

Project MINE and Lekki Textile & Garment Park

13 September 2017

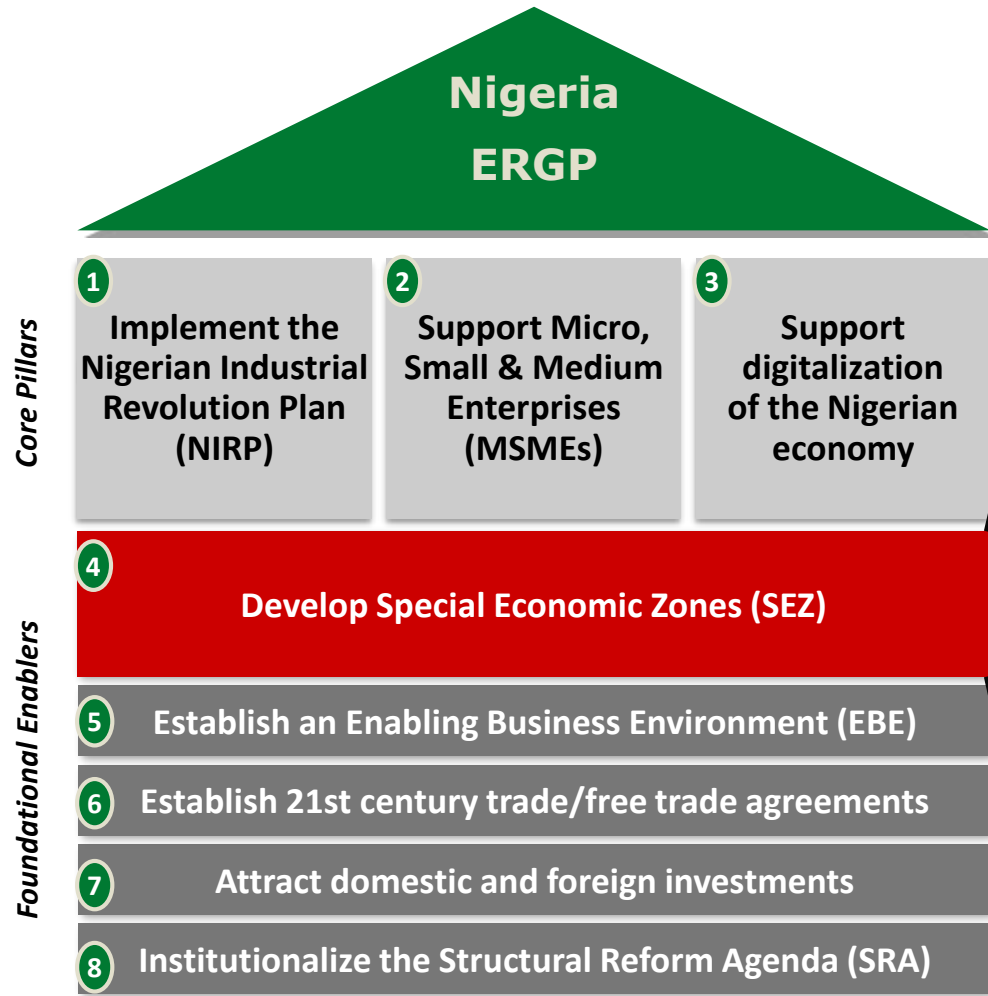


Outline

- Overview of Project MINE
- Overview of Lekki Textile & Garment Park
- Opportunities for Investors



Developing SEZs is a key focus of Government to diversify exports and achieve economic recovery



...MITI INTENDS TO UNLOCK THE POTENTIAL OF SEZ'S FOR NIGERIA'S ECONOMIC RECOVERY & GROWTH

MITI intends to use Export Oriented SEZs to:

- Boost **manufacturing's** share of GDP to **20%** by 2025
- Create **1.5 million*** new jobs through 2025
- Generate **\$30bn** in export earnings annually by 2025
- Improve the utilisation of Nigeria's **factor endowments & comparative advantages**
- Create **local models of global best practice** in provision of hard and soft infrastructure and an enabling business environment

MINE = Made in Nigeria for exports; NIRP = Nigerian Industrial Revolution Plan, EGRP = Economic Growth & Recovery Plan; *ECOWAS Improved Business and Investment Climate in West Africa Project; Source: Nigeria Federal Ministry of Industry, Trade and Investment; World Bank; Literature Research



Project MINE will take a four pronged approach to improving Nigeria SEZs

PROJECT MINE¹



1

Fast track the development of one export oriented SEZ

2

Bring in PPP partners to help transform Government-owned SEZs

3

Facilitate development of world-class greenfield SEZs across Nigeria

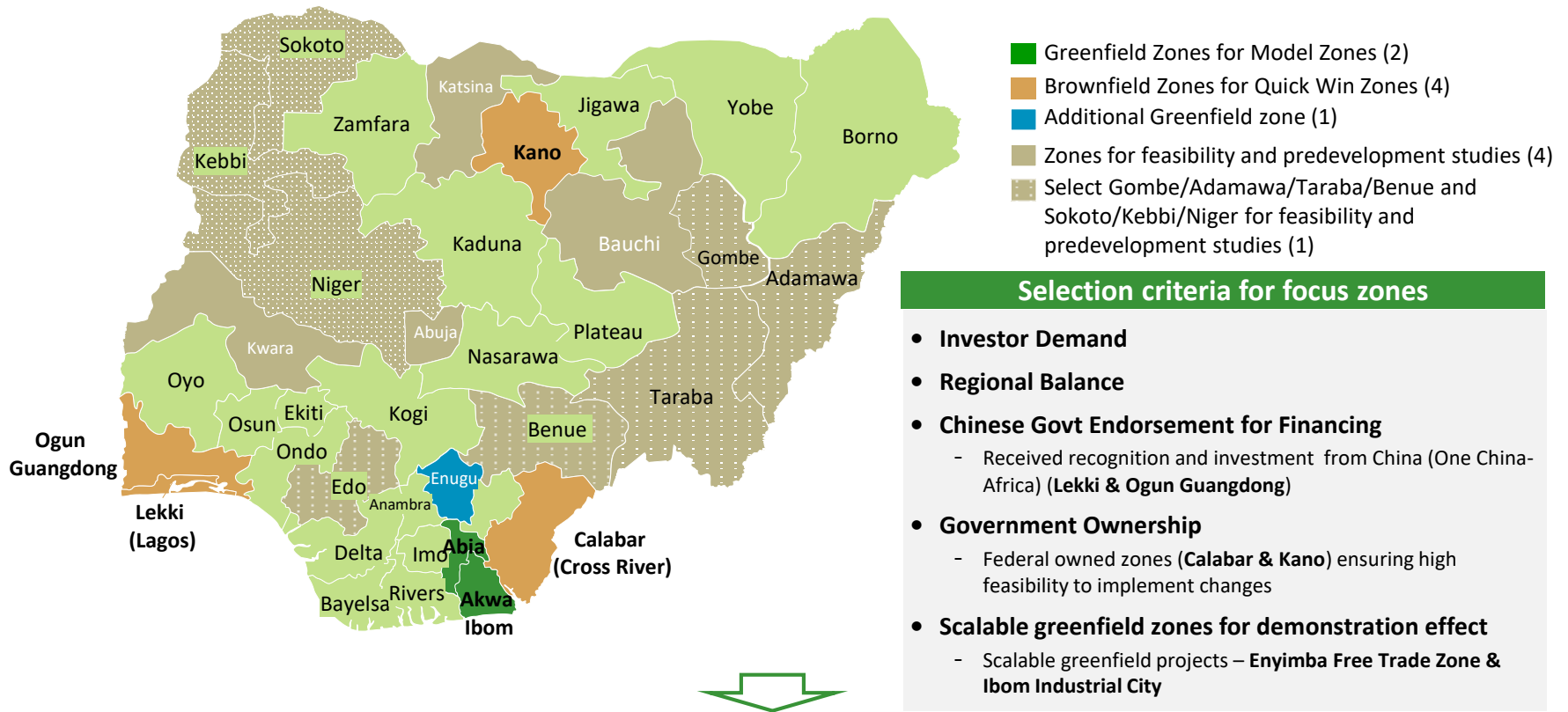
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Create a supportive enabling environment for SEZs

Note: ¹Made in Nigeria for Exports; SEZs for consideration include Private State-led SEZs - Lekki Free Trade Zone (LFTZ), Ogun Guangdong Free Trade Zone (OGFTZ); Government SEZs - - Calabar Free Trade Zone (CFTZ) and Kano Free Trade Zone (KFTZ); Greenfield SEZs - Enyimba City, Ibom Industrial City













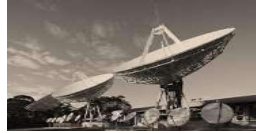



Project MINE has a Broad National Footprint



Quick win zones will unlock short-term potential and results
Model zones will develop the foundations for successful long-term SEZs



Phase 1 of Project MINE covers 6 initial locations, with initial execution focus on a rapid impact pilot project

	1	2	3	4	5	6
	Ibom	Enyimba	Calabar	Kano	Lekki	Ogun Guangdong
	<ul style="list-style-type: none"> Greenfield 14k Ha Intended PPP 	<ul style="list-style-type: none"> Greenfield 9k Ha Intended PPP 	<ul style="list-style-type: none"> Operational 220 Ha 100% Fed. owned 	<ul style="list-style-type: none"> Partially Operational 432 Ha 100% Fed. owned 	<ul style="list-style-type: none"> Partially operational 16.5k Ha PPP 	<ul style="list-style-type: none"> Partially operational 10k Ha PPP
HIGH POTENTIAL SECTOR(S) FOCUS						
	Petrochemicals	Leather Processing	Petrochemicals	Leather Production	Petrochemicals	Construction Materials
OTHERS						
	Agro-Allied	Textiles	Agro-Allied	Agro-Allied	ICT	Agro-Allied
						
				Textiles	Textile	
Solid Minerals and Metals; Oil and gas related industries; Light manufacturing; Services sector						
	Model Zones	'Quick Wins' Zones	PPP Zones			



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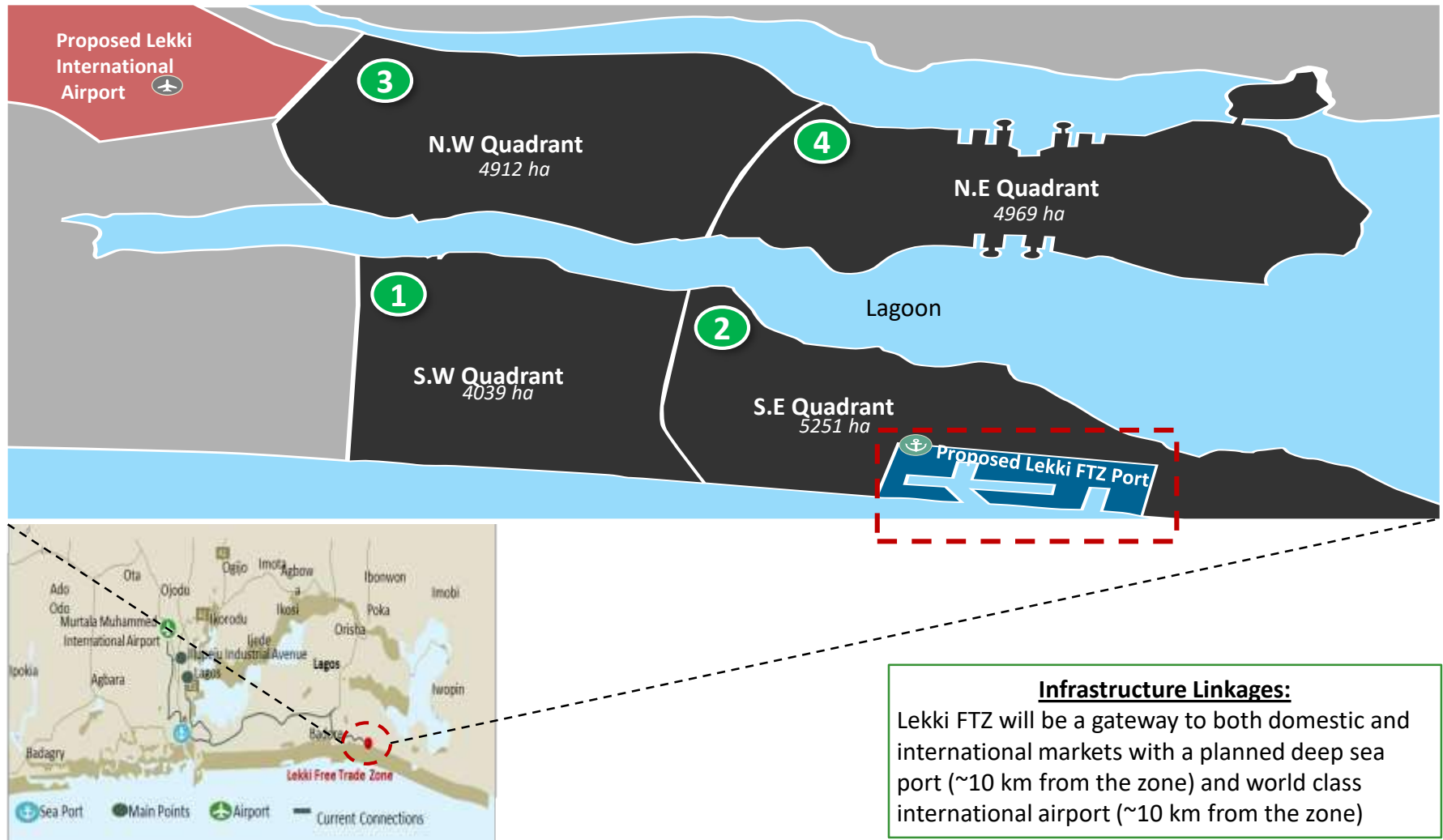
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Lekki FTZ is designed as a holistic industrial city, complete with port and airport



Source: Lekki FTZ Master Plan



At full potential, the Lekki Free Trade Zone can be an industrial pillar for Lagos, SW Nigeria, Nigeria and West Africa

Vision:

Manufacturing Hub of **South West Nigeria** (30+ million people)
Hub for ICT, agro-allied petrochemicals and textiles companies serving export markets

Sector(s):



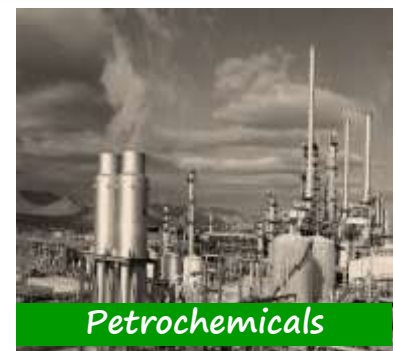
Textile & Footwear



ICT



Logistics



Petrochemicals

SECTOR FOCUS FOR RAPID IMPACT DEVELOPMENT

Market:

Gateway to regional (ECOWAS) and international markets via **Apapa**, and planned **Lekki & Badagry ports**

Targets: **>300,000 Jobs¹** **\$ 9.7 B Exports²** **\$ 60 B FDI**

Note: ¹Job target according to Lekki FTZ Masterplan; ² Nigeria export target (2027) based on the export value generated by Shenzhen SEZ (China) per hectare (2014)

Source: Lekki FTZ Masterplan



Lagos' Lekki FTZ is an attractive investment destination

RATIONALE

Infrastructure	
Scalability	
Proximity to Urban City	
Availability of Labor	
Business Environment	
Government Support	

ADDITIONAL DETAILS

- The Port of Apapa is **Africa's 4th largest**
- Lagos has **one of the largest road networks** in W. Africa
- Close to MMA & future Lekki Int'l Airport¹
- ~10K Ha still **open for development** near the eastern edge of the city (Lekki-Epe axis)
- Lagos is the **6th fastest growing city** in the world
- The Lekki-Epe axis is **the fastest growing corridor** in Africa
- Lekki FTZ has access to a **large pool of literate labor** (Lagos has >20m residents)
- International Investors have expressed strong preference to locating in Lagos for EoDB and global connectivity
- Lekki FTZ has **strong State Gov't support** (LSG with 40% stake)

Note: ¹MMA - Murtala Muhammed Airport, the largest in Nigeria and 8th largest in Africa; ²EoDB - World Bank's Ease of Doing Business Rankings 2014

Source: Lit. Research; AllAfrica; Telegraph; Lekki FTZ Brochure; World Bank; Site Visits



Verbatim Investor Comments

“We see Lekki Free Trade Zone as the most promising location in Africa because of the links to a deep sea port and airport....and the large market in Lagos, South Western Nigeria and ECOWAS.”

Chinese Investors – Abuja and Lagos; July 2017

“For us, Lekki Free Trade Zone is the most attractive location in the world at this point, ahead of anything we see in Asia or anywhere else in Africa. Lagos as a city, has the biggest growth potential and Lekki is the perfect location. It has links to a sea port, an airport, is surrounded by 23 million people in Lagos, another 180 million in Nigeria and all of ECOWAS. We just need to see the transport links happen. We expect Nigeria’s GDP to grow eleven-fold and we intend to be part of that growth story.”

US Investor Group – New York; September 2017



The Development Focus of each Quadrant is evolving...

RENDEAVOUR

AFRICANA BUSINESS

Aviation logistics and cargo hub,
light industrial, ICT Cluster with
accompanying mixed uses



133 ha (phase 1) – 500
ha (phase 2) in the zone
will be an **integrated
Textiles and Garments
Park (ITGPs)**



Owned by the Dangote
Group, the ~5,000 ha
S.E. Quadrant is
currently under
development and will
include a: Refinery,
Fertilizer Plant and
Petrochemicals Plant



Nigeria is a potentially strong location for vertically integrated textile and garment manufacturing

- 1 Strong growth potential across textile and garment value chain
- 2 Committed Government with favorable policies and initiatives
- 3 Advantageous fiscal and investment incentives
- 4 Low minimum wage
- 5 Large working population and growing pool of textile and garment talent
- 6 Preferential access to US market via AGOA Trade agreement
- 7 Proximity to key export markets



Vertically integrated textile and garment manufacturing is a top priority sector under NIRP and ERGP

Factor Endowment

- Strong factor endowments in cotton cultivation land and petrochemical feedstock for Man Made Fibre (MMF) production
- Large pool of low cost labour and favourable demographics

Comparative Advantage

- Potential to establish comparative advantage based on large gas resources for MMF manufacturing and in cotton cultivation from introduction of new varieties, improved practices and organic farming

Export Earnings Growth & Diversification

- Large global market – estimated at \$2.4tn¹ in 2016
- Preferential access to US market via AGOA Trade agreement

Inclusive Growth - Jobs

- Textile and Garments is arguably the most labour intensive light manufacturing sector – creates 000,000s of jobs

Source: 1 – Mckinsey & Co; The State of Fashion 2017



Nigeria has strong potential to be competitive across the entire textile and garment value chain

Raw material processing



- Large cotton **and petrochemical base**
- Short staple cotton grown in North: ~ 280,000 ha currently cultivated; 230,000 bales of lint per year
- Long staple cotton opportunity in South
- Abundant supply of petrochemical feedstock; **significant opportunity for production of man-made fibres**

Yarn and textiles manufacturing



- Largest spinning installed base after Egypt and South Africa (up until the 1980s)
- Industry declined post MFA, accession to WTO and focus on oil and gas industry
- Today, 24 active textile mills
- Opportunity for modernization and revival

Garment manufacturing

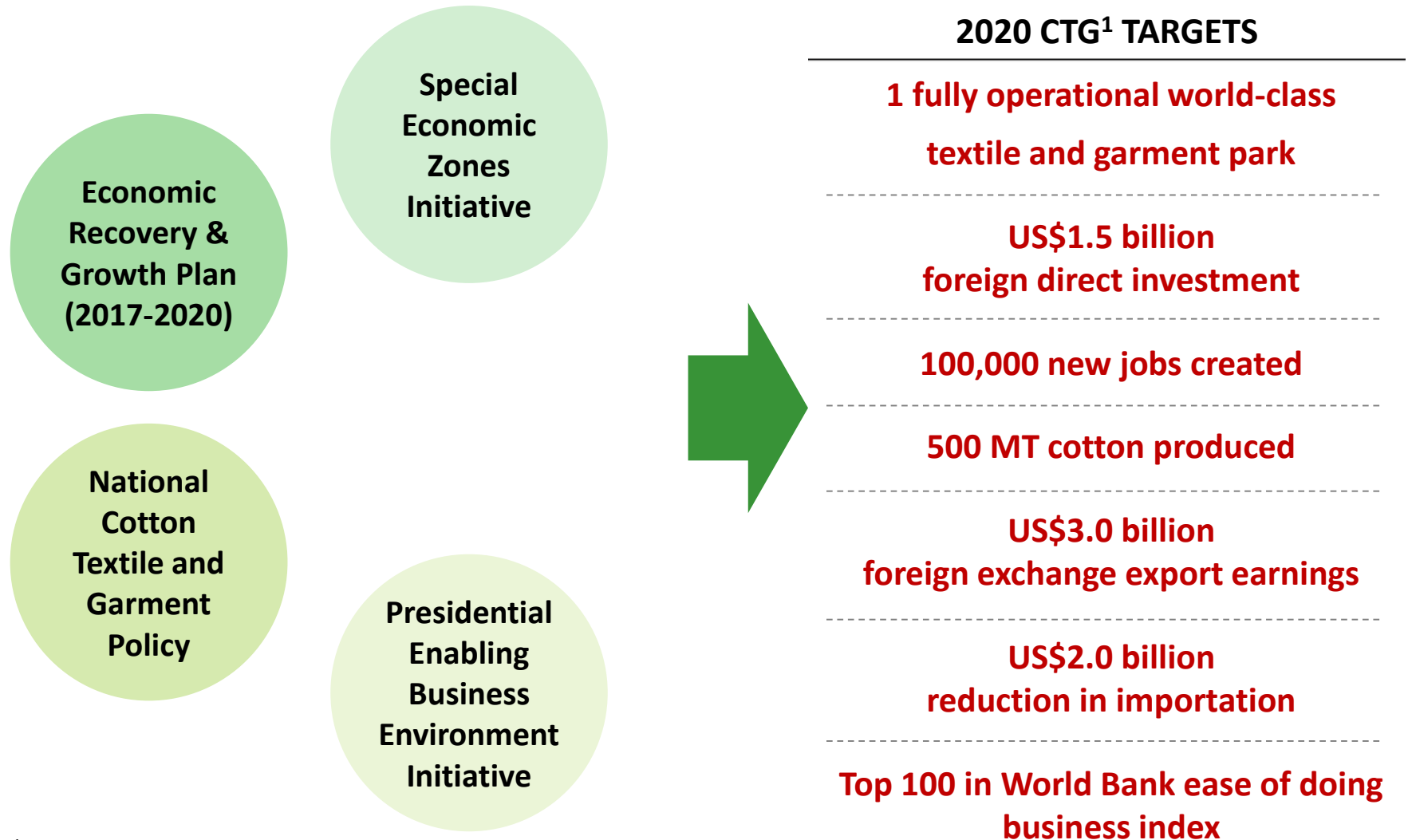


- **Immediate government focus – for export market**
- Opportunity to invest and manufacture in integrated textile and garment parks in special economic zones



2

The Government is committed to implementing policies & initiatives to stimulate the textile and garment industry



Note: ¹Cotton, Textile and Garment.



Generous tax and statutory benefits are available to manufacturers to foster international competitiveness

FINANCIAL BENEFITS

- 3 to 5 year corporate income tax holiday¹
- Export Expansion Grant²
- 10% investment allowance on plant and machinery
- 0% import duty on equipment and inputs till 2019
- 0% import levy for 5 years for 50% of fabric input imports, equivalent to output for companies with over US\$ 10 million and 500 direct Nigerian employees
- Negotiated special incentive for strategic investments¹

BUSINESS BENEFITS

- One-stop approvals for permits, operating license and incorporation papers³
- 100% foreign ownership of investments
- 100% repatriation of capital, profits and dividends
- In SEZs, waiver of all imports and export licenses
- Permission to sell 25%-100%⁴ of SEZ goods into the domestic market⁵
- For prohibited items in the customs territory, SEZ goods permitted for sale upon meeting 35% domestic value addition requirement

Source: NEPZA and NIPC

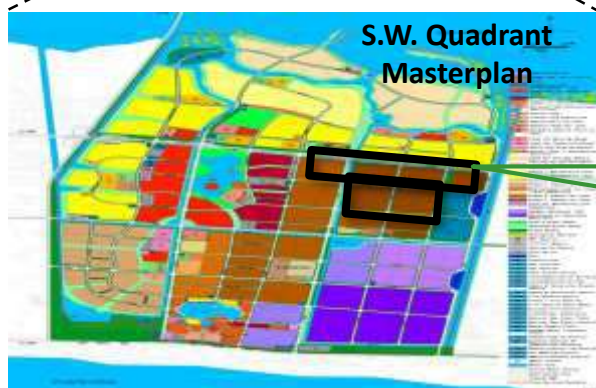
Note: ¹Administered by NIPC. ²Administered by NEPC. ³One stop shops available at SEZs and NIPC. ⁴25% for Export Processing Zones and 100% for Free Trade Zones.

⁵Subject to custom duty on imported raw materials.



The S.W. Quadrant is well suited for integrated textile and footwear clusters

133 HA IN THE S.W. QUADRANT HAS BEEN DESIGNATED FOR A TEXTILE & APPAREL PARK



Location of 140 Ha cluster relative to SW quadrant

THE 133 HA PARK WILL HAVE AN INITIAL FOCUS ON GARMENT MANUFACTURING

- 133 ha (phase 1) – 500 ha (phase 2) in the zone will be an **integrated Textiles and Garments Park (ITGPs)**
- Initial focus on will be on apparel manufacturing, securing **long-term multi year contracts** from global buyers and Asian manufacturers seeking to relocate manufacturing operations to low cost destinations
- Medium focus will be on **securing supply chain partners of textile/garment companies** (e.g. accessory manufacturers) and **creating a synergistic footwear cluster**

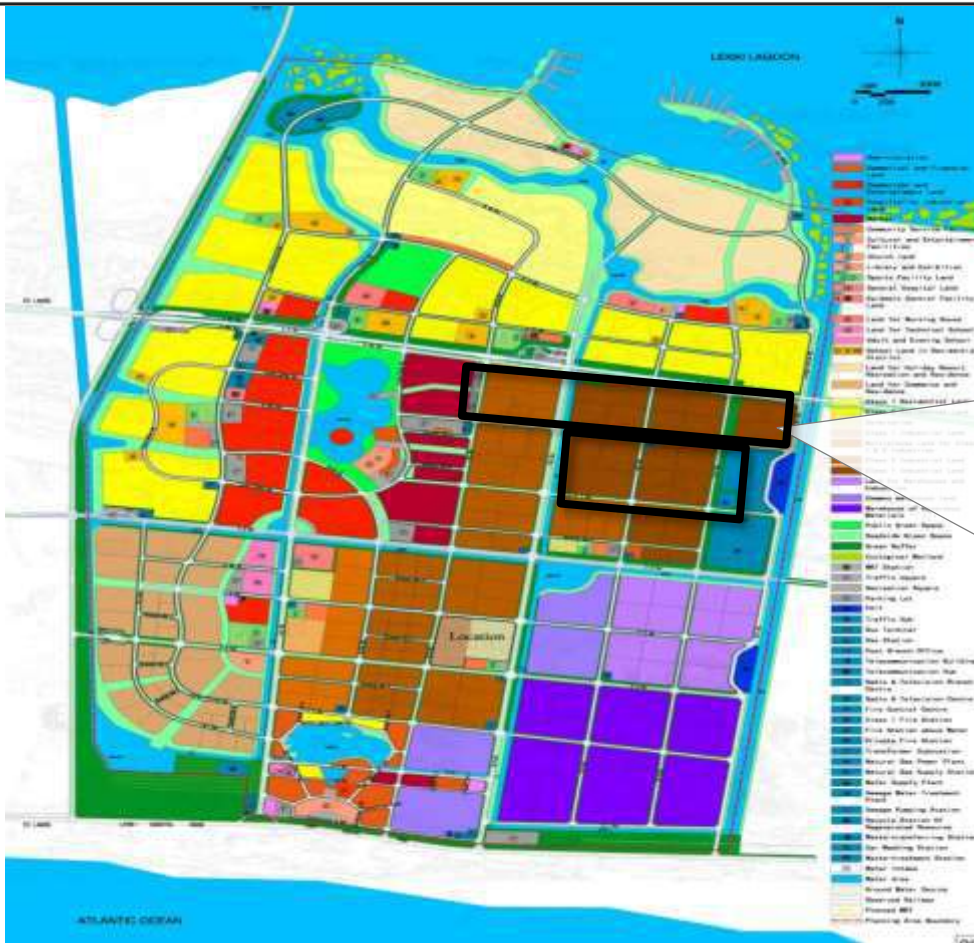
Note: ¹LWIL (Lekki Worldwide Investments Ltd.) and CALI (China-Africa Lekki Investment Ltd.); ²Eleko Beach Road, Lekki FTZ Road, access road to Leeki Deep Sea Port; ³Lagos-Kano rail line & CCECC/NRC rail line. Textiles and Footwear selected based on a high level analysis of NIRP sectors

Source: Google Map; Zone Management; Expert Interviews



The proposed site is 133 ha of developed land in the SW Quadrant

DETAILED PLAN SOUTH WEST QUADRANT



RAPID IMPACT DEVELOPMENT SITE

- LFZDC¹ has offered ~ 133 ha of construction ready land in the S.W. Quadrant - equivalent to the size of **Hawassa Industrial Park² (131 ha)**
- Additional acreage of 367ha will be developed in line with demand growth
- We have engaged an EPC contractor for design build construction of the site
- Government has committed financing and secured co-financing for the development through a Special Purpose Company

Note: ¹Lekki Free Zone Development Company; ²Phase 1 of Hawassa Industrial Park - 300 ha, of which 140 ha has been developed



Lekki Textile & Garment Park is designed to attract world class manufacturers across the supply chain

Seed Multiplication

Farming

Ginning

Textile
(Spinning & Weaving)

Garment Manufacturing

PHASE 1 (Initial 140 Ha)

- Initial focus on securing **long term multi year contracts from global buyers** and Asian manufacturers seeking to relocate manufacturing operations to low cost destinations
- Our focus is on attracting the **supply chain partners of the top 20 global brands**
- Establish **mills and garment factories** to produce textiles that meet garment manufacturers specifications
- Produce **garments for export** under long term contracts

PHASE 2

- Expand park to accommodate new entrants
- Strengthen technical and vocational training facilities and ICT penetration in manufacturing operations
- Encourage implementation of the National Cotton, Textile & Garment Value Chain Development Plan
- **Use potential linkage opportunity and proximity to Dangote Petrochemicals to develop Nigeria as a global hub for man made fibre manufacturing**

Note:¹ Government support in the form of 240,000 tons of improved cotton seed for small farmers has been committed

Source: Bain Analysis; USAID Opportunity assessment: Investment on the LAKAJI Agricultural Growth Corridor



Immediately, we are proactively targeting and engaging the world's top apparel companies



Source: Forbes 2017 largest apparel companies

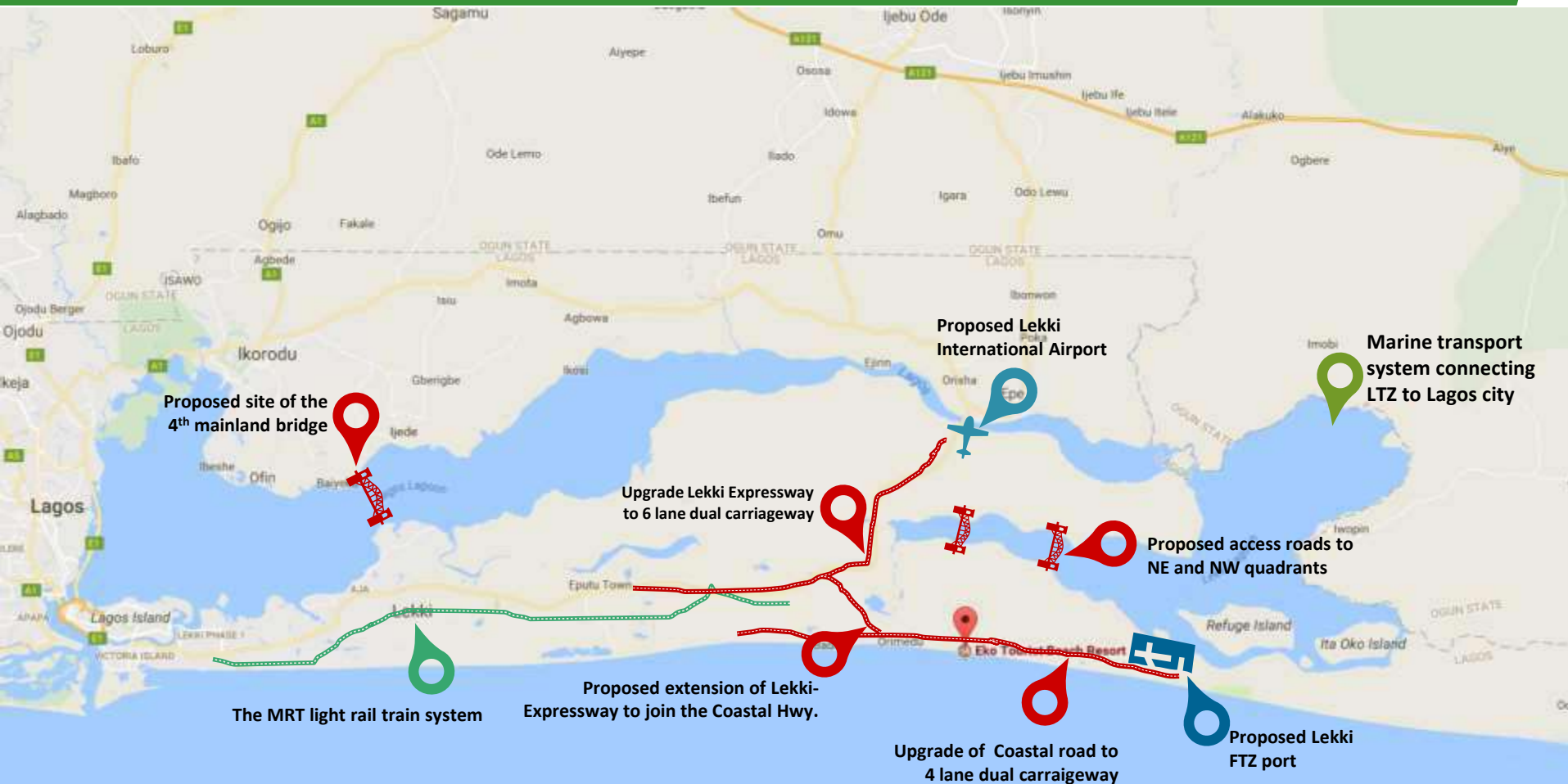


We are proactively addressing key issues to improve investor operations

PARAMETER	RISK	MITIGATION STRATEGY
GOVERNMENT	<ul style="list-style-type: none"> Government bureaucracy Bottlenecks in critical processes required to set up operations 	<ul style="list-style-type: none"> Presidential Initiative focused on SEZs with direct reporting line to the President Continuous benchmarking of operations against world class standards Implementation of 'One Electronic Window' for end-to-end service delivery of Government processes
SUPPLY CHAIN	<ul style="list-style-type: none"> Infrastructure: Undeveloped infrastructure linkages to transport goods from the zone Procurement: delays in importing critical raw material (cotton, textiles) required for garment manufacturing Manufacturing: Factories unable to meet international factory requirements and work place conditions 	<ul style="list-style-type: none"> Government commitment and funding to the upgrade and improvement of infrastructure deemed critical to SEZs Government support to facilitate fast track import for raw materials deemed critical for garment manufacturers Obtain third party certification to inspect and certify manufacturing facilities
QUALITY STANDARDS	<ul style="list-style-type: none"> Manufacturers unable to meet international product quality standards 	<ul style="list-style-type: none"> Establishment of on- zone testing laboratories Obtain third party certification to test fabric and garment quality Source inputs from reliable globally recognized suppliers
LABOUR	<ul style="list-style-type: none"> Lack of skilled labour 	<ul style="list-style-type: none"> Government partnership with private companies to develop fit-for-purpose training for factory workers Recruitment centres to source and identify high potential candidates



Government is committed to providing the infrastructure required for the zone to achieve full potential



Recap: Project MINE will take a four pronged approach to improve Nigeria SEZs

PROJECT MINE¹



1

Fast track the development of one export oriented SEZ

2

Bring in PPP partners to help transform Government-owned SEZs

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Develop world-class greenfield SEZs across Nigeria

4

Create a supportive enabling environment for SEZs

Note: ¹Made in Nigeria for Exports; SEZs for consideration include Private State-led SEZs - Lekki Free Trade Zone (LFTZ), Ogun Guangdong Free Trade Zone (OGFTZ); Government SEZs - - Calabar Free Trade Zone (CFTZ) and Kano Free Trade Zone (KFTZ); Greenfield SEZs - Enyimba City, Ibom Industrial City



Calabar Free Trade Zone: has some basic infrastructure in place, however infrastructure and power supply need to be upgraded



Zone entrance



Zone fencing



Customs Office



GE Training Center



Warehouse



First Medical Machinery

Source: Site visits



Kano Free Trade Zone: 70% of the land is undeveloped



Zone entrance (1 gate only for zone)



Roads around admin. area



Tenant management dorm



Undeveloped land



Road under construction



Factories are old and poorly maintained

Source: Site visits



Two SEZCos will be setup to facilitate the conversion of the two wholly FGN owned SEZs into a PPP structure

PHASE 1

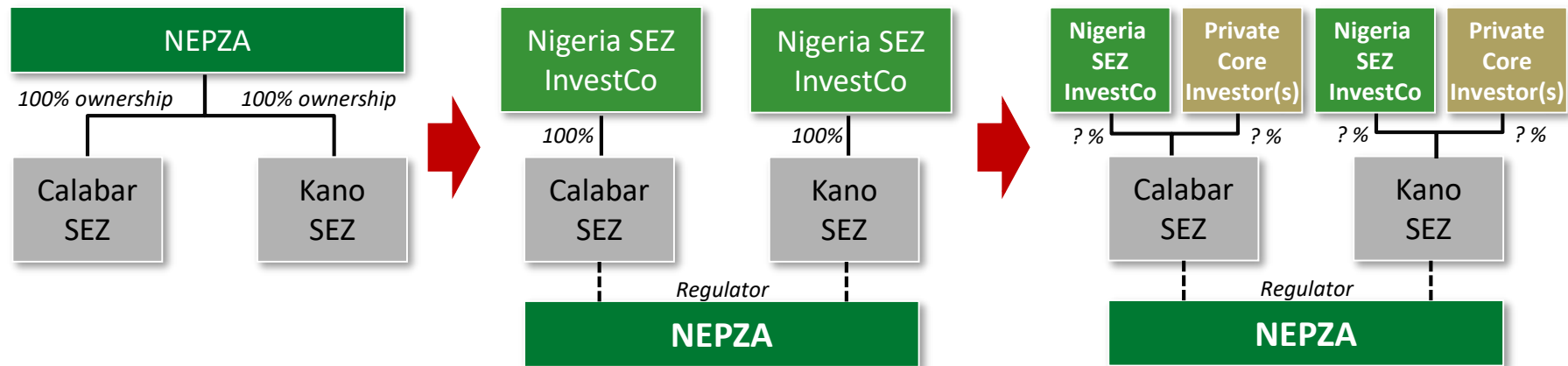
INCORPORATION OF CALABAR SEZ & KANO

- Calabar SEZ and Kano SEZ will be **spun off from NEPZA into limited liability companies wholly owned by Nigeria SEZ Investment Co. (NSEZCo)**
- NSEZCo acts as facilitator for the development of parks with Government interest
 - Coordinates with relevant ministries to provide external infrastructure up to the fence

PHASE 2

PPP CORE INVESTOR BUY-IN PROCESS

- Nigeria SEZ Investment Co. (NSEZCo) decreases share holding of NSEZCo as **Core Investor(s)** brings in cash for subscription to new shares
- Respective stakes of government and PPP partners to be negotiated**



Note: Government will co-invest with developers/core investors in new SEZs; process of introducing a PPP structure will be lead by Bureau of Public Enterprises

Source: Client input



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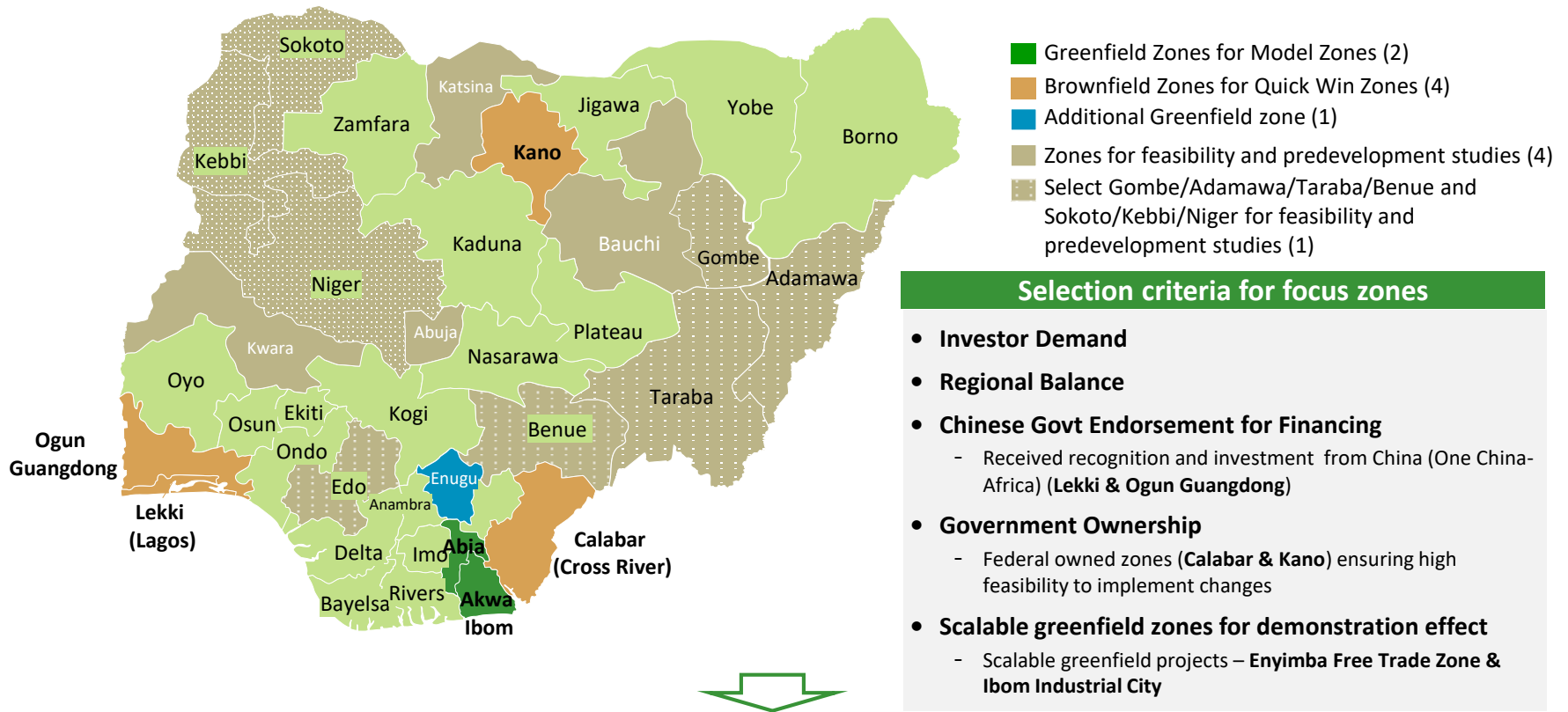
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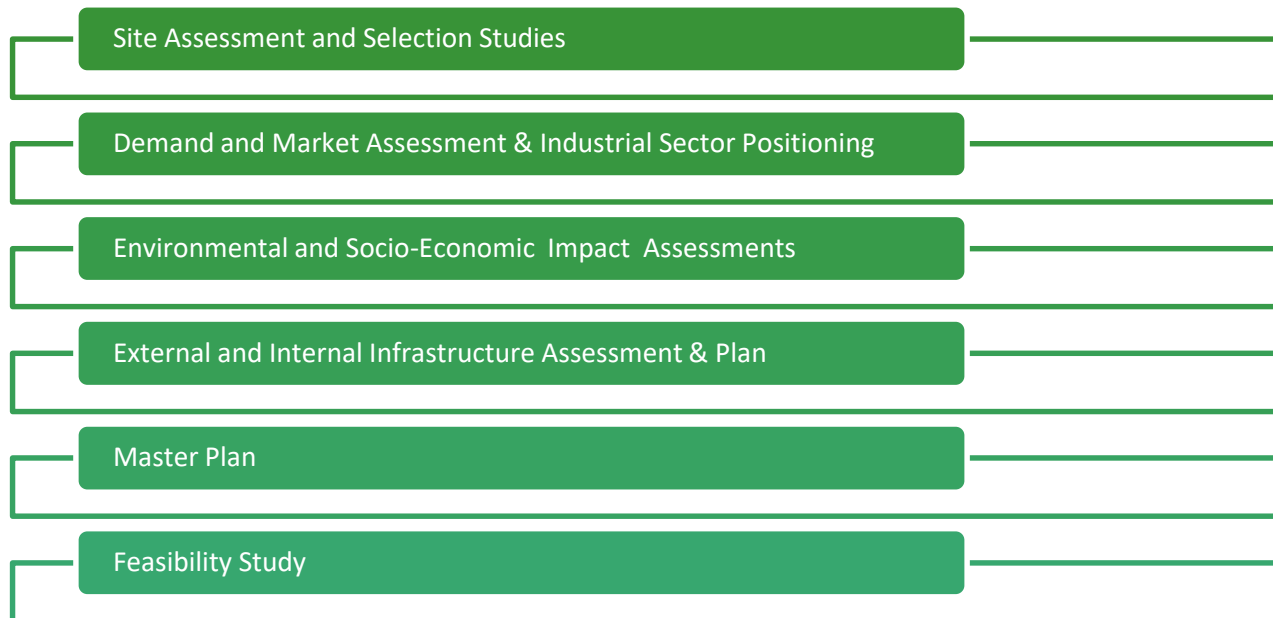


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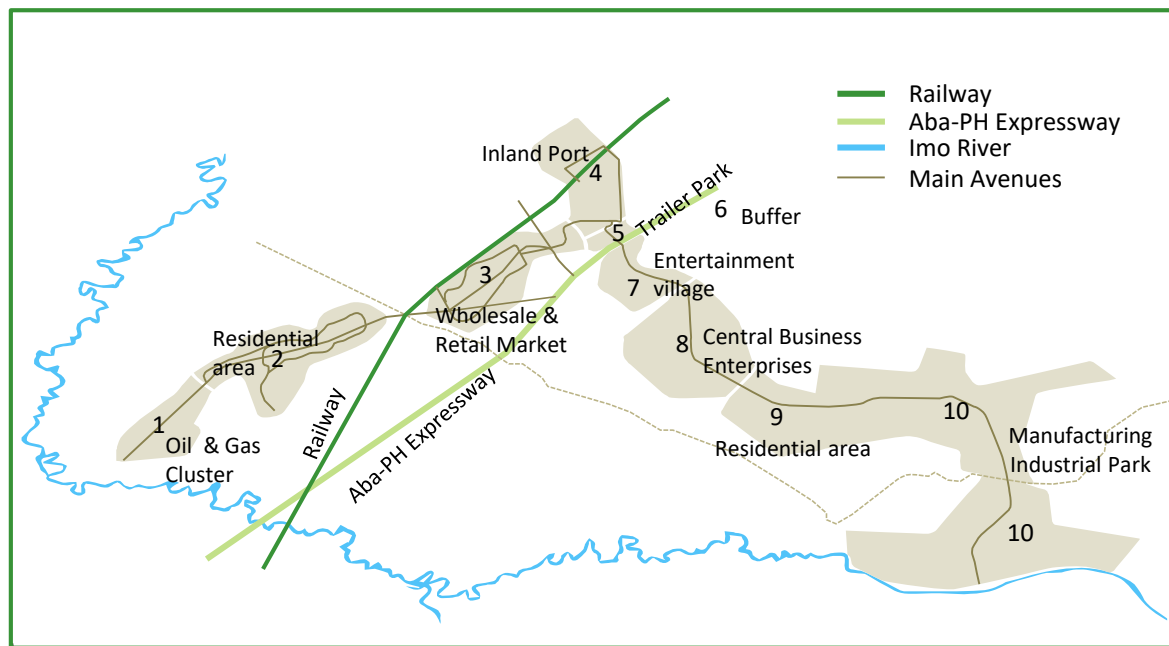
Project MINE will support greenfield SEZ pre-development projects in various ways

- In each region, SEZ locations will be developed using a uniform rigorous process conforming to international best practices, to assess, design and develop world class SEZs to be operated and managed as world class industrial locations and magnets for investment, job creation, export earnings and structural transformation of the economy.
- World Class consulting firms have been shortlisted to conduct the following studies in each regional area, using uniform methodologies and criteria



Enyimba Industrial City is one of two greenfield SEZs currently in development and due to start construction in 2018

THE ENYIMBA CITY ZONE WILL BE SPREAD OVER ~9 K HA



PROJECT VISION

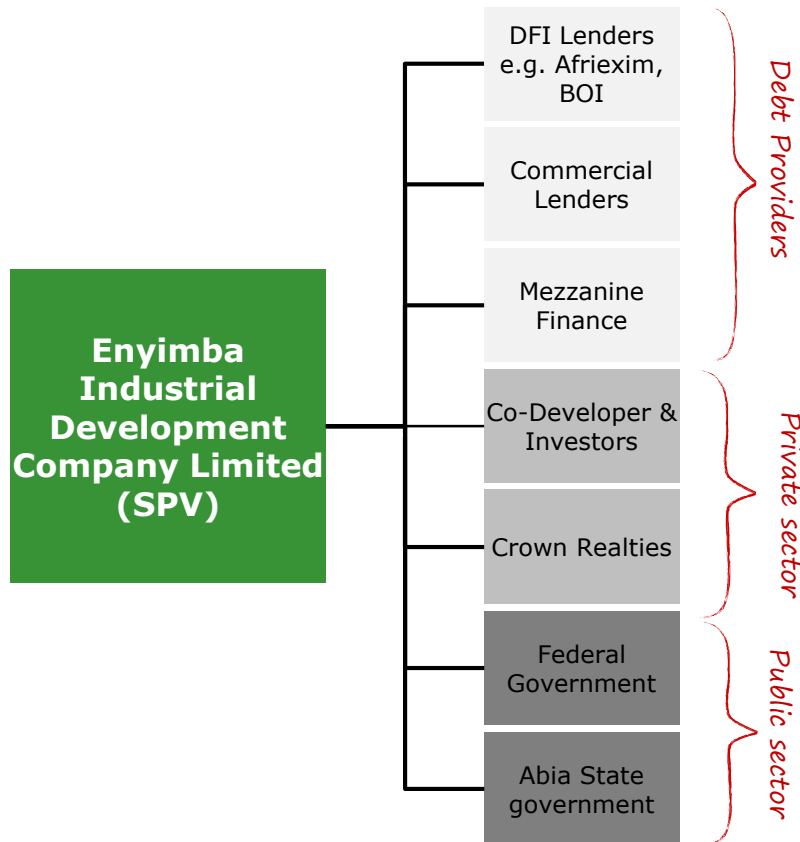
- Targets approx. \$6bn in export earnings by 2027 or 3.6% of national exports
- Largest processor of leather and footwear fully integrated with **local SME processors and African partner of choice** for global leather goods companies
- Integrated domestic and international **logistics and distribution** capabilities
- World class **entertainment and production** studios

Note: The relative location of Enyimba Industrial City in Abia State is indicative
Source: Master Plan for Enyimba Industrial City



Enyimba City seeks experienced co-developers and investors, anchor tenants/investors and debt providers

PROPOSED CAPITAL STRUCTURE



PROGRESS TILL DATE

- **Agreement** for project has been **executed**
- The **project site has been acquired** and Certificate of Occupancy has been issued by Abia State Government
- **Project master plan and feasibility study is being developed by Subarna Jurong of Singapore**
- **Special Economic Zone Bill passed by the Abia State House of Assembly**
- **Buy-in received** from FMITI, NEPZA, NEPC, Shippers Council, UNIDO, Afriexim and ADB
- **Construction is due to commence by Q4 2018**

Source: Master Plan for Enyimba Industrial City

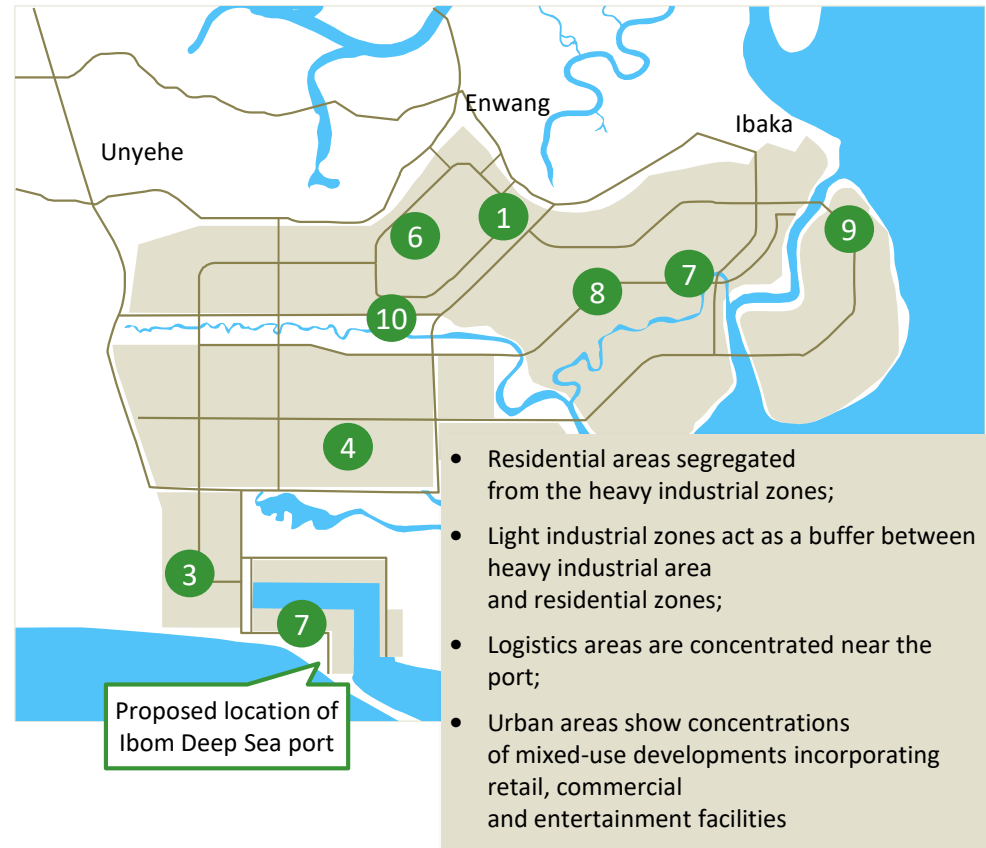


Ibom City sits over 14,000 hectares and is situated near the planned Ibom Deep Sea Port

IBOM IS CONNECTED TO KEY INFRA.



DETAILS OF IBOM INDUSTRIAL CITY¹



Note: ¹Map Areas : 1 - Residential, Mixed Use, 3 - Heavy Industry, 4 - Logistics, 6 - Educational, 7 - Ibom Deep Sea Port, 8 - Light Industry, 9 - Residential/Light Industry, 10 - Light Industry
Source: Ibom Industrial City Master Plan



Vision: Ibom Industrial City has the potential to generate \$8.5B in export value by 2027



Vision

- Full service offerings for **natural gas processing related industries** (oil services, logistics)
- Fully integrated and reliable supplier network with **local smallholder farmers**
- **Partner of choice** with large agri-business companies
- Integrated and **strong logistics and distribution** capabilities to urban centres to the South
- Regional deep sea port and African trans-shipment hub

Target 2027

\$8.5B

Export Value

5.7%

Nigeria Exports



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We are implementing initiatives to improve the Doing Business in SEZs environment

SCORECARD AREA	INITIATIVES
Legal & Regulatory Framework	 <ul style="list-style-type: none"> • Review legal framework and policies governing SEZs, update incentives • Redefine NEPZA's role as a regulator; Strengthen NEPZA's capabilities and organisation
Ease of Doing Business	 <ul style="list-style-type: none"> • Establish ICT enabled One Stop Shops, implementing "E-window, One Government"
Skilled Labour	 <ul style="list-style-type: none"> • Establish world class technical, vocational and managerial training facilities for all SEZs
Logistics & Supply Chain	 <ul style="list-style-type: none"> • Easing movement of goods across and within national boundaries, improving sea and air cargo handling and clearance procedures
Finance	 <ul style="list-style-type: none"> • Deliver competitive financing solutions for external infrastructure providers, SEZ developers and investor/tenant companies
Primary Infrastructure	 <ul style="list-style-type: none"> • Delivering world class "Outside Fence" infrastructure to "complement inside fence standards"

Note: ¹MMA - Murtala Muhammed Airport, the largest in Nigeria and 8th largest in Africa; ²EoDB - World Bank's Ease of Doing Business Rankings 2014

Source: Lit. Research; AllAfrica; Telegraph; Lekki FTZ Brochure; World Bank; Site Visits



Investor & Partner Opportunities

SEZ Development	SEZ Developers and Operators, Contractors able to provide contractor financing Infrastructure investors
SEZ Operations	Investor companies – to locating export oriented manufacturing plants in Nigeria Supply Chain Operators
SEZ Management	SEZ Operations and Management Companies Supporting international investor promotion
“Outside Fence” Infrastructure	Infrastructure developers or EPC with financing contractors
Technical & Vocational Training	World class providers of technical & vocational and job readiness training



Thank you for your attention