

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 Paper issued on 11th September 2019, as amended or supplemented from time to time and the Commercial Paper Registration and Quotation Rules of FMDQ Exchange 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 members of the Board of Directors of HillCrest Agro-Allied Industries Limited and they individually and jointly accept full responsibility for the accuracy of all information given.



**HILLCREST AGRO-ALLIED
INDUSTRIES LIMITED**
RC 1127826

₦10,000,000,000

Commercial Paper Issuance Programme

HillCrest Agro-Allied Industries Limited ("HillCrest"/"the Issuer"/"the Company"), a private limited liability company incorporated in Nigeria, established a ₦5,000,000,000.00 (Five Billion Naira) Commercial Paper Issuance Programme (the "CP Programme" or "the Programme") on May 26, 2023 and further increased the programme size to ₦10,000,000,000.00 (Ten Billion Naira) under which HillCrest may from time to time issue Commercial Paper Notes ("CP Notes" or "Notes"), denominated in Nigerian Naira ("NGN or ₦") or such other currency as may be agreed between the Issuer and the Arranger (as defined in the section entitled, "Summary of the Programme") in separate series or tranches, subject to compliance with all relevant laws and in accordance with the terms and conditions ("Terms and Conditions") contained in this programme memorandum (the "Programme Memorandum").

Each Series or Tranche (as defined herein) 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 ₦10,000,000,000.00 (Ten Billion Naira) over the 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, 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, registered and quoted via the FMDQ Securities Exchange Limited ("FMDQ Exchange" or the "Exchange") Platform in accordance with the rules, guidelines and such other regulation as 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. Securities will settle via FMDQ Depository Limited in the country, 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.

Lead Arranger/Dealer

**COMERCIO
PARTNERS**
CAPITAL
**Comercio Partners
Capital Limited**
RC 1376952

Joint Dealer

marble
CAPITAL
...Ethical Choices. Impact Investments
**Marble Advisory
Limited**
RC 1869400

Collecting & Paying Agent

FCMB
RC 46713

This Programme Memorandum is Dated 26 May 2023

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DEFINITIONS AND INTERPRETATIONS

In this Programme Memorandum, unless a contrary indication appears, the following expressions shall have the meanings indicated in the table below. Words in the singular shall include the plural and vice-versa, references to a person shall include references to a body corporate, and references to a gender includes the other gender.

"Agency Agreements"	The Issuing and Placing Agency Agreement and the Collecting and Paying Agency Agreement dated on or about the date of this Programme Memorandum executed by the Issuer and the Agents.
"Agents"	The Collecting and Paying Agent and the Issuing and Placing Agent.
"Applicable Pricing Supplement"	The pricing supplement applicable to a particular Series or Tranche of notes issued under the CP Programme.
"Arranger" and/or "Dealer"	Comercio Partners Capital Limited as Arranger and Marble Advisory Limited as Dealer and any other additional arranger and/or dealer appointed pursuant to the Dealer Agreement 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 of any Arranger and/or Dealer pursuant to the Dealer Agreement.
"Authorized Participant"	Dealing Members of the FMDQ Exchange who are licensed members authorised to market securities admitted to trade on the FMDQ Exchange platform.
"Board" or "Directors"	Board of Directors of HillCrest Agro-Allied Industries Limited
"Business Day"	Any day (except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria) on which banks are open for general business in Nigeria.
"CBN"	Central Bank of Nigeria.
"CBN Guidelines"	CBN's Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers, issued on 11th September 2019, and the CBN Circular of 12th July 2016 on Mandatory Registration and Listing of Commercial Papers as amended or supplemented from time to time.
"Central Securities Depository" or "CSD"	FMDQ Depository Limited and which expression shall include its successors
"CITA"	Companies Income Tax Act 1977 (as amended by the Companies Income Tax Act No 11 of 2007 and the Finance Acts).
"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"	The Commercial Paper issued by the Issuer under the CP Programme from time to time pursuant to the Programme Memorandum and any Applicable Pricing Supplement as promissory notes and held in a dematerialised form by the Noteholders through the CSD.
"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

DEFINITIONS AND INTERPRETATIONS

	varying maturities and discount rates provided, however, that the aggregate Face Value of Notes in issue does not exceed ₦5,000,000,000.00 (Five Billion Naira).
"Day Count Fraction"	The method of calculating the discount/interest in respect of a Note as specified in the Applicable Pricing Supplement.
"Dealer and Arranger Agreement"	The Dealer and Arranger Agreement dated on or about the date of this Programme Memorandum between the Issuer and the Dealer.
"Event of Default"	An event of default by the Issuer as set out in schedule 6 of the "Terms and Conditions of the Notes".
"Face Value"	The par value of the Notes.
"FGN"	Federal Government of Nigeria.
"Finance Acts"	The Finance Act 2019, the Finance Act 2020 and the Finance Act 2021.
"FMDQ Exchange Limited" or "FMDQ Exchange" or "the Exchange"	FMDQ Securities Exchange Limited, a securities exchange and self-regulatory organisation licensed by the SEC to provide a platform for, amongst others, listing, quotation, registration and trading of securities.
"FMDQ Exchange Rules" or the "CP Rules"	The FMDQ Commercial Paper Registration and Quotation Rules issued in November 2024 (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.
"Force Majeure"	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, protests, curfews, national emergency, riot, insurrection, war, embargo, legislation, acts of God, acts of terrorism, epidemics, pandemics, outbreak of diseases and industrial unrest.
"Implied Yield"	The yield accruing on the Issue Price of a Note, as specified in the Applicable Pricing Supplement.
"ISA"	ISA means the Investments and Securities Act, No. 29 of 2007 as may be amended, supplemented or replaced from time to time.
"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.
"Issuing and Placing Agent" or "IPA"	Comercio Partners Capital Limited, Marble Advisory Limited or any successor issuing and placing agent appointed in accordance with the Agency Agreement.
"Issuer" or the "Company"	HillCrest Agro-Allied Industries Limited
"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.
"Maturity Date"	The date as specified in each Applicable Pricing Supplement on which the Principal Amount is due. The maturity date of all outstanding CPs shall also not exceed the validity period of the

DEFINITIONS AND INTERPRETATIONS

	applicable Issuer/CP Programme rating designated at the commencement of the registration of the CP Programme
"Naira" or "₦" or "NGN"	The Nigerian Naira, the official currency of the Federal Republic of Nigeria.
"NIBOR"	The Nigerian Inter-Bank Offered Rate.
"Noteholder"	The holder of a Note as recorded in the Register kept by the CSD in accordance with the Terms and Conditions.
"Outstanding Notes"	In relation to the Notes, all the Notes issued, other than: (i) those Notes which have been redeemed pursuant to the provisions of the Conditions; (ii) those Notes in respect of which the date (including, where applicable, any deferred date) for its redemption in accordance with the relevant conditions has occurred and the redemption moneys have been duly paid in accordance with the provisions of the Conditions; and (iii) those Notes which have become void under the provisions of the Conditions.
"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 Acts).
"Qualified Institutional Investors" or "QII"	This include banks, fund/asset 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, Issuing Houses, registrars, financial market infrastructures (FMIs), finance companies, financial/investment holding companies, financial/investment advisors and any other category of investors as may be determined by FMDQ Exchange from time to time.
"Redemption Amount"	The amount specified in the Applicable Pricing Supplement as the amount payable in respect of each Note on the Redemption Date.
"Redemption Date"	In relation to any Series or Tranche, the date on which redemption monies are due and payable in respect of the Notes as specified in the Applicable Pricing Supplement.
"Register"	The register of Noteholders, maintained by the Issuing and Placing Agent.
"Relevant Date"	The payment date of any obligation due on the Notes.
"Relevant Last Date"	The date specified in the Applicable Pricing Supplement, after which transfer of the Notes will not be registered.
"SEC"	The Securities and Exchange Commission established pursuant to the ISA.
"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.
"Tranche"	Notes which are identical in all respects.
"Unique Identifier"	A code specifically designated/assigned by the CSD to identify a CP.
"VAT"	Value Added Tax as provided for in the Value Added Tax Act, 1993 (as amended by the Value Added Tax Act No 12 of 2007

DEFINITIONS AND INTERPRETATIONS

and the Finance Acts and as maybe amended from time to time).

"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.

IMPORTANT NOTICE

This Programme Memorandum contains information provided by the Issuer in connection with the CP Programme under which the Issuer may issue and have Outstanding Notes at any time up to a maximum aggregate amount of ₦10,000,000,000.00 (Ten Billion Naira). The Notes shall be issued subject to the Terms and Conditions contained in this Programme Memorandum.

The Issuer shall not require the consent of the Noteholders for the issue of Notes under the Programme. Notes issued under the Programme shall be restricted to Qualified Institutional Investors who meet the qualification criteria prescribed by FMDQ Exchange from time to time.

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 by reference 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 authorised by the Issuer to give any information or to make any representation not contained or not consistent with this Programme Memorandum or any information supplied in connection with the CP Programme and if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, unless explicitly delivered 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 Arranger, or any other professional adviser that any recipient of this Programme Memorandum or any other information supplied in connection with the CP Programme should purchase any Notes.

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

Specifically, FMDQ SECURITIES EXCHANGE LIMITED TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROGRAMME MEMORANDUM, NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE CP PROGRAMME, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROGRAMME MEMORANDUM.

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 and the terms of the offering and its own determination of the suitability of any such investment and any other factors which may be relevant to it in connection with such investment.

IMPORTANT NOTICE

Neither this Programme Memorandum nor any other information supplied in connection with the CP Programme constitutes the rendering of financial or investment advice or an offer or invitation by or on behalf of the Issuer, the Arranger or any other professional adviser, 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. The Arranger and the other professional advisers expressly or impliedly undertake to review the financial information or affairs of the Issuer during the life of the Programme. Investors should review, among other things, the most recent audited annual financial statements of the Issuer prior to taking any investment decision.

In the event of any default by the Issuer, the Arranger(s), the Dealer(s), the IPA and the CPAs are under no obligation to seek recovery or initiate any action against the Issuer, either on its own or on behalf of a Noteholder.

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;
2. The audited annual financial statements of the Issuer (and notes thereto) and any audited interim financial statements published subsequent to such annual financial statements of the Issuer for the financial years prior to each issue of Notes under this Programme; and
3. Any supplements and/or amendment to this Programme Memorandum circulated by the Issuer from time to time in accordance with the Programme Memorandum,

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, a further supplement to the Programme Memorandum on the occasion of 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 then 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 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 Issuer will provide, at its registered office and/or on its website, as set out in the Programme Memorandum, free of charge and to each prospective investor upon request, a copy of any of the documents deemed to be incorporated herein by reference, unless such documents have been modified and superseded (and which documents may at the Issuer's option to be provided electronically). Request for such documents shall be directed to the Issuer or the Arranger at their respective registered offices as set out in this Programme Memorandum.

SUMMARY OF THE PROGRAMME

The information below is a summary of the key features and summarized terms and conditions of the proposed CP Programme. This summary information does not purport to be complete and should be read in conjunction with the full text of this Programme Memorandum, from where it is derived, and is qualified in its entirety by the remainder of this Programme Memorandum and the Applicable Pricing Supplement.

Issuer	HillCrest Agro-Allied Industries Limited
Programme Description	The commercial paper issuance programme established by the Issuer, on its behalf, which allows for the multiple issuance of Notes from time to time under a standardized documentation framework
Programme Size	₦10,000,000,000.00 (Ten Billion Naira)
Lead Arranger/Dealer	Comercio Partners Capital Limited
Joint Dealer	Marble Advisory Limited
Collecting and Paying Agent	First City Monument Bank Limited
Issuing and Placing Agents	Comercio Partners Capital and Marble Advisory Limited
Auditors	Logic Professional Services
CSD	The CSD stated in the applicable Pricing Supplement
Solicitors	JTO Partners
Issuance in Series	The Notes will be issued in Series or Tranches, and each Series may comprise of one or more Tranches issued on different dates. The Notes in each series will have the same maturity dates and identical terms (Except the Issue Dates and Issue Price may be different). Details applicable to each Series and Tranches will be specified in the Applicable Pricing Supplement
Restriction of the Issuance/Sale and Transfer of the CP Notes	The issuance, sale and transfer of the CP has been restricted to Qualified Institutional Investors as outlined in the FMDQ Exchange Rules.
Use of Proceeds	Unless otherwise stated in the Applicable Pricing Supplement, the net proceeds from each issue of the CPs will be applied by the Issuer for its short-term financing requirements
Sources of Repayment	The repayment of all obligations under the Programme will be funded from the cash flows of the Issuer, unless otherwise specified in the Applicable Pricing Supplements
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
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
Maturity Date	As specified in the Applicable Pricing Supplement, subject to a minimum of 15 (Fifteen) days and a maximum of 270 (Two Hundred and Seventy) days (including rollover, from the Issue Date) in accordance with the CBN guidelines and FMDQ Exchange Rules
Issue Price	The price at which the relevant Series/Tranche of the Notes is issued, as specified in the Applicable Pricing Supplement
Currency of Issue	Nigerian Naira
Redemption	As stated in the Applicable Pricing Supplement, subject to the CBN Guidelines and the FMDQ Exchange Rules

SUMMARY OF THE PROGRAMME

Rating	<p>The Issuer has been assigned a long-term national rating of BBB and a short-term rating of A2 by DataPro.</p> <p>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension or change or withdrawal at any time by the assigning rating agency</p>
Default Rate	Interest rate equivalent to the daily overnight NIBOR + 5% per annum, or issue rate + 5% per annum (whichever is higher)
Status of the Notes	Each Note constitutes a senior, direct, unconditional, unsubordinated and unsecured obligation of the Issuer and the Notes rank <i>pari passu</i> among themselves and, save for certain debt obligations preferred by law, <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Issuer's Outstanding Notes from time to time
Quotation	The Issuer will quote each Series or Tranche of Notes 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 or listed on the relevant trading platform
Taxation	Refer to the section of this Programme Memorandum headed " <i>Tax Considerations</i> "
Settlement Procedures	Notes will be settled via direct debit, electronic funds transfers, Nigeria Inter-Bank Settlement System (NIBBS) Instant Payment (NIP), NIBBS Electronic Funds Transfer ("NEFT") or Real Time Gross Settlement ("RTGS") and in accordance with the provisions/guidelines /procedures of the Custodian
Governing Law	The Notes issued under the Programme and all related contractual documentation will be governed by, and construed in accordance with the laws of the Federal Republic of Nigeria

OVERVIEW OF THE ISSUER – HILLCREST AGRO-ALLIED INDUSTRIES LIMITED

INTRODUCTION

HillCrest is an agro-processor that owns and operates a state-of-the-art rice processing mill located in Offa, Kwara State, Nigeria producing up to 2,000 (50 kg) bags per day. In line with its vision to assume a major role as a key player nationally and in the West African region, HillCrest commenced operations in July 2012 as a separate unit under Dayntee Farms Limited before transitioning into a stand-alone entity in 2013 recording exponential growth over the years. The Company has demonstrated commitment to continuous growth and excellence, evidenced by its significant growth in capacity and revenues since inception as one of the top milling capacity companies in Nigeria.

The Company's commitment for continuous growth since 2012 is evident in the consistent investment in its operational processes geared towards the increase of HillCrest's milling and processing capacity as it recently increased its milling capacity from 10mt/hr to 26mt/hr by installing a new automated rice milling factory set. This drives up the milling capacity to 5,200 (50 kg) bags per day and it seeks to commence full operation on the improved milling capacity in 2023. HillCrest has several Products distributed across the country as listed below.

ULTIM8 RICE



ULTIM8 Rice

ULTIM8 Rice, HillCrest's new premium line was introduced in early 2022 as an output from the newly installed milling facility. The rice is a first class Nigerian rice made from the best quality of long grain paddy. The rice product is 100 surtaxed parboiled, stone free, odourless, and nutritious. The rice is currently sold in 50 kg prepackaged sack to existing wholesale customers and the Company intends to expand sales to other white space regions in Nigeria.

FAMOS RICE



Famos Rice

The Famos rice brand is also a first class Nigerian rice made from the best quality of long grain paddy. The rice product is 100 surtaxed parboiled, stone free, odourless and nutritious. The brand is currently sold in 50 kg and 25 kg prepackaged sacks and the Company plans to expand this to include 10 kg and 5 kg sacks.

OVERVIEW OF THE ISSUER – HILLCREST AGRO-ALLIED INDUSTRIES LIMITED

BY-PRODUCTS

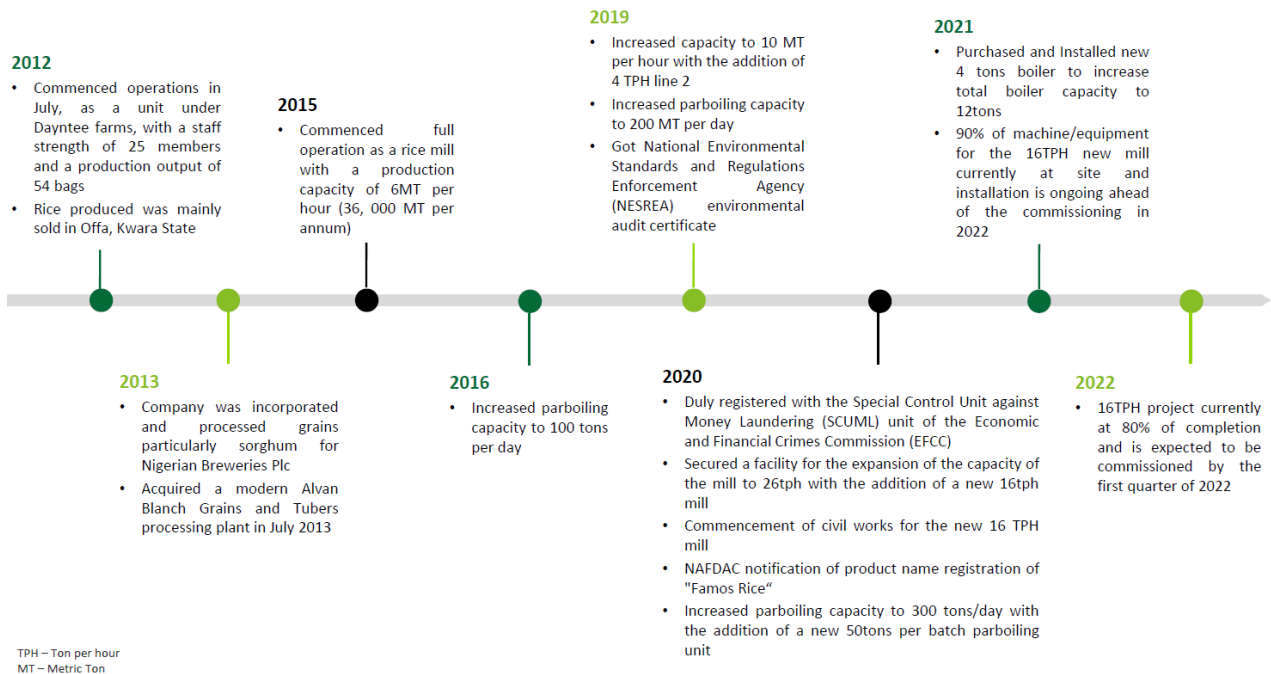


By-Products

The rice milling process also yields by-products such as broken rice, reject rice and bran. These are sold to a different category of customers who require these items for consumption, as inputs to manufacturing of products, animal feed as well as other uses HillCrest supplies its outputs to a mix of companies and individual buyers therefore maximizing revenue potential.

The milling process is carried out with the intention to make the final consumer enjoy his/her native delicacy or foreign rice recipe with an amazing taste and exceptional nutritional value. Therefore, making the Company's brands the best in the category of indigenous Nigerian rice.

HillCrest has significantly expanded and evolved exponentially over the years increasing installed capacity of 6MT/hr in 2015 to 26MT/hr in 2022 which is represented graphically below.



The Company is currently one of the largest producers of rice in Nigeria following the recent increase in its milling capacity to 187,200 MT p.a, and plans to organically grow its milling capacity to 300,000 metric ton per annum by 2027. Some of the factors expected to drive growth in the sector in the coming years include investments in manufacturing and production, increased efficiency, improved quality of product, increasing population, and favorable regulations and policies supporting local manufacturing.

With a significant and exceptional workforce of about 194 employees, HillCrest has reinforced its position as a top rice milling capacity company in Nigeria, which has over 100 hectares of land with strategic and operational management experience spanning over 10 years. The company is also strategically positioned in the attractive food and agricultural sector supported by strong fundamentals with clear focus on scaling up in the Nigerian market.

OVERVIEW OF THE ISSUER – HILLCREST AGRO-ALLIED INDUSTRIES LIMITED

COMPETITIVE ANALYSIS

Players	Location	Installed Capacity	Brands
 STALLION Stallion Group	 Lagos Kano	430,000 MT p.a	 L-R Royal Stallion, People's princess, Double bull, Tomato king, Super champion, Cap rice
 DANGOTE Dangote Rice Limited	 Oyo	240,000 MT p.a	 Dangote rice
 HillCrest Agro-Allied Industries Limited	 Kwara	187,200 MT p.a	 L-R Famos rice, ULTIM8 rice
 Anambra Rice Mills Industries Limited	 Anambra	141,000 MT p.a	 Anambra rice
 ELEPHANT Elephant Group Plc	 Rivers	120,000 MT p.a	 Elephant Pride
 WACOT rice	 Kebbi	120,000 MT p.a	 L-R Big bull, Patriot
 Olam Olam Nigeria Limited	 Nasarawa	36,000 MT p.a	 L-R Mama's Choice, Mama's Pride
 WICKLOW Wicklow Group	 Kwara	25,000 MT p.a	 Quarra ride
 Labana Rice Limited	 Kebbi	400 MT/day	 Labana Pride
 Coscharis	 Anambra	Not Available	 Cosrice
 Mikap Nigeria Limited	 Benue	Not Available	 Miva rice

OVERVIEW OF THE ISSUER – HILLCREST AGRO-ALLIED INDUSTRIES LIMITED

HILLCREST IN PICTURES

HillCrest's New Mill



OVERVIEW OF THE ISSUER – HILLCREST AGRO-ALLIED INDUSTRIES LIMITED

HillCrest's Old Mill



OVERVIEW OF THE ISSUER – HILLCREST AGRO-ALLIED INDUSTRIES LIMITED

THE SHAREHOLDING STRUCTURE AS AT 8th JANUARY 2025

Ownership Structure		
S/N	NAME	% SHAREHOLDING
1	Olushola Alade	20%
2	Ayodele Alade	20%
3	Openiyi Alade	20%
4	Olufemi Alade	20%
5	Morenike Alade	20%
Total		100%

THE BOARD AND MANAGEMENT TEAM

Led by a highly experienced, capable and engaged management team with proven years of experience in excellent service delivery, the board of directors and advisory board members are people with diverse industry experience and business acumen.

THE BOARD OF DIRECTORS AS AT 8th JANUARY 2025

Olufemi Alade *Chairman*



Olufemi Alade is the Founder/Director of Trident Microfinance Bank Limited, Abuja. Before setting up Trident, Olufemi was at Transnational Corporation of Nigeria Plc where he managed key strategic projects across the company's subsidiaries. He was also directly involved with strategy formulation across various job roles during his time at Transcorp. He was a Senior Analyst, and later Senior Investment Officer at the investment banking department of Chapel Hill Advisory Partners Ltd from June 2010 to March 2012.

Olufemi attended Ahmadu Bello University, Zaria, Nigeria for his B.Sc. and the London School of Business Finance for his M.Sc. in Investment Banking & Securities. He enjoys travelling, listening to music and reading extensively.

Ayodele Alade *Managing Director/Chief Executive Officer*



Ayodele Alade, the Managing Director and Chief Executive Officer of HillCrest, was the CEO of Dayntee Farms Limited, a fast-growing privately-owned integrated poultry farm incorporated in February 2011. During his time at Dayntee, Ayo oversaw a shift in its core operation, which metamorphosed from commercial egg production into poultry breeding & hatching operation, and ultimately broiler fattening and processing. He also handled the expansion of its operations into broiler meat processing in 2017, to bring forth its flagship poultry product, "Ivory Chicken". He was able to secure equity investments partnerships from Sahel Capital to further develop operations. Ayo handed over to a new management to fully concentrate on the HillCrest brand in 2017.

At HillCrest, he has contributed and still contributes his wide experience and world class people management skills to position the company as one of the most profitable and respected agro-allied

OVERVIEW OF THE ISSUER – HILLCREST AGRO-ALLIED INDUSTRIES LIMITED

processing company in Sub-Saharan Africa over the past five years. Ayo is a trained Geologist, with experience in mining offshore sites in Australia.

Morenike Oni (Alade) *Executive Director*



Morenike is the project coordinator of Identity for Development (ID4D), a World Bank funded programme on the assessment of the awareness of a national Identification (ID) registration and usage as well as understanding the barriers to national ID card registration.

Prior to ID4D, Morenike was a Project Assistant at Oxford Policy Management where she supported the technical team in the implementation of high quality surveys in Nigeria, which involves working across all stages of the survey process including bidding, contract negotiations, planning, recruitment, training and survey implementation and reporting. She also worked at Solina Center for International Development and Research as a field monitor. While at Solina Center, she worked on the Nigeria AIDS Indicator and Impact Survey (NAIIS) by University of Maryland through Maryland Global Initiative and Centre for Disease Control, USA in partnership with Federal Ministry of Health, Nigeria.

Morenike is a seasoned health professional with degrees in Medicine and Nursing. She holds a bachelor's degree in Nursing from the Ahmadu Bello University, Zaria, Kaduna State and a Bachelor of Medicine and Surgery (MBBS) from Windsor University School of Medicine, St. Kitts, Eastern Caribbean Islands.

Olushola Alade *Non-Executive Director*



Olushola Alade is a partner at Dane Investments Limited, a financial service company focused on interdealer broking of financial products between financial institutions. Prior to the establishment of DANE Investments in 2019, Olushola was the Managing Director and Chief Executive Officer at Africe Farms Limited overseeing the production, processing, distribution as well as daily activity of over 1,500 hectares of rice plantation.

He worked at the Nigerian Deposit Insurance Corporation (NDIC) as a Bank Examiner in the Bank Examination Department, reviewing liquidity positions, examining and carrying out different examinations of banks in the country until 2014. Prior to working at NDIC, he worked as a corporate dealer in the Global Markets unit of Stanbic IBTC Bank Plc trading fixed income securities amongst others, a position he held until 2011.

He holds a bachelor's degree in Economics from the University of Ilorin, Kwara State and a Master of Science degree in Financial Management from Robert Gordon University, Aberdeen, Scotland.

OVERVIEW OF THE ISSUER – HILLCREST AGRO-ALLIED INDUSTRIES LIMITED

Openiyi Alade
Non-Executive Director



Dr. Openiyi is a graduate of Medicine from the University of Warsaw, Warsaw, Poland. He is a medical doctor by profession. He has worked with Asokoro General Hospital, Abuja and the National Assembly Clinic, Abuja. Dr. Openiyi also has a keen interest in geology, especially solid minerals.

He has worked extensively with Geolank Exploration Concept Limited where he gave expert consultation on solid minerals supplies like dolomite and iron to large scale manufacturers. He is presently into the solid minerals and mining sector which involves mining, processing and supply of dolomite. He is the Managing Director of Stonemill Nigeria Limited.

Innocent Okuku
Independent Director



Innocent Okuku is the Vice-President and Coordinator for Programs and Partnerships of the West Africa Fertilizer Association (WAFA), an umbrella body for all private sector players in the fertilizer industry operating within the ECOWAS region. He is also the Chief Executive Officer of Intrio Synergy Limited (ISL), an agro-allied company based in Nigeria and focused on helping smallholder farmers achieve increased production and income through the adoption of improved farming practices and inputs, including improved seeds and balanced fertilizers.

He has over twenty five years' experience in the agricultural industry spanning research, development and commercial positions in both public and private organizations, including over nine years in the fertilizer industry in Nigeria where he served as Group Head of Commercial Services at Notore Chemical Industries PLC, West Africa's premier urea manufacturer, where he was responsible for all the functions related to business development, marketing and sales in all markets including locally in Nigeria and exports globally. He is an alumnus of the prestigious London Business School and holds a Doctorate degree in Crop Production.

Kolawole Durojaiye
Independent Director



Kolawole Durojaiye is a seasoned Accountant and an Economist with practical involvement in the apex bank's key business operations until his retirement in April 2017. He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) with over 31 years of work experience in various capacities in research training, auditing, accounting and banking supervision.

He was part of the team that codified the Nigerian Microfinance Policy Framework following international study tour of countries with successful Microfinance history and was fully involved in the implementation as the Secretary, Joint CBN-NDIC Consultative Committee on Microfinance Banking.

OVERVIEW OF THE ISSUER – HILLCREST AGRO-ALLIED INDUSTRIES LIMITED

THE MANAGEMENT TEAM

Ayodele Alade

Managing Director/Chief Executive Officer



Ayodele Alade, the Managing Director and Chief Executive Officer of HillCrest, was the CEO of Dayntee Farms Limited, a fast-growing privately-owned integrated poultry farm incorporated in February 2011. During his time at Dayntee, Ayo oversaw a shift in its core operation, which metamorphosed from commercial egg production into poultry breeding & hatching operation, and ultimately broiler fattening and processing. He also handled the expansion of its operations into broiler meat processing in 2017, to bring forth its flagship poultry product, "Ivory Chicken". He was able to secure equity investments partnerships from Sahel Capital to further develop operations. Ayo handed over to a new management to fully concentrate on the HillCrest brand in 2017.

At HillCrest, he has contributed and still contributes his wide experience and world class people management skills to position the company as one of the most profitable and respected agro-allied processing company in Sub-Saharan Africa over the past five years. Ayo is a trained Geologist, with experience in mining offshore sites in Australia.

Festus Akintoye

Chief Financial Officer



A sound finance expert with over 23 years of experience in finance, auditing, taxation, treasury management, financial strategy, and project management. He worked with various businesses including, Verdant Zeal Group as Finance Director, Mikano International Limited, Five Star Industries Limited, Caverton Helicopters Limited, Jide Eko & Co. (Chartered Accountants), KAM Holding Limited, and others.

He holds a master's degree from the University of Liverpool, United Kingdom, and a bachelor's degree from Olabisi Onabanjo University, Ogun State. He is an Associate Chartered Management Accountant (ACMA), Chartered Global Management Accountant (CGMA), A member of the Association of

International Certified Public Accountants (AICPA), Associate Chartered Accountant (ACA), and Associate Accounting Technician (AAT), ICAN. He is a member of the Association of International Certified Professional Accountants (AICPA-CIMA) and a member of the Financial Reporting Council of Nigeria (FRCN).

He is currently the Chief Financial Officer

Debsankar Ganguly

Chief Operating Officer



Ganguly is a multifaceted professional with 28 years of experience across various job roles in the agricultural and manufacturing value chain. He has a deep knowledge of cross-industry system and processes and innate understanding of manpower management and manufacturing capability development.

Prior to joining HillCrest, he was the CEO of Klysat Foods and Beverages, an 8TPH parboiled rice mill division in Hadeija, Jigawa State. Prior to Klysat, he was Assistant General Manager at Popular Farms and Mills Limited, a 12TPH mill, a division of the Stallion Group, in Kano, Nigeria.

OVERVIEW OF THE ISSUER – HILLCREST AGRO-ALLIED INDUSTRIES LIMITED

Ganguly is widely travelled and experienced, he has worked in his home country of India, Algeria, Greece, Tunisia, Kuwait, Paraguay, and Uganda before moving to Nigeria.

Olasoji Olayinka *Head of Projects*



Olasoji is a seasoned manufacturing professional with 26 years of successful career experience in food manufacturing. His career started in 1994, and he has served in several capacities as Production Manager, Operations Manager, Business Manager and General Manager.

Over the years, he has acquired extensive knowledge in manufacturing excellence and operations management for effective use of resources through operations planning, maintenance and engineering, safety and environment, food safety, procurement, logistics and inventory management.

He holds a bachelor's degree in Agricultural Engineering from Obafemi Awolowo University, an MBA from Ambrose Alli University and a Master of Science degree in Strategic Supply Chain Management from University of Roehampton. He has attended trainings and seminars on food production in the United States and Switzerland, he is a registered member of Nigerian Society of Engineers and an associate member of Nigerian Institute of Management.

Oluwafemi Olajide *Head of Sourcing & Supply Chain*



Oluwafemi is a seasoned sales professional with over ten years' experience across multinational and blue-chip companies in Nigeria.

His professional sales career started with Nigerian Breweries Plc as sales team lead in Edo State from where he proceeded to Honeywell Flourmills Plc as Zonal Sales Representatives and subsequently Zonal Sales Manager.

He is a graduate of Business Administration from Ahmadu Bello University, Zaria and holds a master's degree in Employment and Labor Studies from the University of Lagos. He also holds a Diploma in Professional Marketing from the Chartered Institute of Marketing, United Kingdom, and is also an Associate of the Institute of Chartered Economists of Nigeria.

Francis Chukwuemezie *Head of Human Resource, Admin & HSE*



Francis is a Human Resource Generalist with over 15 years of experience with progressive experience in Human Resources Management as well as Manufacturing and Operations Management.

His professional experience includes executive level management, strategic program management, training/employee development, resource and budget forecasting, organizational development, and employee relations. Prior to HillCrest, he served as Human Resources Manager at Apple and Pears Limited where he was responsible for the human resource services to over 1,000 employees. He also worked previously at Leoplast Industries Limited as the Human Resources Manager. At Leoplast, he managed the human resource functions and provided strategic business partner services to the organization.

OVERVIEW OF THE ISSUER – HILLCREST AGRO-ALLIED INDUSTRIES LIMITED

He holds a bachelor's degree in Marketing from Anambra State University, Uli. He is also a member of the Chartered Institute of Human Resources and Strategic Management.

USE OF PROCEEDS

Unless otherwise stated in the applicable Pricing Supplement, the net proceeds from each issue of the CPs will be applied by the Company for its general corporate purposes.

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

TERMS AND CONDITIONS OF THE NOTES

*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 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.*

1. Issuance of Notes

The Issuer may from time to time, subject to these Terms and Conditions, issue Notes in one or more Series on a continuous basis under the Programme in an aggregate principal amount not exceeding the Programme Limit (₦10,000,000,000.00). Any Series of Notes issued under the Programme shall be constituted by, be subject to, and benefit from, the Deed of Covenant.

2. Form, Denomination and Title

2.1 Form and Denomination

2.1.1 Unless otherwise specified in any Applicable Pricing Supplement, the Notes shall be registered electronically, serially numbered and denominated in a minimum amount of ₦5,000,000 and integral multiples of ₦1,000 in excess thereof; and will be sold at such discount from their face value amounts as shall be agreed upon by the Issuing and Placing Agent and the Issuer; and shall have a maturity not exceeding 270 (two hundred and seventy) days, including the roll over from the Issue Date.

2.1.2 The Notes issued under this Programme will be denominated in Naira.

2.1.3 The Notes issued will be in the form of short-term Zero Coupon Notes and will not bear interest, other than in the case of late payment.

2.1.4 The Notes will be delivered to the Issuing and Placing Agent in dematerialized (uncertificated, book entry) form; shall be registered by the Issuing, and Placing Agent with the CSD, which shall serve as the custodian and central depository of the Notes; and the Issuing and Placing Agent may deal in the Notes in accordance with the CSD procedures and guidelines.

2.2 Title

2.2.1 The title to the Notes will pass upon credit to the CSD account of the Noteholder.

2.2.2 Transfer of title to the Notes shall be effected in accordance with the rules governing transfer of title in securities held by the CSD.

TERMS AND CONDITIONS OF THE NOTES

- 2.2.3 The Issuer and the Agent may, save where there is a manifest error, deem and treat the registered holder of any Note as indicated in the records of the CSD and the Registrar as the legal and beneficial owner thereof for all purposes, including but not limited to the payment of outstanding obligations in respect of the Notes, and no liability shall attach to any person for such a determination.

3. Status of the Notes

The Notes shall constitute a senior, direct, unconditional and unsubordinated obligation of the Issuer and the Notes shall rank *pari passu* among themselves and, save for certain debt obligations mandatorily preferred by law, *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer outstanding from time to time.

4. Redemption

Subject to Condition 6, the Notes are only redeemable at maturity and will be redeemed at the Face Value specified in the Applicable Pricing Supplement in accordance with the provisions of Condition 5 below.

5. Payments

The Face Value of the Notes will be paid to the Noteholders whose names are reflected in the Register as at the close of business on the applicable Maturity Date(s). The registered Noteholder shall be the only person entitled to receive payments in respect of a Note and the Issuer will be discharged from any further obligations or liability upon payment to, or to the order of, the registered Holder in respect of each amount so paid.

5.1 Method of Payments

- 5.1.1 Payment of the outstanding obligation in respect of the Notes will be made by electronic funds transfer, in Naira, to the account of the Noteholder specified in the Register.
- 5.1.2 All monies payable in respect of the Notes shall be paid to or to the order of the Noteholders by the Agent. Noteholders shall not be required to present and/or surrender any documents of title to the Agent.
- 5.1.3 In the case of joint Noteholders, payment by electronic transfers or cheque will be made or addressed to, as the case may be, the account of the Noteholder first named in the Register. Payment by electronic transfer to the Noteholder first named in the Register shall discharge the Issuer of its relevant payment obligations under the Notes to such joint Noteholders.
- 5.1.4 In the case of Notes held by a nominee, the nominee shall be paid as the registered Noteholder.

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- 5.1.5 Neither the Issuer nor its agents shall be responsible for any loss in transmission of funds paid in respect of each Note.
- 5.1.6 If the Issuer or the Agent is prevented or restricted directly or indirectly from making any payment by electronic funds transfer (whether by reason of strike, protest, curfew, lockout, fire explosion, floods, riot, insurrection, war, accident, any act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, Government interference or control or any other cause or contingency beyond the control of the Issuer), the Issuer or the Agent shall make such payment by cheque (or by such number of cheques as may be required in accordance with applicable banking law and practice) and the Issuer and the Agent shall not be responsible for any delay arising from making such payment by cheque. Such payments by cheque shall be sent by post through a reputable and registered courier operator to the address of the Noteholder as set out in the Register as soon as practicable to ensure payment is received on the Maturity Date.

5.2 Payment Day

Any payment in respect of the Notes shall be made on a Business Day. Where the day on or by which a payment of any amount in respect of the Notes is due to be made is not a Business Day, that payment shall be made on or by the next succeeding Business Day, unless that next succeeding Business Day falls in a different calendar month, in which case that payment shall be made or that event shall occur on or by the immediately preceding Business Day. The Noteholder shall not be entitled to any interest, return or other payment in respect of any delay in payment to the extent that the payment is made on the Maturity Date.

5.3 Closed Periods

No Noteholder may require the transfer of the Notes (i) during the period of 5 (five) days ending on the due date for redemption in respect of that Note; or (ii) following the issuance of a default notice to the Issuer pursuant to Condition 6.2 (Action upon Event of Default).

6. Event of Default

6.1 Event of Default

An event of default in relation to the Notes (each an “**Event of Default**”) shall arise if any one or more of the following events shall have occurred and be continuing:

TERMS AND CONDITIONS OF THE NOTES

- 6.1.1 Part Payment and Non-Payment: default by the Issuer in the payment of the Redemption Amount to the Noteholders in respect of the Notes on the Maturity Date and the continuance of such default. Where the Issuer fails to make payment in full, it shall be deemed as a default
- 6.1.2 Breach of Other Obligations: the Issuer does not perform or comply with any one or more of its other obligations under the Offer Documents which default will affect the capacity of the Issuer to meet its payment obligations and which default has not been remedied for a period of 10 days, after the date on which written notice of such default requiring the Issuer to remedy the same shall have been given to the Issuer by the Issuing, Collection and Paying Agent (except where such default is not capable of being remedied, in which case no such notice as is mentioned above will be required).
- 6.1.3 Enforcement Proceedings: a distress, attachment, execution or other legal process is levied on, or enforced against the whole or a material part of the property, assets or revenues of the Issuer, where the value of such property, assets or revenues is in excess of NGN2.5billion (Naira) and such distress, attachment, execution or other legal process is not discharged or stayed within 90 (ninety) days of service by the relevant officer of the court of such attachment, execution or other legal process, or if there is an encumbrance or a Receiver is appointed over any material assets of the Issuer and such event is materially prejudicial to the interests of the Noteholders. PROVIDED THAT the Issuer has filed good faith legal proceedings in the relevant court for application for dismissal within 10 Business Days of becoming aware of the order or action.
- 6.1.4 Seizure/Compulsory Acquisition of Assets: if any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer.
- 6.1.5 Inability to Pay Debts: the Issuer stops or suspends payment of a substantial part of its debts due to financial difficulties.
- 6.1.6 Insolvency: The appointment of a liquidator (other than in respect of a solvent liquidation or reorganization), receiver, manager or other similar officer in respect of the Issuer and any of its assets. The Issuer initiates bankruptcy or insolvency proceedings or becomes insolvent, or is provisionally or finally sequestered, or is provisionally or finally wound up, or is unable to pay its debts as they become due, or is placed under provisional or final judicial management, or enters into a scheme of arrangement or compromise with its creditors in each case except for the purpose of and followed by a reconstruction, amalgamation, re-organisation, merger or consolidation on terms approved by the Noteholders
- 6.1.7 Obligations Unenforceable: any of the Notes or the Offer Documents is or becomes wholly or partly void, voidable or unenforceable.

TERMS AND CONDITIONS OF THE NOTES

- 6.1.8 Should an order be made, or the members of the Issuer pass a resolution for the winding up of the Issuer or the Issuer ceases, or through an official action of its Board, to carry on all or a substantial part of its business or operations
- 6.1.9 If a writ of execution is issued by any competent court attaching any material or substantial part of assets belonging to the Issuer and such remains unsatisfied for more than 10 (ten) Business Days after the date on which it is issued

6.2 Action upon Event of Default

- 6.2.1 Upon the occurrence of an Event of Default and such Event of Default is continuing, any Noteholder may by written notice to the Issuer at its 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 a Force Majeure Event or if the Issuer withholds or refuses to make any payment in order to comply with any law or regulation of Nigeria or to comply with any order of a court of competent jurisdiction.
- 6.2.2 Upon the occurrence of an Event of Default which results in the inability of the Issuer to make a payment on the Maturity Date, the Issuer shall pay the Noteholders interest at the Default Rate until the debt obligations to the Noteholders have been settled in full.
- 6.2.3 In addition, each Noteholder shall have the right to exercise all other remedies available to it/him/her under the laws of the Federal Republic of Nigeria.

7. Register

- 7.1 The Register shall be maintained by the Registrar. The Register shall reflect each Tranche and Series of Notes; 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 issued to such Noteholder and the date of issue.
- 7.2 Statements issued by the CSD as to the aggregate number of Notes standing to the CSD account of any person shall be conclusive and binding for all purposes save in the case of manifest error and such person shall be treated by the Issuer and the Agent as the legal and beneficial owner of such aggregate number of Notes for all purposes.
- 7.3 The Register shall be open for inspection from 9.00am to 5.00pm during the normal business hours of the Agent to any Noteholder or any person authorised in writing by the Noteholder.
- 7.4 The Agent shall alter the Register in respect of any change of name, address or bank account details of any of the registered Noteholders of which it is notified in accordance with these Terms and Conditions.

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8. Notices

8.1 Notices to the Noteholders

- 8.1.1 All notices to the Noteholders will be valid if it is delivered by hand, courier, electronic mail or sent by registered post in a letter duly addressed to the Party to whom same is required to be given at the registered address of such Party or any address given by such Party at their respective addresses of record in the relevant register of Notes of a Series maintained by the Registrar. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of the FMDQ Exchange, the CSD or such other regulatory authority as may be applicable to the Notes.
- 8.1.2 Any notice if delivered by hand or registered post before 5p.m. local time on a given date, shall be deemed to have been delivered on that date. Any notice or communication given by electronic mail shall be deemed to have been delivered when sent, subject toon delivery failure notification being received by the sender within 24 (twenty-four) hours of the time of sending 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.

8.2 Notices from the Noteholders

- 8.2.1 Notices to be given by any Noteholder to the Issuer shall be in writing and given by lodging same with the Agents at its registered office.
- 8.2.2 Any change of name or address on the part of the Noteholder shall forthwith be notified to the Issuer and the Agent and subsequently, the Register shall be altered accordingly following notifications to the CSD.

9. Modification

- 9.1 The Issuing and Placing Agents and the Collecting and Paying Agent and the Issuer may agree without the consent of the Noteholders, to any modification of the Terms and Conditions which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with the mandatory provisions of any law in Nigeria and which in the opinion of the Issuing and Paying Agent is not prejudicial to the interest of the Noteholders. Notice of such modification shall be published in at least one daily newspaper of general circulation in Nigeria or delivered in accordance with the provisions of Condition 8 (Notices), and shall be deemed to have been given and received on the date of first publication.
- 9.2 Save as provided in Condition 9.1 above, no amendment of the Terms and Conditions may be effected unless:
- 9.2.1 such amendment is in writing and signed by or on behalf of the Issuer;

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9.2.2 the Exchange is notified of such amendment; and

9.2.3 such amendment:

9.2.2.1 if it affects the rights, under the Terms and 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

9.2.2.2 if it affects only the rights, under the Terms and 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.

9.3 Any such modification shall be binding on all the Noteholders and shall be notified to the Noteholders in accordance with Condition 8 as practicable thereafter.

10. Meeting of Noteholders

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

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

10.3 Noteholders holding not less than 10% (ten percent) in Principal Amount of the outstanding Notes shall be able to request the Issuer to convene a meeting of Noteholders. Should the Issuer fail to requisition such a meeting within 10 (ten) Business Days of such a request being received by the Issuer, the Noteholders requesting the meeting may convene such a meeting.

10.4 A Noteholder may by an instrument in writing (a "Form of Proxy") signed by the holder or, in the case of a corporate entity executed under its common seal or signed on its behalf by an attorney or a duly authorized officer of the corporate entity, appoint any person (a "Proxy") to attend and act on his/her or its behalf in connection with any meeting or proposed meeting of the Noteholders.

10.5 Any Noteholder which is a corporate entity 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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- 10.6 Any Proxy or Representative appointed shall, so long as the appointment remains in force, be deemed for all purposes in connection with any meeting or proposed meeting of the Noteholder specified in the appointment, to be the Holder of the Notes to which the appointment relates and the Holder of the Notes shall be deemed for such purposes not to be the Holder.
- 10.7 The chairman of the meeting shall be appointed by the Issuer. The procedures to be followed at the meeting shall be as determined by the chairman subject to the remaining provisions of this Condition 10. Should the Noteholders requisition a meeting, and the Issuer fail to call such a meeting within 10 (ten) Business Days of the requisition, then the chairman of the meeting held at the instance of the Noteholders, shall be selected by Noteholders, holding not less than 51% (fifty-one percent) of the outstanding Principal Amount of all the Notes present in person, by representative or by proxy.
- 10.8 At any meeting of Noteholders, two or more Noteholders present in person, by representative or by proxy, holding in aggregate not less than one third of the Principal Amount of outstanding Notes shall form a quorum.
- 10.9 At any meeting of Noteholders, any resolution put to the vote shall be first decided on a show of hands, unless a poll is demanded. A poll may be demanded by either the chairman, the Issuer, or one or more Noteholders present in person, by representative or by proxy. In the case of equality of votes, the Chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Noteholder or as a holder of a voting certificate or as a proxy or as a representative.
- 10.10 If a poll is demanded it shall be taken in such manner as the chairman directs and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded. On a poll, each Noteholder present in person or by proxy at the time of the meeting shall have the number of votes equal to the number of Notes, by denomination held by the Noteholder.
- 10.11 If 30 (thirty) 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 14 (fourteen) days nor more than 21 (twenty One) days thereafter and at the same time and place. At such adjourned meeting, 2(two) or more Noteholders present or represented by proxy holding in aggregate not less than one third of the Principal Amount of outstanding Notes shall form a quorum and shall have power to pass any resolution and to decide upon all matters which could properly have been dealt with at the original meeting had the requisite quorum been present.
- 10.12 A resolution in writing duly signed by seventy-five percent (75%) of the Noteholders holding in aggregate not less than seventy-five percent (75%) of the Principal Amount of outstanding Notes, shall be as effective for all purposes as a resolution duly passed at a

TERMS AND CONDITIONS OF THE NOTES

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 the Noteholders.

11. Taxation

The Notes issued under the Programme are short-term Zero-Coupon Notes and as such will be offered and sold at a discount to Face Value.

12. Further issues

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

13. Governing Law

- 13.1 The provisions of this Programme Memorandum and the Notes are governed by, and shall be construed in accordance with the laws of the Federal Republic of Nigeria.
- 13.2 The Nigerian Courts shall have exclusive jurisdiction to settle any dispute arising out of or in connection with the Programme Memorandum and the Notes.

TAX CONSIDERATIONS

The tax consequences of investments in the Notes are broadly summarised below. The summary is not intended and should not be construed, to be tax advice to any particular subscriber or 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 advisers shall be liable to any investor in any manner for placing reliance upon the contents of this section.

Prior to the suspension by the Central Bank of Nigeria in July 2009, of the use of commercial papers and bankers acceptance as off-balance sheet instruments by banks and discount houses, zero-coupon commercial papers were exempt from withholding tax. This position has been maintained with commercial papers now being issued on the basis that a zero-coupon commercial paper is a "discount" instrument. As a "discount" instrument, no "interest" (properly so-called) is paid by the Issuer to the purchaser of the commercial paper.

Accordingly, the discount on commercial paper is not caught by the provisions of the law requiring payment of withholding tax on interest. However, there is taxable income made by a company or individual when it purchases such commercial paper at a discount (i.e. the difference between the discounted value and the face value of the commercial paper), which income would have been taxable under the CITA or the PITA, as may be applicable. Also, the Federal Inland Revenue Services by a public notice dated 2nd January 2022 and titled, "Personal Income Tax Exemption of Holders of Bonds and Short-Term Government Securities Notice" specified that income tax is payable on income derived by companies from bonds and short-term securities, except for bonds Issued by the Federal Government of Nigeria.

Further, the proceeds from the disposal of the Notes were exempt from tax chargeable under the VAT Act (as amended) by virtue of the Value Added Tax (Exemption of the Proceeds of the Disposal of Government and Corporate Securities) Order 2011, commencing from 2nd January 2012 ("VAT Exemption Order"). The VAT Exemption Order is for a period of ten (10) years from the date of the Order, and expired on 2nd January 2022. However, the Finance Act, 2020 now excludes securities from the payment of VAT. As such, the Commercial Papers are not liable to VAT even after the expiration of the VAT Exemption Order.

The foregoing summary does not purport to be comprehensive and does not constitute advice on tax to any actual or prospective purchaser of Notes issued under the Programme. In particular, it does not constitute a representation by the Issuer or its advisers on the tax consequences attaching to a subscription or purchase of Notes issued under the Programme. Tax considerations that may be relevant to a decision to acquire, hold or dispose of Notes issued under the Programme and the tax consequences applicable to each actual or prospective purchaser of the Notes may vary. Any actual or prospective purchaser of the Notes who intends to ascertain his/her tax position should seek professional advice from his/her preferred professional advisers as to the tax consequences arising from subscribing to or purchasing the Notes, bearing in mind his/her peculiarities. Neither the Issuer nor its advisers shall be liable to any subscriber or purchaser of the Notes in any manner for placing reliance upon the contents of this section.

RISK FACTORS

MARKET RISK

Description

The Company's business could be affected by a downturn in the Nigerian or global economy leading to reduced customer purchasing power. Business operations could be adversely affected by contagion in the financial market or other disruptive events. In addition, the Company's rice competes with imported rice. The Company also competes with millers that operate on a small scale due to the low barrier to entry.

Mitigants

- Take out hedging strategies e.g., forward contracts for the sales of rice produce.
- Adoption of disaster management plan to reduce the risk of disruptive events.
- HillCrest distinguishes itself from competitors through its value proposition as a high quality locally produced rice.

SUPPLY CHAIN RISK

Description

Delay in the supply of rice paddy may stall operations and increase production cost. Low quality paddy supplied could adversely impact product quality and customer confidence. Unexpected increase in prices of paddy by suppliers could significantly increase the cost of production and disrupt production process. Adverse environmental conditions could also impact the supply of rice paddy.

Mitigants

- The Company ensures it has wide range of suppliers and readily available alternatives.
- Conducts regular comprehensive inventory count of raw materials, assets, and finished products.
- Stock piling of rice paddy during periods of excess to be used when there are shortages.

FINANCIAL RISK

Description

Inability to meet working capital requirements and funding required for capital expenditure replacement and/or expansion. High Interest rates may make it difficult to access credit. Loss of key distribution customers leading to decline in sales. There is a risk of declining revenue or profit margins owing if there are changes in price or consumption patterns.

Mitigants

- HillCrest has good working capital planning and management.
- The Company enters sales or price contracts with key customers to hedge against future fluctuations in market prices.
- Pursuing expansion of the range of distribution customers to prevent key customer risk.

REGULATORY RISK

Description

Risk arising from changing regulations could impact the industry and the operations of the Company. Risk of non-compliance with stipulated regulations and prescribed practices or standards could result in fines, penalties, and revocation of licenses.

RISK FACTORS

Mitigants

- Engages key stakeholders proactively to gain insights into any changes in regulatory framework and requirements.
- A compliance department that regularly monitors adherence to standards and practices.

OPERATIONAL RISK

Description

Poor storage systems may affect pre-milling and milling activities, resulting in loss of the moisture content of the rice paddy. Poor power supply or the lack thereof may affect the processing of milled rice thus leading to increased operational cost given the use of alternative sources. Risk of machine breakdowns may affect the production especially in seasons of very high demand for rice may affect the production and supply of rice.

Mitigants

- Back-up power supply e.g., a generator to ensure constant supply of power and solar energy.
- Scheduled maintenance checks on all machine and equipment.
- Develop a documented and effective incident response plan for handling potential machine breakdown.

HEALTH AND SAFETY RISK

Description

There could be fire outbreak caused by negligence or over heating of equipment and machinery. Death or injury to employees or contractors in the milling facility as a result of slips, trips, falls, etc. Pest outbreak in the storage and milling facility could deplete raw materials. An incident arising from or relating to the safety of the HillCrest's products could cause significant financial and reputational damage.

Mitigants

- HillCrest has insurance cover on life, accident and property.
- Compliance with minimum ISO requirements and health, safety and packaging laws and regulations.
- Regular fumigation and pest control on the storage facility as well as the plant e.g., An Integrated pest management system.

REPUTATIONAL RISK

Description

Brand damage stemming from poor quality products, poor quality service, inability to source paddy etc. Non-compliance with legal/regulatory requirements could also bring about reputational damage which could impact the Company's financial performance.

Mitigants

- Quality control checks on the output of rice produced and sourcing of quality paddy.
- Periodic review of regulatory and legislative requirements.
- Monitoring customer satisfaction through sales representatives.

RISK FACTORS

PERSONNEL RISK

Description

HillCrest's success depends on its retention of key personnel, and its ability to attract new personnel of such calibre in the future. Adequate succession planning will be required to ensure business continuity. The Company will need to continuously ensure staffing of trained/skilled employees, who can carry out the necessary and required operations. There could be high employee turnover if reward packages are not competitive.

Mitigants

- Succession planning to ensure that skills are passed on to competent and qualified individuals to ensure business continuity.
- Competitive remuneration and incentive plans in line with industry standards.
- Outsourced recruitment process to attract skilled and qualified work force.

LEGAL RISK

Description

HillCrest may be subject to litigation and other claims or disputes in the course of its business. This could include contractual disputes, employment disputes, indemnity claims, property damage, environmental claims, product liability claims, tax and consumer claims. Any such litigation, claim or dispute, could adversely affect HillCrest's business and its operational and financial performance.

Mitigants

- Including protection clauses in contract terms to protect the Company from loss arising from contract breaches.
- Ensuring that the Company has a working capital planning and management system to meet up with agreed timelines with counterparties.

COUNTRY RISK

Description

The Company is subject to risks associated with political, social, regulatory and economic conditions in Nigeria, which may affect its business. The company's performance is impacted by the country's ability to sustain growth, economic development, investment in public infrastructure and the ability to attract foreign direct investment for execution of projects.

Mitigants

- Build a strong intelligence team that will understand the economic cycles, identify the specific risks that impact the Company and manage the risk exposure.

The Company could consider purchasing a political risk insurance to cover the adverse actions or inactions of government.

SETTLEMENT, CLEARING AND TRANSFER OF NOTES

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

CSD

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 a 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 central securities account for the Dealing Members (the "Authorised Participants") and each beneficial owner of the Notes is required to have a sub-account under the Authorised Participants.

Noteholders may exercise their rights in respect of the Notes held in the custody of the CSD only through the Authorised Participants.

For purposes of Notes issued under this Programme, the Authorised Participant is Comercio Partners Capital Limited and any other Authorised Participant duly appointed by the Issuer.

Registration

1. The Authorised Participants shall register with the CSD where CP custody and depository services are required and before dealing in the CPs. The Authorised Participant shall complete the required registration form or other applicable document(s) and shall be required to submit proof of appropriate FMDQ Exchange membership along with the completed form.
2. Noteholders are required to route their account opening applications and transactions through the Authorised Participant, who will officially notify the CSD to create sub-accounts for these Noteholders and attach each of the Noteholder's mandates to this effect.
3. The CSD will assign a unique identification number (the "Trade Member Code") to the Authorised Participants and also provide an account number (and sub-account numbers for Noteholders) after creation as requested by the Authorised Participant to enable them to trade the CPs.
4. FMDQ Exchange shall request for the CP to be registered with the CSD, who in turn shall furnish FMDQ Exchange and the Authorised Participants with the CP Symbol and Unique Identifier Codes for the registered CP, subject to receipt of CP registration fees from the Authorised Participants.

SETTLEMENT, CLEARING AND TRANSFER OF NOTES

5. The CSD will re-open the existing Unique Identifier Code for all Tranches with same Maturity Dates, however new Unique Identifier Codes will be issued for Tranches with different Maturity Dates.

Custody and Dematerialisation

1. All holders of CP notes shall route the notes through the Authorised Participants who will then submit on the CSD authorised platform in dematerialized form.
2. Authorised Participants may also decide to keep the CPs in physical form with the CSD (subject to service agreement with CSD), acting as the Custodian for the issue.
3. Authorised Participants can also lodge the CP(s) electronically by using the CSD e-lodgement format.
4. The Authorised Participants (or Arranger) will advise the CSD, after dematerialisation or e-lodgement to transfer CPs to Noteholders' (or their custodians') accounts at the CSD before trading commences.
5. Cut-off time for e-lodgement of CPs is 10.00 a.m. on the day before the value date, and the CSD shall process the same within 24 hours of receipt.

Redemption

1. No transactions or trades may be effected for any CPs two (2) Business Days prior to its Maturity Date as the register closes two (2) Business Days before the Maturity Date.
2. The Collecting and Paying Agent will submit a letter to the CSD confirming the intention of the Issuer to repay the Noteholders on the Maturity Date by 12.00 noon on the date which is two (2) Business Days prior to the Maturity Date.
3. The CSD shall expunge (knock-off) matured CPs on the Maturity Date or Redemption Date of the CP.
4. The Maturity Date shall be on a Business Day, however if the Maturity Date falls on a public holiday, payment will be made on the following Business Day.

Roll-Over

1. Every roll-over of a CP shall be treated or classified as a fresh/separate CP.
2. Upon granting approval for rollover, FMDQ Exchange shall request for the rollover CP to be registered with the CSD, who in turn shall furnish FMDQ Exchange and the Authorised Participants with the new CP Symbol and Unique Identifier Codes, subject to receipt of CP rollover fees from the Authorised Participants.
3. The CSD shall expunge the existing CP Symbol and Unique Identifier Codes from the system and replace with the new codes.

SETTLEMENT, CLEARING AND TRANSFER OF NOTES

Default

1. The Exchange shall be notified immediately it is identified that a default is imminent or there is a strong possibility of default. The IPA shall provide reasons for the default or imminent default (e.g., insufficient funds in the funding account to meet payment obligations on maturity date or inability of CPA to effect payment to investors due to technical issues such as a market disruption or as the case may be)
2. Upon default, the Exchange shall make public the default status to the market
3. The Agent shall notify FMDQ Exchange in writing that the CP has been liquidated and that funds have been transferred to all CP holders by 5:00pm on the Maturity Date, failing which the Issuer shall be deemed to be in default.
4. In case of (1) above, the CP must remain with the CSD until the Collecting and Paying Agent pays off the Noteholders and notifies the CSD and the FMDQ Exchange with evidence.
5. Thereafter, the CSD will notify the public and expunge the CP from the CSD depository accordingly:-

Secondary Market Trading (OTC) Guidelines

1. Standard settlement cycle is T+2.
2. FMDQ Exchange shall submit the confirmed CP trade details on trade day in the specified format via the CSD authorised platform, based on the following settlement timelines:
 - a. Same Day Settlement: 12.30 p.m.
 - b. T+1 or T+2 Settlements: 3.00 p.m.
3. The CSD shall deliver securities and send confirmation of transfers via the CSD authorised platform by 2.00 p.m. on the settlement date to FMDQ Exchange and the NIBSS simultaneously. Authorised Participants shall state the particular account number where the CP(s) will be settled.
4. NIBSS shall transfer settlement amounts to respective accounts and send confirmation to the FMDQ and CSD simultaneously.
5. Transactions for standard settlement (T+2) shall stop five (5) Business Days before the Maturity Date. Therefore, the last applicable settlement shall be before close of business on the date which is three (3) Business Days before the Maturity Date.

Reporting

1. The CSD shall effect the transfer of CPs on the settlement date as advised by Authorised Participants or the FMDQ Exchange and keep records of consideration for each transaction.
2. The CSD will advise the Authorised Participants or the FMDQ Exchange for onward communication to the Authorised Participant (as applicable) of successful and failed transactions on each settlement day.

SETTLEMENT, CLEARING AND TRANSFER OF NOTES

3. Authorised Participants can visit the CSD website to ascertain its CP balances after each day's trade. This is available only to the institutions that subscribe to the CSD online service.

Transfer of Notes

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

Cash Settlement

Transaction parties will be responsible for effecting the payment transfers via RTGS, NEFT or any other transfer mode agreed by the transaction parties and recognised by the CBN.

PROFORMA APPLICABLE PRICING SUPPLEMENT



Issue of ₦[•] billion Commercial Paper Notes Under its ₦10,000,000,000 Commercial Paper Issuance Programme

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum, dated [•] prepared by Comercio Partners Capital Limited on behalf of HillCrest Agro-Allied Industries Limited in connection with its ₦10,000,000,000.00 (Ten 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 Applicable Pricing Supplement shall have the meanings ascribed to them in the Programme Memorandum.

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

This document has been prepared in accordance with the Central Bank of Nigeria ("CBN") Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Paper, issued on 11th September 2019, the CBN letter to all deposit money banks and discount houses dated 12th July 2016 on Mandatory Registration and Listing of Commercial Papers (together the "CBN Guidelines") and the FMDQ Exchange Commercial Paper Registration and Quotation Rules dated April 2021.

The CP Notes will be issued in dematerialised form, registered and quoted via the FMDQ Securities Exchange Limited ("FMDQ Exchange" or the "Exchange") Platform in accordance with the rules, guideline and such other regulation as prescribed by the CBN and FMDQ from time to time, or any other recognized trading platform as approved by the CBN. Securities will settle via the Clearing Agent, acting as Registrars and Clearing Agent for the Notes.

This document is important and should be read carefully. If any recipient is in any doubt about its contents or the actions to be taken, such recipient should consult his/her/its Banker, Stockbroker, Accountant, Solicitor or any other professional adviser for guidance immediately.

Lead Arranger/Dealer



Joint Dealer



Collecting & Paying Agent



XXX Bank Limited
RC XXX

This Programme Memorandum is Dated

[•]

PROFORMA APPLICABLE PRICING SUPPLEMENT

PARTIES	
Issuer	HillCrest Agro-Allied Industries Limited
Lead Arranger/Dealer	Comercio Partners Capital Limited
Joint Dealer	Marble Advisory Limited
Collecting and Paying Agent	First City Monument Bank Limited
Issuing and Placing Agents	Comercio Partners and Marble Advisory Limited
Auditors	Logic Professional Services
Solicitors	JTO Partners
Sponsor(s) to the Quotation of the CP on FMDQ Exchange	
Central Securities Depository/Custodian	FMDQ Depository Limited

PROVISIONS RELATING TO THE NOTES	
Series Number	[•]
Tranche	[•]
Programme Size	₦10,000,000,000.00
Issued and Outstanding at the Date of this Pricing Supplement	[•]
Aggregate Nominal Amount	[•]
Face Value	[•]
Discounted Value	[•]
Nominal Amount Per Note	[•]
Issue Price	₦1000
Tenor	[•]
Maturity Date	[•]
Final Redemption Amount	[•]
Minimum Subscription	₦5,000,000 and multiples of ₦1,000 thereafter.
Specified Currency	Nigerian Naira (₦).
Status of Notes	Each Note constitutes a senior, direct, unconditional, unsubordinated and unsecured obligation of the Issuer and the Notes rank <i>pari passu</i> among themselves and, save for certain debts preferred by law, <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Issuer outstanding from time to time.
Restriction of the Issuance/Sale and Transfer of the CP Notes	The issuance, sale and transfer of the CP has been restricted to Qualified Institutional Investors as outlined in the FMDQ Exchange Rules.
Form of Notes	Uncertificated (Dematerialized)
Quotation	Notes may be quoted on the FMDQ Exchange platform and any other recognized exchange.
Taxation	Please refer to the 'Tax Consideration' section in the Programme Memorandum.

PROFORMA APPLICABLE PRICING SUPPLEMENT

Method of Offer	Fixed Price Offer.
Use of Proceeds	[•]
Book Closed Period	The register will be closed on [•] to [•] until the maturity date

ZERO COUPON NOTES	
Discount Rate	[•]
Implied Yield	[•]
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 on which banks are open for business in Nigeria.

PROVISIONS RELATING TO REDEMPTION	
Redemption/Payment Basis	Redemption at par
Issuer's Early Redemption	Not Applicable.
Issuer's Optional Redemption	Not Applicable.
Other Terms Applicable on Redemption	[•]

GENERAL	
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	[•]
Details of Bank Account to Which Payments Are to be Made in Respect of the Notes	Bank: [•]
	Account Name: [•]
	Account number: [•]
	Sort code: [•]
Settlement Procedure and Settlement Instruction	Purchases will be settled via direct debit, electronic funds transfer (NIBBS, NEFT, RTGS, etc.)
Issuer Rating	[•]
Delivery Date	[•]

PROFORMA APPLICABLE PRICING SUPPLEMENT

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 [date of last audited/interim 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, contains all information that is material in the context of the issue of the Notes.

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

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For and on behalf of HillCrest Agro-Allied Industries Limited

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

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

AUDITORS COMFORT LETTER

Hillcrest Agro Allied Industries Limited
Financial Statements for the year ended 31 December 2022, 2021 and 2020



AUDITOR'S COMFORT LETTER

Independent Auditor's Report to the Members of Hillcrest Agro Allied Industries Limited on the Summary Financial Statements**Auditors' responsibility for the summary financial statements**

Our responsibility is to express an opinion on whether the separate financial statements are consistent, in all material respects with the audited financial statements based on our procedures, which were conducted in accordance with International Accounting Standards (ISAs) 810 (Revised) Engagements to Report on Summary Financial Statements.

Report on other Legal and Regulatory Requirements.

In accordance with Schedule 6 of the Companies and Allied Matters Act, Cap C20 Law of the Federation of Nigeria 2020, we confirm that:

- * We have obtained all the necessary information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- * In our opinion, proper books of account have been kept by the Company, in so far as it appears from our examination of those books;
- * The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.
- * Insider-related credits are disclosed in the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.
- * As disclosed in the financial statements, the company didn't contravene any circulars of the Central Bank of Nigeria.
- * Customer complaints are disclosed in the financial statements in compliance with the Central Bank of Nigeria circular FPR/DIR/CIR/01/020.

Ijiola Olatunde, FCA



FRC/2014/ICAN/00000006297
For: Logic Professional Services
Lagos, Nigeria.
28th April, 2023.



HISTORICAL FINANCIAL INFORMATION OF THE ISSUER

Hillcrest Agro Allied Industries Limited
Financial Statements for the year ended 31 December 2022, 2021 and 2020

HISTORICAL FINANCIAL INFORMATION

The summary financial information set out on pages 2 to 4 of this Programmed Memorandum has been extracted from the audited annual financial statement of the issuer and is available at the specified office(s) of the issuer. This section should be read and construed in conjunction with the audited financial statements for the year ended 31 December 2022, 31 December 2021 and 31 December 2020 and with any audited annual or interim financial statements published subsequently, for the financial years prior to each issue of Notes under this Programme.

Statement of Profit or Loss And Other Comprehensive Income For The Year Ended 31st December 2022, 2021 and 2020

	2022	2021	2020
	N	N	N
Revenue	17,041,965,434	12,063,052,783	8,378,517,700
Cost of Sales	(14,368,150,494)	(10,251,653,995)	(6,632,717,347)
Gross Profit	2,673,814,940	1,811,398,788	1,745,800,353
Other Income	132,805,626	7,457,484	5,260,600
Operating Expenses:			
Administrative Expenses	(514,441,052)	(339,429,750)	(465,936,721)
Depreciation and Amortization	(811,893,829)	(480,589,396)	(432,883,442)
Personnel Cost	(323,408,890)	(347,462,946)	(277,728,233)
Operating Profit	1,156,876,796	651,374,180	574,512,557
Finance Charges	(488,947,810)	(338,184,083)	(213,384,000)
Profit before taxation	667,928,986	313,190,097	361,128,557
Income Tax	(55,042,066)	(100,220,831)	(15,880,240)
Profit/(Loss) for the year	612,886,920	212,969,266	345,248,317
Other Comprehensive Income			
Gain on disposal of assets	2,380,000	-	479,998
Total Comprehensive Income	615,266,920	212,969,266	345,728,315
Earnings Per Share	6153	2130	3457

HISTORICAL FINANCIAL INFORMATION OF THE ISSUER

Hillcrest Agro Allied Industries Limited
Financial Statements for the year ended 31 December 2022, 2021 and 2020

HISTORICAL FINANCIAL INFORMATION

Statement of Financial Position as at 31st December 2022, 2021 and 2020.

	2022	2021	2020
	N	N	N
NON CURRENT ASSETS			
Property, Plant & Equipment	7,656,587,224	6,327,579,859	4,982,266,705
Unquoted Investment	30,826,670	30,826,670	22,810,020
Investment In Fixed Deposit	104,723,252	104,243,677	-
Investment Property	-	-	40,000,000
Total Non-Current Assets	7,792,137,146	6,462,650,206	5,045,076,725
CURRENT ASSETS			
Inventory	2,333,193,975	2,159,815,414	1,036,713,287
Trade Receivables	1,962,130	167,539,883	46,924,148
Other receivables and prepayments	102,087,033	19,369,899	132,139,638
Deposit with suppliers	300,017,775	-	-
Cash and cash equivalent	49,699,307	352,574,544	949,702,773
Deferred Tax Assets	-	-	2,114,528
Total Current Assets	2,786,960,220	2,699,299,740	2,167,594,374
TOTAL ASSETS	10,579,097,366	9,161,949,946	7,212,671,100
LIABILITIES			
CURRENT LIABILITIES			
Trade Payable	1,054,118,863	1,195,672,030	1,059,748,461
Deposit by Customers	1,736,906,742	1,576,188,775	-
Other Payables	174,372,214	125,244,951	456,098,235
Current tax payable	140,620,853	291,181,897	89,262,126
Total Current Liabilities	3,106,018,671	3,188,287,653	1,605,108,822
NON CURRENT LIABILITIES			
Bank Loan	5,456,154,926	3,334,331,066	4,007,976,096
Borrowing/Overdraft	331,015,608	1,507,413,575	-
Total Non Current Liabilities	5,787,170,534	4,841,744,641	4,007,976,096
EQUITY			
Share Capital	10,000,000	10,000,000	10,000,000
Revaluation reserve	311,703,494	311,703,496	311,703,496
Directors' Fund	98,702,410	159,978,820	740,298,840
Retained Earnings	1,265,502,256	650,235,336	537,581,846
Total Equities	1,685,908,159	1,131,917,652	1,599,584,182
TOTAL EQUITY AND LIABILITIES	10,579,097,366	9,161,949,946	7,212,669,100

HISTORICAL FINANCIAL INFORMATION OF THE ISSUER

Hillcrest Agro Allied Industries Limited
Financial Statements for the year ended 31 December 2022, 2021 and 2020

HISTORICAL FINANCIAL INFORMATION

Statement of Cashflows for the year ended 31st December 2022, 2021 and 2020

	2022	2021	2020
	₱	₱	₱
Cash Flow From Operating Activities			
Profit before taxation	667,928,986	313,190,097	361,128,557
Adjustments for items not involving movement of cash:			
- Tax Provision no longer required	(114,463,110)	-	73,381,886
- Depreciation	811,893,829	480,589,396	432,883,442
Cashflow from operating activities before working capital changes	1,365,359,706	793,779,493	867,393,885
<u>Cashflow from Working Capital Changes</u>			
Inventory	(173,378,561)	(1,257,943,544)	(118,731,343)
Trade Receivable	165,577,753	(44,380,970)	29,807,726
Other Receivable	(82,717,134)	(177,523,882)	-
Trade Payable	(141,553,167)	1,105,005,648	827,456,791
Other Payable	49,127,263	393,494,298	320,765,266
Deposit with Suppliers	(300,017,775)	-	-
Deposit by customers	160,717,967	-	-
Deferred Tax Asset	-	-	(2,114,528)
Cash generated from operations	1,043,116,052	812,431,043	1,924,577,797
Tax Paid	(91,140,000)	(133,398,334)	(48,234,271)
Net Cash from Operating Activities	951,976,052	679,032,709	1,876,343,526
<u>Cashflow from Investing Activities</u>			
Investment Property	-	-	(40,000,000)
Proceeds from Sales of Asset	-	-	299,999
Investment in Fixed Deposit	(479,575)	(104,243,677)	-
Unquoted Investment in Cashew	-	(8,016,650)	(9,147,020)
Purchase of Fixed Assets, less Disposal	(2,143,321,196)	(1,994,838,676)	(3,347,011,366)
	(2,143,800,771)	(2,107,099,003)	(3,395,858,387)
<u>Cashflow from Financing Activities</u>			
Share Capital	-	-	9,000,000
Long Term Loan	2,121,823,860	(673,645,030)	2,450,043,692
Borrowing/ Overdraft	(1,171,597,968)	1,507,413,575	-
Director's Fund	(61,276,410)	(2,830,480)	5,834,538
	888,949,482	830,938,065	2,464,878,230
Net increase / (decrease) in cash and cash equivalents during the year	(302,875,237)	(597,128,230)	945,363,369
Cash and cash equivalents at the beginning of the year	352,574,544	949,702,774	4,339,404
Cash and cash equivalents at the end of the year	49,699,308	352,574,544	949,702,773

HISTORICAL FINANCIAL INFORMATION OF THE ISSUER

Hillcrest Agro Allied Industries Limited
Financial Statements for the year ended 31 December 2023

INCOME STATEMENT

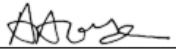
	Note	2023 ₱	2022 ₱
Revenue	22	19,572,881,437	17,041,965,434
Cost of Sales	23	<u>(16,779,659,482)</u>	<u>(14,868,150,495)</u>
Gross Profit		2,793,221,955	2,173,814,939
Other Income	24	<u>71,495,872</u>	<u>132,805,626</u>
		2,864,717,827	2,306,620,566
Operating Expenses:			
- Administrative Expenses	25	(546,034,303)	(514,441,054)
- Depreciation & Amortization	27	(961,968,570)	(811,893,830)
- Personnel Cost	26	(456,611,758)	(323,408,890)
Operating Profit on Ordinary Business		<u>900,103,196</u>	<u>656,876,792</u>
Finance Charges	28	<u>(587,201,272)</u>	<u>(488,947,810)</u>
Profit for the year before Taxation		312,901,924	167,928,982
Income Tax	30	(152,984,459)	(55,042,066)
Profit After Tax		<u>159,917,464</u>	<u>112,886,916</u>
Other Comprehensive Income			
Gain On Disposal of Assets		5,450,000	2,380,000
Gain On Exchange rate		-	-
Profit for the year		<u>165,367,464</u>	<u>115,266,916</u>
Earning Per Share		331	1,153


HISTORICAL FINANCIAL INFORMATION OF THE ISSUER


STATEMENT OF FINANCIAL POSITION as at 31 DECEMBER 2023

	Note	2023 N	2022 N
NON CURRENT ASSETS			
Property, Plant & Equipment	4	12,961,967,173	7,656,587,224
Unquoted Investment	6	32,271,670	30,826,670
Investment In Fixed Deposit	5	104,723,252	104,723,252
Total Non Current Assets		13,098,962,095	7,792,137,146
CURRENT ASSETS			
- Inventory	7	1,595,878,859	2,333,193,975
- Trade Receivables	8	320,000	1,962,130
- Other Receivables and prepayment	9	126,631,949	102,087,033
- Deposit with Suppliers	10	86,677,363	300,017,775
- Cash and Cash Equivalent	11	511,604,146	49,699,308
Total Current Assets		2,321,112,317	2,786,960,220
TOTAL ASSETS		15,420,074,412	10,579,097,366
LIABILITIES			
CURRENT LIABILITIES			
- Trade Payable	12	346,179,205	1,054,118,863
- Deposit by Customers	13	1,797,040,857	2,236,906,742
- Other Payables	14	63,846,998	174,372,215
- Current Tax Payable	17	152,984,459	140,620,853
Total Current Liabilities		2,360,051,519	3,606,018,673
Non Current Liabilities			
- Bank Loan	15	11,650,296,008	5,456,154,926
- Borrowing/Overdraft	16	117,153,670	331,015,606
Total Non Current Liabilities		11,767,449,677	5,787,170,532
EQUITY			
Share Capital	18	50,000,000	10,000,000
Revaluation Reserve	20	311,703,496	311,703,496
Director's Fund	19	-	98,702,410
Retained Earnings	21	930,869,720	765,502,256
Total Equity		1,292,573,216	1,185,908,162
TOTAL EQUITY AND LIABILITIES		15,420,074,412	10,579,097,366

These financial statements were approved by the Board of Directors on
..... *April 4, 2024* and signed on her behalf by:


Ayodele O. Alade
Managing Director
FRC/2016/IODN/00000015080


Openiyi A. Alade
Director
FRC/2016/IODN/00000015057


Festus Akintoye
Chief Finance Officer
FRC/2014/PRO/00000010047

HISTORICAL FINANCIAL INFORMATION OF THE ISSUER

STATEMENT OF CASH FLOWS

	2023	2022
	₹	₹
Cash Flow From Operating Activities		
Profit before taxation	312,901,924	167,928,982
Adjustments for items not involving movement of cash:		
- Gain on Disposal of Assets	5,450,000	2,380,000
- Tax Provision no longer required	-	(114,463,110)
- Depreciation	961,968,570	811,893,829
Cashflow from operating activities before working capital changes	1,280,320,494	867,739,702
<u>Cashflow from Working Capital Changes</u>		
Inventory	737,315,116	(173,378,561)
Trade Receivable	1,642,130	165,577,753
Other Receivable	(24,544,917)	(82,717,134)
Trade Payable	(707,939,658)	(141,553,167)
Other Payable	(110,525,217)	49,127,263
Deposit with Suppliers	213,340,412	(300,017,775)
Deposit by customers	(439,865,885)	660,717,967
Cash generated from operations	949,742,476	1,045,496,048
Tax Paid	(140,620,853)	(93,519,992)
Net Cash from Operating Activities	809,121,623	951,976,056
<u>Cashflow from Investing Activities</u>		
Proceeds from Sales of Asset	-	-
Investment in Fixed Deposit	-	(479,575)
Unquoted Investment in Cashew	1,445,000	-
Changes in Assets Revaluation, less Disposal	(6,270,238,519)	(2,143,321,196)
	(6,268,793,519)	(2,143,800,771)
<u>Cashflow from Financing Activities</u>		
Share Capital	40,000,000	-
Long Term Loan	6,194,141,082	2,121,823,860
Borrowing/ Overdraft	(213,861,936)	(1,171,597,970)
Director's Fund	(98,702,410)	(61,276,410)
	5,921,576,736	888,949,480
Net increase / (decrease) in cash and cash equivalents during the year	461,904,839	(302,875,236)
Cash and cash equivalents at the beginning of the year	49,699,308	352,574,544
Cash and cash equivalents at the end of the year	511,604,147	49,699,308
Represented By:		
Cash & Bank Balance	511,604,147	49,699,308
	511,604,147	49,699,308

EXTRACT FROM THE ISSUER'S RATING REPORT

HILLCREST AGRO-ALLIED INDUSTRIES LTD

Long-Term Rating:

BBB

Short Term Rating: A2

Previous Rating: BBB

Rating Outlook: Stable

Trend: UP

Currency: Naira

Date Issued: 13 Mar., 2024

Valid Till: 12 Mar., 2025

Reference:

Abiodun Adeseyoju, FCA.

Abimbola Adeseyoju

Oladele Adeoye

This report is provided by DataPro subject to the Terms & Conditions stipulated in our Terms of Engagement

EXECUTIVE SUMMARY

	2023*	2022	2021	2020	2019
	₦'000	₦'000	₦'000	₦'000	₦'000
Turnover	14,659,671	17,041,965	12,063,052	8,378,517	4,866,118
Pre-Tax Profit	695,997	667,928	313,190	361,128	337,663
Equity	2,381,905	1,685,908	1,131,917	1,599,584	1,335,831
Non-Curr. Assets	7,618,274	7,792,137	6,462,650	5,045,076	1,415,421
Long-term Debt	7,194,824	5,787,170	4,841,744	4,007,978	1,350,000
Total Asset	12,662,456	10,579,097	9,161,949	7,212,671	3,004,606

*Represents 9-month period ended 30th Sept., 2023.

Rating Explanation

The Short-Term Rating of A2 indicates *Fair Credit Quality* and adequate capacity for timely payment of financial commitments.

The Long-Term Rating of *BBB* indicates *Slight Risk*. It shows Fair Financial Strength, Operating Performance and Business Profile when compared to the standard established by *DataPro*. This Company, in our opinion, has the ability to meet its ongoing obligations, but its financial strength is vulnerable to adverse changes in economic conditions.

RATING SYNOPSIS

The Rating took into consideration all relevant qualitative and quantitative factors to arrive at the assigned risk indicator.

The qualitative information used were based on industry and market intelligence including public information. The quantitative information were obtained from the Company's Audited and Management Accounts.

The risk factors were assessed using the Company's Capitalization, Earnings Profile, Liquidity, Corporate Governance, Regulatory Compliance and Sustainability of its current healthy profile in the medium to long term period.

Overall, the following were observed:

Positive Rating Factors:

- Good Revenue Profile
- Strong Capitalization
- Good Liquidity Profile
- Experienced Management Team

Negative Rating Factor:

- High Debt Constraint

This report does not represent an offer to trade in securities. It is a reference source and not a substitute for your own judgment. As far as we are aware, this report is based on reliable data and information, but we have not verified this or obtained an independent verification to this effect. We provide no guarantee with respect to accuracy or completeness of the data relied upon, and therefore the conclusions derived from the data. This report has been prepared at the request of, and for the purpose of, our client only and neither we nor any of our employees accept any responsibility on any ground whatsoever, including liability in negligence, to any other person. Finally, DataPro and its employees accept no liability whatsoever for any direct or consequential loss of any kind arising from the use of this document in any way whatsoever.

LEGAL OPINION

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M: +2349090000443

W: www.jtopartners.com

19th November 2024

Comercio Partners Capital Limited (the “Lead Arranger”)

10B, Layi Yusuf Crescent

Off Admiralty Way

Lekki Phase I

Lagos State

Dear Sirs,

LEGAL OPINION IN CONNECTION WITH THE UPSIZING OF THE ₦5,000,000,000.00 (FIVE BILLION NAIRA) COMMERCIAL PAPER ISSUANCE PROGRAMME TO A ₦10,000,000,000.00 (TEN BILLION NAIRA) COMMERCIAL PAPER ISSUANCE PROGRAMME BY HILLCREST AGRO-ALLIED INDUSTRIES LIMITED

We act as Solicitors to **HILLCREST AGRO-ALLIED INDUSTRIES LIMITED** (the “**Issuer**”) in connection with the upsizing of a ₦5,000,000,000.00 Commercial Paper Issuance Programme to a ₦10,000,000,000.00 Commercial Paper Issuance Programme (the “**Programme**”) under which the Issuer, a private limited liability company incorporated under the laws of Federal Republic of Nigeria, may from time to time issue Commercial Paper Notes (“**CP Notes**” or “**Notes**”), denominated in Nigerian Naira, in separate series or tranches subject to the terms and conditions (the “**Terms and Conditions**”) contained in the Programme Memorandum (defined below) and applicable Pricing Supplement.

This opinion is provided pursuant to the Dealer and Arranger Agreement (the “**Dealer Agreement**”) between the Issuer and the Dealers.

The Notes issued will be constituted by, subject to, and have the benefit of, a Deed of Covenant, which shall take effect as a deed poll for the benefit of the holders of the Notes (the “**Amended and Restated Deed of Covenant**”).

For avoidance of doubt, all capitalised terms used but not defined herein shall have the meanings assigned to such terms in the Programme Memorandum, or any Pricing Supplement, as applicable.

1. THE DOCUMENTS

In rendering our legal opinion (“**Opinion**”), we have examined such documents as we have considered necessary for the opinions expressed herein and principally the following documents provided to us in physical or electronic form (unless otherwise stated):

LEGAL OPINION

- 1.1 A copy of the ₦10,000,000,000.00 Commercial Paper Programme Memorandum including the Terms and Conditions relating to each Series or Tranche of Notes issued under the Programme (the “**Programme Memorandum**”);
- 1.2 A copy of the Amended and Restated Dealer and Arranger Agreement;
- 1.3 A copy of the Amended and Restated Deed of Covenant;
- 1.4 A copy of the Amended and Restated Issuing and Placing Agent Agreement between the Issuer and the Issuing and Placing Agents, (the “**IPAA**”);
- 1.5 A copy of the Amended and Restated Collecting and Paying Agent Agreement between the Issuer and the Collection and Paying Agent, (the “**CPAA**”);

(The documents referred to in paragraphs 1.1 to 1.5 are referred to as the “**Transaction Documents**”)

- 1.6 A copy of the Certificate of Incorporation of the Issuer dated 10th July 2013;
- 1.7 A copy of the Memorandum and Articles of Association of the Issuer certified by the Corporate Affairs Commission on 15th March 2019.
- 1.8 A copy of the resolution of the meeting of the Board of Directors of the Issuer passed on 5th November 2024 authorising the upsizing of the Programme;
- 1.9 A status report issued by the Corporate Affairs Commission on 25th January 2023 evidencing the current directors and share capital of the Issuer;

(The documents referred to in paragraphs 1.6 to 1.9 are referred to as the “**Constitutional Documents**” while the documents referred to in paragraphs 1.1 to 1.9 are collectively referred to as the “**Documents**”).

2. ASSUMPTIONS

For the purpose of this Opinion, we have assumed, without independent verification, each of the following:

- 2.1 the authenticity of all seals and signatures, the completeness and conformity with original documents of all copies of the Documents submitted to us in physical or in electronic form and that any Document submitted to us continues in full force and effect;
- 2.2 the Transaction Documents referred to in paragraph 1 above have been validly authorised and duly executed and delivered in such form by each of the parties to them (other than the Issuer), by a person or persons duly authorised to do so;
- 2.3 the Transaction Documents which are governed by the laws of the Federal Republic of Nigeria are, or will be, legal, valid, binding and enforceable against all relevant parties (other than the Issuer), in accordance with their respective terms under the laws of the Federal Republic of Nigeria;
- 2.4 the due compliance with all matters (including without limitation, the obtaining of necessary consents, authorisations and approvals and the making of necessary filings and registrations) required in connection with the Transaction Documents to render them enforceable in all relevant jurisdictions (other than the Federal Republic of Nigeria) has been effected and such compliance remains in full force and effect and will continue to be effected where required for the validity and enforceability, under such laws as applicable

LEGAL OPINION

(other than the laws of the Federal Republic of Nigeria), of the Transaction Documents (or any document in connection therewith); and

- 2.5 the power, authority and legal right of all parties (other than the Issuer) under all the relevant laws and regulations (other than the laws of the Federal Republic of Nigeria) to enter into, execute and perform their respective obligations under the Transaction Documents.

3. OPINION

Based on the assumptions above and subject to the qualifications below and to any matters not disclosed to us, we are of the opinion that:

3.1 Status, Power and Authority, Legal Validity

- 3.1.1 the Issuer (i) is a **private limited liability company duly incorporated and validly existing under the laws of the Federal Republic of Nigeria;** (ii) has perpetual corporate existence and the capacity to sue or be sued in its own name; (iii) has the corporate power and authority to enter into and perform the obligations expressed and assumed by it under the Transaction Documents to which it is a party and any Notes; (iv) has taken all necessary corporate and other action to authorise the entry into, execution of and performance of its obligations under the Transaction Documents to which it is a party and the Notes; and (v) has duly complied with all extant laws, regulations, circulars and guidelines issued by the Central Bank of Nigeria.

- 3.1.2 the Transaction Documents have been duly executed and delivered, and the Transaction Documents and the Notes have been duly authorised by the Issuer in accordance with the laws of the Federal Republic of Nigeria and the Constitutional Documents of the Issuer;

- 3.1.3 the Transaction Documents constitute valid, legal, binding and enforceable obligations of the Issuer and are enforceable against it in accordance with their terms;

- 3.1.4 the holders of the Notes shall be entitled, severally, to enforce the Deed of Covenant against the Issuer;

- 3.1.5 the Notes, when issued, would constitute valid, legal, binding and enforceable obligations of the Issuer;

- 3.1.6 the issuance of the Notes in dematerialised form is valid and legal under Nigerian law;

3.2 Foreign Exchange Control

- 3.2.1 there are no foreign exchange control consents, licences or approvals required, (including without limitation by any governmental authority, including the Central Bank of Nigeria), for the entry into and performance by the Issuer of its obligations under the Transaction Documents or the Notes; save that non-residents of Nigeria who have brought funds into Nigeria for the purchase of the Notes through an approved and lawful channel may upon liquidating their investment in the Notes repatriate the proceeds of their investment upon the submission of all relevant documentation, including a Certificate of Capital Importation, which evidences the in-flow of the funds into Nigeria by the non-resident holders of the Notes in accordance with the provisions of the Foreign Exchange (Monitoring and Miscellaneous Provisions) Act¹ and the Foreign Exchange Guidelines issued by the Central Bank of Nigeria;

3.3 Consents, Filings and Form

¹ Cap F34 Laws of the Federation of Nigeria 2004

LEGAL OPINION

3.3.1 no consent, approval, registration or filing with any court or governmental authority in the Federal Republic of Nigeria, (including the Central Bank of Nigeria and the Securities and Exchange Commission of Nigeria), is required in connection with the execution, delivery and performance of the Transaction Documents, including the issue of the Notes;

3.3.2 the Notes, when issued, would be issued in compliance with the Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers issued by the Central Bank of Nigeria on 11 September 2019, and the FMDQ Commercial Paper Registration Quotation Rules (2019);

3.3.3 the Transaction Documents are in the proper form for their admissibility in evidence and their enforcement, (save for payment of stamp duty as described in paragraph 3.8 below), against the Issuer in the courts of the Federal Republic of Nigeria;

3.4 **Non conflict with laws**

the execution of and the performance by the Issuer of its obligations under the Transaction Documents and the Notes, and the compliance with the provisions of the Transaction Documents to which it is a party and the Notes will not contravene, violate or conflict with any law, statute, rule or regulation of the Federal Republic of Nigeria or the Constitutional Documents of the Issuer;

3.5 **Insolvency**

to the best of our knowledge, no procedure has been commenced in the Federal Republic of Nigeria with a view to the winding up, reorganisation, or dissolution, (or similar procedure), of the Issuer or with a view to the appointment of a liquidator, receiver, receiver/manager or similar officer in respect of the Issuer or any of its properties, assets or interest;

3.6 **Immunity**

the Issuer is not entitled to claim in relation to itself or any of its assets, any form of immunity on the grounds of sovereignty, diplomacy or otherwise from any legal action or proceeding or from execution of a judgement against it, instituted or initiated before a competent jurisdiction or any arbitral panel;

3.7 **Licensing and Qualifications etc.**

3.7.1 under the laws of the Federal Republic of Nigeria, no party which is not registered in Nigeria will, by reason of its purchase of the Notes, and enforcing its rights thereunder, (i) be required to be registered, qualified, licensed or otherwise entitled to do business in the Federal Republic of Nigeria or be required to comply with any requirement as to foreign registration or qualification in the Federal Republic of Nigeria; or (ii) be required to make any filing with any court or other agency in the Federal Republic of Nigeria prior to any enforcement of the Transaction Documents (including the Notes); or (iii) be deemed to be resident, domiciled or carrying on business in the Federal Republic of Nigeria for tax or any other purpose;

3.7.2 the performance by any party of any of its rights, duties, obligations or representations under the Transaction Documents (including the Notes) will not violate any existing applicable law or regulation in the Federal Republic of Nigeria;

3.8 **Taxes and Stamp Duty/Registration**

LEGAL OPINION

- 3.8.1 the provisions of the Stamp Duties Act² require any instrument executed in the Federal Republic of Nigeria, or relating, wheresoever executed, to any property situated or any matter or thing done or to be done in the Federal Republic of Nigeria to be stamped and the appropriate stamp duty paid in respect of the said instrument. Unstamped or insufficiently stamped instruments are not admissible in evidence, (except in criminal proceedings), in the courts of the Federal Republic of Nigeria;
- 3.8.2 stamp duty is payable in the Federal Republic of Nigeria either at a *flat* rate or an *ad valorem* rate. Based on the Stamp Duties Act, the rate of stamp duty payable in the Federal Republic of Nigeria in respect of the Notes is 0.1% levied on an *ad valorem* basis on the value of the underlying transaction;
- 3.8.3 prior to the amendment of the Stamp Duties Act by the Finance Act 2019, dematerialised Notes were not subject to stamp duty as the Notes being in uncertificated form did not qualify as “instruments” as was previously defined under the Stamp Duties Act;
- 3.8.4 the Finance Act amends the definition of “instruments” in the Stamp Duties Act to include electronic instruments, as such, it is not clear whether the electronic form of the dematerialised Notes would qualify the Notes as an electronic instrument which would be subject to stamp duty;
- 3.8.5 where the Federal Inland Revenue Service takes the view that the dematerialised Notes qualify as “electronic instruments”, the Notes would be subject to stamp duty as stated in Paragraph 3.8.2 above;
- 3.8.6 The Amended and Restated Deed of Covenant, the Amended and Restated Dealer and Arranger Agreement, the Amended and Restated IPAA and the Amended and Restated CPAA will be assessed and stamped at the prevailing stamp duties rate as of the time of stamping. No other stamp, registration fees or other tax is payable, and no filing or registration is required in connection with the execution, delivery, performance or enforcement of any of the foregoing documents;
- 3.8.7 each of the Transaction Documents are required to be stamped in Nigeria within a period of thirty (30) days after their execution (where they are executed in the Federal Republic of Nigeria) or within a period of forty (40) days after they are first brought into the Federal Republic of Nigeria (in the event that they are executed outside the Federal Republic of Nigeria);
- 3.8.8 no other stamp duty is payable, and no filing or registration is required in connection with the execution, delivery, issue, performance and enforcement of the Transaction Documents and the Notes;
- 3.8.9 the Issuer is not required to make any withholding or deduction from any payment due to the Noteholders on the Notes. However, the discount on any of the Notes may be taxed in accordance with applicable Nigerian tax laws;
- 3.9 **Forum of Dispute Resolution**
- 3.9.1 the submission to arbitration by the parties would be upheld in Nigeria as parties are permitted under Nigerian law to choose arbitration as a means of settling their disputes. Parties are also permitted to choose the seat and governing rules of the arbitration;
- 3.9.2 the courts of the Federal Republic of Nigeria will accept jurisdiction in any suit, action or proceedings against the Issuer arising out of or in connection with the Transaction Documents and the Notes and can give judgement in a currency other than the legal tender/lawful currency of the Federal Republic of Nigeria for the payment of any sum due under the Transaction Documents or the Notes; and

² Cap S8 Laws of the Federation of Nigeria 2004

LEGAL OPINION

3.10 **Pari Passu**

the obligations of the Issuer under the Transaction Documents and the Notes will rank at least *pari passu* as to priority of payment with the claims of all other unsecured and unsubordinated creditors of the Issuer except for those claims which are mandatorily preferred solely by any bankruptcy, insolvency or liquidation or other similar laws of general application.

4. **QUALIFICATIONS**

This Opinion is subject to the following qualifications:

- 4.1 This Opinion is limited in all respects to the laws of the Federal Republic of Nigeria, as at the date hereof. We have not made any investigations of, and we do not express any opinion as to the laws of any other jurisdiction;
- 4.2 This Opinion is expressed as of the date hereof and we assume no obligation to update or supplement any opinion contained herein to reflect any fact or circumstance that may hereafter come to our attention or any changes in law that may hereafter occur or become effective;
- 4.3 Our opinion that an obligation or document is enforceable means that the obligation or document is of a type and form which the courts in the Federal Republic of Nigeria will enforce. It does not mean that the obligation or document can necessarily be enforced in all circumstances as the validity, enforceability and/or binding nature of such obligations or documents under the laws of the Federal Republic of Nigeria will be subject to, amongst other things, the laws of bankruptcy, insolvency, receivership, reorganisation, liquidation, moratorium and other like laws. In particular, equitable remedies such as injunctions and specific performance are discretionary and are not generally available in circumstances where damages are considered by the courts in the Federal Republic of Nigeria to be an adequate remedy;
- 4.4 Save for paragraph 3.8 above, we express no opinion as to the tax treatment or consequences of the Transaction Documents or the transactions contemplated therein; and
- 4.5 Where any obligation is to be performed or observed in a jurisdiction outside the Federal Republic of Nigeria, it may not be enforceable under Nigerian law if and to the extent that such performance or observance would be unlawful, unenforceable or contrary to public policy of the Federal Republic of Nigeria or under the laws of such jurisdiction.

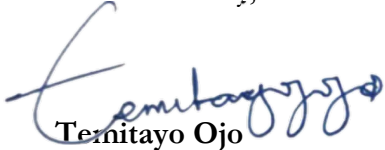
5. **RELIANCE**

This Opinion is issued at the request of the Dealers for the purpose of the Programme and any Note issuances thereunder. The opinion may be relied upon only by the Dealers, any additional Dealer appointed in accordance with the provisions of the Dealer Agreement and persons seeking to invest in the Notes, in connection with the matters dealt with herein and may not without our prior written consent be relied upon by any other person. Neither its contents nor its existence may be disclosed to any other person unless we have given our prior written consent.

This Opinion may be disclosed (a) if required by law or regulation; (b) to the officers, directors, employees, affiliates, professional advisers (including legal advisers), auditors or regulators of a Dealers; and (c) in connection with any actual or potential dispute or claim in respect of the Note issuance provided that such persons may not rely on the Opinion.

LEGAL OPINION

Yours faithfully,



Temitayo Ojo
Managing Partner
JTO Partners

GENERAL INFORMATION

Authorisation

The establishment of this CP Programme and the issuance of Notes thereunder was approved by the resolution of the Board of Directors of the Issuer dated 3rd May 2023.

Going Concern

The Directors have assessed the Issuer's ability to continue as a going concern and have no reason to believe the Issuer will not remain a going concern in the year ahead. If any event occurs as a result of which the above statement is no longer true and accurate, the Issuer will give notice thereof to the Noteholders.

Auditors

Logic Professional Services, (Chartered Accountants) acted as auditors of the annual financial statements of the Issuer for the financial year ended 31st December 2022. The auditor has in respect of the years for which they were responsible for the audit, issued unqualified reports.

Litigation

The Issuer has no pending or threatened litigation as at the date of this Programme Memorandum.

Material Contracts

The Issuer has no material contracts as at the time of the preparation of this document

Ultimate Borrower

The Issuer is the borrower in respect of the Notes.

PARTIES TO THE PROGRAMME

ISSUER

HillCrest Agro-Allied Industries Limited
Plot 4, Ahman Patigi Road
Illorin
Kwara State
Nigeria.

Ayodele Alade
Managing Director

LEAD ARRANGER/DEALER

Comercio Partners Capital Limited
10B, Layi Yusuf Crescent
Off Admiralty Way
Lekki Phase I
Lagos.

Steve Osho
Managing Director

JOINT DEALER

Marble Advisory Limited
Western House, 8th Floor
8-10 Broad Street
Lagos.

Akeem Oyewale
Director

SOLICITORS

JTO Partner
200, Igbosere Rd
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Lagos.

Temitayo Ojo
Managing Partner

ISSUER RATING AGENCY

DataPro
Foresight House
163/165 Broad St
Lagos Island
Lagos.

Jesse Matthew
General Manager

AUDITORS TO THE ISSUER

Logic Professional Services
4th floor Oshopey Plaza
No 17/19 Allen Avenue
Ikeja
Lagos

Olatunde Ijiola
Senior Consultant

COLLECTING AND PAYING AGENT

First City Monument Bank
Primrose Tower
17A, Tinubu Street
Marina
Lagos.

Oluwatoyin Olaiya
Director