

*(Item 9 on the Agenda for the Annual General Meeting slated for 3<sup>rd</sup> May, 2017)*

## PREAMBLE

At the forthcoming (71<sup>st</sup>) Annual General Meeting ("AGM") of Nigerian Breweries Plc ("the Company"), the Directors have recommended for Shareholders' approval, a final dividend of ₦2.58 per share for the financial year ended 31<sup>st</sup> December, 2016. The AGM is scheduled for the 3<sup>rd</sup> of May, 2017.

The Directors have also proposed for the Shareholders' approval at the AGM, a scheme that would give interested Shareholders the option to elect to receive new ordinary shares in the Company instead of the final dividend in cash ("scrip dividend election scheme"). The proposal is on the AGM agenda as item 9. The terms of the scrip dividend election scheme would be as the Directors may determine based on prevailing market conditions.

These explanatory notes provide information on the scrip dividend election scheme and explains how Shareholders can make their election.

## RELEVANT INFORMATION

### i. What does the scrip dividend election scheme entail and what are its benefits?

The scrip dividend election scheme gives Qualifying Shareholders the opportunity to elect/choose to receive their final dividends in the form of new ordinary shares in the Company instead of cash. Qualifying Shareholders are those whose names appeared in the Company's Register of Members as at the close of business on Wednesday, 8<sup>th</sup> March, 2017.

Qualifying Shareholders who elect to receive new ordinary shares would thus be able to increase the number of shares they hold in the Company and without incurring capital market transaction costs. The election would also benefit the Company as the cash, which would otherwise be paid out in dividends, is retained for working capital purpose. Further, it would lead to the reduction of the Company's interest costs thereby enhancing its profitability.

### ii. How does a Qualifying Shareholder participate in the scrip dividend election scheme?

A Qualifying Shareholder who intends to make the election for shares shall complete an Election Form and return same to First Registrars and Investor Services Limited ("the Registrars") on or before 5.00pm on Friday, 21<sup>st</sup> April, 2017.

A copy of the Election Form can be obtained from the Registrars. It is also available on the Investor Relations page of the Company's website ([www.nbplc.com](http://www.nbplc.com)) and on the Registrars website ([www.firstregistrarsnigeria.com](http://www.firstregistrarsnigeria.com)).

The Election Form will equally be posted to each Qualifying Shareholder alongside the 2016 Annual Report and Accounts.

Qualifying Shareholders (using their personal e-mail address) can also scan and send duly completed Election Forms to the Registrars via their e-mail address: [info@firstregistrarsnigeria.com](mailto:info@firstregistrarsnigeria.com).

### iii. Will the default option be cash or shares?

The default option shall be cash. That is, Qualifying Shareholders will not be required to take any steps if they do not wish to convert their final dividends into additional shares in the Company. Such Shareholders will automatically receive cash. They do not need to complete the Election Form.

### iv. How many new ordinary shares will a Qualifying Shareholder who elects for shares receive?

The number of new ordinary shares to be received by Qualifying Shareholders who elect for new shares will depend on their respective cash dividend entitlements (less withholding tax) and the Reference

Share Price. Thus, the relevant formula for calculating the number of shares to be received is as follows:

**Net Cash Dividend Due divided by Reference Share Price.**

Net Cash Dividend Due is Gross Dividend per share less Withholding Tax at the appropriate rate. The Reference Share Price is ₦130.59 (this is based on the average of the closing price of the Company's shares on The Nigerian Stock Exchange for ten (10) consecutive trading days starting on the 9<sup>th</sup> of March, 2017).

No fraction of a share will be issued. Thus, in the event that a residual cash dividend entitlement arises as a result of an election to receive new ordinary shares, Qualifying Shareholders will be paid the monetary value of such residual cash dividend entitlement.

### v. How will a Qualifying Shareholder who elects for new ordinary shares know how many new ordinary shares he/she has received?

Qualifying Shareholders who elect to receive new ordinary shares will receive a statement confirming the number of new shares issued, the Reference Share Price and the total cash equivalent of the new shares. In the event that the cash dividend entitlement is insufficient to acquire at least one new share, no new ordinary shares will be received and the final dividend will be paid in cash, irrespective of the election.

### vi. What is the proposed payment date for Qualifying Shareholders who elect to receive cash?

The proposed payment date is Thursday, 4<sup>th</sup> May, 2017.

### vii. What is the proposed date for receiving share certificates/crediting the C.S.C.S. account of Qualifying Shareholders who elect to receive new ordinary shares?

It is anticipated that new share certificates will be received by Qualifying Shareholders who hold shares in certificated form within one (1) month of the receipt of the approval of the Securities and Exchange Commission ("SEC"). For holdings in uncertificated form, it is envisaged that the C.S.C.S. accounts of Qualifying Shareholders will be credited within five (5) working days of the receipt of the SEC's approval.

### viii. What happens if a Qualifying Shareholder has more than one holding/account?

If a Qualifying Shareholder has more than one holding, each holding will require a separate election. Any Qualifying Shareholder who intends to combine his or her holding should contact the Registrars using the details stated at the end of this document.

### ix. Does the scrip dividend issue apply to ordinary shares held in joint names?

For joint account holders, the Election Form must be signed by all joint shareholders for the election to be valid.

### x. Who should be contacted for any further questions about the scrip dividend election scheme?

If there are additional queries or questions, please contact our Registrars using the addresses below:

**Lagos:** Plot 2, Abebe Village Road, Iganmu, Lagos.

**Abuja:** First Bank of Nigeria Limited Building, Plot 451, Jos Street, Opp. Sharon Ultimate Hotel, Area 3, Garki, Abuja.

**Enugu:** First Bank of Nigeria Limited Building (Main Branch), 21, Okpara Avenue Enugu, Enugu State.

**Ibadan:** First Bank of Nigeria Limited Building, 48, Alhaji Abdulazeez Arisekola Alao way, Opposite MRS Filling Station, Challenge, Ibadan, Oyo State.

**Kaduna:** First Bank of Nigeria Limited Building (Area Office), Bank Road, Kaduna.

**Port Harcourt:** First Bank of Nigeria Limited Building (Main Branch), 2<sup>nd</sup> Floor, 22/24 Aba Road, Port-Harcourt, Rivers State.