gona is currently the largest maize-producing entity in West-Africa, where for the last 10 years, they have consistently enabled their smallholder members to increase their yields and attain net incomes of more than double the national average, while maintaining repayment rates on their loans of over 99%. The company has made climate-smart agriculture a core of its business; with efforts centered around climate change mitigation initiatives and building farmers' resilience to climate change related shocks.

Over the last few years, Babban Gona has also piloted several business line extensions with a focus on the Last Mile Distribution and Women Economic Development Initiative.



The Company's innovative Agricultural Franchise Model ("Model") is designed to support those at the bottom of the pyramid by 1) de-risking rural youth and enabling them to access critical investment to run a successful farming business, and (2) graduating them and their families to additional extension businesses, such as wholesale and retail trading. It operates the Model through two core programs: Babban Gona Direct (BGD) and Trust Group Entrepreneur (TGE), and two extension programs: Last Mile Distribution (LMD) and Women Economic Development Initiative (WEDI).

Through the BGD Program, the company works directly with Trust Groups and Trust Group Leaders (TGLs) to provide the necessary support to successfully manage their agri-business. Since the Company's inception almost 10 years ago, it has delivered approximately 168,000 loans to its members via the BGD Program.

Through the TGE Program, experienced Babban Gona members are empowered to become independent agri-preneurs, running their own Babban Gona franchises. The Company supports TGEs by leveraging technology and its robust infrastructure. The TGE Program allows the company to compound the impact of our Model, rapidly growing operations to achieve economies of scale and serve thousands more members than would otherwise be possible. In 2020, 1,361 TGEs managed their own BG franchises, overseeing a network of 6,432 Trust Groups, with 20,859 farmers cultivating 32,158 acres of land.

Babban Gona provides their members with the following core products and services:

DESCRIPTION OF BABBAN GONA FARMER SERVICES NIGERIA LIMITED

Training & Education: Members receive training via the Babban Gona Farm University (Farm U). Farm U is a training platform which enables smallholder farmer members to (1) access the critical knowledge required to manage their Trust Groups efficiently and effectively, (2) develop a commercial mindset to farming, and (3) adopt critical agronomic best practices to improve their yields.

Financial Credit: Access to credit is a critical factor limiting the growth and profitability of smallholder farmers. Babban Gona adopts an innovative approach to de-risk members of the farmer groups and raises cost-effective debt to finance its members through a blended finance structure.

Agricultural Inputs: Babban Gona provides members with high-quality inputs at the best available prices. The company sources inputs from market-leading manufacturers, assuring our members of quality in the inputs we provide. These quality inputs, alongside the training members receive on the appropriate application and use of inputs, ensure that our members attain higher levels of productivity.

Harvesting & Marketing Support: Members are provided access to Babban Gona's harvesting & marketing support services that ensure optimal storage practices, access to markets, and ultimately increased profits.

The Babban Gona extension lines include LMD and WEDI:

Through the LMD Program, the company provides their best performing Trust Group Leaders in strategic high potential communities with wholesale trading support in the form of products and services on credit. The goal of the LMD Program is to increase the income generating potential of the member farmers by offering them an additional business opportunity that focuses on cross-selling farming products (e.g., fertilizer) in their local communities.

WEDI is Babban Gona's flagship women empowerment project designed specifically to overcome some of the key social barriers impeding women's participation in Babban Gona's core program for smallholders. Through WEDI, we turn recommended female relatives of our member farmers into entrepreneurs with businesses focused on a range of activities, such as the retail of fast-moving consumer goods.

History

2012: Babban Gona commenced operations in Saulawa Village, Kaduna State, enrolling 100+ farmers in 16+ Trust Groups.

2013: The Company aggregated and sold 1,250 MT of grain for their member farmers.

2014: The Company increased their capacity to aggregate 300% more grain than the previous season.

2015: The Company underwent significant geographic expansion, moving from 2 Local Government Areas (LGAs) of operation in 2014 to 6 LGAs in 2015.

2016: The Company grew its farmer base by almost 200%, from 2,900+ to 8,100+, and expanded into more local governments across 3 states (Kaduna, Kano and Katsina).

2017: the Company increased yields by 200% and net incomes for over 18,000 members by over 300% the national average. Additionally, Babban Gona became the first for-profit to receive the prestigious Skoll Award for Social Entrepreneurship.

2018: the Company diversified its revenue lines by leveraging improved technology. It also piloted the Babban Gona Leadership Institute (BGLI) to enhance the skills of its employees.

2019: Babban Gona digitized field operations to support its newly launched TGE Program. The Company also expanded its operations into 2 new states, Bauchi and Plateau.

DESCRIPTION OF BABBAN GONA FARMER SERVICES NIGERIA LIMITED

2020: Babban Gona grew its membership base by 200%, becoming the single largest maize producing entity in West Africa despite the COVID-19 outbreak. Additionally, the Company supported over 18,500 women entrepreneurs through its Women Economic Development Initiative (WEDI).

Partners



Profile of Directors and Management Team

Directors

Alhaji Bello Maccido – Chairman

Bello is an accomplished corporate and investment banker with over 31 years post graduate experience. He has at different times served on the Boards of FBN Holdings Plc, First Bank of Nigeria Plc and Legacy Pension Manager Limited and is currently the Chairman, FBN Merchant Bank Ltd. Bello is a Fellow of both the Chartered Institute of Stockbrokers and the Chartered Institute of Bankers of Nigeria. Bello holds a Law Degree (LL.B) from Ahmadu Bello University, Zaria and an MBA from Wayne State University in Detroit, Michigan, USA. He is a Barrister at Law (BL) of the Supreme Court of Nigeria and an alumnus of the Executive Business Program at Harvard Business School and the International Institute for Management Development in Lausanne, Switzerland.

Kola Masha – Managing Director

Prior to Babban Gona, Kola was a Managing Director and CEO of a major subsidiary in the Notore Group, one of Nigeria's leading agricultural conglomerates, where he raised USD \$24 million to develop an integrated agricultural trading, production and processing business. Furthermore, he led the development and execution of Notore's commercial strategy across West and Central Africa, preparing the company to sell one million tons of fertilizer and establish a modern seed business. He led the effort to raise \$130 million in equity, and the restructuring of \$360 million in debt.

Kola brings significant leadership experience in venture capital, corporate finance, business development, marketing and operations, across four continents with multiple global companies, including GE, Notore and Abiomed. In addition, Kola brings extensive public sector experience as Senior Advisor to the Nigerian Minister of Agriculture. In recognition for his leadership in driving positive change on the African continent he has received several global awards including the prestigious Eisenhower Fellowship, a leading leadership institute led by General Collin Powell. He was also appointed to the Board of the African Enterprise Challenge Fund, a \$250 million fund that awards grants and repayable grants to private sector companies to support innovative business ideas in agriculture, agribusiness, renewable energy,

DESCRIPTION OF BABBAN GONA FARMER SERVICES NIGERIA LIMITED

adaptation to climate change and access to information and financial services. Kola holds an MBA (Honors) from Harvard and a Master's in Mechanical Engineering from Massachusetts Institute of Technology.

Lola Masha – Deputy Managing Director

Before joining Babban Gona, Lola was the Director for Trust and Safety at OLX Group, working across 30+ OLX markets to ensure that buyers and sellers can transact safely and securely on the platform. Prior to her global role at OLX, Lola was the Country Manager for OLX in Nigeria, where she was responsible for driving all elements of the business including business development, product localization, marketing, and other relevant functions.

OLXGroup is one of the world's leading online classifieds players. Through its brands including OLX, Avito, dubizzle and letgo, OLX Group is the home of online classifieds in high-growth markets. These platforms are the leading destination for buying and selling used goods and services in 30 countries, and the #1 mobile app in its category in more than 20 markets. Globally, 11 million items are exchanged through its platforms every single month. Prior to joining OLX, Lola spent 4 years at Google leading various Product Partnerships efforts across EMEA and Emerging Markets. Lola was one of the earliest Googlers in Sub-Saharan Africa when the technology company began its operations in the region.

Lola shaped the regional strategy, executed on several core initiatives and led business development efforts with key SSA partners including the telcos, OEMs, digital content providers and local entrepreneurs. Lola brings significant leadership experience in business development, entrepreneurship, operational transformation and product development across several industries including technology and financial services. In addition, to Africa, Lola has substantial international working experience in North America, Europe, and Asia. She also worked in the Chicago office of McKinsey & Company, where she spent time advising senior executives on extensive strategic management topics. Lola holds a BSc. in Chemical Engineering from the University of Virginia, and a PhD in Chemical Engineering from the University of California, Berkeley. She is happily married with two kids.

Bala Yunusa Yusuf – Non-Executive Director

Prior to commencing his doctoral research at The University of Manchester, Bala was the Team Leader of the United Nations Millennium Village Project in Nigeria where he oversaw the technical and financial implementation of the Millennium Villages Project. Also, he won a grant from the Alliance for a Green Revolution in Africa to implement a Soil Health Programme in Northern Nigeria targeting 30,000 smallholder farmers.

Moreover, he led the scaling up of 31 of the UNDP's Millennium Villages to cover Saulawa Districts with about 29,000 vulnerable people and facilitated the adoption of the Millennium Villages model at the national level, covering 113 local governments with approximately 21 million people. Prior to this, he worked in the Nigerian banking sub-sector for six years (2001-2007) as a Relationship Manager and Branch Head with Guaranty Trust Bank. He holds both a Master's in Development Finance, and a PhD in Development Policy and Management from The University of Manchester.

Michael Jainzik – Non-Executive Director

Michael Jainzik has worked in development banking for more than two decades. He held various positions within KfW Development Bank, had assumed the position of Head of Corporate Development in Access Microfinance Holding and was working as independent consultant.

Prior to his role as independent director in Babban Gona, Michael has served as a non-executive director in Access Bank Azerbaijan (2006-2011, Chairman), Belarusian Bank for Small Business (2008-2011), Rural Impulse Fund II Luxemburg (2010-2011) and AB Bank Zambia (2011-2016).

Michael has studied Economics and Management at the Universities of Lüneburg and Witten/Herdecke (Germany) and ETEA – Universidad Loyola in Córdoba (Spain) and holds a Masters 'Degree in Economics and Management. He is currently based in Phnom Penh, Cambodia.

DESCRIPTION OF BABBAN GONA FARMER SERVICES NIGERIA LIMITED

Management Team

Adebayo Adeniran - Head, Enterprise Systems Engineering

Adebayo Adeniran is a technology professional with a passion for software development, machine learning, and utilizing tech innovations in ways that scale business impact. Adebayo started his career at Babban Gona as a software engineer and over the last three years has risen to manage Enterprise Systems Engineering and develop AI-driven apps to support Babban Gona's members. Adebayo holds a Bachelor of Science in Electrical and Electronics Engineering.

Adaeze Usuh – Principal, Corporate Finance

Adaeze is a financial industry professional with over 10 years of global investment advisory, investment management, and consulting expertise.

Prior to joining Babban Gona in July 2018, Adaeze worked at Cordros Capital and Cordros Asset Management, Nigeria, as a Fixed Income Specialist and Product Manager respectively. Here, she created and managed fixed income and money market products for retail investors. She also worked at Convergent Advisors, Nigeria, in Advisory and Investment Management, specifically focusing on the agricultural and banking sectors. Adaeze started her career at Willis Towers Watson (legacy Watson Wyatt), UK, as an Investment Analyst for defined contribution pension schemes. Here, she advised trustee boards of some of the largest FTSE 100 companies.

She holds a BSc in Applied Business Management from Imperial College London and an MSc in International Management from King's College London.

Andrew Obuoforibo – Head of Product

Andrew Obuoforibo is a professional with over 10 years of experience. Andrew has worked in a range of industries and organisations like Intel Corporation where he began his career as a Research and Development Engineer, Sybil Analytics where he was a Software Architect and Lead Software Engineer, and Gi-Sys Consult where he was a World Bank Consultant for 10 years. Most recently, Andrew worked at Orobo as the Head of Business Development for Africa before joining Babban Gona as the Head of Product in 2020. Andrew holds a Bachelor of Science in Computer Science from Arizona State University.

Elijah Ishaku - Head, Smallholder Partnerships and Last Mile Logistics

Prior to joining Babban Gona, Elijah worked as an Assistant Mass Market Officer with United Bank of Africa, where he made a significant impact in the Bank's service delivery with outstanding performance. Elijah graduated with the Most Outstanding Executive of the Year Award (2011) for his exceptional performance and selfless service. Meticulous with figures and passion for Leadership and Financial Management, Elijah served at Peace College of Education, Ankpa, a growing academic institution of learning, as an Office Assistant to the Director of Consultancy. Elijah holds a BSc. in Business Administration from the University of Abuja.

Haro Baka – Head, Last Mile Logistics

Haro Baka studied Soil Sciences and earned a Bachelor of Science from Ahmadu Bello University. Soon after, Haro began her career at Babban Gona quickly rising to head Last Mile Logistics, a critical part of Babban Gona's business. In this role, Haro supervises the movement of agricultural inputs and crops to last mile smallholder farmers and Babban Gona's vast network of warehouses and collection centres.

DESCRIPTION OF BABBAN GONA FARMER SERVICES NIGERIA LIMITED

Lily Albert-Sopein – Head, Human Resources

Lily Albert-Sopein is a Human Resources professional with over eight years of professional experience at organisations like My Consult 360, eHealth Africa, and Career Buddy. Lily's areas of expertise include People Operations, Strategic Planning, Talent Acquisition & Management, Performance Management, HR Strategy & Audit, Change Management, and HR Analytics. Lily holds National Diplomas in Computer Science from Osun State Polytechnic and Federal Polytechnic Offa, a Post Graduate Diploma in Management, Business Administration and Management from Ahmadu Bello University. Lily is currently an MBA candidate at the University of East London.

Renee Chan – Head, Impact, Knowledge and Learning

Renee Chan is an innovator, connector and strategist that excels at unpacking complex issues, bringing together diverse people and synthesizing ideas and practice to deliver business solutions. Renee has over ten years of professional experience in a range of roles and organisations like The Fred Hollows Foundation where she was Process and Change Partner, and The Young Feminist Fund (FRIDA) where she was a Project Management Consultant. Renee holds a Bachelor of Arts in Politics and International Relations and Development from the University of New South Wales, and a Master of Arts in Policy Studies.

Oladele Odugbemi – Head, Finance Operations

Oladele Odugbemi is a big-4 trained finance professional with over 8 years diverse experience in finance, accounting, and audit as it is applicable across major industries. Oladele possesses a sound understanding of the best business process standards across a range of industries and sectors, and has robust knowledge supported by hands-on experience in the preparation of financial statements in line with the International Financial Reporting Standards (IFRS).

Oladele started his career as an Associate at Pricewaterhouse Coopers and left the organization as a Senior Associate after four years. Since then, Oladele has held the position of Finance Manager at Cheil Communications Nigeria Limited, Financial Reporting Accountant at GZ Industries, and is currently the Head of Finance Operations.

Peace Adegoke - Head, Smallholder Partnerships

Peace Adegoke is an agriculture professional with over four years of experience in the sector. Peace started her career at the International Fertilizer Development Centre as a Field Enumerator. Since joining Babban Gona in 2017, Peace has led Trust Group Enterprise, Human Development and Smallholder Partnerships ensuring a mutually beneficial relationship between Babban Gona and the smallholder farmers the organization serves. Peace holds a Master of Science in Pharmaceutical Microbiology and a Doctor of Philosophy in Pharmaceutical Biology, both from Ahmadu Bello University.

Segun Babatunde – Head, Sales and Business Operations

Prior to joining Babban Gona, Segun served at Aebus Limited, a multinational outsourcing firm, as Business Analyst. Later years saw him progress from being a Data Analyst to managing the Accounts Department at Greater Washington Limited, a prominent firm in the field of logistics, where along with team members, nurtured the 6-man staff strength to 80 by the end of the year, with exceptional financial results.

Segun holds a Master of Business Administration (MBA) in Management from University of Lagos and has several awards for exceptional performance.

DESCRIPTION OF BABBAN GONA FARMER SERVICES NIGERIA LIMITED

Ubong Inyang – Head, Partnerships

Ubong is an experienced finance and corporate legal professional with over 9 years' experience in the financial services sector, where he's been responsible for building bespoke corporate solutions and advising private sector companies towards achieving their operational and strategic goals.

Before joining Babban Gona, Ubong served as Legal Counsel to Lidya Global Limited, one of the fastest-growing B2B and B2C lending companies in Nigeria. He was responsible for leading debt recovery efforts and advised the company on its expansion into Eastern Europe. Before that, he served as an in-house counsel at Guaranty Trust Bank where he managed the Bank's litigation portfolio across 34 states in Nigeria and provided legal advisory services to business units and management. He began his career in the Bank's Commercial Banking Division where he led optimization of business opportunities, formulated business cases on revenue strategies and structured credit facilities for manufacturing, agro-trading, and asset management clients over \$95 million, including a \$10 million export trade finance for an agro commodity trading company.

Ubong holds a Bachelor's degree in Law from the University of Abuja, a Master of Laws (LLM) degree in International Business Law from IE University Madrid, and a Master of Business Administration (MBA) from IE Business School, Madrid.

Corporate Governance

Purpose of the Board

The Board Charter sets out the values and principles of the Board of directors of Babban Gona Farmer Services Limited ("the Company"). It provides an overview of the roles within and responsibilities of the board of directors; powers of the board and board committees; separation of roles between the Board and Management; and the practice of the board in respect of corporate governance matters.

In compliance with the Companies and Allied Matters Act of 2020, Articles of Association and the Shareholders' Agreement, this Board Charter sets out the power and authority of the Board of Directors.

Roles of the Board

The responsibilities of the Board shall be as captured in the Shareholders Agreement, the following are the roles and responsibilities of the board:

- a) The Board is responsible for establishing a sound system of internal control for the Company.
- b) The Board is responsible for overseeing the corporate governance framework.
- c) The Board is responsible for: adoption of strategic plans and policies; monitoring the operational performance; establishing policies and processes that ensure the integrity of the Company's internal controls; and risk management.
- d) The Board is responsible for establishing clear roles and responsibilities in discharging its fiduciary and leadership functions.
- e) The Board is responsible for ensuring that management actively cultivates a culture of ethical conduct and sets the values to which the institution will adhere.
- f) The Board is responsible for ensuring that strategies adopted promote the sustainability of the company.
- g) The Board is responsible for establishing policies and procedures for effective operations of the Company.
- h) The Board shall ensure the Company's compliance with all applicable laws, regulations, governance codes, guidelines and regulations and establish systems to effectively monitor and control compliance across the Company.

DESCRIPTION OF BABBAN GONA FARMER SERVICES NIGERIA LIMITED

Duties of the Board

- a) The Directors shall exercise a reasonable degree of care, skill and diligence devoting sufficient time to carry out their responsibilities and enhance their skills.
- b) Directors shall act in good faith and the best interests of the Company and not for any other purpose; working honestly at all times with due consideration given to the Company's conflict of interest policy.
- c) Directors are always expected to exercise independent judgement, promoting and protecting the image of the company.
- d) Directors owe their duty to the company and not to the nominating authority; and shall hold in confidence all information available to them by their position as a Board member.

Composition of the Board

- a) The Board shall have the set number of members in compliance with the Shareholders' Agreement and local regulations.
- b) The Board shall ensure that it comprises a diverse mix of skills and expertise critical for effective oversight on the management of the company. This shall be underscored by ensuring that each member has the requisite skill and access to the necessary tools required for their effective performance.

Board Committees

- a) The Board can discharge any of its responsibilities through Board Committees appointed from among its members in accordance with the Shareholders' Agreement. The Board shall appoint the Chairpersons of the Committees and shall approve appropriate terms of reference for the Committees.
- b) The Board has established the Finance, Audit and Risk Committee:
 - i. The Committee shall report to the Board on matters referred to it by the Board and on the proceedings following each meeting of the committee. The report shall include findings, matters identified for specific recommendation to the Board, action points and any other issues as deemed appropriate. The committees shall liaise with each other in so far as it is expedient to effectively perform their different roles.
 - ii. The Board remains collectively responsible for the decisions of any committee and shall review the effectiveness and performance of committees annually. The Board may be required to establish other committees from time to time.

Relation With Shareholders

- a) The Board shall recognize, respect, and protect the rights of shareholders and ensure equitable treatment of all shareholders in the same class of issued shares whether minority, institutional, or foreign. The Board shall provide shareholders with information as is required under the applicable law and shall establish mechanisms to ensure effective communication with shareholders.

Relations With Stakeholders

- a) The Board shall have a stakeholder-inclusive approach and will be responsible for giving due consideration to the legitimate interests and expectations of the Company's stakeholders in its deliberations, decisions and actions. The Board shall establish effective communication with the Company's stakeholders including the media as deemed appropriate.

AUDITORS' COMFORT LETTER



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BABBAN GONA FARMER SERVICES NIGERIA LIMITED

N30 BILLION COMMERCIAL PAPER PROGRAMME:

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS OF THE BOARD OF DIRECTORS OF BABBAN GONA FARMER SERVICES LIMITED

Opinion

The accompanying summary of financial information on pages 42 to 44 which comprise the summary statements of financial position as at 30 September 2018, 30 September 2019 and 30 September 2020 the summary of profit or loss and other comprehensive income for the years ended 30 September 2018, 30 September 2019 and 30 September 2020 and the summary of cash flows for the years ended, are derived from the audited financial statements of BABBAN GONA FARMER SERVICES LIMITED for the years ended 30 September 2018, 30 September 2019 and 30 September 2020 respectively.

In our opinion, the summary financial information derived from financial statements of BABBAN GONA FARMER SERVICES LIMITED (the "COMPANY") for the years ended 30 September 2018, 30 September 2019 and 30 September 2020 are consistent in all material respect with the financial statements in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act (CAMA) 2020, the Financial Reporting Council of Nigeria Act 2011.

Summary Financial Statements

The summary financial statements do not contain all disclosures required by the International Financial Reporting Standards, Companies and Allied Matters Act (CAMA) 2020, and the Financial Reporting Council of Nigeria Act, 2011 applied in the preparation of the audited financial statements of BABBAN GONA FARMER SERVICES LIMITED. Reading the summary financial statements and the auditor's report thereon, therefore is not a substitute for reading the audited financial statements and the auditor's report of BABBAN GONA FARMER SERVICES LIMITED.

The Audited Financial Statements and Our Report Thereon

In our opinion the summary of financial information derived from the audited financial statements of BABBAN GONA FARMER SERVICES LIMITED for years ended 30 September 2018, 30 September 2019 and 30 September 2020 are consistent, in all material respects, with those financial statements in accordance with the Companies and Allied Matters Act (CAMA) 2020.

Director's Responsibility for the Summary Financial Statements

The Directors are responsible for the preparation of the summary audited financial information for years ended 30 September 2018, 30 September 2019 and 30 September 2020 in accordance with the Companies and Allied Matters Act (CAMA) 2020, the Financial Reporting Council of Nigeria Act, 2011 and International Financial Reporting Standards.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent in all material respects with the audited financial statements based on our procedure, which are conducted in accordance with International Standards of Auditing (ISA 810 revised). "Engagement report on Summary Financial Statements".

Joshua Ojo
FRC/2013/ICAN/00000000849
Deloitte & Touche
Chartered Accountants
Lagos Nigeria

01 December 2021

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HISTORICAL FINANCIAL INFORMATION

The financial information set out on pages 42 to 44 of this Programme Memorandum has been extracted from the audited annual financial statements of the Issuer and is available at the specified office of the Issuer. This section should be read and construed in conjunction with the audited financial statements for the years ended 30 September 2018, 2019, and 2020 and with any audited interim financial statements published subsequently, for the financial years prior to each issue of Notes under this Programme.

Statement of Financial Position

	2020 ₦'000	2019 ₦'000	2018 ₦'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	11,881,082	7,364,836	4,995,512
Prepayments	1,452,892	856,464	712,617
Accounts Receivable	1,149,077	892,748	360,116
Inventory	2,888,400	1,564,856	1,988,996
Total Current Assets	17,371,451	10,678,904	8,057,241
Non-current Assets			
PPE & Intangible Assets	1,029,672	827,848	550,808
Deferred Tax Assets	19,912	17,942	-
Total Non-current Assets	1,049,584	845,790	550,808
Total Assets	18,421,035	11,524,694	8,608,049
LIABILITIES			
Current Liabilities			
Short Term Debt	4,803,330	4,486,069	2,083,040
Accounts Payable	207,370	123,148	140,119
Income Tax Liabilities	255,185	69,891	176,044
Total Current Liabilities	5,265,885	4,679,108	2,399,203
Non-current Liabilities			
Member Deposits	12,393	69,485	191,639
Long Term Debt	8,645,312	5,200,633	4,246,289
Grant Liability	1,431,999	-	-
Deposit for Shares	-	-	-
Deferred Tax Liabilities	-	-	57,251
Total Non-current Liabilities	10,089,704	5,270,118	4,495,179
Total Liabilities	15,355,589	9,949,226	6,894,382
EQUITY			
Equity Capital	1,878,306	1,144,046	1,144,046
Retained Earnings	1,187,140	431,422	569,621
Total Shareholder's Equity	3,065,446	1,575,468	1,713,667
Total Liabilities & Shareholder's Equity	18,421,035	11,524,694	8,608,049

HISTORICAL FINANCIAL INFORMATION**Statement of Profit or Loss and Other Comprehensive Income**

	2020 N'000	2019 N'000	2018 N'000
Revenue	6,162,201	5,773,711	6,636,349
Cost of Sales	(4,149,692)	(5,323,740)	(5,762,850)
Gross Profit	2,012,509	449,971	873,499
Net Impairment losses on financial and contract assets-(27,003)-Other Income	58,516	2,987,	196,600
General & Administrative Expenses	(968,345)	(267,312)	(198,432)
Operating Profit	1,102,680	158,643	871,667
Depreciation and Amortization			(66,356)
Forex Gain/(Loss)	(179,702)	(103,488)	5,630
Net Interest Income/(Expense)	206,349	61,065	(340,867)
	(118,424)	(379,225)	
Profit Before Tax (PBT)	1,010,903	(263,005)	470,074
Taxation	(255,185)	124,806	(233,295)
Profit After Tax (PAT)	755,718	(138,199)	236,779
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss	-	-	-
Total Comprehensive Income for the Year	755,718	(138,199)	236,779

HISTORICAL FINANCIAL INFORMATION**Statement of Cashflows**

	2020 ₦'000	2019 ₦'000	2018 ₦'000
Cash flows from operating activities			
Profit (loss) before taxation	1,010,903	(263,005)	470,074
Adjustments for:			
Depreciation and Amortization of Property	142,706	92,760	66,356
Amortization of Intangible Assets	36,996	10,726	-
Unrealized exchange differences	(521,475)	(60,046)	(5,630)
Income tax paid in the year	(69,891)	(56,540)	-
Interest Expense	777,074	787,856	-
Allowance for doubtful debt	3,595	27,003	2,990
Gain on disposal of fixed Assets	-	(2,987)	-
	1,379,908	535,789	527,810
Changes in operating assets and liabilities			
Net (increase)/decrease in inventory	(1,323,544)	424,140	(144,481)
(increase) in prepayments	(596,428)	(30,471)	-
(increase) in trade and other receivables	(256,329)	(559,635)	(582,535)
(Decrease) in members deposits	(57,092)	(122,154)	13,243
Net increase/(decrease) in trade and other payables	84,222	(16,971)	(377,123)
Total Adjustments	(2,149,172)	(305,091)	(1,090,896)
Net cash used in operating activities	(769,263)	230,678	(557,106)
Cash flows from investing activities			
Purchase of property and equipment	(208,872)	(318,680)	(295,961)
Purchase of intangible assets	(96,076)	(63,202)	-
Other adjustments to PPE	(76,500)	4,341	-
Net cash (used in) from investing activities	(381,448)	(377,541)	(295,961)
Cash flows from financing activities			
Additional Borrowings	10,008,192	5,643,689	3,511,101
Inflow from investor (private placement)	734,260	-	-
Interest paid	(630,409)	(899,696)	(202,102)
Grant Liability	1,431,999	-	-
Deferred interest paid	(142,378)	-	196,465
Repayment of capital sum	(6,256,180)	(2,916,458)	(162,816)
Net cash generated / (used in) from financing activities	5,145,483	1,827,535	3,342,648
Net Increase/(decrease) in cash and cash Equivalents	3,994,771	1,680,672	2,489,581
Cash and cash equivalents at start of year	7,364,836	4,995,512	2,500,301
Effect of exchange rate fluctuations on cash and cash equivalents held	521,475	688,652	5,630
Cash and cash equivalents at end of year	11,881,082	7,364,836	4,995,512

EXTRACT OF ISSUER'S RATING REPORT



Private Credit Rating Report | Nigerian Corporate Analysis | October 2021*

Babban Gona Farmer Services Nigeria Limited

Rated Entity	Rating class	Rating scale	Rating	Outlook
Babban Gona Farmer Services Nigeria Limited	Long Term Issuer	National	BBB- _{rev}	Stable
	Short Term Issuer	National	A3 _{rev}	

Strengths

- Strong competitive position, underpinned by the strong social impact of its business model
- Sound revenue trajectory and expected ramp up in earnings.
- Well diversified funding sources and significant access to concessional funding.

Weaknesses

- Earnings concentration to a single product
- Rising debt level and weak debt service metrics

Rating Rationale

The ratings of Babban Gona Farmer Services Nigeria Limited ("Babban Gona" or "the Company") balance its strong environmental, social and governance ("ESG") impact on its host communities and strong liquidity coverage against fast rising debt amid persistently negative operating cash flows (due to huge inventory requirement as it scales operations), which has translated to weak leverage and cash flow metrics.

Babban Gona's ratings are supported by the strong competitive position, which reflects the underlying positive environmental and social impact/mandate that the Company fulfils through its smallholder farmer partnership ("SHP") model, which has helped to network cumulative c.250,000 farmers across Nigeria. Services provided to farmers include training, supply of inputs, financial credit, harvest advance loans, storage, and marketing services, which has helped the beneficiaries to achieve significantly higher yield per hectare and net income than the national average. The model has also underpinned ongoing financial support to Babban Gona from reputable global and local partners including, Bill & Melinda Gates Foundation, KfW, Rippleworks, USAID, Nigeria Sovereign Investment Authority ("NSIA"), and the Central Bank of Nigeria.

Earnings have reported a sound positive trajectory with a 70% 5-year CAGR to FY20. While revenue growth has been slow in recent years due to a fall in price of maize, 1Q FY21 results have shown substantial annualised growth (2.4x), reflecting the doubling of both SHPs engaged (to c.40,000) and hectares cultivated (c.33ha) in 2020. That said, GCR expects the strong growth to be sustained for the full year, with subsequent growth to be contingent on an increase in SHPs and hectares grown. The earnings assessment is constrained by the concentration of earnings toward maize, with contributions from rice and other business lines expected to remain relatively small over the medium term.

*The last rating notification was communicated in July 2021. Rating reports are updated at least once a year from the date of the last rating notification.

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19th January 2022

FCMB CAPITAL MARKETS LIMITED

First City Plaza
8th Floor,
44 Marina,
Lagos Island,
Lagos State.

Dear Sirs,

**RE: ₦15,000,000,000.00 (FIFTEEN BILLION NAIRA) COMMERCIAL PAPER
ISSUANCE PROGRAMME ESTABLISHED BABBAN GONA FARMER
SERVICES NIGERIA LIMITED**

We have been retained as solicitors in connection with the establishment of a ₦15,000,000,000.00 (fifteen billion Naira) Commercial Paper Issuance Programme by Babban Gona Farmer Services Limited (the "Issuer") for the issuance of discounted zero coupon commercial papers with a minimum tenor of 15 days and a maximum tenor of 270 days (the "Notes") in series and in an aggregate amount not exceeding ₦15,000,000,000 (fifteen billion Naira) (the "Programme").

This opinion ("Opinion") is issued pursuant to the Issuing and Placing Agency Agreement dated 18th January 2022, between the Issuer and the Arranger (as defined below) ("Issuing and Placing Agent").

1. DEFINITIONS

Words and expressions used in this opinion and not otherwise defined herein shall have the same meanings attributed to those terms in the Issuing and Placing Agency Agreement. The following terms shall have the meaning set out beside them:

"Arrangers" means FCMB Capital Markets Limited;

"Board" means the Board of Directors of the Issuer;

"CAC" means the Corporate Affairs Commission - Nigeria's companies' registry;

PARTNERS: DRY AGBORE • AMBRIAN BRIMAH • JUSTICE LAYED • UDOPIA ADORNYE, SAN • POLARIS ELIAS • ADEBUNLE • YINFA EDU • NICHOLAS OKAFOR • GEORGE LATIFODE OGBEMUREN
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CONSULTANTS: OLUGBENGA OJO • ANGELA OLUWOSUN • ETTI • KALEP UDOMA
DE CHAIRMAN: UDOPIA UDO • UDOPIA • YINFA BELO-OSAGIE
OFFICES: LAGOS • ABUJA • PORT HARCOURT

LEGAL OPINION ON THE NOTES



"CAMA" means the Companies and Allied Matters Act 2020;

"CBN" means the Central Bank of Nigeria;

"CBN Guidelines" means:

- (i) the Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers issued by the CBN on 11th September, 2019; and
- (ii) the Letter from the CBN to all Deposit Money Banks and Discount Houses dated 12th July, 2016 with respect to the Mandatory Registration and Listing of Commercial Paper;

"CCI" means a certificate of capital importation issued by an authorised dealer i.e. a Nigerian bank licensed by the CBN to deal in foreign exchange;

"CITA" means the Companies Income Tax Act (Chapter C21) Laws of the Federation of Nigeria 2004 (as amended by the Companies Income Tax (Amendment) Act, No.11, 2007 and the Finance Act 2019 and 2020);

"Court" means the Federal High Court;

"CP Rules" means the Commercial Paper Registration and Quotation Rules issued by the FMDQ in April 2021 (as may be amended from time to time) or such other regulations with respect to the issuance, registration and quotation of commercial paper as may be prescribed by FMDQ from time to time;

"FIRS" means the Federal Inland Revenue Service;

"FMDQ" means FMDQ Securities Exchange Limited, a securities exchange and self-regulatory organisation licenced by the SEC to provide a platform for, *inter alia*, the listing, quotation, registration and trading of securities;

"ISA" means the Investments and Securities Act No. 29, 2007;

"LFN 2004" means the Laws of the Federation of Nigeria 2004;

"N" means Nigerian Naira;

"Opinion Documents" mean the documents listed in paragraphs (a) to (n) of paragraph 3.1 below;

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LEGAL OPINION ON THE NOTES



"PITA" means the Personal Income Tax Act (Chapter P8) LFN 2004 (as amended by the Personal Income Tax (Amendment) Act, No.20, 2011, the Finance Act 2019 and 2020);

"SEC" means the Securities and Exchange Commission;

"SEC Rules" mean the SEC Rules and Regulations 2013 (as amended from time to time) issued pursuant to the ISA;

"Stamp Duties Act" means the Stamp Duties Act (Chapter S8) LFN 2004 (as amended by the Finance Act 2019 and 2020);

"Transaction Documents" means the documents listed in paragraphs f) to i) of paragraph 3.1 below.

2. SCOPE OF OPINION

- 2.1 This Opinion is limited to Nigerian law applicable in the Federal Republic of Nigeria ("Nigeria") as at the date of this Opinion and is provided on the basis that the Opinion will itself be governed by, and construed in accordance with, Nigerian law. We express no opinion on any laws, procedures, matters or other circumstances relating to jurisdictions other than Nigeria. This Opinion is given at the date hereof, based on the information and documents set out in paragraph 3 below.
- 2.2 Save for the searches at the CAC with respect to the Issuer, we have not carried out any investigation or verification of the facts, or the reasonableness of any assumption or statement of opinion (including as to the solvency of any other person expressed to be a party to the Transaction Documents or any other person whatsoever), contained in the Transaction Documents or in determining whether any material fact has been omitted therefrom.
- 2.3 In providing this Opinion, we assume no obligation to update or supplement the Opinion to reflect any facts or circumstances which may come to our attention after the date of this Opinion or changes in law which may occur or take effect after the date of this Opinion.
- 2.4 We have made no searches or enquiries concerning any corporate records of a person at the CAC (other than that of the Issuer) nor have we examined any documents, other than the Opinion Documents.

3. DOCUMENTS EXAMINED

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LEGAL OPINION ON THE NOTES



- 3.1 In arriving at the opinions expressed below, we have examined and relied on the following documents:
- a) a copy of the most recent memorandum and articles of association of the Issuer certified by the Issuer's company secretary on 19th November 2021;
 - b) a copy of the Issuer's certificate of incorporation dated 29th March 2012 certified by the Issuer's company secretary on 19th November 2021;
 - c) a copy of the Issuer's most recent Status Report certified by the Issuer's company secretary on 19th November 2021;
 - d) a copy of the resolution of the Board dated 10th November 2021 pursuant to which the Board approved the establishment of the Programme and the issuance and offering of the Notes;
 - e) a certificate dated 19th January 2022 and signed by Bukola Masha, a director of the Issuer, confirming that: (i) the proceeds realised from the issuing of Notes under the Programme would not cause any borrowing or similar limit binding on the Issuer from time to time to be exceeded; (ii) the Opinion Documents delivered to us as copies are correct, complete and in full force and effect and have not been amended or superseded as at the date of the certificate; and (iii) the resolutions of the Board approving the Programme and the issuance of Notes under the Programme are in full force and effect and have not been amended or superseded as at the date of the certificate;
 - f) the executed Issuing and Placing Agency Agreement dated 18th January 2022;
 - g) the executed Collecting and Paying Agency Agreement dated 18th January 2022;
 - h) the Programme Memorandum dated 18th January 2021; and
 - i) the executed Deed of Covenant dated 18th January 2022.
- 3.2 We have also reviewed and relied on such laws, rules and regulations as we have deemed necessary as a basis for the opinions expressed herein.

4. ASSUMPTIONS

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LEGAL OPINION ON THE NOTES



In rendering the opinion below, we have assumed that:

- (a) in our examination of the Opinion Documents, the documents submitted to us as originals are authentic, that all signatures are genuine and that all documents submitted to us as copies are correct and conform to the originals;
- (b) there are no contractual or similar restrictions binding on the Issuer which would affect the conclusions arrived at in this Opinion or affect the Issuer's ability to establish the Programme and to issue the Notes and there are no contractual or similar restrictions contained in any agreement or arrangement (other than those in the Transaction Documents) that are binding on any party to such Transaction Document which would affect the opinions expressed herein;
- (c) all resolutions provided have been validly passed in accordance with the requirements of the law and the memorandum and articles of association of the Issuer;
- (d) no party has entered into any Transaction Documents in consequence of bad faith, fraud, coercion, duress misrepresentation or undue influence or on the basis of a mistake of fact or law or believing it to be fundamentally different in substance or in kind from what it is;
- (e) all approvals, consents and authorisations provided to us are genuine and authentic;
- (f) all statements as to matters of fact contained in the Transaction Documents are correct and not misleading other than to the extent that such statements relate to matters that we have specifically opined on in this Opinion and that all representations of facts expressed in or implied by the documents that we have examined are accurate;
- (g) no Notes will be issued with a tenor of more than 270 days or on the basis that the Notes may be rolled over after 270 days;
- (h) the Issuer has been rated in the manner required by, and in compliance with, the CBN Guidelines;
- (i) the documents in the file of the Issuer held at the CAC are the most recent and up to date records of the Issuer;

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LEGAL OPINION ON THE NOTES



- (j) no steps have been taken for the administration, bankruptcy, liquidation, dissolution or similar procedure of or in respect of the Issuer, and the Issuer is not insolvent within the meaning of the CAMA, after the dates of the searches referred to in paragraph 5.10(a) below; and
- (k) there are no facts not disclosed to us by the Issuer which would affect the conclusions in this Opinion.

5. OPINION

Based on our review of the Opinion Documents and the foregoing assumptions, and subject to the further qualifications set forth in paragraph 6 below, it is our opinion that:

5.1 Status

- (a) The Issuer is a limited liability company, duly incorporated and validly existing under the laws of Nigeria with perpetual corporate existence and the ability to sue and be sued in its own name.
- (b) The Issuer is empowered by Paragraph 3(ff) of its memorandum of association and Article 36 of its articles of association to issue the Notes and to perform its obligations under the Transaction Documents.

5.2 Due Authorisation

- (a) The Transaction Documents and the performance of the Issuer's obligations thereunder, and the issue of the Notes, have been duly authorised by the Board, and the Transaction Documents have been duly executed and delivered, in each case, by the Issuer.
- (b) The Transaction Documents constitute, and the Notes (when issued) will constitute, legal, valid and binding obligations of the Issuer and are enforceable against the Issuer in accordance with their respective terms subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).
- (c) The holders of the Notes that will be issued under the Programme will each be entitled, severally, to enforce the terms of the Deed of Covenant.

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5.3 No Conflict

The execution, delivery and performance by the Issuer of its obligations under the Transaction Documents and the issuance of the Notes will not conflict with, violate, contravene or constitute a default under:

- (a) the memorandum and articles of association of the Issuer; or
- (b) any law, statute, rule or regulation in force in Nigeria and applicable to the Issuer.

5.4 Filings, Registrations or Consents

- (a) Save for the requirement to pay stamp duty on the Transaction Documents at the Stamp Duties Office of the FIRS and to register the Programme with the FMDQ, it is not necessary under the laws of Nigeria that any Transaction Document be filed, registered, recorded or notarised before or with any court, public office or other authority in Nigeria in order to ensure the legality, validity, enforceability and the admissibility in evidence of any of the Transaction Documents or the performance by the Issuer of its obligations under the Transaction Documents (including the issuance of the Notes).
- (b) Subject to the qualification in paragraph 6.2 below, it is permissible for the Issuer to issue the Notes and invite investors to invest in the Notes pursuant to section 67(1)(b) of the ISA.
- (c) The issuance of the Notes by the Issuer does not require the approval of the SEC or registration with the SEC.
- (d) The Notes have been issued in compliance with the requirements of the CBN Guidelines and the CP Rules.

5.5 Taxation

- (a) The Issuer is incorporated in Nigeria. Under the CITA and PITA, the Issuer has an obligation to withhold tax on interest payments to residents and non-resident companies and individuals and to remit the tax withheld to the FIRS except where such interest is specifically exempted from tax. The Issuer is not required to withhold tax on payments to any person – resident and non-resident – that invested in zero-coupon notes.

LEGAL OPINION ON THE NOTES



- (b) Payments of principal made by the Issuer to each of the Noteholders will not be subject to tax in Nigeria and the Issuer is not required to withhold tax on such payments.
- (c) The Noteholders will have no obligation to pay value added tax in relation to the sale or purchase of the Notes. Any sale of Notes by a Noteholder resident in Nigeria will give rise to a capital gains tax obligation at the rate of 10 percent on the gain made in the transaction.
- (d) The Stamp Duties Act requires stamp duty to be paid, at the rates specified therein, on instruments executed in Nigeria "or relating, whosoever executed, to any property situate or to any matter or thing done or to be done in Nigeria", failing which payment, such instruments shall not be admissible in evidence in any civil proceedings in Nigeria.
- (e) The Transaction Documents, being instruments executed in Nigeria or that relate to a matter or thing done or to be done in Nigeria, will be subject to the payment of stamp duty at the applicable rate. The applicable rate of stamp duty can only be confirmed following an assessment of the Transaction Documents by the Stamp Duties Commissioner.
- (f) Stamp duty must be paid within 30 (thirty) days after the execution of the Transaction Documents except where they are executed outside Nigeria, in which case stamp duty must be paid within 30 (thirty) days after the date the documents are first brought into Nigeria.
- (g) The applicable rate of stamp duty on the Notes can only be confirmed following an assessment of the Transaction Documents by the Commissioner for Stamp Duties

5.6 Non-Nigerian Investors

- (a) Residents and non-residents of Nigeria may invest in, acquire, deal in or dispose of the Notes.
- (b) Pursuant to Section 15 of the Foreign Exchange (Monitoring and Miscellaneous provisions) Act Cap F34 LFN 2004, a non-Nigerian Noteholder is permitted to bring foreign exchange into Nigeria to invest in the Notes and should obtain a CCI in respect of such foreign capital. A CCI serves as evidence that foreign currency has been inflowed into Nigeria and converted into Naira to invest in

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securities, such as the Notes. A CCI will permit a non-Nigerian Noteholder to have access to the official foreign exchange market for payments in respect of the Notes, subject to appropriate documentation. Such money may, also, be repatriated out of Nigeria, without restriction and without the need to obtain any consent, approval, licence, or permission of any person or authority other than the routine approval of the bank through which the foreign currency will be repatriated.

5.7 Ranking of Claims

The obligations of the Issuer under the Transaction Documents rank, at least, *pari passu* with all other present, unsecured and unsubordinated obligations of the Issuer subject to the effect of applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

5.8 Governing law

The parties' choice of Nigerian law as the governing law of the Transaction Documents will be upheld and applied by the courts in Nigeria.

5.9 Immunity and Set Off

Neither the Issuer nor any of its assets are entitled to immunity on the grounds of sovereignty or otherwise from any legal action or proceeding (which shall include, without limitation, suit, attachment prior to judgment, execution or other enforcement).

5.10 Winding up

- (a) Subject to the qualification in paragraph 6.3 below, based on our searches at the registries of the CAC, on 30th November 2021 no documents have been filed at the CAC, for the administration, winding up, bankruptcy, liquidation, dissolution or similar procedure of or in respect of the Issuer.
- (b) Subject to bankruptcy and insolvency laws generally applicable to Nigerian companies, in bankruptcy or insolvency proceedings involving the Issuer, the obligations of the Issuer under the Transaction Documents will remain valid, binding and enforceable.
- (c) Subject to bankruptcy and insolvency laws generally applicable to Nigerian companies, upon the maturity of the Notes, in the event

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that the Issuer is unable to discharge any of its obligations to the Noteholders, the Noteholders (as creditors of the Issuer) are entitled to apply for the winding up of the Issuer on the ground of the Issuer's inability to pay its debts.

- (d) The Notes are neither secured nor guaranteed and the Issuer has created no security interests in favour of the Noteholders by the Transaction Documents and in the insolvency of the Issuer, Nigerian law would regard the Noteholders as unsecured creditors of the Issuer for all purposes.

6. QUALIFICATION

- 6.1 The expression "enforceable" as used in this Opinion means that the obligations of the Issuer under the Transaction Documents are of a type which the courts in Nigeria will enforce. It does not mean that those obligations will be enforced in all circumstances in accordance with their terms. In addition, but without limitation, the power of a Nigerian court to order specific performance of an obligation, to stay proceedings or to grant injunctive relief or any equitable remedy, is discretionary and, accordingly, we express no opinion as to whether such remedies would be available in respect of any of the obligations of the Issuer and a Nigerian court may make an award of damages where specific performance of an obligation or any other equitable remedy was sought.
- 6.2 Section 313(1) (h) of the ISA provides that the SEC may, from time to time, make rules and regulations for the purpose of giving effect to the ISA and may, in particular, make rules and regulations, among other things, prescribing that the provisions of the ISA shall not apply or shall apply with such modifications, if any, as may be specified in the regulations to any person or any securities or to any transaction. The SEC has on this basis, and by virtue of Rule 8 of the SEC Rules provided that the provisions of the ISA and the SEC Rules requiring registration shall not apply to, among other things, any note, bill of exchange or banker's acceptance which arises out of a current transaction or the proceeds of which have been or are to be used for current transactions and which has a maturity, at the time of issuance, not exceeding 9 (nine) months exclusive of days of grace, or the maturity of which is likewise limited. This means that commercial papers which have a maturity of 270 (two hundred and seventy) days (such as the Notes) are not required to be registered with the SEC.
- 6.3 Under Nigerian law, the division of the Court within which the registered office or head office of a company is situated has exclusive jurisdiction in matters relating to the insolvency and winding up of a Nigerian company.

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LEGAL OPINION ON THE NOTES

The Issuer's registered office and/or head office is located in Lagos State. While there are about 32 divisions of the Court across Nigeria, as stated in clause 5.10(a) above, we have only conducted searches at the Lagos Division of the Court which is the division of the Court which has jurisdiction over matters relating to the insolvency and winding up of the Issuer in accordance with the requirements of the law. This does not, however, preclude a petitioner from filing a winding petition against the Issuer in any division of the Court.

7. BENEFIT OF OPINION

- 7.1 This opinion is addressed to the Arrangers and is given for your sole benefit for the purpose of the transactions contemplated by the Transaction Documents.
- 7.2 This opinion is not to be relied upon by anyone else or quoted in any public document without our prior express written consent, other than those professional advisers or persons (such as auditors, legal advisers or insurers) who, in the ordinary course of their business, have access to the papers and records of the Arrangers or are entitled by law to see them on the basis that such persons will make no further disclosure without our prior express written consent.
- 7.3 This Opinion may be included in the Programme Memorandum, and you may release a copy of this opinion (a) to the extent required by any applicable law or regulation; (b) to any regulatory authority having jurisdiction over you; or (c) in connection with any actual or potential dispute or claim to which you are a party relating to the issue of any Note, in each case for the purposes of information only on the strict understanding that we assume no duty or liability whatsoever to any such recipient as a result or otherwise.

Yours faithfully,

UDO UDOMA & BELO-OSAGIE

GENERAL INFORMATION

Authorisation

This CP Programme and Notes issued hereunder were approved by the resolution of the Board of Directors of Babban Gona Farmer Services Nigeria Limited dated 10 November 2021.

Auditors

Deloitte & Touché ("Deloitte") acted as auditors of the annual financial statements of the Issuer for the financial years ended 30 September 2017 to 30 September 2020, and was responsible for the audit, and issued unqualified reports.

Commercial Paper Outstanding

The Issuer has no Commercial Paper notes outstanding as at the date of this Programme Memorandum.

Going Concern

The Issuer is at the date hereof a going concern and is reasonably expected to meet all of its obligations as and when they fall due.

Litigation

The Company is, in the ordinary course of business, involved in 2 (two) cases 1 (one) case as claimant and the other as defendant as at 15 October 2021; 1 (one) case as claimant and the other as defendant. The aggregate amount claimed against the Issuer is ~~N~~1,000,000.00 (one million Naira).

The Solicitors to the Transaction are of the opinion that the above-mentioned case will not have any material impact on the proposed Transaction.

The Directors of the Company are also of the opinion that none of the aforementioned cases is likely to have any material adverse effect on the proposed Transaction and are not aware of any other pending and/or threatened claim or litigation within the aforementioned category involving the Company.

Material Contracts

The following agreements have been entered into and are considered material to this Programme:

- i. Issuing and Placing Agency Agreement dated on or about the date of this Programme Memorandum executed by the Issuer and Arranger;
- ii. Collecting and Paying Agency Agreement dated on or about the date of this Programme Memorandum executed by the Issuer and the Collecting and Paying Agent;
- iii. Deed of Covenant dated on or about the date of this Programme Memorandum executed by the Issuer;
- iv. Intercreditor Agreement executed between the Babban Gona Farmer Services Nigeria Limited, Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V ("FMO") (as the Original Senior Lender), the Skoll Foundation and the Global Innovation Fund (as the Original Junior Lenders), the Intercreditor Agent, the Original Subordinated Creditors on 22 January 2018; and acceded to by the Nigerian Sovereign Investment Authority, Netri Foundation, and Kiva Microfunds as Senior Lenders; and Mulago Foundation, Rippleworks Inc., and EDFI MC as Junior Lenders (the "Agreement").

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

Ultimate Borrower

The Issuer is the borrower in respect of the Notes.

PARTIES TO THE TRANSACTION

Issuer

Babban Gona Farmer Services Nigeria Limited

12 Professor Olagoke Olabisi Street
U3 Estate, Lekki
Lagos

Arranger, Issuing and Placing Agent

FCMB Capital Markets Limited

First City Plaza (6th Floor)
44 Marina
Lagos

Abimbola Kasim

Auditors to the Issuer

Deloitte & Touche

Civic Center Towers
Ozumba Mbadiwe Avenue
Victoria Island
Lagos

Ojo Joshua

Solicitors

Udo Udoma & Belo-Osagie

St Nicholas House, (10th, 12th & 13th Floors)
Catholic Mission Street
Lagos

Yinka Edu

Collecting & Paying Agent

First City Monument Bank Limited

Primrose Tower
17A Tinubu Street
Lagos

Yemisi Edun