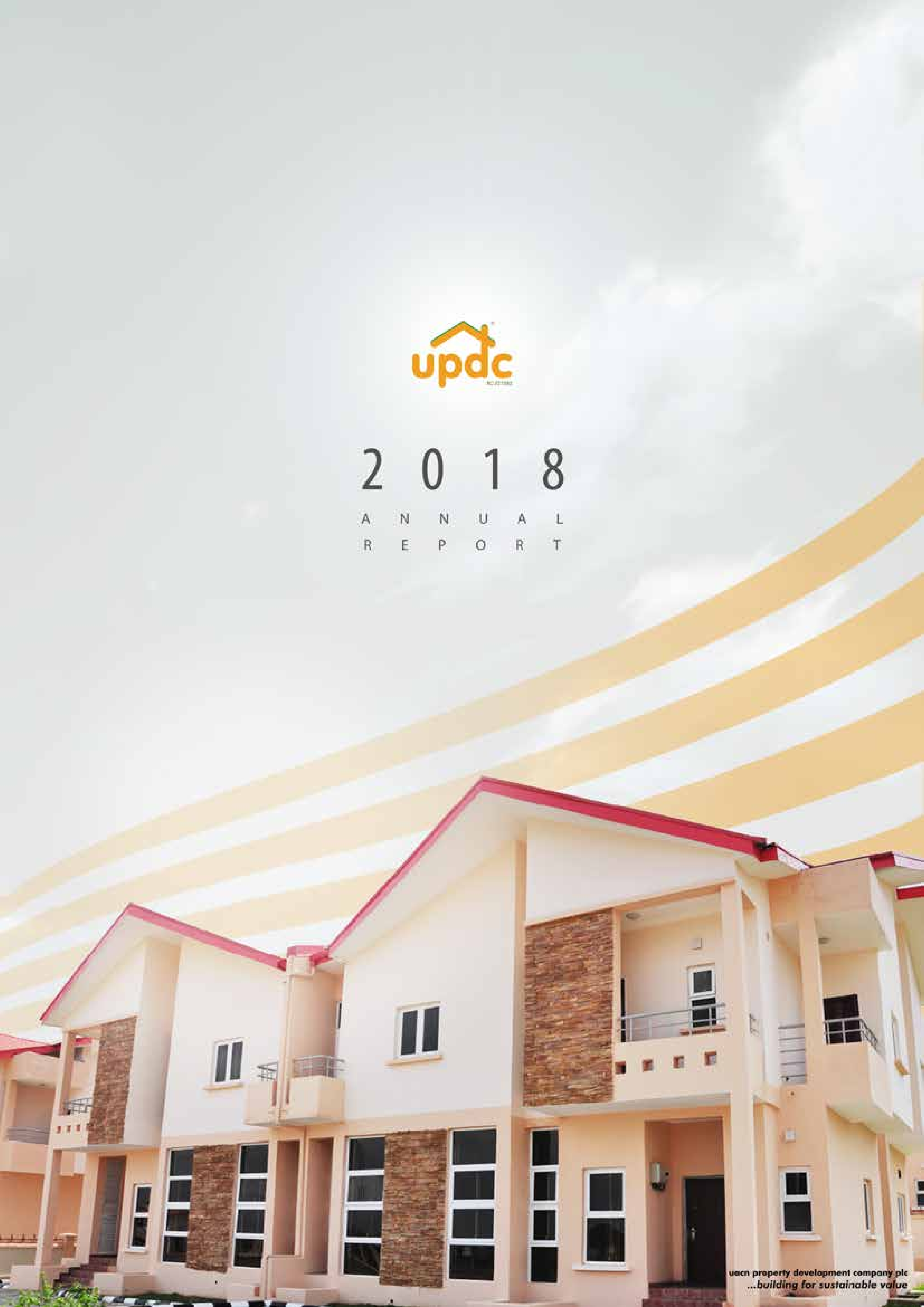


2018 ANNUAL REPORT

uacn property development company plc
...building for sustainable value

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, 2018.

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Members of UACN Property Development Company PLC will be held at Arthur Mbanefo Hall, Golden Tulip Festac Hotel, Amuwo-Odofin, Lagos State on Wednesday July 3, 2019 at 10 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, 2018, 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 To consider and, if thought fit, to pass the following, with or without modification, as a special resolution of the Company:

6.1 That the amount forming the authorised share capital of the Company be, and is hereby increased from N1,750,000,000 to N9,300,000,000 by the creation of 15,100,000,000 ordinary shares of 50 kobo each (the "Additional Shares"), free and clear of any encumbrance.

6.2 That clause 6 of the Memorandum of Association of the Company be amended to reflect the new authorized share capital.

6.3 That the Company Secretary be and is hereby authorized and empowered in the name and on behalf of the Company to take notice, or cause to be taken, all action required to effect the increase and creation of the Additional Shares, including, without limitation, the preparation, execution and filing of all necessary notifications, forms and agreements with, and as required by the Corporate Affairs Commission.

7 To consider and, if thought fit, to pass the following, with or without modification, as a special resolution of the Company:

7.1 that the directors be and are hereby authorised to raise, whether by way of a public offering, rights issue or any other method(s) or combination of method(s) as the Board of Directors may deem fit, additional capital of up to N16,000,000,000 for the Company, through the issuance of shares, convertible or non-convertible securities, loan notes, bonds and or any other instrument(s), whether as a standalone transaction or by way of a programme, in such tranches, series or proportions, at such coupon or interest rates, within such maturity periods, at such dates and time and on such terms and conditions, including through a book building process or other process(es) all of which shall be as determined by the Board of Directors subject to the approval of the relevant regulatory authorities.

7.2 That the Directors of the Company be and are hereby authorized to apply any outstanding convertible loan, shareholder loan or loan facility due to any person from the Company towards payment for any shares subscribed for by such person under the capital raise.

7.3 That any issued shares not taken up by the existing shareholders within the stipulated period be determined by Directors and offered for sale to interested shareholders of the Company.

7.4 That the Board of Directors be and are hereby authorized and empowered to do all things, including without limitation, the appointment of professional advisers, execution of all transaction documents, processing of all regulatory approvals to the issue to give effect to this resolution.

8 To consider and, if thought fit, to pass the following, with or without modification, as a special resolution of the Company:

8.1 that the Company be and is hereby authorised to enter into a related party transaction with UAC of Nigeria PLC ("UACN") (its parent company) and to accept the bridge finance of up to N16,000,000,000.00 (Sixteen Billion Naira) from UACN, the details of which are stated in the Annual Report; and

8.2 that the Management of the Company and the Company Secretary be and are hereby authorised to take all steps to give effect to these resolutions.

9. To 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 21st Day of May, 2019

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 Register of Members and Transfer Books will be closed from Monday, June 17, 2019 to Friday, June 21, 2019 (both dates inclusive) to enable 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.

Right 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 the 18th day of June, 2019.

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.

e-Dividend/Bonus

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 Registrar (Africa Prudential Plc) as soon as possible.

Record of Director's 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, Mr Adekunle Awojobi and Mrs Awuneba Ajumogobia are the Directors retiring by rotation at the meeting and being eligible, offer themselves for re-election. Mrs Folakemi Fadahunsi who was appointed to the Board since the last Annual General Meeting retired at this meeting and will be presented for election.

Exclusion from Voting

Please note that representatives of UACN and all interested persons (the Board of Directors of UACN) shall abstain from exercising any voting rights on Resolution 8, pursuant to The Nigerian Stock Exchange's Rules Governing Transactions with Related Parties and Interested Persons.

Board of Directors, Professional Advisers etc

Board of Directors

Mr Babatunde Kasali	Non-Executive Chairman appointed w.e.f. Aug 6, 2018
Mr Folasope Aiyesimoju	Chief Executive Officer appointed w.e.f. Aug 6, 2018
Mrs Adeniun Folashade Taiwo	Executive Director, Facilities Management appointed wef 2nd January 2019
Mrs Folakemi Fadahunsi	Chief Financial Officer appointed wef March 19, 2019
Mrs Halima Tayo Alao	Non-Executive Director
Prof Okon Asuquo Ansa	Non-Executive Director
Mr Adekunle O Awojobi	Non-Executive Director
Mrs Awuneba Ajumogobia	Independent Non-Executive Director appointed wef Aug 6, 2018
Mr. Larry Ephraim Ettah	Resigned w.e.f. July 23, 2018
Mr Hakeem Bamidele Ogunniran	Resigned w.e.f. 1st May, 2018
Mr. Abdul Akhor Bello	Resigned w.e.f. 31st December 2018

Company Secretary/Legal Adviser
Mrs Afolake Temitope Kalaro

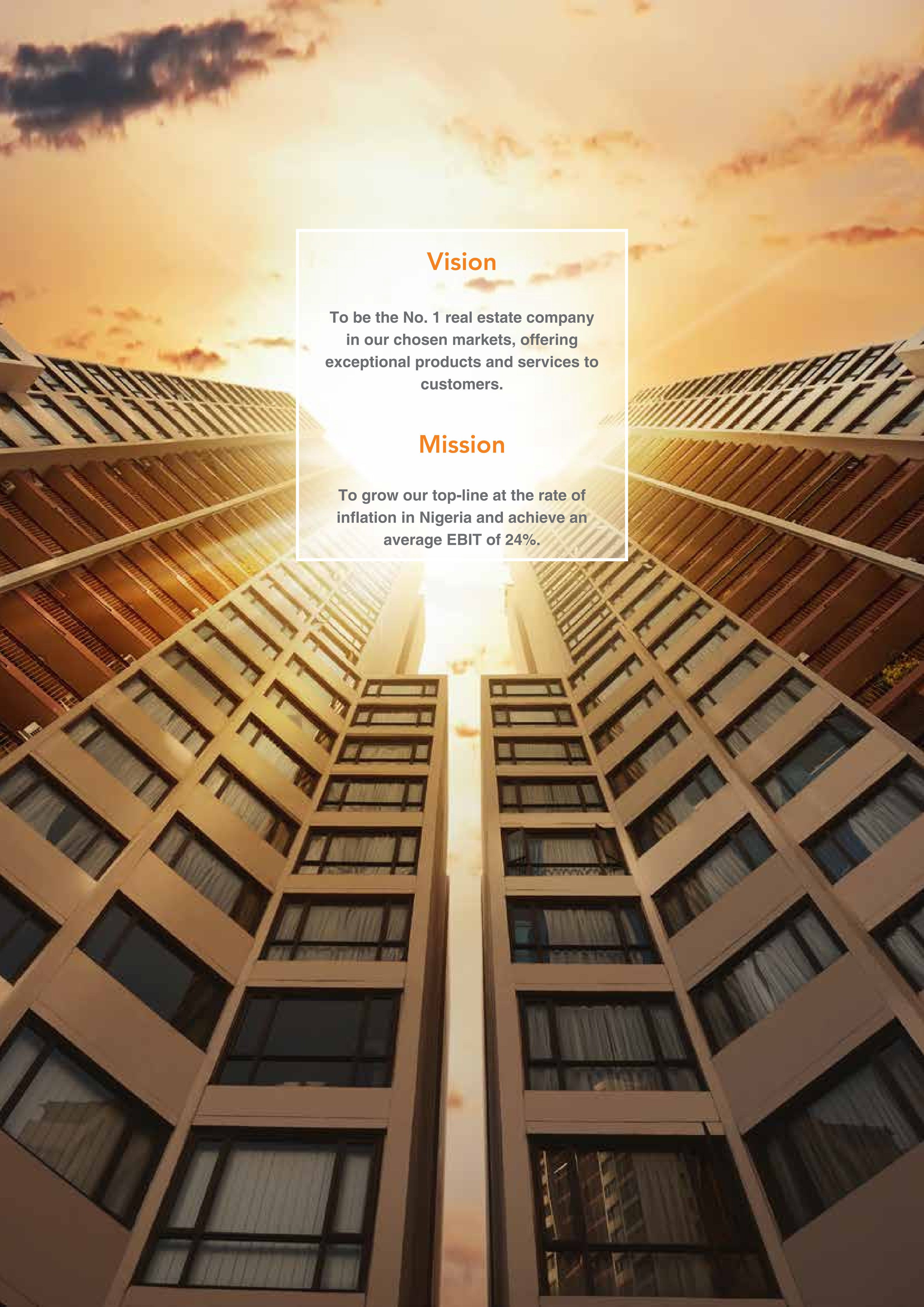
Registered Office and Transfer Office
UAC House, 4th Floor
1-5, Odunlami Street
Marina, Lagos

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

	The Group			The Company		
	2018 N'000	2017 N'000	% Change	2018 N'000	2017 N'000	% Change
Continuing operations						
Revenue from contract with customers	2,303,326	3,983,078	(42)	2,303,326	3,983,078	(42)
Operating (loss)/ profit	(3,145,176)	1,862,680	(269)	(2,320,719)	2,988,230	(178)
Net finance cost	(4,762,891)	(5,030,741)	(5)	(4,737,891)	(5,005,741)	(5)
Share of profit of associates	1,923,492	829,385	132	-	-	-
Share of Loss of Joint Ventures	(117,189)	(290,283)	(60)	-	-	-
Impairment of investment & receivable of related parties	(3,113,201)	(428,350)	627	(9,615,096)	(453,350)	2,021
Loss before taxation	(9,214,965)	(3,057,309)	201	(16,673,706)	(2,470,861)	575
Taxation	(1,723,130)	403,306	(527)	(1,813,256)	403,306	(550)
Loss from discontinued operations	(89,878)	(293,635)	(69)	-	-	-
Impairment of assets of disposal group held for sale and discontinued operations	(4,029,237)	-				
Loss for the year	(15,057,210)	(2,947,638)	411	(18,486,962)	(2,067,555)	794
Total comprehensive Loss for the year	(15,049,481)	(2,947,638)	411	(18,479,233)	(2,067,555)	794
Total Equity	18,054,907	33,638,424	(46)	14,718,190	33,941,755	(57)
Total equity and liabilities	46,466,889	64,578,064	(28)	41,963,690	63,820,708	(34)
Cash and Cash equivalents	507,462	860,025	(41)	507,066	859,628	(41)
Earnings per share (kobo) - Basic	(576)	(130)				
NSE quotation as at December 31 (kobo)	191	279		191	279	
Number of shares in issue ('000)	2,598,396	2,598,396		2,598,396	2,598,396	
Market capitalisation as at December 31 (N'000)	4,962,936	7,249,525		4,962,936	7,249,525	



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 a leader in the acquisition, development, sales and management of high grade commercial, retail and residential properties in Nigeria.

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 has created a large, diverse portfolio of real estate assets, adopting a client-focused approach to building design and development. UPDC is committed to creating comfortable living and working environments in Nigeria's key commercial centers. Our portfolio includes assets in Lagos, Abuja, Port-Harcourt, Ibadan, Calabar and Asaba.

UPDC is committed to managing its short to long term environmental responsibilities towards both the communities in which it operates and towards future generations.

Board of Directors

MR BABATUNDE KASALI 65
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 includes 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 is also the Non-Executive Chairman of Wema Bank Plc. He became the Non-Executive Chairman of the Company on 6th August 2018.

MR FOLA AIYESIMOJU 38

CHIEF EXECUTIVE OFFICER

Mr. Aiyesimoju is a finance professional with experience spanning corporate finance, principal investing and private equity. Over the course of his career he has lived and worked in Sub-Saharan Africa's most important economies, gaining experience of the operating landscape in the region. 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. His experience also includes working with the Standard Bank Group, where he led mergers and acquisitions in Nigeria. Fola spent the early part of his career with Ocean and Oil Holdings Limited, a principal investment firm in Nigeria and ARM Investment Managers, one of Nigeria's leading investment advisory and wealth management firms. He co-founded Foodpro Limited, a nutritional snacks business focused on edible nuts, where he currently serves as a non-executive director. He joined the Board of UAC of Nigeria Plc in March 2018. He was appointed the Chief Executive Officer of the Company on 6th August 2018.

MRS ADENIUN FOLASHADE TAIWO 44

ED, FACILITIES MANAGEMENT

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 is an alumna of Ashridge Business School. She was appointed Head, Financial Services of UAC of Nigeria Plc in August 2012 and subsequently, as Finance Director, UACN Property Development Company Plc in April 2016. She was also appointed the Ag Managing Director of the Company with effect from 1st May 2018 and became the Chief Operating Officer of the Company on 6th August 2018. She is now the Executive Director, Facilities Management.

MRS FOLAKEMI FADAHUNSI 40

CHIEF FINANCIAL OFFICER

Mrs. Fadahunsi is a Transformation Expert, with experience transforming the Finance Functions of various companies, including companies in the Real Estate Sector. She has over 18 years' experience working with various companies including Arthur Andersen (now KPMG Professional Services), Honeywell Group and Pricewaterhousecoopers. Her experience cuts across Consumer Markets, Telecommunications and the Public sector.

Mrs. Fadahunsi has a Bachelor of Science Degree in Engineering Physics from Obafemi Awolowo University, Ile-Ife and a Masters of Business Administration from Manchester Business School, Manchester, UK. She is a Fellow of the Institute of Chartered Accountants of Nigeria. She is the Chief Financial Officer of the Company and was appointed to the Board of the Company on 19th March 2019.

ARCHITECT (MRS) HALIMA TAYO ALAO 62

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 alumnus 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 on 13th January 2010 as a Non-Executive Director. She is a member of the Statutory Audit Committee and the Risk & Governance Committee.

MR ADEKUNLE OLAKITAN AWOJOBI 52

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. He is the Chairman of the Statutory Audit Committee and a member of the Risk & Governance Committee.

PROFESSOR OKON ASUQUO ANSA 67

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. He is a member of the Statutory Audit Committee and the Risk & Governance Committee.

MRS AWUNEBA AJUMOGOBIA 60

Mrs Ajumogobia is a fellow of the Institute of Chartered Accountants of Nigeria and graduated from the University of Ibadan with a degree in Economics. She has acquired broad professional experience over three decades in the provision of assurance, taxation, finance and advisory services across several industries. She worked at the professional service firms of Peat Marwick, Deloitte and Accenture.

Awuneba serves on the Board and Risk Management Committee of UPDC PLC. She also sits on the Board of UAC of Nigeria PLC and is the Chairman of the Board Risk Management Committee, as well as a member of the Statutory Audit Committee, in addition to the boards of a number of private companies including her current role as Executive Director of Multistream Energy Limited.

Awuneba gives her time to a number of research, educational and social projects which include her membership of the Board of University of Ibadan Research Foundation, Finance Committee of Musical Society of Nigeria (MUSON), role as chairperson of the Governing Council of Grange School, Lagos and is on the Executive Council of WIMBIZ (Women in Management, Business and Public Service).

Mrs. Ajumogobia remains committed to personal professional development in Private Equity, Finance, Risk Management, Financial Journalism, the Education Sector and Leadership at local and global programmes including Harvard Business School, London Business School, IMD, Bloomberg Media Initiative and Lagos Business School.

She was appointed a non-executive director of the Company on 6th August 2018.

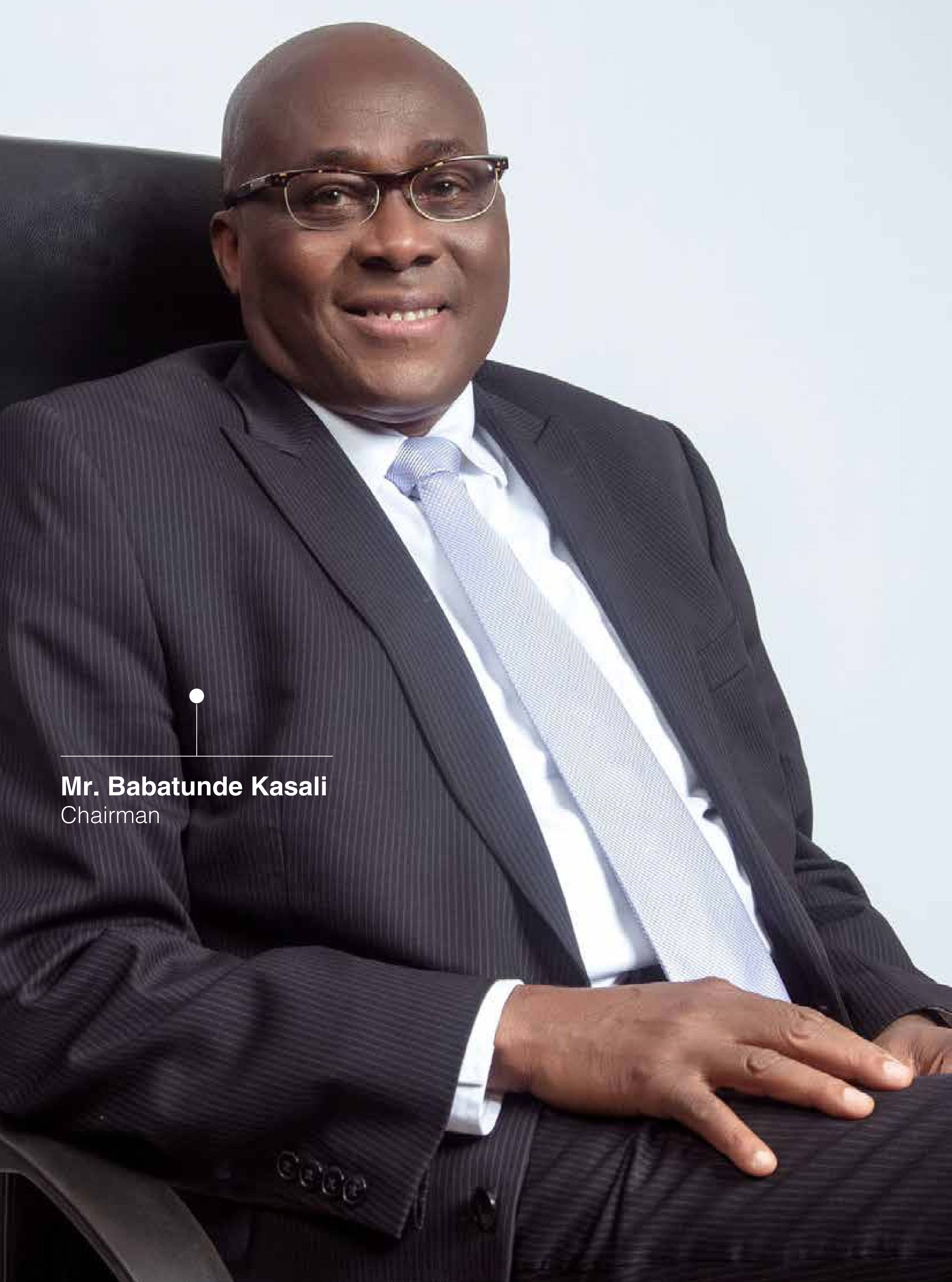
METRO CITY, ABUJA

Metro City is a large estate with ample greenery in the serene residential area of Apo-Dutse, Abuja. Stretching over 11.17 hectares of land, the estate is fully serviced and comes equipped with a Swimming Pool, Gym, Children's Play Area and Shopping Centre for residents. The estate comprises 104 units of various housing typologies.

Also available: serviced plots of land totaling 31,445.4 sqm

2 Bedroom Flat	**N28.9M**
3 Bedroom Flat	**N37.4M**
4 Bedroom Terrace	**N57.3M**
4 Bedroom Semi	**N77.5M**
5 Bedroom Detached	**N93M**
LAND	**N42,000 per sqm**

updc



Mr. Babatunde Kasali
Chairman

Chairman's Statement 2018

Distinguished Shareholders and Colleagues, it is a pleasure to welcome you all to the 21st Annual General Meeting (AGM) of our Company, UACN Property Development Company (UPDC) Plc. holding today July 3, 2019, at the Arthur Mbanefo Hall, Golden Tulip Hotel, Festac, Amuwo Odofin, Lagos.

I present to you a review of the operating environment and our company's Annual Report and Financial Statements for the year ended 31 December 2018.

Review of Global Operating Environment

Globally, 2018 started on an upbeat note, prompted by a pickup in global manufacturing and trade. Investors' confidence in the global economic outlook however reduced as the upswing in the economy did not last. Major economies such as the United States and China implemented tariffs which contributed to the loss in momentum. 2018 also witnessed higher uncertainty about trade policy, which had an adverse impact on investment decisions.

At the end of 2018, crude oil prices were lower than at the beginning of the year. Brent crude oil averaged $72 per barrel in 2018, while West Texas Intermediate (WTI) averaged $65 per barrel. Some of the factors that contributed to lower oil prices include the waivers given to some countries against Iranian sanctions, disputes between the U.S. and China over tariffs, ambiguity around compliance with quota reductions, as well as uncertainties around global demand.

Global Real Estate

In the global real estate market, there was significant increase in investment and corporate occupier demand, which surpassed 2017 performance. However, in the last quarter of 2018, demand reduced. Investment and leasing volumes were also lower than 2017 numbers in the last quarter. We envisage that this trend may continue into 2019.

The most liquid and transparent market in the global real estate market still remains the London real estate market. Despite the uncertainties around Brexit, London is still an attractive investment destination. This will remain an attractive feature for global and domestic investors.

DESPITE THE UNCERTAINTIES AROUND BREXIT, LONDON IS STILL AN ATTRACTIVE INVESTMENT DESTINATION. THIS WILL REMAIN AN ATTRACTIVE FEATURE FOR GLOBAL AND DOMESTIC INVESTORS.

The Nigerian Economy

The Nigerian economy continued to experience double-digit inflation in 2018. In the fourth quarter of 2018, Nigeria's recovery accelerated. According to the National Bureau of Statistics (NBS), GDP increased by 2.4% in Q4, well above Q3's 1.8% increase. This acceleration was driven by the non-oil segment of the economy. Growth in the non-oil sector of the economy came mainly from agricultural, services and information and communication sectors. However the growth in Agriculture sector was lower than previous years as a result of clashes between farmers and herders. Continued insurgency in the northeast as well as flooding in key middle-belt regions also impacted negatively on the sector. Recovery in other sectors, such as mining, quarrying, and manufacturing resulted in a real GDP growth estimated at 1.9% in 2018. This recovery was fueled by availability of foreign exchange.

The oil sector continued to contract in the fourth quarter, although at a weaker pace than in Q3. Oil production declined from 1.94 million barrels per day (mbpd) in Q3 to 1.91 mbpd in Q4.

Approval of the 2018 budget was delayed, thus delaying implementation and also resulting in increased fiscal uncertainty by pushing the bulk of spending to the second half of the year. On a positive note, fiscal deficit narrowed in 2018.

The stock of public debt stood at $73.2 billion by the middle of 2018, up from $71.0 billion in 2017, representing 17.5% of GDP. Nigeria however remained at moderate risk of debt distress. The government issued a Eurobond of $2.9 billion in November 2018, reflecting the new debt management strategy, which is focused on mitigating high financing costs of domestic borrowing by prioritizing foreign debt.

The Nigerian Real Estate Industry

The National Bureau of Statistics' GDP report has showed a further contraction in the real estate sector. The real estate sector in Nigeria has now been in the negative territory for at least 12 consecutive quarters.

Although Nigeria started recovering from recession in Q2 of 2017, the sector is still lagging behind in economic performance. The real estate sector has continued to contract in 2018. Growth in this sector has been hampered by high borrowing costs, defaults in payment of rent service charge, low demand for properties, and reduced construction activities.

However in Q4 of 2018, the real estate sector's contribution to GDP increased slightly to 6.6%.from 6.5% in quarter 3 of 2018.

THE COMPANY WAS SUCCESSFUL IN REDUCING OVERALL LEVELS OF INTEREST BEARING DEBT FROM N19.29BN AS AT DECEMBER 2017 TO N18.56BN AS AT DECEMBER 2018.

Review of Operations

The Company's borrowing cost reduced from an average of 23.5% in 2017 to 18.2% in 2018. However this still translated to high finance costs for the business. The management team has continued to work tirelessly on our deleveraging strategy and making efforts to reduce our debt portfolio, leading to substantial progress in our debt recovery efforts.

As we made efforts to pay down on interest bearing loans, the business made a decision not to commence any new projects during the year. On the retail side, Festival Mall continued to initiate efforts to increase tenancy and footfall. The hospitality sub-sector is still not very buoyant and as such our hospitality operations remain challenged as evidenced by the weak performance of the business.

Financial Performance

The Company posted revenue of N2.3bn (same as Group due to reclassification of UPDC Hotels Ltd as "held for sale") as against 2017 revenue of N3.9bn (same as Group). Loss before taxation (LBT) for the Group was N15.0bn as against N3.1bn in 2017. Losses for the year were largely on account of non-cash mark to market losses on our portfolio of assets, as well as, losses on sale of assets below carrying value.

The Company was successful in reducing overall levels of interest bearing debt from N19.2bn as at December 2017 to N18.5bn as at December 2018. Lower debt levels together with obtaining borrowing on more favourable terms resulted in a decline in Finance Cost from N5.5bn in 2017 to N4.8bn in 2018.

Outlook for 2019

Nigeria's Economic Recovery and Growth Plan will play a key part in the economy in 2019. This plan anchors the country's industrialization by establishing industrial clusters and staple crop processing zones to give firms a competitive edge. It is projected that the implementation of the Economic Recovery and Growth Plan will result in 2.3% growth in real GDP in 2019 and 2.4% in 2020. However, a downside to the economic outlook is the slide in oil prices from late 2018 coupled with an output cut imposed by the Organization of the Petroleum Exporting Countries.

It is stipulated that other sector specific reforms and programs, such as the Power Sector Reform Program, if effectively implemented, may attract private investment, thereby improving the economy's competitiveness and stimulating growth.

There are speculations that there may be marginal growth in the real estate sector in 2019, especially in the residential sub-sector. Although levels of activity in the sector were generally low in 2018, we are hopeful that the sector will experience better performance this year because of signs of improvement in the economy. It is also expected that the successful conclusion of the elections across various tiers of government will foster political and economic stability and lead to increased government spending.

IT IS ALSO EXPECTED THAT THE SUCCESSFUL CONCLUSION OF THE ELECTIONS ACROSS VARIOUS TIERS OF GOVERNMENT WILL FOSTER POLITICAL AND ECONOMIC STABILITY AND LEAD TO INCREASED GOVERNMENT SPENDING

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 Abdul Bello resigned as a director of the Company. Please join me to thank Mr Bello for his valuable contribution and services to the Company. I wish him well in his retirement. Also, Mrs Adeniun Folasade Taiwo, the former Chief Operating Officer has been appointed as the Executive Director in charge of the Facilities Management arm of the Company.

I am pleased to inform you that a new Chief Financial Officer with requisite skill and experience in the person of Mrs Folakemi Fadahunsi has also joined the Board. On your behalf, I warmly welcome her to the Board.

Appreciation

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

The Board and Management of the Company remain focused on identifying solutions to address its present challenges.

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 2018.

Principal activities

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

Operating Results

	2018 N'000	2017 N'000
Continuing operations		
Revenue from contract with customers	2,303,326	3,983,078
Gross (loss)/ profit	(862,392)	600,205
Operating (loss)/ profit	(3,145,176)	1,862,680
Loss before taxation and non-controlling interests	(9,214,965)	(3,057,309)
Taxation	(1,723,130)	403,306
Loss after tax for the period from continuing operations	(10,938,095)	(2,654,003)
Discontinued operations		
Loss after tax for the year from discontinued operations	(89,878)	(293,635)
Impairment of assets of disposal group held for sale and discontinued operations	(4,029,237)	-
Loss for the year	(15,057,210)	(2,947,638)

Dividend

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

Directors' interests in shares

	31 December 2018		31 December 2017	
	Direct	**Indirect**	**Direct**	**Indirect**
Mr Babatunde Kasali	37,500	-	37,500	-
Mr. Larry Ephraim Ettah	3,147,125	-	3,147,125	1,667,187,500
Mr Folasope Aiyesimoju	-	-	-	-
Mr. Hakeem Dele Ogunniran	1,428,694	-	1,428,694	-
Mr. Abdul Akhor Bello	156,250	1,667,187,500	156,250	-
Mr. Adekunle Olakitan Awojobi	-	148,602,252	-	148,602,252
Mrs. Halima Tayo Alao	74,973	-	74,973	-
Prof. Okon A. Ansa	77.901	-	-	-
Mrs. Adeniun Folasade Taiwo	45,000	-	45,000	-
Mrs Awuneba Ajumogobia	6,687	-	6,687	-
Total	4,896,307	1,815,789,752	4,896,307	1,815,789,752

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 A. Awojobi: FBNQuest Trustees Limited

Shareholders with Substantial Interest of 5% and above

S/N	FULL NAME	ADDRESS	HOLDINGS	%
1	UAC of Nigeria Plc	UAC House, 1 – 5, Odunlami Street, Marina, Lagos.	1,667,187,500	64.16
2	FBNQUEST Trustees Ltd	10, 16 – 18, Keffi Street, Off Awolowo Road, Ikoyi, Lagos	148,602,252	5.72

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
2018	None	2,598,395,791	1,299,197,896

Analysis of Shareholding

	Members shareholding		
	Shareholders number	Shareholding number	Shareholding %
Directors and Connected Persons	6	398,311	0.02
UAC of Nigeria Plc	1	1,667,187,500	64.16
FBN Trustees Nigeria Ltd	1	148,602,252	5.72
Individuals	26,577	408,719,347	15.73
Other Corporate bodies	1,098	373,488,381	14.37
TOTAL	**27,683**	**2,598,395,791**	**100**

Corporate Social Responsibility (CSR) Report

There was no CSR activity during the year under review.

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. The Company maternity leave policy has also been reviewed to accommodate additional annual leave days for female employees who go on maternity leave, who can take up to a total of four months leave for the period.

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 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 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 six Non-Executive Directors and two Executive Directors during the 2018 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 Babatunde Kasali and Mr Folasope Aiyesimoju respectively. The other Executive Director was Mrs Adeniun Folasade Taiwo, the Ag. Managing Director and later Chief Operating Officer. Other Non-Executive Directors that served during the year were Mr Abdul Akhor Bello, Mrs Halima Tayo Alao, Prof Okon Ansa and Mr Adekunle Awojobi. Mrs Awuneba Ajumogobia served as Independent Non-Executive Director.

The Roles and Responsibilities of the Board

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

1) Formulation of policies, strategy and overseeing the management and conduct of the business;
2) Formulation and management of risk management framework;
3) Succession planning and the appointment, training, remuneration and replacement of Board members and senior management;
4) Overseeing the effectiveness and adequacy of internal control systems;
5) Overseeing the maintenance of the Company's communication and information dissemination policy;
6) Performance appraisal and compensation of board members and senior executives;
7) Ensuring effective communication with shareholders, stakeholders, the investing public;
8) Ensuring the integrity of financial controls and reports;
9) Ensuring that ethical standards are maintained;
10) 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;
11) Definition of the scope of delegated authority to Board Committees and management and their accountabilities;
12) Definition of the scope of corporate social responsibility through the approval of relevant policies; and
13) Approval and enforcement of a Code of ethics and business practices for the Company, and Code of conduct for Directors.

Board Appointment

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 eight (8) times during the 2018 financial year. The following table shows the attendance of Directors at the Board meetings:

DIRECTORS	20/3	24/4	11/6	18/7	6/8	23/10	21/11	4/12
Mr Larry Ettah	P	P	AWA	P	-	-	-	-
Mr Babatunde Kasali	-	-	-	-	P	P	P	P
Mr Hakeem Ogunniran	P	P	P	-	-	-	-	-
Mr Folasope Aiyesimoju	-	-	-	P	P	P	P	P
Mr Adekunle Awojobi	P	P	P	P	P	P	P	P
Mr Abdul Bello	P	p	P	P	P	P	P	p
Arc (Mrs) Halima Alao	P	P	P	P	P	P	P	P
Prof Okon Ansa	P	P	P	P	P	P	P	P
Mrs Adeniun Taiwo	P	P	P	P	P	P	P	P
Mrs Awuneba Ajumogobia	-	-	-	-	P	P	P	P

Key:

AWA: Absent with Apology
P: Present
-: No longer a member/Not yet a member

Board Evaluation

A Board performance evaluation was undertaken in 2018. 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. The Committee makes recommendations for approval by the full Board.

The Risk & Governance Committee

The Committee was chaired by Mr Abdul Bello, a Non-Executive Director and made up of all other 5 Non-Executive Directors, the Chief Executive Officer and the Chief Operating Officer.

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

1) Assist the Board in its oversight of risk management and is responsible for developing an enterprise risk management framework for identifying, measuring, monitoring and controlling risks in the Company;
2) Ensure that the Company's risk management policies, practices and conditions are appropriate for the business environment and they are integrated into the Company's culture;
3) Ensure that the business profile and plans are consistent with the Company's risk appetite;
4) Review the process for identifying and analyzing business level risks;
5) Review the structure for implementation of risk measurement and reporting standards and methodologies;
6) Undertake along with management, at least once a year, a risk assessment review covering all aspects of the Company's business with a view to updating the risk management framework of the Company;
7) Periodically evaluate the Company's risk profile and action plans to manage high risks and progress made on the implementation of these plans;
8) Make recommendations to the Board on the Company's risk management framework including responsibilities, authorities and control;
9) Review quarterly risk management reports and make recommendation to the Board;
10) Review implementation update on internal and external audit recommendations in-so-far as they impact risk exposures;
11) Approve the annual Risk & Compliance Plan;
12) In line with the UACN group policy, give 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;
13) In line with the UACN group policy, 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);
14) Annually evaluate and report to the Board on the performance and effectiveness of the Board and Board Committee to facilitate the Directors fulfilling their responsibilities in a manner that serves the best interests of the Company;
15) Assist the Chairman of the Board in leading the Board's annual review of the performance of all Directors;
16) Annually review the composition of Board committee and present recommendations for committee memberships to the Board Chairman;
17) Regularly review and make recommendations about changes to Board and Board Committee charters;
18) Monitor compliance by the Company with the laws and regulations in force and the Corporate Governance Code(s);
19) In line with the UACN group policy, it is responsible for the continuing education of board members;
20) Develop, 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;
21) Periodically review 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;
22) Assist the Board in making investment and capital expenditure decisions in pursuance of strategic objectives.
23) Review and evaluate management requests for financial approval for the purchase, development and construction of project initiatives and make appropriate recommendations to the Board;
24) Review, evaluate and make recommendations to the Board for debt and other financing alternatives for projects;
25) Monitor and review justification for project costs overruns and requests for supplementary budgets;
26) Assist the Board to satisfy itself about the validity of technical and market prospects for projects and investment initiatives.
27) 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;

28) Advise Board on above matters prior to the submission of the project (s) to the Board for final approval and make recommendations as appropriate;
29) 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.
30) Report to the Board on its activities, recommendations and decisions;
31) Any other matters delegated by the Board

Committee's Meetings

The Risk & Governance Committee met five (5) times during the year. The following table shows the attendance of the members of the Committee at the meetings:

DIRECTORS	19/3	24/4	18/7	3/8	22/10
Mr Abdul Bello	P	P	P	P	P
Mr Hakeem Ogunniran	P	P	P	-	-
Mr Folasope Aiyesimoju	-	-	-	-	p
Mrs Adeniun Taiwo	P	P	P	P	P
Prof Okon Ansa	P	P	P	P	P
Mr Adekunle Awojobi	P	P	P	P	P
Arc (Mrs) Halima Alao	P	P	P	P	P
Mrs Awuneba Ajumogobia	-	-	-	-	p

Key:

P: Present
- : No longer a member/Not yet a member

MANAGEMENT

Accountability meetings and reviews are held on a weekly, monthly and quarterly basis. These include the weekly meetings of the leadership team and monthly village meetings of all employees. 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 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.

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 2018:

DIRECTORS	19/3	17/7	22/10	3/12
Mr Adekunle Awojobi (Chairman)	P	P	P	P
Alhaji Gbadebo Olatokunbo	P	P	P	P
Mr Joe Anosikeh	P	AWA	P	P
Prof Okon Ansa	P	P	P	P
Arc (Mrs) Halima Alao	P	P	P	P
Engr Taiwo Fawole	AWA	P	P	P

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:

1) Ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
2) Review the scope and planning of audit requirements;
3) Review the findings on management matters in conjunction with the external auditor and departmental responses thereon;
4) Keep under review the effectiveness of the company's system of accounting and internal control;
5) Make recommendation to the Board with regard to the appointment, removal and remuneration of the External Auditors of the Company;
6) 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
7) 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 meetings 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.

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.

By the order of the Board

Folake Kalaro (Mrs.)

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.

Babatunde Kasali
Chairman
FRC/2017/ICAN/00000016973

Niun Taiwo
Director
FRC/2013/ICAN/0000000723

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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 (together "the Group"), which comprise the consolidated and separate statement of financial position as at 31 December 2018, 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 Group and Company as at 31 December 2018, 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.

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 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 the Group. 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 the Group. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 34 to the consolidated and separate financial statements which indicates that the Group and the Company made net losses of N15.06 billion (2017: N2.95 billion) and N18.48 billion (2017: N2.07 billion) respectively for the year ended 31 December 2018 and as at that date, the Group and the Company's current liabilities exceeded their current assets by N9.54 billion (2017: N7.59 billion) and N1.81 billion respectively. These conditions, along with other matters as set forth in Note 34, indicate that a material uncertainty exist which may cast significant doubt to realise its assets and settle liabilities in the ordinary course of business. Our opinion is not modified in respect of this matter.

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
1. Significant impairment of intercompany receivables The company has huge write down and impairment loss on its intercompany receivables from its related parties majorly from Joint ventures and subsidiary amounting to N9.38 billion (2017; N453 million). The joint ventures and subsidiary have been operating at a loss, have going concern issues, negative equity and liquidity issues; there are uncertainties around the ability of the subsidiary and Joint venture to generate cash flows to fully repay its indebtedness. The Joint venture in question - First Festival Mall Limited from whom N2.57 billion is receivable has been fully written off and investment of W234 million has also been written off. An impairment assessment was performed on receivables due from joint ventures and subsidiary using the expected credit loss approach carried out by an external Consultant to determine the recoverable amount. This led to the recognition of an impairment loss and write off of N9.38 billion during the year. We consider this a key audit matter due to the significance of the amount and the complexity of the impairment assessment which involves management judgement on the recoverable amount. The disclosure of the impairment of intercompany receivables is set out in Note 9 of the consolidated and separate financial statements.	Our audit procedures on intercompany receivables amongst others includes: • Our internal valuation specialist evaluated the assumptions made by management on the recoverability of the related party receivables. • 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 are in line with IFRS 9 requirements.
2. Significant inventory write down During the year, the Company's inventory (being the assets under construction) was written down by N1.32 billion (2017: N82.95 million) to its net realisable value following the review of all ongoing projects against the expected selling price and other incidental costs to sell. The net realisable value has been estimated by an estate valuer. The estate valuer adopted the market value as the basis of the fair valuation of the property reflecting continuity in its existing use. The determination of the fair value was based on the estimated amount for which an asset should exchange on the date of valuation which is 31 December 2018 between a willing buyer and willing seller at arm's length transaction after proper marketing wherein parties had each acted knowledgeably, prudent and without compulsion. See Note 7 in the consolidated and separate financial statements for write down on Inventory.	Our audit procedures in relation to Inventory (Assets under construction) amongst others include: • We tested the valuation of inventory (Assets under construction) to verify that it is performed in accordance with the entity's accounting policies and applicable financial reporting framework. We checked the carrying value against the recoverable amount to ensure that these assets are carried at the lower of cost and Net realisable value. • We assessed the independence, qualifications, experience, competence and expertise of the valuation experts to determine whether there are any matters that might have affected their objectivity and independence. • We used property specific information and external data to independently develop a range of estimates and compared it with the valuer's estimates. • We also reviewed the appropriateness of the disclosure for compliance with relevant standards.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Corporate Governance Report, Report of the Audit Committee, and other National Disclosures (consolidated and separate Statement of Value added and consolidated and separate Five-year Financial Summary) 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 Auditors' report thereon.

Our opinion on the Company and Group 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 Company and Group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Company and Group 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 Auditors' 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance

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'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 to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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 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's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' 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 Auditors' report. However, future events or conditions may cause the Group 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 to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group 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 Auditors' 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 Group and the Company, in so far as it appears from our examination of those books; and

iii. the Group and the Company's consolidated and separate statement of financial position and consolidated and separate 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 Lagos, Nigeria

05 April 2019

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, 2018 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, 2018 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.

Date 19th day of March, 2019

Mr. Adekunle Awojobi
FRC/2013/ICAN/00000002442
Chairman - Audit Committee

Members of the Committee

Mr. Adekunle Awojobi	-	Chairman
Alhaji Gbadebo Olatokunbo	-	Member
Mr. Joe O. Anosikeh	-	Member
Architect (Mrs.) Halimat T. Alao	-	Member
Prof. Okon Ansa	-	Member
Engr. Taiwo G. Fawole	-	Member

Secretary
Folake Kalaro (Mrs.)

PINEVILLE, ASABA

FOR SALE

Pineville Estate is a residential housing development with a contemporary design, located opposite the Federal High Court in Asaba G.R.A Phase 3. The stylish estate was built for residents who value comfort, security and serenity, and offers excellent infrastructure and facilities.

3,135 sqm of land also available at N40,000 per square meter.

Facilities:

- Swimming Pool
- Gymnasium
- Children's Playground
- Fire Alarm Systems
- Borehole
- Water Treatment Plant
- Sewage Treatment Plant
- CCTV
- Back Up Power
- Ample Parking Spaces

Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2018

		The Group		The Company	
	Notes	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Revenue from contract with customers	5	2,303,326	3,983,078	2,303,326	3,983,078
Cost of sales	7	(3,165,718)	(3,382,873)	(3,165,718)	(3,382,873)
Gross profit		**(862,392)**	**600,205**	**(862,392)**	**600,205**
Fair value loss/write down of investment properties	15	(1,273,875)	(146,654)	(1,273,875)	(146,654)
(Loss)/Gain on disposal of investment properties	15	(434,399)	1,950,477	(434,399)	1,950,477
Selling and distribution expenses	7	(84,904)	(117,364)	(84,904)	(117,364)
Administrative expenses	7	(997,182)	(786,317)	(997,182)	(786,317)
Other operating income	6	550,019	512,797	1,374,476	1,638,346
Other project losses/expenses	6 (i)	(42,443)	(150,463)	(42,443)	(150,463)
Operating (loss)/ profit		**(3,145,176)**	**1,862,680**	**(2,320,719)**	**2,988,230**
Finance income	8	36,617	525,761	61,617	550,761
Finance cost	8	(4,799,508)	(5,556,502)	(4,799,508)	(5,556,502)
Net finance cost		(4,762,891)	(5,030,741)	(4,737,891)	(5,005,741)
Share of profit of associates	16 (i)	1,923,492	829,385	-	-
Share of Loss of Joint Ventures	9 (ii)	(117,189)	(290,283)	-	-
Operating loss before impairment		**(6,101,764)**	**(2,628,959)**	**(7,058,610)**	**(2,017,511)**
Impairment of investment & receivable of related parties	9	(3,113,201)	(428,350)	(9,615,096)	(453,350)
Loss before taxation		(9,214,965)	(3,057,309)	(16,673,706)	(2,470,861)
Taxation	10	(1,723,130)	403,306	(1,813,256)	403,306
Loss from continuing operations		**(10,938,095)**	**(2,654,003)**	**(18,486,962)**	**(2,067,555)**
Discontinued operations					
Loss from discontinued operations	36	(89,878)	(293,635)	-	-
Impairment of assets of disposal group held for sale and discontinued operations	9 (i)	(4,029,237)	-	-	-
Loss for the period		**(15,057,210)**	**(2,947,638)**	**(18,486,962)**	**(2,067,555)**
Other comprehensive income					
Items not to be subsequently recycled to profit or loss					
Net changes in fair value of financial assets	17 (i)	7,729	-	7,729	-
Tax on other comprehensive income		-	-	-	-
Total comprehensive loss for the period		**(15,049,481)**	**(2,947,638)**	**(18,479,233)**	**(2,067,555)**
Loss attributable to:					
Equity holders of the parent		(15,052,446)	(2,932,076)	(18,486,962)	2,067,555
Non controlling interest		(4,764)	(15,563)	-	-
Total Loss		**(15,057,210)**	**(2,947,638)**	**(18,486,962)**	**(2,067,555)**
Total comprehensive loss attributable to:					
Equity holders of the parent		(15,044,718)	(2,932,076)	(18,479,233)	(2,067,555)
Non controlling interests		(4,764)	(15,563)	-	-
Total comprehensive loss		**(15,049,481)**	**(2,947,638)**	**(18,479,233)**	**(2,067,555)**
Loss per share for loss attributable to the equity holders of the group:					
Basic Loss Per Share (Kobo)	12	(579)	(144)	-	-
From discontinued operations	12	(3)	(14)		
From loss for the period		(576)	(130)	-	-
Diluted Loss Per Share (Kobo)	12	(579)	(144)	-	-
From discontinued operations	12	(3)	(14)		
From loss for the period		(576)	(130)	-	-

The notes on pages 40 to 108 are an integral part of these consolidated financial statements.

Consolidated and Separate Statement of Financial Position as at 31 December 2018

	Notes	The Group 31 Dec. 2018 N'000	The Group 31 Dec. 2017 N'000	The Company 31 Dec. 2018 N'000	The Company 31 Dec. 2017 N'000
Assets					
Non-current assets					
Property, plant and equipment	13	46,972	76,063	46,607	75,694
Intangible assets	14	29,538	37,894	29,538	37,894
Investment properties	15	4,198,300	10,423,675	4,198,300	10,423,675
Investments in joint ventures	16	73,606	190,795	73,606	307,823
Investments in associates	16	20,017,860	18,918,826	16,489,153	16,489,153
Available-for-sale financial assets	17	-	10,000	-	10,000
Equity instrument at fair value through other comprehensive income	17 (i)	17,729	-	17,729	-
Investments in subsidiaries	18	-	-	-	-
Deferred taxation assets	26	-	621,756	-	621,756
		24,384,005	30,279,010	20,854,934	27,965,996
Current assets					
Inventories	19	8,290,381	11,539,283	8,290,381	11,539,283
Trade and other receivables	21	4,964,867	9,605,741	12,311,309	23,455,802
Cash at bank and in hand	22	507,462	860,025	507,066	859,628
		13,762,710	22,005,049	21,108,756	35,854,712
Assets of disposal group classified as held for sale/ distribution to owners	36	8,320,174	12,294,007		
Total assets		**46,466,889**	**64,578,064**	**41,963,690**	**63,820,708**
Equity					
Share capital	28	1,299,198	1,299,198	1,299,198	1,299,198
Share premium	28 (i)	6,065,397	6,065,397	6,065,397	6,065,397
Retained earnings		10,861,012	26,439,679	7,353,595	26,577,161
Equity attributable to equity holders of the Company		18,225,607	33,804,273	14,718,190	33,941,755
Non controlling interest		(170,700)	(165,849)	-	-
Total equity		**18,054,907**	**33,638,424**	**14,718,190**	**33,941,755**
Liabilities					
Non-current liabilities					
Interest bearing Loans and Borrowings	23	4,255,753	666,667	4,255,753	666,667
Deferred taxation liabilities	26	72,537	-	72,537	-
Deferred revenue	25	1,577	3,192	1,577	3,192
		4,329,867	669,859	4,329,867	669,859
Current liabilities					
Trade and other payables	24	7,050,779	9,432,689	6,664,712	9,046,621
Current income tax liabilities	10	1,531,083	1,022,098	1,531,083	1,022,098
Interest bearing Loans and Borrowings	23	14,302,459	18,623,866	14,302,459	18,623,866
Dividend Payable	27	339,920	359,688	339,920	359,688
Deferred revenue	25	77,460	156,823	77,460	156,823
		23,301,701	29,595,163	22,915,634	29,209,095
Liabilities of disposal group classified as held for sale/distribution to owners	36	780,414	674,617		
Total liabilities		**28,411,982**	**30,939,639**	**27,245,500**	**29,878,954**
Total equity and liabilities		**46,466,889**	**64,578,064**	**41,963,690**	**63,820,708**

The financial statements on pages 36 to 39 were approved and authorised for issue by the board of directors on 19 March 2019 and were signed on its behalf by:

Babatunde Kasali
Chairman
FRC/2017/ICAN/00000016973

Adeniun F. Taiwo
Director
FRC/2013/ICAN/0000000723

Olugbenga E. Fagbami
Financial Accountant
FRC/2018/ICAN/00000018050

The notes on pages 40 to 108 are an integral part of these consolidated financial statements.

Consolidated and Separate Statement of Changes in Equity for the year ended 31 December 2018

The Group

	Notes	Attributable to owners of the Company: Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Total N'000	Non Controlling interest N'000	Total N'000
Balance at 1 January 2017		859,375	3,943,273	29,371,754	34,174,401	(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**
Effect of adoption of new accounting standards	2.1.2	-	-	(533,950)	(533,950)	(87)	(534,037)
Balance at 1 January 2018 (restated)		**1,299,198**	**6,065,397**	**25,905,729**	**33,270,322**	**(165,936)**	**33,104,386**
Loss for the period		-	-	(15,052,446)	(15,052,446)	(4,764)	(15,057,210)
Net changes in fair value of financial assets through other comprehensive income	17 (i)	-	-	7,729	7,729	-	7,729
Balance at 31 December 2018		**1,299,198**	**6,065,397**	**10,861,012**	**18,225,606**	**(170,700)**	**18,054,905**

The Company

	Notes	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 2017		859,375	3,943,273	28,644,716	33,447,363
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**	**33,941,755**
Effect of adoption of new accounting standards	2.1.2			(744,333)	(744,333)
Balance at 1 January 2018 (restated)		**1,299,198**	**6,065,397**	**25,832,828**	**33,197,422**
Loss for the period				(18,486,962)	(18,486,962)
Net changes in fair value of financial assets through other comprehensive income				7,729	7,729
Balance at 31 December 2018		**1,299,198**	**6,065,397**	**7,353,595**	**14,718,189**

The summary of significant accounting policies and notes on pages 40 to 108 are an integral part of these financial statements.

Consolidated and Separate Statement of Cash Flows for the year ended 31 December 2018

		The Group		The Company	
	Notes	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Cash flow from operating activities	29	**483,904**	**(201,201)**	**458,906**	**(191,941)**
Company Income Tax paid		(92,893)	-	(92,893)	-
Capital Gains Tax paid		(116,291)	(1,409)	(116,291)	(1,409)
Value Added Tax paid		(659,940)	(189,569)	(659,940)	(189,569)
Net Cash outflow from operating activities		**(385,220)**	**(392,179)**	**(410,218)**	**(382,919)**
Cash flow from investing activities					
Proceeds from sale of investment property	15	4,727,024	8,232,414	4,727,024	8,232,414
Purchase of property, plant and equipment	10	(27,077)	(26,598)	(27,077)	(26,598)
Purchase of intangible asset	14	(6,994)	(6,010)	(6,994)	(6,010)
Proceeds from sale of property, plant and equipment		11,132	4,989	11,132	4,989
Additions of investment properties	15	-	(17,104)	-	(17,104)
Cash Distribution from UPDC REIT	6	824,458	1,125,550	824,458	1,125,550
Interest received	8	36,617	525,761	61,617	550,761
Net cash flow from investing activities		**5,565,160**	**9,839,001**	**5,590,160**	**9,864,001**
Cash flow from financing activities					
Proceed from right issue		-	9,291	-	9,291
Transaction costs on right issue		-	(76,991)	-	(76,991)
Proceeds from borrowings	23 (iii)	1,863,997	1,372,242	1,863,997	1,372,242
Repayment of borrowings	23 (iii)	(2,262,800)	(4,070,533)	(2,262,800)	(4,070,533)
Interest paid	8	(4,799,508)	(5,556,502)	(4,799,508)	(5,556,502)
Recovery of excess bank charges	6	-	265,244	-	265,244
Net cash flow used in financing activities		**(5,198,311)**	**(8,057,248)**	**(5,198,311)**	**(8,057,248)**
Net (decrease)/ increase in cash and cash equivalents		(18,371)	1,389,574	(18,369)	1,423,832
Net foreign exchange difference	6	(676)	317	(676)	317
Cash and cash equivalents at the beginning of the period		526,509	(863,382)	526,111	(898,038)
Cash and cash equivalents at the end of the period	**22**	**507,462**	**526,509**	**507,066**	**526,111**

The notes on pages 40 to 108 are an integral part of these consolidated financial statements.

Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2018

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 limited 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

The Group applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

a. Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

There is no material quantitative changes based on the adoption of IFRS 15 to the Group's revenue but the qualitative disclosures have been updated in line with the application of IFRS 15.

b. *Impact of application of IFRS 9 financial instruments*

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied IFRS 9 retrospectively but with a modified approach, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

The effect of adopting IFRS 9 as at 1 January 2018 was, as follows:

		The Group	The Company
	Adjustments	1 January 2018 N'000	1 January 2018 N'000
Assets			
Deferred tax assets	c	228,873	319,000
Trade receivables	a,b	(84,496)	(82,116)
Intercompany receivables		(678,313)	(981,115)
Short-term deposits		(101)	(101)
Total Assets		**(534,037)**	**(744,333)**
Liabilities			
Total liabilities		-	-
Total adjustment on equity:			
Retained earnings	a,b	(534,037)	(744,333)
		(534,037)	**(744,333)**

The nature of these adjustments are described below:

i. *Classification and measurement*

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the company's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact to the Company.

The following are the changes in the classification of the Company's financial assets:

Trade and other receivables, cash and short-term deposits classified as Loans and receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at amortised cost beginning 1 January 2018.

The Company has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Company's financial liabilities.

In summary, upon adoption of IFRS 9, the Company had the following required or elected reclassifications as at 1 January 2018.

	The Group				The Company			
		IFRS 9 Measurement Category				IFRS 9 Measurement Category		
IAS 39 Measurement Category	**N'000**	**Fair Value through Profit/ Loss N'000**	**Fair Value through OCI N'000**	**Amortized cost N'000**	**N'000**	**Fair Value through Profit/ Loss N'000**	**Fair Value through OCI N'000**	**Amortized cost N'000**
Loans and Receivables								
Trade and other receivables*	7,235,602	-	-	6,472,793	21,101,494	-	-	20,038,262
Cash and short-term deposits*	637,961	-	-	637,860	637,961	-	-	637,860
	7,873,563	**-**	**-**	**7,110,653**	**21,739,455**	**-**	**-**	**20,676,122**

* 'The change in the carrying amount is as a result of additional impairment allowance.

ii. *Impairment of Financial assets*

The adoption of IFRS 9 has fundamentally changed the company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss.

Upon adoption of IFRS 9 the company recognised additional impairment on the company's Trade receivables, intercompany receivables and short-term deposits, N82 million, N981 million and N101,000 respectively as at 1 January 2018.

Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

	The Group			The Company		
Loans and receivables under IAS 39/Financial assets at amortised cost under IFRS 9	**Allowance for impairment under IAS 39 as at 31 December 2017 N'000**	**Remeasure-ment N'000**	**ECL under IFRS 9 as at 1 January 2018 N'000**	**Allowance for impairment under IAS 39 as at 31 December 2017 N'000**	**Remeasure-ment N'000**	**ECL under IFRS 9 as at 1 January 2018 N'000**
- Trade receivables	133,254	84,496	217,750	133,254	82,116	215,370
- Intercompany receivables	744,922	678,313	1,423,235	769,922	981,115	1,751,037
- Short-term depsits	-	101	101	-	101	101
	878,176	**762,910**	**1,641,086**	**903,176**	**1,063,333**	**1,966,509**

iii. Other adjustments

In addition to the adjustments described above, other items such as deferred taxes were adjusted to retained earnings as necessary upon adoption of IFRS 9 as at 1 January 2018.

	The Group			The Company
	Attributable to owners of the Company	Non-Controlling Interest	Total	
Retained earnings	**N'000**	**N'000**	**N'000**	**N'000**
Closing balance under IAS 39 (31 December 2017)	26,439,679	(165,849)	26,273,830	26,577,161
Recognition of IFRS 9 ECLs	(762,786)	(124)	(762,910)	(1,063,333)
Deferred tax in relation to the above	228,836	37	228,873	319,000
Opening balance under IFRS 9 (1 January 2018)	**25,905,729**	**(165,936)**	**25,739,793**	**25,832,828**
Total change in equity due to adopting IFRS 9	**(533,950)**	**(87)**	**(534,037)**	**(744,333)**

New standards not yet adopted

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below.

- IFRS 16 – Leases – 1 January 2019
- Amendments to IFRS 10 and IAS 28: Sale of Contribution of Assets between an Investor and its Associate or Joint Venture – Effective date has been deferred indefinitely
- IFRS 17 – Insurance Contracts – 1 January 2021
- Amendments to IFRS 9: Prepayment Features with Negative Compensation – 1 January 2019
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term interests in associates and joint ventures
- Annual Improvements 2015-2017 Cycle (issued in December 2017) - 1 January 2019
- IFRS 11 Joint Arrangements – 1 January 2019
- IAS 12 Income Taxes – 1 January 2019
- IAS 23 Borrowing Costs – 1 January 2019
- IFRS 1 – First Time Adoption of International Financial Reporting Standards – Deletion of Shortterm exemptions for first-time adopters – 1 January 2018.

The company intends to adopt these standards, if applicable, when they become effective.

The following amendments that are issued but not yet effective would not have impact on the company:
- Definition of a Business - Amendment to IFRS 3 - I Jan 2020
- Definition of Material - Amendment to IAS 1 and IAS 8 - I Jan 2020
- Amendment to The Conceptual Framework for Financial Reporting - 1 Jan 2020"

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions. Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2018, the Company has assessed the potential effect of IFRs 16 on its financial statements and concludes that there is no material effect on the reporting.

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 reassesed 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 recogniesd 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.

2.9.1 Financial Instruments-intial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Policy applicable before 1 January 2018

Financial assets under IAS 39

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.

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.

2.9.2 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.

2.9.3 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.

Policy applicable 31 December 2018
Financial Assets Under IFRS 9 from 1 January 2018
Classification

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in Revenue from contracts with customers above

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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.

Recognition and measurement

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

For purposes of subsequent measurement, financial assets are classified into:

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables, cash and cash equivalents and related parties receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 4
- Trade receivables and other financial assets Note 21

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment using the loss rate model.

For receivables from related parties (non-trade), and short-term deposits, the Company applies general approach in calculating ECLs. It is the Company's policy to measure ECLs on such asset on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.10 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Trade and other payables

Trade payables classified as financial liabilities are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Other payables that are within the scope of IAS 39 are subsequently measured at amortized cost.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.11 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.12.1 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.

2.12.2 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.

2.13 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."

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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.

2.19 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.

2.2 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.

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.

Gratuity scheme

Under the gratuity scheme, the group contributes on an annual basis a fixed percentage of the employess 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.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably."

(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.
Short-term benefits

2.23 Revenue recognition (IAS 18)

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.

(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.

Policy applicable 1 January 2018

Revenue from contracts with customers (IFRS 15) from 1 January 2018

The Company is in the business of acquiring, developing, selling and managing high quality, serviced commercial and residential accommodation and retail space. These contracts are divided into three revenue streams namely:

- Sales of Goods - Sales of property stock
- Facilities management services provided to the customer: Rendering of services - Management fees and service charge surcharge
- Rental income on investment property

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.

The Company has applied IFRS 15 practical expedient to a portfolio of contracts (or performance obligations) with similar characteristics since the Company reasonably expect that the accounting result will not be materially different from the result of applying the standard to the individual contracts. The Company has been able to take a reasonable approach to determine the portfolios that would be representative of its types of customers and business lines. This has been used to categorise the different revenue stream detailed below.

Sale of goods - Sale of Property Stock

Revenue from Sale of Property Stock is recognised at the point in time when control of the asset is transferred to the customer, generally on transfer of the property. The normal credit term is 30 to 90 days upon transfer.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of property, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Significant financing component
Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component since it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Contract Balances
Trade Receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).
Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

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 2.16 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 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			**2018**
	USD 000	**GBP 000**	**Euro 000**
Financial assets			
Cash at bank and in hand	180	4	14
	180	**4**	**14**

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

The Company			**2018**
	USD 000	**GBP 000**	**Euro 000**
Financial assets			
Cash at bank and in hand	35	-	2
	35	**-**	**2**

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

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
The total impact on profit and equity if Naira were to decrease by 2% across currencies would be as follows	71	75	71	75

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 unit 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:

				2018
	Weighted average	Interest bearing		
The Group	Interest rate %	Variable rate N'000	Fixed rate N'000	Non-interest bearing N'000
Financial assets:				
Trade and other receivables		-	4,964,867	-
Cash at bank and in hand		-	507,462	-
		-	**5,472,330**	**-**
Financial liabilities:				
Interest bearing loans and borrowings	18.2	18,558,213	-	-
Trade and other payables		-	7,050,779	-
Bank overdrafts	0.0	-	-	-
		18,558,213	**7,050,779**	**-**

				2017
	Weighted average	Interest bearing		
The Group	Interest rate %	Variable rate N'000	Fixed rate N'000	Non-interest bearing N'000
Financial assets:				
Trade and other receivables		-	9,605,741	-
Cash at bank and in hand		-	860,025	-
		-	**10,465,766**	**-**

For the year ended 31 December 2018

	Weighted average Interest rate %	Interest bearing Variable rate N'000	Interest bearing Fixed rate N'000	2017 Non-interest bearing N'000
Financial liabilities:				
Interest bearing loans and borrowings	23.5	17,360,883	-	-
Trade and other payables		-	9,432,689	-
Bank overdrafts	21.9	333,516	-	-
		17,694,399	**9,432,689**	**-**

The Company	Weighted average Interest rate %	Interest bearing Variable rate N'000	Interest bearing Fixed rate N'000	2018 Non-interest bearing N'000
Financial assets:				
Trade and other receivables		-	12,311,317	-
Cash at bank and in hand		-	507,066	-
		-	**12,818,383**	**-**
Financial liabilities:				
Interest bearing loans and borrowings	18.2	18,558,213	-	-
Trade and other payables		-	6,664,712	-
Bank overdrafts	0.0	-	-	-
		18,558,213	**6,664,712**	**-**

The Company	Weighted average Interest rate %	Interest bearing Variable rate N'000	Interest bearing Fixed rate N'000	2017 Non-interest bearing 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	17,360,883	-	-
Trade and other payables		-	9,046,621	-
Bank overdrafts	21.9	333,516	-	-
		17,694,399	**9,046,621**	**-**

	The Group	
	2018 N'000	2017 N'000
A 5% increase in interest rates would have the following impact on profit and equity.	(927,911)	(964,527)
A 5% decrease in interest rates would have the following impact on profit and equity.	927,911	964,527

Management considers that a 5% shift in interest rate is reasonable as the interest rate has fluctuated by a maximum of 7% in 2018 (2017: 7%).

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The company is exposed to credit risk from its operating activities primarily trade receivables and deposits with banks and other financial institutions. The company has a credit control function that weekly monitors trade receivables and resolves credit related matters. Weekly collection report is also done at the country level to the Financial Controller representing its parent company.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. The company has adopted a policy of only dealing with credit-worthy counter-parties, as a means of mitigating the risk of financial loss from defaults. A sales representative is attached to each customer and outstanding customer receivables are regularly monitored by the representative. The requirement for impairment is analysed at each reporting date on an individual basis for all customers. The company evaluates the concentration of risk with respect to trade receivables as Medium, as customers consist of large and reputable financial institutions that are subjected to financial scrutiny by various regulatory bodies. The company's maximum exposure to credit risk for the components of the statement of financial position is its carrying amount.

Deposits with banks and other financial institutions

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Surplus funds are spread amongst reputable commercial banks and funds must be within treasury limits assigned to each of the counterparty. Counterparty treasury limits are reviewed by the Company's Financial Controller periodically and may be updated throughout the year subject to approval of the Financial Controller. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The company's maximum exposure to credit risk for the components of the statement of financial position is its carrying amount.

Impairment losses

Nigeria Mapping Table

Global-scale long term local currency rating	National scale long term rating	National scale short term rating	Agusto rating	Implied S&P rating class (without modifiers)	Implied S&P rating categories (with modifiers)
BB+ and above	ngAAA	ngA-1	AAA	B	B+
BB	ngAA+	ngA-1	AA	B	B
BB-	ngAA, ngAA-	ngA-1	AA	B	B
B+	ngA+, ngA, ngA-	ngA-1, ngA-2	A	B	B
B	ngBBB+, ngBBB, ngBBB-	ngA-2, ngA-3	BBB	B	B-
B-	ngBB+, ngBB	ngB	BB	B	B-
CCC+	ngBB-, ngB+	ngB	B	CCC	CCC+
CCC	ngB, ngB-, ngCCC+	ngC	B	CCC	CCC
CCC-	ngCCC, ngCCC-	ngC	CCC	CCC	CCC-
CC	ngCC	ngC	CC	CC	CC
C	ngC	ngC	C	C	C
R	R	R	D	D	D
SD	SD	SD	D	D	D
D	D	D	D	D	D

Trade receivables

For trade receivables, the Company applied the simplified approach in computing ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by geographical region, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 21. The Company does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Group and Company's trade receivables as at 31 December 2018 using a provision matrix:

	The Group					
31 December 2018	Trade Receivables Date Past Due					
	Current N'000	1-3 months N'000	4-6 months N'000	7-12 months N'000	Above 12 months N'000	Total N'000
Expected credit loss rate	3%	3%	28%	28%	30%	
Estimated total gross carrying amount at default	100,922	37,049	105,757	104,326	497,123	845,178
Expected credit loss	3,022	1,115	29,379	28,982	148,644	211,141

1 January 2018	Trade Receivables Date Past Due					
	Current N'000	1-3 months N'000	4-6 months N'000	7-12 months N'000	Above 12 months N'000	Total N'000
Expected credit loss rate	3%	6%	6%	29%	29%	
Estimated total gross carrying amount at default	731,773	281,715	171,088	150,265	431,777	1,766,618
Expected credit loss	20,147	16,342	10,004	44,213	127,043	217,750

31 December 2018	The Company					
	Trade Receivables Date Past Due					
	Current N'000	1-3 months N'000	4-6 months N'000	7-12 months N'000	Above 12 months N'000	Total N'000
Expected credit loss rate	3%	3%	28%	28%	31%	
Estimated total gross carrying amount at default	100,922	37,049	105,757	104,326	481,293	829,348
Expected credit loss	3,022	1,115	29,379	28,982	148,644	211,141

1 January 2018	Trade Receivables Date Past Due					
	Current N'000	1-3 months N'000	4-6 months N'000	7-12 months N'000	Above 12 months N'000	Total N'000
Expected credit loss rate	3%	6%	6%	29%	29%	
Estimated total gross carrying amount at default	645,344	281,715	171,088	150,265	431,777	1,680,189
Expected credit loss	17,767	16,342	10,004	44,213	127,043	215,370

Set out below is the movement in the allowance for expected credit losses of trade receivable:

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Balance as at 1 January under IAS 39	133,254	128,507	133,254	128,507
Adjustment upon application of IFRS 9	84,496	-	82,116	-
Balance as at 1 January 2018 /1 January 2017– As restated	217,750	128,507	215,370	128,507
Provision for expected credit losses	437,850	4,747	440,229	4,747
Unused amount reversed	(413,108)	-	(413,108)	-
Write off during the year	(31,350)	-	(31,350)	-
Balance at 31 December	**211,141**	**133,254**	**211,141**	**133,254**

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stage delinquency to write-off. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Expected credit loss measurement - other financial assets

The Company applied the general approach in computing expected credit losses (ECL) for intercompany receivables and short-term deposits. The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The ECL is determined by projecting the Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD) for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs, etc. – are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 3 Summary of significant accounting policies and in Note 4 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Central Bank of Nigeria, Standards and Poor's etc.) and a team of experts within its credit risk department verifies the accuracy of inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Company's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 1 January 2018 and 31 December 2018.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

31 December 2018

Key drivers	Assigned Probabilities	ECL Scenario	2019	2020	2021	2022	2023	Subsequent years
GDP growth	10%	Upturn	0.26	0.29	0.32	0.35	0.38	0.41
	80%	Base	0.20	19.00	0.15	0.16	0.14	0.15
	10%	Downturn	0.14	0.11	0.08	0.05	0.02	-0.01
Oil Price %	10%	Upturn	56.00	59.00	62.00	65.00	68.00	71.00
	80%	Base	55.00	57.00	62.00	54.00	56.00	57.00
	10%	Downturn	44.00	41.00	38.00	35.00	32.00	29.00
Exchange rate %	10%	Upturn	180.00	175.00	170.00	165.00	160.00	155.00
	80%	Base	199.50	209.48	219.95	230.95	242.49	254.62
	10%	Downturn	204.75	214.99	225.74	237.02	248.87	261.32
Inflation rate %	10%	Upturn	26.00	24.00	22.00	20.00	18.00	16.00
	80%	Base	31.00	32.00	33.00	34.00	35.00	36.00
	10%	Downturn	34.00	36.00	38.00	40.00	42.00	44.00

1 January 2018

Key drivers	Assigned Probabilities	ECL Scenario	2019	2020	2021	2022	2023	Subsequent years
GDP growth	11%	Upturn	0.23	0.26	0.29	0.32	0.35	0.38
	79%	Base	0.20	0.20	19.00	0.15	0.16	0.14
	10%	Downturn	0.17	0.14	0.11	0.08	0.05	0.02
Oil Price %	11%	Upturn	53.00	56.00	59.00	62.00	65.00	68.00
	79%	Base	50.00	55.00	57.00	62.00	54.00	56.00
	10%	Downturn	47.00	44.00	41.00	38.00	35.00	32.00
Exchange rate %	11%	Upturn	185.00	180.00	175.00	170.00	165.00	160.00
	79%	Base	190.00	199.50	209.48	219.95	230.95	242.49
	10%	Downturn	195.00	204.75	214.99	225.74	237.02	248.87
Inflation rate %	11%	Upturn	28.00	26.00	24.00	22.00	20.00	18.00
	79%	Base	30.00	31.00	32.00	33.00	34.00	35.00
	10%	Downturn	32.00	34.00	36.00	38.00	40.00	42.00

The following tables outline the impact of multiple scenarios on the allowance showing contribution of each scenario to the Expected credit loss:

	The Group			The Company		
31 December 2018	**Short-term deposit N'000**	**Intercompany receivables N'000**	**Total N'000**	**Short-term deposit N'000**	**Intercompany receivables N'000**	**Total N'000**
Upside (10%)	10	453,644	453,654	10	1,113,192	1,113,202
Base (80%)	79	3,629,149	3,629,228	79	8,905,539	8,905,618
Downside (10%)	10	453,643	453,653	10	1,113,193	1,113,203
Total	**99**	**4,536,436**	**4,536,535**	**99**	**11,131,924**	**11,132,023**

1 January 2018	Short-term deposit N'000	Intercompany receivables N'000	Total N'000	Short-term deposit N'000	Intercompany receivables N'000	Total N'000
Upside (11%)	11	156,556	156,567	11	192,614	192,625
Base (79%)	80	1,124,356	1,124,436	80	1,383,320	1,383,400
Downside (10%)	10	142,323	142,333	10	175,103	175,113
Total	**101**	**1,423,235**	**1,423,336**	**101**	**1,751,037**	**1,751,139**

Short-term deposits

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	The Group				The Company			
1 January 2018	**Stage 1 N'000**	**Stage 2 N'000**	**Stage 3 N'000**	**Total N'000**	**Stage 1 N'000**	**Stage 2 N'000**	**Stage 3 N'000**	**Total N'000**
Gross carrying amount as at 1 January 2018	637,961	-	-	637,961	637,961	-	-	637,961
New asset purchased	155,235	-	-	155,235	155,235	-	-	155,235
Asset derecognised or repaid (excluding write offs)	(637,961)	-	-	(637,961)	(637,961)	-	-	(637,961)
At 31 December 2018	155,235	-	-	155,235	155,235	-	-	155,235

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
ECL allowance as at 1 January 2018	101	-	-	101	101	-	-	101
New asset purchased	99	-	-	99	99	-	-	99
Asset derecognised or repaid (excluding write offs)	(101)	-	-	(101)	(101)	-	-	(101)
At 31 December 2018	99	-	-	99	99	-	-	99

Intercompany receivables

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	The Group				The Company			
1 January 2018	**Stage 1 N'000**	**Stage 2 N'000**	**Stage 3 N'000**	**Total N'000**	**Stage 1 N'000**	**Stage 2 N'000**	**Stage 3 N'000**	**Total N'000**
Gross carrying amount as at 1 January 2018	7,235,602	-	-	7,235,602	21,101,494	-	-	21,101,494
New asset purchased	463,806	-	-	463,806	463,806	-	-	463,806
Asset derecognised or repaid (excluding write offs)	(328,321)	-	-	(328,321)	(236,454)	-	-	(236,454)
At 31 December 2018	7,371,087	-	-	7,371,087	21,328,846	-	-	21,328,846

	The Group				The Company			
	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
ECL allowance as at 1 January 2018	1,423,235	-	-	1,423,235	1,751,037	-	-	1,751,037
New asset purchased	3,182,227	-	-	3,182,227	9,449,912	-	-	9,449,912
Asset derecognised or repaid (excluding write offs)	(69,026)	-	-	(69,026)	(69,026)	-	-	(69,026)
At 31 December 2018	4,536,436	-	-	4,536,436	11,131,924	-	-	11,131,924
Net Intercompany receivables as at 31 Dcember 2018 - Note 21				2,834,650				10,196,922

Impairment allowance for financial assets under general approach

In assessing the Company's internal rating process, the Company's customers and counter parties are assessed based on a credit scoring model that takes into account various historical, current and forward-looking information such as:

- Any publicly available information on the Company's customers and counter parties from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, publicly traded bond or press releases and articles.
- Any macro-economic or geopolitical information, e.g., GDP growth relevant for the specific industry and geographical segments where the client operates.
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the company's performance.
- The table below shows the Company's internal credit rating grades.

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Internal rating grade	Internal rating description	12 month PD range	Implied S&P rating
1	High grade	0.00% - 0.58%	Very Good+
2	High grade	0.58% - 1.42%	Very Good
3	High grade	1.42% - 2.43%	Very Good-
4	Standard grade	2.43% - 16.3%	Good+
5	Standard grade	16.3% - 28.05%	Good
7	Sub-standard grade	28.05%-41.03%	Average+
8	Past due but not impaired	41.03% - 100%	Bad
Non- performing			
9	Individually impaired	100%	Very Bad

(c) Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures and preference shares. The Company's policy is that not more than 25% of borrowings should mature in the next 12-month period. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

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 company finance. Company finance monitors rolling forecasts of the company's liquidity requirements to ensure it has sufficient cash to meet operational needs. The company also ensures that at all times it does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below analyses the group's/company'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
At 31 December 2018	**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**	**Total N'000**
Interest bearing loans and borrowings	-	14,302,459	4,255,753	-	18,558,213
Trade and other payables	900,946	6,149,833	-	-	7,050,779
	900,946	**20,452,292**	**4,255,753**	**-**	**25,608,991**

					The Group
At 31 December 2017	**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**	**Total N'000**
Interest bearing loans and borrowings	-	18,290,350	666,667	-	18,957,016
Trade and other payables	980,209	8,452,480	-	-	9,432,689
Bank overdrafts	-	333,516	-	-	333,516
	980,209	**27,076,346**	**666,667**	**-**	**28,723,222**

					The Company
At 31 December 2018	**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**	**Total N'000**
Interest bearing loans and borrowings	-	14,302,459	4,255,753	-	18,558,213
Trade and other payables	900,946	5,763,766	-	-	6,664,712
	900,946	**20,066,225**	**4,255,753**	**-**	**25,222,925**

At 31 December 2017	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	The Company Total N'000
Interest bearing loans and borrowings	-	18,290,350	666,667	-	18,957,016
Trade and other payables	980,209	8,066,412	-	-	9,046,621
Bank overdrafts	-	333,516	-	-	333,516
	980,209	**26,690,278**	**666,667**	**-**	**28,337,154**

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.

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Interest bearing debt	18,558,213	19,290,533	18,558,213	19,290,533
Total equity	18,225,607	33,804,273	14,718,190	33,941,755
Total capital	**36,783,820**	**53,094,806**	**33,276,403**	**53,232,288**
Gearing ratio	**1.02**	**0.57**	**1.26**	**0.57**

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 Group's assets and liabilities for the period ended 31 December 2018.

				The Group				The Group
Assets measured at fair value (Note 15):	**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**	**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	4,198,300		4,198,300		4,198,300		4,198,300	
Liabilities for which fair values are disclosed								
(Note 23):								
Interest-bearing loans and borrowings								
5-year bond	4,255,753	-	4,255,753	-	4,255,753	-	4,255,753	-

These valuations were done as at 31 December 2018, there have been no transfers between Level 1 and Level 2 during the year.

i) Assets measured at fair values

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

				The Group
		2018		2017
Assets	**Carrying Value N'000**	**Fair Value N'000**	**Carrying Value N'000**	**Fair Value N'000**
Trade receivables	634,037	634,037	1,571,769	1,571,769
Other receivables	4,330,830	4,330,830	8,033,971	8,033,971
Cash at bank and in hand	507,462	507,462	860,025	860,025
Liabilities				
Interest bearing loans and borrowings: Non current	4,255,753	4,255,753	666,667	666,667
Bank Overdrafts and current portions of interest bearing loans and borrowings	14,302,459	14,302,459	18,623,866	18,623,866
Trade Payables and other payables	7,050,779	7,050,779	9,432,689	9,432,689

	The Company			
	2018		2017	
Assets	**Carrying Value N'000**	**Fair Value N'000**	**Carrying Value N'000**	**Fair Value N'000**
Trade receivables	618,207	618,207	1,555,938	1,555,938
Other receivables	11,693,102	11,693,102	21,899,863	21,899,863
Cash at bank and in hand	507,066	507,066	859,628	859,628
Liabilities				
Interest bearing loans and borrowings: Non current	4,255,753	4,255,753	666,667	666,667
Bank Overdrafts and current portions of interest bearing loans and borrowings	14,302,459	14,302,459	18,623,866	18,623,866
Trade and other payables	6,664,712	6,664,712	9,046,621	9,046,621

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	
	2018	
Financial assets	**Fair value through other comprehen-sive income N'000**	**Other financial liabilities N'000**
Equity instrument at fair value through other comprehensive income	17,729	-
Financial liabilities		
Interest bearing loans and borrowings: Non current	-	4,255,753
Interest bearing loans and borrowings: Current	-	14,302,459
Trade and other payables	-	7,050,779
Bank overdrafts	-	-

	The Group		
	2017		
Financial assets	**Fair value through other comprehen-sive income N'000**	**Other financial liabilities N'000**	**Available for sale N'000**
Available for sale financial asset	-	-	10,000
Financial liabilities			
Interest bearing loans and borrowings: Non current	-	666,667	-
Interest bearing loans and borrowings: Current	-	16,694,216	-
Trade and other payables	-	9,432,689	-
Bank overdrafts	-	333,516	-

	The Company	
	2018	
Financial assets	**Fair value through other comprehen-sive income N'000**	**Other financial liabilities N'000**
Equity instrument at fair value through other comprehensive income	17,729	-
Financial liabilities		
Long term borrowings	-	4,255,753
Current portion of long term borrowings	-	14,302,459
Trade and other payables	-	6,664,712
Bank overdrafts	-	-

	The Company		
	2017		
Financial assets	**Fair value through other comprehen-sive income N'000**	**Other financial liabilities N'000**	**Available for sale N'000**
Available for sale financial asset	-	-	10,000
Financial liabilities			
Long term borrowings	-	666,667	-
Current portion of long term borrowings	-	18,290,350	-
Trade and other payables	-	9,046,621	-
Bank overdrafts	-	333,516	-

4. Significant accounting judgements, estimates and assumptions

4.1 Significant estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

4.2 Significant judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements

a) Revenue from Contracts with Customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Identifying performance obligations in a bundled sale of property and maintenance services

The Company provides planned preventive maintenance and property life cycle maintenance that are sold separately or bundled together with the sale of property to a customer. The maintenance services are a promise to transfer services in the future and are part of the negotiated exchange between the Company and the customer.

The Company determined that the property, and the maintenance services are capable of being distinct. The fact that the Company regularly sells both property, and maintenance on a stand-alone basis indicates that the customer can benefit from each of the products on their own. The Company also determined that the promises to transfer the property and to provide maintenance are distinct within the context of the contract. The property and the maintenance are not inputs to a combined item in the contract.

In addition, the property and the maintenance are not highly interdependent or highly interrelated, because the Company would be able to transfer the property even if the customer declined maintenance and would be able to provide maintenance in relation to products sold by other distributors. Consequently, the Company allocated a portion of the transaction price to the property and the maintenance service based on relative stand-alone selling prices.

Determining the timing of satisfaction of sales of property stock

The Company concluded that revenue for sales of property stock is to be recognised at a point in time; when the customer obtains control of the property. The Company assess when control is transferred using the indicators below:

- The Company has a present right to payment for the product;
- The Customer has legal title to the product;
- The Company has transferred physical possession of the asset and delivery note received;
- The Customer has the significant risks and rewards of ownership of the product; and
- The Customer has accepted the asset

Estimates and assumptions

b. Financial Instruments

Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, and customer type).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 21.

Impairment losses on other financial assets
The measurement of impairment losses under IFRS 9 requires estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and economic inputs such as unemployment levels, Gross Domestic Products and inflation rate, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models"

c) 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	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Freehold building	272,300	423,000	272,300	423,000
Leasehold building	3,926,000	10,000,675	3,926,000	10,000,675
Total investment properties	**4,198,300**	**10,423,675**	**4,198,300**	**10,423,675**

d) 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.

e) Impairment of investments in Joint Venture

Investment in Joint Ventures are stated at cost in the books of the Group and 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 Group/Company's share of loss exceeds its total investment in the Joint venture. See note 16 (ii). for details of write down in current year.

f) 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 2018 (2017: 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
UBA Trustees (Joint Trustees)	-	1
First 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, 2018, UPDC Plc operations comprised two main business segments which is Property development, sales and management and hospitality services. However, the later has been classified as discontinued operation/ held for sale.

Property development, sales & 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.

Discontinued Operation/ Held for sale: Hospitality services - UPDC Hotels Limited, the company's subsidiary is in the hospitality industry and leverages significantly on the success of its principal promoter UACN Property Development Company Plc. The hotel provides services such as sale of rooms, conference halls as well as food & beverages.

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

				The Group
31 December 2018	**Property development sales & management N'000**	**Hospitality services N'000**	**Classified as Discontinued Operation/ Held for Sale N'000**	**Total N'000**
Total Revenue	2,303,326	1,356,603	(1,356,603)	2,303,326
Intergroup revenue	-	-	-	-
Revenue to third parties	2,303,326	1,356,603	(1,356,603)	2,303,326
Loss before interest and tax	(3,145,176)	(89,878)	89,878	(3,145,176)
Loss before tax	(9,214,965)	(89,878)	89,878	(9,214,965)
Net current assets	(9,538,991)	(291,238)	291,238	(9,538,991)
Property, plant and equipment	46,972	11,855,509	(11,855,509)	46,972

31 December 2017	Property development sales & management N'000	Hospitality services N'000	Classified as Discontinued Operation/ Held for Sale N'000	Total N'000
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	1,862,680	(293,635)	293,635	1,862,680
Loss before tax	(3,057,309)	(293,635)	293,635	(3,057,309)
Net current assets	(7,590,114)	(200,459)	200,459	(7,590,114)
Property, plant and equipment	76,063	11,814,513	(11,814,513)	76,063

31 December 2018	The Company Property development sales & management N'000	Total N'000
Total Revenue	2,303,326	2,303,326
Intergroup revenue	-	-
Revenue to third parties	2,303,326	2,303,326
Loss before interest and tax	(2,320,719)	(2,320,719)
Loss before tax	(16,673,706)	(16,673,706)
Net current assets	(1,806,878)	(1,806,878)
Property, plant and equipment	46,607	46,607

31 December 2017	Property development sales & management N'000	Total N'000
Total Revenue	3,983,078	3,983,078
Intergroup revenue	-	-
Revenue to third parties	3,983,078	3,983,078
Earnings before interest and tax	2,988,230	2,988,230
Loss before tax	(2,470,861)	(2,470,861)
Net current assets	6,645,617	6,645,617
Property, plant and equipment	75,694	75,694

Entity wide information

Analysis of revenue by category:	2018 N'000	2017 N'000
Sale of Property Stock	1,695,318	2,887,950
Share of James Pinnock Sale of Property Stock	129,489	402,020
Rental income & Management Fee on Rent	273,163	487,727
Project and Management Surcharge Income	205,357	205,382
	2,303,326	**3,983,078**

Analysis of revenue by geographical location:	2018 N'000	2017 N'000
Nigeria	2,303,326	3,983,078

Revenue from contracts with customers

Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	For the year ended 31 December 2018		
Type of goods or service	**Property development sales & management N'000**	**Hospitality services N'000**	**Classified as Discontinued Operation/ Held for Sale N'000**
Sale of Property Stock	1,695,318	-	-
Share of James Pinnock Sale of Property Stock	129,489	-	-
Rental income & Management Fee on Rent	273,163	-	-
Project and Management Surcharge Income	205,357	-	-
UPDC Hotels	-	1,356,603	(1,356,603)
Total revenue from contracts with customers	**2,303,326**	**1,356,603**	**(1,356,603)**
Geographical markets			
Within Nigeria	2,303,326	1,356,603	(1,356,603)
Outside Nigeria	-	-	-
Total revenue from contracts with customers	**2,303,326**	**1,356,603**	**(1,356,603)**
Timing of revenue recognition			
Goods transferred at a point in time	2,303,326	1,356,603	(1,356,603)
Services transferred over time	-	-	-
Total revenue from contracts with customers	**2,303,326**	**1,356,603**	**(1,356,603)**

Performance obligations

Information about the Company's performance obligations are summarised below:

Sale of property stock

The performance obligation is satisfied upon transfer of the property which is generally due within 30 to 90 days from transfer.

The Company has applied the practical expedient in paragraph 121 of IFRS 15 and did not disclose information about remaining performance obligations that have original expected durations of one year or less.

	The Group		The Company	
Contract balances	**2018 N'000**	**2017 N'000**	**2018 N'000**	**2017 N'000**
Trade receivables	845,178	1,705,023	829,348	1,689,192
Contract liabilities	2,362,822	2,339,140	2,362,822	2,339,140

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.
In 2018, N44,641,000 was recognised as provision for expected credit losses on trade receivables.

Contract liabilities include advances received from customers in respect of sale of property stocks and facility management fees

Disclosure requirements IFRS 15 - Performance Obligations

Quantitative

Information about performance obligations in contracts with customer, including a description of the following: • When the entity typically satisfies its performance obligations (for example, upon shipment, upon delivery, as services are rendered or upon completion of service) including when performance obligations are satisfied in a bill-and-hold arrangement • Significant payment terms (for example, when payment is typically due, whether the contract has a significant financing component, whether the consideration amount is variable and whether the estimate of variable consideration is typically constrained) • The nature of the goods or services that the entity has promised to transfer, highlighting any performance obligations to arrange for another party to transfer goods or services (i.e., if the entity is acting as an agent) • Obligations for returns, refunds and other similar obligations • Types of warranties and related obligations.	IFRS 15.119(a) IFRS 15.119(b) IFRS 15.119(c) IFRS 15.119(d)

Performance obligations - Tabular form

The Company's typical performance obligations include the following:

Performance Obligation	When Performance Obligation is Typically Satisfied	When Payment is Typically Due	How Standalone Selling Price is Typically Estimated
Sale of property stocks	Control of the asset is transferred to the customer, generally on delivery of the property at a point in time.	Payment is due on delivery date	Observable in contract document
Facilities management services provided to the customer	The services are satisfied over time as customers simultaneously receives and consumes the benefits provided by the Company. The Company recognizes revenue for these service contracts over time	At the beginning of the contract period	Observable in renewal transactions
Project Development and Business Management	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 in time.	Within 90 days of services being performed	Observable in transactions without multiple performance obligations

6. Other Operating Income	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Investment income	2,250	1,170	2,250	1,170
Income distribution from UPDC REIT	-	-	824,458	1,125,550
Infrastructure, transfer and title regularisation fees	193,976	126,751	193,976	126,751
Service charge received from Golden Tulip Hotel	11,178	10,597	11,178	10,597
Sales commission received	306,076	58,392	306,076	58,392
(Loss)/gain on disposal of PPE	(15,494)	4,146	(15,494)	4,146
Exchange (loss)/gain	(676)	317	(676)	317
Recovery of excess bank charges	-	265,244	-	265,244
Recovery on facility management	38,190	35,600	38,190	35,600
Others	14,518	10,580	14,518	10,580
Total other income	**550,019**	**512,797**	**1,374,476**	**1,638,346**

6(i). Other Project Losses/ Expenses

	The Group		The Company	
	2018 N'000	**2017 N'000**	**2018 N'000**	**2017 N'000**
Losses on Projects *	15,326	150,463	15,326	150,463
Impairments of trade receivables and short term investment.	27,117	-	27,117	-
	42,443	**150,463**	**42,443**	**150,463**

* Losses on projects are expenses incured after project completion.

7. Expenses by nature

	The Group		The Company	
	2018 N'000	**2017 N'000**	**2018 N'000**	**2017 N'000**
Change in inventories of finished goods and other direct costs of inventories	1,611,456	3,154,162	1,610,932	3,154,161
Impairment/ Write off of inventories to net realisable value	1,317,616	82,948	1,317,616	82,948
Direct operating expenses for Investment Properties/ Vacant Apartments	125,592	98,103	125,592	98,103
Personnel expenses	395,829	449,805	395,829	449,805
Depreciation & Amortization	44,894	51,360	45,418	51,360
Rents and Rates	12,981	12,161	12,981	12,161
Vehicles repairs, maintenance & fueling	3,890	9,100	3,890	9,100
Other repairs & maintenance	2,908	2,576	2,908	2,576
Legal expenses	41,004	78,895	41,004	78,895
Auditors' remuneration	19,950	19,950	19,950	19,950
Directors' emoluments	130,057	110,728	130,057	110,728
Information Technology	43,750	69,488	43,750	69,488
Insurance	13,549	17,419	13,549	17,419
Marketing, advertising & communication	16,891	21,068	16,891	21,068
Professional fees	204,311	59,842	204,311	59,842
VAIDS & Back Duty payment	236,451	-	236,451	-
Printing and stationery	3,850	11,351	3,850	11,351
UACN management fee (Note 32)	22,825	37,601	22,825	37,601
	4,247,804	**4,286,554**	**4,247,804**	**4,286,554**
Cost of sales	3,165,718	3,382,873	3,165,718	3,382,873
Selling and distribution expenses	84,904	117,364	84,904	117,364
Admininstrative expenses	997,182	786,317	997,182	786,317
	4,247,804	**4,286,554**	**4,247,804**	**4,286,554**

Personnel expenses include:	The Group 2018 N'000	The Group 2017 N'000	The Company 2018 N'000	The Company 2017 N'000
Wages and salaries	349,387	389,814	349,387	389,814
Pension costs:				
Pension benefits	23,209	29,374	23,209	29,374
Gratuity scheme - defined contribution	23,233	30,617	23,233	30,617
	395,829	**449,805**	**395,829**	**449,805**

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.

Costs	The Group 2018 N'000	The Group 2017 N'000	The Company 2018 N'000	The Company 2017 N'000
Management	362,020	407,499	362,020	407,499
Staff	33,809	42,306	33,809	42,306
Total	**395,829**	**449,805**	**395,829**	**449,805**

Numbers	The Group 2018 Number	The Group 2017 Number	The Company 2018 Number	The Company 2017 Number
Management	88	91	50	71
Staff	211	229	17	25
Total	**299**	**320**	**67**	**96**

(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	
		2018	2017	2018	2017
300,001	- 400,000	0	0	0	0
400,001	- 500,000	70	63	0	0
500,001	- 600,000	34	3	0	0
600,001	- 700,000	24	24	0	0
700,001	- 800,000	17	20	1	1
800,001	- 900,000	30	26	4	6
900,001	- 1,000,000	9	15	4	5
1,000,001	- 2,000,000	70	109	25	37
2,000,001	- 3,000,000	18	21	12	15
3,000,001	- 4,000,000	8	19	6	13
4,000,001	- 5,000,000	4	4	2	4
5,000,001	- 6,000,000	5	7	5	7
6,000,001	- 7,000,000	5	4	3	3
7,000,001	- 8,000,000	3	3	3	3
8,000,001	- 9,000,000	0	0	0	0
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	1	1	1
		299	**320**	**67**	**96**

	The Group		The Company	
(iii) Emoluments of directors	**2018 N'000**	**2017 N'000**	**2018 N'000**	**2017 N'000**
Fees	1,550	1,300	1,550	1,300
Other emoluments	128,507	109,428	128,507	109,428
	130,057	**110,728**	**130,057**	**110,728**
(iv) The Chairman's emolument.	300	300	300	300
(v) Emolument of the highest paid director.	22,392	24,886	22,392	24,886

(vi) The fees attributable to one non-executive director, who is an employee of the parent company (UACN) was paid to UACN Plc.

	The Group		The Company	
(vii) Key management personnel compensation	**2018 N'000**	**2017 N'000**	**2018 N'000**	**2017 N'000**
Short term benefit	107,838	97,197	107,838	97,197
Post employment benefits	8,348	9,423	8,348	9,423
	116,186	**106,620**	**116,186**	**106,620**

(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 2018 Number	The Group 2017 Number	The Company 2018 Number	The Company 2017 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 2018 N'000	The Group 2017 N'000	The Company 2018 N'000	The Company 2017 N'000
Finance Income	36,617	525,761	61,617	550,761
Interest on borrowings	(4,728,599)	(5,406,803)	(4,728,599)	(5,406,803)
Interest on bank overdraft	(70,910)	(149,699)	(70,910)	(149,699)
Finance Costs	**(4,799,508)**	**(5,556,502)**	**(4,799,508)**	**(5,556,502)**
Net Finance Cost	**(4,762,891)**	**(5,030,741)**	**(4,737,891)**	**(5,005,741)**

9. Impairment of investment & receivables of related parties

	The Group 2018 N'000	The Group 2017 N'000	The Company 2018 N'000	The Company 2017 N'000
Investment in First Festival Mall Ltd	-	210	234,217	210
Receivable in First Festival Mall Ltd	2,478,097	-	2,478,097	-
Receivable in UPDC Metro City Ltd	589,434	29,108	589,434	29,108
Receivable in UPDC Hotels Ltd	-	-	6,267,677	25,000
Receivable in First Restoration Dev. Co. Limited - Write back	(22,750)	139,651	(22,750)	139,651
Receivable in Pinnacle Apartment Development Ltd. - Write back	(201,909)	259,381	(201,909)	259,381
Receivable in Calabar Golf Estate Limited	224,645	-	224,645	-
Receivable in Galaxy Mall & Galleria Limited	60,366	-	60,366	-
Receivable in other related parties -Write back	(14,682)	-	(14,682)	
	3,113,201	**428,350**	**9,615,096**	**453,350**

9 (i). Impairment of assets of disposal group held for sale	The Group 2018 N'000	The Group 2017 N'000	The Company 2018 N'000	The Company 2017 N'000
Book value of total assets	12,349,411	-	-	-
Less: Fair value of total asset	(8,320,174)	-	-	-
Impairment	**4,029,237**	**-**	**-**	**-**

9 (ii). Share of Loss in Joint Venture	The Group 2018 N'000	The Group 2017 N'000	The Company 2018 N'000	The Company 2017 N'000
Share of Loss in First Festival Mall Ltd (Note 16)	(117,189)	(290,283)	-	-
	(117,189)	**(290,283)**	**-**	**-**

9 (iii). Credit loss expense

The table below shows the ECL charges on financial instruments for the year recorded in the income statement:

	The Group								
	Stage 1 Individual N'000	**Stage 1 Collective N'000**	**Stage 2 Individual N'000**	**Stage 2 Collective N'000**	**Stage 3 Individual N'000**	**Stage 3 Collective N'000**	**Simplified Model N'000**	**POCI N'000**	**Total N'000**
Debt instruments measured at amortised cost -Short term deposits	(3)	-	-	-	-	-	-	-	(3)
Debt instruments measured at amortised cost - Related party receivables	3,113,201	-	-	-	-	-	-	-	3,113,201
Debt instruments measured at amortised costs - trade receivables	-	-	-	-	-	-	27,120	-	27,120
	3,113,198	**-**	**-**	**-**	**-**	**-**	**27,120**	**-**	**3,140,318**

	The Company								
	Stage 1 Individual N'000	**Stage 1 Collective N'000**	**Stage 2 Individual N'000**	**Stage 2 Collective N'000**	**Stage 3 Individual N'000**	**Stage 3 Collective N'000**	**Simplified Model N'000**	**POCI N'000**	**Total N'000**
Debt instruments measured at amortised cost -Short term deposits	(3)	-	-	-	-	-	-	-	(3)
Debt instruments measured at amortised cost - Related party receivables	9,380,879	-	-	-	-	-	-	-	9,380,879
Debt instruments measured at amortised costs - trade receivables	-	-	-	-	-	-	27,120	-	27,120
	9,380,876	**-**	**-**	**-**	**-**	**-**	**27,120**	**-**	**9,407,996**

10. Taxation	The Group		The Company	
	2018 N'000	**2017 N'000**	**2018 N'000**	**2017 N'000**
Current tax				
Minimum tax charge for the year	76,411	174,697	76,411	174,697
Capital Gain tax	723,552	116,291	723,552	116,291
Total current tax charge	**799,963**	**290,988**	**799,963**	**290,988**
Deferred tax				
*Deferred tax reversal on financial instrument - Note 2.1.2	228,873	-	319,000	-
*Temporary differences, origination and reversal	694,294	(694,294)	694,294	(694,294)
Total deferred tax (note 26)	**923,167**	**(694,294)**	**1,013,294**	**(694,294)**
Income tax charge/ (credit)	**1,723,130**	**(403,306)**	**1,813,256**	**(403,306)**

Nigeria corporation tax is calculated at 30% (2017: 30%) of the estimated assessable profit for the year.

*Deferred tax reversal on financial instrument represents the deferred tax on IFRS 9 impact on opening retained earnings as the management has assessed and concluded that it is probable that sufficient taxable profits will not be available to offset this it.

*The deferred tax credit computation for the year amounted to N3,960,549,038.00, the management has however assessed and concluded that it is probable that sufficient taxable profits will not be available to offset this, hence the decision to utilise none of the tax credit computation and to also reverse the 50% (N694,293,865.00) utilised in 2017.

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

	The Group		The Company	
	2018 N'000	**2017 N'000**	**2018 N'000**	**2017 N'000**
(Loss)/Profit before tax	(6,101,764)	(2,628,959)	(16,673,706)	(2,470,861)
Tax at the Nigeria corporation tax rate of 30% (2017: 30%)	(1,830,529)	(788,688)	(5,002,112)	(741,258)
Tertiary Education tax	-	-	-	-
Capital gains tax	723,552	116,291	723,552	116,291
Effect of income that is exempt from taxation	(2,750,200)	(3,081,179)	(826,708)	(3,081,179)
Effect of expenses that are not deductible in determining taxable profit	5,503,897	3,175,574	6,842,114	3,128,144
Minimum tax adjustments	76,411	174,697	76,411	174,697
Tax charge/ (credit) for the year	**1,723,130**	**(403,306)**	**1,813,256**	**(403,306)**

	The Group		The Company	
Per statement of financial position	**2018 N'000**	**2017 N'000**	**2018 N'000**	**2017 N'000**
Balance as at 1 January	1,022,098	732,519	1,022,098	732,519
Charge for the year	799,963	290,988	799,963	290,988
Payments during the year	(209,184)	(1,409)	(209,184)	(1,409)
Withholding tax utilized	(81,794)	-	(81,794)	-
Balance as at 31 December	**1,531,083**	**1,022,098**	**1,531,083**	**1,022,098**

11. Dividends	The Group		The Company	
Amounts recognised as distributions to ordinary shareholders in the year comprise:	**2018 N'000**	**2017 N'000**	**2018 N'000**	**2017 N'000**
No dividend was declared for the year ended December 2017, hence no dividend was paid in 2018.	-	-	-	-

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	
	2018 N'000	**2017 N'000**	**2018 N'000**	**2017 N'000**
Loss after tax for the year from discontinued operations	(89,878)	(293,635)	-	-
Loss attributable to ordinary equity shareholders (NGN'000)	(15,052,446)	(2,932,076)	(18,486,962)	(2,067,555)
Basic loss per share (Kobo)	**(579)**	**(144)**	**(711)**	**(102)**
From discontinued operations	(3)	(14)	-	-
From loss for the period	(576)	(130)	(711)	(102)
Diluted loss per share (Kobo)	**(579)**	**(144)**	**(711)**	**(102)**
From discontinued operations	(3)	(14)	-	-
From loss for the period	(576)	(130)	(711)	(102)

	The Group		The Company	
	2018 Number ('000)	**2017 Number ('000)**	**2018 Number ('000)**	**2017 Number ('000)**
Basic weighted average and Diluted weighted average number of shares	2,598,396	2,030,740	2,598,396	2,030,740
Absolute number of shares (Note 27)	2,598,396	2,598,396	2,598,396	2,598,396

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dillutive 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 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**
At 1 January 2018	-	172,568	139,932	56,977	57,057	426,534
Addition	-	24,531	-	1,039	1,507	27,077
Disposals	-	(34,183)	(61,207)	(341)	(933)	(96,664)
At 31 December 2018	**-**	**162,916**	**78,724**	**57,675**	**57,631**	**356,948**
Accumulated depreciation						
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
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**
At 1 January 2018	-	147,766	101,425	49,619	51,660	350,470
Charge for the period	-	11,089	13,020	2,946	2,489	29,544
Disposals	-	(31,751)	(37,215)	(307)	(766)	(70,039)
At 31 December 2018	**-**	**127,105**	**77,229**	**52,259**	**53,383**	**309,975**
Net book values						
At 31 December 2018	**-**	**35,812**	**1,495**	**5,417**	**4,249**	**46,972**
At 31 December 2017	**-**	**24,802**	**38,507**	**7,358**	**5,397**	**76,063**

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 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**
At 1 January 2018	172,568	139,932	56,608	57,058	426,166
Additions	24,531	-	1,039	1,507	27,077
Disposals	(34,183)	(61,207)	(341)	(933)	(96,664)
At 31 December 2018	**162,916**	**78,724**	**57,306**	**57,632**	**356,580**
Accumulated depreciation					
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**
At 1 January 2018	147,766	101,425	49,619	51,660	350,468
Charge for the period	11,089	13,020	2,946	2,489	29,544
Impairment charge					-
Disposals	(31,751)	(37,215)	(307)	(766)	(70,039)
At 31 December 2018	**127,105**	**77,229**	**52,259**	**53,383**	**309,973**
Net book values					
At 31 December 2018	**35,812**	**1,495**	**5,048**	**4,250**	**46,607**
At 31 December 2017	**24,802**	**38,507**	**6,989**	**5,398**	**75,694**

No Property, Plant and Equipment was pledged as security for any liability as at 31 December 2018 (2017: Nil).

14. Intangible assets

	The Group	The Company
Cost	**Software N'000**	**Software N'000**
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**
At 1 January 2018	285,364	285,364
Additions	6,994	6,994
At 31 December 2018	**292,358**	**292,358**

Amortisation

At 1 January 2017	267,507	232,967
Amortisation for the period	14,503	14,503
Disposals	-	-
Assets held for sale	(34,540)	-
At 31 December 2017	**247,470**	**247,470**
At 1 January 2018	247,470	247,470
Amortisation for the period	15,350	15,350
At 31 December 2018	**262,820**	**262,820**

Net book values

At 31 December 2018	**29,538**	**29,538**
At 31 December 2017	**37,894**	**37,894**

No intangible asset was pledged as security for any liability as at 31 December 2018 (2017: Nil)

15. Investment properties

	The Group			The Company		
Fair value	**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 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**
At 1 January 2018	423,000	10,000,675	**10,423,675**	423,000	10,000,675	**10,423,675**
Additions	-	-	**-**	-	-	**-**
Transfer from properties under construction (Note 20)	140,000	-	**140,000**	140,000	-	**140,000**
Net loss from fair value adjustments on investment properties	6,300	(648,175)	**(641,875)**	6,300	(648,175)	**(641,875)**
Write down of Investment properties	-	(632,000)	(632,000)	-	(632,000)	(632,000)
Disposals	(297,000)	(4,794,500)	(5,091,500)	(297,000)	(4,794,500)	(5,091,500)
At 31 December 2018	**272,300**	**3,926,000**	**4,198,300**	**272,300**	**3,926,000**	**4,198,300**

Fair value loss/write down of investment properties	The Group		The Company	
	2018 N'000	**2017 N'000**	**2018 N'000**	**2017 N'000**
Fair value loss on investment properties	641,875	146,654	641,875	146,654
Write down of Investment properties	632,000	-	632,000	-
	1,273,875	**146,654**	**1,273,875**	**146,654**

Schedule of net gain/ (loss) on disposal	The Group		The Company	
	2018 N'000	**2017 N'000**	**2018 N'000**	**2017 N'000**
Sales Proceed	4,727,024	8,232,414	4,727,024	8,232,414
Agency fees/incidental expenses	(69,923)	(180,842)	(69,923)	(180,842)
Net Sales Proceed	4,657,101	8,051,572	4,657,101	8,051,572
Carrying value of investment properties	(5,091,500)	(6,101,095)	(5,091,500)	(6,101,095)
	(434,399)	**1,950,477**	**(434,399)**	**1,950,477**

Five (5) properties in Lagos and Port Harcourt valued at N5.1billion were disposed during the period for a net sales proceed of N4.7billion.

Fair value of investment properties is categorised as follows:

	The Group			The Company		
At 31 December 2018	**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**
External Valuation	272,300	3,926,000	4,198,300	272,300	3,926,000	4,198,300
	272,300	**3,926,000**	**4,198,300**	**272,300**	**3,926,000**	**4,198,300**

	The Group			The Company		
At 31 December 2017	**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**
External Valuation	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's investment properties were revalued in 2018 by independent professionally qualified valuers (Messrs J. O. Omotosho & Associates - FRC/2014/NIESV/00000006738 and Steve Akhigbemidu & Co. - FRC/2013/NIESV/00000001442) 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	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Rental income derived from investment properties	234,354	487,727	234,354	487,727
Direct operating expenses that generated the rental income	(53,713)	(78,817)	(53,713)	(78,817)
Profit arising from investment properties	**180,641**	**408,909**	**180,641**	**408,909**

16. Investments in associates and equity accounted joint ventures

The amounts recognised in the balance sheet are as follows:

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Associate	20,017,860	18,918,826	16,489,153	16,489,153
Joint ventures	73,606	190,795	73,606	307,823
	20,091,466	**19,109,621**	**16,562,759**	**16,796,976**

16 (i). Investments in Associate

Set out below is the associate of the group as at 31 December 2018. 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	2018 N'000	2017 N'000	2018 % ownership	2017 % ownership	Measurement method
UPDC REIT	Nigeria	20,017,860	18,918,826	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 2018, the fair value of each unit holders' contribution in UPDC REIT is N6.60.

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

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
At 1 January	18,918,826	19,214,990	16,489,153	16,489,153
Share of profit	1,923,492	829,385	-	-
Dividend received	(824,458)	(1,125,550)	-	-
	20,017,860	**18,918,826**	**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 Seven (7) 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 as at 31 December 2018. 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 2018.

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

16 (ii). Investments in Joint Ventures

	The Group		The Company			
Investment in Joint Ventures	2018 N'000	2017 N'000	2018 N'000	2017 N'000	2018 % holding	2017 % holding
UPDC Metro City Limited	-	-	-	-	60.0%	60.0%
First Festival Mall Limited	-	117,189	-	234,217	45.0%	45.0%
Transit Village Dev. Co. Ltd	73,606	73,606	73,606	73,606	40.0%	40.0%
	73,606	**190,796**	**73,606**	**307,823**		

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

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
At 1 January	190,795	481,289	307,823	308,033
Share of (loss)/ profit of First Festival Mall Limited	(117,189)	(290,283)	-	-
Impairment of investment in Transit Village	-	(210)	-	(210)
Impairment of investment in First Festival Mall Limited	-	-	(234,217)	-
	73,606	**190,795**	**73,606**	**307,823**

First Festival Mall reported a loss after tax of N504 million for the year ended December 2018. The share of the Group of this based on 45% share holding is N227 million, however the carrying value of the Group's investment in First Festival Mall is N117 million, hence the recognition of only N117 million which has now wiped off UPDC's investment in Festival Mall.

The unrecognised share of loss/profit from other Joint Ventures are:	N'000
First Restoration Dev. Co. Limited	(119,554)
Pinnacle Apartment Dev. Limited	(110,492)
Calabar Golf Estate Limited	(16,293)
UPDC Metro City Limited	(221,592)

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. Co. 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 Limited	Metrocity	Nigeria	Joint venture	Equity	60%
Transit Village Dev Co Limited*	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 2018							
First Festival Mall Limited	13,446,215	(293,385)	9,523,245	3,152,100	(819,435)	477,485	-
First Restoration Dev. Co. Limited	-	611,744	-	1,214,950	24,791	(603,206)	-
Pinnacle Apartment Dev. Limited	-	263,576	-	964,351	(919)	(700,775)	-
Calabar Golf Estate Limited	-	1,257,315	-	1,442,467	-	(185,152)	-
UPDC Metro City Ltd	1,485,745	1,499,097	2,306,044	3,877,564	(27,611)	(892,721)	-
Transit Villge Dev Co Limited	184,015	-	-	-	-	184,015	73,606
UPDC REIT	29,374,974	4,031,969	-	857,577	34,287	32,549,366	20,017,860

Name	Revenue	Deprecia-tion	Interest Income	Interest Expense	Tax Expense	Profit/ (Loss)
31 December 2018						
First Festival Mall Limited	684,483	27,913	1,102	1,040,088	-	(504,033)
First Restoration Dev. Co. Limited *	(7,800)	-	-	236,171	-	(234,420)
Pinnacle Apartments Dev. Limited *	400,262	-	72	236,390	-	(216,650)
Calabar Golf Estate Limited *	-	-	-	30,102	-	(31,948)
UPDC Metrocity Limited	192,784	-	-	272,082	-	(369,320)
UPDC REIT	1,324,867	81,195	837,418	-	-	2,644,763

Name	Non Current Asset	Current Asset	Non-Current Liabilities	Current Liabilities	Cash & Cash Equivalent	Net Asset	Carrying value
31 December 2017							
First Festival Mall Limited	11,871,196	702,170	11,068,487	1,244,458	(9,539)	260,421	117,189
First Restoration Dev. Co. Limited	-	597,203	-	969,172	(829)	(371,969)	-
Pinnacle Apartment Dev. Limited	-	1,346,571	-	1,171,896	(732)	249,840	-
Calabar Golf Estate Limited	-	1,276,142	-	1,429,346	-	(208,682)	-
UPDC Metro City Limited	1,841,990	1,821,160	2,306,044	3,841,554	63,279	(2,484,448)	-
Transit Village Dev Co Ltd	184,015	-	-	-	-	184,015	73,606
UPDC REIT	24,411,875	6,644,132	-	293,688	-	30,762,318	18,918,826

Name	Revenue	Deprecia-tion	Interest Income	Interest Expense	Tax Expense	Profit/ (Loss)
31 December 2017						
First Festival Mall Ltd	717,155	29,567	435	1,801,849	-	385,013
First Restoration Dev. Co. Limited *	205,200	-	-	31,512	-	(164,717)
Pinnacle Apartments Dev. Limited *	686,875	-	129	254,700	-	(292,417)
Calabar Golf Estate Limited *	77,000	-	-	22,117	-	(127,153)
UPDC Metrocity Ltd	324,580	-	-	86,141	-	(2,389,500)
UPDC REIT	1,079,881	50,022	1,024,608	-	-	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 Dev. Co. Limited as designated. The company had no commitment or contingent liabilities to the associate and joint ventures as at December 31, 2018, 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.

17. Available-for-sale financial assets

	The Group		The Company	
	2018 N'000	**2017 N'000**	**2018 N'000**	**2017 N'000**
Opening balance as at 1 January	10,000	10,000	10,000	10,000
Transfer to equity instruments at fair value through other comprehensive income - Note 17. (i).	(10,000)	-	(10,000)	-
	-	**10,000**	**-**	**10,000**

17. (i). Equity instrument at fair value through other comprehensive income

	The Group		The Company	
	2018 N'000	**2017 N'000**	**2018 N'000**	**2017 N'000**
Opening balance as at 1 January	-	-	-	-
Transfer from available-for-sale financial assets - Note 17	10,000	-	10,000	-
Fair value gain on available-for-sale financial assets	7,729	-	7,729	-
Investment in UNICO CPFA Limited	**17,729**	**-**	**17,729**	**-**

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

18. Investments in subsidiaries

Principal investments	The Group		% Shareholding	
	2018 N'000	2017 N'000	2018 %	2017 %
UPDC Hotels Limited: 2,082,500,000 Shares of =N=1.00 each	2,082,500	2,082,500	94.7	94.7
Manor Gardens: 53,810,000 Ordinary Shares of =N=1.00 each	53,810	53,810	67.5	67.5
	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	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Non trade stock	14,997	15,813	14,997	15,813
Properties under construction (note 20)	8,275,383	11,523,469	8,275,383	11,523,469
	8,290,381	**11,539,283**	**8,290,381**	**11,539,283**

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

20. Properties under construction

	The Group		The Company	
Cost	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Balance 1 January	11,523,469	12,672,132	11,523,469	12,672,132
Additions	410,123	1,282,531	410,123	1,282,531
Transfer to Investment Properties	(140,000)	-	(140,000)	-
Disposal	(1,502,307)	(2,348,246)	(1,502,307)	(2,348,246)
Impairment of VMP3B, Parkview & Awoyaya Land	(1,317,616)	-	(1,317,616)	-
Reallocation	(698,286)	-	(698,286)	-
Impairment of Vintage Gardens	-	(82,948)	-	(82,948)
Balance 31 December	**8,275,383**	**11,523,469**	**8,275,383**	**11,523,469**

21. Trade and other receivables

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Trade receivables	845,178	1,705,023	829,348	1,689,192
Less: Impairment of trade receivables	(211,141)	(133,254)	(211,141)	(133,254)
Net trade receivables	**634,037**	**1,571,769**	**618,207**	**1,555,938**
Receivables from group companies - Note 30	2,834,650	7,024,575	10,196,922	20,890,466
Other receivables - Note 21. (i)	1,438,837	969,459	1,438,837	969,459
Advances to staff	57,343	39,937	57,343	39,937
	4,964,867	**9,605,741**	**12,311,309**	**23,455,802**

21. (i). Analysis of other receivables

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Mobilization payments to contractors	740,788	172,038	740,788	172,038
Prepayments and accrued income	18,403	14,566	18,403	14,566
WHT Receivables	35,515	121,531	35,515	121,531
Unutilised WHT credit notes	126,613	103,847	126,613	103,847
VAT Receivables	2,166	75,769	2,166	75,769
Other Debtors	515,351	481,707	515,351	481,707
	1,438,837	**969,459**	**1,438,837**	**969,459**

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

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
At 1 January	133,254	128,507	133,254	128,507
Adjustment upon application of IFRS 9	82,116	-	82,116	-
Balance as at 1 January 2018 /1 January 2017– As restated	215,370	128,507	215,370	128,507
Provision for expected credit losses	440,229	-	440,229	-
Unused amount reversed	(413,108)	-	(413,108)	-
Write off during the year	(31,350)	-	(31,350)	-
Provision for impairment	-	4,747	-	4,747
	211,141	**133,254**	**211,141**	**133,254**

22. Cash and cash equivalents

	The Group		The Company	
	2018 N'000	**2017 N'000**	**2018 N'000**	**2017 N'000**
Cash at bank and in hand	352,326	222,064	351,929	221,667
Short term investment	155,235	637,961	155,235	637,961
Less: Impairment of Short term investments	(99)	-	(99)	-
	507,462	**860,025**	**507,066**	**859,628**
Less: bank overdrafts (included in borrowings, note 23)	-	(333,516)	-	(333,516)
Cash and cash equivalents	**507,462**	**526,509**	**507,066**	**526,111**

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	
Current borrowings	**2018 N'000**	**2017 N'000**	**2018 N'000**	**2017 N'000**
Bank Overdrafts	-	333,516	-	333,516
Commercial papers dues within one year (ii)	14,294,245	16,694,216	14,294,245	16,694,216
Loans due within one year (i)	-	1,596,134	-	1,596,134
5-year bond	8,215	-	8,215	-
	14,302,459	**18,623,866**	**14,302,459**	**18,623,866**
Non-current borrowings				
Term Loans due after one year (i)	-	666,667	-	666,667
5-year bond	4,255,753	-	4,255,753	-
	4,255,753	**666,667**	**4,255,753**	**666,667**
Total borrowings	**18,558,213**	**19,290,533**	**18,558,213**	**19,290,533**

(i) Loans

The Group	Amount due				
Details of the loan maturities are as follows:	**2018 N'000**	**2017 N'000**	**Tenor**	**Repayment terms**	**Security**
FSDH Merchant Bank Ltd	-	2,000,000	23 months	Quarterly	Equitable mortgage
Diamond Bank Plc	-	262,800	6 months	Monthly	
	-	**2,262,800**			

The average interest rate for facilities during the period was 18.2% (2017 was 23.5%).

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

Nil borrowing cost was capitalised into projects during the year 2018 (2017: N319 million).

(ii) Commercial papers

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
First Bank of Nigeria Limited	-	270,500	-	270,500
Commercial Paper	14,294,245	16,423,716	14,294,245	16,423,716
Total Commercial Papers	**14,294,245**	**16,694,216**	**14,294,245**	**16,694,216**

Of this N14.3 billion Commercial Papers, N0.7 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	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Balance as at 1 January	19,290,533	22,607,800	19,290,533	22,607,800
Proceeds from borrowings	1,863,997	1,372,242	1,863,997	1,372,242
Repayment of borrowings	(2,262,800)	(4,070,533)	(2,262,800)	(4,070,533)
Repayment of bank overdrafts	(333,516)	(618,977)	(333,516)	(618,977)
Balance as at 31 December	**18,558,213**	**19,290,533**	**18,558,213**	**19,290,533**

24. Trade and other payables

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Trade payables	1,104,454	1,461,908	718,387	1,075,840
Contract liabilities - Note 24. (i)	2,362,822	2,339,140	2,362,822	2,339,140
Amounts owed to other related parties (Note 30)	2,237,637	3,829,750	2,237,637	3,829,750
	5,704,912	**7,630,798**	**5,318,845**	**7,244,731**
Provision for employee leave	5,040	3,293	5,040	3,293
VAT/WHT Payables	74,894	411,388	74,894	411,388
Other payables	444,920	407,000	444,920	407,000
Provisions/Accruals	821,012	980,209	821,012	980,209
Total	**7,050,779**	**9,432,689**	**6,664,712**	**9,046,621**

	The Group		The Company	
	2018 Days	2017 Days	2018 Days	2017 Days
Average credit period taken for trade purchases	140	110	147	118

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.

24. (i) Contract liabilities

	The Group		The Company	
	2018 N'000	**2017 N'000**	**2018 N'000**	**2017 N'000**
Deposit by customers	2,362,822	2,339,140	2,362,822	2,339,140
	2,362,822	**2,339,140**	**2,362,822**	**2,339,140**

This represents advances received from customers in respect of sale of property stocks and facility management fees. This is a non-interest bearing liability.

25. Deferred revenue

Deferred revenue are rentals received in advance which are recognized in the income statement when earned. It is a non-interest bearing liability.

	The Group		The Company	
	2018 N'000	**2017 N'000**	**2018 N'000**	**2017 N'000**
Within one year	77,460	156,823	77,460	156,823
Greater than one year	1,577	3,192	1,577	3,192
	79,037	**160,015**	**79,037**	**160,015**

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.

Movement in the deferred revenue is as follows:

	The Group		The Company	
	2018 N'000	**2017 N'000**	**2018 N'000**	**2017 N'000**
Opening balance	160,015	224,735	160,015	224,735
Deferred during the year	192,185	423,006	192,185	423,006
Recognised as revenue during the year	(273,163)	(487,727)	(273,163)	(487,727)
	79,037	**160,015**	**79,037**	**160,015**

26. Deferred taxation

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

	The Group		The Company	
Deferred tax liabilities:	**2018 N'000**	**2017 N'000**	**2018 N'000**	**2017 N'000**
– Deferred tax liability to be recovered after more than 12 months	72,537	(621,756)	72,537	(621,756)
– Deferred tax liability to be recovered within 12 months	-	-	-	-
Deferred tax liabilities / (assets)	**72,537**	**(621,756)**	**72,537**	**(621,756)**

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

	The Group		The Company	
	2018 N'000	**2017 N'000**	**2018 N'000**	**2017 N'000**
At 1 January	(621,756)	72,537	(621,756)	72,537
Effect of adoption of new accounting standards - Note 2.1.2	(228,873)	-	(319,000)	-
Balance at 1 January 2018 (restated)	(850,629)	72,537	(940,756)	72,537
Recognised in Profit or Loss	923,167	(694,294)	1,013,294	(694,294)
At 31 December	**72,537**	**(621,756)**	**72,537**	**(621,756)**

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 N'000**	**Tax losses N'000**	**Capital gains to be reinvested N'000**	**Exchange difference N'000**	**Financial assets N'000**	**Total N'000**
At 1 January 2018	(75,544)	1,016,103	(96,895)	(1,886,505)	419,921	1,166	-	(621,756)
Effect of adoption of new accounting standards - Note 2.1.2	-	-	-	-	-	-	228,873	228,873
Balance at 1 January 2018 (restated)	(75,544)	1,016,103	(96,895)	(1,886,505)	419,921	1,166	228,873	(392,883)
Charged/(credited) to the income statement							(228,873)	(228,875)
*Reversal of 50% credit utilised in 2017	6,104	256,919	-	734,901	(303,630)	-	-	694,292
At 31 December 2018	**(69,439)**	**1,273,022**	**(96,895)**	**(1,151,605)**	**116,291**	**1,166**	**-**	**72,533**

The Company	**Property, plant and equipment N'000**	**Investment property N'000**	**Provisions N'000**	**Tax losses N'000**	**Capital gains to be reinvested N'000**	**Exchange difference N'000**	**Financial assets N'000**	**Total N'000**
At 1 January 2018	(75,544)	1,016,103	(96,895)	(1,886,505)	419,921	1,166	-	(621,756)
Effect of adoption of new accounting standards - Note 2.1.2	-	-	-	-	-	-	319,000	319,000
Balance at 1 January 2018 (restated)	(75,544)	1,016,103	(96,895)	(1,886,505)	419,921	1,166	319,000	(302,757)
Charged/(credited) to the income statement							(319,000)	(319,002)
*Reversal of 50% credit utilised in 2017	6,104	256,919	-	734,901	(303,630)	-	-	694,292
At 31 December 2018	**(69,439)**	**1,273,022**	**(96,895)**	**(1,151,605)**	**116,291**	**1,166**	**-**	**72,533**

The Group/ The Company

*The deferred tax credit computation for the year amounted to N3,897,289,638.00, the management has however assessed and concluded that it is probable that sufficient taxable profits will not be available to offset this, hence the decision to utilise none of the tax credit computation and to also reverse the 50% (N694,293,865.00) utilised in 2017.

At the reporting date, the Group has N14.6 billion unrelieved tax loss (2017:N8.8 billion) available for offset against future profits.

27. Dividend Payable

	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
As at 1 January	359,688	307,767	359,688	307,767
Unclaimed dividend fund received	-	51,920	-	51,920
Unclaimed dividend refunded to Registrar	(19,768)	-	(19,768)	-
At 31 December	**339,920**	**359,688**	**339,920**	**359,688**

28. Share capital

Group and Company

	2018		2017	
	Units '000	Amount N'000	Units '000	Amount N'000
Authorised:				
Ordinary shares of 50k each	3,500,000	1,750,000	3,500,000	1,750,000
Issued and fully paid:				
Ordinary shares of 50k each	2,598,396	1,299,198	2,598,396	1,299,198

28 (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.

28 (ii). Retained Earnings

Retained Earnings represents accumulated profit over the years.

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

	The Group		The Company	
	2018 N'000	**2017 N'000**	**2018 N'000**	**2017 N'000**
Loss before tax	(13,244,288)	(3,057,309)	(16,673,706)	(2,470,861)
Adjustment for non cash items:				
Depreciation	29,544	36,857	29,544	36,857
Impairment of investment & receivable in JVs/UHL	3,113,201	428,350	9,615,096	453,350
Impairment of assets of disposal group held for sale	-	-	-	-
Amortization of intangible asset	15,350	14,503	15,350	14,503
Fair value loss/write down of investment properties	1,273,875	146,654	1,273,875	146,654
(Gain)/ Loss on disposal of investment properties	434,399	(1,950,477)	434,399	(1,950,477)
Impairment of Inventories (AUC)	1,317,616	82,948	1,317,616	82,948
(Profit)/ Loss on disposal of property, plant and equipment	15,494	(4,146)	15,494	(4,146)
Finance cost	4,799,508	5,556,502	4,799,508	5,556,502
Finance income	(36,617)	(525,761)	(61,617)	(550,761)
Exchange (gain)/ Loss	676	(317)	676	(317)
Recovery of excess bank charges	-	(265,244)	-	(265,244)
Share of profit of UPDC REIT	(1,923,492)	(829,385)	-	-
Share of loss of Joint Ventures	117,189	290,283	-	-
	(4,087,545)	(76,542)	(58,223)	(76,541)
Changes in working capital:				
Decrease in inventories	1,791,286	1,245,770	1,791,286	1,065,206
Decrease/(increase) in receivables	1,527,673	(317,361)	1,763,608	(531,791)
Decrease in payables	(2,631,464)	(3,731,466)	(3,037,765)	(3,278,503)
Intra-group payable converted to equity in respect of rights issue subscribed by UACN	-	2,629,688	-	2,629,688
Cash generated from continued operations	**(3,400,050)**	**(249,911)**	**458,906**	**(191,941)**
Decrease in inventories	14,424	13,713	-	
Decrease/(increase) in receivables	(8,566)	(56,313)	-	
Increase in payables	3,878,096	91,310	-	
Cash generated from discontinued operations	3,883,955	48,710	-	-
Net cash from/(used in) operations	**483,904**	**(201,201)**	**458,906**	**(191,941)**

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			The Group		The Company	
	Relationship	**Nature of transaction**	**2018 N'000**	**2017 N'000**	**2018 N'000**	**2017 N'000**
UAC of Nigeria Plc	Parent	Property rental, use of hotel facility and fee on management of facilities	79,293	73,445	79,293	73,445
MDS Logistics Limited	Fellow Subsidiary		9,260	9,207	9,260	9,207

(b) Purchases of goods and services			The Group		The Company	
	Relationship	**Nature of transaction**	**2018 N'000**	**2017 N'000**	**2018 N'000**	**2017 N'000**
UAC of Nigeria Plc	Parent	Management fee per service agreement with UAC and direct purchase of products from fellow subsidiaries	35,436	50,410	35,436	50,410
Chemical & Allied Products Plc	Fellow Subsidiary		27,871	6,442	27,871	6,442
Portland Paints & Products Nig. Plc	Fellow Subsidiary		8,505	1,575	8,505	1,575
Warm Spring Waters Nig Limited	Fellow Subsidiary		-	1,285	-	1,285
UPDC Hotels Limited	Subsidiary		-	-	3,641	5,956

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

	The Group		The Company	
Receivable:	**2018 N'000**	**2017 N'000**	**2018 N'000**	**2017 N'000**
Balance as at 1 January under IAS 39	7,024,575	7,452,715	20,890,466	21,343,816
Adjustment upon application of IFRS 9	(1,076,723)	-	(1,312,666)	
Balance as at 1 January 2018 /1 January 2017– As restated	5,947,852	7,452,715	19,577,801	21,343,816
Provision for expected credit losses	(3,113,201)	(428,350)	(9,380,879)	(453,350)
	2,834,650	**7,024,575**	**10,196,922**	**20,890,466**

Below is the breakdown of related party receivables as at 31 December

	Relationship	The Group 2018 N'000	The Group 2017 N'000	The Company 2018 N'000	The Company 2017 N'000
UPDC Metrocity Limited	Joint Venture	1,681,460	2,417,530	1,681,460	2,417,530
UPDC Hotels Limited	Subsidiary	-	-	7,362,272	13,865,892
First Festival Mall Limited	Joint Venture	-	2,566,018	-	2,566,018
First Restoration Dev. Co. Limited	Joint Venture	360,084	390,825	360,084	390,825
Calabar Golf Estate Limited	Joint Venture	237,055	538,893	237,055	538,893
Pinnacle Apartment Development Limited	Joint Venture	-	98,326	-	98,326
Imani and Sons (Nig.) Limited	JV Partner	496,734	843,353	496,734	843,353
Galaxy Mall & Galleria Limited Current Account	Joint Venture	-	73,314	-	73,314
UPDC REIT	Associate	12,363	-	12,363	-
Grand Cereals Limited	Fellow Subsidiary	48,158	96,316	48,158	96,316
UAC Restaurants Limited	Fellow Subsidiary	1,126	-	1,126	-
Other Impairment of Intercompany receivables		(2,329)	-	(2,329)	-
		2,834,650	**7,024,575**	**10,196,922**	**20,890,466**

Payable:	Relationship	The Group 2018 N'000	The Group 2017 N'000	The Company 2018 N'000	The Company 2017 N'000
UAC of Nigeria Plc.	Parent Company	1,431,580	1,514,745	1,431,580	1,514,745
Chemical and Allied Products Plc	Fellow Subsidiary	7,725	1,745	7,725	1,745
UPDC REIT	Associate	-	129,082	-	129,082
MDS Logistics Limited	Fellow Subsidiary	241,006	580,964	241,006	580,964
James Pinnock	Joint Operation	32,359	1,066,125	32,359	1,066,125
Portland Paints and Products Nig. Plc	Fellow Subsidiary	2,237	2,237	2,237	2,237
UAC Foods Limited	Fellow Subsidiary	522,715	534,689	522,715	534,689
Warm Spring Waters Nig. Ltd.	Fellow Subsidiary	-	147	-	147
Spring Waters Nig Ltd.	Fellow Subsidiary	15	15	15	15
Pinnacle Apartment Development Limited	Joint Venture	-	-	-	-
		2,237,637	**3,829,750**	**2,237,637**	**3,829,750**

All trading balances will be settled in cash.

The Group and the Company's provision for doubtful related party receivables at 31 December 2018 is N984.6 million (2017: NN428.14 million) and N984.6 million (2017: N453.14 million) respectively.

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

31. 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 - FRC/2013/NBA/00000002957) 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. - FRC/2013/NIESV/00000001442 (Estate Surveyors & Valuers) assessed and valued the property in 2014 - fair market: N1.8billion, forced sale: N600 million, following which the directors wrote down the property to its forced sale value of N600 million.

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 N22.8million (2017: N37.6million). This does not include share of James Pinnock sales (Company's joint operation)

33. Reclassification

Certain reclassifications were made to the reported balances in the prior year in order to conform to the current year's presentation.

34. Going Concern

The group and the Company made net losses of N15.06 billion (2017: N2.95 billion) and N18.48 billion (2017: N2.07 billion) respectively for the year ended 31 December 2018 and as at that date, the Group and the Company's current liabilities exceeded their current assets by N9.54 billion (2017: N7.59 billion) and N1.81 billion respectively.

These conditions indicate that a material uncertainty exists which may cast significant doubt on the Group and the 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 based on accounting policies applicable to a going concern. The Holding Company - UAC of Nigeria Plc has provided a letter of support affirming its readiness to continue to support the entity.

Management has come up with a detailed strategy to address this. Some of the key points in this strategy are:

a. Revenue Optimization: Intensive Sales and Marketing drive to optimize revenue in all the revenue generating entities
b. Re-financing: with a focus on increasing tenor and reducing cost of capital
c. Cost Optimization: Review and restructuring of the Group's cost profile to reduce overhead costs significantly Implementation of this strategy has already started.

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 decided to sell its investment in UPDC Hotels Ltd. (UHL) in 2017. Efforts are on going to improve the performance of the Hotel. Consequently, UHL has been classified as a disposal group held for sale and as a discountinued operation in accordance with IFRS 5

Exception to one year requirement:
IFRS 5 requires that except for certain exceptions, the sale of a non-current asset or disposal group is expected to qualify for recognition as a completed sale within one year from the date of classification. However, during the year, there were certain factors considered to be beyond the control of management which have invariably extended the sale period beyond one year. These factors include but are not limited to slow down in business activities in view of the upcoming elections. Management however, remains committed to concluding the sale within a reasonable time frame.

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

	UPDC Hotels Ltd	
	2018 N'000	**2017 N'000**
Revenue	1,356,603	1,622,069
Cost of sales	(1,252,134)	(1,307,137)
Gross profit	104,469	314,931
Selling and distribution expenses	(66,143)	(91,604)
Administrative expenses	(129,746)	(525,658)
Other operating income	1,542	8,696
Operating loss	(89,878)	(293,635)
Loss before taxation from discontinued operations	(89,878)	(293,635)
Taxation	-	-
Loss from discontinued operations	**(89,878)**	**(293,635)**

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

	UPDC Hotels Ltd	
	31 Dec. 2018 N'000	**31 Dec. 2017 N'000**
Assets		
Non-current assets:		
Property, plant and equipment	11,855,509	11,814,513
Intangible assets	4,726	5,335
	11,860,235	**11,819,848**
Current assets:		
Inventories	152,426	166,850
Trade and other receivables	198,427	189,861
Cash and short-term deposits	138,323	117,447
	489,176	**474,158**
Assets of disposal group classified as held for sale/ distribution to owners	12,349,411	12,294,007
Less: Impairment of assets of disposal group held for sale	(4,029,237)	-
Fair value of disposal group held for sale	**8,320,174**	**12,294,007**
Liabilities		
Current liabilities		
Trade and other payables	780,414	674,617
Liabilities of disposal group classified as held for sale/ distribution to owners	**780,414**	**674,617**

UPDC Hotels owe UPDC Plc N13.9 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:

	2018 N'000	**2017 N'000**
Operating	78,327	95,540
Investing	(41,238)	12,613
Financing	-	-
Net cash (outflows)/inflows	**37,089**	**108,153**

Statement of Value Added
for the year ended 31 December 2018

	The Group				The Company			
	2018 N'Million	**%**	**2017 N'Million**	**%**	**2018 N'Million**	**%**	**2017 N'Million**	**%**
Sale of properties, rents and services	2,303.3		3,983.1		2,303.3		3,983.1	
Bought in materials and services (All local)	(10,307.0)		(1,276.4)		(1,818.6)		396.3	
Value Added	**(8,003.7)**	**100.0**	**2,706.7**	**100.0**	**4,121.9**	**100.0**	**3,586.8**	**100.0**
Distribution:								
Employees	395.8	(4.9)	449.8	17	395.8	9.6	449.8	13
Company Taxes	800.0	(10.0)	291.0	11	800.0	19.4	291.0	8
Interest charges	4,799.5	(60.0)	5,556.5	205	4,799.5	116.4	5,556.5	155
Dividend	-	-	-	0	-	-	-	0
Depreciation	44.9	(0.6)	51.4	2	45.4	1.1	51.4	1
Transfer to non-controlling interests	(4.8)	0.1	(15.6)	(1)	-	-	-	0
Retained Profit/ (Loss)	(15,052.4)	188.1	(2,932.1)	(108)	(2,932.1)	(71.1)	(2,067.5)	(58)
Deferred tax	1,013.3	(12.7)	(694.3)	(26)	1,013.3	24.6	(694.3)	(19)
	(8,003.7)	**100.0**	**2,706.7**	**100.0**	**4,121.9**	**100.0**	**3,586.8**	**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 2018

	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
Liabilities					
Non-current liabilities	5,110,281	1,344,476	4,077,137	6,898,220	8,685,975
Current liabilities	23,301,701	29,595,163	32,802,486	29,488,179	23,348,880
Total liabilities	28,411,982	30,939,639	36,879,623	36,386,399	32,034,855
Ordinary share capital	1,299,198	1,299,198	859,375	859,375	859,375
Share premium	6,065,397	6,065,397	3,943,273	3,943,273	3,943,273
Revenue reserve	10,861,012	26,439,679	29,371,754	30,892,525	31,330,132
Shareholders' funds	18,225,607	33,804,273	34,174,401	35,695,172	36,132,780
Non-controlling interest	(170,700)	(165,849)	(150,287)	(121,003)	(80,013)
Total equity	18,054,907	33,638,424	34,024,115	35,574,169	36,052,767
Net equity and liabilities	**46,466,889**	**64,578,064**	**70,903,737**	**71,960,567**	**68,087,621**
PPE & Investment properties	4,274,810	10,537,632	28,951,966	29,557,700	29,988,381
Long term Investments	28,429,369	32,035,384	19,706,279	21,207,867	19,100,575
Current assets	13,762,710	22,005,048	22,245,490	21,195,000	18,998,665
Total assets	**46,466,889**	**64,578,064**	**70,903,737**	**71,960,567**	**68,087,621**
Comprehensive income					
Revenue	2,303,326	3,983,078	6,344,822	5,113,887	11,700,506
(Loss)/Profit before taxation	(9,214,965)	(3,057,309)	(1,783,124)	55,851	3,540,525
Taxation	(1,723,130)	403,306	233,069	324,926	48,552
(Loss)/Profit after taxation	(10,938,095)	(2,654,003)	(1,550,055)	380,778	3,589,077
Non-controlling Interest	(4,764)	(15,563)	(29,284)	(40,990)	(12,620)
Earnings per share for profit attributable to the equity holders of the group	(15,044,718)	(2,932,076)	(1,520,771)	421,767	3,601,697
Proposed dividend	-	-	-	-	(859,375)
Retained profit	(15,044,718)	(2,932,076)	(1,520,771)	421,767	2,742,322
Basic Earnings per share (kobo)	(579)	(130)	(88)	25	210
Dividend per share (kobo)	-	-	-	-	50
Net assets per share (Naira)	6.9	12.9	19.6	20.7	21.0

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 2018.

SHAREHOLDERS' INFORMATION

UPDC Unclaimed Dividends as at December 31, 2018

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, 2018

Range			No. of Holders	Holders %	Holders Cum.	Units	Units %	Units Cum.
1		5,000	21,043	76%	21,043	35,818,029	1%	35,818,029
5,001	-	10,000	3,093	11%	24,136	21,717,768	1%	57,535,797
10,001	-	50,000	2,645	10%	26,781	57,026,670	2%	114,562,467
50,001	-	100,000	444	2%	27,225	31,936,573	1%	146,499,040
100,001	-	500,000	340	1%	27,565	70,025,096	3%	216,524,136
500,001	-	1,000,000	50	0%	27,615	38,035,920	2%	254,560,056
1,000,001	-	10,000,000	55	0%	27,670	146,286,693	6%	400,846,749
10,000,001	-	5,000,000,000	12	0%	27,682	530,361,542	20%	931,208,291
5,000,000,001		Above	1	0%	27,683	1,667,187,500	64%	2,598,395,791
Grand Total			**27,683**	**100%**		**2,598,395,791**	**100%**	

Five Year Share Price History

YEAR	LAST TRADING DAY	CLOSING SHARE PRICE	INC/(DEC) OVER PRECEDING YEAR
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%
2018	DECEMBER 31, 2018	1.91	(31.5%)

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
Nil	2017 Accounting Year	Not Applicable	Nil	Nil

OVERVIEW OF N16 BILLION UACN BRIDGE FACILITY

As at 31st December 2018, UPDC had N16.5Bn in short term facilities (Commercial Paper, Liquidity Support Facility and Intra-group working facilities) maturing over a 90 – 180 day period. Historically, these obligations have been rolled-over upon maturity. However, in line with management's efforts to strengthen the company's capital structure via the introduction of cheaper, longer term capital and reduce the uncertainty involved with the frequent roll-overs, the company now seeks to refinance its short term debt with a one-year N16 Billion Bridge Facility. This Bridge Facility will be utilized to pay down on the maturing short-term obligations and is the first step in strengthening the company's capital structure. It is envisaged that this Bridge Facility will later be refinanced by longer term capital that will be raised by the company in the coming months. The terms of this Bridge Facility are outlined in the table below;

Summary Bridge Facility Terms	
Borrower:	UACN Property Development Co. ("UPDC) PLC
Lender:	UAC of Nigeria PLC
Loan Facility Amount:	N16,000,000,000 (Sixteen Billion Naira) comprising; • Tier 1: N6,500,000,000 • Tier 2: N9,500,000,000
Tenor:	12 months with an option to extend by a further 12 months at the discretion of the lender
Use of Proceeds:	Proceeds of this loan will be used to finance repayment of maturing short term obligations including; • Commercial Paper • Liquidity Support Facility • Working Capital Facilities (intra-group)
Pricing:	• Where UPDC draws down on Tier 1 alone, interest shall be charged at 10% p.a. • Where UPDC draws down on both Tier 1 and 2, interest shall be charged at 5.5% p.a. • The above rates shall only apply for 180 days from drawdown, following which interest rate of 15% p.a. shall apply
Security:	Security over selected landed property and investment assets of the company

Africa Prudential

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 destroy ed.

Affix recent passport photograph

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.

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: ____________ Must be NUBAN

BVN: ____________ Must be confirmed by bank

AGE OF A/C: ____________ 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	S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.			4.		
2.			5.		
3.			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 sha re 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 destroy ed 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 by reason or in consequence of the said certificate(s) having been misplaced, destroyed, lost or in consequence of a transfer being registered withou t 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 d eliver up to Africa Prudential Plc or their successors or assigns without cost, fee or reward.

CERTIFICATE DETAILS

S/N	CERTIFICATE NO. (IF ANY)	UNITS	S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.			4.		
2.			5.		
3.			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 expe nses 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 exp enses suffered or incurred by you in consequence thereof or arising therefrom.

Authorised Signatory (1): ____________ **Authorised Signatory (2):** ____________

Company Seal

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos. Tel: 07080606400
ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja. Tel: 09-2900873
PORT-HARCOURT: Plot 137, Olu-Obasanjo Road (2nd Floor). Tel: 084-303457
E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential

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: D D M M Y Y Y Y

SHAREHOLDER ACCOUNT INFORMATION

Surname/Company's Name First Name Other Name

Address

City State Country

Previous Address (if any)

Clearing House Number (CHN) (if any) C

Name of Stockbroking Firm

Mobile Telephone 1

Mobile Telephone 2

E-mail Address

Company Seal (if applicable)

Signature: ____________ Signature: ____________
Joint/Company's Signatories

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	
2. ABBEY MORTGAGE BANK PLC	
3. AFRILAND PROPERTIES PLC	
4. ALUMACO PLC	
5. A & G INSURANCE PLC	
6. A.R.M LIFE PLC	
7. ADAMAWA STATE GOVERNMENT BOND	
8. BECO PETROLEUM PRODUCTS PLC	
9. BUA GROUP	
10. BENUE STATE GOVERNMENT BOND	
11. CAP PLC	
12. CAPPA AND D'ALBERTO PLC	
13. CEMENT COY. OF NORTHERN NIG. PLC	
14. CSCS PLC	
15. CHAMPION BREWERIES PLC	
16. CWG PLC	
17. CORDROS MONEY MARKET FUND	
18. EBONYI STATE GOVERNMENT BOND	
19. G OLDEN CAPITAL PLC	
20. INFINITY TRUST MORTGAGE BANK PLC	
21. IN VESTMENT & ALLIED ASSURANCE PLC	
22. JA IZ BANK PLC	
23. KA DUNA STATE GOVERNMENT BOND	
24. LAGOS BUILDING INVESTMENT CO. PLC	
25. MED-VIEW AIRLINE PLC	
26. MI XTA REAL ESTATE PLC (formerly ARM Properties Plc)	
27. NEXANS KABLEMETAL NIG. PLC	
28. OMOLUABI MORTGAGE BANK PLC	
29. PER SONAL TRUST & SAVINGS LTD	
30. P. S MANDRIDES PLC	
31. PO RTLAND PAINTS & PRODUCTS NIG. PLC	
32. PR EMIER BREWERIES PLC	
33. RE SORT SAVINGS & LOANS PLC	
34. RO ADS NIGERIA PLC	
35. SC OA NIGERIA PLC	
36. TRANSCORP HOTELS PLC	
37. TRANSCORP PLC	
38. TOWER BOND	
39. THE LA CASERA CORPORATE BOND	
40. UA CN PLC	
41. UN ITED BANK FOR AFRICA PLC	
42. UN ITED CAPITAL PLC	
43. UNITED CAPITAL BALANCED FUND	
44. UNITED CAPITAL BOND FUND	
45. UNITED CAPITAL EQUITY FUND	
46. UNITED CAPITAL MONEY MARKET FUND	
47. UNIC DIVERSIFIED HOLDINGS PLC	
48. UN IC INSURANCE PLC	
49. UAC PROPERTY DEVELOPMENT COMPANY PLC	
50. U TC NIGERIA PLC	
51. W EST AFRICAN GLASS IND PLC	

OTHERS: ____________

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos. Tel: 07080606400
ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja. Tel: 09-2900873
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E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential

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 D D M M Y Y Y Y

8. *MOBILE (1) (2)

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 D D M M Y Y Y Y

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

20. CSCS CLEARING HOUSE NO. (CHN) C

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	
2. ABBEY MORTGAGE BANK PLC	
3. AFRILAND PROPERTIES PLC	
4. ALUMACO PLC	
5. A & G INSURANCE PLC	
6. A.R.M LIFE PLC	
7. ADAMAWA STATE GOVERNMENT BOND	
8. BECO PETROLEUM PRODUCTS PLC	
9. BUA GROUP	
10. BENUE STATE GOVERNMENT BOND	
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16. CWG PLC	
17. CORDROS MONEY MARKET FUND	
18. EBONYI STATE GOVERNMENT BOND	
19. GOLDEN CAPITAL PLC	
20. INFINITY TRUST MORTGAGE BANK PLC	
21. INVESTMENT & ALLIED ASSURANCE PLC	
22. JAIZ BANK PLC	
23. KADUNA STATE GOVERNMENT BOND	
24. LAGOS BUILDING INVESTMENT CO. PLC	
25. MED-VIEW AIRLINE PLC	
26. MIXTA REAL ESTATE PLC (formerly ARM Properties Plc)	
27. NEXANS KABLEMETAL NIG. PLC	
28. OMOLUABI MORTGAGE BANK PLC	
29. PERSONAL TRUST & SAVINGS LTD	
30. P.S MANDRIDES PLC	
31. PORTLAND PAINTS & PRODUCTS NIG. PLC	
32. PREMIER BREWERIES PLC	
33. RESORT SAVINGS & LOANS PLC	
34. ROADS NIGERIA PLC	
35. SCOA NIGERIA PLC	
36. TRANSCORP HOTELS PLC	
37. TRANSCORP PLC	
38. TOWER BOND	
39. THE LA CASERA CORPORATE BOND	
40. UACN PLC	
41. UNITED BANK FOR AFRICA PLC	
42. UNITED CAPITAL PLC	
43. UNITED CAPITAL BALANCED FUND	
44. UNITED CAPITAL BOND FUND	
45. UNITED CAPITAL EQUITY FUND	
46. UNITED CAPITAL MONEY MARKET FUND	
47. UNIC DIVERSIFIED HOLDINGS PLC	
48. UNIC INSURANCE PLC	
49. UAC PROPERTY DEVELOPMENT COMPANY PLC	
50. UTC NIGERIA PLC	
51. WEST AFRICAN GLASS IND PLC	

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Africa Prudential

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.: C
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

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E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

PROXY FORM

UACN PROPERTY DEVELOPMENT COMPANY PLC

Annual General Meeting to be held at 10.00 a.m. on Wednesday, July 3, 2019 at Golden Tulip Festac Hotel, Amuwo Odofin, Lagos

I/We ______________________________ being a member/members of UACN PROPERTY DEVELOPMENT COMPANY PLC do hereby appoint

____

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 Wednesday, July 3, 2019 and at every adjournment thereof

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

Signature of member/proxy _______________

Dated this ______ day of ______________ 2019.

RESOLUTIONS	FOR	AGAINST	ABSTAIN
ORDINARY BUSINESS			
To elect Mrs Folakemi Fadahunsi as a Director			
To re-elect Mr Adekunle Awojobi as a Director			
To re-elect Mrs Awuneba Ajumogobia as a Director			
To Authorize Directors to fix remuneration of the Auditors			
To elect members of the Audit Committee			
SPECIAL BUSINESS			
To approve N325,000 as Directors' remuneration for 2019. The Directors remuneration for 2019 was N1.550m			
To approve Increase in authorised share capital			
To approve capital raise			
To approve related party transaction with UACN Plc			
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 26th June, 2019. 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 Wednesday, July 3, 2019 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 ______________________________