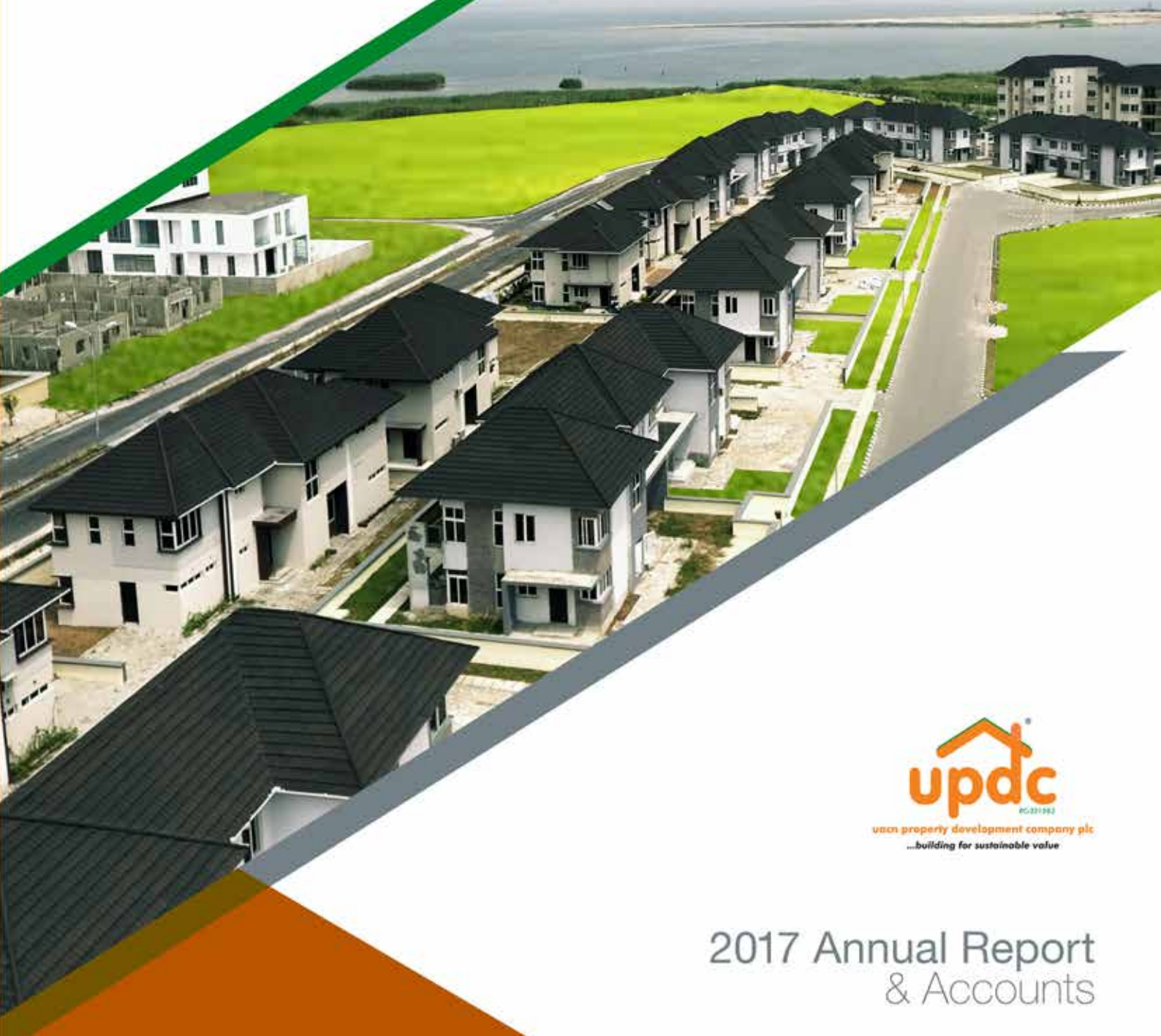


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2017 Annual Report
& Accounts



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FACILITIES

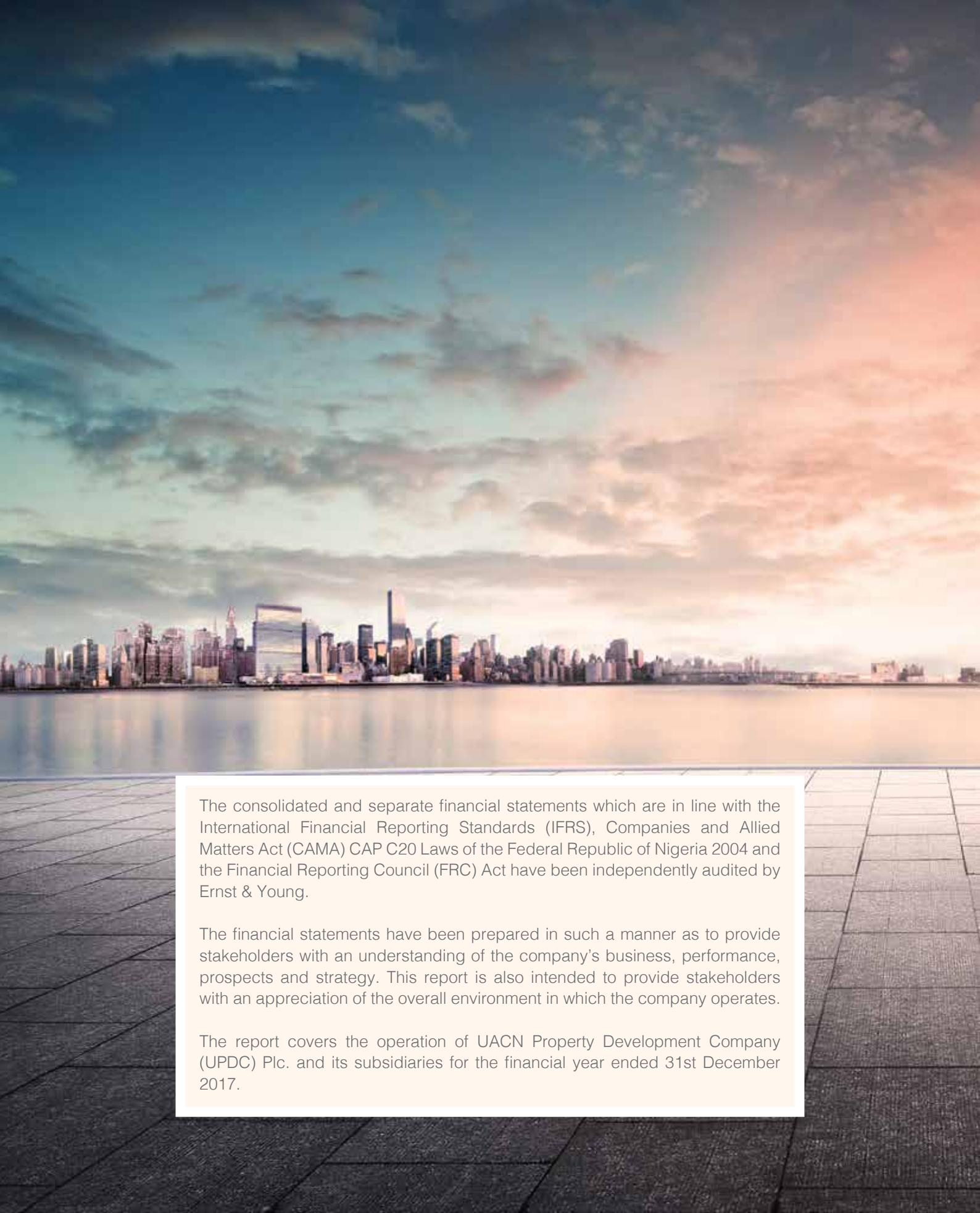
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- Burglar alarm system

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The consolidated and separate financial statements which are in line with the International Financial Reporting Standards (IFRS), Companies and Allied Matters Act (CAMA) CAP C20 Laws of the Federal Republic of Nigeria 2004 and the Financial Reporting Council (FRC) Act have been independently audited by Ernst & Young.

The financial statements have been prepared in such a manner as to provide stakeholders with an understanding of the company's business, performance, prospects and strategy. This report is also intended to provide stakeholders with an appreciation of the overall environment in which the company operates.

The report covers the operation of UACN Property Development Company (UPDC) Plc. and its subsidiaries for the financial year ended 31st December 2017.

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the next Annual General Meeting of the Members of UACN Property Development Company PLC will be held at Aurthur Mbanefo Hall, Golden Tulip Festac Lagos on Tuesday, November 20, 2018 at 10.00 o'clock in the forenoon in order to transact the following businesses:

Ordinary Business

1. Lay before the Members the Report of the Directors, the Consolidated Statement of Financial Position of the Company as at 31st December 2017, together with the Consolidated Statement of Comprehensive Income for the year ended on that date and the Reports of the Auditors and the Audit Committee thereon.
2. Elect and re-elect Directors
3. Authorize the Directors to fix the Remuneration of the Auditors
4. Elect Members of the Audit Committee

Special Business

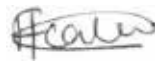
5. Fix the remuneration of the Directors
6. Renew the general mandate for recurrent transactions with related parties

Proxy

A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him/her and such a proxy need not be a member of the Company. A proxy form is enclosed and if it is to be valid for the purposes of the meeting, it must be completed and deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.

Dated this 23rd day of October, 2018

By Order of the Board



Folake Kalaro (Mrs)

Company Secretary

FRC/2018/NBA/00000017754

Registered Office

UAC House
1-5 Odunlami Street
Lagos



NOTES

Closure of Register and Transfer Books

The Registrar of Members and Transfer Books will be closed from Monday, November 12, 2018 to Friday, November 16, 2018 (both dates inclusive) to enable the Registrars update the Register of members.

Audit Committee

The Audit Committee consists of three (3) shareholders and three (3) Directors. Any member may nominate a shareholder as a member of the Committee by giving notice in writing of such nomination to the Company Secretary at least twenty-one days before the Annual General Meeting. Nominator should please submit a profile of their nominees to the Company Secretary for publication on the Company's website for the information of all shareholders.

Rights of Securities' Holders to ask Questions

Securities' holders have a right to ask questions not only at the meeting, but also in writing prior to the meeting and such questions must be submitted to the Company Secretary on or before 6th day of November, 2018.

List of Unclaimed Dividends

Shareholders are hereby informed that a sizeable quantity of share certificates and dividend warrants have been returned to the Registrars as unclaimed. Some dividend warrants have neither been presented to the Bank for payment nor to the Registrar for revalidation. Unclaimed dividends lists have been uploaded on the Company's website. Affected members are by this notice please advised to contact the Registrars (Africa Prudential Plc) at their office at 220B, Ikorodu Road, Palmgrove, Lagos or call them on 01-4606460 during normal business hours to revalidate their dividend warrants and update their contact information.

Annual Report & Unclaimed Dividend List

Shareholders who wish to receive electronic copies of the Annual Report and Unclaimed Dividends list should please send their names and e-mail addresses to the Registrars at info@africaprudential.com.

E-Dividend/Bonus

Pursuant to the directive of the Securities and Exchange Commission notice is hereby given to all shareholders to open bank accounts, stock-broking accounts and CSCS accounts for the purpose of e-dividend/bonus. Forms are attached to the Annual Report for completion by all shareholders to furnish the particulars of these accounts to the Registrars (Africa Prudential Plc) as soon as possible.

Record of Directors' attendance at Board Meetings

In accordance with section 258 (2) of the Companies and Allied Matters Act, Cap C20 LFN 2004, the record of Directors' attendance at Board Meetings during the year will be available for inspection at this Annual General Meeting.

Directors Retiring By Rotation

In accordance with the Articles of Association of the Company, Arc. Mrs Halimat Tayo Alao and Prof Okon Asuquo Ansa are the Directors retiring by rotation at the meeting and being eligible offer themselves for re-election. Mr Babatunde Kasali, Mr Folasope Aiyesimoju and Mrs Awuneba Ajumogobia who were appointed to the Board since the last Annual General Meeting retired at this meeting and will be presented for election.

Board of Directors, Professional Advisers etc

Board of Directors

Mr Babatunde Kasali	Non-Executive Chairman appointed wef Aug 6, 2018
Mr Folasope Aiyesimoju	Appointed Chief Executive Officer wef Aug 6, 2018
Mrs Adeniun Folasade Taiwo	Appointed Chief Operating Officer wef Aug 6, 2018
Mr. Abdul Akhor Bello	Non-Executive Director
Mrs Halima Tayo Alao	Non-executive Director
Prof Okon Asuquo Ansa	Non-Executive Director
Mr Adekunle O Awojobi	Non-Executive Director
Mrs Awuneba Ajumogobia	Appointed Independent Non-Executive Director wef Aug 6, 2018
Mr. Larry Ephraim Ettah	Retired wef 23rd July, 2018
Mr Hakeem Bamidele Ogunniran	Retired wef 1st May, 2018

Company Secretary/Legal Adviser

Afolake Temitope Kalaro

Registered Office and Transfer Office

UAC House, 4th Floor
1-5, Odunlami Street
Marina, Lagos

The Registrar

Africa Prudential Plc
220B, Ikorodu Road
Palmgrove
Lagos

Independent Auditors

Ernst & Young
Chartered Accountants
10th & 13th Floors
UBA House
Marina, Lagos

Performance Highlights

	2017 N'000	2016 N'000	% Change
Continuing Operations			
Revenue	3,983,078	4,994,113	(20%)
Loss before taxation	(3,057,309)	(1,230,599)	148%
Income Tax Credit	403,306	233,069	73%
Loss after tax for the year from discontinued operations	(293,635)	(552,525)	(47%)
Total comprehensive loss for the year	(2,947,638)	(1,550,055)	90%
Non-controlling interest	(15,563)	(29,284)	(47%)
Loss attributable to equity holders of the Company	(2,932,076)	(1,520,771)	93%
Shareholders' funds	33,638,424	34,024,115	(1%)
Earnings per share (kobo) - Basic	(144)	(88)	64%
Net Assets per share (Naira)	12.95	19.80	(35%)
NSE quotation as at December 31 (kobo)	2.79	2.62	6%
Number of shares in issue ('000)	2,598,396	1,718,750	51%
Market capitalisation as at December 31 (N'000)	7,249,524	4,503,125	61%

Vision

To be the No. 1 real estate company in our chosen markets, offering exceptional products and services to customers.



Mission

To grow our top-line at the rate of inflation in Nigeria and achieve an average EBIT of 24%

UPDC Profile

- UACN Property Development Company Plc (UPDC) is the leader in the high-end segment of the Nigeria real estate market.
- UPDC operated as a division of UAC of Nigeria Plc until 1997 when it was incorporated as a public company and listed on the Nigerian Stock Exchange.
- UPDC's main business is the acquisition, development, sales and management of high quality, serviced, commercial and residential properties in the luxury, premium and classic segments of the real estate market.
- The company is committed to managing its short to long term environmental responsibilities towards both the communities in which it operates and towards future generations.
- UPDC's portfolio includes several residential estates and commercial properties in Lagos, Abuja, Port Harcourt, Ibadan, Asaba and Calabar.

The following differentiating strengths set UPDC apart from other players in the Nigerian Real Estate market.

- Strong Brand Equity - No. 1 in real estate industry
- Competitive edge in property development and management
- Established systems and processes
- Strong corporate governance
- Professional and technical reliability
- Successful track record in joint venture management and delivery
- The UACN pedigree

Board of Directors

MR BABATUNDE KASALI

CHAIRMAN

Mr Kasali graduated with B.Sc. (Hons) Economics degree from Manchester Metropolitan University, United Kingdom. He is a Fellow of the Institute of Chartered Accountants of Nigeria. His work experience include Audit Senior, Ernst & Young (Chartered Accountants) United Kingdom, Assistant Internal Auditor, Amex Bank Plc, United Kingdom, and Principal Manager, Ernst & Young (Chartered Accountants) Nigeria. He was also Chief Inspector, Regional Director, Divisional Director and Regional Bank Head, Consumer and Commercial Banking Group, United Bank for Africa Plc respectively. He was a Non-Executive Director of UACN Property Development Company Plc before joining the Board of UAC of Nigeria Plc in March 2013. He became the Non-Executive Chairman of the Company on 6th August 2018.



Board of Directors

MR FOLA AIYESIMOJU CHIEF EXECUTIVE OFFICER

Mr Aiyesimoju is a finance professional with experience spanning corporate finance, principal investing and private equity. He holds a B.Sc (Hons) degree in Estate Management from the University of Lagos, where he was awarded a Certificate of Excellence in Real Estate development and finance, and earned the right to use the CFA designation in 2006.

Fola is the founder of Themis Capital Management, an investment firm focused on concentrating capital and talent on high-potential opportunities in Sub-Saharan Africa. Prior to founding Themis, he worked with Kohlberg Kravis Roberts, a leading global investment firm; Standard Bank Group, where he led mergers and acquisitions in Nigeria; Ocean and Oil Holdings Limited and ARM Investment Managers. He is a co-founder and Non-Executive Director of Foodpro Limited and a Non-Executive Director of UAC of Nigeria Plc. He was appointed the Chief Executive Officer of the Company on 6th August 2018.



MRS ADENIUN FOLASADE TAIWO

Mrs. Taiwo is a Fellow of the Institute of Chartered Accountants of Nigeria, with a professional certificate in IFRS from ACCA, and a Higher National Diploma in Accountancy from The Federal Polytechnic, Ilaro. Prior to joining UAC in 2012, she had worked in KPMG Nigeria for 13 years where she rose to become a Senior Manager in Accounting Advisory Function and Internal Audit, Risk and Compliance. Her experience cuts across Oil and Gas, Financial Services, Consumer Markets, Telecommunications and the Public sector. She was appointed Head, Financial Services of UAC of Nigeria Plc in August 2012 and subsequently, Finance Director, UACN Property Development Company Plc in April 2016. She is an alumna of Ashridge Business School. She was appointed the Chief Operating Officer of the Company with effect from August 6, 2018.



MRS HALIMA TAYO ALAO

Architect (Mrs.) Alao graduated with B.Sc. (Hons) and M.Sc. (Architecture) from Ahmadu Bello University, Zaria. She also holds a Master Degree in Public Administration from the University of Ilorin. She is an alumna of the Advanced Management and Leadership Programme of Oxford University Business School. She is a member of the Nigeria Institute of Architects. She served the nation variously as Sole Administrator/Chairman, Ilorin South Local Government, Permanent Secretary, Kwara State Ministry of Land & Housing, Permanent Secretary, Kwara State Ministry of Works and Transport, Executive Secretary, Kwara State Commission for Women, Honourable Minister of State for Education, Minister of State for Health, and Honourable Minister of Environment, Housing and Urban Development. She is the director of Tham Girl-Child Foundation. She joined the Board in January 2010 as a Non-Executive Director.



MR ABDUL AKHOR BELLO

Mr. Bello is a fellow of the Institute of Chartered Accountants of Nigeria. He has attended leadership programmes at the Wharton School of the University of Pennsylvania, Harvard Business School and IMD Global Board Centre, Switzerland. He is an alumnus of Oxford University's Advanced Management and Leadership Programme. Mr. Bello has worked variously as Chief Accountant, Inlaks Plc; Chief Accountant and Financial Controller, Grand Cereals Limited; Senior Group Accountant, UAC of Nigeria Plc; Finance Director and Company Secretary and later Managing Director of CAP Plc; Managing Director of UPDC Plc and Executive Director/Chief Financial Officer, UAC of Nigeria Plc. He was appointed the Group Managing Director/CEO of UAC of Nigeria Plc in January 2018. He is a Non-Executive Director of the Company.

**MR ADEKUNLE OLAKITAN AWOJOBI**

Mr. Awojobi is a Fellow of the Institute of Chartered Accountants of Nigeria, Nigeria Institute of Management, Certified Fraud Examiner and Member Institute of Internal Auditors. He also holds a Bachelor of Science degree in Economics with First Class Honors from Ogun State University (now Olabisi Onabanjo University) Ago-Iwoye, Ogun State. Prior to joining FBNQuest Trustees Limited in 2002, he was an Audit senior with KPMG audit (1996 - 1997) and Internal Auditor, Carnaud Metalbox (Now Nampak) Nigeria Plc (2000 - 2002).

He joined FBNQuest Trustees in 2002 as Manager, Operations and was later promoted to Senior Manager, Operations based on his outstanding performance. He was then moved to head the Capital Markets & Projects Unit of Investment Department. In February 2007, he was appointed Head, Operations & IT and elevated to the position of Assistant General Manager. In August 2012, he was appointed the Managing Director/CEO, the position he holds till date. He has attended various courses within and outside Nigeria. He was alternate Director for several years before his appointment as a substantive Non-Executive Director on 17th December 2012.

**MRS AWUNEBA AJUMOGOBIA**

Mrs. Ajumogobia is a fellow of the Institute of Chartered Accountants of Nigeria and graduated from the University of Ibadan with a B.Sc. (Hons) degree in Economics. She has acquired broad professional experience in audit, taxation and consultancy across several industries at the audit firms of Peat Marwick and Deloitte. She later joined Andersen Consulting (now Accenture) where she worked for thirteen years. Mrs. Ajumogobia currently serves as Executive Director of Multistream Energy Limited. She is on the Board of University of Ibadan Research Foundation, Finance Committee of Musical Society of Nigeria (MUSON), chairs the Governing Council of Grange School, Lagos where she also sits on the Board of directors. She is also an associate of WIMBIZ (Women in Management, Business and Public Service). Mrs. Ajumogobia joined the Board of UAC of Nigeria Plc in July 2009 and is the Chairman of the Board Risk Management Committee and a member of the Statutory Audit Committee of the Company.

She has attended several trainings both in Nigeria and overseas including executive training programmes at Ashridge Business School and The University of Chicago Booth School of Business. She was appointed a non-executive director of the Company on 6th August 2018.



Board of Directors (continued)

PROFESSOR OKON ASUQUO ANSA

Professor Ansa was educated at King's College, Lagos and at Ahmadu Bello University, Zaria where he graduated with a B.Sc. (Hons) in Agriculture in 1974 and an M.Sc. in Crop Protection in 1977. He obtained a Ph.D. in Plant Pathology from University of California, Davis, California, USA. He is a seasoned administrator who has served as Head of academic departments and units in Universities at Zaria, Calabar and Uyo. He was Dean of the Faculty of Agriculture and later Director of Academic Planning before his elevation to the position of Deputy Vice-Chancellor at the University of Uyo. He is currently a Professor of Plant Pathology at the University of Uyo and a Visiting Professor at Akwa Ibom State University. He served as Commissioner for Agriculture and Commissioner for Commerce and Industries in Akwa Ibom State. He has also held a number of positions in corporate Nigeria as Chairman, Akwa Palm Industries Limited; Member, Board of ADC Airlines; Chairman, Ibom Power Company Limited; Member, Akwa Ibom Industrial and Investments Promotion Council. Prof. Okon Ansa holds the national honor of Officer of the Order of the Federal Republic (OFR). He joined the board as a Non-Executive Director on March 26, 2013.





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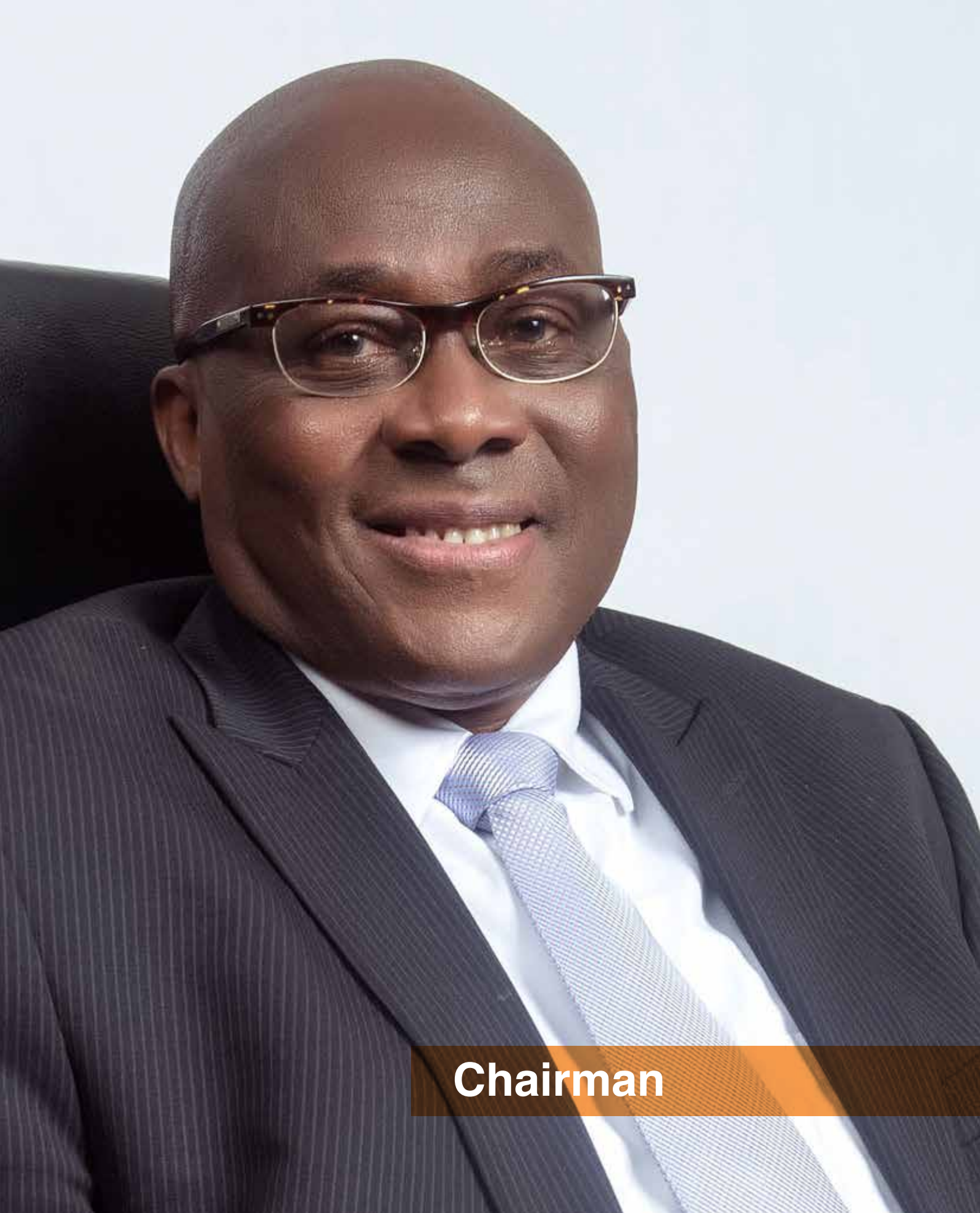
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- Gymnasium
- Children's play area
- Multi-purpose hall
- Neighbourhood shopping



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Chairman

Chairman's statement

Distinguished Shareholders, Colleagues, I welcome you all to the 20th Annual General Meeting (AGM) of our Company, UACN Property Development Company (UPDC) Plc. holding today, Tuesday, November 20, 2018, at the Golden Tulip Hotel, Festac, Lagos.

I present to you a review of the operating environment and our company's Annual Report and Financial Statements for the year ended December 31, 2017

Review of Global Operating Environment

2017 was a tale of two cities, while growth accelerated in much of the world with the main drivers being the U.S., emerging Asia and the Eurozone and with three quarters of countries experiencing growth, the reverse was the case in emerging markets and developing economies that saw very little growth with a quarter seeing declines. Worst hit were fuel exporting countries and low income countries battling internal strife and natural disasters mostly in the Middle East, North and sub-Saharan Africa, and Latin America.

Oil prices ended the year on a positive note, above \$60/barrel after the initial slump in prices in the first half of 2017. The resurgence in price was buoyed by the production cuts of OPEC & Russia which addressed the glut in the markets and the continued strong demand from China.

Other major events of the year include the triggering of Article 50 by Britain which sets the stage for the Brexit negotiations within a 2 year window, the attempt by Theresa May to bolster the weak negotiating position with a snap election backfired with the conservatives losing their parliamentary majority.

2017 witnessed the ouster of Robert Mugabe after thirty seven years in power, a long overdue exit. Tensions also rose with the sixth nuclear test by Kim Jung-un of North Korea amidst the war of words with President Trump, this had now been dialed down with recent proposed talks on both sides.

Global Real Estate

Demand for real estate remained very strong surpassing 2016 levels with transaction volumes of almost \$700b as reported by JLL research. Surprisingly, London was the destination of choice despite the uncertainties of Brexit followed by Los Angeles and New York.

Europe and Asia Pacific led as the most active regions for real estate investment while there had been a dip in America. The real estate landscape continued to be dominated by the Big seven -London, New York, Tokyo, Paris, Singapore, Hong Kong and Seoul.

The Nigerian Economy

The major challenge in the year was the President's absence on medical leave for a stretch of 104 days which did not help investor sentiments and slowed down decision making substantially.

Despite the drawback, several key measures were introduced in the first half of 2017 in a bid to stimulate the economy, this included the introduction of the economic growth & recovery plan (EGRP) in March and the creation of a new FX window by CBN which brought some much needed stability to the market.

Additionally, an executive order on the Voluntary Assets and Income Declaration Scheme (VAIDS) was signed in June giving a nine-month window and amnesty for hitherto undeclared income to be self-declared by tax payers.

Some positive developments during the year included our exit from recession in the second quarter of the year with a

tepid 0.55% growth in GDP. We also recorded a leap in the World Bank index on ease of doing business by moving up 24 places (up from 169th to 145th) during the year.

The NSE -All share index recorded significant gains during the year appreciating by 42.3% and closing with a market capitalization of N13.61tn up from N9.25tn. S&P Dow Jones Indices ranked the Nigerian Stock Exchange (NSE) as one of the 5 best capital markets in the world for 2107 in the league of Argentina, Turkey & Hong Kong.

The Federal Government dominated the Bond market as it continued to leverage the capital market to finance the Medium Term Expenditure Framework (MTEF) and rising fiscal deficits. The year 2017 saw the listing of the \$1.5Bn FGN Eurobond which was approximately eight (8) times oversubscribed in international capital.

The Consumer Price Index (CPI), a measure of inflation ended the year at 15.37 per cent in December down from 15.9 per cent in November. This was the 11th consecutive drop to be recorded year on year since January 2017.

The Nigerian Real Estate Industry

2017 was not a great year for the real estate sector as it was faced with numerous challenges. The sector experienced high vacancy rates and very low returns. Demand was soft in both the Retail segment and office space and substantial rent concessions and rent free periods had to be given in a bid to retain tenants and encourage new entrants. New developments had to be shelved or paused as a result of the unfavorable market conditions.

The Retail segment had been of grave concern with declining footfalls in the larger shopping malls, which had translated into reduced demand for large-sized retail outlets. This had left high vacancies in several shopping centres.

In the residential segment, accessing mortgage financing at reasonable interest rates remained a challenge and this segment is still largely cash and carry. Bank lending rates spiked upwards, spurred on by the risk free Treasury bill yields of as high as 18% which diminished the appetite of banks to lend to the real estate sector. Additionally, existing loans were quickly re-priced by banks which seriously eroded profitability.

The sector's contribution to GDP contracted from 6.79 % at the beginning of the year to 4.12% as at 3rd quarter of 2017 evidencing the challenges faced by the sector.

Review of Operations

The Rights Issue was concluded during the year and this was statutorily successful.

The business grappled with high finance costs during the year as bank lending rates went up substantially. To address this and in furtherance with our deleveraging strategy, concerted efforts were made to reduce our debt portfolio and a 26% reduction was achieved in 2017. Substantial progress was also made in our debt recovery efforts.

A rigorous exercise of developing our in-house designs as a cost saving measure was initiated during the year. This was reviewed by industry experts for value engineering and would serve as the blueprint for future projects. Our facility management unit was registered as a separate division trading under the name "Velocity Facility Managers" (VFM) and is poised to carve out a niche in the emerging facility management space.

Except for VMP3 project on which appreciable progress was made, other projects were curtailed due to the unfavorable macroeconomic conditions. The high interest rate regime prevalent throughout the year served as a disincentive to commencing new projects.

On the retail side, Festival Mall faced soft demand from consumers as a result of declining disposable incomes. Several concessions had to be given to the mall tenants as a retention strategy.

Our hospitality operations remain challenged as evidenced by the weak performance of the business.

Financial Performance

The Company posted revenue of N3.98b (same as Group due to reclassification of UPDC Hotels Ltd as “held for sale”) as against 2016 revenue of N4.99 (same as group).

Loss before taxation (LBT) was (N2.47b), Group N3.1b against loss of (N2b) and Group (N1.2b) in 2016.

Outlook for 2018

2018 presents a window of cautious optimism as we expect the lagging effect of the recovery from recession to finally materialize in the real estate sector. This hope is anchored on the tripod of downward trend of inflation, relative stability in the foreign exchange market resulting from recent CBN actions and interventions and continued recovery of the oil price.

Other positive indicators include the possibility of wage increase for Nigerian workers and the drop in Treasury bill/ Bond yields and consequent drop in lending rates which has encouraged banks to resume their traditional roles beyond trading in government securities. The fourth quarter of 2018 marks the beginning of the election season and this might potentially stall major investment decisions as the market awaits the outcome of elections.

Leadership & Board Changes

I will like to inform you that since the last Annual General Meeting, there had been some changes on the Board of Directors of the Company. Following his retirement from UAC of Nigeria Plc as Group MD/CEO, Mr Larry Ettah resigned as the Chairman of the Board of Directors of the Company. Mr Hakeem Ogunniran, the Managing Director, also retired after serving the UAC Group for several years. Please join me to thank both of them for their valuable contributions and services to the Company. I wish them well in their retirement. Also, Mrs Adeniun Folasade Taiwo, the former Finance Director has been appointed as the Chief Operating Officer of the Company.

I am pleased to inform you that some new directors with solid credentials, diverse skills and varied experiences have also joined the Board. They are Mr Folasaope Aiyesimoju and Mrs Awuneba Ajumogobia. Mr Aiyesimoju takes over as the Chief Executive Officer of the Company while Mrs Ajumogobia is an independent non-executive Director. On your behalf, I warmly welcome them to the Board. Finally, I also joined the Board on 6th August 2018 and was appointed to succeed Mr Larry Ettah as the Chairman of the Board.

Appreciation

I sincerely thank you our esteemed Shareholders for your unalloyed interest in our Company. I also thank all our customers, consultants, contractors, staff and other stakeholders for your continuing support.

Finally, I thank my colleagues on the Board for providing the required leadership and direction for the Company.

I thank you all for your attention.



Mr Babatunde Kasali

Chairman

FRC/2017/ICAN/00000016973

Directors' Report

The Directors have the pleasure of submitting their annual report, together with the audited financial statements for the year ended 31st December 2017.

Principal Activities

Principal activities of the Company are to acquire, develop, sell and manage high quality, serviced commercial and residential accommodation and retail space.

Dividend

The Directors do not recommend the declaration of any dividend to the shareholders in view of the performance of the Company.

CORPORATE GOVERNANCE REPORT

By the Articles of Association of the Company ("the Articles"), the Board is responsible for controlling and managing the business of the Company. It may exercise such powers of the Company as are not by statute or the Articles to be exercised by the Company in General Meeting. We conduct our business in full compliance with the laws and regulations of Nigeria and UACN Code of Business Conduct.

Under the Company's Board Charter "the primary objective of the Board of Directors ('Board') is to build long-term shareholder value with due regard to other stakeholder interests. It does this by setting strategic direction and context, such as the Company's mission, vision and core values, policies and objectives and focusing on issues critical for its successful execution such as staffing, executive training, succession planning, performance and risk management".

Composition of the Board of Directors

The Board of the Company was made up of five Non-Executive Directors and two Executive Directors during the 2017 financial year. All the Directors had access to the advice and services of the Company Secretary. With the approval of the Chairman of the Board, they may take advice from external professionals in areas where such advice will improve the quality of their contributions to Board deliberation and decision-making process.

Separation of the positions of Chairman and Managing Director

In the year under review, the position of the Chairman was distinct from that of the Managing Director. The two positions were occupied by Mr Larry Ephraim Ettah and Mr Hakeem Bamidele Ogunniran respectively. The other Executive Director was Mrs Adeniun Folasade, the Finance Director. Other Non-Executive Directors that served during the year were Mr Abdul Akhor Bello, Mrs Halima Tayo Alao, Prof Okon Ansa and Mr Adekunle O Awojobi.

The Roles and Responsibilities of the Board

The following are the matters reserved for the Board of Directors of the Company:

- a. Formulation of policies, strategy and overseeing the management and conduct of the business;
- b. Formulation and management of risk management framework;
- c. Succession planning and the appointment, training, remuneration and replacement of Board members and senior management;
- d. Overseeing the effectiveness and adequacy of internal control systems;
- e. Overseeing the maintenance of the Company's communication and information dissemination policy;
- f. Performance appraisal and compensation of board members and senior executives.
- g. Ensuring effective communication with shareholders, stakeholders, the investing public;
- h. Ensuring the integrity of financial controls and reports;
- i. Ensuring that ethical standards are maintained;

- j. Ensuring compliance with the Company's Memorandum and Articles of Association, applicable laws, regulations, standards and Code of Corporate Governance by the Company and its Business Units;
- k. Definition of the scope of delegated authority to Board Committees and management and their accountabilities;
- l. Definition of the scope of corporate social responsibility through the approval of relevant policies; and
- m. Approval and enforcement of a Code of ethics and business practices for the Company and Code of conduct for Directors.

Board Appointment Process

The process of appointing Directors involves a declaration of a vacancy at a Board Meeting; the sourcing of the curriculum vitae of suitable candidates depending on the required skills, competence and experience at any particular time; and the reference of the curriculum vitae to the Risk & Governance Committee for necessary background checks, informal interviews/interaction and a recommendation for the approval of the Board of Directors. Director appointed by the Board is presented to the next Annual General Meeting of the members of the Company for election.

Directors' Induction and Training

Every newly appointed Director receives a comprehensive letter of appointment detailing the terms of reference of the Board and its Committees, the Board structure, schedule of Board meetings, his entitlements and demand on his time as a result of the appointment. The letter of appointment is accompanied with the Memorandum and Articles of Association of the Company, the previous Annual Report & Accounts, the Code of Corporate Governance For Public Companies In Nigeria, UACN Code of Business Conduct, and other documents, policies, processes and procedures that help the Director to gain an understanding of the Company, its history, culture, core values, governance framework, business principles, people, operations, brands, projects, processes and plans. A new Director undergoes an induction/orientation process whereby he is introduced to the members of the Board of Directors and leadership teams of Corporate Head Office and Subsidiary Companies. Project visits are also arranged for the new Director to meet the leadership teams and get acquainted with business operations.

Board Meetings

The Board met six (6) times during the 2017 financial year. The following table shows the attendance of Directors at the Board meetings:

DIRECTORS	28/3	24/4	23/5	25/07	23/10	5/12
Mr. Larry Ettah	P	P	P	P	P	P
Mr. Adekunle Awojobi	P	P	P	P	P	P
Mr. Hakeem Ogunniran	P	P	P	P	P	P
Mr. Abdul Bello	P	p	P	P	P	p
Arc. Mrs Halima Alao	P	P	P	P	P	P
Prof. Okon Ansa	P	P	P	P	P	P
Mrs Adenium Taiwo	P	P	P	P	P	P

Key:

P: Present

Board Evaluation

A Board performance evaluation was undertaken in 2017. On the balance, the comments on the performance of the Board, Board Committees, Board members, governance structures of the Company, oversight role of the Board and adequacy of information and conduct of meetings were positive. Areas for improvement were identified for necessary action by all concerned.

Composition of Board Committees

The Board functioned through the Risk & Governance Committee and the Finance & Projects Committee. All Board Committees make recommendations for approval by the full Board.

1) The Risk & Governance Committee

The Committee was chaired by Professor Okon Ansa, a Non-Executive Director and made up of one other Non-Executive Director, the Managing Director and Finance Director.

The Terms of Reference of the Risk & Governance Committee are as follows:

- i. Oversees risk management within the group and it is responsible for developing and monitoring an enterprise risk management framework for identifying, measuring, monitoring and controlling risks in the Company and group;
- ii. Monitors and reviews the effectiveness of the Company's review and audit in the context of the Company's overall risk management system;
- iii. Reviews and assesses the annual internal and external audit plans;
- iv. Reviews the recommendations of the Internal Auditor and the External Auditor and Management's responses thereto and monitor the implementation of audit comments by management and make recommendations to the Board;
- v. In line with the UACN group policy gives consideration to succession planning for Directors in the course of its work taking into account the challenges and opportunities facing the Company and what skills and expertise are needed on the Board in the future;
- vi. In line with the UACN group policy to determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chief Executive, Chairman, the Executive Directors, members of the executive management team as it is designated to consider. The remuneration of the Non-Executive Directors is a matter for the Chairman and the Executive members of the Board. No Director or manager is involved in any decision as to his or her own remuneration;
- vii. Annually evaluate and report to the Board on the performance and effectiveness of the Board and Board Committees to facilitate the Directors fulfilling their responsibilities in a manner that serves the best interests of the Company's shareholders;
- viii. Assists the Chairman of the Board in leading the Board's annual review of the performance of all Directors;
- ix. Annually reviews the composition of Board committees and present recommendations for committee memberships to the Board Chairman as needed;
- x. Develops, periodically review and recommend to the Board appropriate revisions to the Company's corporate governance framework, including its Memorandum and Articles of Association, Bye-laws, and Corporate Governance Guidelines;
- xi. Monitors compliance by the Company with the Laws and regulations in force and the Corporate Governance Code(s);
- xii. Regularly reviews and make recommendations about changes to Board and Board Committee charters;
- xiii. Annually reviews the Company's policies and programs that relate to Corporate Governance, corporate citizenship, including environmental sustainability, corporate social responsibility, etc and make recommendations to the Board; and
- xiv. In line with the UACN group policy it is responsible for the continuing education of Board members.

Committee's Meetings

The Risk & Governance Committee met three (3) times during the year. The following table shows the attendance of the members of the Committee at the meetings:

DIRECTORS	27/3	24/7	23/10
Prof Okon Ansa	P	P	P
Mr Abdul Bello	P	P	P
Mr Hakeem Ogunniran	P	P	P
Mrs Adeniyun Taiwo	P	P	P

Key:

P: Present

2) Finance & Projects Committee

The Finance and Projects Committee was chaired by Mr Abdul Bello, a Non-Executive Director and made up of two other Non-Executive Directors, the Managing Director and the Finance Director.

The Terms of Reference of the Finance & Projects Committee are as follows:

- i. To assist the Board in making investment and capital expenditure decisions in pursuance of strategic objectives. This entails the following sub-responsibilities:
 - a. To review and evaluate management requests for financial approval for the purchase, development and construction of project initiatives and make appropriate recommendations to the Board;
 - b. To review, evaluate and make recommendations to the Board for debt and other financing alternatives for projects;
 - c. To monitor and review justification for project costs overruns and requests for supplementary budgets; and
 - d. To report to the Board on its activities, recommendations and decisions
- ii. To assist the Board satisfy itself about the validity of technical and market prospects for projects and investment initiatives. This entails the following sub-responsibilities:
 - a. To challenge and obtain necessary assurances from management and contractors in respect of project viability, technical quality and completeness of plans, project cost structures, monitoring and reporting arrangements, project management, contingency planning and provisions, risk assessment and risk management processes;
 - b. To Advise Board on above matters prior to the submission of the project (s) to the Board for final approval and make recommendations as appropriate; and
 - c. Following approval of project(s), continue to assist the Board in its oversight of the projects by reviewing project status and providing regular updates and reports to the Board and advising the Board accordingly.

Committee's Meetings

The Finance & Projects Committee met four (4) times during the year and the following table shows the attendance of Committee members at the meetings:

DIRECTORS	14/2	24/4	24/7	23/10
Mr. Abdul Bello	P	P	P	P
Arc. Mrs. Halima Alao	P	P	P	P
Mr. Adekunle Awojobi	P	P	P	P
Mr. Hakeem Ogunniran	P	P	P	P
Mrs Adeniun Taiwo	P	P	P	P

Key:

P – Present

MANAGEMENT

The Executive Management of the Company gains group insight from presenting the Company's draft annual budget to the Group Executive Management and the Board of Directors of the parent Company. The Chairman of the Board attends the Annual Business Conference of the Company to give the employees feedback from the Board on Company's performance in the previous year, corporate strategy, business direction and performance expectation for the New Year. The Managing Director attends the monthly UACN group Business Review meetings where Company's performance, business issues and plans are reviewed and direction given. The leadership team of the Company also attends the Annual UACN Group Business Retreat where strategic and executional business issues are discussed with clear direction and action plans. Within the Company, accountability meetings and reviews are held on a weekly, monthly and quarterly basis. These include the weekly meetings of the leadership team, monthly business review and project review meetings and periodic village meetings. Employees of the Company also join their peers within the UACN for Finance & IT Managers review; Human Resources Managers meeting; Legal Risks, Compliance and Cost review meeting; and quarterly Marketing & Sales conference.

THE STATUTORY AUDIT COMMITTEE

The statutory Audit Committee consists of six members made up of three representatives of the shareholders elected at the previous Annual General Meeting for tenure of one year and three representatives of the Board of Directors. The Chairman of the Committee is Mr Adekunle Awojobi, a Chartered Accountant and a Non-Executive Director. The Company Secretary is the Secretary of the Committee. The meetings of the Committee which are held quarterly were attended by representatives of KPMG Professional Services, our Internal Audit Service Provider, Ernst & Young, our External Auditors, Risk & Compliance Manager of the Company and UAC Head of Risk & Compliance.

Committee's Meetings

The following table shows members' attendance at the four meetings of the Committee in 2017:

DIRECTORS	27/3	22/5	21/7	10/10
Mr Adekunle Awojobi (Chairman)	P	P	P	P
Alhaji Gbadebi Olatokunbo	P	P	P	P
Mr. Joe Anosikeh	P	P	AWA	P
Prof. Okon Ansa	P	P	P	P
Mrs. Halima Alao	P	P	P	P
Engr Taiwo Fawole	P	P	P	AWA

Keys:

P – Present

AWA – Absent With Apology

The Terms of Reference of the Committee

The following are the terms of reference of the Committee:

The Committee is authorized by CAMA to:

- a. Ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
- b. Review the scope and planning of audit requirements;
- c. Review the findings on management matters in conjunction with the external auditor and departmental responses thereon;
- d. Keep under review the effectiveness of the company's system of accounting and internal control;
- e. Make recommendation to the Board with regard to the appointment, removal and remuneration of the External Auditors of the Company;
- f. Authorize the Internal Auditor to carry out investigations into any activities of the Company, which may be of interest or concern to the Committee; and
- g. Receive quarterly/periodic reports from the Internal audit unit.

In addition, the 2011 Code of Corporate Governance also assigns specific responsibilities to the Committee.

Control Environment

The Board reviews the Control environment of the Company at its quarterly meeting and ensures that audit recommendations are fully implemented by all concerned. A Fraud Policy is in place to promote consistent Organizational behaviour by providing guidelines and assigning responsibilities for the deployment of controls and conduct of investigation. The Fraud Policy is complemented by the Sanctions grid whereby the Board sends a strong message to the employees on the Company's zero tolerance level for persistent audit exceptions and unimplemented audit recommendations. A group-wide Risk & Compliance Unit is in place to drive implementation of audit recommendations and strengthen the control environment. The Company operates an outsourced Internal Audit and Whistle Blowing Services provided by KPMG Professional Services.

Analysis of Shareholding

	Members shareholding		
	Shareholders number	Shareholding number	Shareholding percent
Directors and connected persons	7	4,852,042	0.19%
UAC of Nigeria Plc	1	1,667,187,500	64.16%
FBN Trustees Nigeria Ltd	1	148,602,252	5.72%
Individuals	26,652	368,672,129	14.19%
Other Corporate Bodies	1,145	407,037,426	15.66%
Foreign	35	2,183,163	0.08%
TOTAL	27,841	2,598,534,512	100%

Trading in Security Policy

In compliance with the Rules of the Nigerian Stock Exchange (NSE), we have put in place a Securities Trading Policy to guide employees and Directors of the Company, persons closely connected to them, and all insiders of the Company on trading in the securities of the Company. Under the policy, the closed period shall be effective from fifteen (15) days prior to the date of any meeting of the Board of Directors proposed to be held to consider any of price sensitive matters, or the date of circulation of agenda papers pertaining to any of the said matters whichever is earlier, up to twenty (24) hours after the price sensitive information is submitted to the NSE. The trading window shall thereafter be opened. We hereby confirm that no Director traded in the securities of the Company within the closed period.

Shareholders Complaints Management Policy

We have put in place a Complaints Management policy to handle and resolve complaints from our Shareholders and investors. The policy was defined and endorsed by the Company's senior management that is also responsible for its implementation and for monitoring compliance. The Policy is on the Company's website and shall be made available to shareholders of the Company at the Annual General Meeting.

Compliance with the Code of Corporate Governance

The Company has complied with the provisions of the 2011 Code of Corporate Governance for Public Companies in Nigeria.

Directors' interests in shares

	31 December 2017		31 December 2016	
	Direct	Indirect	Direct	Indirect
Mr Babatunde Kasali	37,500	-	37,500	-
Mr. Larry Ephraim Ettah	3,147,125	1,667,187,500	2,861,023	790,625,000
Mr Folasope Aiyesimoju	-	-	-	-
Mr. Hakeem Dele Ogunniran	1,428,694	-	250,781	-
Mr. Abdul Akhor Bello	156,250	-	156,250	-
Mr. Adekunle Olakitan Awojobi	-	148,602,252	-	148,602,252
Mrs. Halima Tayo Alao	74,973	-	74,973	-
Prof. Okon A. Ansa	-	-	-	-
Mrs. Adeniun Folasade Taiwo	45,000	-	22,500	-
Mrs Awuneba Ajumogobia	6,687	-	6,687	-
	4,896,229	1,815,789,752	3,409,714	939,227,252

Directors' Interests in Contracts

The following Directors disclosed that they were Directors of the Companies indicated against their names with which the company had contractual and/or banking relationship during the year:

- Mr. Larry Ettah: Coronation Merchant Bank Limited
- Mr. Abdul Bello: Skye Bank Plc
- Mr. Adekunle Awojobi: FBN Trustees Limited

Director's Responsibility for Annual Consolidated and Separate Financial Statements

The Directors of UPDC Plc are responsible for the integrity of the annual financial statements of the company, consolidated subsidiary, associates and the objectivity of their information presented in the annual report. The fulfilment of this responsibility is discharged through the establishment and maintenance of sound management and accounting systems, the maintenance of an organisational structure which provides delegation of authority and establishes clear responsibility, together with constant communication and review of operational performance measured against approved plans and budgets.

Management and employees operate in terms of code of ethics approved by the board of UAC of Nigeria Plc. The code requires compliance with all applicable laws and maintenance of the highest integrity in the conduct of all aspects of the business.

The annual financial statements, prepared in line with International Financial Reporting Standards (IFRS), are examined by our auditors in conformity with International Standards on Auditing.

An audit committee which comprises of three (3) representatives of the shareholders and three (3) board members meets periodically with our internal and external auditors as well as management to discuss internal accounting controls, auditing and financial reporting matters. The auditors have unrestricted access to the audit committee.

The Directors have no reason to believe that the company's operations will not continue as going concern in the year ahead other than where disclosures of discontinuations are anticipated, in which case provision is made to reduce the carrying cost of the relevant assets to net realisable value.

Human Resources Report

Employment Policy, Employee Welfare, Safety & Environmental Issues

UPDC is an equal opportunity employer. It is a fundamental policy of the Company that there is no discrimination in the employment, training and career development of all categories of employees in terms of gender, race, ethnicity, tribe, religion or creed in compliance with constitutional provisions. Hence, our company has a diverse and inclusive workforce.

Consequently, UPDC is committed to:

1. Encouraging and assisting each employee develop his/her chosen career;
2. Recognizing the freedom of employees to form and/or join responsible and truly representative Trade Unions or Associations.

Health and Safety

It is our policy to ensure that our employees work in safe and clean environments. Hence, our Company has provided at the corporate head office, estates and project sites very conducive and safe work environments. The Company enforces strict adherence to safety rules and periodically trains its workforce on safety, environmental, social and health issues. We also conduct free basic health screening for our employees from time to time.

HIV/AIDS

Our Company promotes occupational health by providing HIV/AIDS awareness training. We do not discriminate against any employee on the basis of his/her HIV status. The HIV status and medical records of individuals are kept strictly confidential.

Welfare

The Company provides free medical care for employees and their immediate families, as applicable under the UACN Medical Scheme.

Work is organized in a flexible manner to enable our employees enjoy work-life balance. This enables employees meet up with their social and family obligations. Employees also enjoy subsidized lunch. One week paternity leave up to four times in their career, is also granted to male employees when their wives deliver babies. Maternity leave was reviewed to twelve weeks in addition to Annual leave.

Closed User Group (CUG) phone facilities assigned to employees have also been extended to cover Managers' spouses for ease of communication while at work.

Relations with Employees and Internal Management Structure

Our employees are fully involved in strategy formulation and execution. This fosters business plan ownership and commitment at all levels. Management and Staff Retreats, Business Review Meetings, Village Meetings, Project Integration Meetings and Leadership Team Meetings are held for cross-exchange of ideas and critical business information dissemination.

Employee Recognition and Incentive Scheme

Management openly acknowledges and recognizes employees who have performed exceptionally well in the course of each year. Cash gifts are often awarded for individual and team performances. Management has also established an incentive scheme for Project Managers upon successful completion of projects within time and budget. All these initiatives boost employee morale which in turn impacts productivity.

Employee Engagement, Development and Training

Our policy recognizes that people are the most important resource of the organization. Hence, retention and motivation of our skilled work force is achieved through systematic training and development. Our Company provides general, professional and leadership trainings as well as tuition reimbursement support to employees who undertake approved self-development and professional development programmes. We pride ourselves as an organization that encourages learning-by-doing through planned on-the-job coaching and mentoring schemes thereby paving the way for career advancement opportunities for our employees. A Mentoring Academy was also instituted to groom our talents.

Corporate Social Responsibility Report 2017

UPDC was a co-sponsor of the Nigeria Stock Exchange Real Estate Investment Trust Conference held on 23rd May 2017. The conference was aimed at identifying and addressing the challenges and concerns of REITs in Nigeria and Sub Saharan Africa. The conference was also used as a tool to promote Real Estate Investment in Nigeria through the NSE and the Nigerian Capital Markets Ecosystem.

To commemorate the 2017 World Soil Day, The Lagos State Ministry of Environment carried out public enlightenment and advocacy campaigns for Sand Miners and other stakeholders on Challenges of Sand Mining and the Regulatory Requirements for Sustainability. UPDC Plc. collaborated with the Ministry to commemorate the 2017 edition of the World Soil Day by providing branded T-shirts for participants in the workshops organized.

As a member of the Nigerian Conservation Foundation (NCF); UPDC co-sponsored and participated in the annual "Walk for Nature" which was organized by NCF on the 21st October 2017. The main objective of the Walk is to raise awareness in Nigerian cities on the importance of Nature Conservation and the environment. Members of staff also participated in the Walk.

UPDC Plc. also made a contribution to Sebecly Cancer Care which is a charity organization with the vision to reduce the cancer burden and increase the number of cancer survivors in Nigeria.

Donation & Sponsorship

• NSE REIT Conference Sponsorship	N1,000,000
• LASG Ministry of Environment	N 200,000
• Sebecly Cancer Care	N 250,000
• Nigerian Red Cross Society	N 200,000
• Nigerian Police Force	N 500,000
• UAC Goodness League	N 283,000
• Nigerian Conservative Foundation	<u>N 400,000</u>
Total	<u>N2,833,000</u>



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Independent Auditor's Report to the Shareholders of UACN PROPERTY DEVELOPMENT COMPANY PLC

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of UACN Property Development Company Plc and its subsidiaries (the group), which comprise the consolidated and separate statement of financial position as at 31 December 2017, and the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the UACN Property Development Company Plc and its subsidiaries as at 31 December 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, Financial Reporting Council of Nigeria Act No 6, 2011 and the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

Material Uncertainty Related to Going Concern

We draw attention to Note 34 to the consolidated and separate financial statements which indicated that the Group and Company incurred net losses of ₦2.95 billion (2016: ₦1.55 billion) and ₦2.07 billion (2016: ₦1.78 billion) respectively for the year ended 31 December 2017; and as of that date, the group's current liabilities exceeded its current assets by ₦7.59 billion (2016: ₦10.56 billion). These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group and Company's ability to continue as a going concern and therefore, may be unable to realise its assets and settle its liabilities in the ordinary course of business. Our opinion is not modified in respect of this matter.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of UACN Property Development Company Plc and its subsidiaries. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of UACN Property Development Company Plc and its subsidiaries. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
<p>Significant intercompany receivables</p> <p>The company has huge intercompany receivables from its related parties majorly from Joint ventures and subsidiary amounting to ₦20.89 billion (2016; ₦20.79 billion).</p> <p>The joint ventures and subsidiary have been operating at a loss and have liquidity issues, there are uncertainties around the ability of the subsidiary and Joint venture to generate cash flows to fully repay its indebtedness. The subsidiary in question - UPDC Hotels Limited from whom ₦13.86 billion is receivable has been classified as held for sale in the current year.</p> <p>An impairment assessment was performed on receivables due from joint ventures using the fair value of the unsold properties carried out by an external expert to determine the recoverable amount. This led to the recognition of an impairment loss of ₦453 million.</p> <p>We consider this a key audit matter due to the significance of the amount and the complexity involved in the impairment assessment of unsold properties which involves management judgement on the recoverable amount.</p> <p>The disclosure of the impairment of intercompany receivables is set out in Note 9 of the consolidated and separate financial statements.</p>	<p>Our audit procedures on intercompany receivables amongst others includes:</p> <ul style="list-style-type: none"> • Our internal valuation expert evaluated the assumptions made by management on the recoverability of the related party receivable using the valuation prepared by an external valuation expert. • We validated material transactions during the year to invoices, payment approvals and other third party documents. • We obtained confirmations from all related parties to corroborate our audit evidence. Material differences noted in the confirmation response were duly investigated and necessary adjustments made where required. • We also assessed the adequacy of the disclosures regarding the impairment of intercompany receivables to determine whether they were in line with IFRS requirements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Corporate Governance Report, and Report of the Audit Committee as required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, Financial Reporting Council of Nigeria Act No 6, 2011 and the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error .

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material If, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group and the company to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group and the company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, we confirm that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. 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; and
- iii. 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.



Yusuf Aliu, FCA

FRC/2012/ICAN/00000000138 For: Ernst & Young
Chartered Accountants
Lagos, Nigeria



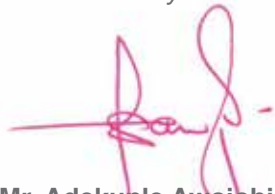
30 March 2018

Report of the Audit Committee to the members of UACN Property Development Company Plc

In compliance with Section 359(6) of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria, 2004, we have reviewed the audited Financial Statements of the Company for the year ended 31st December, 2017 and report as follows:

- (a) *The accounting and reporting policies of the Group and the Company are consistent with legal requirements and agreed ethical practices.*
- (b) *The scope and planning of the external audit for the year ended 31st December, 2017 were, in our opinion adequate.*
- (c) *We reviewed the findings and recommendations in the Internal Auditor's Report and External Auditor's Management Letter and were satisfied with the management responses thereto.*
- (d) *The Company maintained effective accounting and internal control system.*

Dated 19th day of March, 2019



Mr. Adekunle Awojobi

FRC/2013/ICAN/000000002442

Chairman - Audit Committee

Members of the Committee

Mr. Adekunle Awojobi	-	Chairman
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CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

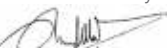
		2017	2016	2017	2016
	Notes	N'000	N'000	N'000	N'000
Continuing operations					
Revenue	5	3,983,078	4,994,113	3,983,078	4,994,113
Cost of sales	7	(3,370,096)	(3,943,422)	(3,370,096)	(3,943,422)
Gross profit		612,982	1,050,692	612,982	1,050,692
Fair value (loss)/ gain on investment properties	15	(146,654)	1,508,970	(146,654)	1,508,970
Gain on disposal of investment properties	15	1,950,477	732,372	1,950,477	732,372
Selling and distribution expenses	7	(21,068)	(15,326)	(21,068)	(15,326)
Administrative expenses	7	(859,790)	(1,256,626)	(859,790)	(1,256,626)
Other operating income	6	477,197	303,560	1,602,746	1,359,028
Other Projects Losses	6 (i)	(150,463)	(1,695,579)	(150,463)	(1,695,579)
Operating profit		1,862,681	628,062	2,988,230	1,683,530
Finance income	8	525,761	624,993	550,761	624,993
Finance cost	8	(5,556,502)	(2,825,494)	(5,556,502)	(2,825,494)
Net finance cost		(5,030,741)	(2,200,501)	(5,005,741)	(2,200,501)
Share of profit of associates	16 (i)	829,385	1,160,660	-	-
Share of Loss of Joint Ventures	9 (i)	(290,283)	(70,913)	-	-
Operating loss before impairment		(2,628,959)	(482,692)	(2,017,511)	(516,971)
Impairment of investment & receivable in JVs and UHL	9	(428,350)	(747,907)	(453,350)	(1,499,803)
Loss before taxation		(3,057,309)	(1,230,599)	(2,470,861)	(2,016,774)
Income Tax Credit	10	403,306	233,069	403,306	233,069
Loss after tax for the period from continuing operations		(2,654,003)	(997,530)	(2,067,555)	(1,783,705)
Discontinued operations					
Loss after tax for the year from discontinued operations	36	(293,635)	(552,525)	-	-
Loss for the year		(2,947,638)	(1,550,055)	(2,067,555)	(1,783,705)
Other comprehensive income for the period net of taxation		-	-	-	-
Total comprehensive Loss for the year		(2,947,638)	(1,550,055)	(2,067,555)	(1,783,705)
Loss attributable to:					
Equity holders of the parent		(2,932,076)	(1,520,771)	(2,067,555)	(1,783,705)
Non controlling interest		(15,563)	(29,284)	-	-
		(2,947,638)	(1,550,055)	(2,067,555)	(1,783,705)
Total comprehensive Loss attributable to:					
Equity holders of the parent		(2,932,076)	(1,520,771)	(2,067,555)	(1,783,705)
Non controlling interests		(15,563)	(29,284)	-	-
Total comprehensive income/(Loss)		(2,947,638)	(1,550,055)	(2,067,555)	(1,783,705)
Earnings per share attributable to owners of the parent during the period (expressed in Naira per share):					
Basic Earnings Per Share (Kobo)	12	(130)	(56)	(102)	(102)
From discontinued operations	12	(14)	(32)	-	-
From loss for the period		(144)	(88)	(102)	(102)
Diluted Earnings Per Share (Kobo)	12	(130)	(56)	(102)	(102)
From discontinued operations	12	(14)	(32)	-	-
From loss for the period		(144)	(88)	(102)	(102)

The summary of significant accounting policies and notes on pages 41 to 101 are an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Notes	The Group		The Company	
		31 Dec. 2017 N'000	31 Dec. 2016 N'000	31 Dec. 2017 N'000	31 Dec. 2016 N'000
Assets					
Non-current assets					
Property, plant and equipment	13	76,063	12,246,244	75,694	87,304
Intangible assets	14	37,894	51,403	37,894	46,387
Investment properties	15	10,423,675	16,654,320	10,423,675	16,654,320
Investments in joint ventures	16	190,795	481,289	307,823	308,033
Investments in associates	16	18,918,826	19,214,990	16,489,153	16,489,153
Available-for-sale financial assets	17	10,000	10,000	10,000	10,000
Investments in subsidiaries	18	-	-	-	-
Deferred taxation assets	25	621,756	-	621,756	-
		30,279,010	48,658,246	27,965,996	33,595,198
Current assets					
Inventories	19	11,539,283	12,868,001	11,539,283	12,687,437
Trade and other receivables	21	9,605,741	9,288,379	23,455,802	22,924,011
Cash at bank and in hand	22	860,025	89,111	859,628	54,455
		22,005,048	22,245,491	35,854,712	35,665,904
Assets of disposal group classified as held for sale/distribution to owners	36	12,294,007	-		
Total assets		64,578,064	70,903,737	63,820,708	69,261,102
Equity					
Share capital	27	1,299,198	859,375	1,299,198	859,375
Share premium	27 (i)	6,065,397	3,943,273	6,065,397	3,943,273
Retained earnings		26,439,679	29,371,754	26,577,161	28,644,716
Equity attributable to equity holders of the Company		33,804,273	34,174,401	33,941,755	33,447,362
Non controlling interest		(165,849)	(150,287)	-	-
Total equity		33,638,424	34,024,115	33,941,755	33,447,362
Liabilities					
Non-current liabilities					
Interest bearing Loans and Borrowings	23	666,667	4,000,000	666,667	4,000,000
Deferred taxation liabilities	25	-	72,537	-	72,537
Deferred revenue	29	3,192	4,600	3,192	4,600
		669,859	4,077,137	669,859	4,077,137
Current liabilities					
Trade and other payables	24	9,432,689	12,934,264	9,046,621	11,868,379
Current income tax liabilities	10	1,022,098	732,519	1,022,098	732,519
Interest bearing Loans and Borrowings	23	18,623,866	18,607,800	18,623,866	18,607,800
Dividend Payable	26	359,688	307,767	359,688	307,767
Deferred revenue	29	156,823	220,136	156,823	220,136
		29,595,163	32,802,485	29,209,095	31,736,601
Liabilities of disposal group classified as held for sale/distribution to owners	36	674,617	-		
Total liabilities		30,939,639	36,879,622	29,878,953	35,813,738
Total equity and liabilities		64,578,064	70,903,737	63,820,708	69,261,102

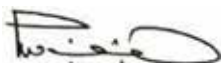
The financial statements on pages 37 to 40 were approved and authorised for issue by the board of directors on 20th March 2018 and were signed on its behalf by:



Larry E. Ettah

Chairman

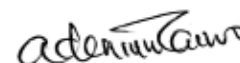
FRC/2013/IODN/00000002692



Hakeem D. Ogunniran

MD/CEO

FRC/2013/ICSAN/00000001723



Adenun F. Taiwo

Director

FRC/2013/ICAN/0000000723

The summary of significant accounting policies and notes on pages 41 to 101 are integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	THE GROUP						
	Attributable to owners of the Company					Non Controlling interest N'000	Total N'000
	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Total N'000			
Balance at 1 January 2016	859,375	3,943,273	30,892,525	35,695,172	(121,003)	35,574,169	
Loss for the period	–	–	(1,520,771)	(1,520,771)	(29,284)	(1,550,055)	
Balance at 31 December 2016	859,375	3,943,273	29,371,754	34,174,400	(150,287)	34,024,114	
Balance at 1 January 2017	859,375	3,943,273	29,371,754	34,174,400	(150,287)	34,024,114	
Right Issue	439,823	2,122,124	–	2,561,947	–	2,561,947	
Loss for the period	–	–	(2,932,076)	(2,932,076)	(15,563)	(2,947,638)	
Balance at 31 December 2017	1,299,198	6,065,397	26,439,679	33,804,272	(165,849)	33,638,423	

	THE COMPANY			
	Attributable to owners of the Company			
	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Total N'000
Balance at 1 January 2016	859,375	3,943,273	30,428,421	35,231,068
Loss for the period	–	–	(1,783,705)	(1,783,705)
Balance at 31 December 2016	859,375	3,943,273	28,644,716	33,447,362
Balance at 1 January 2017	859,375	3,943,273	28,644,716	33,447,362
Right Issue	439,823	2,122,124	–	2,561,947
Loss for the period	–	–	(2,067,555)	(2,067,555)
Balance at 31 December 2017	1,299,198	6,065,397	26,577,161	33,941,754

The summary of significant accounting policies and notes on pages 41 to 101 are an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	The Group		The Company	
	2017 December N'000	2016 December N'000	2017 December N'000	2016 December N'000
Cash flow from operating activities - Note 28	(227,487)	(1,396,839)	(193,228)	(1,320,091)
Company Income Tax (CIT) paid	(1,409)	(51,039)	(1,409)	(51,039)
Value Added Tax (VAT) paid	(189,569)	(17,378)	(189,569)	(17,378)
Net Cash inflow from operating activities	(418,465)	(1,465,256)	(384,206)	(1,388,508)
Cash flow from investing activities				
Proceeds from sale of investment property	8,232,414	2,782,422	8,232,414	2,782,422
Purchase of property, plant & equipment	(26,598)	(86,004)	(26,598)	(44,465)
Purchase of intangible asset	(6,010)	(3,306)	(6,010)	(3,306)
Proceeds from sale of property, plant and equipment	4,989	115,772	4,989	9,388
Additions to investment properties	(15,819)	(15,539)	(15,819)	(15,539)
Income distribution from UPDC REIT	1,125,550	1,055,469	1,125,550	1,055,469
Interest received	550,761	624,993	550,761	624,993
Net cash flow from investing activities	9,865,286	4,473,807	9,865,286	4,408,962
Cash flow from financing activities				
Proceed from right issue	9,291	-	9,291	-
Transaction costs on right issue - Note 27	(76,991)	-	(76,991)	-
Proceeds from borrowings - Note 23 (iii)	1,372,242	31,590,163	1,372,242	31,590,163
Repayment of borrowings - Note 23 (iii)	(4,070,533)	(31,491,797)	(4,070,533)	(31,491,797)
Interest paid	(5,556,502)	(2,825,667)	(5,556,502)	(2,825,494)
Recovery of excess bank charges	265,244	-	265,244	-
Net cash flow from financing activities	(8,057,248)	(2,727,301)	(8,057,248)	(2,727,128)
Net increase/(decrease) in cash and cash equivalents	1,389,573	281,250	1,423,832	293,326
Net foreign exchange difference	317	3,885	317	3,885
Cash and cash equivalents at the beginning of the period	(863,382)	(1,148,517)	(898,038)	(1,195,250)
Cash and cash equivalents at the end of the period - Note 22	526,509	(863,382)	526,111	(898,038)

The summary of significant accounting policies and notes on pages 41 to 101 are an integral parts of these financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

UAC Property Development Company Plc ('the Company') and its subsidiaries (together 'the Group') is a company incorporated in Nigeria. The Group has business with activities in the following principal sectors: real estate and hotel management. The address of the registered office is 1-5 Odunlami Street, Lagos.

The company is a public company and is listed on the Nigerian Stock Exchange.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of UPDC have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRSIC) interpretations applicable to companies reporting under IFRS as issued by International Accounting Standards Board (IASB), Financial Reporting Council of Nigeria Act No 6, 2011 and the provisions of Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004. The consolidated and separate financial statements have been prepared under the historical cost convention except for investment properties which are measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in note 4.

(All amounts are in Naira thousands unless otherwise stated)

2.1.2 Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these consolidated and separate financial statements. None of these is expected to have a significant effect on the consolidated and separate financial statements, except the following set out below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five –steps model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard supersedes all current revenue recognition requirement under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on/after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method. During 2017 the company performed a preliminary assessment of IFRS 15, which was continued with a more detailed analysis completed in 2018.

The company is in the business of providing real estate investment and development as well as offering of a broad range of real estate products/services to the general public. These services are sold both on their own in separate identified contracts with customers and together as a bundled package of services.

i. Sale of Investment properties

For contracts with customers in which it is generally expected to be a performance obligation, adoption of IFRS 15 is not expected to have any impact on the Company's revenue and profit or loss. The company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the property at a point of time.

ii. Facilities management services provided to the customer:

The company generally provides planned preventive maintenance and property life cycle maintenance for our customers. Under the existing account policy, the Company accounts for the services as separate deliverables of bundled sales and allocated consideration using the fair value approach and recognizes revenue as a percentage of amount spent in maintaining the facilities and providing services.

The company assessed that when IFRS 15 is adopted, the current reporting period would not be adjusted such that revenue from services would be re allocated.

The company concluded that the services are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Company. Consequently, under IFRS 15, the Company would continue to recognize revenue for these service contracts services components of bundled contract over time rather than at a point of time.

iii. Project Development and Management

The company provides project designs and development services for the customers. Under the existing accounting policy; the Company recognizes the services as separate deliverable of bundled sales and allocates consideration in the proportion to the stage of completeness of the transaction which is 7.5% on completion of design and 2.5% on supervision of projects. Under IFRS 15, the Company assesses that allocation of prices will be based on the selling price. Hence the allocation of the consideration and timing of the amount of revenue recognized in relation to the sales would not be affected and also a point of time.

iv. Project and Business Management

The Group currently provides project advisory and management services to its customers and joint venture partners in the existing accounting policies, the Group recognizes the services as separate deliverables and consideration for services transferred is assessed by reference to accomplishment of agreed milestone. The company assessed that under IFRS 15, allocation of prices will be made based on the selling price, hence, the allocation of the consideration and consequently the timing of the amount of revenue recognized in relation to these sales would not be affected.

v. Principal Vs Agent Consideration

From time to time the Company provides agency services in the management of third party properties by negotiating rent to be paid by tenants on behalf of landlord. Currently the Company accounts for the service as a separate deliverable of bundled sales and allocates consideration at a point in time.

Under IFRS 15, the Company assessed that allocation of price would be based on the selling price and therefore, allocation of the consideration and timing of revenue recognized in relation to the sales would not be affected.

Presentation and disclosure requirements

The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increase in the volume of disclosures required in the Group financial statements. Many of the disclosure requirements in IFRS 15 are new and the Group has assessed that the impact of some of these disclosure requirements will not be significant. In addition as required by IFRS 15 the Group will disaggregate revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flow are affected by economic factor. In 2018 the company will continue testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

In summary, the impact of IFRS 15 adopted is expected to be nil on assets and equity as of 31 December 2017 (1 January 2018)

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2014) is permitted if the date of initial application is before 1 February 2015.

The Group plans to adopt the new standard on the required effective date using the full retrospective method. During 2017 the Group performed a detailed impact assessment of all three aspects of IFRS 9. The assessment was based on available information and may be subject to changes arising from further reasonable and supportable information being made available in 2018 when the Group will adopt IFRS 9. Overall, the Group expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirement of IFRS 9. The Group expects fluctuation in the loss allowance resulting in a negative impact on equity as discussed below.

Classification and Measurement

The Group does not expect a material impact on its statement of financial position or equity on applying the classification and measurement requirement of IFRS 9.

Available-for-Sale Equity

Available-for-Sale Equity investments are those that are neither classified as held for trading nor designated at fair value through profit or loss. The Group expects to continue measuring at fair value all financial assets currently held on fair value. Quoted equity shares held as available-for-sale (AFS) with gains and losses recorded on OCI will be fair valued through OCI.

The Group has a 6.7% holding in the ordinary share capital of UNICO CPFA Limited, a company incorporated and operating in Nigeria. This has been classified as available-for-sale and carried at cost because the fair value cannot be determined as the company is not listed in an active market and there are no reliable data or input to calculate the fair value.

Under IFRS 9, this investment will now be measured at fair value.

Loans as well as trade receivables

These financial assets are held to collect contractual cash flows and expected to give rise to cash flow representing solely payments of principal and interest. The company analyzed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortized cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required. After initial measurement, loans and trade receivables are subsequently measured at amortised cost less impairment. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Impairment

IFRS 9 requires the Group to record expected credit losses on all its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. The Group expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in 2018.

Amendments to IAS 40: Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if that is possible without the use of hindsight.

The amendments will eliminate diversity in practice. Amendment to IAS 40 is effective for annual periods beginning on or after 1 January 2018, early application of the amendments is permitted and must be disclosed. Since the Group's current practice is in line with the clarifications issued, the Group does not expect any effect on its financial statements.

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The amendments must be applied prospectively. Early application is permitted and must be disclosed.

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

This amendment will not impact on the Group's financial statements

Amendments to IAS 28 - Investments in Associates and Joint Ventures

The amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The Board also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 - Investments in Associates and Joint Ventures. Entities must apply the amendments retrospectively, with certain exceptions. Early application of the amendments is permitted and must be disclosed.

This amendment will not impact on the Group's financial statements.

IFRS 16 - Leases

Effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. The key features of the amendment are:

- The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17.
- Lessees recognize a liability to pay rentals with a corresponding asset, and recognize interest expense and depreciation separately.
- The new standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less).
- Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events.
- Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach.

In 2018, the Group will continue to assess the potential effect of IFRS 16 on its financial statements.

(b) Standards adopted during the year

The Group applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1 January 2017. The Group has not early adopted any standards, interpretations or amendments that have been issued but not yet effective.

Although these new standards and amendments applied for the first time in 2017, they did not have a material impact on the annual financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The amendments did not have any impact on the Group's financial statements.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses

The amendments clarify that an entity needs to consider whether tax laws restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The Group applied amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Annual Improvements Cycle – 2014 – 2016

Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

As at 31 December 2017, the Company does not have any interest in any other entity, thus this amendments did not affect the Group's financial statements.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the Profit or Loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Associates and joint ventures

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/ (loss) of an associate' in the Profit or Loss.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising on investments in associates are recognised in the Profit or Loss.

(e) Joint arrangements

The group has applied IFRS 11 to all joint arrangements as of 1 January 2013. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The group has assessed the nature of its joint arrangements and determined them to be both joint operations and joint ventures. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

The group accounts for joint operation by treating the operation as its own operations by recognising its assets, including its share of any assets held jointly, its liabilities, including its share of any liabilities held jointly, its revenue from the sale of the output by the joint operation, its share of revenue from the sale of the output by the joint operation, its expenses, including its share of any expenses incurred jointly.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Naira (N), which is the parent and separate's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a. assets and liabilities for each item of Statement of Financial Position presented are translated at the closing rate at the reporting date;
- b. income and expenses for each Profit or Loss item are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- c. all resulting exchange differences are recognised in other comprehensive income.

2.5 Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment.

Land and buildings comprise mainly of retail outlets and offices as well as hotel rooms.

Land and buildings held for use in the production or supply of goods or services, or for administration purposes, are stated at fair value. All other assets are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Land is not depreciated. Leasehold properties are depreciated over their useful lives, unless the lease period is shorter, in which case the lease period is used. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Property, plant and equipment are depreciated on a straight line basis over the current useful lives of the assets. The estimated useful lives of the assets are:

Leasehold buildings	Lease terms vary from 5 to 99 years
Plant and Machineries	
a) Heavy	5 to 7 years
b) Light	3 to 5 years
Motor Vehicle	
a) Commercial	7 to 10 years
b) Passenger	4 to 5 years
Furniture and office Equipment	3 to 5 years
Computer equipment	3 to 5 years

The useful lives and residual values are reassessed at the end of each reporting period and adjusted if necessary. The depreciation on property, plant and equipment is recognised in profit or loss in the year in which it occurred. The gain or loss on property, plant and equipment is determined by subtracting the carrying value from the net disposal proceeds on date of sale. The gain or loss on sale of property, plant and equipment is recognised in the Profit or Loss and is not classified as revenue.

Subsequent expenditure relating to an item of equipment is capitalised when it is probable that future economic benefits will flow to the entity and the cost can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it incurred.

2.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is the fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Unless internally generated costs meet the criteria for development costs eligible for capitalisation in terms of IAS 38 (refer to accounting policy on Computer Software). All internally generated intangible assets are expensed as incurred.

The useful lives of intangible assets are either finite or indefinite. Intangible assets with finite lives are amortised over their useful lives and assessed for impairment when there is an indication that the asset may be impaired. The amortisation period and the method are reviewed at each financial year end. Changes in the expected useful life or pattern of consumption of future benefits are accounted for prospectively. Intangible assets with indefinite useful lives are not amortised but are tested annually for impairment either individually or at the cash-generating level. The useful lives are also reviewed each period to determine whether the indefinite life assessment continues to be supportable. If not, the change in useful life assessment to a finite life is accounted for prospectively.

a) Goodwill

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, that is, 5 years or 20%.

2.7 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the consolidated group, are classified as investment properties. Investment properties comprise mainly of commercial projects constructed and acquired with the aim of leasing out to tenants.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

The group makes use of internal and external valuation experts. Each property is valued by an external valuer annually.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of leasehold land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised when they have been disposed.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increase directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in Profit or Loss against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sell, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

Leasehold investment properties represent properties acquired under government consent for 99 years.

2.8 Impairment of non-financial assets

The carrying value of assets is reviewed for impairment at each reporting date. Assets are impaired when events or changes in circumstances indicate that their carrying value may not be recoverable. If such indication exists and where carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. Recoverable amounts are determined as the higher of fair value less costs to sell or value in use. Impairment losses and the reversal of impairment losses are recognised in Profit or Loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

2.9 Financial assets

2.9.1 Classification

The group classifies its financial assets in the following categories: loans and receivables, and available for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (notes 2.13 and 2.14).

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. These include investments in shares.

2.9.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

Changes in the fair value of assets classified as fair value through profit or loss are recognised in profit or loss.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the Profit or Loss as part of other income. Dividends on available-for-sale equity instruments are recognised in the Profit or Loss as part of other income when the group's right to receive payments is established.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Impairment of financial assets

Assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If an asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2.12 Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost is based on standard costing that comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.13 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

2.14 Cash, cash equivalents and bank overdrafts

Cash, cash equivalents and bank overdrafts includes cash at bank and in hand plus short-term deposits less overdrafts. Short-term deposits have a maturity of less than three months from the date of acquisition. Bank overdrafts are repayable on demand and form an integral part of the Group's cash management.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Profit or Loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

2.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and the amount has been reliably estimated.

Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to affected parties. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.19 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

2.20 Current and deferred income tax

The tax for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Profit or Loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the reporting liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Profit or Loss, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax liabilities on a net basis.

2.21 Employee benefits

(a) Defined contribution schemes

The Group has two defined contribution plans for its employees; i) A statutory pension scheme and ii) A gratuity scheme. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity.

The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

i. Pension Scheme

The Pension Reform Act of 2014 requires all companies to pay a minimum of 10% of basic salary (including housing and transport allowances) to a pension fund on behalf of all full time employees to pension fund administrator. The contributions are recognised as employee benefit expenses when they are due. The group has no further payment obligation once the contributions have been paid.

ii. Gratuity scheme

Under the gratuity scheme, the group contributes on an annual basis a fixed percentage of the employees salary to a fund managed by a fund administrator. The funds are invested on behalf of the employees and they will receive a payout based on the return of the fund upon retirement.

The group has no obligation other than annual contribution made for each employee.

(b) Profit-sharing and bonus plans

The group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.23 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, rebates and sales related taxes but including interest receivable on sales on extended credit and income from the provision of technical services and agreements. Revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

Sales of goods are recognised when significant risks and rewards of ownership have been transferred to the buyer. Typically this is evidenced when the buyer is granted access to the properties. The granting of the legal title is an administrative matter that can have significant delays.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Interest are recognised using the effective interest method as set out in IAS 39.

(a) Revenue from sale of property stock is recognized when the following conditions are satisfied:

- a. The total revenue accruing from the project can be measured reliably;
- b. The economic benefits associated with the sales contract flow to the buyer;
- c. Both the construction costs to complete the project and stage of contract works at the end of the reporting period can be reliably measured; and
- d. The total costs attributable to the project can be clearly identified and reliably measured so that actual costs incurred can be compared with prior estimates
- e. Transfer of significant risk and reward of ownership to the buyer.

(b) Rental Income, Project Management Fees and Commissions:

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Service and management fees are recognised in the accounting period in which the services are rendered. When the Group is acting as an agent, the commission rather than gross income is recorded as revenue.

(c) Deferred income

Deferred income comprises of contract income, service charge received in advance and rents in advance; these are recognised in the profit or loss when earned.

2.24 Leases**(a) The group company is a lessee****(i) Operating lease**

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(ii) Finance lease

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and noncurrent borrowings. The interest element of the finance cost is treated as borrowing costs (see Note 2.18) and expensed/capitalised over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Investment properties recognised under finance leases are carried at their fair value.

(b) The group company is a lessor**(i) Operating lease**

Refer to revenue recognition policy.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. In respect of interim dividends these are recognised once paid.

3. Financial risk management

3.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

The group is currently developing a centralised risk management function. At present specific risk management functions are carried out by the specific business units.

(a) Market risk

(i) Foreign exchange risk

The group did not have any foreign currency loans, forward contracts or fixed/ floating rate debt securities as at the end of the year, hence its foreign exchange risk was limited to the amounts outstanding in its domiciliary accounts for both the company and the subsidiary (UPDC Hotels Ltd), the total of which was considered insignificant. There are no exposures to recognised assets and liabilities as the group has no investments in foreign operations.

The group does not make use of derivatives to hedge its exposures.

The group is not involved in direct importation of finishing materials for its projects and uses third party suppliers and logistics agents, who bear the full foreign exchange risk which are priced into contracts upfront.

The group's concentration of foreign exchange risk is as follows:

The Group	2017		
	USD 000	GBP 000	Euro 000
Financial assets			
Cash at bank and in hand	100	3	15
	100	3	15

The Group	2016		
	USD 000	GBP 000	Euro 000
Financial assets			
Cash at bank and in hand	21	3	8
	21	3	8

The Company	2017		
	USD 000	GBP 000	Euro 000
Financial assets			
Cash at bank and in hand	38	-	5
	38	-	5

The Company	2016		
	USD 000	GBP 000	Euro 000
Financial assets			
Cash at bank and in hand	14	-	5
	14	-	5

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
The total impact on profit and equity if Naira were to decrease by 2% across currencies would be as follows	75	99	75	61

Management considers a 2% shift in foreign currency exchange rate appropriate to determine the sensitivity of foreign currency denominated financial assets and liabilities vis a vis the Naira.

(ii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of equity (other than those arising from interest rate risk or currency risk).

(iii) Cash flow and fair value interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the group to fair value interest rate risk. The individual boards of each business unit within the group set their own borrowing limits. No formal group limit policy exists at this stage.

The Treasury department monitors interest rate exposures and sensitivities for the entire group on a monthly basis. This is analysed and reviewed by the board on a quarterly basis.

The Group's interest rate risk concentration is as follows:

The Group	2017			
	Weighted average Interest rate %	Interest bearing		Non-interest bearing N'000
		Variable rate N'000	Fixed rate N'000	
Financial assets:				
Trade and other receivables		-	-	9,605,741
Cash at bank and in hand		-	-	860,025
		-	-	10,465,765
Financial liabilities:				
Interest bearing loans and borrowings	23.5	18,957,016		-
Trade and other payables		-	-	9,432,689
Bank overdrafts	21.9	333,516	-	-
		19,290,533	-	9,432,689

The Group	2016			
	Weighted average Interest rate %	Interest bearing		Non-interest bearing N'000
		Variable rate N'000	Fixed rate N'000	
Financial assets:				
Trade and other receivables		-	-	9,288,379
Cash at bank and in hand		-	-	89,111
		-	-	9,377,490
Financial liabilities:				
Interest bearing loans and borrowings	11.7	21,655,307	-	-
Trade and other payables		-	-	12,934,264
Bank overdrafts	16.4	952,493	-	-
		22,607,800	-	12,934,264

The Company	2017			
	Weighted average Interest rate %	Interest bearing		Non-interest bearing N'000
		Variable rate N'000	Fixed rate N'000	
Financial assets:				
Trade and other receivables		-	-	23,455,802
Cash at bank and in hand		-	-	859,628
		-	-	24,315,429
Financial liabilities:				
Interest bearing loans and borrowings	23.5	18,957,016	-	-
Trade and other payables		-	-	9,046,621
Bank overdrafts	21.9	333,516	-	-
		19,290,533	-	9,046,621

The Company	2016			
	Weighted average Interest rate %	Interest bearing		Non-interest bearing N'000
		Variable rate N'000	Fixed rate N'000	
Financial assets:				
Trade and other receivables		-	-	22,924,011
Cash at bank and in hand		-	-	54,455
		-	-	22,978,466
Financial liabilities:				
Interest bearing loans and borrowings	11.7	21,655,307	-	-
Trade and other payables		-	-	11,868,379
Bank overdrafts	16.4	952,493	-	-
		22,607,800	-	11,868,379

	The Group	
	2017 N'000	2016 N'000
A 5% increase in interest rates would have the following impact on profit and equity.	(964,527)	(684,191)
A 5% decrease in interest rates would have the following impact on profit and equity.	964,527	684,191

Management considers that a 5% shift in interest rate is reasonable as the interest rate has fluctuated by a maximum of 7% in 2017 (2016: 3.5%)

(b) Credit risk

Credit risk is monitored by the company and on behalf of the hotel as well. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Credit risk arises from cash at bank and in hand, accounts receivable and deposits with banks and financial institutions.

For banks and financial institutions, the group utilises institutions that have sufficient reputational risk but do not strictly monitor their formal ratings. In addition the group monitors its exposures with individual institutions and has internal limits to control maximum exposures. The group does not maintain a minimum threshold for its investments based on credit rating. When considering investments the group compares the risk exposure to the returns provided by the institution.

Credit terms are set with customers based on past experiences, payment history and reputations of the customers.

Credit terms for real estate are medium term, typically 60 days, for the hotel these range from 0 - 30 days. Rental businesses collect amounts in advance to limit exposures.

Concentration of credit risk

The Group	2017			
	Total gross amount N'000	Fully performing N'000	Past due but not impaired N'000	Impaired N'000
Trade receivables	1,705,023	215,343	1,356,427	133,254
Receivable from group company	7,024,575	7,024,575	-	-
Other receivables	969,459	969,459	-	-
Advances to staff	39,937	39,937	-	-
Cash at bank and in hand	860,025	860,025	-	-
	10,599,019	9,109,338	1,356,427	133,254

The Group	2016			
	Total gross amount N'000	Fully performing N'000	Past due but not impaired N'000	Impaired N'000
Trade receivables	1,518,227	418,161	971,559	128,507
Receivable from group company	7,007,840	7,007,840	-	-
Other receivables	903,569	903,569	-	-
Advances to staff	2,878	2,878	-	-
Cash at bank and in hand	89,111	89,111	-	-
	9,521,625	8,421,558	971,559	128,507

The Company	2017			
	Total gross amount N'000	Fully performing N'000	Past due but not impaired N'000	Impaired N'000
Trade receivables	1,689,192	182,981	1,372,958	133,254
Receivable from group company	20,890,466	7,024,575	13,865,892	-
Other receivables	969,459	969,459	-	-
Advances to staff	39,937	39,937	-	-
Cash at bank and in hand	859,628	859,628	-	-
	24,448,683	9,076,580	15,238,849	133,254

The Company	2016			
	Total gross amount N'000	Fully performing N'000	Past due but not impaired N'000	Impaired N'000
Trade receivables	1,426,338	206,997	1,090,834	128,507
Receivable from group company	20,797,941	20,797,941	-	-
Other receivables	825,361	825,361	-	-
Advances to staff	2,878	2,878	-	-
Cash at bank and in hand	54,455	54,455	-	-
	23,106,973	21,887,632	1,090,834	128,507

Details of the credit quality of performing assets are as follows:

Counterparties without external credit ratings	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Trade receivables				
Group 1	96,904	188,172	54,894	62,099
Group 2	64,603	125,448	73,192	82,799
Group 3	53,836	104,540	54,894	62,099
	215,343	418,161	182,981	206,997
Receivable from group company				
Group 1	7,024,575	6,096,373	7,024,575	20,475,212
	7,024,575	6,096,373	7,024,575	20,475,212

The group defines the ratings as follows:

Group 1 - These are balances with Blue Chip, Listed and other large entities with a low chance of default.

Group 2 - These are balances with small - medium sized entities with no history of defaults

Group 3 - These are balances with small - medium sized entities with a history of defaults or late payments.

Counterparties with external credit ratings

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Cash at bank and in hand				
AAA	860,025	89,111	859,628	54,455
	860,025	89,111	859,628	54,455

Details of the past due but not impaired assets are as follows:

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Trade receivables				
Past due 30-60 days	406,928	436,788	406,928	436,788
Past due 60-90 days	949,499	534,771	949,499	654,046
	1,356,427	971,559	1,356,427	1,090,834

Details of the impaired assets are as follows:

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Trade receivables				
Past due 0-90 days	74,670	9,232	74,670	9,232
Past due 90-180 days	22,210	34,090	22,210	34,090
Past due > 180 days	36,374	85,185	36,374	85,185
	133,254	128,507	133,254	128,507

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Receivables				
At 1 January	128,507	159,858	128,507	159,858
Provision for receivables impairment	4,747	-	4,747	-
Unused amounts reversed	-	(31,351)	-	(31,351)
At 31 December	133,254	128,507	133,254	128,507

(c) Liquidity risk

Liquidity risk arises from mis-match in expected inflows from sales, rentals and other revenue sources and outflows to fund projects, debt service and repayment obligations. Cash flow forecasting is performed in the operating entities of the group and aggregated by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs. The group also ensures that at all times the group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	The Group			
	Less than 3 months N'000	Between 3 months and 1 year N'000	Between 1 and 5 years N'000	Over 5 years N'000
At 31 December 2017				
Interest bearing loans and borrowings	-	19,379,639	836,667	-
Trade and other payables	980,209	8,452,480	-	-
Bank overdrafts	-	333,516	-	-
	980,209	28,165,636	836,667	-

	The Group			
	Less than 3 months N'000	Between 3 months and 1 year N'000	Between 1 and 5 years N'000	Over 5 years N'000
At 31 December 2016				
Interest bearing loans and borrowings	-	17,655,307	4,000,000	-
Trade and other payables	1,378,559	11,555,704	-	-
Bank overdrafts	-	952,493	-	-
	1,378,559	30,163,504	4,000,000	-

	The Company			
	Less than 3 months N'000	Between 3 months and 1 year N'000	Between 1 and 5 years N'000	Over 5 years N'000
At 31 December 2017				
Interest bearing loans and borrowings	-	19,379,639	836,667	-
Trade and other payables	980,209	8,066,412	-	-
Bank overdrafts	-	333,516	-	-
	980,209	27,779,568	836,667	-

	The Company			
	Less than 3 months N'000	Between 3 months and 1 year N'000	Between 1 and 5 years N'000	Over 5 years N'000
At 31 December 2016				
Interest bearing loans and borrowings	-	17,655,307	4,000,000	-
Trade and other payables	650,991	11,217,388	-	-
Bank overdrafts	-	952,493	-	-
	650,991	29,825,188	4,000,000	-

3.2 Capital risk management

Capital includes share capital, share premium and other reserves attributable to equity holders.

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group monitors capital on the basis of the gearing ratio. This ratio is calculated as interest bearing debt divided by total equity. Interest bearing debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position). Total equity is calculated as 'equity' as shown in the consolidated and separate statement of financial position including non controlling interest.

No formal debt equity target has been established.

	2017 N'000	2016 N'000
Interest bearing debt	19,290,533	22,607,800
Total equity	33,804,273	34,174,401
Total capital	53,094,806	56,782,201
Gearing ratio	0.57	0.66

3.3 Fair value estimation

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities for the period ended 31 December 2017.

	Total N'000	Quoted price in active market (Level 1) N'000	Significant observable input (Level 2) N'000	Significant unobservable input (Level 3) N'000
Assets measured at fair value:				
Investment properties	10,423,675			10,423,675

Liabilities for which fair values are disclosed (Note23):

Interest-bearing loans and borrowings

FSDH Merchant Bank Ltd	2,000,000		2,000,000	
Diamond Bank Plc	262,800		262,800	

These valuations were done as at 31 December 2017, there have been no transfers between Level 1 and Level 2 during the year.

i) Assets measured at fair values

a) Investment properties

The valuation techniques used and key inputs to valuation of investment properties have been disclosed on Note 15.

ii) Liabilities for which fair values are disclosed

The fair value of unquoted loans from banks is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities for the year ended 31 December 2017.

Assets measured at fair value:	Total N'000	Quoted price in active market (Level 1) N'000	Significant observable input (Level 2) N'000	Significant unobservable input (Level 3) N'000
Investment properties	10,423,675	-	-	10,423,675

Liabilities for which fair values are disclosed (Note 23):

Interest-bearing loans and borrowings

FSDH Merchant Bank Ltd	2,000,000	-	2,000,000	-
Diamond Bank Plc	262,800	-	262,800	-

The following table represents the groups' financial assets and liabilities that fair value is disclosed.

	The Group			
	2017		2016	
	Carrying Value N'000	Fair Value N'000	Carrying Value N'000	Value Fair N'000
Assets				
Trade receivables	1,571,769	1,571,769	1,374,092	1,374,092
Other receivables	8,033,971	8,033,971	7,914,287	7,914,287
Cash at bank and in hand	860,025	860,025	89,111	89,111
Liabilities				
Interest bearing loans and borrowings: Non current	666,667	836,667	4,000,000	4,000,000
Bank Overdrafts and current portions of interest bearing loans and borrowings	18,623,866	18,623,866	18,607,800	18,607,800
Trade Payables and other payables	9,432,689	9,432,689	12,934,264	12,934,264

	The Company			
	2017		2016	
	Carrying Value N'000	Fair Value N'000	Carrying Value N'000	Fair Value N'000
Assets				
Trade receivables	1,555,938	1,297,831	1,297,831	1,686,560
Other receivables	21,899,863	21,899,863	21,626,180	21,626,180
Cash at bank and in hand	859,628	859,628	54,455	54,455
Liabilities				
Interest bearing loans and borrowings: Non current	666,667	836,667	4,000,000	4,000,000
Bank Overdrafts and current portions of interest bearing loans and borrowings	18,623,866	18,623,866	18,607,800	18,607,800
Trade and other payables	9,046,621	9,046,621	11,868,379	11,868,379

Trade receivables is fair valued at net of impairment. Other receivables is made up of mobilization payment to contractors (guaranteed by Advance Payment Guarantee) and prepayments and accrued income which fairly approximates their stated carrying values.

The fair values of loans from banks is estimated by discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities.

The company does not expect to default on its various obligations represented in its liabilities as at year end.

3.4 Financial instruments by category

	The Group			
	2017			
	Fair value through profit or loss N'000	Available for sale N'000	Loans and receivables N'000	Other financial liabilities N'000
Financial assets				
Available for sale financial asset	-	10,000	-	-
Trade and other receivables	-	-	9,605,741	-
Cash at bank and in hand	-	-	860,025	-
Financial liabilities				
Interest bearing loans and borrowings: Non current	-	-	-	836,667
Interest bearing loans and borrowings: Current	-	-	-	18,290,350
Trade and other payables	-	-	-	9,432,689
Bank overdrafts	-	-	-	333,516

	The Group			
	2016			
	Fair value through profit or loss N'000	Available for sale N'000	Loans and receivables N'000	Other financial liabilities N'000
Financial assets				
Available for sale financial asset	-	10,000	-	-
Trade and other receivables	-	-	9,288,379	-
Cash at bank and in hand	-	-	89,111	-
Financial liabilities				
Interest bearing loans and borrowings: Non current	-	-	-	4,000,000
Interest bearing loans and borrowings: Current	-	-	-	17,655,307
Trade and other payables	-	-	-	12,934,264
Bank overdrafts	-	-	-	952,493

	The Company			
	2017			
	Fair value through profit or loss N'000	Available for sale N'000	Loans and receivables N'000	Other financial liabilities N'000
Financial assets				
Available for sale financial asset	-	10,000	-	-
Trade and other receivables	-	-	23,455,802	-
Cash at bank and in hand	-	-	859,628	-
Financial liabilities				
Long term borrowings	-	-	-	836,667
Current portion of long term borrowings	-	-	-	19,379,639
Trade and other payables	-	-	-	9,046,621
Bank overdrafts	-	-	-	333,516

	The Company			
	2016			
	Fair value through profit or loss N'000	Available for sale N'000	Loans and receivables N'000	Other financial liabilities N'000
Financial assets				
Available for sale financial asset	-	10,000	-	-
Trade and other receivables	-	-	22,924,011	-
Cash and short-term deposits	-	-	54,455	-
Financial liabilities				
Long term borrowings	-	-	-	4,000,000
Current portion of long term borrowings	-	-	-	17,655,307
Trade and other payables	-	-	-	11,868,379
Bank overdrafts	-	-	-	952,493

4. Significant judgements and estimates

4.1 Significant estimates

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Investment properties

The Group uses external experts in valuing its investment properties.

For an analysis of the properties valued using each of these refer to Note 15.

For external valuations, professional valuers' make use of the following key assumptions:

1. That the interests held by the company as evidenced by title deeds are good and marketable;
2. That the properties are free from onerous restrictions and charges;
3. That the properties are not adversely affected by or subject to compulsory acquisition, road widening, planning restrictions or urban renewal schemes
4. That the properties are free from structural, infestation or concealed defect conditions and show no sign of impairment.

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Freehold building	423,000	441,050	423,000	441,050
Leasehold building	10,000,675	16,213,270	10,000,675	16,213,270
Total investment properties	10,423,675	16,654,320	10,423,675	16,654,320

b) Useful lives for property, plant & equipment

The estimation of the useful lives of assets is based on management's judgment. Any material adjustment to the estimated useful lives of property, plant and equipment will have an impact on the carrying value. See Note 13 for further details.

c) Allowance for uncollectable account receivable

Trade receivable do not carry any interest and are stated at their nominal value as reduced by appropriate allowance for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the aging of the receivable balances and historical experience based on the fact and circumstances prevailing as at reporting date. In addition a large number of minor receivables is grouped into homogeneous groups and assessed for impairments collectively. Individual trade receivables are written off when management considers them to be uncollectable. See Note 21 for further details.

d) Impairment of investments in Joint Venture

Investment in Joint Ventures are stated at cost in the books of the company. However, where there is an objective evidence of impairment of this investment, the investment is written down to the recoverable amount. Evidence of impairment occurs where the Joint Venture incurs a loss and the company's share of loss exceeds its total investment in the Joint venture. See note 16.2 for details of write down in current year.

4.2 Significant judgements**a) Revenue recognition**

Sale of constructed properties require detailed judgement. Each transaction is assessed to determine under IFRIC 15 whether revenue should be recognised when the significant risks and rewards pass to the buyer or over time as construction takes place. All of the projects in the periods presented were identified as being the sale of goods and therefore revenue was only recognised when the significant risks and rewards had passed.

The significant risks and rewards were identified as having passed when the buyer had taken possession of the properties. Transfer of legal title in the market is time consuming and is seen only as an administrative step and not as a pre-requisite for revenue recognition.

b) Investment in associate

In June 2013, the company issued a Real Estate Investment Trust (REIT) of 3,000,000,000 units of N10 each which is listed on the stock exchange.

The company's planned subscription rate of the REIT was 40% to UPDC and 60% to the general public. The REIT closed at a value of N26.7billion, with UPDC holding 62.4% while other investors held 37.6%. UPDC's stake in the REIT was 61.5% as at 31st December 2017 (2016: 61.5%)

The REIT is governed by a Trust Deed, administered by UBA Trustees Limited and First Trustees Limited. The documents of title to the properties are held by the Custodian, UBA Global Services Limited. The Fund is managed by FSDH Asset Management Limited (FSDH AM) while UPDC is the Property Manager.

Although the company has more than 50% investment in the REIT, it was not consolidated as a subsidiary because the company does not have management control on the REIT. Control is exercised through the Investment Committee and final decisions are taken by the Trustees. The Investment Committee membership is constituted as follows:

FSDH Asset Management Limited (Fund Managers)	2
UPDC (Sponsor of the REIT & Property Manager)	2
United Capital Trustees (Joint Trustees)	1
FBN Trustees (Joint Trustees)	1
Independent Shareholders of the REIT	3

5. Segment Analysis

The chief operating decision-maker has been identified as the Executive Committee (Exco). Exco reviews the company's internal reporting in order to assess performance and allocate resources.

Nigeria is the Company's primary geographical segment as the operations of the Company are entirely carried out in Nigeria. As at December 31, 2017, UPDC Plc operations comprised one main business segments which is Property development, sales and management.

Property development, sale & management - UACN Property Development Plc (UPDC) main business is the acquisition, development, sales and management of high quality serviced commercial and residential properties in the luxury, premium and classic segments of the real estate market in Nigeria. The company approaches property planning from the customers' perspective to create comfortable living/working environments.

The following measures are reviewed by Exco:

- Revenue to third parties
- Earnings before interest and tax
- Profit before tax
- Net current assets
- Property, plant and equipment

	Property development sales & management N'000	Hospitality services N'000	Classified as Discontinued Operation/ Held for Sale N'000	Total N'000
31 December 2017				
Total Revenue	3,983,078	1,622,069	(1,622,069)	3,983,078
Intergroup revenue	-	-	-	-
Revenue to third parties	3,983,078	1,622,069	(1,622,069)	3,983,078
Earnings before interest and tax	2,988,230	(293,635)	293,635	1,862,681
Loss before tax	(2,470,861)	(293,635)	293,635	(3,057,309)
Net current assets	6,645,617	(200,459)	200,459	(7,590,115)
Property, plant and equipment	75,694	11,814,513	(11,814,513)	76,063

	Property development sales & management N'000	Hospitality services N'000	Classified as Discontinued Operation N'000	Total N'000
31 December 2016				
Total Revenue	4,994,113	1,354,947	(1,354,947)	4,994,113
Intergroup revenue	-	(4,238)	4,238	-
Revenue to third parties	4,994,113	1,350,709	(1,350,709)	4,994,113
Earnings before interest and tax	1,683,530	(527,352)	527,352	628,062
Loss before tax	(1,230,599)	(552,525)	552,525	(1,230,599)
Net current assets	4,067,188	(14,624,183)	-	(10,556,995)
Property, plant and equipment	87,670	12,158,573	-	12,246,244

Entity wide information

	2017 N'000	2016 N'000
Analysis of revenue by category:		
Sale of property stock	2,887,950	2,537,853
Rental income on investment property	487,727	542,960
Project and Management Surcharge Income	205,382	158,434
James Pinnock sale of property stock	402,020	1,754,867
	3,983,078	4,994,113

	2017 N'000	2016 N'000
Analysis of revenue by geographical location:		
Nigeria	3,983,078	4,994,113

Analysis of revenue by category

Sales of Goods - Sale of property stock

Rendering of services - Management fees and service charge surcharge

Rental Income

6. Other Operating Income

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Investment income	1,170	27,700	1,170	27,700
Income distribution from UPDC REIT	-	-	1,125,550	1,055,469
Infrastructure, transfer and title regularisation fees	126,751	67,382	126,751	67,382
Service charge received from Golden Tulip Hotel	10,597	12,175	10,597	12,175
Sales commission received	58,392	60,826	58,392	60,826
Gain on disposal of PPE	4,146	-	4,146	-
Exchange Gain	317	3,885	317	3,885
Recovery of excess bank charges	265,244	-	265,244	-
Sundry Income	10,580	131,591	10,580	131,591
	477,197	303,560	1,602,746	1,359,028

6 (i) Other Project Losses

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Losses on Projects	150,463	1,695,579	150,463	1,695,579
Losses	150,463	1,695,579	150,463	1,695,579

These are additional expenses post project completion.

7. Expenses by nature

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Change in inventories of finished goods and other direct costs of inventories	3,237,109	3,817,015	3,237,109	3,817,016
Direct operating expenses for Investment properties	62,503	64,058	62,503	64,058
Personnel expenses	449,805	416,257	449,805	416,257
Depreciation & Amortization	51,360	60,984	51,360	60,984
Rents and Rates	12,161	23,676	12,161	23,676
Electricity & Power	2,550	2,121	2,550	2,121
Vehicles repairs, maintenance & fuelling	9,100	8,484	9,100	8,484
Other repairs & maintenance	26	5,380	26	5,380
Legal expenses	78,895	20,158	78,895	20,158
Auditors' remuneration	19,950	19,950	19,950	19,950
Directors' emoluments	110,728	106,231	110,728	106,231
Information Technology	69,488	61,020	69,488	61,020
Insurance	17,419	15,207	17,419	15,207
Marketing & Communication	21,068	15,326	21,068	15,326
Back duty	-	450,288	-	450,288
Professional fees	59,842	117,364	59,842	117,364
Printing and stationery	11,351	9,991	11,351	9,991
Impairment provision reversed	-	(31,351)	-	(31,351)
Loss on disposal of PPE	-	821	-	821
UACN management fee (Note 32)	37,601	32,392	37,601	32,392
	4,250,954	5,215,373	4,250,954	5,215,374
Cost of sales	3,370,096	3,943,422	3,370,096	3,943,422
Selling and distribution expenses	21,068	15,326	21,068	15,326
Administrative expenses	859,790	1,256,626	859,790	1,256,626
	4,250,954	5,215,373	4,250,954	5,215,374

Cost of sales includes property repairs and maintenance cost of N13.3 million (2016 N17.6 million)

Personnel expenses include:	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Wages and salaries	389,814	376,437	389,814	376,437
Pension costs:				
Pension benefits	29,374	12,187	29,374	12,187
Gratuity scheme - defined contribution	30,617	27,633	30,617	27,633
	449,805	416,257	449,805	416,257

Particulars of directors and staff

- i. The group has in its employment during the year the weekly average number of staff in each category below. The aggregate amount stated against each category was incurred as wages and retirement benefit costs during the year.

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Costs				
Management	407,499	348,679	407,499	348,679
Staff	42,306	67,578	42,306	67,578
Total	449,805	416,257	449,805	416,257

	The Group		The Company	
	2017 Number	2016 Number	2017 Number	2016 Number
Numbers				
Management	91	106	71	75
Staff	229	206	25	32
Total	320	312	96	107

- ii. The table below shows the number of employees (excluding directors), who earned over =N=100,000 as emoluments in the year and were within the bands stated.

	=N=	The Group		The Company	
		2017	2016	2017	2016
	300,001 - 400,000	0	2	0	2
	400,001 - 500,000	63	38	0	8
	500,001 - 600,000	3	21	0	5
	600,001 - 700,000	24	31	0	5
	700,001 - 800,000	20	30	1	7
	800,001 - 900,000	26	45	6	8
	900,001 - 1,000,000	15	19	5	7
	1,000,001 - 2,000,000	109	74	37	30
	2,000,001 - 3,000,000	21	26	15	18
	3,000,001 - 4,000,000	19	9	13	6
	4,000,001 - 5,000,000	4	8	4	5
	5,000,001 - 6,000,000	7	4	7	3
	6,000,001 - 7,000,000	4	3	3	1
	7,000,001 - 8,000,000	3	0	3	0
	8,000,001 - 9,000,000	0	1	0	1
	9,000,001 - 10,000,000	1	1	1	1
	10,000,001 - 11,000,000	0	0	0	0
	11,000,001 - 12,000,000	1	0	1	0
		320	312	96	107

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
(iii) Emoluments of directors				
Fees	1,300	1,300	1,300	1,300
Other emoluments	109,428	104,931	109,428	104,931
	110,728	106,231	110,728	106,231
(iv) The Chairman's emolument.	300	300	300	300
(v) Emolument of the highest paid director.	24,886	26,440	24,886	26,440

(vi) The fees attributable to the Chairman and one non-executive director, who are employees of the parent company (UACN) were paid to UACN Plc.

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
(vii) Key management personnel compensation				
Short term benefit	97,197	95,943	97,197	95,943
Post employment benefits	9,423	9,191	9,423	9,191
	106,620	105,134	106,620	105,134

(viii) The table below shows the number of directors of the company, whose remuneration, excluding pension contributions, fell within the bands shown.

=N=	The Group		The Company	
	2017 Number	2016 Number	2017 Number	2016 Number
1,000,001 - 9,000,000	5	5	5	5
9,000,001 - 14,000,000	1	1	1	1
14,000,001 and above	1	1	1	1
	7	7	7	7

8. Net finance income/(cost)

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Finance income	525,761	624,993	550,761	624,993
Interest payable on borrowings	(5,406,803)	(2,644,387)	(5,406,803)	(2,644,387)
Interest payable on bank overdraft	(149,699)	(181,107)	(149,699)	(181,107)
Finance costs	(5,556,502)	(2,825,494)	(5,556,502)	(2,825,494)
Net finance cost	(5,030,741)	(2,200,501)	(5,005,741)	(2,200,501)

9. Impairment of Investments and Receivables

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Investment in UPDC Metro City Ltd	-	-	-	244,169
Investment in First Festival Mall Ltd	210	-	210	-
Receivable in UPDC Metro City Ltd	29,108	747,907	29,108	747,907
Receivable in UPDC Hotels Ltd	-	-	25,000	507,727
Receivable in First Restoration Dev. Coy Ltd	139,651	-	139,651	-
Receivable in Pinnacle Apartment Dev. Ltd	259,381	-	259,381	-
	428,350	747,907	453,350	1,499,803

Impairment of receivable in UPDC Metro City Ltd, First Restoration Dev. Coy Ltd and Pinnacle Apartment Dev. Ltd

UPDC Metro City Ltd, First Restoration Dev. Coy Ltd and Pinnacle Apartment Dev. Ltd's receivable in the books is impaired after consideration for future recoverable balances.

9 (i). Share of Profit or Loss in JV

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Share of Loss in MetroCity (Note 16)	-	(244,169)	-	-
Share of (Loss)/ Profit in Festival Mall (Note 16)	(290,283)	173,256	-	-
	(290,283)	(70,913)	-	-

10. Taxation

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
<i>Current tax</i>				
Minimum tax charge for the year	174,697	176,214	174,697	176,214
Capital Gain tax	116,291	1,409	116,291	1,409
Total current tax charge	290,988	177,623	290,988	177,623
<i>Deferred tax</i>				
*Temporary differences, origination and reversal	(694,294)	(410,692)	(694,294)	(410,692)
Total deferred tax (note 25)	(694,294)	(410,692)	(694,294)	(410,692)
Income tax charge/ (credit)	(403,306)	(233,069)	(403,306)	(233,069)

Nigeria corporation tax is calculated at 30% (2016: 30%) of the estimated assessable profit for the year.

* The deferred tax credit computation for the year amounted to N1,388,587,730.00, of which the management has decided to utilise 50% which is N694,293,865.00

The tax credit for the year can be reconciled to the profit per the consolidated and separate income statement as follows:

	The Group		The Company	
	2017 Number	2016 Number	2017 Number	2016 Number
(Loss)/Profit before tax	(2,628,959)	(1,783,124)	(2,470,861)	(2,016,774)
Tax at the Nigeria corporation tax rate of 30% (2016: 30%)	(788,688)	(534,937)	(741,258)	(605,032)
Tertiary Education tax	-	-	-	-
Capital gains tax	116,291	1,409	116,291	1,409
Effect of income that is exempt from taxation	(3,081,179)	(3,406,406)	(3,081,179)	(3,336,311)
Effect of expenses that are not deductible in determining taxable profit	3,109,393	3,530,652	3,128,080	3,530,652
Minimum tax adjustments	174,697	176,214	174,697	176,214
Tax credit for the year	(469,487)	(233,069)	(403,370)	(233,069)

<i>Per statement of financial position</i>	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Balance as at 1 January	732,519	786,762	732,519	786,762
Charge for the year	290,988	177,623	290,988	177,623
Payments during the year	(1,409)	(51,039)	(1,409)	(51,039)
Withholding tax utilized	-	(180,828)	-	(180,828)
Balance as at 31 December	1,022,098	732,519	1,022,098	732,519

11. Dividends

Amounts recognised as distributions to ordinary shareholders in the year comprise:

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
No dividend was declared for the year ended December 2016, hence no dividend was paid in 2017.	-	-	-	-

12. Earnings Per Share

a. Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares.

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Loss after tax for the year from discontinued operations	(293,635)	(552,525)	-	-
Loss attributable to ordinary equity shareholders (NGN 000)	(2,932,076)	(1,520,771)	(2,067,555)	(1,783,705)
Basic Earnings Per Share (Kobo)	(130)	(56)	(102)	(102)
From discontinued operations	(14)	(32)	-	-
From loss for the period	(144)	(87)	(102)	(102)
Diluted earnings per share (Kobo)	(130)	(56)	(102)	(102)
From discontinued operations	(14)	(32)	-	-
From loss for the period	(144)	(87)	(102)	(102)

	The Group		The Company	
	2017 Number ('000)	2016 Number ('000)	2017 Number ('000)	2016 Number ('000)
Basic weighted average and Diluted weighted average number of shares including effects of right issue.	2,030,740	1,746,911	2,030,740	1,746,911
Absolute number of shares (Note 27)	2,598,396	1,718,750	2,598,396	1,718,750

The company undertook a right issue of 1.7 billion at N3.00 per share on the basis of one new ordinary share for every one ordinary share. This was approved by Securities and Exchange Commission (SEC) on August 14, 2017. Consequently, additional 879.6 million ordinary shares were issued and listed on NSE platform.

b. Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The group has no dilutive instruments.

13. Property, plant and equipment

The Group

Cost	Leasehold land and buildings N'000	Motor vehicles N'000	Plant and Machinery N'000	Furniture & Fittings N'000	Computer Equipment N'000	Total N'000
At 1 January 2016	14,501,790	305,793	871,537	1,512,948	126,601	17,318,669
Reclassification	-	-	2,604	-	-	2,604
Addition	13,348	26,350	38,856	2,005	5,445	86,004
Disposals	-	(77,045)	(102,236)	-	(867)	(180,147)
At 31 December 2016	14,515,138	255,098	810,762	1,514,953	131,179	17,227,129
At 1 January 2017	14,515,138	255,098	810,762	1,514,953	131,179	17,227,129
Addition	-	-	24,123	1,541	935	26,598
Disposals	-	(10,023)	(11,188)	(2,668)	(4,164)	(28,043)
Assets held for sale	(14,515,138)	(72,506)	(683,765)	(1,456,848)	(70,892)	(16,799,150)
At 31 December 2017	-	172,568	139,932	56,977	57,057	426,534

Accumulated depreciation and impairment

At 1 January 2016	2,291,562	220,761	789,515	1,276,039	113,522	4,691,398
Charge for the period	274,299	40,651	14,330	18,352	6,413	354,046
Impairment charge	-	-	-	-	-	-
Disposals	-	(63,758)	-	-	(800)	(64,558)
At 31 December 2016	2,565,861	197,654	803,845	1,294,391	119,135	4,980,886
At 1 January 2017	2,565,861	197,654	803,845	1,294,391	119,135	4,980,886
Charge for the period	-	12,734	16,365	4,757	3,002	36,857
Impairment charge	-	-	-	-	-	-
Disposals	-	(10,023)	(10,069)	(2,439)	(4,164)	(26,695)
Assets held for sale	(2,565,861)	(52,598)	(708,716)	(1,247,090)	(66,312)	(4,640,577)
At 31 December 2017	-	147,766	101,425	49,619	51,660	350,470

Net book values

At 31 December 2017	-	24,802	38,507	7,358	5,397	76,063
At 31 December 2016	11,949,277	57,444	6,917	220,561	12,044	12,246,244

The Company

Cost	Motor vehicles N'000	Plant and Machinery N'000	Furniture & Fittings N'000	Computer Equipment N'000	Total N'000
At 1 January 2016	230,141	113,868	55,835	58,068	457,913
Additions	26,350	13,129	1,900	3,086	44,465
Disposals	(73,900)	-	-	(867)	(74,767)
At 31 December 2016	182,591	126,997	57,735	60,288	427,611
At 1 January 2017	182,591	126,997	57,735	60,287	427,611
Additions	-	24,123	1,541	935	26,598
Disposals	(10,023)	(11,188)	(2,668)	(4,164)	(28,043)
At 31 December 2017	172,568	139,932	56,608	57,058	426,165

Accumulated depreciation and impairment

At 1 January 2016	177,493	83,422	43,125	49,268	353,306
Charge for the period	31,321	11,707	4,176	4,355	51,559
Impairment charge					-
Disposals	(63,758)	-	-	(800)	(64,558)
At 31 December 2016	145,056	95,129	47,301	52,823	340,307
At 1 January 2017	145,056	95,129	47,301	52,823	340,307
Charge for the period	12,734	16,365	4,757	3,002	36,857
Impairment charge					-
Disposals	(10,023)	(10,069)	(2,439)	(4,164)	(26,695)
At 31 December 2017	147,766	101,425	49,619	51,660	350,468

Net book values

At 31 December 2017	24,802	38,507	6,989	5,398	75,694
At 31 December 2016	37,536	31,868	10,434	7,464	87,304

No Property, Plant and Equipment was pledged as security for any liability as at 31 December 2017 (2016: Nil).

14. Intangible assets

Cost	The Group	The Company
	Software N'000	Software N'000
At 1 January 2016	315,603	276,048
Additions	3,306	3,306
At 31 December 2016	318,909	279,354
At 1 January 2017	318,909	279,354
Additions	6,010	6,010
Assets held for sale	(39,555)	-
At 31 December 2017	285,364	285,364

Accumulated amortisation

At 1 January 2016	255,794	223,542
Amortisation for the year	11,713	9,425
At 31 December 2016	267,507	232,967
At 1 January 2017	267,507	232,967
Amortisation for the period	14,503	14,503
Assets held for sale	(34,540)	-
At 31 December 2017	247,470	247,470

Net book values

At 31 December 2017	37,894	37,894
At 31 December 2016	51,403	46,387

No intangible asset was pledged as security for any liability as at 31 December 2017 (2016: Nil)

15. Investment properties

Fair value	The Group			The Company		
	Freehold building N'000	Leasehold building N'000	Total investment properties N'000	Freehold building N'000	Leasehold building N'000	Total investment properties N'000
At 1 January 2016	471,138	16,395,877	16,867,015	471,138	16,395,877	16,867,015
Additions	-	15,539	15,539	-	15,539	15,539
Reclassification	(23,588)	23,588	-	(23,588)	23,588	-
Reclassification from property stocks held as inventories (Note 20)	-	312,845	312,845	-	312,845	312,845
Disposals	-	(2,050,050)	(2,050,050)	-	(2,050,050)	(2,050,050)
Net gain from fair value adjustments on investment properties	(6,500)	1,515,470	1,508,970	(6,500)	1,515,470	1,508,970
At 31 December 2016	441,050	16,213,270	16,654,320	441,050	16,213,270	16,654,320
At 1 January 2017	441,050	16,213,270	16,654,320	441,050	16,213,270	16,654,320
Additions	1,286	15,819	17,104	1,286	15,819	17,104
Disposals	-	(6,101,095)	(6,101,095)	-	(6,101,095)	(6,101,095)
Net loss from fair value adjustments on investment properties	(19,336)	(127,319)	(146,654)	(19,336)	(127,319)	(146,654)
At 31 December 2017	423,000	10,000,675	10,423,675	423,000	10,000,675	10,423,675

Schedule of net gain/ (loss) on disposal	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Sales Proceed	8,051,572	2,782,422	8,051,572	2,782,422
Carrying value of investment properties	(6,101,095)	(2,050,050)	(6,101,095)	(2,050,050)
	1,950,477	732,372	1,950,477	732,372

Thirteen (13) properties in Lagos and Ibadan valued at N6.1billion were disposed during the period for a net sales proceed of N8.05billion.

	The Group			The Company		
	Freehold building N'000	Leasehold building N'000	Total investment properties N'000	Freehold building N'000	Leasehold building N'000	Total investment properties N'000
At 31 December 2017						
Level 1	-	-	-	-	-	-
Level 2	-	-	-	-	-	-
Level 3	423,000	10,000,675	10,423,675	423,000	10,000,675	10,423,675
	423,000	10,000,675	10,423,675	423,000	10,000,675	10,423,675

	The Group			The Company		
	Freehold building N'000	Leasehold building N'000	Total investment properties N'000	Freehold building N'000	Leasehold building N'000	Total investment properties N'000
At 31 December 2016						
Level 1	-	-	-	-	-	-
Level 2	-	-	-	-	-	-
Level 3	441,050	16,213,270	16,654,320	441,050	16,213,270	16,654,320
	441,050	16,213,270	16,654,320	441,050	16,213,270	16,654,320

The table above analyses investment properties carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

Significant unobservable valuation input:

Price per square metre N20,000.00 - N85,000.00

Significant increases/ (decreases) in estimated price per square meter in isolation would result in significantly higher/ (lower) fair value.

The Group's investment properties were revalued at 31 December 2017 by an independent professionally qualified valuers (Messrs Steve Akhigbemidu & Co.) who hold recognised relevant professional qualifications and have relevant experience in the locations and categories of the investment properties valued.

Frequency of valuation

The fair valuation is carried out annually.

Basis of valuation

The determination of fair market values for the investment properties was based on a combination of methods including Investment/ Income Capitalisation, Direct Market Comparison and Depreciated Replacement Cost methods of valuation on the assumption of continuity in their existing uses.

The fair market values are the estimated amounts for which assets should exchange on the valuation date between a willing buyer and a willing seller at arm's length transaction after proper marketing wherein parties had each acted knowledgeably, prudently and without compulsion.

The choice of valuation method was guided by these factors:

- i. Purpose of the valuation;
- ii. Types and current states of the properties;
- iii. Availability of information on recent sale or lease transactions.

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Rental income derived from investment properties	487,727	542,960	487,727	542,960
Direct operating expenses that generated the rental income	(78,817)	(64,058)	(78,817)	(64,058)
Profit arising from investment properties	408,909	478,902	408,909	478,902

16. Investments in associates and equity accounted joint ventures

The amounts recognised in the balance sheet are as follows:

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Associate	18,918,826	19,214,990	16,489,153	16,489,153
Joint ventures	190,795	481,289	307,823	308,033
	19,109,621	19,696,279	16,796,976	16,797,186

16 (i). Investments in Associate

Set out below is the associate of the group as at 31 December 2017. The associate as listed below have share capital consisting solely of ordinary shares, which are directly held by the group. The country of incorporation or registration is also their principal place of business.

Nature of investment in associate:

	Country of incorporation	2017 N'000	2016 N'000	2017 % ownership	2016 % ownership	Measurement method
UPDC REIT	Nigeria	18,918,826	19,214,990	61.5%	61.5%	Equity

The UPDC Real Estate Investment Trust (REIT) is a close-ended real estate investment trust which is listed on the Nigerian Stock Exchange. As at 31 December 2017, the fair value of each unit holders' contribution in UPDC REIT is N10.

The movement in the investment in associates during the year is stated below:

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
At 1 January	19,214,990	19,109,799	16,489,153	16,489,153
Share of profit	829,385	1,160,660	-	-
Dividend received	(1,125,550)	(1,055,469)	-	-
At 31 December	18,918,826	19,214,990	16,489,153	16,489,153

Share of profit of associate:

UPDC diversified its portfolio in 2013 through the floating of the UPDC Real Estate Investment Trust (REIT) at a capital value of N26.7 billion listed on the Nigerian Stock Exchange (NSE) on 1 July, 2013. The REIT is a property fund backed by five (5) major investment properties located in Lagos, Abuja and Aba. The REIT's income comprises of rental income from the property assets and interest earned from short term investments in money market instruments and other real estate related assets. UPDC held 61.5% of the fund at 31 December 2017. The share of profit recognised in the group financial statements relates to UPDC's share of the REIT's profit, after adjusting for revaluation gain on investment properties for the year ended December 2017.

The revaluation gain is not distributable until the affected investment properties are disposed

16 (ii). Investments in Joint Ventures

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
UPDC Metro City Limited	-	-	-	-
First Festival Mall Limited	117,189	407,683	234,217	234,427
Transit Village Dev. Co. Ltd	73,606	73,606	73,606	73,606
	190,795	481,289	307,823	308,033

The movement in the investment in joint ventures during the year is stated below:

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
At 1 January 2017	481,289	2,088,068	308,033	2,088,068
Share of (loss)/ profit of First Festival Mall Limited	(290,283)	173,256	-	-
Impairment of investment in First Festival Mall Limited	(210)	-	(210)	-
Impairment of investment in UPDC Metro City Limited	-	(244,170)	-	(244,170)
Derecognition of investment in James Pinnock	-	(1,535,865)	-	(1,535,865)
At 31 December 2017	190,795	481,289	307,823	308,033

First Festival Mall reported a loss after tax of N645 million for the year ended December 2017. The share of the Group of this based on 45% share holding is N290 million.

Impairment of N210,000.00 in First Festival Mall is in respect of the reconciliation of the JVs' net asset and the carrying value in UPDC.

The unrecognised share of loss/profit from other Joint Ventures are:	N'000
First Restoration Dev. Coy Limited	(189,704)
Pinnacle Apartment Dev. Limited	127,418
Calabar Golf Estate Limited	(77,573)
UPDC Metro City Ltd	(1,490,669)

Nature of investment in Joint ventures:

Name	Project	Country of incorporation	Nature of relationship	Measurement method	% Interest held
First Festival Mall limited	Festival Mall	Nigeria	Joint venture	Equity	45%
First Restoration Dev. Coy Limited	Olive Court	Nigeria	Joint venture	Equity	51%
Pinnacle Apartment Dev. Limited	Pinnacle Apartments	Nigeria	Joint venture	Equity	51%
Calabar Golf Estate Limited	Golf Estate	Nigeria	Joint venture	Equity	51%
UPDC Metro City Ltd	Metrocity	Nigeria	Joint venture	Equity	60%
Transit Village*	Transit Village	Nigeria	Joint venture	Equity	40%

All joint ventures are primarily set up for projects as stated above. The investments in Joint Venture were measured at cost in the separate financial statements.

* Transit Village JV was not operational as at year end. The company's investment represents the seed capital contributed towards acquiring the land for the project.

Set out below are the summarised financial information for the associate and joint ventures accounted for using the equity method.

Name	Non Current Asset	Current Asset	Non-Current Liabilities	Current Liabilities	Cash & Cash Equivalent	Net Asset	Carrying value
31 December 2017							
First Festival Mall	11,871,196	702,170	11,068,487	1,244,458	(9,539)	260,421	117,189
First Restoration Dev. Coy Limited	-	597,203	-	969,172	(829)	(371,969)	-
Pinnacle Apartment Dev. Limited	-	1,346,571	690,776	405,956	(732)	249,840	-
Calabar Golf Estate Limited	-	1,220,665	1,311,563	61,205	-	(152,103)	-
UPDC Metro City Ltd	1,841,990	1,821,160	2,306,044	3,841,554	63,279	(2,484,448)	-
Transit Village	184,015	-	-	-	-	184,015	73,606
UPDC REIT	24,411,875	6,644,132	-	293,688	-	30,762,318	18,918,826

Name	Revenue	Depreciation	Interest Income	Interest Expense	Tax Expense	Profit/ (Loss)
31 December 2017						
First Festival Mall Limited	717,155	29,567	435	1,801,849	-	(645,074)
First Restoration Dev. Coy Limited *	205,200	-	-	31,512	-	(39,867)
Pinnacle Apartments Dev. Limited *	686,875	-	129	254,700	-	(243,778)
Calabar Golf Estate Limited *	77,000	-	-	22,117	-	(21,275)
UPDC Metrocity Ltd	324,580	-	-	86,141	-	(60,395)
UPDC REIT	1,079,881		1,024,608	-	-	1,707,297

Name	Non Current Asset	Current Asset	Non-Current Liabilities	Current Liabilities	Cash & Cash Equivalent	Net Asset	Carrying value
31 December 2016							
First Festival Mall Limited	11,811,778	728,097	10,518,184	1,116,196	242,937	905,962	407,683
First Restoration Dev. Coy Limited	-	787,492	950,331	162,516	8,317	(284,910)	-
Pinnacle Apartment Dev. Limited	-	2,243,746	-	1,868,482	162,918	375,264	-
Calabar Golf Estate Limited	-	1,199,684	-	1,325,837	-	(126,153)	-
Transit Village Dev. Limited	184,015	-	-	-	-	184,015	73,606
UPDC Metro City Ltd	1,867,664	1,771,587	2,306,044	3,315,759	-	(1,982,551)	244,170
UPDC REIT	23,573,230	8,809,531		1,138,875	7,307	31,243,886	19,214,990

Name	Revenue	Depreciation	Interest Income	Interest Expense	Tax Expense	Profit
31 December 2016						
First Festival Mall Limited	645,864	24,026	-	960,744	161,272	385,013
First Restoration Dev. Coy Limited *	235,000	-	-	107,705	-	(164,717)
Pinnacle Apartments Dev. Limited *	1,199,750	-	-	247,647	-	(292,417)
Calabar Golf Estate Limited *	55,000	-	-	121,317	-	(127,153)
UPDC Metrocity Ltd	3,995,500	-	-	-	-	(2,389,500)
UPDC REIT	1,311,245	-	750,272	-	-	1,979,600

Investments in associate and Joint Ventures are measured at cost in the separate financial statements.

The associate and joint venture companies noted above are Special Purpose Vehicles (SPVs) set up between UPDC and other parties (including land owners, private equity firms and other financiers) for real estate development. UPDC has equity contributions in First Festival Mall Limited, UPDC Metro City Limited, James Pinnock JV and Transit Village as designated. The company had no commitment or contingent liabilities to the associate and joint ventures as at December 31, 2017, beyond the equity contributions held and outstanding working capital advances.

UPDC has no direct equity contribution in the Pinnacle Apartments Development Ltd, First Restoration

Development Co. Ltd and Calabar Golf Estate Ltd. These three SPVs have nominal share capital designated for the purpose of profit sharing only. The joint ventures are not equity backed; the land contribution by the JV partners are treated as interest-free loans to the ventures which will be deducted from sales proceeds as part of project development costs and paid back to the partners before profits are shared. The nominal share holding by UPDC and the other parties entitles them only to a share of the net profit which is determinable at the project closure.

With the exception of the associate (UPDC REIT) all the SPV companies are nominal companies and will be wound up once the projects are completed and developed house units are fully sold.

UPDC plans to hold 40% of the REIT for the long term. The surplus stake of 21.5% is to be disposed for cash.

17. Available for sale financial asset

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Investment in UNICO CPFA Limited	10,000	10,000	10,000	10,000

This represents 6.7% holding in the ordinary share capital of UNICO CPFA Limited, a company incorporated and operating in Nigeria.

Investments in unquoted equity is classified as Available for sale instrument and is carried at cost. The fair value cannot be determined as the company is not listed in an active market and there are no reliable data or input to calculate the fair value.

18. Investments in subsidiaries

Principal investments	The Company		% Shareholding	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
<i>UPDC Hotels Limited</i>				
2,082,500,000 Shares of =N=1.00 each	2,082,500	2,082,500	94.70	94.70
<i>Manor Gardens</i>				
53,810,000 Ordinary Shares of =N=1.00 each	53,810	53,810	67.50	67.50
	2,136,310	2,136,310		
Impairment of investments	(2,136,310)	(2,136,310)		
	-	-		

Investments in subsidiaries are measured at cost.

19. Inventories

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Consumption stocks and spares	-	135,867	-	-
Non trade stock	15,814	60,002	15,814	15,305
Properties under construction (note 20)	11,523,469	12,672,132	11,523,469	12,672,132
	11,539,283	12,868,001	11,539,283	12,687,437

All Inventory above are carried at cost at all the periods reported.

20. Properties under construction

Cost/Valuation	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Balance 1 January	12,672,132	12,166,714	12,672,132	12,195,263
Additions	1,282,887	5,021,016	1,282,887	5,021,016
Reclassification as investment properties (Note 15)	-	(312,845)	-	(312,845)
*Other Reclassifications	(355)	-	(355)	-
Sales	(2,348,246)	(2,402,787)	(2,348,246)	(2,402,787)
Other losses from completed projects	-	(1,695,579)	-	(1,695,579)
Provision for Manor Gardens	-	(132,936)	-	(132,936)
Impairment of Vintage Gardens	(82,948)	-	(82,948)	-
Unrealised gain on transfer of asset	-	28,548	-	-
Balance 31 December	11,523,469	12,672,132	11,523,469	12,672,132

* Other Reclassification represents the cost of project undertaken on behalf UACN staff housing scheme which should not form part of the company's properties under construction.

21. Trade and other receivables

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Trade receivables	1,705,023	1,518,227	1,689,192	1,426,338
Less: provision for impairment of trade receivables	(133,254)	(144,136)	(133,254)	(128,507)
Net trade receivables	1,571,769	1,374,092	1,555,938	1,297,831
Receivables from group companies (Note 30)	7,024,575	7,007,840	20,890,466	20,797,941
Other receivables	969,459	903,569	969,459	825,361
Advances to staff	39,938	2,878	39,938	2,878
	9,605,741	9,288,379	23,455,802	22,924,011

Analysis of other receivables

Mobilization payments to contractors	172,038	87,345	172,038	87,345
Prepayments and accrued income	14,566	185,840	14,566	107,632
Sundry debit balances	782,855	630,384	782,855	630,384
	969,459	903,569	969,459	825,361

Movements in the provision for impairment of trade receivables are as follows:

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
At 1 January	128,507	159,858	128,507	159,858
Provision for receivables impairment	4,747	-	4,747	-
Unused amounts reversed	-	(31,351)	-	(31,351)
	133,254	128,507	133,254	128,507

22. Cash and cash equivalents

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Cash at bank and in hand	222,063	89,111	221,667	54,455
Short term investment	637,961	-	637,961	-
	860,025	89,111	859,628	54,455
Less: bank overdrafts (included in borrowings, note 23)	(333,516)	(952,493)	(333,516)	(952,493)
Cash and cash equivalents	526,508	(863,382)	526,112	(898,038)

Offsetting of bank overdraft against cash at bank and in hand is only for the purpose of the statement of cash flow.

23. Borrowings

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Current borrowings				
Bank Overdrafts	333,516	952,493	333,516	952,493
Commercial papers dues within one year (ii)	16,694,216	15,321,974	16,694,216	15,321,974
Loans due within one year (i)	1,596,134	2,333,333	1,596,134	2,333,333
	18,623,866	18,607,800	18,623,866	18,607,800
Non-current borrowings				
Loans due after one year (i)	666,667	4,000,000	666,667	4,000,000
	666,667	4,000,000	666,667	4,000,000
Total borrowings	19,290,533	22,607,800	19,290,533	22,607,800

(i) Loans

The Group	Amount due		Tenor	Repayment terms	Security
	2017 N'000	2016 N'000			
Details of the loan maturities are as follows:					
Guaranty Trust Bank Plc	-	3,000,000		Half yearly	Equitable mortgage
FSDH Merchant Bank Ltd	2,000,000	3,333,333	23 months	Quarterly	
Diamond Bank Plc	262,800	-	6 months	Monthly	
	2,262,800	6,333,333			

* The average interest rate for facilities during the period was 23.5% (2016 was 15.2%).

* The loan from the FSDH Merchant Bank Ltd was priced at average 90 days NIBOR plus 3%, while that of Diamond Bank Plc is at 21% per annum.

* All covenants attached to borrowings have been complied with throughout the period.

* Total borrowing cost of N319 million (2016: N716 million) have been capitalised into projects (Property Under Construction in Inventory) using weighted average rate of 21.8%.

(ii) Commercial papers

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
First Bank of Nigeria Limited	270,500	300,000	270,500	300,000
Commercial Paper	16,423,716	15,021,974	16,423,716	15,021,974
Total Commercial Papers	16,694,216	15,321,974	16,694,216	15,321,974

Of this N16.4 billion Commercial Papers, N9.1 billion was liquidity support provided by FBN Merchant Bank and Coronation Merchant Bank.

(iii) Movement in total borrowing during the year is as follows:

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Balance as at 1 January	22,607,800	22,806,361	22,607,800	22,806,361
Proceeds from borrowings	1,372,242	31,590,163	1,372,242	31,590,163
Repayment of borrowings	(4,070,533)	(31,491,797)	(4,070,533)	(31,491,797)
Repayment of bank overdrafts	(618,977)	(296,927)	(618,977)	(296,927)
Balance as at 31 December	19,290,533	22,607,800	19,290,533	22,607,800

24. Trade and other payables

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Trade payables	3,843,929	1,603,952	3,457,861	1,337,747
Amounts owed to other related parties (Note 30)	3,829,750	9,703,624	3,829,750	9,706,270
	7,673,679	11,307,576	7,287,611	11,044,017
Provision for employee leave	3,293	8,114	3,293	8,114
Other payables	775,508	240,014	775,508	165,257
Accruals	980,209	1,378,559	980,209	650,991
Total	9,432,689	12,934,264	9,046,621	11,868,379

	The Group		The Company	
	2017 Days	2016 Days	2017 Days	2016 Days
Average credit period taken for trade purchases	110	116	118	116

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider the carrying amount of trade and other payables to approximate its fair value due to their short term maturity period and no significant discounts is expected on payments of the obligations.

25. Deferred taxation

The analysis of deferred tax assets and deferred tax liabilities is as follows:

Deferred tax liabilities:

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
– Deferred tax liability to be recovered after more than 12 months	(621,756)	72,537	(621,756)	72,537
– Deferred tax liability to be recovered within 12 months	-	-	-	-
Deferred tax liabilities / (assets)	(621,756)	72,537	(621,756)	72,537

The gross movement on the deferred income tax account is as follows:

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
At 1 January	72,537	483,229	72,537	483,229
Recognised in Profit or Loss	(694,294)	(410,692)	(694,294)	(410,692)
At 31 December	(621,756)	72,537	(621,756)	72,537

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

The Group

	Property, plant and equipment N'000	Investment property N'000	Provisions	Tax losses N'000	Capital gains to be reinvested N'000	Exchange difference	Total
At 1 January 2017	(69,439)	1,273,022	(96,895)	(1,151,605)	116,291	1,166	72,537
Charged/(credited) to the income statement	(6,104)	(256,919)	-	(734,901)	303,630	-	(694,294)
At 31 December 2017	(75,544)	1,016,103	(96,895)	(1,886,505)	419,921	1,166	(621,756)

The Company

	Property, plant and equipment N'000	Investment property N'000	Provisions	Tax losses N'000	Capital gains to be reinvested N'000	Exchange difference	Total
At 1 January 2017	(69,439)	1,273,022	(96,895)	(1,151,605)	116,291	1,166	72,537
Charged/(credited) to the income statement	(6,104)	(256,919)	-	(734,901)	303,630	-	(694,294)
At 31 December 2017	(75,544)	1,016,103	(96,895)	(1,886,505)	419,921	1,166	(621,756)

The Group/ The Company

* The deferred tax credit computation for the year amounted to N1,388,587,730.00, the management has however assessed and concluded that it is probable that sufficient taxable profits will be available to offset 50% of this, hence the decision to utilise 50% of the total tax credit computation, which is N694,293,865.00.

At the reporting date, the Group has N8.8 billion unrelieved tax loss (2016:N3.84 billion) available for offset against future profits.

26. Dividend Payable

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
As at 1 January	307,767	166,334	307,767	166,334
Unclaimed dividend fund received	51,920	141,433	51,920	141,433
At 31 December	359,688	307,767	359,688	307,767

27. Share capital

Group and Company

	2017		2016	
	Units '000	Amount N'000	Units '000	Amount N'000
<i>Authorised:</i>				
Ordinary shares of 50k each	3,500,000	1,750,000	3,500,000	1,750,000
<i>Issued and fully paid:</i>				
Ordinary shares of 50k each	2,598,396	1,299,198	1,718,750	859,375

Movement during the year is as follows:

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Balance as at 1 January	859,375	859,375	859,375	859,375
Right issue during the year	439,823	-	439,823	-
Balance as at 31 December	1,299,198	859,375	1,299,198	859,375

27 (i). Share Premium

Share Premium is the premium on actual price of share issue above the par value of 50 kobo and it is used to take care of bonus issues.

Section 120.2 of Companies and Allied Matters Act requires that where a company issues shares at premium (i.e. above the par value), the value of the premium should be transferred to share premium.

Movement during the year is as follows:

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Balance as at 1 January	3,943,273	3,943,273	3,943,273	3,943,273
Premium on right issue during the year	2,199,114	-	2,199,114	-
Transaction costs on right issue during the year	(76,991)	-	(76,991)	-
Balance as at 31 December	6,065,397	3,943,273	6,065,397	3,943,273

27 (ii). Retained Earnings

Retained Earnings represents accumulated profit over the years.

28. Reconciliation of profit before tax to cash generated from operations

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Profit before tax	(3,057,309)	(1,230,599)	(2,470,861)	(2,016,774)
Adjustment for non cash items:				
Depreciation	36,857	51,559	36,857	51,559
Impairment of investment in UPDC MetroCity Ltd	-	-	-	244,170
Impairment of receivables	453,350	747,907	453,350	1,255,634
(Income)/ Losses on ongoing projects	150,463	1,695,579	150,463	1,695,579
Amortization of intangible asset	14,503	9,425	14,503	9,425
Fair value loss/(gain) on investment properties	146,654	(1,508,970)	146,654	(1,508,970)
(Gain)/ Loss on disposal of investment properties	(1,950,477)	(732,372)	(1,950,477)	(732,372)
(Profit)/ Loss on disposal of property, plant and equipment	(4,146)	821	(4,146)	821
Finance cost	5,556,502	2,825,494	5,556,502	2,825,494
Finance income	(550,761)	(624,993)	(550,761)	(624,993)
Exchange (gain)/ Loss	(317)	(3,885)	(317)	(3,885)
Recovery of excess bank charges	(265,244)	-	(265,244)	-
Rental recognised in the year	(487,727)	(542,960)	(487,727)	(542,960)
Dividend received from UPDC REIT	-	-	(1,125,550)	(1,055,469)
Share of loss of Joint Ventures	290,283	70,913	-	-
Share of profit of UPDC REIT	(829,385)	(1,160,660)	-	-
	(496,753)	(402,740)	(496,753)	(402,740)
Changes in working capital:				
(Increase)/decrease in inventories	1,328,718	(702,826)	1,148,154	(946,838)
Decrease/(increase) in receivables	(317,361)	(1,356,192)	(531,791)	(1,473,137)
Increase/(decrease) in payables	(3,420,489)	897,064	(2,942,526)	1,502,624
Intra-group payable converted to equity in respect of rights issue subscribed by UACN	2,629,688	-	2,629,688	-
Net cash from/(used in) operations	(276,197)	(1,564,693)	(193,228)	(1,320,091)
(Increase)/decrease in inventories	13,713	(33,220)	-	-
Decrease/(increase) in receivables	(56,313)	30,320	-	-
Increase/(decrease) in payables	91,310	170,754	-	-
Cash generated from discontinued operations	48,710	167,854	-	-
Net cash from/(used in) operations	(227,487)	(1,396,839)	(193,228)	(1,320,091)

N2.6 billion of the amount owed to UAC of Nigeria Plc. was converted to equity through the right issue and this was reclassified from amounts owed to other related parties (Note 30) to equity.

29. Deferred revenue

Deferred revenue are rentals received in advance which are recognized in the income statement when earned.

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Within one year	156,823	220,136	156,823	220,136
Greater than one year	3,192	4,600	3,192	4,600
	160,015	224,735	160,015	224,735

The Group as lessor enters into operating leases for its investment properties under non-cancellable basis, as the lessee does not have the power to cancel the contract without the permission of the lessor. The tenure of the lease arrangements vary from 1 year to 2 years. The group as lessor does not have any lease arrangements under finance lease basis it does not typically transfer substantially all the risks and rewards incidental to ownership of leased assets to the lessee. All leased assets under operating leases as classified as Investment Properties and faired valued annually based on the group's accounting policy and in line with the requirements of IAS 40.

The minimum lease payments under non-cancellable operating leases in aggregate is N160 million (N225 million: 2016), of which approximately N157 million (2016: N220 million) is expected within one year and N3 million (2016: N5 million) after one year. The group has not recognised any contingent rents in income for the years ended December 31 2017 and 2016.

Movement in the deferred revenue is as follows:

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Opening balance	224,735	257,121	224,735	257,121
Rental received in the period	423,006	510,574	423,006	510,574
Less amount released to Comprehensive Income	(487,727)	(542,960)	(487,727)	(542,960)
Balance carried forward	160,015	224,735	160,015	224,735

30. Related party transactions

The ultimate parent and controlling party of the company is UAC of Nigeria Plc incorporated in Nigeria. There are other companies that are related to UPDC through common shareholdings.

The following transactions were carried out with related parties:

(a) Sales of goods and services

	Relationship	Nature of transaction	The Group		The Company	
			2017 N'000	2016 N'000	2017 N'000	2016 N'000
UAC of Nigeria Plc	Parent	Property rental, use of hotel facility and fee on management of facilities	88,789	91,799	88,789	81,881
Portland Paints & Products Nig. Plc	Fellow Subsidiary		-	434	-	-
UAC Restaurants Limited	Fellow Subsidiary		-	28,805	-	27,596
Chemical & Allied Products Plc	Fellow Subsidiary		-	4,508	-	-
MDS Logistics Plc	Fellow Subsidiary		14,395	21,030	14,395	17,045
UNICO CPFA Limited	Fellow Subsidiary		-	1,068	-	1,068
Key management personnel	Fellow Subsidiary		-	1,441	-	1,441

(b) Purchases of goods and services

	Relationship	Nature of transaction	The Group		The Company	
			2017 N'000	2016 N'000	2017 N'000	2016 N'000
UAC of Nigeria Plc	Parent	Management fee per service agreement with UAC and direct purchase of products from fellow subsidiaries	37,601	32,392	37,601	32,392
Portland Paints & Products Nig. Plc	Fellow Subsidiary		1,575	15,686	1,575	15,686
Chemical & Allied Products Plc	Fellow Subsidiary		6,442	15,921	6,442	15,921
Warm Spring Waters Nig Limited	Fellow Subsidiary		1,285	900	1,285	900
UPDC Hotels Limited	Subsidiary		-	-	5,956	4,238

(c) Key management compensation

Key management have been determined as directors (executive and non-executive) the Chairman and other senior managements that form part of the leadership team. Details of compensation are documented in note 7.

(d) Period-end balances arising from sales/purchases of goods/services

	Relationship	The Group		The Company	
		2017 N'000	2016 N'000	2017 N'000	2016 N'000
Receivable:					
UPDC Metrocity Limited	Joint Venture	2,417,530	2,525,476	2,417,530	2,525,476
UPDC Hotels Limited	Subsidiary	-	-	13,865,892	13,790,101
First Festival Mall Limited	Joint Venture	2,566,018	2,108,456	2,566,018	2,108,456
First Restoration Dev. Co. Limited	Joint Venture	390,825	646,006	390,825	646,006
Calabar Golf Estate Limited	Joint Venture	538,893	531,159	538,893	531,159
Pinnacle Apartment Development Limited	Joint Venture	98,326	302,456	98,326	302,456
Imani and Sons	JV Partner	843,353	696,660	843,353	696,660
Galaxy Mall Current Account	Joint Venture	73,314	70,809	73,314	70,809
UPDC REIT	Associate	-	5,437	-	5,437
UAC of Nigeria Plc	Parent Company	-	-	-	-
Grand Cereals Limited	Fellow Subsidiary	96,316	96,316	96,316	96,316
UAC Restaurants Limited	Fellow Subsidiary	-	25,065	-	25,065
		7,024,575	7,007,840	20,890,466	20,797,941

(i) Loan to First Festival Mall Limited attracts interest at MPR + 4% per annum and repayable after 2 years of operation.

(ii) Advances to UPDC Hotels Limited are interest free and repayable on demand.

(iii) Loan to First Festival Mall Limited attracts interest at MPR + 4% per annum and repayable after 2 years of operation.

(iv) Galaxy Mall is yet to commence operation, the amount in the current account is for preliminary documentations and approvals.

	Relationship	The Group		The Company	
		2017 N'000	2016 N'000	2017 N'000	2016 N'000
Payable					
UAC of Nigeria Plc.	Parent Company	1,514,745	3,927,162	1,514,745	3,927,162
Chemical and Allied Products Plc	Fellow Subsidiary	1,745	6,705	1,745	6,705
UPDC REIT	Associate	129,082	14,610	129,082	14,610
MDS Logistics Plc	Fellow Subsidiary	580,964	1,279,830	580,964	1,279,830
James Pinnock current account	Joint Venture	1,066,125	3,949,143	1,066,125	3,949,143
Portland Paints and Products Nig. Plc	Fellow Subsidiary	2,237	662	2,237	662
UAC Foods Limited	Fellow Subsidiary	534,689	524,707	534,689	524,707
UAC Restaurants Limited	Fellow Subsidiary	-	765	-	765
Warm Spring Waters Nig. Ltd.	Fellow Subsidiary	147	41	147	41
Spring Waters Nig Ltd.	Fellow Subsidiary	15	-	15	-
UPDC Hotels Limited	Subsidiary	-	-	-	2,646
		3,829,750	9,703,624	3,829,750	9,706,270

All trading balances will be settled in cash.

The Group and the Company's provision for doubtful related party receivables at 31 December 2017 is N428.14 million (2016: N747.91 million) and N453.14 million (2016: N1.26 billion) respectively.

The related party transactions were carried out on commercial terms and conditions.

31. Capital commitments and contingent liabilities

	The Group		The Company	
	2017 N'000	2016 N'000	2017 N'000	2016 N'000
Capital expenditure authorised	6,988,173	13,198,011	6,988,173	13,018,903
Capital expenditure authorised & contracted	1,332,600	5,125,865	1,332,600	5,084,326
	8,320,772	18,323,875	8,320,772	18,103,228

Contingent liabilities

In 2006, the company acquired a parcel of land in Ikoyi from Wema Bank. The property was originally owned by the Federal Ministry of Works and Housing (FMWH). Subsequently, Parkview Estate was developed on the property at a carrying value of N1.5billion.

However, County & City Bricks Limited (CCBL) had taken the Federal Government and UPDC to court claiming that the land was leased to it in 1998 and therefore any subsequent dealing on the portion of land adverse to its interest is null and of no effect.

Judgment was delivered in June 2009 to the effect that there was indeed a contract between the FMWH and CCBL which the Ministry breached and that they were entitled to the parcel of land (including the UPDC acquired area). The court further declared that the certificates of UPDC and other parties to the suits were null and void. CCBL, with the help of police officers, but without a writ of execution from the Court and any bailiff of Court, forcefully took over the premises and ejected UPDC's contractors and workers therefrom.

UPDC appealed the judgment. The counsel (Paul Usoro SAN) opined that UPDC has a high chance of succeeding in its appeal because of inconsistencies in the judgment of the High Court and that the company is a bonafide purchaser of value without notice of any encumbrance on the property before acquiring a legal title.

Steve Akhigbemidu & Co. (Estate Surveyors & Valuers) assessed and valued the property in 2014 - fair market: N1.8billion, forced sale: N1.2billion, following which the directors wrote down the property to its forced sale value of N1.2 billion.

There were other litigations as at the balance sheet date in the ordinary course of business which involved land acquisition, contractual claims and recovery of overdue rents and service charges. In the opinion of the Directors, no material loss is expected to arise from these. However, those evaluated to likely result in loss were provided

32. Management service agreement

The company has a Management Service Agreement with UAC of Nigeria Plc. This agreement provides that the Company pays an annual fee of 1% of its turnover to UACN for services received under the agreement. The services provided include Business Strategy and Financial Advisory, Treasury, Secretarial & Legal, Human Resources Management, Insurance, Pensions & Gratuity Administration, Medical etc. The amount charged in these financial statements is N37.6 million (2016: N32.4 million). This does not include share of James Pinnock sales (Company's joint operation)

33. Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

34. Going Concern

The group and Company made net losses of N2.95 billion (2016: N1.55 billion) and N2.07 billion (2016: N1.78 billion) respectively for the year ended 31 December 2017. Also the group's current liabilities exceeded its current assets by N7.59 billion. These conditions indicate that a material uncertainty exist which may cast significant doubt on the Group and Company's ability to continue as a going concern and therefore may be unable to realise its assets and settle liabilities in the ordinary course of business.

The consolidated and separate financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the Group and Company will continue to receive the support of its parent company, UAC of Nigeria Plc and realization of assets and settlement of liabilities will occur in the ordinary course of the business.

Also, management is making concerted efforts to further sell down inventory and unlock value in other assets to reduce loans and borrowings in order to discharge the Company from the high finance costs. The company's deleveraging strategy yielded positive results in 2017 as there was an improvement in the Group's negative current liabilities from N10.56 billion in 2016 to N7.59 billion in 2017. Also, the group's total assets exceeded total liabilities by N33.64 billion (2016: N34.02) as at reporting date.

35. Subsequent events

There were no material events subsequent to the balance sheet date that has not been accounted for or disclosed in these financial statements.

36. Disposal group held for sale and discontinued operations

UPDC Hotels Ltd.

The Board has decided to sell its investment in UPDC Hotels Limited (UHL). The sale is expected to be completed within a year from the reporting date. Consequently UHL has been classified as a disposal group held for sale and as a discontinued operation in accordance with IFRS 5

Analysis of the results of the discontinued operations is as follows:

	UPDC Hotels Ltd.	
	2017 N'000	2016 N'000
Revenue	1,622,069	1,350,709
Cost of sales	(1,307,137)	(1,245,038)
Gross profit	314,931	105,671
Selling and distribution expenses	(91,604)	(115,530)
Administrative expenses	(525,658)	(565,760)
Other operating income	8,696	48,268
Operating loss	(293,635)	(527,352)
Finance income	-	-
Finance cost	-	(25,173)
Loss before taxation from discontinued operations	(293,635)	(552,525)
Taxation	-	-
Loss for the year from discontinued operations	(293,635)	(552,525)

Analysis of the results of the disposal group held for sale and distribution to owners is as follows:

	UPDC Hotels Ltd.	
	31 Dec. 2017 N'000	31 Dec. 2016 N'000
Assets		
Non-current assets:		
Property, plant and equipment	11,814,513	12,158,573
Intangible assets	5,335	5,016
	11,819,848	12,163,590
Current assets:		
Inventories	166,850	180,564
Trade and other receivables	189,861	154,516
Cash and short-term deposits	117,447	34,259
Assets of disposal group classified as held for sale/ distribution to owners	474,158	369,338
Total	12,294,007	12,532,928
Liabilities		
Current liabilities		
Trade and other payables	674,617	692,797
Liabilities of disposal group classified as held for sale/ distribution to owners	674,617	692,797

UPDC Hotels owe UPDC Plc N13.8 billion, this amount was treated as intragroup transaction on consolidation.

Cashflows from discontinued operations:

The net cash flows incurred by UPDC Hotels Ltd. are as follows:

	2017 N'000	2016 N'000
Operating	145,875	(23,618)
Investing	(22,176)	32,361
Financing	(41,396)	(25,173)
Net cash (outflows)/inflows	82,303	(16,430)

STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 DECEMBER 2017

	The Group				The Company			
	2017 N'Million	%	2016 N'Million	%	2017 N'Million	%	2016 N'Million	%
Sale of properties, rents and services	3,983.1		4,994.1		3,983.1		4,994.1	
Bought in materials and services (All local)	(1,276.4)		(3,474.5)		396.3		3,708.2	
Value Added	2,706.7	100.0	1,519.6	100.0	3,586.8	100.0	1,286.0	100.0
Distribution:								
Employees	449.8	16.6	416.3	27	449.8	12.5	416.3	32
Company Taxes	291.0	10.8	177.6	12	291.0	8.1	177.6	14
Interest charges	5,556.5	205.3	2,825.5	186	5,556.5	154.9	2,825.5	220
Dividend	-	-	-	0	-	-	-	0
Depreciation	51.4	1.9	61.0	4	51.4	1.4	61.0	5
Transfer to non-controlling interests	(15.6)	(0.6)	(29.3)	(2)	-	-	-	0
Retained Profit/ (Loss)	(2,932.1)	(108.3)	(1,520.8)	(100)	(2,067.6)	(57.6)	(1,783.7)	(139)
Deferred tax	(694.3)	(25.7)	(410.7)	(27)	(694.3)	(19.4)	(410.7)	(32)
	2,706.7	100.0	1,519.6	100.0	3,586.8	100.0	1,286.0	100.0

Value added represents the additional wealth which the group has been able to create by its own and its employees efforts. This statement shows the allocation of that wealth to employees, government, providers of capital and the amount retained for the future creations of more wealth.

GROUP FIVE -YEAR FINANCIAL SUMMARY**Statement of financial position as at 31 December**

	2017 N'000	2016 N'000	2015 N'000	2014 N'000	2013 N'000
Liabilities					
Non-current liabilities	1,344,476	4,077,137	6,898,220	8,685,975	6,460,497
Current liabilities	29,595,163	32,802,486	29,488,179	23,348,880	26,664,943
Total liabilities	30,939,639	36,879,623	36,386,399	32,034,855	33,125,440
Ordinary share capital	1,299,198	859,375	859,375	859,375	687,500
Share premium	6,065,397	3,943,273	3,943,273	3,943,273	4,115,148
Revenue reserve	26,439,679	29,371,754	30,892,525	31,330,132	28,691,018
Shareholders' funds	33,804,273	34,174,401	35,695,172	36,132,780	33,493,666
Non-controlling interest	(165,849)	(150,287)	(121,003)	(80,013)	(67,393)
Total equity	33,638,424	34,024,115	35,574,169	36,052,767	33,426,273
Net equity and liabilities	64,578,064	70,903,737	71,960,567	68,087,621	66,551,713
PPE & Investment properties	10,537,632	28,951,966	29,557,700	29,988,381	30,292,328
Long term Investments	32,035,384	19,706,279	21,207,867	19,100,575	17,991,241
Current assets	22,005,048	22,245,490	21,195,000	18,998,665	18,268,144
Total assets	64,578,064	70,903,737	71,960,567	68,087,621	66,551,713
Comprehensive income					
Revenue	3,983,078	6,344,822	5,113,887	11,700,506	11,298,899
Profit before taxation	(2,628,959)	(1,783,124)	55,851	3,540,525	3,707,533
Taxation	403,306	233,069	324,926	48,552	(552,114)
Profit after taxation	(2,225,653)	(1,550,055)	380,778	3,589,077	3,155,419
Non-controlling Interest	(15,563)	(29,284)	(40,990)	(12,620)	(38,369)
Earnings per share for profit attributable to the equity holders of the group	(2,932,076)	(1,520,771)	421,767	3,601,697	3,193,788
Proposed dividend	-	-	-	(859,375)	(962,500)
Retained profit	(2,932,076)	(1,520,771)	421,767	2,742,322	2,231,288
Basic Earnings per share (kobo)	(130)	(88)	25	210	232
Dividend per share (kobo)	-	-	-	50	70
Net assets per share (Naira)	12.9	19.8	20.7	21.0	24.3

Note :

The earnings, dividends and net assets per share of 50 kobo are computed respectively on the profit after taxation, proposed dividends and the shareholders' funds each on the basis of the number of shares in issue as at 31st December.

UPDC Unclaimed Dividends As At December 31, 2017

S/N	DATE OF PAYMENT	DIVIDEND NUMBER	AMOUNT OF DIVIDEND DECLARED	TOTAL DIVIDEND PAID TILL DATE	UNPAID DIVIDEND [UNCLAIMED DIVIDEND] - Returned to Company
1	31 May 2004	6	405,000,000.00	394,561,276.85	307,767,453.80
2	23 May 2005	7	180,000,000.00	179,850,572.35	
3	29 May 2006	8	247,500,000.00	239,412,421.63	
4	29 May 2007	9	346,499,999.00	338,365,586.14	
5	13 May 2008	10	485,099,998.67	478,884,214.02	
6	12 May 2009	11	742,499,997.97	718,372,740.86	
7	15 Jun 2010	12	494,999,998.68	485,357,856.27	
8	07 Jun 2011	13	680,624,998.02	669,676,906.42	
9	16 May 2012	14	804,375,000.00	798,651,442.60	
10	21 Jun 2013	15	866,249,997.48	851,453,496.91	
11	06 May 2014	16	1,058,303,561.06	905,664,476.76	
12	02 Sep 2015	17	859,374,997.50	796,544,343.81	

Range Analysis As At December 31, 2017

According to Register of Members, UAC of Nigeria Plc and FBN Trustees Limited with 64% and 6% respectively are the only shareholders with 5% and above shares in the Company as at 31st December 2017

Range	No. of Holders	Holders %	Holders Cum.	Units	Units %	Units Cum.	
1	-	5,000	21,046	76%	21,046	36,053,566	1%
5,001	-	10,000	3,128	11%	24,174	21,965,925	1%
10,001	-	50,000	2,713	10%	26,887	58,512,064	2%
50,001	-	100,000	478	2%	27,365	34,142,907	1%
100,001	-	500,000	353	1%	27,718	73,528,963	3%
500,001	-	1,000,000	54	0%	27,772	40,186,366	2%
1,000,001	-	10,000,000	59	0%	27,831	165,789,140	6%
10,000,001	-	500,000,000	9	0%	27,840	501,029,360	19%
500,000,001	-	1,000,000,000	1	0%	27,841	1,667,187,500	64%
Grand Total	27,841	100%		2,598,395,791	100%		

SHAREHOLDERS' INFORMATION**Share Capital History**

YEAR	BONUS ISSUE	UNITS	VALUE
1999	Starting Capital	1,000,000,000	500,000,000
2004	1 for 10 bonus issue	1,100,000,000	550,000,000
2005 to 2009	None	1,100,000,000	550,000,000
2010	1 for 4 bonus issue	1,375,000,000	687,500,000
2011 to 2012	None	1,375,000,000	687,500,000
2013	1 for 4 bonus issue	1,718,749,995	859,375,000
2014 to 2016	None	1,718,749,995	859,375,000
2017	1 for 1 Rights Issue (51%)	2,598,395,791	1,299,197,896

Five Year Share Price History

YEAR	LAST TRADING DAY	CLOSING SHARE PRICE	INC/(DEC) OVER PRECEDING YEAR
2013	DECEMBER 31, 2013	19.00	73%
2014	DECEMBER 31, 2014	9.50	(50%)
2015	DECEMBER 31, 2015	6.09	(36%)
2016	DECEMBER 31, 2016	2.62	(57%)
2017	DECEMBER 31, 2017	2.79	7%

Five Year Dividend History

DIVIDEND NUMBER	REPORTING PERIOD	CLOSURE DATE	DIVIDEND PER SHARE	DIVIDEND TOTAL (N)
14	2011 Accounting Year	16th May 2012	0.65	N893,750,000
15	2012 Accounting Year	20th May 2013	0.70	962,500,000
16	2013 Accounting Year	12th May 2014	0.70	962,500,000
17	2014 Accounting Year	7th August 2015	0.50	859,374,998
Nil	2015 Accounting Year	Not Applicable	Nil	Nil
Nil	2016 Accounting Year	Not Applicable	Nil	Nil



FULL DEMATERIALIZATION FORM FOR MIGRATION

INSTRUCTION: Please fill out the form in CAPITAL LETTERS. Section 'B' is applicable only if certificate(s) is/are misplaced, lost or destroyed.

Please credit my account at Central Securities Clearing System (CSCS) with shares from my holdings in _____
 _____ "the company". I recognize this will invalidate any certificate(s) in my possession,
 or which might come into my possession in respect of my total holding(s) in this/this company.

Affix recent
 passport
 photograph

SECTION A:

SHAREHOLDER'S FULL NAMES: _____
Surname First Name Middle Name

ADDRESS: _____

GSM NUMBER: _____ **E-MAIL:** _____

CSCS INVESTOR'S A/C NO.: _____ **CLEARING HOUSE NUMBER(CHN):** C _____

REGISTRAR'S ID NO (RIN): _____

BANK DETAILS FOR DIRECT SETTLEMENT

ACCOUNT NAME: _____ **BANK:** _____

BANK A/C NUMBER: _____ **BVN:** _____ **AGE OF A/C:** _____
Must be NUBAN Must be confirmed by bank Must be confirmed by bank

 Authorized Signature (1)
(and stamp of Stockbroker)

 Authorized Signature (2)
(and stamp of Stockbroker)

 Shareholder's Signature & Date

 Shareholder's Signature & Date (2)
(if applicable)

Thumb Print

CERTIFICATE DETAILS

S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.		
2.		
3.		

S/N	CERTIFICATE NO. (IF ANY)	UNITS
4.		
5.		
6.		

Company Seal

SECTION B: INDEMNITY FOR MISPLACED, LOST OR DESTROYED CERTIFICATE(S)

I hereby request Africa Prudential Plc to credit my account at Central Securities Clearing System (CSCS) with unit of shares not covered in my share certificate(s) details quoted in Section 'A' above. The holdings are registered in my name, and the original shares/stocks certificate(s) has/have been misplaced, lost or destroyed or was never received. I hereby, with the Guarantor whose name hereunder appears, indemnify the said Company and Africa Prudential Plc against all claims and demands, money, losses, damages, costs and expenses which may be brought against, or be paid, incurred or sustained by the said Company and /or Africa Prudential Plc by reason or in consequence of the said certificate(s) having been misplaced, destroyed, lost or in consequence of a transfer being registered without surrender of the certificate(s) or otherwise whatsoever. I further undertake and agree that if the said Certificate(s) shall hereafter be found, to forthwith deliver up to Africa Prudential Plc or their successors or assigns without cost, fee or reward.

CERTIFICATE DETAILS

S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.		
2.		
3.		

S/N	CERTIFICATE NO. (IF ANY)	UNITS
4.		
5.		
6.		

Dated this _____ day of _____ 20____
 Name: _____
 Signature: _____
 Joint (2) (if applicable): _____
 Joint (3) (if applicable): _____

Company Seal

In the Presence of:

Name: _____ GSM NO: _____ Signature: _____

Address: _____

THIS SECTION IS TO BE EXECUTED BY THE SHAREHOLDER'S STOCKBROKER, BANKER OR INSURANCE COMPANY

On behalf of _____ Plc/Ltd, we hereby agree jointly and severally to keep the company and /or the Registrar or other persons acting on their behalf fully indemnified against all actions, proceedings, liabilities, claims, losses, damages, costs and expenses in relation to or arising out of your accepting to re-issue to the rightful owner the shares/stocks, and to pay you on demand, all payments, losses, costs and expenses suffered or incurred by you in consequence thereof or arising therefrom.

Authorised Signatory (1): _____ Authorised Signatory (2): _____

Company Seal





Affix
Current
Passport

Write your name at the back of
your passport photograph

(to be stamped by your banker)
ONLY CLEARING BANKS ARE ACCEPTABLE

E-DIVIDEND MANDATE ACTIVATION FORM

INSTRUCTION
Please complete all section of this form to make it eligible for processing and return to the address below.

The Registrar
Africa Prudential Plc
220B, Ikorodu Road, Palmgrove, Lagos.

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me/us from my/our holdings in all the companies ticked at the right hand column be credited directly to my /our bank detailed below:

Bank Verification Number (BVN):

Bank Name:

Bank Account Number:

Account Opening Date:

SHAREHOLDER ACCOUNT INFORMATION

Surname/Company's Name	First Name	Other Name
<input style="width: 100%; height: 20px;" type="text"/>		
Address		
<input style="width: 100%; height: 20px;" type="text"/>		
City	State	Country
<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>
Previous Address (if any)		
<input style="width: 100%; height: 20px;" type="text"/>		
Clearing House Number (CHN) (if any)	Name of Stockbroking Firm	
<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	
Mobile Telephone 1	Mobile Telephone 2	
<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	
E-mail Address		
<input style="width: 100%; height: 20px;" type="text"/>		
Signature: _____	Signature: _____	Company Seal (if applicable)
Joint/Company's Signatories		

Please tick against the company(ies) where you have shareholdings

CLIENTELE	A/C No
1. AFRICA PRUDENTIAL PLC	<input type="checkbox"/>
2. ABBEY MORTGAGE BANK PLC	<input type="checkbox"/>
3. AFRILAND PROPERTIES PLC	<input type="checkbox"/>
4. ALUMACO PLC	<input type="checkbox"/>
5. A & G INSURANCE PLC	<input type="checkbox"/>
6. A.R.M LIFE PLC	<input type="checkbox"/>
7. ADAMAWA STATE GOVERNMENT BOND	<input type="checkbox"/>
8. BECO PETROLEUM PRODUCTS PLC	<input type="checkbox"/>
9. BUA GROUP	<input type="checkbox"/>
10. BENUE STATE GOVERNMENT BOND	<input type="checkbox"/>
11. CAP PLC	<input type="checkbox"/>
12. CAPP AND D'ALBERTO PLC	<input type="checkbox"/>
13. CEMENT COY. OF NORTHERN NIG. PLC	<input type="checkbox"/>
14. CSCS PLC	<input type="checkbox"/>
15. CHAMPION BREWERIES PLC	<input type="checkbox"/>
16. CWG PLC	<input type="checkbox"/>
17. CORDROS MONEY MARKET FUND	<input type="checkbox"/>
18. EBONYI STATE GOVERNMENT BOND	<input type="checkbox"/>
19. GOLDEN CAPITAL PLC	<input type="checkbox"/>
20. INFINITY TRUST MORTGAGE BANK PLC	<input type="checkbox"/>
21. INVESTMENT & ALLIED ASSURANCE PLC	<input type="checkbox"/>
22. JAIZ BANK PLC	<input type="checkbox"/>
23. KADUNA STATE GOVERNMENT BOND	<input type="checkbox"/>
24. LAGOS BUILDING INVESTMENT CO. PLC	<input type="checkbox"/>
25. MED-VIEW AIRLINE PLC	<input type="checkbox"/>
26. MIXTA REAL ESTATE PLC (formerly ARM Properties Plc)	<input type="checkbox"/>
27. NEXANS KABLEMETAL NIG. PLC	<input type="checkbox"/>
28. OMOLUABI MORTGAGE BANK PLC	<input type="checkbox"/>
29. PERSONAL TRUST & SAVINGS LTD	<input type="checkbox"/>
30. P.S MANDRIDES PLC	<input type="checkbox"/>
31. PORTLAND PAINTS & PRODUCTS NIG. PLC	<input type="checkbox"/>
32. PREMIER BREWERIES PLC	<input type="checkbox"/>
33. RESORT SAVINGS & LOANS PLC	<input type="checkbox"/>
34. ROADS NIGERIA PLC	<input type="checkbox"/>
35. SCOA NIGERIA PLC	<input type="checkbox"/>
36. TRANSCORP HOTELS PLC	<input type="checkbox"/>
37. TRANSCORP PLC	<input type="checkbox"/>
38. TOWER BOND	<input type="checkbox"/>
39. THE LA CASERA CORPORATE BOND	<input type="checkbox"/>
40. UACN PLC	<input type="checkbox"/>
41. UNITED BANK FOR AFRICA PLC	<input type="checkbox"/>
42. UNITED CAPITAL PLC	<input type="checkbox"/>
43. UNITED CAPITAL BALANCED FUND	<input type="checkbox"/>
44. UNITED CAPITAL BOND FUND	<input type="checkbox"/>
45. UNITED CAPITAL EQUITY FUND	<input type="checkbox"/>
46. UNITED CAPITAL MONEY MARKET FUND	<input type="checkbox"/>
47. UNIC DIVERSIFIED HOLDINGS PLC	<input type="checkbox"/>
48. UNIC INSURANCE PLC	<input type="checkbox"/>
49. UAC PROPERTY DEVELOPMENT COMPANY PLC	<input type="checkbox"/>
50. UTC NIGERIA PLC	<input type="checkbox"/>
51. WEST AFRICAN GLASS IND PLC	<input type="checkbox"/>

DISCLAIMER
"In no event shall Africa Prudential Plc be liable for any damages, losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advise us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."

OTHERS: _____





E-SERVICE/DATA UPDATE FORM

KINDLY FILL AND RETURN FORM TO ANY OF OUR OFFICE ADDRESSES STATED BELOW | * = COMPULSORY FIELDS

1. *SURNAME/COMPANY NAME

2. *FIRST NAME 3. OTHER NAME

4. *GENDER M F 5. E-MAIL

6. ALTERNATE E-MAIL 7. *DATE OF BIRTH

8. *MOBILE (1) (2) D D M M Y Y Y Y

9. *ADDRESS

10. OLD ADDRESS (if any)

11. *NATIONALITY 12. *OCCUPATION

13. *NEXT OF KIN NAME MOBILE

14. *MOTHER'S MAIDEN NAME

15. BANK NAME 16. A/C NO.

17. A/C NAME 18. A/C OPENING DATE

19. BANK VERIFICATION NO. (BVN) 20. NAME OF STOCKBROKING FIRM

20. CSCS CLEARING HOUSE NO. (CHN)

Please tick against the company(ies) where you have shareholdings

CLIENTELE	A/C No
1. AFRICA PRUDENTIAL PLC	<input type="checkbox"/>
2. ABBEY MORTGAGE BANK PLC	<input type="checkbox"/>
3. AFRILAND PROPERTIES PLC	<input type="checkbox"/>
4. ALUMACO PLC	<input type="checkbox"/>
5. A & G INSURANCE PLC	<input type="checkbox"/>
6. A.R.M LIFE PLC	<input type="checkbox"/>
7. ADAMAWA STATE GOVERNMENT BOND	<input type="checkbox"/>
8. BECO PETROLEUM PRODUCTS PLC	<input type="checkbox"/>
9. BUA GROUP	<input type="checkbox"/>
10. BENUE STATE GOVERNMENT BOND	<input type="checkbox"/>
11. CAP PLC	<input type="checkbox"/>
12. CAPP AND D'ALBERTO PLC	<input type="checkbox"/>
13. CEMENT COY. OF NORTHERN NIG. PLC	<input type="checkbox"/>
14. CSCS PLC	<input type="checkbox"/>
15. CHAMPION BREWERIES PLC	<input type="checkbox"/>
16. CWG PLC	<input type="checkbox"/>
17. CORDROS MONEY MARKET FUND	<input type="checkbox"/>
18. EBONYI STATE GOVERNMENT BOND	<input type="checkbox"/>
19. GOLDEN CAPITAL PLC	<input type="checkbox"/>
20. INFINITY TRUST MORTGAGE BANK PLC	<input type="checkbox"/>
21. INVESTMENT & ALLIED ASSURANCE PLC	<input type="checkbox"/>
22. JAIZ BANK PLC	<input type="checkbox"/>
23. KADUNA STATE GOVERNMENT BOND	<input type="checkbox"/>
24. LAGOS BUILDING INVESTMENT CO. PLC	<input type="checkbox"/>
25. MED-VIEW AIRLINE PLC	<input type="checkbox"/>
26. MIXTA REAL ESTATE PLC (formerly ARM Properties Plc)	<input type="checkbox"/>
27. NEXANS KABLEMETAL NIG. PLC	<input type="checkbox"/>
28. OMOLUABI MORTGAGE BANK PLC	<input type="checkbox"/>
29. PERSONAL TRUST & SAVINGS LTD	<input type="checkbox"/>
30. P.S MANDRIDES PLC	<input type="checkbox"/>
31. PORTLAND PAINTS & PRODUCTS NIG. PLC	<input type="checkbox"/>
32. PREMIER BREWERIES PLC	<input type="checkbox"/>
33. RESORT SAVINGS & LOANS PLC	<input type="checkbox"/>
34. ROADS NIGERIA PLC	<input type="checkbox"/>
35. \$COA NIGERIA PLC	<input type="checkbox"/>
36. TRANSCORP HOTELS PLC	<input type="checkbox"/>
37. TRANSCORP PLC	<input type="checkbox"/>
38. TOWER BOND	<input type="checkbox"/>
39. THE LA CASERA CORPORATE BOND	<input type="checkbox"/>
40. UACN PLC	<input type="checkbox"/>
41. UNITED BANK FOR AFRICA PLC	<input type="checkbox"/>
42. UNITED CAPITAL PLC	<input type="checkbox"/>
43. UNITED CAPITAL BALANCED FUND	<input type="checkbox"/>
44. UNITED CAPITAL BOND FUND	<input type="checkbox"/>
45. UNITED CAPITAL EQUITY FUND	<input type="checkbox"/>
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47. UNIC DIVERSIFIED HOLDINGS PLC	<input type="checkbox"/>
48. UNIC INSURANCE PLC	<input type="checkbox"/>
49. UAC PROPERTY DEVELOPMENT COMPANY PLC	<input type="checkbox"/>
50. UTC NIGERIA PLC	<input type="checkbox"/>
51. WEST AFRICAN GLASS IND PLC	<input type="checkbox"/>
OTHERS: _____	

DECLARATION

"I hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details."

SIGNATURE _____ SIGNATURE _____
for joint/corporate accounts only

DISCLAIMER
"In no event shall Africa Prudential Plc be liable for any damages, losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advise us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."



e-SHARE REGISTRATION APPLICATION FORM

Dear Registrar,

Please take this as authority to activate my account(s) on your SharePortal where I will be able to view and manage my investment portfolio online with ease.

*** = Compulsory fields**

1. *SURNAME/COMPANY NAME:

2. *FIRST NAME:

3. OTHER NAME:

4. *E-MAIL:

5. ALTERNATE E-MAIL:

6. *MOBILE NO.: 7. SEX: MALE FEMALE

8. ALTERNATE MOBILE NO.:

9. *POSTAL ADDRESS:

10. CSCS CLEARING HOUSE NO.:

11. NAME OF STOCKBROKER:

DECLARATION

"I hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details."

Signature: _____

Signature: _____
for joint/corporate accounts only

DISCLAIMER

"In no event shall Africa Prudential Plc be liable for any damages , losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advice us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."

Please tick against the company(ies) where you have shareholdings

CLIENTELE	A/C No
1. AFRICA PRUDENTIAL PLC	<input type="checkbox"/>
2. ABBEY MORTGAGE BANK PLC	<input type="checkbox"/>
3. AFRILAND PROPERTIES PLC	<input type="checkbox"/>
4. ALUMACO PLC	<input type="checkbox"/>
5. A & G INSURANCE PLC	<input type="checkbox"/>
6. A.R.M LIFE PLC	<input type="checkbox"/>
7. ADAMAWA STATE GOVERNMENT BOND	<input type="checkbox"/>
8. BECO PETROLEUM PRODUCTS PLC	<input type="checkbox"/>
9. BUA GROUP	<input type="checkbox"/>
10. BENUE STATE GOVERNMENT BOND	<input type="checkbox"/>
11. CAP PLC	<input type="checkbox"/>
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14. CSCS PLC	<input type="checkbox"/>
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16. CWG PLC	<input type="checkbox"/>
17. CORDROS MONEY MARKET FUND	<input type="checkbox"/>
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19. GOLDEN CAPITAL PLC	<input type="checkbox"/>
20. INFINITY TRUST MORTGAGE BANK PLC	<input type="checkbox"/>
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26. MIXTA REAL ESTATE PLC <i>(formerly ARM Properties Plc)</i>	<input type="checkbox"/>
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50. UTC NIGERIA PLC	<input type="checkbox"/>
51. WEST AFRICAN GLASS IND PLC	<input type="checkbox"/>

OTHERS: _____

Proxy form

UACN PROPERTY DEVELOPMENT COMPANY PLC

Annual General Meeting to be held at 10.00 a.m. on Tuesday, November 20, 2018 at Golden Tulip Festac Lagos.

I/We

or failing him the Chairman of the Meeting as my/our proxy to vote for me/us on our behalf at the General Meeting of the Company to be held on Tuesday, November 20, 2018 and at every adjournment thereof

Please indicate your wish by placing 'X' in the appropriate square

Signature of member/proxy _____

Dated this _____ day of _____ 2018.

RESOLUTIONS	FOR	AGAINST	ABSTAIN
ORDINARY BUSINESS			
To elect Mr Babatunde Kasali as a Director			
To elect Mr Folasope Aiyesimoju as a Director			
To elect Mrs Awuneba Ajumogobia as a Director			
To re-elect Architect (Mrs) Halima Alao as a Director			
To re-elect Prof. Okon Ansa as a Director			
To Authorize Directors to fix remuneration of the Auditors			
To elect members of the Audit Committee			
SPECIAL BUSINESS			
To approve N1.550m as Directors' remuneration for 2018. The Directors remuneration for 2017 was N1.3m			
To renew the general mandate authorizing the Company to enter into recurrent transactions with related parties or Companies.			

NOTES

1. A member (shareholder) who is unable to attend an Annual General Meeting is allowed by law to attend by proxy. The above form has been prepared to enable you to exercise your vote if you cannot personally attend.
2. Provision has been made on this form for the Chairman of the Meeting to act as your proxy, but if you wish you may insert in the blank space on the form (marked*) the name of any person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf instead of the Chairman of the Meeting.
3. Please sign the above proxy form and post it so as to reach the address shown over leaf not later than 5.00 p.m. on Wednesday 14th November, 2018. If executed by a corporation, the proxy form should be sealed with the Common Seal or signed.
4. The proxy must produce the Admission form sent with the Report and Accounts to obtain entrance to the Meeting.
5. The proxy form should not be completed and sent to the address if the member will be attending the meeting in person.

IF YOU ARE UNABLE TO ATTEND, PLEASE

- a. Write the name of your proxy (if any) where marked.*
- b. Ensure that the form is signed by you and stamped with COMMISSIONER OF STAMP DUTIES.
- c. Tear the proxy form along the perforated lines and post so as to reach the address shown overleaf not later than 48 hours before the time of holding the meeting.

Admission form

UACN PROPERTY DEVELOPMENT COMPANY PLC

Annual General Meeting Admission Card

Please admit

to the Annual General Meeting of UACN PROPERTY DEVELOPMENT COMPANY PLC which will be held at Arthur Mbanefo Hall, Golden Tulip Festac Lagos on Tuesday, November 20, 2018 at 10.00 a.m.

IMPORTANT NOTICE:

- 1. This admission card must be produced by the Shareholder or his proxy in order to obtain entrance to the Annual General Meeting.**
- 2. Shareholders or their proxies are requested to sign the admission card in the appropriate place before attending the Meeting**

FOLAKE KALARO (MRS.)
COMPANY SECRETARY

UACN PROPERTY DEVELOPMENT COMPANY PLC

Annual General Meeting Admission Card

Name and Address of Shareholder

Signature of person attending

SHAREHOLDER _____

PROXY _____

Notes

Notes

