ANNUAL REPORT
& Accounts

updc®

2019

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, 2019.

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of UACN PROPERTY DEVELOPMENT COMPANY PLC will be held at UAC House, 1st Floor, 1-5, Odunlami Street, Lagos on Wednesday, July 22, 2020 at 10am 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 2019, 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. Authorise the Directors to fix the remuneration of the Auditors.
4. Elect members of the Audit Committee

Dated this 2nd day of June, 2020

BY ORDER OF THE BOARD

Folake Kalaro (Mrs.)
Company Secretary
FRC/2018/NBA/00000017754

NOTES

1. COMPLIANCE WITH COVD-19 RELATED DIRECTIVES AND GUIDELINES

The Federal Government of Nigeria, State Governments, Health Authorities, and Regulatory Agencies have each issued a number of directives and guidelines aimed at curbing the spread of Covid-19 in Nigeria. Particularly, the Lagos State Government prohibited the gathering of more than 20 People whilst the Corporate Affairs Commission issued Guidelines on holding of Annual General Meetings by proxy. The convening and conduct of this Annual General Meeting shall be done in compliance with these directives and Guidelines.

2. PROXY

Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. A proxy form must be completed and deposited at the office of the Company's Registrar, Africa Prudential Plc, 220B Ikorodu Road, Palmgrove, Lagos or sent via email at cxc@africaprudential.com not later than 48 hours before the time fixed for the meeting.

3. ATTENDANCE BY PROXY

In line with the CAC Guidelines, attendance at the AGM shall be by proxy only. Shareholders are required to appoint a proxy of their choice from the list of nominated proxies below:

Mr Babatunde Kasali
Mr. Folasope Aiyesimoju
Mr Godwin Samuel
Alhaji Gbadebo Olatokunbo
Prince (Dr.) Anthony Omoniyi Omojola

4. STAMPING OF PROXY

The Company has made arrangements at its cost for the stamping of duly completed and signed proxy forms submitted to the Company's Registrars within the stipulated timeline.

5. LIVE STREAMING OF THE AGM

The AGM will be streamed live. This will enable shareholders and other stakeholders who will not be attending physically to follow the proceedings. The link for the AGM live stream would be made available at the Company's website at www.updcplc.com.

6. CLOSURE OF REGISTER

The Register of Members and Transfer Books will be closed from July 6, 2020 to July 10, 2020 both days inclusive for the purpose of updating the Register of Members.

7. NOMINATION TO THE STATUTORY AUDIT COMMITTEE

Pursuant to Section 359(5) of the Companies & Allied Matters Act, Cap C20 Laws of the Federation of Nigeria, 2004, any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination. Such notice shall reach the Company Secretary at least 21 days before the Annual General Meeting. The Securities & Exchange Commission's Code of Corporate Governance for Public Companies has indicated that members of the Audit Committee should have basic financial literacy and should be able to read Financial Statements. We therefore request that nominations be accompanied by a copy of the nominee's curriculum vitae.

8. DIRECTOR RETIRING BY ROTATION

In accordance with the Articles of Association of the Company, Mr. Babatunde Kasali and Prof. Okon Ansa retire by rotation at the meeting and being eligible offer themselves for re-election. Mrs Deborah Nicol-Omeruah and Mr Oyekunle Osilaja who were appointed to the Board since the last Annual General Meeting retire at this meeting and will be presented for election. The biographies of the directors submitted for re-election/election are contained in the Annual Report and on the Company's website at www.updcplc.com.

9. RIGHT OF SECURITIES' HOLDERS TO ASK QUESTIONS

Shareholders and other holders of the Company's securities 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 on or before July 17, 2020.

10. UNCLAIMED DIVIDENDS

Shareholders who are yet to claim their outstanding dividends are hereby advised to complete the e-dividend registration form by downloading the Registrar's E-Dividend Mandate Activation Form, which is available at http: // sec.gov.ng / wp-content / uploads / 2016 / 04 / Afric-Prudential-EDMMS-Form_2018.pdf, and submit to the Registrars at Africa Prudential Plc, 220B Ikorodu Road, Palmgrove Lagos or their respective Banks for the purpose of claiming their outstanding dividends.

11. E- ANNUAL REPORT

In order to improve delivery of our Annual Report, we have inserted a detachable Form to the Annual Report and hereby request Shareholders who wish to receive the Annual Report of UACN Property Development Company Plc in an electronic format to complete and return the Form to the Registrars for further processing. In addition, Annual Reports are available online for viewing and download from our website at www.updcplc.com.

Board of Directors

Mr Babatunde Kasali	Non-Executive Chairman
Mr Folasope Aiyesimoju	Chief Executive Officer
Mrs Deborah Nicol-Omeruah	Deputy Chief Executive Officer appointed wef 3rd December 2019
Mrs Folakemi Fadahunsi	Chief Financial Officer
Prof Okon Asuquo Ansa	Non-Executive Director
Mr Adekunle O Awojobi	Non-Executive Director
Mrs Awuneba Ajumogobia	Non-Executive Director
Mrs Halima Alao	Resigned wef September 26, 2019
Mrs. Adeniun Taiwo	Resigned wef January 10, 2020
Mr Oyekunle Osilaja	Non-Executive Director appointed wef from January 13, 2020

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		
	2019 N'000	2018 N'000	% Change	2019 N'000	2018 N'000	% Change
Continuing operations						
Revenue	2,157,614	2,303,326	(6)	2,157,614	2,303,326	(6)
Operating loss	(1,268,734)	(6,258,376)	(80)	(561,818)	(11,701,597)	(95)
Net finance cost	(2,610,829)	(4,762,891)	(45)	(2,585,829)	(4,737,891)	(45)
Share of profit of associates	584,617	1,923,492	(70)	–	–	–
Share of Profit/Loss of Joint Ventures	–	(117,189)	(100)	–	–	–
Impairment of investment in joint venture	(261,466)	–	100	(261,466)	(234,217)	12
Impairment of assets of disposal group held for sale	(12,638,216)	(4,029,237)	214	(9,481,263)	–	100
Loss before taxation	(16,194,628)	(13,244,202)	22	(12,890,376)	(16,673,705)	(23)
Taxation	454,722	(1,723,130)	(126)	454,722	(1,813,257)	(125)
Loss from discontinued operations	(143,168)	(89,878)	59	–	–	
Loss for the year	(15,883,074)	(15,057,210)	5	(12,435,654)	(18,486,962)	(33)
Total comprehensive Loss for the year	(15,883,074)	(15,049,481)	6	(12,435,654)	(18,479,233)	(33)
Total Equity	2,171,833	18,054,907	(88)	2,282,536	14,718,190	(84)
Total equity and liabilities	28,936,020	46,466,889	(38)	27,858,031	41,963,690	(34)
Cash and Cash equivalents	1,261,622	507,462	149	1,261,228	507,066	149
Earnings per share (kobo) – Basic	(612)	(579)	6	–	–	
NSE quotation as at December 31 (kobo)	100	191		100	191	
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)	2,598,396	4,962,936		2,598,396	4,962,936	

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 ("UPDC") Plc. 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.

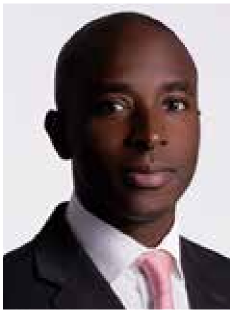
UPDC has created a large, diverse portfolio of real estate assets, adopting a client-focused approach to building design and development. UPDC is committed to creating comfortable living and working environments in Nigeria's key commercial centers. UPDC's portfolio includes assets in Lagos, Abuja, Port-Harcourt,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

PROFILE OF UPDC'S BOARD OF DIRECTORS

MR. BABATUNDE KASALI (67)
CHAIRMAN

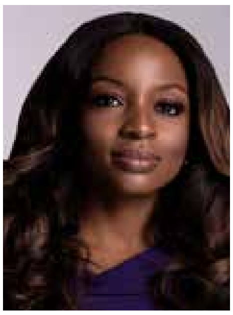
Mr Kasali graduated with B.Sc. (Hons) Economics degree from Manchester Metropolitan University, United Kingdom. He is a Fellow of the Institute of Chartered Accountants of Nigeria. His work experience includes Audit Senior, Ernst & Young (Chartered Accountants) United Kingdom, Assistant Internal Auditor, 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 is the Non-Executive Chairman of Wema Bank Plc. 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 was appointed non-executive director of the Company on August 6, 2018



MR. FOLA AIYESIMOJU (40)
CHIEF EXECUTIVE OFFICER

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

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



MRS. DEBORAH NICOL-OMERUAH (40)
DEPUTY CHIEF EXECUTIVE OFFICER

Mrs. Deborah Nicol-Omeruah, has 18 years' experience in real estate and banking with specialization in Property Development, Finance & Acquisitions; Mortgages; Private Banking and Investment Planning in the United Kingdom and across Africa. Her prior leadership roles include Account Director for Broll Property Group; Chief Operating Officer for Landmark Africa and Head, Property Finance and Acquisitions for Stanbic IBTC Bank. She has also served as Non-Executive Director on the board of Trustbond Mortgage Bank Plc (now FirstTrust Mortgage Bank Plc).

Deborah is a Real Estate Professional and a Certified Mortgage and Financial Adviser (CeFA, CeMAP) by the Institute of Financial Services in the United Kingdom. She is a recognized industry expert in the Nigerian mortgage and real estate development market. She holds a degree in Architecture from the University of Nottingham. She was appointed Deputy Chief Executive Officer of the Company and director on December 3, 2019.

MRS FOLAKEMI FADAHUNSI (42)

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 20 years' experience working with various companies including Arthur Andersen (now KPMG Professional Services), Honeywell Group and Pricewaterhousecoopers (PwC). Her experience cuts across Consumer Markets, Telecommunications and the Public sector. Mrs. Fadahunsi has a B.Sc. (Hons) 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.

MR. ADEKUNLE OLAKITAN AWOJOBI (53)

NON EXECUTIVE DIRECTOR

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 B.Sc. (Hons) 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 an alternate Director of the Company 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 the Risk Management Committee. He is also a member of the Remuneration & Governance Committee.

PROFESSOR OKON ASUQUO ANSA (68)

NON EXECUTIVE DIRECTOR

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 the Chairman of the Remuneration & Governance Committee and a member of the Statutory Audit Committee as well as, the Risk Management Committee.

MRS. AWUNEBA AJUMOGOBIA (61)

NON EXECUTIVE DIRECTOR

Mrs Ajumogobia, a Fellow of the Institute of Chartered Accountants of Nigeria, has been a qualified Chartered Accountant for three decades. She graduated from the University of Ibadan with a B.Sc. (Hons) degree in Economics and acquired broad professional experience spanning several industries in finance, accounting, external audit, taxation, advisory services, marketing, and advising on measures for improving business performance and increasing ROI at Deloitte, Accenture and more recently as an executive director of Multistream Energy Limited.

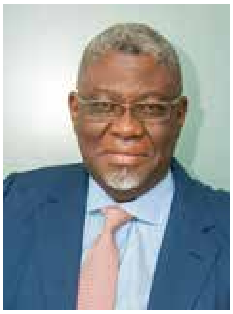
Awuneba sits on a number of corporate Boards, both local and international, including Chairman CAP Plc, Airtel Africa Plc and was until recently Independent Non-Executive Director of UAC of Nigeria Plc.

Awuneba was a Non-Executive Director at UAC of Nigeria Plc (UACN) from 2009 to 2019. During her tenure, she chaired the Risk Management Committee and was a member of the Statutory Audit Committee.

Awuneba has also had advisory and implementation roles with a number of national development projects in Nigeria.

Mrs Ajumogobia remains committed to personal and professional development and is a regular participant at leading local and international institutions in her areas of expertise and interest.

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



MR. OYEKUNLE OSILAJA (59)

NON EXECUTIVE DIRECTOR

Mr Osilaja is an experienced Board and Investment Committee member with nearly 30 years of experience in real estate and financial services.

Until recently, before taking early retirement, 'Kunle was Group Head of Real Estate for Ecobank Transnational Inc (ETI) and head of Ecobank Capital, Nigeria.

Prior to joining ETI in 2012, he spent most of his career in the UK at Jones Lang LaSalle. He spent part of this time as Chair of Lead Directors JLL Corporate Finance and Head of Debt & Structured Finance (EMEA) specializing in real estate finance - advisory, debt and equity capital markets for companies and projects in the UK and Western Europe.

Kunle has advised on various transactions including funding structure for King's Cross redevelopment, Four Seasons Hotel Milan, The Adelphi London, and the Super-Regional Meadowhall Shopping Centre UK (British Land) and various CMBS transactions. He was also involved in advising on various Non-Performing loans in the real estate sector.

He had also sat on various boards including Old Mutual Gen Insurance Company, Nigeria and Investment Committee of CAPIC Fund (part of Africa Capital Alliance). He joined the Board of the Company on January 13, 2020. He is a member of the Remuneration & Governance Committee, the Statutory Audit Committee and the Risk Management Committee.

Chairman's Statement 2019

Mr Babatunde Kasali
Chairman

Distinguished Shareholders, Ladies and Gentlemen. It is a pleasure to welcome you all to the 22nd Annual General Meeting of our Company, UACN Property Development Company (UPDC) Plc. holding today, Wednesday, 22 July 2020, and streaming live. This is our first ever virtual Annual General Meeting, and this is a clear indication of how drastically our world has changed over the past few months as a result of the Covid 19 Pandemic. I sincerely hope you and your loved ones are safe and healthy.

Before we discuss the outlook for 2020, I will present to you a review of the operating environment and our company's Annual Report and Financial Statements for the year ended 31 December 2019.

Review of Global Operating Environment

The year 2019 was characterized by a number of activities, which impacted on the global operating environment. In particular, the US-Sino trade war, and the uncertainties surrounding Brexit had significant impact. This impact was seen in the reduction in consumer spending, which was at par with the levels seen in 2016. This in turn resulted in a slowdown in global growth in 2019.

We started the year 2019 with Brent oil prices at $54 per barrel. This rose gradually during the year, peaking at $75 in April. However as a result of the mounting fears of a global recession and weakening manufacturing activities Brent price went down to an average of $64.34pbl in 2019. This is slightly above the Nigerian budget benchmark price of $60 per barrel.

The Central Banks of many advanced economies implemented accommodative monetary policies and fiscal easing to counter the threats to growth, which resulted in inflow of capital to some emerging economies.

Global Real Estate

Globally, the percentage of real estate investment grew in 2019. Many private equity firms seeking to diversify continued to allocate sizeable investments to real estate sector. However there seemed to be an inadequate supply to meet investor appetite as the real estate environment continued to change. This resulted in a significant institutional under-allocation in real estate. This inadequate supply presented an opportunity for companies that were agile and able to meet investors' requirements. Investors are looking to invest in a variety of real estate asset classes, including residential commercial, student housing and data centers.

The Nigerian Economy

The Nigerian economy recorded moderate improvements in the area of growth, price and exchange rate stability, as well as, fiscal stability. The average rate of inflation declined to 11.39% in 2019 from an average of 12.14% in 2018.

Exchange rate pressure intensified in 2019, as weak oil revenues and a slowdown in capital flows by foreign investors reduced the supply of foreign exchange. The exchange rate pressure were curtailed by the Central Bank of Nigeria (CBN) intensifying its intervention in all segments of the foreign exchange market.

The 2019 Finance Bill, which was passed in the first quarter of 2020, formed a key pillar of the economic agenda aimed at stimulating growth, broadening the government revenue base and attracting investment to critical aspects of the economy.

The Nigerian Real Estate Industry

The real estate sector contributed 6.21% to the Nigerian economy in Q4 of 2019, compared with 6.6% in Q4 of 2018. The sector continued to grapple with the challenges of limited liquidity, insufficient supply of mortgages and pressure on purchasing power. These factors contributed to the sector contracting by 2.36% in 2019. In order to improve business performance, developers came into the market in 2019 with products that were both more accessible and affordable for buyers. However, a large population of Nigerians are still outside the housing market, unable to access or afford mortgages.

Review of Operations

The Company's borrowing costs reduced from 18.2% in 2018 to 7.7% in Q4 of 2019. However this still translated to high finance cost of ₦2.62bn for the business. In order to reduce the debt portfolio and the finance cost, the Company commenced the process of raising equity through a Rights Issue in Q4 of 2019. This was eventually approved by regulatory authorities and the Rights Issue took place in Q1 of 2020.

The management team focused their efforts on paying down the Company's interest bearing loans and significantly reducing costs, as such no new development project was carried out during the year.

The hospitality sub-sector is still not very buoyant and as such our hospitality operations in UPDC Hotel Limited remain challenged as evidenced by the weak performance of the business.

Financial Performance

The Company posted revenue of ₦2.157b (same as Group due to reclassification of UPDC Hotels Ltd as "held for sale") as against 2018 revenue of ₦2.303b (same as Group). Loss before taxation (LBT) for the Group was ₦16.2b as against ₦13.2b in 2018. Losses for the year were largely on account of the non-cash mark to market loss of ₦12.6bn on the UPDC REIT, in addition to the ₦2.6bn finance cost, and losses on the asset sales.

The Company's interest bearing debt was ₦20.8bn as at December 2019 compared to ₦18.56bn as at December 2018. However the more favourable terms of the Bridge facility from UAC of Nigeria PLC resulted in a decline in Finance Cost from ₦4.8bn in 2018 to ₦2.6bn in 2019.

Outlook for 2020

At the end of 2019, the housing deficit in Nigeria was estimated as 20 million, requiring funding of ₦170-₦200 trillion. It was therefore projected that this gap in the real estate sector will fuel growth in 2020. Industry experts projected a 3% growth in the real estate sector, arising from a surge in demand for affordable housing, as well as new favorable policies by the

Federal Government and the Central Bank of Nigeria. It was also stipulated that developers will focus more on smaller unit residential apartments to meet the surge in demand.

However, the Covid 19 Pandemic started in Q4 of 2019, and this culminated in a lockdown in different parts of the world, with Nigeria also embarking on a lockdown in March 2020. COVID 19 has resulted in significant uncertainty regarding the economic outlook. The real estate sector has not been spared, with an increase in commercial property vacancies, job losses, and corporate bankruptcies. At UPDC Hotel Limited, there has been a complete lockdown in business operations in order to comply with Government's directives on social distancing.

UPDC's Strategy for Success

The Board of Directors and Management of UPDC are focused and working hard to ensure that the business continues as a going concern, even in the midst of the pandemic. The Company's strategy for 2020 includes the following key items:

- Grow operating income. The management team is continuing its efforts to drive sales of our lower yielding assets to generate liquidity. We have commenced activities to restructure the Facilities Management operations in order to increase our fee income generation in

- Capital Structure and Cash flow management: The Rights Issue process was completed in Q2 of 2020. Proceeds from the Rights Issue have been used to pay down over 70% of the Company's interest bearing loans, thereby reducing finance cost and freeing up cash for operations. The UPDC REIT unbundling is also scheduled for Q3 of 2020.

- Cost Optimization: The management team is focused on imbibing a culture of cost optimization. The overall objective is to ensure recurring expenses are covered by recurring income.

- Commence new projects/developments: Management has identified a number of possible projects targeted at the middle income sector, with a view to commence a new development, Festival Flats project in Festac, Lagos in Q4 2020.

Leadership & Board Changes

I will like to inform you that since the last Annual General Meeting, there have been changes to the Board of Directors of the Company. Mrs. Niun Taiwo, the Executive Director in charge of the Facilities Management arm of the Company and Mrs. Halima Alao, a Non-Executive Director resigned as directors of the Company. Please join me in thanking Mrs Taiwo and Mrs Alao for their invaluable contributions and services to the Company. I wish them well in their future endeavours.

I am pleased to inform you of the following new additions to the board: Mrs Deborah Nicol-Omeruah, Deputy Chief Executive Officer, joined as Executive Director; and Mr Kunle Osilaja, joined as a Non-Executive Director. On your behalf, I warmly welcome them to the Board.

Conclusion

I sincerely thank our esteemed Shareholders for their continued interest in our Company in what has been very difficult conditions, and for their immense support in making the Rights Issue a huge success. I also thank our customers, consultants, contractors, staff and other stakeholders for their 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.

Chief Executive Officer's Report

Folasope Aiyesimoju
Chief Executive Officer

Dear Shareholders,

Welcome to the 2020 Annual General Meeting of UACN Property Development Company PLC ("UPDC" or the "Company") at which we will present your Company's operational and financial performance for the year ended 31 December 2019. I hope you and your loved ones are safe and healthy and thank you for making the extra effort to participate in this meeting in these difficult times.

We, along with the rest of the world, continue to adjust to the impact of the COVID-19 Pandemic which is a global healthcare and humanitarian crisis. Urgent and wide ranging measures by governments aimed at enforcing physical distancing have affected the movement of people and goods, constraining economic activity. We commend the swift action by governments at all levels in Nigeria to protect the lives of citizens and have ourselves implemented initiatives to protect our stakeholders.

At UPDC, recent efforts have focused on improving governance, enhancing management and strengthening the Company's capital base. We will continue to work on building on our initial success in these areas as we shift our focus to investing for future growth.

Your Company is engaged in three primary lines of business, Property Development, Facilities Management and Hospitality. Our exposure to the hospitality sector is through our investment in Festival Hotel. This asset is held for sale because hospitality is no longer part of our long-term strategy which is centered around our core real estate businesses – Property Development and Facilities Management.

In 2019, we announced significant initiatives aimed at positioning UPDC for long-term growth and profitability. The first was a ₦16 billion rights issue, proceeds of which were utilised to reduce our short term debt obligations. The second was the unbundling of UPDC's interest in the UPDC Real Estate Investment Trust ("UPDC REIT"). My colleagues and I were pleased to conclude the rights issue in April 2020 and are in the process of obtaining regulatory approvals for the unbundling of the UPDC REIT.

Following the rights issue, UPDC's total interest bearing debt reduced from ₦20.8 billion to ₦5.8 billion. Our target is to achieve further material reductions in our debt balance and we are actively working to achieve this.

Management

In addition to the corporate actions discussed above, we strengthened management at UPDC and prioritised identified growth pillars – Property Development and Facilities Management. My colleagues and I are delighted that Alaba Fagun joined the Company to drive our Facilities Management business and Bidemi Fadayomi to drive our Project Development business. Bidemi and Alaba are at very early stages in their careers with UPDC but we are encouraged by their progress to date.

At Festival Hotel, Roderick Peck was appointed General Manager with a view to stabilizing and improving operations. Roderick's initial efforts were impactful; however, momentum has been halted by the COVID-19 pandemic.

Governance

UPDC's board of directors was strengthened by the appointment of Kunle Osilaja, a finance and real estate professional with decades of experience, globally and domestically, in the real estate sector. Kunle's leadership and contributions have been very valuable and his knowledge of key aspects of finance, real estate and risk management have enriched discussions and decision-making at the board.

Review of FY 2019 Performance

We recorded a loss for the year, with performance impacted by non-cash mark-to-market losses on our holding in the UPDC REIT, high borrowing costs and constrained revenue on account of limited recent investments in new developments.

Revenue declined 6% Year on Year ("YoY") to ₦2.2 billion in 2019 from ₦2.3 billion in 2018. The downward revaluation of certain assets held as inventory resulted in a gross loss of ₦878 million, a marginal decline from the gross loss of ₦862 million in 2018. UPDC routinely values its assets in a bid to align carrying values with realisable values. The recession in the Nigerian real estate sector depressed asset prices leading to write downs to the carrying values of certain assets.

UPDC recorded an operating loss of ₦1.3 billion in 2019, an improvement from the ₦6.3 billion operating loss in 2018. Contributing factors to the improvement in performance include:

Fair value gain on investment properties in 2019 of ₦57 million relative to a fair value loss of ₦1.3 billion in 2018

Credit loss of ₦3.1 billion in 2018 relative to a reversal of ₦239 million in 2019. The loss in 2018 was primarily on account of a write-off to our holding in First Festival Mall Limited

Considerable progress reducing operating expenses, with administrative expenses reducing 49% from ₦1 billion in 2018 to ₦520 million in 2019.

Net finance cost declined 45% to ₦2.6 billion from ₦4.8 billion in 2018 on account of a reduction of total debt outstanding, as well as, significant rate reductions on our short term borrowings. UPDC recorded a loss before impairments of ₦3.3 billion, an improvement from ₦9.2 billion in 2018 for the reasons described above.

In September 2019, UPDC announced a strategic initiative to unbundle its interest in the UPDC REIT to its shareholders. As a result, the Company was required to reclassify the UPDC REIT, which had historically been held as an Associate, to an asset held for disposal. This resulted in a ₦12.6 billion mark-to-market loss as UPDC's interest in the UPDC REIT which was carried at ₦20 billion (based on share of the UPDC REIT's net assets) was marked down to ₦7 billion based on the listed price of units of the UPDC REIT on The Nigerian Stock Exchange. The impact of the impairment of the UPDC REIT resulted in an overall loss for the period of ₦15.8 billion in 2019 relative to a loss of ₦15 billion in 2018.

The Company's total asset base declined 38% to ₦29 billion in 2019 from ₦46.5 billion in 2018. The primary driver for the decline in assets was the aforementioned mark-to-market loss on UPDC's holding in the UPDC REIT. The Company also sold certain lower yielding assets to provide liquidity and reduce its outstanding debt obligations.

UPDC closed the year with total interest bearing liabilities of ₦20.8 billion. The outstanding debt balance has since been materially reduced following the successful completion of the rights issue. Total equity as at the end of the 2019 financial year was ₦2.2 billion.

Property Development

Property development for sale and lease has historically been the primary contributor to UPDC's earnings. This line of business is capital intensive, requiring upfront commitments to projects ahead of realisations, typically over a few years. Recent capital structure challenges have restricted the Company's ability to embark on new developments.

Following recent progress improving the capital structure, we intend to commence work on a new development in this year leveraging learnings from one of our fastest selling recent projects. We have adopted certain risk mitigation mechanisms aimed at managing quality and costs and enhancing return.

Facilities Management

Our Facilities Management business generates attractive annuity streams of income from the properties we manage. We have made scaling this cash-generative, low capital intensive business a key priority. The Facilities Management business also complements our Project Development business as certain potential purchasers of our assets draw comfort from our ability to provide professional facilities management services.

Hospitality

Our hotel investment, which was historically the Golden Tulip Festac, achieved average occupancy of 24% in 2019 up from 23% recorded in 2018. Revenue remained flat at ₦1.4 billion in 2019. Gross profit was ₦891 million, up 2% from ₦873 million in 2018. The hotel continued to struggle with high operating expenses (largely energy costs) which resulted in loss for the year of ₦383 million, a marginal improvement from ₦425 million in 2018.

The management contract with Golden Tulip West Africa expired last year and we took the decision not to renew the contract. The hotel has thus been branded Festival Hotel and operates as an independent hotel. Our strategic objective remains a sale.

Our COVID-19 Response

At UPDC our primary focus has been on business continuity and safety. We took a number of urgent, important and painful decisions early on to navigate the worst of the crisis. We initiated remote working arrangements, encouraging non-essential staff to work from home. For our essential staff, including members of our facilities management team, we provided health and safety training, personal protective equipment and security during the strictest phase of physical distancing in Nigeria's key commercial cities.

We took the painful decision to temporarily shut our hotel and furlough a significant portion of the workforce. This was not a decision we took lightly; however, with the closure of airports, restrictions on inter-state travel and strict limits on social gatherings, it became clear the hotel would be unable to sustain operations. We continue to actively monitor the situation.

UPDC acknowledges its position as a responsible corporate citizen; however, our ability to actively participate in social initiatives was constrained by our financial position. We decided to focus our limited resources on those closest to us, with members of management contributing to a staff welfare fund to support our most vulnerable colleagues, including those employed at Festival Hotel.

2020 Outlook

In spite of the challenging conditions we face, my colleagues and I look to the future with optimism. At UPDC, we have implemented several important measures aimed at positioning the Company on a path to growth and profitability including improving governance, aggressively cutting costs and strengthening management. With our recently concluded rights issue, we have materially improved our capital position. While there is work ahead, we are increasingly confident of leveraging our experience and position to create real estate products by Nigerians for Nigerians and in doing so generate attractive risk-adjusted returns for our shareholders.

Appreciation

My colleagues on UPDC's Management team and I are deeply grateful for the support and patience you have shown us during what has undoubtedly been a difficult time for the Company. We are cognisant of the work ahead and are confident that with your continued support we will restore UPDC to the zenith of Nigeria's real estate sector.

Folasope Aiyesimoju
Chief Executive Officer
FRC/2019/IODN/00000019806

Directors' Report

The Directors have the pleasure of submitting their annual report, together with the audited financial Statements for the year ended 31st December 2019

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

	2019 N'000	2018 N'000
Continuing operations		
Revenue	2,157,614	2,303,326
Gross loss	(878,129)	(862,392)
Operating (loss)	(1,268,734)	(6,258,376)
Loss before taxation and non-controlling interests	(16,194,628)	(13,244,202)
Taxation	454,722	(1,723,130)
Loss after tax for the period from continuing operations	(15,739,906)	(14,967,332)
Discontinued operations		
Loss after tax for the year from discontinued operations	(143,168)	(89,878)
Loss for the year	**(15,883,074)**	**(15,057,210)**

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 2019		31 December 2018	
	Direct	Indirect	Direct	Indirect
Mr Babatunde Kasali	37,500	–	37,500	–
Mr Folasope Aiyesimoju	–	1,667,187,500	–	–
Mr. Abdul Akhor Bello	–	–	156,250	1,667,187,500
Mr. Adekunle Olakitan Awojobi	–	148,602,252	–	148,602,252
Mrs. Halima Tayo Alao	74,973	–	74,973	–
Prof. Okon A. Ansa	86,151	–	77,901	–
Mrs. Adeniun Folasade Taiwo	45,000	–	45,000	–
Mrs Awuneba Ajumogobia	6,687	–	6,687	–
Mrs Folakemi Fadahunsi	–	–		
Total	**250,311**	**1,815,789,752**	**398,311**	**1,815,789,752**

Directors' Interests in Contracts

The following Director disclosed that he is a Director of the Company indicated against his name with which the Company had banking relationship during the year:

• 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

Apart from as indicated above, no other shareholder(s) hold(s) 5% and above in the issued share capital of the Company.

Share Capital History

YEAR	BONUS ISSUE	UNITS	VALUE
1999	Starting Capital	1,000,000,000	500,000,000
2004	1 for 10 bonus issue	1,000,000,000	550,000,000
2005 to 2009	None	1,000,000,000	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	859,374,997.50
2014 to 2016	None	1,718,749,995	859,374,997.50
2017	1 for 1 Rights Issue	2,598,395,794	1,299,197,897
2018	None	2,598,395,794	1,299,197,897
2019	None	2,598,395,794	1,299,197,897

Analysis of Shareholding

	Members shareholding		
	Shareholders number	Shareholding number	Shareholding %
Directors and Connected Persons	5	295,311	0.01
UAC of Nigeria Plc	1	1,667,187,500	64.16
FBN Trustees Nigeria Ltd	1	148,602,252	5.72
Individuals	26,547	370,191,781	14.25
Other Corporate bodies	1,071	412,118,950	15.86
TOTAL	27,625	2,598,395,794	100.00

Corporate Social Responsibility (CSR) Report

There was no CSR activity during the year under review.

Corporate Governance Report

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

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

Composition of the Board of Directors

The Board of the Company was made up of five Non-Executive Directors and three (3) Executive Directors during the 2019 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 Chief Executive Officer

In the year under review, the position of the Chairman was distinct from that of the Chief Executive Officer. The two positions were occupied by Mr Babatunde Kasali and Mr Folasope Aiyesimoju respectively. The other Executive Directors were Mrs Folakemi Fadahunsi, the Chief Financial Officer and Mrs Adeniun Folasade Taiwo, the ED, Facilities Management. Other Non-Executive Directors that served during the year were Mrs Halima Tayo Alao, Prof Okon Ansa, Mr Adekunle Awojobi and Mrs Awuneba Ajumogobia.

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 executive;
7. Ensuring effective communication with shareholders, stakeholders, the investing public;
8. Ensuring the integrity of financial controls and reports;
9. Ensuring 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 is as follows:

- Declaration of a vacancy at a Board Meeting;
- Assessment of the requirement at that point in time such as gender, age, technical and soft skills, geographical spread, experience and international exposure;
- Sourcing of the curriculum vitae of suitable candidates. The Board may go as far as using the services of search firms; and
- Reference of the curriculum vitae to the Board Remuneration & Governance Committee for necessary background checks, informal interviews & interaction and a recommendation for the approval of the Board of Directors.

The Board recommends new Directors for appointment by the shareholders at the Annual General Meetings.

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 leadership team and gets acquainted with business operations.

Board Meetings

The Board met seven (7) times during the 2019 financial year. The following table shows the attendance of Directors at the Board meetings:

DIRECTORS	19/3	16/4	2/7	3/7	23/7	22/10	3/12
Mr Babatunde Kasali	P	P	P	P	P	P	P
Mr Folasope Aiyesimoju	P	P	P	P	P	P	P
Mr Adekunle Awojobi	P	P	P	P	P	P	P
Mrs Folakemi Fadahunsi	P	P	P	P	P	P	P
Arc (Mrs) Halima Alao	P	P	P	P	P	-	-
Prof Okon Ansa	P	P	P	P	P	P	P
Mrs Adeniun Taiwo	P	P	P	P	P	P	P
Mrs Awuneba Ajumogobia	P	P	P	P	P	P	P

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

Board Evaluation

A Board performance evaluation was undertaken in 2019. 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 which was later reconstituted to a standalone Risk Management Committee and the Remuneration & Governance Committee. The Committees make recommendations for approval by the full Board.

The Risk Management Committee

The Committee was initially chaired by Prof Okon Ansa and was made up by other four (4) Non-Executive Directors, the Chief Executive Officer and the Chief Financial Officer. After the reconstitution, the Committee was made up of two (2) Non-Executive Directors and the Chief Financial Officer.

The Terms of Reference of the Risk Management Committee are as follows:

- Review and recommend for approval of the Board, the risk management policies and framework, as well as assist the Board in its oversight of risk management strategy;
- Review the adequacy and effectiveness of risk management and controls in the Company;

- Exercise oversight over the process for the identification and assessment of risks across the Company and the adequacy of prevention, detection and reporting mechanisms;
- Review the level of the Company's compliance with applicable laws and regulatory requirements which may impact the Company's risk profile;
- Periodically review changes in the economic and business environment, including emerging trends and other factors relevant to the Company's risk profile and those trends which may threaten the Company's business model, key strategies, future performance, solvency and liquidity and make recommendations to the Board as appropriate;
- Approve the annual Risk & Compliance Plan;
- Review and recommend for approval of the Board, at least annually, the Company's Information Technology (IT) data governance framework to ensure that IT data risks are adequately mitigated and relevant assets are managed effectively. The framework may include:
    - Development of IT strategy and policy;
    - Proactive monitoring and management of cyber threats and attacks as well as adverse social media incidents;
    - Management of risks relating to third-party and outsourced IT service providers;
    - Assessment of value delivered to the Company through investments in IT; and
    - Periodic independent assurance on the effectiveness of the Company's IT arrangements;
- Exercise oversight over management's processes to ascertain the integrity of the Company's financial statements, compliance with all applicable legal and other regulatory requirements; and assess qualifications and independence of the external auditors, and the performance of the Company's internal audit function as well as that of the external auditors;
- Ensure the establishment of and exercise oversight on the internal audit function which provides assurance on the effectiveness of the internal controls.
- On a quarterly basis, obtain and review report by the Risk & Compliance Manager describing the strength and quality of internal controls including identification of any issues or recommendations for improvement raised by the most recent internal audit review of the Company;
- Ensure the development of a comprehensive internal control framework for the Company, obtain appropriate (internal and/or external) assurance and report annually in the Company's audited financial report, on the design and operating effectiveness of the Company's internal controls over the financial reporting systems;
- Oversee the process for the identification of fraud risks across the Company and ensure that adequate prevention, detection and reporting mechanisms are in place;
- Discuss the interim or annual audited financial statements as well as significant financial reporting findings and recommendations with management and external auditors prior to recommending same to the Board for their consideration and appropriate action;
- Maintain oversight of financial and non-financial reporting;
- Review and ensure that adequate whistle-blowing policies and procedures are in place and that the issues reported through the whistle blowing mechanism are summarized and presented to the board;
- Review, with the external auditors, any audit scope limitations or significant matters encountered and management's responses to same;
- Review the independence of the external auditors to perform non-audit services
- To ensure that where approved non-audit services are provided by the external auditors, there is no real or perceived conflict of interest, or other legal or ethical impediment;
- Preserve auditor independence, by setting clear hiring policies for employees or former employees of external auditors;
- Ensure the development of a Related Party Transactions policy and monitor its implementation by management. The Committee should consider any related party transaction that may arise within the Company;
- At least once in a year, hold a discussion with the head of the internal audit function and the external auditors without the presence of management, to facilitate an exchange of views and concerns that may not be appropriate for open discussion.
- Review and evaluate management requests for financial approval for the purchase, development and construction of project initiatives and make appropriate recommendations to the Board;
- Review, evaluate and make recommendations to the Board for debt and other financing alternatives for projects;
- Monitor and review justification for project costs overruns and requests for supplementary budgets;
- Assist the Board satisfy itself about the validity of technical and market prospects for projects and investment initiatives;
- 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;

- Advise Board on above matters prior to the submission of the project(s) to the Board for final approval and make recommendations as appropriate; and
- Following approval of project(s), continue to assist the Board in its oversight of the projects by reviewing project status and providing regular updates and reports to the Board and advising the Board accordingly.

Committee's Meetings

The Risk Management Committee met four (4) times during the year. The following table shows the attendance of the members of the Committee at the meetings:

DIRECTORS	18/3	15/4	22/7	21/10
Prof Okon Ansa	P	P	–	P
Mr Adekunle Awojobi	P	P	P	P
Mr Folasope Aiyesimoju	P	P	–	–
Mrs Folakemi Fadahunsi	P	P	P	P
Mrs Adeniun Taiwo	P	P	–	–
Arc (Mrs) Halima Alao	P	P	P	–
Mrs Awuneba Ajumogobia	P	P	–	–

Key:
P: Present
– : No longer a member/Not yet a member

The Remuneration & Governance Committee

The Committee which was set up in July 2019 was chaired by Prof Okon Ansa, a Non-Executive Director and made up of 2 other Non-Executive Directors.

The Terms of Reference of the Remuneration & Governance Committee are as follows:
- Review the structure, size, composition and commitment of the Board at least annually and make recommendation on any proposed changes to the Board;
- Establish a formal and transparent process for Board appointments, including establishing the criteria for appointment to the Board and Board committees, reviewing prospective candidates' qualifications and any potential conflict of interest; assessing the contribution of current Directors against their re-nomination suitability, and making appropriate recommendations to the Board;
- Identify individuals suitably qualified to become Board members and make recommendations to the Board for nomination and appointment as Directors;
- Periodically determine the skills, knowledge and experience required on the Board and its committees;
- Ensure that the Company has a formal programme for the induction and training of Directors;
- Undertake the annual assessment of the independent status of each INED;
- Ensure that the Company has a succession policy and plan in place for the Chairman of the Board, the MD/CEO and all other EDs, NEDs and senior management positions to ensure leadership continuity. Succession planning should be reviewed periodically, with provision made for succession in emergency situations as well as long-term vacancies;
- Deal with all matters pertaining to executive management selection and performance, including an annual evaluation of the performance of the MD/CEO and executive management;
- Develop a process for, and ensure that the Board undertakes, an annual performance evaluation of itself, its committees, the Chairman and individual Directors, as well as the Company's corporate governance practices;
- Ensure the development and periodic review of Board charters, Board committee charters and other governance policies, such as the code of ethics, conflict of interest and whistle blowing policies among others;
- Development of a formal, clear and transparent framework for the Company's remuneration policies and procedures; and
- Recommendation to the Board on the Company's remuneration policy and structure for all Directors and senior management employees.

Committee's Meetings

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

DIRECTORS	23/7	22/10	3/12
Prof Okon Ansa	P	P	P
Mr Adekunle Awojobi	P	P	P
Arc (Mrs) Halima Alao	P	P	-

Key:
P: Present
- : No longer a member

MANAGEMENT

Leadership team is made up of all heads of departments within the Company. The Leadership team holds weekly meetings and other review meetings on a monthly and quarterly basis. Monthly village meetings of all employees are also held. Employees of the Company also join their peers within the UACN group for Finance & IT Managers review and Human Resources Managers meeting.

THE STATUTORY AUDIT COMMITTEE

The statutory Audit Committee consists of six (6) 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 and the Risk & Compliance Manager of the Company.

Committee's Meetings

The following table shows members' attendance at the three (3) meetings of the Committee in 2019:

DIRECTORS	18/3	22/7	21/10
Mr Adekunle Awojobi (Chairman)	P	P	P
Alhaji Gbadebo Olatokunbo	P	P	P
Mr Joe Anosikeh	P	AWA	P
Prof Okon Ansa	P	P	P
Arc (Mrs) Halima Alao	P	P	-
Engr Taiwo Fawole	AWA	P	P

Keys:
P: Present
AWA: Absent With Apology
- : No longer a member

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

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 four (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. However the Company was penalised by the Securities and Exchange Commission ("the SEC") for late filing of its 2018 Audited results. The Company had requested for extension of time within which to file its 2018 Audited accounts to enable the Company comply with the provisions of Section 8(1) (n) of the Financial Reporting Council Act No 6 of 2011 as the Company's external auditors, Ernst & Young had indicated that a paragraph on Material Uncertainty Related to Going Concern would be included in its Audit Opinion and in line with applicable regulations, the reports and accounts must be submitted to the Financial Reporting Council of Nigeria for review and in addition, the account must not be announced to the public until all accounting issues relating to the reports were resolved by the Council. The SEC granted the extension but imposed a penalty in the sum of ₦1,200,157.50 (One Million, Two Hundred Thousand, One Hundred and Fifty Seven Naira, Fifty Kobo) on the Company.

By the order of the Board

Folake Kalaro (Mrs)

Human Resources Report

Executive Summary

The Human Resources report seeks to highlight key areas of UPDC policies, procedures, welfare initiatives which are best suited to the needs of all stakeholders and the business. The report covers basic information on diversity and inclusion strategies, Training, Organizational culture, people welfare and environmental issues

1. Diversity and Inclusion Strategies

UPDC is an equal opportunity employer and executes all recruitment exercises in line with the approved needs of the business. UPDC adopts talent management strategies that encourage diversity and fairness. The talent management process ensures that all candidates are treated as clients who deserve high standards of service, professionalism and excellence. Discrimination of any form is prohibited at UPDC and is also in line with laid down constitutions of the Federal Republic of Nigeria.

Employment, training and career development are all based on merit, not on gender, race, ethnicity, tribe, religion or creed in compliance with constitutional provisions. UPDC is committed to:

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

2. Organisational Culture

The Management of UPDC in line with HR, continues to strive to build a culture of excellence, fairness and productivity, aimed at harnessing the best version of each stakeholder. More effort is being channelled into defining and communicating the proposed culture as UPDC champions through a new phase. In the same vein, management is working to redefine and communicate the values of the organisation. This is being done through brand strategy development and expert consultations.

3. Manpower Planning

UPDC group employed a total of 266 employee. These numbers consist of

- UPDC Plc: a total of 45 employees, inclusive of 34 in management positions and 11 junior staff.
- UPDC Hotels Limited: a total of 221 employees consisting of 154 fulltime employees and 67 contract employees

All manpower planning initiatives are aimed at maximizing the business needs and capacity.

4. Performance Management and team communication.

All performance management efforts are aimed at ensuring the maximum productivity levels from all employees while maintaining a healthy and motivated workforce. UPDC's business objectives are set, cascaded and monitored periodically to ensure alignment with overall business goals.

Employees are fully involved in strategy formulation and execution. This encourages business plan ownership and commitment at all levels. Team 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. Due to the Covid-19 pandemic, some session/meetings are being help virtually, through the use of video conferencing and other suitable forms of technology.

5. Health and Safety

UPDC prides herself in the ability to provide stakeholder resources to work in safe and clean environments. UPDC has provided very conducive and safe work environments at the corporate head office, estates and project sites. 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.

In a bid to keep employees safe during the Covid-19 pandemic, UPDC has adopted safety measures in line with the government regulations and directives of the NCDC. Employees have been advised on the necessary measures to adopt while working from home and at the office. PPEs have been made available at all business locations and are being used. Employees are also encouraged to work remotely to ensure the least possible exposures to the virus. Guidelines have been set and communicated to all stakeholders for working safe and efficiently at home as well as taking precautions.

6. Training and Development

UPDC adopts a training philosophy that encourages internal sharing of knowledge, self-development, as well as partaking in organised learning from external facilitators. The company encourages all employees to continuously develop themselves and also ensure that employees get the stipulated trainings planned.

The training strategies are tailored to keep employees engaged and help grow their general knowledge base. UPDC provides general, professional and leadership trainings as well as tuition reimbursement support to employees who undertake approved self-development and professional development programmes.

7. Welfare

The Company provides free medical care for employees and their immediate families. Employee work-life balance is encouraged through flexible work hours to ensure a healthy balance for everyone.

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 is currently twelve weeks in addition to Annual leave.

UPDC recognizes that junior staff are particularly vulnerable and may be in need of extra support during the Covid-19 pandemic. Funds generated by UPDC are being matched by UAC and will be disbursed to support employees in need of support.

Also, UPDC 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.

8. Looking Ahead

- HR will focus on developing strategies which will be tailored to suit the emerging culture being communicated to all stakeholders.
- Focus more efforts on identifying, training and developing top talent
- Harmonizing and communicating laid down HR policies and procedures
- Putting our employees first and building trust to ensure committed and motivated employees

Director's Responsibility for Annual Consolidated and Separate Financial Statements

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

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

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

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

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

Babatunde Kasali
Chairman
FRC/2017/ICAN/00000016973

Folakemi Fadahunsi
Chief Financial Officer
FRC/2018/ICAN/00000018017

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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 (individually 'the Company') and its subsidiaries (collectively 'the Group), which comprise the consolidated and separate statement of financial position as at 31 December 2019, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity, 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 2019, 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 N 15.88 billion (2018: N15.06 billion) and N12.44 billion (2018: N18.49 billion) respectively for the year ended 31 December 2019 and as at that date, the Group and the Company's current liabilities exceeded their current assets by Nl0.48 billion (2018: N9.54 billion) and N2.93 billion (2018: 1.81billion) respectively. It also has a negative cash outflow of Nl.685 billion (2018: N0.385) and Nl. 710 billion (2018: N0.410) for the Group and the Company respectively. As at such date, there has been a significant deterioration in net assets resulting in a net assets of N2.17 billion (2018: N18.05) and N2.28 billion (2018: N14.72) for both Group and Company respectively. These conditions, along with other matters as set forth in Note 34, indicate that a material uncertainty exist 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. 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.

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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.

The Key Audit Matters applies equally to the audit of the consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
1. Significant impairment of investment in associate	
During the year, there was a joint announcement by the parent company (UAC of Nigeria Plc) and UACN Property Development Company Pie (UPDC Pie) as regards the unbundling of UPDC Plc's interest in its associate company, (UPDC REIT) to UPDC Plc shareholders. This involves a restructure in the ownership by allocating its interest in associate shares directly to the shareholders of UPDC Plc in proportion to the post – Right issue holdings in UPDC PLC. The result of the joint announcement is yet to be implemented as at year end, but this led to a huge decline in the market/fair value of the associate quoted shares from N5.4 per unit as at 2 September 2019 to N4.25 per unit as at December 2019. The REIT was listed at NI0 per unit in July 2013 and the Company had been carrying the investment at cost. The diminution in the unit price has resulted in an erosion of the unit holders' value. An impairment loss of N12.64 billion and N9.48 billion was recognised in the current year for the Group and the Company respectively. The Group's carrying value includes share of profit from the Associate over the years, and this resulted in a high diminution in value when compared with the unit price as at 31 December 2019. The investment in associate has been accounted for as an asset held for distribution in line with IFRS 5 and measured at the lower of the carrying amount and fair value less cost to sell. We consider this a key audit matter due to the significance of the amount and the impact of the announcement to the public since the associate is a quoted company listed on the Nigeria stock exchange market. The disclosures are shown in note 9 to Consolidated and Separate the financial statements	Our audit procedures on investments in Associates amongst others includes: • We confirmed from the management and Board of directors on the joint public announcement made to ascertain that the investment in associate is now held for onward distribution as at year end. • We ensured that the requirements of IFRS 5 measurement and presentation was applied and the below five criteria have been met; i. the Company is committed to distribute the asset ii. the asset is available for immediate distribution in its present condition iii. actions to complete the distribution have been initiated iv. the distribution is expected to be completed within one year from the date of the classification v. it would be unlikely that any significant changes be made to the plan or that it would be withdrawn. • We ensured that the fair value used is the quoted share price of the associate company is that on the Nigeria Stock Exchange market as at 31 December 2019 • Our internal valuation specialist evaluated the reasonableness of the share price used in assessing the value of the asset held for distribution (Associate). • We also assessed the adequacy of the disclosures regarding the impairment of the asset held for distribution to determine whether they are in line with IFRS 15 requirements.

Key Audit Matter	How the matter was addressed in the audit
2. Significant inventory write down	
During the year, the Company's inventory (assets under construction) in respect of Victoria Mall Plaza (VMP) 3A and Victoria Mall Plaza (VMP) 3B was written down by N1.2 billion (2018: N0.594 billion) to its net realisable value based on the expected selling price and other incidental costs to sell. The net realisable value has been estimated on the basis of Management's consideration of the amount recoverable from the asset. Management is putting the inventory up for sale and based on the offers received from prospective buyers, the asset has been written down by N1.2billion from a carrying cost of N4.275billion to a Net realisable value of N3.067billion. The valuation carried out by the Estate valuer as at 31 December 2019 however showed a fair value of N4.6billion for the asset reflecting continuing use and development on the basis of the current structure on the asset. This is however significantly different from the offers being received from prospective buyers, as none of them intends to continue with the current structural design on the property. Hence the significant write down. 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 2019 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. We consider this a key audit matter due to the significance of the amount and the extent of Management estimation in determining the fair value and the significant write down on the Inventory. The disclosures are shown in note 7 to the Consolidated and Separate the financial statements	Our audit procedures in relation to Inventory (Assets under construction) amongst others include: • We reviewed 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,

Report of the Audit Committee and Other National Disclosures (Value Added Statement and 5 Year Financial Summary) as required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, and Corporate Governance Report as required by Securities and Exchange Commission, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the 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 auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group 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 separate financial statements of the current year and are therefore the key audit matters. We described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

ii) in our opinion, proper books of account have been kept by the 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
6 May 2020

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, 2019 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, 2019 were, in our opinion adequate.

(c) We reviewed the findings and recommendations in the Internal Auditor's Report and External Auditor's Management Letter and were satisfied with the management responses thereto.

(d) The Company maintained effective accounting and internal control system.

Dated 16th day of March, 2020

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
Prof. Okon Ansa	– Member
Engr. Taiwo G. Fawole	– Member
Mr. Kunle Osilaja	– Member

Secretary
Folake Kalaro (Mrs)

Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2019

		The Group		The Company	
Continuing operations	Notes	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Revenue	5	2,157,614	2,303,326	2,157,614	2,303,326
Cost of sales	7	(3,035,743)	(3,165,718)	(3,035,743)	(3,165,718)
Gross profit		**(878,129)**	**(862,392)**	**(878,129)**	**(862,392)**
Fair value gain/(loss) on investment properties	15	57,202	(1,273,875)	57,202	(1,273,875)
Loss on disposal of investment properties	15	(96,481)	(434,399)	(96,481)	(434,399)
Selling and distribution expenses	7	(104,860)	(84,904)	(104,860)	(84,904)
Administrative expenses	7	(520,791)	(1,013,182)	(520,791)	(1,013,183)
Other operating income	6	34,895	550,694	1,003,402	1,375,152
Credit loss reversal/(expense)	9 (iv)	239,430	(3,140,318)	(22,161)	(9,407,996)
Operating loss		**(1,268,734)**	**(6,258,376)**	**(561,818)**	**(11,701,597)**
Finance income	8	5,376	36,617	30,376	61,617
Finance cost	8	(2,616,205)	(4,799,508)	(2,616,205)	(4,799,508)
Net finance cost		(2,610,829)	(4,762,891)	(2,585,829)	(4,737,891)
Share of profit of associates	16 (i)	584,617	1,923,492	–	–
Share of loss of Joint Ventures	9 (iii)	–	(117,189)	–	–
Operating loss before impairment		**(3,294,947)**	**(9,214,965)**	**(3,147,647)**	**(16,439,488)**
Impairment of investment in joint venture	9 (iv)	(261,466)	–	(261,466)	(234,217)
Impairment of assets of disposal group held for sale	9	(12,638,216)	(4,029,237)	(9,481,263)	–
Loss before taxation		**(16,194,628)**	**(13,244,202)**	**(12,890,376)**	**(16,673,705)**
Taxation	10	454,722	(1,723,130)	454,722	(1,813,257)
Loss from continuing operations		**(15,739,906)**	**(14,967,332)**	**(12,435,654)**	**(18,486,962)**
Discontinued operations					
Loss from discontinued operations	36	(143,168)	(89,878)	–	–
Loss for the period		**(15,883,074)**	**(15,057,210)**	**(12,435,654)**	**(18,486,962)**
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		**(15,883,074)**	**(15,049,481)**	**(12,435,654)**	**(18,479,233)**
Loss attributable to:					
Equity holders of the parent		(15,875,486)	(15,052,446)	(12,435,654)	(18,486,962)
Non controlling interest		(7,588)	(4,764)	–	–
Total Loss		**(15,883,074)**	**(15,057,210)**	**(12,435,654)**	**(18,486,962)**
Total comprehensive loss attributable to:					
Equity holders of the parent		(15,875,486)	(15,044,717)	(12,435,654)	(18,479,233)
Non controlling interests		(7,588)	(4,764)	–	–
Total comprehensive loss		**(15,883,074)**	**(15,049,481)**	**(12,435,654)**	**(18,479,233)**
Loss per share for loss attributable to the equity holders of the group:					
Basic Loss Per Share (Kobo)					
From continuing operations	12	(606)	(576)	(479)	(711)
From discontinued operations	12	(6)	(3)		
From loss for the period		(612)	(579)	(479)	(711)
Diluted Loss Per Share (Kobo)					
From continuing operations	12	(606)	(576)	(479)	(711)
From discontinued operations	12	(6)	(3)		
From loss for the period		(612)	(579)	(479)	(711)

The notes on pages 43 to 106 are an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statement of Financial Position

As at 31 December 2019

	Notes	The Group 31 Dec. 2019 N'000	The Group 31 Dec. 2018 N'000	The Company 31 Dec. 2019 N'000	The Company 31 Dec. 2018 N'000
Assets					
Non-current assets					
Property, plant and equipment	13	22,852	46,972	22,486	46,607
Intangible assets	14	13,517	29,538	13,517	29,538
Investment properties	15	2,381,502	4,198,300	2,381,502	4,198,300
Investments in joint ventures	16	129,589	73,606	129,589	73,606
Investments in associates	16	–	20,017,860	–	16,489,153
Equity instrument at fair value through other comprehensive income	17	–	17,729	–	17,729
		2,547,460	24,384,005	2,547,094	20,854,934
Current assets					
Inventories	19	5,721,126	8,290,381	5,721,126	8,290,381
Trade and other receivables	21	4,156,361	4,964,867	11,320,693	12,311,309
Cash at bank and in hand	22	1,261,622	507,462	1,261,228	507,066
		11,139,109	13,762,710	18,303,047	21,108,756
Assets of disposal group classified as held for sale/ distribution to owners	36	15,249,451	8,320,174	7,007,890	–
Total assets		**28,936,020**	**46,466,889**	**27,858,031**	**41,963,690**
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
Fair value reserve of financial assets at FVOCI		–	7,729	–	7,729
Revenue Reserve		(5,014,474)	10,853,283	(5,082,059)	7,345,866
Equity attributable to equity holders of the Company		2,350,121	18,225,607	2,282,536	14,718,190
Non controlling interest		(178,288)	(170,700)	–	–
Total equity		**2,171,833**	**18,054,907**	**2,282,536**	**14,718,190**
Liabilities					
Non-current liabilities					
Interest bearing Loans and Borrowings	23	4,263,957	4,255,753	4,263,957	4,255,753
Deferred taxation liabilities	26	72,537	72,537	72,537	72,537
Deferred revenue	25	4,736	1,577	4,736	1,577
		4,341,230	4,329,867	4,341,230	4,329,867
Current liabilities					
Trade and other payables	24	4,510,908	7,050,779	4,124,843	6,664,712
Current income tax liabilities	10	115,522	1,531,083	115,522	1,531,083
Interest bearing Loans and Borrowings	23	16,543,214	14,302,459	16,543,214	14,302,459
Dividend Payable	27	339,920	339,920	339,920	339,920
Deferred revenue	25	110,767	77,460	110,767	77,460
		21,620,331	23,301,701	21,234,266	22,915,634
Liabilities of disposal group classified as held for sale/ distribution to owners	36	802,626	780,414	–	–
Total liabilities		**26,764,187**	**28,411,982**	**25,575,496**	**27,245,500**
Total equity and liabilities		**28,936,020**	**46,466,889**	**27,858,031**	**41,963,690**

The financial statements on pages 38 to 42 were approved and authorised for issue by the board of directors on 17 March 2020 and were signed on its behalf by:

Babatunde Kasali
Chairman
FRC/2017/ICAN/00000016973

Folakemi Fadahunsi
Chief Financial Officer
FRC/2018/ICAN/00000018017

The notes on pages 43 to 106 are an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statement of Changes in Equity

For the year ended 31 December 2019

The Group

		Attributable to owners of the Company						
	Notes	Share Capital N'000	Share Premium N'000	Revenue Reserve N'000	Fair value reserve of financial assets at FVOCI N'000	Total N'000	Non Controlling interest N'000	Total N'000
Balance at 1 January 2018		**1,299,198**	**6,065,397**	**25,905,729**	**-**	**33,270,324**	**(165,936)**	**33,104,388**
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**	**10,853,283**	**7,729**	**18,225,607**	**(170,700)**	**18,054,907**
Effect of adoption of new accounting standards	2.1.2	–	–	–	–	–	–	–
Balance at 1 January 2019 (restated)		**1,299,198**	**6,065,397**	**10,853,283**	**7,729**	**18,225,607**	**(170,700)**	**18,054,907**
Loss for the period		–	–	(15,875,486)	–	(15,875,486)	(7,588)	(15,883,074)
Transfer of fair value reserve of equity instruments designated at FVOCI		–	–	7,729	(7,729)	–	–	–
Balance at 31 December 2019		**1,299,198**	**6,065,397**	**(5,014,474)**	**-**	**2,350,121**	**(178,288)**	**2,171,833**

The Company

		Attributable to owners of the Company				
	Notes	Share Capital N'000	Share Premium N'000	Revenue Reserve N'000	Fair value reserve of financial assets at FVOCI N'000	Total N'000
Balance at 1 January 2018		**1,299,198**	**6,065,397**	**25,832,828**	**-**	**33,197,423**
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**	**7,345,866**	**7,729**	**14,718,190**
Effect of adoption of new accounting standards	2.1.2					**-**
Balance at 1 January 2019 (restated)		**1,299,198**	**6,065,397**	**7,345,866**	**7,729**	**14,718,190**
Loss for the period		–	–	(12,435,654)	–	(12,435,654)
Transfer of fair value reserve of equity instruments designated at FVOCI		–	–	7,729	(7,729)	–
Balance at 31 December 2019		**1,299,198**	**6,065,397**	**(5,082,059)**	**-**	**2,282,536**

The summary of significant accounting policies and notes on pages 43 to 106 are an integral part of these financial statements.

Consolidated and Separate Statement of Cash Flows
For the year ended 31 December 2019

		The Group		The Company	
	Notes	2019 December N'000	2018 December N'000	2019 December N'000	2018 December N'000
Cash flow (used in)/from operating activities	**29**	**(739,658)**	**483,905**	**(764,656)**	**458,907**
Company Income Tax paid	10	(61,073)	(92,893)	(61,073)	(92,893)
Capital Gains Tax paid	10	(723,552)	(116,291)	(723,552)	(116,291)
VAT paid	10	(160,523)	(659,940)	(160,523)	(659,940)
Net Cash outflow used in operating activities		**(1,684,806)**	**(385,219)**	**(1,709,804)**	**(410,217)**
Cash flow from investing activities					
Proceeds from sale of investment property	15	1,834,560	4,727,024	1,834,560	4,727,024
Purchase of property, plant & equipment	13	(1,834)	(27,077)	(1,834)	(27,077)
Purchase of intangible asset	14	–	(6,994)	–	(6,994)
Proceeds from sale of property, plant and equipment		11,916	11,132	11,916	11,132
Cash Distribution from UPDC REIT	6	956,371	824,458	956,371	824,458
Interest received	23 (iii)	5,376	36,617	30,376	61,617
Net cash flow from investing activities		**2,806,389**	**5,565,160**	**2,831,389**	**5,590,160**
Cash flow from financing activities					
Proceeds from borrowings	23 (iii)	15,042,737	1,863,996	15,042,737	1,863,996
Repayment of borrowings	23 (iii)	(13,336,993)	(2,262,800)	(13,336,993)	(2,262,800)
Interest paid	8	(2,072,992)	(4,799,508)	(2,072,992)	(4,799,508)
Net cash flow used in financing activities		**(367,247)**	**(5,198,312)**	**(367,247)**	**(5,198,312)**
Net increase/(decrease) in cash and cash equivalents		754,336	(18,371)	754,338	(18,369)
Net foreign exchange difference	7	(176)	(676)	(176)	(676)
Cash and cash equivalents at the beginning of the period		507,462	526,509	507,066	526,111
Cash and cash equivalents at the end of the period	22	**1,261,622**	**507,462**	**1,261,228**	**507,066**

The notes on pages 43 to 106 are an integral part of these consolidated and separate financial statements.

1. General information

UACN 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
IFRS 16 Leases

IFRS 16 supersedes 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. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

At the date of transition, the Group does not have right of use asset because lease payment falls within January to December, hence, no material impact on the implementation of IFRS 16.

2.1.2 Changes in accounting policy and disclosures - Continued

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date. Since the Group operates in a complex multinational tax environment, applying the Interpretation may affect its consolidated financial statements. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the consolidated financial statements of the Group.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted.

These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

Amendments to IAS 28: Long-term interests in associates and joint ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Group does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its consolidated financial statements.

2.1.3 *New standards not yet adopted*

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as, to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Amendments to IFRS 3: Definition of a Business
In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material
In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7
In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

The amendments must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight. Early application is permitted and must be disclosed. The Group will not be affected by these amendments on the date of transition. Effective for annual periods beginning on or after 1 January 2020.

The Conceptual Framework for Financial Reporting
Effective immediately for the IASB and the IFRS IC. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. Thus, no impact to the Group.

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 at 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 IFRS 9 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.

Joint ventures are investments where the group exerts joint control. Investments in joint ventures are accounted for using the equity method of accounting.

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 'Administrative expenses'.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income 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 fair value through other income, 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.

Assets are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Land is not depreciated. 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 estimated 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 Fittings	3 to 5 years
Computer equipment	3 to 5 years

The useful lives, residual values and methods of depreciation 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 statement of profit or loss when the asset is derecognised.

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.

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 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.

Financial Assets

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 below.

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.

Fair value through OCI 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.

Derecognition

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.

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.

2.20 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 employees salary to a fund managed by a fund administrator. The funds are invested on behalf of the employees and they will receive a payout based on the return of the fund upon retirement.

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

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.

2.21 Revenue from contracts with customers

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 – Sale of property stock
- Facilities management services provided to the customer: Rendering of services – Management fees and service charge surcharge

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, noncash 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.

2.22 Leases applicable prior to 1 January 2019

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

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

(b) The group company is a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.23 Lease applicable from 1 January 2019

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.24 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, 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 foreign exchange risk exposure relates to the Company.

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:

T he Group	2019		
	USD 000	GBP 000	Euro 000
Financial assets			
Available for sale investments	–	–	–
Financial instruments at fair value through profit or loss	–	–	–
Cash at bank and in hand	38	–	5
	38	**-**	**5**

T he Group	2018		
	USD 000	GBP 000	Euro 000
Financial assets			
Available for sale investments	-	-	-
Financial instruments at fair value through profit or loss	-	-	-
Cash at bank and in hand	180	4	14
	180	**4**	**14**

The Company	2019		
	USD 000	GBP 000	Euro 000
Financial assets			
Financial instruments at fair value through profit or loss			–
Cash at bank and in hand	38	–	5
	38	**-**	**5**

The Company

	2018		
	USD 000	GBP 000	Euro 000
Financial assets			
Available for sale investments	–	–	–
Financial instruments at fair value through profit or loss	–	–	–
Cash at bank and in hand	35	–	2
	35	**-**	**2**

	The Group		The Company	
	2019 N000	2018 N000	2019 N000	2018 N000
The total impact on profit and equity if Naira were to increase/decrease by 2% across currencies would be as follows	319	71	319	71

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) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is not expose to the risk of changes in market interest rates because the Group's long-term debt obligations are fixed interest rates.

(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 to the Chief Financial Officer 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 creditworthy counterparties, 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 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 Chief Financial Officer periodically and may be updated throughout the year subject to approval of the Chief Financial Officer.

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

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 2019 using a provision matrix:

31 December 2019	**The Group Trade Receivables Date Past Due**				
	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	32%	50%	59%	100%	
Estimated total gross carrying amount at default	78,232	91,221	97,190	407,344	673,988
Expected credit loss	25,032	46,012	57,756	407,344	536,144

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

31 December 2019	**The Company Trade Receivables Date Past Due**					
		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		40%	50%	59%	100%	
Estimated total gross carrying amount at default		62,037	91,221	97,190	407,344	657,793
Expected credit loss		25,032	46,012	57,756	407,344	536,144

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%	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

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

	The Group		**The Company**	
	2019 N'000	**2018 N'000**	**2019 N'000**	**2018 N'000**
Balance as at 1 January	211,141	217,750	211,141	217,750
Provision for expected credit losses	325,003	437,850	325,003	437,850
Unused amount reversed	–	(413,108)	–	(410,730)
Write off during the year	–	(33,729)	–	(33,729)
Balance at 31 December	**536,144**	**211,141**	**536,144**	**211,141**

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

31 December 2019	The Group			The Company		
	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%)	10	436,890	436,900	10	1,191,167	1,191,177
Base (79%)	79	3,137,662	3,137,741	79	8,554,748	8,554,827
Downside (10%)	10	397,172	397,182	10	1,082,880	1,082,890
Total	99	3,971,724	3,971,823	99	10,828,795	10,828,894

31 December 2018	The Group			The Company		
	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

Short-term deposits

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

	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
Gross carrying amount as at 1 January 2019	155,235	–	–	155,235	155,235	–	–	155,235
New asset purchased	140,847	–	–	140,847	140,847	–	–	140,847
Asset derecognised or repaid (excluding write offs)	(155,235)	–	–	(155,235)	(155,235)	–	–	(155,235)
At 31 December 2019	140,847	–	–	140,847	140,847	–	–	140,847

	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 2019	99	–	–	99	99	–	–	99
New asset purchased		–	–	–		–	–	–
Asset derecognised or repaid (excluding write offs)		–	–	–		–	–	–
At 31 December 2019	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			
	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 2019	7,371,087	–	–	7,371,087	21,328,846	–	–	21,328,846
New asset purchased	–	–	–	–		–	–	–
Asset derecognised or repaid (excluding write offs)	(855,406)	–	–	(855,406)	(775,567)	–	–	(775,567)
At 31 December 2019	6,515,681	–	–	6,515,681	20,553,279	–	–	20,553,279

	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 2019	4,536,436	–	–	4,536,436	11,131,924	–	–	11,131,924
New asset purchased	–	–	–	–	(303,129)	–	–	(303,129)
Asset derecognised or repaid (excluding write offs)	(564,712)	–	–	(564,712)	–	–	–	–
At 31 December 2019	3,971,724	–	–	3,971,724	10,828,795	–	–	10,828,795
Net Intercompany receivables as at 31 December 2019 – Note 21				2,543,957				9,724,484

Financial risk management (continued)

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.

(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 2019	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	-	1,233,071	22,527,000	-	23,760,071
Trade and other payables	985,493	2,299,483	-	-	3,284,976
	985,493	**3,532,554**	**22,527,000**	**-**	**27,045,047**

	The Group				
	Less than 3 months N'000	Between 3 months and 1 year N'000	Between 1 and 5 years N'000	Over 5 years N'000	Total N'000
At 31 December 2018					
Interest bearing loans and borrowings	173,248	17,059,824	5,457,003	-	22,690,075
Trade and other payables	-	5,704,912	-	-	5,704,912
	173,248	**22,764,736**	**5,457,003**	**-**	**28,394,987**

	The Company				
	Less than 3 months N'000	Between 3 months and 1 year N'000	Between 1 and 5 years N'000	Over 5 years N'000	Total N'000
At 31 December 2019					
Interest bearing loans and borrowings	-	1,233,071	22,527,000	-	23,760,071
Trade and other payables	-	2,898,908	-	-	2,898,908
	-	**4,131,979**	**22,527,000**	**-**	**26,658,979**

	The Company				
	Less than 3 months N'000	Between 3 months and 1 year N'000	Between 1 and 5 years N'000	Over 5 years N'000	Total N'000
At 31 December 2018					
Interest bearing loans and borrowings	173,248	17,059,824	5,457,003	–	22,690,075
Trade and other payables	–	5,318,845	–	–	5,318,845
	173,248	**22,378,669**	**5,457,003**	**-**	**28,008,920**

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 to shareholders and benefits for other stakeholders and to maintain an optimal capital structure with minimal 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	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Interest bearing debt	20,807,171	18,558,213	20,807,171	18,558,213
Total equity	2,171,833	18,054,907	2,282,536	14,718,190
Total capital	**22,979,004**	**36,613,120**	**23,089,707**	**33,276,403**
Gearing ratio	**9.58**	**1.03**	**9.12**	**1.26**

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.

	The Group				The Company			
31 December 2019	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
Assets measured at fair value (Note 15):								
Investment properties	2,381,502	–	2,381,502	–	2,381,502	–	2,381,502	–

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

Interest-bearing loans and borrowings	19,341,832	–	19,341,832	–	19,341,832	–	19,341,832	–

	The Group				The Company			
31 December 2018	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
Assets measured at fair value (Note 15):								
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

Interest-bearing loans and borrowings	18,558,213	–	18,558,213	–	18,558,213	–	18,558,213	–

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			
	2019		2018	
	Carrying Value N'000	Fair Value N'000	Carrying Value N'000	Fair Value N'000
Assets				
Trade receivables	138,609	138,609	122,414	122,414
Other receivables	2,565,294	2,565,294	2,891,993	2,891,993
Cash at bank and in hand	1,261,622	1,261,622	507,462	507,462
Liabilities				
Interest bearing loans and borrowings	20,807,171	19,341,832	18,558,213	18,558,213
Trade Payables and other payables	3,284,976	3,284,976	5,704,912	5,704,912

	The Company			
	2019		2018	
	Carrying Value N'000	Fair Value N'000	Carrying Value N'000	Fair Value N'000
Assets				
Trade receivables	122,414	122,414	618,207	618,207
Other receivables	9,745,821	9,745,821	10,254,265	10,254,265
Cash at bank and in hand	1,261,228	1,261,228	507,066	507,066
Liabilities				
Interest bearing loans and borrowings	20,807,171	19,341,832	18,558,213	18,558,213
Trade and other payables	2,898,908	2,898,908	5,318,845	5,318,845

Trade receivables is fair valued at net of impairment. Other receivables is made up of mobilization payment to contractors (guaranteed by Advance Payment Guarantee) 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	
	2019	
	At amortised cost N'000	Other financial liabilities N'000
Financial assets		
Trade and other receivables	2,703,903	–
Cash at bank and in hand	1,261,622	–
Financial liabilities		
Interest bearing loans and borrowings	–	20,807,171
Trade and other payables	–	3,284,976

	The Group 2018		
	At amortised cost N'000	Fair value through other comprehensive income N'000	Other financial liabilities N'000
Financial assets			
Equity instrument at fair value through other comprehensive income	–	17,729	–
Trade and other receivables	3,014,407	–	–
Cash at bank and in hand	507,462	–	–
Financial liabilities			
Interest bearing loans and borrowings	–	–	18,558,213
Trade and other payables	–	–	5,704,912

	The Company 2019	
	At amortised cost N'000	Other financial liabilities N'000
Financial assets		
Trade and other receivables	9,868,235	–
Cash at bank and in hand	1,261,228	–
Financial liabilities		
Interest bearing loans and borrowings	–	20,807,171
Trade and other payables	–	2,898,908

	The Company 2018		
	At amortised cost N'000	Fair value through other comprehensive income N'000	Other financial liabilities N'000
Financial assets			
Equity instrument at fair value through other comprehensive income	–	17,729	–
Trade and other receivables	10,872,472	–	–
Cash at bank and in hand	507,066	–	–
Financial liabilities			
Interest bearing loans and borrowings	–	–	18,558,213
Trade and other payables	–	–	5,318,845

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.

4.2 Significant judgements (continued)

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	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Freehold building	190,000	272,300	190,000	272,300
Leasehold building	2,191,502	3,926,000	2,191,502	3,926,000
Total investment properties	**2,381,502**	**4,198,300**	**2,381,502**	**4,198,300**

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 ₦10 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 2019 (2018: 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

The investment is now classified as asset held for distribution to owners.

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, 2019, UPDC Plc operations comprised two main business segments which are 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 2019	Property development sales & management N'000	Hospitality services N'000	Classified as Discontinued Operation/ Held for Sale N'000	Total N'000
Total Revenue	2,157,614	1,354,100	(1,354,100)	2,157,614
Intergroup revenue	–	–	–	–
Revenue to third parties	2,157,614	1,354,100	(1,354,100)	2,157,614
Earnings before interest and tax	(1,268,734)	(143,168)	143,168	(1,268,734)
Loss before tax	(16,194,628)	(143,168)	143,168	(16,194,628)
Net current assets	(10,481,222)	(444,491)	444,491	(10,481,222)
Property, plant and equipment	22,852	11,907,937	(11,907,937)	22,852

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	(6,258,376)	(89,878)	89,878	(6,258,376)
Loss before tax	(13,244,202)	(89,878)	89,878	(13,244,202)
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 2019	**The Company**	
	Property development sales & management N'000	**Total N'000**
Total Revenue	2,157,614	2,157,614
Intergroup revenue	–	–
Revenue to third parties	2,157,614	2,157,614
Earnings before interest and tax	(561,818)	(561,818)
Loss before tax	(12,890,376)	(12,890,376)
Net current assets	(2,931,219)	(2,931,219)
Property, plant and equipment	22,486	22,486

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	(11,701,597)	(11,701,597)
Loss before tax	(16,673,705)	(16,673,705)
Net current assets	(1,806,878)	(1,806,878)
Property, plant and equipment	46,607	46,607

Entity wide information

Analysis of revenue by category:	2019 N'000	2018 N'000
Sale of Property Stock	1,463,880	1,695,318
Share of James Pinnock Sale of Property Stock	263,160	129,489
Rental income & Management Fee on Rent	167,193	273,163
Project and Management Surcharge Income	263,381	205,357
	2,157,614	**2,303,326**

	2019 N'000	2018 N'000
Analysis of revenue by geographical location:		
Nigeria	2,157,614	2,303,326

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 2019			
	Property development sales & management N'000	Hospitality services N'000	Classified as Discontinued Operation/ Held for Sale N'000	Total N'000
Type of goods or service				
Sale of Property Stock	1,463,880	–	–	1,463,880
Share of James Pinnock Sale of Property Stock	263,160	–	–	263,160
Management Fee on Rent	62,085	–	–	62,085
Project and Management Surcharge Income	263,381	–	–	263,381
Total revenue from contracts with customers	**2,052,506**	**-**	**-**	**2,052,506**
Rental income	105,108	–	–	105,108
Total revenue	**2,157,614**	**-**	**-**	**2,157,614**
Geographical markets				
Within Nigeria	2,052,506	–	–	2,052,506
Outside Nigeria	–	–	–	–
Total revenue from contracts with customers	**2,052,506**	**-**	**-**	**2,052,506**
Rental income (Within Nigeria)	105,108	–	–	105,108
Total revenue	2,157,614	–	–	2,157,614
Timing of revenue recognition				
Goods transferred at a point in time	2,052,506	–	–	2,052,506
Services transferred over time	–	–	–	–
Total revenue from contracts with customers	**2,052,506**	**-**	**-**	**2,052,506**
Rental income (Within Nigeria)	105,108	–	–	105,108
Total revenue	**2,157,614**	**-**	**-**	**2,157,614**

	For the year ended 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
Type of goods or service				
Sale of Property Stock	1,695,318	–	–	1,695,318
Share of James Pinnock Sale of Property Stock	129,489	–	–	129,489
Management Fee on Rent	38,809	–	–	38,809
Project and Management Surcharge Income	205,357	–	–	205,357
UPDC Hotels	–	1,356,603	(1,356,603)	–
Revenue from contracts with customers	**2,068,973**	**1,356,603**	**(1,356,603)**	**2,068,973**
Rental income	234,354	–		234,354
Total revenue	**2,303,326**	**1,356,603**	**(1,356,603)**	**2,303,326**

5. Segment Analysis (continued)

Geographical markets

Within Nigeria	2,068,973	1,356,603	(1,356,603)	2,068,973
Outside Nigeria	–	–	–	–
Total revenue from contracts with customers	**2,068,973**	**1,356,603**	**(1,356,603)**	**2,068,973**
Rental income	234,354	–		234,354
Total revenue	**2,303,326**	**1,356,603**	**(1,356,603)**	**2,303,326**

Timing of revenue recognition				
Goods transferred at a point in time	2,068,973	1,356,603	(1,356,603)	2,068,973
Services transferred over time	–	–	–	–
Total revenue from contracts with customers	**2,068,973**	**1,356,603**	**(1,356,603)**	**2,068,973**
Rental income	234,354	–		234,354
Total revenue	**2,303,326**	**1,356,603**	**(1,356,603)**	**2,303,326**

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	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Contract balances				
Trade receivables	658,558	845,178	658,558	829,348
Contract liabilities	1,855,305	2,362,822	1,855,305	2,362,822

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. In 2019, N325 million 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	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Investment income	–	2,250	–	2,250
Income distribution from UPDC REIT	–	–	956,371	824,458
Infrastructure, transfer and title regularisation fees	–	193,976	–	193,976
Service charge received from Golden Tulip Hotel	–	11,178	12,136	11,178
Sales commission (paid)/received	(21,514)	306,076	(21,514)	306,076
Gain/(loss) on disposal of PPE	4,066	(15,494)	4,066	(15,494)
Recovery on facility management	44,837	38,190	44,837	38,190
Others	7,506	14,518	7,506	14,518
Total other income	**34,895**	**550,694**	**1,003,402**	**1,375,152**

7. Expenses by nature

	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Change in inventories of finished goods and other direct costs of inventories	1,463,827	1,546,485	1,463,827	1,546,485
Impairment/ Write off of inventories to net realisable value	1,300,030	1,317,616	1,300,030	1,317,616
Direct operating expenses for Investment Properties/ Vacant Apartments	136,844	125,592	136,844	125,592
Personnel expenses	345,527	395,829	345,527	395,829
Depreciation & Amortization	34,126	44,894	34,126	44,894
Exchange loss	176	676	176	676
Expense relating to right of use assets	12,161	12,981	12,161	12,981
Losses on Projects *	1,848	15,326	1,848	15,326
Vehicles repairs, maintenance & fueling	1,450	3,890	1,450	3,890
Other repairs & maintenance	902	2,908	902	2,908
Legal expenses	63,029	41,004	63,029	41,004
Auditors' remuneration	19,950	19,950	19,950	19,950
Directors' emoluments	57,632	130,057	57,632	130,057
Information Technology	39,362	43,750	39,362	43,750
Insurance	13,227	13,549	13,227	13,549
Marketing, advertising & communication	7,164	16,891	7,164	16,891
Professional fees	74,869	204,311	74,869	204,311
VAIDS & Back Duty payment	–	236,451	–	236,451
Equity investment written off	17,729	–	17,729	–
Printing and stationery	532	3,850	532	3,850
UACN management fee (Note 32)	19,580	22,825	19,580	22,825
Other expenses	51,429	64,970	51,429	64,970
	3,661,394	**4,263,804**	**3,661,394**	**4,263,805**
Cost of sales	3,035,743	3,165,718	3,035,743	3,165,718
Selling and distribution expenses	104,860	84,904	104,860	84,904
Administrative expenses	520,791	1,013,182	520,791	1,013,183
	3,661,394	**4,263,804**	**3,661,394**	**4,263,805**

* Losses on projects are expenses incurred after project completion.

Personnel expenses include:	The Group 2019 N'000	The Group 2018 N'000	The Company 2019 N'000	The Company 2018 N'000
Wages and salaries	311,186	349,387	311,186	349,387
Pension costs:				
Pension benefits	15,635	23,209	15,635	23,209
Gratuity scheme – defined contribution	18,707	23,233	18,707	23,233
	345,527	**395,829**	**345,527**	**395,829**

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 2019 N'000	The Group 2018 N'000	The Company 2019 N'000	The Company 2018 N'000
Management	323,282	362,020	323,282	362,020
Staff	22,245	33,809	22,245	33,809
Total	**345,527**	**395,829**	**345,527**	**395,829**

Numbers	The Group 2019 Number	The Group 2018 Number	The Company 2019 Number	The Company 2018 Number
Management	52	88	32	50
Staff	206	211	11	17
Total	**258**	**299**	**43**	**67**

	N'000	N'000	N'000	N'000
Cost per staff	1,534	1,156	9,205	5,157

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

	The Group 2019	The Group 2018	The Company 2019	The Company 2018
300,001 – 500,000	66	70	0	0
500,001 – 1,000,000	97	114	3	9
1,000,001 – 2,000,000	62	70	21	25
2,000,001 – 5,000,000	24	30	14	20
5,000,001 – 10,000,000	7	14	4	12
10,000,001 – 15,000,000	1	1	1	1
Above 15,000,000	1	0	0	0
	258	**299**	**43**	**67**

	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
(iii) Emoluments of directors				
Fees	325	1,550	325	1,550
Other emoluments	57,307	128,507	57,307	128,507
	57,632	**130,057**	**57,632**	**130,057**
(iv) The Chairman's emolument.	75	300	75	300
(v) Emolument of the highest paid director.	19,617	22,392	19,617	22,392

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

(vii) Key management personnel compensation

	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Short term benefit	93,392	107,838	93,392	107,838
Post employment benefits	10,213	8,348	10,213	8,348
	103,606	**116,186**	**103,606**	**116,186**

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

	The Group		The Company	
₦	2019 Number	2018 Number	2019 Number	2018 Number
1,000,001 – 9,000,000	5	5	5	5
9,000,001 – 14,000,000	1	1	1	1
14,000,001 – and above	1	1	1	1
	7	**7**	**7**	**7**

8. Net Finance Income/(Cost)

	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Finance Income	**5,376**	**36,617**	**30,376**	**61,617**
Interest on borrowings	(2,616,205)	(4,728,599)	(2,616,205)	(4,728,599)
Interest on bank overdraft	–	(70,910)	–	(70,910)
Finance Costs	**(2,616,205)**	**(4,799,508)**	**(2,616,205)**	**(4,799,508)**
Net Finance Cost	**(2,610,829)**	**(4,762,891)**	**(2,585,829)**	**(4,737,891)**

Finance income and finance cost were calculated using the effective interest rate.

9. Impairment of assets of disposal group held for sale/ distribution

	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Investment in UPDC Hotels Ltd	–	4,029,237	–	–
Investment in UPDC REIT	12,638,216	–	9,481,263	–
	12,638,216	**4,029,237**	**9,481,263**	**-**

9 (i). Impairment of assets of disposal group held for sale	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Book value of total assets	12,270,798	12,349,411	–	–
Impairment at 1 January	(4,029,237)	–	–	–
Less: Fair value of total asset	(8,241,561)	(8,320,174)	–	–
Impairment	**-**	**4,029,237**	**-**	**-**

UPDC Hotel Ltd was measured at lower of the carrying amount and fair value less cost to sell.

9 (ii). Impairment of assets held for distribution	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Investment in UPDC REIT	20,602,477	–	16,489,153	–
Less: Fair value of total asset	(7,007,890)	–	(7,007,890)	–
Dividend received	(956,371)	–	–	–
Impairment	**12,638,216**	**-**	**9,481,263**	**-**

UPDC REIT was measured at lower of the carrying amount and fair value less cost to sell.

9 (iii). Share of Loss in Joint Venture	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Share of Loss in Festival Mall (Note 16)	–	(117,189)	–	–
Share of profit of First Restoration Dev. Co. Limited (Note 16)	–	–	–	–
	-	**(117,189)**	**-**	**-**

9 (iv). Impairment of investment in joint ventures	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Investment in First Festival Mall Ltd	–	–	–	234,217
Investment in Transit Village	73,606	–	73,606	–
Investment in First Restoration Dev. Co. Limited	187,860	–	187,860	–
	261,466	**-**	**261,466**	**234,217**

9 (iv) Credit loss reversal/expense

The table below shows the ECL charges on financial instruments for the year recorded in the statement of profit or loss:

	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Receivable in First Festival Mall Ltd	–	2,478,097	–	2,478,097
Receivable in UPDC Metro City Ltd	(54,025)	589,434	(54,025)	589,434
Receivable in UPDC Hotels Ltd		–	261,591	6,267,677
Receivable in First Restoration Dev. Co. Limited–Write back	(182,847)	(22,750)	(182,847)	(22,750)
Receivable in Pinnacle Apartment Development Ltd.-Write back	(351,211)	(201,909)	(351,211)	(201,909)
Receivable in Golf Estate	24,476	224,645	24,476	224,645
Receivable in Galaxy Mall	–	60,366		60,366
Receivable in other related parties	(1,105)	(14,682)	(1,105)	(14,682)
Impairments of trade receivables and short term investment	325,282	27,117	325,282	27,117
	(239,430)	**3,140,318**	**22,161**	**9,407,996**

	The Group					
	2019			2018		
	Stage 1 Individual N'000	Simplified Model N'000	Total N'000	Stage 1 Individual N'000	Simplified Model N'000	Total N'000
Short term deposits	279		279	(3)	–	(3)
Related party receivables	(564,712)	–	(564,712)	3,113,201	–	3,113,201
Trade receivables		325,003	325,003	–	27,120	27,120
	(564,433)	**325,003**	**(239,430)**	**3,113,198**	**27,120**	**3,140,318**

	The Company					
	2019			2018		
	Stage 1 Individual N'000	Simplified Model N'000	Total N'000	Stage 1 Individual N'000	Simplified Model N'000	Total N'000
Short term deposits	279	–	279	(3)		(3)
Related party receivables	(303,121)	–	(303,121)	9,380,879		9,380,879
Trade receivables	–	325,003	325,003	–	27,120	27,120
	(302,842)	**325,003**	**22,161**	**9,380,876**	**27,120**	**9,407,996**

10. Taxation

	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Current tax				
Minimum tax charge for the year	10,788	76,411	10,788	76,411
Reversal of prior years over provision	(554,906)	–	(554,906)	–
Capital Gain tax	89,396	723,552	89,396	723,552
Total current tax charge	**(454,722)**	**799,963**	**(454,722)**	**799,963**
Deferred tax				
*Deferred tax reversal on financial instrument	–	228,873	–	319,000
*Temporary differences, origination and reversal	–	694,294	–	694,294
Total deferred tax (note 26)	**-**	**923,167**	**-**	**1,013,294**
Income tax credit/(charge)	**(454,722)**	**1,723,130**	**(454,722)**	**1,813,257**

Nigeria corporation tax is calculated at 30% (2018: 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 income tax charge/credit for the year can be reconciled to the profit per the consolidated and separate statement of profit or loss as follows:

	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Loss before tax	(3,294,947)	(9,214,965)	(12,890,376)	(16,673,705)
Tax at the Nigeria corporation tax rate of 30% (2018: 30%)	(988,484)	(2,764,490)	(3,867,113)	(5,002,111)
Tertiary Education tax	–	–	–	–
Capital gains tax	89,396	723,552	89,396	723,552
Effect of income that is exempt from taxation	433,578	(1,816,240)	3,312,207	(826,708)
Effect of expenses that are not deductible in determining taxable profit		5,503,897	–	6,842,114
Minimum tax adjustments	10,788	76,411	10,788	76,411
Tax for the year	**(454,722)**	**1,723,130**	**(454,722)**	**1,813,256**

	The Group		The Company	
Per statement of financial position	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Balance as at 1 January	1,531,083	1,022,098	1,531,083	1,022,098
Charge for the year	(454,722)	799,963	(454,722)	799,963
Payments during the year	(784,625)	(209,184)	(784,625)	(209,184)
Withholding tax utilized	(176,214)	(81,794)	(176,214)	(81,794)
Balance as at 31 December	**115,522**	**1,531,083**	**115,522**	**1,531,083**

11. Dividends

	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
No dividend was declared for the year ended December 2019, hence no dividend was paid in 2019.	–	–	–	–

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	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Loss after tax for the year from discontinued operations	(143,168)	(89,878)	–	–
Loss attributable to ordinary equity shareholders (NGN'000)	(15,739,906)	(14,967,332)	(12,435,654)	(18,486,962)
Basic loss per share (Kobo)	**(611)**	**(579)**	**(479)**	**(711)**
From discontinued operations	(6)	(3)	–	–
From continuing operations	(606)	(576)	(479)	(711)
Diluted loss per share (Kobo)	**(611)**	**(579)**	**(479)**	**(711)**
From discontinued operations	(6)	(3)	–	–
From continuing operations	(606)	(576)	(479)	(711)

	The Group		The Company	
	2019 Number ('000)	2018 Number ('000)	2019 Number ('000)	2018 Number ('000)
Basic weighted average and Diluted weighted average number of shares	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	Motor vehicles N'000	Plant and Machinery N'000	Furniture & Fittings N'000	Computer Equipment N'000	Total N'000
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**
At 1 January 2019	162,916	78,724	57,675	57,631	356,948
Addition	–	–	–	1,834	1,834
Disposals	(52,525)	(48,951)	–	(1,421)	(102,897)
At 31 December 2019	**110,391**	**29,773**	**57,675**	**58,044**	**255,885**

Accumulated depreciation and impairment

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**
At 1 January 2019	127,105	77,229	52,259	53,383	309,975
Charge for the period	10,657	1,495	3,312	2,640	18,105
Disposals	(44,828)	(48,951)	–	(1,268)	(95,047)
At 31 December 2019	**92,933**	**29,773**	**55,571**	**54,755**	**233,033**

Net book values					
At 31 December 2019	**17,458**	**-**	**2,104**	**3,290**	**22,852**
At 31 December 2018	**35,812**	**1,495**	**5,417**	**4,249**	**46,972**

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 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**	**356,579**
At 1 January 2019	162,916	78,724	57,306	57,632	356,579
Additions	–	–	–	1,834	1,834
Disposals	(52,525)	(48,951)	–	(1,421)	(102,897)
At 31 December 2019	**110,391**	**29,773**	**57,306**	**58,045**	**255,516**
Accumulated depreciation					
At 1 January 2018	147,766	101,424	49,619	51,660	350,467
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**	**309,973**
At 1 January 2019	127,105	77,229	52,259	53,383	309,973
Charge for the period	10,657	1,495	3,312	2,640	18,105
Disposals	(44,828)	(48,951)	–	(1,268)	(95,047)
At 31 December 2019	**92,933**	**29,773**	**55,571**	**54,755**	**233,030**
Net book values					
At 31 December 2019	**17,458**	**-**	**1,735**	**3,290**	**22,486**
At 31 December 2018	**35,812**	**1,495**	**5,048**	**4,249**	**46,607**

No Property, Plant and Equipment was pledged as security for any liability as at 31 December 2019 (2018: Nil).

14. Intangible assets

Cost	The Group Software N'000	The Company Software N'000
At 1 January 2018	285,364	285,364
Additions	6,994	6,994
At 31 December 2018	**292,358**	**292,358**
At 1 January 2019	292,358	292,358
Additions	–	–
At 31 December 2019	**292,358**	**292,358**

Amortisation

At 1 January 2018	247,470	247,470
Amortisation for the period	15,350	15,350
Disposals	–	–
At 31 December 2018	**262,820**	**262,820**
At 1 January 2019	262,820	262,820
Amortisation for the period	16,021	16,021
At 31 December 2019	**278,841**	**278,841**

Net book values

At 31 December 2019	**13,517**	**13,517**
At 31 December 2018	**29,538**	**29,538**

No intangible asset was pledged as security for any liability as at 31 December 2019 (2018: 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 2018	423,000	10,000,675	**10,423,675**	423,000	10,000,675	**10,423,675**
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**
At 1 January 2019	272,300	3,926,000	**4,198,300**	272,300	3,926,000	**4,198,300**
Net loss/gain from fair value adjustments on investment properties	(7,300)	64,502	**57,202**	(7,300)	64,502	**57,202**
Disposals	(75,000)	(1,799,000)	**(1,874,000)**	(75,000)	(1,799,000)	**(1,874,000)**
At 31 December 2019	**190,000**	**2,191,502**	**2,381,502**	**190,000**	**2,191,502**	**2,381,502**

Fair value loss/write down of investment properties	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Fair value (gain)/loss on investment properties	(57,202)	641,875	(57,202)	641,875
Write down of Investment properties	–	632,000	–	632,000
	(57,202)	**1,273,875**	**(57,202)**	**1,273,875**

Schedule of net gain/ (loss) on disposal	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Sales Proceed	1,834,560	4,727,024	1,834,560	4,727,024
Agency fees/incidental expenses	(57,041)	(69,923)	(57,041)	(69,923)
Net Sales Proceed	1,777,519	4,657,101	1,777,519	4,657,101
Carrying value of investment properties	(1,874,000)	(5,091,500)	(1,874,000)	(5,091,500)
	(96,481)	**(434,399)**	**(96,481)**	**(434,399)**

Properties valued at N1.9billion were disposed during the period for a net sales proceed of N1.8billion.

Fair value of investment properties is categorised as follows:

At 31 December 2019	The Group			The Company		
	Freehold building N'000	Leasehold building N'000	Total investment properties N'000	Freehold building N'000	Leasehold building N'000	Total investment properties N'000
External Valuation	190,000	2,191,502	2,381,502	190,000	2,191,502	2,381,502
	190,000	**2,191,502**	**2,381,502**	**190,000**	**2,191,502**	**2,381,502**

At 31 December 2018	The Group			The Company		
	Freehold building N'000	Leasehold building N'000	Total investment properties N'000	Freehold building N'000	Leasehold building N'000	Total investment properties N'000
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's investment properties were revalued in 2019 by independent professionally qualified valuer 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. They are also the team lead on the assignment.

Frequency of valuation

The fair valuation is carried out annually.

Restrictions on Realisability of Investment Property

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements. See note 3 for fair value hierarchy

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	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Rental income derived from investment properties	105,108	234,354	105,108	234,354
Direct operating expenses that generated the rental income	(16,879)	(53,713)	(16,879)	(53,713)
Profit arising from investment properties	**88,229**	**180,641**	**88,229**	**180,641**

16. Investments in associates and equity accounted joint ventures

The amounts recognised in the statement of financial position are as follows:

	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Associate	–	20,017,860	–	16,489,153
Joint ventures	129,589	73,606	129,589	73,606
	129,589	**20,091,466**	**129,589**	**16,562,759**

16 (i). Investments in Associate

Set out below is the associate of the group as at 31 December 2019. 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	2019 N'000	2018 N'000	2019 % ownership	2018 % ownership	Measurement method
UPDC REIT	Nigeria	–	20,017,860	–	61.8%	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 2019, the fair value of each unit holders' contribution in UPDC REIT is N4.25.

The movement in the investment in associates during the year is stated below:	The Group 2019 N'000	The Group 2018 N'000	The Company 2019 N'000	The Company 2018 N'000
At 1 January	20,017,860	18,918,826	16,489,153	16,489,153
Share of profit	584,617	1,923,492	–	–
Dividend received	(956,371)	(824,458)	–	–
Impairment loss	(12,638,216)	–	(9,481,263)	–
Reclassification to disposal group classified as held for sale/ distribution to owners (Note 36ii)	(7,007,890)	–	(7,007,890)	–
	-	**20,017,860**	**-**	**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 ₦26.7 billion listed on the Nigerian Stock Exchange (NSE) on 1 July, 2013. The REIT is a property fund backed by five (5) major investment properties located in Lagos, Abuja and Aba. The REIT's income comprises of rental income from the property assets and interest earned from short term investments in money market instruments and other real estate related assets. UPDC held 61.5% of the fund before classification of its investment in the REIT as held for distribution as at 31 December 2019. 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 2019. The revaluation gain is not distributable until the affected investment properties are disposed."

Classification of Investment as Held for Distribution

The Company in 2019, concluded a plan to unbundle its investment in UPDC-REIT (previously an Associate but now classified as held for distribution) directly to its shareholders. The unbundling will entail distributing its share-holding in the UPDC-REIT directly to its own shareholders. The valuation of this investment in line with the requirement of IAS 36 resulted in an impairment loss of ₦12.6 billion and ₦9.5 billion respectively to the Group and the Company respectively.

16 (ii). Investments in Joint Ventures

Investment in Joint Ventures	The Group 2019 N'000	The Group 2018 N'000	The Company 2019 N'000	The Company 2018 N'000	2019 % holding	2018 % holding
First Festival Mall Limited	234,217	–	234,217	234,217	45.0%	45.0%
First Restoration Dev. Co. Limited	317,449	–	317,449	–	51.0%	51.0%
Transit Village Dev. Co. Ltd	73,606	73,606	73,606	73,606	40.0%	40.0%
	625,272	73,606	625,272	307,823		
Impairment allowance	(495,683)	–	(495,683)	(234,217)		
	129,589	**73,606**	**129,589**	**73,606**		

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

	The Group 2019 N'000	The Group 2018 N'000	The Company 2019 N'000	The Company 2018 N'000
At 1 January	73,606	190,795	73,606	307,823
Reclassification of First Restoration Dev. Co. Limited *	317,449	–	317,449	–
Share of loss of First Festival Mall Limited	–	(117,189)	–	–
Impairment charge for the year	(261,466)	–	(261,466)	(234,217)
	129,589	**73,606**	**129,589**	**73,606**

*During the period, part of receivables in First Restoration Dev. Co. Limited was reclassified as Investments in accordance with the agreement signed with the JV partner. This was subsequently tested for impairment.

Nature of investment in Joint ventures:

Name	Project	Country of incorporation	Nature of relationship	Measurement method	% Interest held
First Festival Mall Limited	Festival Mall	Nigeria	Joint venture	Equity	45%
First Restoration Dev. Coy Limited	Olive Court	Nigeria	Joint venture	Equity	51%
Pinnacle Apartment Dev. Limited	Pinnacle Apartments	Nigeria	Joint venture	Equity	51%
Calabar Golf Estate Limited	Golf Estate	Nigeria	Joint venture	Equity	51%
UPDC Metro City Ltd	Metrocity	Nigeria	Joint venture	Equity	60%
Transit Village Dev. Co. Ltd	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 N'000	Current Asset N'000	Non-Current Liabilities N'000	Current Liabilities N'000	Current Liabilities N'000	Cash & Cash Equivalent N'000	Net Asset N'000	Carrying value N'000
31 December 2019								
First Festival Mall Limited	3	17,042	19,577	–	(26)	1,280	(1,225)	–
First Restoration Dev. Co. Limited	–	442,650	–	–	235,047	25,964	233,566	129,589
Pinnacle Apartment Dev. Limited	–	19,859	–	–	698,275	11,595	(678,416)	–
Calabar Golf Estate Limited	–	1,257,315	–	–	–	–	(185,152)	–
UPDC Metrocity Dev. Co. Ltd	–	2,049,920	2,306,044	–	2,977,641	152,172	(3,081,593)	–
Transit Village Dev Co Ltd	–	–	–	–		–	–	–

Name	Revenue N'000	Depreciation N'000	Interest Income N'000	nterest Expense N'000	Tax Expense N'000	Profit/ (Loss) N'000
31 December 2019						
First Festival Mall Ltd	1,062,860	533	2,985	–	–	(402,156)
First Restoration Dev. Co. Limited *	183,428	–	–	–	(223)	6,389
Pinnacle Apartments Dev. Limited *	682,625	–	–	28,252	–	149,945
Calabar Golf Estate Limited *	–	–	–	–	–	–
UPDC Metrocity Dev. Co. Ltd	239,673	–	–	32,585	–	(224,361)
Transit Village Dev Co Ltd	–	–	–	–	–	–

Name	Non Current Asset N'000	Current Asset N'000	Non-Current Liabilities N'000	Current Liabilities N'000	Cash & Cash Equivalent N'000	Net Asset N'000	Carrying value N'000
31 December 2018							
First Festival Mall Ltd.	13,446,215	(293,385)	9,523,245	3,152,100	(819,435)	477,485	317,449
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 Metrocity Dev. Co. Ltd	1,485,745	1,499,097	2,306,044	3,877,564	(27,611)	(892,721)	-
Transit Village Dev Co Ltd	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 N'000	Depreciation N'000	Interest Income N'000	Interest Expense N'000	Tax Expense N'000	Profit/ (Loss) N'000
31 December 2018						
First Festival Mall Ltd.	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 Dev. Co. Ltd	192,784	-	-	272,082	-	(369,320)
UPDC REIT	1,324,867	81,195	837,418	-	-	2,644,763

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, First Restoration Dev. Co. Limited, James Pinnock JV and Transit Village as designated. The company had no commitment or contingent liabilities to the associate and joint ventures as at December 31, 2019, beyond the equity contributions held and outstanding working capital advances.

UPDC has no direct equity contribution in the Pinnacle Apartments Development Ltd and Calabar Golf Estate Ltd. These two 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.

All the SPV companies are nominal companies and will be wound up once the projects are completed and developed housing units are fully sold.

UPDC now classifies UPDC REIT as asset held for distribution to owners.

17. Equity instrument at fair value through other comprehensive income	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Opening balance as at 1 January	17,729	10,000	17,729	10,000
Fair value gain	–	7,729	–	7,729
Write off	(17,729)		(17,729)	
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. This investment was fully written off during the 2019.

18. Investments in subsidiaries

Principal investments	The Group		% Shareholding	
	2019 N'000	2018 N'000	2019 %	2018 %
UPDC Hotels Limited: 2,082,500,000 Shares of ₦1.00 each	2,082,500	2,082,500	94.7	94.7
Manor Gardens Dev Co Ltd: 53,810,000 Ordinary Shares of ₦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. Investment in UPDC Hotel Limited is now classified as a discontinued operation.

19. Inventories

	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Non trade stock	5,267	14,997	5,267	14,997
Properties under construction (note 20)	5,715,859	8,275,383	5,715,859	8,275,383
	5,721,126	**8,290,381**	**5,721,126**	**8,290,381**

All Inventory above are carried at lower of cost or net realisable value at all the periods reported.

20. Properties under construction

	The Group		The Company	
Cost	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Balance 1 January	8,275,383	11,523,469	8,275,383	11,523,469
Additions	76,488	410,123	76,488	410,123
Transfer to Investment Properties	–	(140,000)	–	(140,000)
Disposal	(1,450,851)	(1,502,307)	(1,450,851)	(1,502,307)
Impairment of VMP3B, Parkview & Awoyaya Land	(1,300,030)	(1,317,616)	(1,300,030)	(1,317,616)
Write Back/Reallocation	114,869	(698,286)	114,869	(698,286)
Balance 31 December	**5,715,859**	**8,275,383**	**5,715,859**	**8,275,383**

21. Trade and other receivables

	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Trade receivables	674,753	845,178	658,558	829,348
Less: Impairment of trade receivables	(536,144)	(211,141)	(536,144)	(211,141)
Net trade receivables	**138,609**	**634,037**	**122,414**	**618,207**
Receivables from group companies – Note 30	2,543,957	2,834,650	9,724,484	10,196,922
Other receivables – Note 21. (i)	1,452,458	1,438,837	1,452,458	1,438,837
Advances to staff	21,337	57,343	21,337	57,343
	4,156,361	**4,964,867**	**11,320,693**	**12,311,309**

21.(i). Analysis of other receivables

Mobilization payments to contractors	740,788	740,788	740,788	740,788
Prepayments and accrued income	289,069	18,403	289,069	18,403
WHT Receivables	10,232	35,515	10,232	35,515
Unutilised WHT credit notes	53	126,613	53	126,613
VAT Receivables	130	2,166	130	2,166
Other Debtors	412,186	515,351	412,186	515,351
	1,452,458	**1,438,837**	**1,452,458**	**1,438,837**

Information about the credit exposures and impairment are disclosed in Note 3.

22. Cash and cash equivalents

	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Cash at bank and in hand	1,121,153	352,326	1,120,759	351,929
Short term investment	140,847	155,235	140,847	155,235
Less: Impairment of Short term investments	(378)	(99)	(378)	(99)
Cash and cash equivalents	**1,261,622**	**507,462**	**1,261,228**	**507,066**

23. Borrowings

	The Group		The Company	
Current borrowings	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Commercial papers dues within one year (ii)	–	14,294,245	–	14,294,245
UACN Bridge Finance	16,534,999	–	16,534,999	–
5-year bond	8,215	8,215	8,215	8,215
	16,543,214	**14,302,459**	**16,543,214**	**14,302,459**

Non-current borrowings

5-year bond	4,263,957	4,255,753	4,263,957	4,255,753
Total borrowings	**20,807,171**	**18,558,213**	**20,807,171**	**18,558,213**

(i) Commercial papers

	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Commercial Paper	–	14,294,245	–	14,294,245
Total Commercial Papers	**-**	**14,294,245**	**-**	**14,294,245**

	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Balance as at 1 January	18,558,213	19,290,533	18,558,213	19,290,533
Proceeds from borrowings	15,042,737	1,863,996	15,042,737	1,863,996
Interest accrued	2,616,205	4,799,508	2,616,205	4,799,508
Repayment of borrowing	(13,336,993)	(2,262,800)	(13,336,993)	(2,262,800)
Interest paid	(2,072,992)	(4,799,508)	(2,072,992)	(4,799,508)
Repayment of bank overdrafts	–	(333,516)	–	(333,516)
Balance as at 31 December	**20,807,171**	**18,558,213**	**20,807,171**	**18,558,213**

The company in current year obtained a bridge facility from its ultimate parent for a sum of ₦16 billion. The facility was obtained basically to settle all outstanding loan facility on Commercial papers and liquidity support from FBN Qest and Coronation Merchant Bank with an outstanding balance of ₦14.2 billion as at 1 January 2019 inclusive of all interest that must have accrued up-to the date of settlement. The loan was obtained in two tranches, the first tranche of ₦6.5 billion was obtained at a rate of 10% in April 2019, however in line with the loan agreement, interest rate would reduce to 5.5% upon the issuance of the second tranche of the loan. The second tranche was disbursed in July 2019. Interest on the bridge facility of ₦16billion is payable on maturity of the loan. The loan is due to be repaid 12 months from the draw down of the first tranche.

At the time of liquidating the commercial papers, total interest paid was ₦2 billion. From the date of liquidation in April 2019 to 31 December 2019, total interest accrued on the bridge facility was only ₦534m. This resulted in a significant decrease of 46% in finance cost for the year ended 31 December 2019.

24. Trade and other payables

	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Trade payables	1,299,844	1,104,454	913,776	718,387
Contract liabilities – Note 24. (i)	1,855,305	2,362,822	1,855,305	2,362,822
Amounts owed to other related parties (Note 30)	129,827	2,237,637	129,827	2,237,637
	3,284,976	**5,704,912**	**2,898,908**	**5,318,845**
Provision for employee leave	–	5,040	–	5,040
VAT/WHT Payables	52,769	74,894	52,769	74,894
Other payables	428,958	444,920	428,961	444,920
Provisions/Accruals	744,205	821,012	744,205	821,012
Total	**4,510,908**	**7,050,779**	**4,124,843**	**6,664,712**

	The Group		The Company	
	2019 Days	2018 Days	2019 Days	2018 Days
Average credit period taken for trade purchases	192	140	205	147

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	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Deposit by customers	1,855,305	2,362,822	1,855,305	2,362,822
	1,855,305	**2,362,822**	**1,855,305**	**2,362,822**

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 statement of profit or loss when earned. It is a non-interest bearing liability.

	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Within one year	110,767	77,460	110,767	77,460
Greater than one year	4,736	1,577	4,736	1,577
	115,503	**79,037**	**115,503**	**79,037**

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	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Opening balance	79,037	160,015	79,037	160,015
Deferred during the year	141,574	153,376	141,574	153,376
Recognised as revenue during the year	(105,108)	(234,354)	(105,108)	(234,354)
	115,503	**79,037**	**115,503**	**79,037**

26. Deferred taxation

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

	The Group		The Company	
Deferred tax liabilities:	2019 N'000	2018 N'000	2019 N'000	2018 N'000
– Deferred tax liability to be recovered after more than 12 months	72,537	72,537	72,537	72,537
– Deferred tax liability to be recovered within 12 months	–	–	–	–
Deferred tax liabilities / (assets)	**72,537**	**72,537**	**72,537**	**72,537**

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

	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
At 1 January	72,537	(850,630)	72,537	(940,756)
Recognised in Profit or Loss	–	923,167	–	1,013,294
At 31 December	**72,537**	**72,537**	**72,537**	**72,537**

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

The Group	Property, plant and equipment N'000	Investment property N'000	Provisions 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	1,164	228,873	(392,883)
Charged/(credited) to profit or loss	–	–	–	–	–	–	(228,873)	(228,873)
*Reversal of 50% credit utilised in 2018	6,104	256,919	–	734,896	(303,630)	4	–	694,293
Balance at 1 January 2018	(69,440)	1,273,022	(96,895)	(1,151,609)	116,291	1,168	–	72,537
Charged/(credited) to profit or loss	–	–	–	–	–	–	–	–
Charged/(credited) to other comprehensive income								
At 31 December 2019	**(69,440)**	**1,273,022**	**(96,895)**	**(1,151,609)**	**116,291**	**1,168**	**-**	**72,537**

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	319,000	(302,757)
Charged/ (credited) to the profit or loss	–	–	–	–	–	–	(319,000)	(319,002)
*Reversal of 50% credit utilised in 2017	6,104	256,919	–	734,896	(303,630)	4	–	694,293
Balance at 1 January 2018	(69,440)	1,273,022	(96,895)	(1,151,609)	116,291	1,170	–	72,537
Charged/ (credited) to the profit or loss	–	–	–	–	–	–	–	–
*Reversal of 50% credit utilised	–	–	–	–	–	–	–	–
Charged/(credited) to other comprehensive income								
At 31 December 2019	**(69,440)**	**1,273,022**	**(96,895)**	**(1,151,609)**	**116,291**	**1,170**	**-**	**72,537**

The Group/ The Company

*The deferred tax asset computation for the year amounted to ₦5,593,964,678, the management has however assessed and concluded that it is not probable that sufficient taxable profits will be available to offset this, hence the decision not to recognise the asset. At the reporting date, the Group has ₦4.9 billion unrelieved tax loss (2017:₦N14.6 billion) available for offset against future profits.

27. Dividend Payable

	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
As at 1 January	339,920	359,688	339,920	359,688
Unclaimed dividend fund received	–	–	–	–
Unclaimed dividend refunded to Registrar	–	(19,768)	–	(19,768)
At 31 December	**339,920**	**339,920**	**339,920**	**339,920**

28. Share Capital

Group and Company

	2019		2018	
	Units '000	Amount N'000	Units '000	Amount N'000
Authorised:				
Ordinary shares of 50k each	18,600,000	9,300,000	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). Revenue Reserves

Revenue Reserves represent accumulated profit over the years.

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

		The Group		The Company	
	Note	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Loss before tax		(16,194,628)	(13,244,202)	(12,890,376)	(16,673,705)
Adjustment for non cash items:					
Depreciation	13	18,105	29,544	18,105	29,544
Impairment of investment in Joint ventures	9 (iv)	261,466	–	261,466	234,217
Deferred rental income	25	(105,108)	(234,354)	(105,108)	(234,354)
Credit loss reversal/(expense)	9 (iv)	(239,430)	3,140,318	22,161	9,407,996
Amortization of intangible asset	14	16,021	15,350	16,021	15,350
Impairment of assets of disposal group held for sale	9 (ii)	12,638,216	–	9,481,263	–
Fair value loss/write down of investment properties	15	(57,202)	1,273,875	(57,202)	1,273,875
Loss on disposal of investment properties	15	96,481	434,399	96,481	434,399
Equity investment written off	17	17,729	–	17,729	–
Impairment of Inventories (AUC)	20	1,300,030	1,317,616	1,300,030	1,317,616
(Profit)/ Loss on disposal of property, plant and equipment	6	(4,066)	15,494	(4,066)	15,494
Finance cost	8	2,616,205	4,799,508	2,616,205	4,799,508
Finance income	8	(5,376)	(36,617)	(30,376)	(61,617)
Exchange loss	7	176	676	176	676
Dividend received from UPDC REIT	6	–	–	(956,371)	(824,458)
Share of profit of UPDC REIT	16 (i)	(584,617)	(1,923,492)	–	–
Share of loss of Joint Ventures	9 (iii)	–	117,189	–	–
		(225,999)	**(4,294,696)**	**(213,863)**	**(265,459)**
Changes in working capital:					
Decrease in inventories		1,269,225	1,791,286	1,269,225	1,791,286
Decrease in receivables		672,454	1,581,449	474,795	1,817,469
Decrease in payables		(2,596,912)	(2,631,464)	(2,436,387)	(3,037,765)
Decrease in deferred revenue		141,574	153,376	141,574	153,376
Cash generated (used in)/from continued operations		**(739,658)**	**(3,400,049)**	**(764,656)**	**458,907**
Decrease in inventories			14,424		–
Decrease/(increase) in receivables			(8,566)		–
Increase in payables			3,878,096		–
Cash generated from discontinued operations		**-**	**3,883,955**	**-**	**-**
Net cash (used in)/from operations		**(739,658)**	**483,905**	**(764,656)**	**458,907**

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	2019 N'000	2018 N'000	2019 N'000	2018 N'000
UAC of Nigeria Plc	Parent	Property rental, use of hotel facility and fee on management of facilities	75,076	79,293	75,076	79,293
MDS Logistics Limited	Fellow Subsidiary		9,781	9,260	9,781	9,260

(b) Purchases of goods and services

			The Group		The Company	
	Relationship	Nature of transaction	2019 N'000	2018 N'000	2019 N'000	2018 N'000
UAC of Nigeria Plc	Parent	Management fee per service agreement with UAC and direct purchase of products from fellow subsidiaries	31,487	35,436	31,487	35,436
Chemical & Allied Products Plc	Fellow Subsidiary		8,351	27,871	8,351	27,871
Portland Paints & Products Nig. Plc	Fellow Subsidiary		–	8,505	–	8,505
UPDC Hotels Limited	Subsidiary		1,924	–	1,924	3,641

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

	The Group		The Company	
Receivable:	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Receivables balance	6,515,681	7,371,087	20,553,279	21,328,838
Provision for expected credit losses	(3,971,724)	(4,536,437)	(10,828,795)	(11,131,916)
Balance as at 31 December	**2,543,957**	**2,834,650**	**9,724,484**	**10,196,922**

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

		The Group		The Company	
	Relationship	2019 N'000	2018 N'000	2019 N'000	2018 N'000
UPDC Metrocity Limited	Joint Venture	2,255,113	2,332,024	2,255,113	2,332,024
UPDC Hotels Limited	Subsidiary	–	–	14,037,598	13,957,751
First Festival Mall Limited	Joint Venture	2,614,513	2,614,513	2,614,513	2,614,513
First Restoration Dev. Co. Limited	Joint Venture	70,050	546,011	70,050	546,011
Calabar Golf Estate Limited	Joint Venture	641,653	556,877	641,653	556,877
Pinnacle Apartments Dev. Ltd/Imani and Sons	JV Partner	499,574	869,919	499,574	869,919
Galaxy Mall Current Account	Joint Venture	74,034	73,314	74,034	73,314
UPDC REIT	Associate	27,819	12,363	27,819	12,363
Manor Garden Dev. Co. Ltd	Subsidiary	316,782	316,782	316,782	316,782
Grand Cereals Limited	Fellow Subsidiary	–	48,158	–	48,158
UAC Restaurants Limited	Fellow Subsidiary	–	1,126	–	1,126
UAC of Nigeria Plc.	Parent Company	16,143	–	16,143	
Impairment of Intercompany receivables		(3,971,724)	(4,536,437)	(10,828,795)	(11,131,916)
		2,543,957	**2,834,650**	**9,724,484**	**10,196,922**

		The Group		The Company	
Payable:	Relationship	2019 N'000	2018 N'000	2019 N'000	2018 N'000
UAC of Nigeria Plc.	Parent Company	–	1,431,580	–	1,431,580
Chemical and Allied Products Plc	Fellow Subsidiary	2,062	7,725	2,062	7,725
MDS Logistics Ltd	Fellow Subsidiary	5,265	241,006	5,265	241,006
James Pinnock	Joint Operation	120,066	32,359	120,066	32,359
Portland Paints and Products Nig. Plc	Fellow Subsidiary	2,237	2,237	2,237	2,237
UAC Foods Limited	Fellow Subsidiary	–	522,715	–	522,715
Warm Spring Waters Nig. Ltd.	Fellow Subsidiary	15	15	15	15
Grand Cereals Limited	Fellow Subsidiary	182	–	182	–
		129,827	**2,237,637**	**129,827**	**2,237,637**

All trading balances will be settled in cash.

The Group and the Company's provision for doubtful related party receivables at 31 December 2019 is ₦564.7 million (reversals) (2018: ₦3.1 billion) and ₦303.1 million (reversals) (2018: ₦9.3 billion) respectively was recognised in profit or loss.

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 ₦1.5billion.

County & City Bricks Limited (CCBL) took the FMWH and UPDC to court claiming that the FMWH had promised to lease the land 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 CCBL was entitled to the parcel of land (including the UPDC acquired area). The Court further declared the certificates of UPDC and other parties to the suit 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 Court of Appeal in its judgment delivered 23rd April 2020, set aside the judgment of the Federal High Court, on the ground that the Federal High Court had no jurisdiction to entertain the suit and directed that the matter be transferred to the State High Court for hearing. The Respondent has appealed to the Supreme Court.

Steve Akhigbemidu & Co. – FRC/2013/NIESV/00000001442 (Estate Surveyors & Valuers) assessed and valued the property in 2018 – fair market: ₦1.8billion, forced sale: ₦600 million, following which the directors wrote down the property to its forced sale value of ₦600 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 ₦19.6 million (2018: ₦22.8 million). 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 N15.88 billion (2018: ₦15.06 billion) and ₦12.44 billion (2018: ₦18.49 billion) respectively for the year ended 31 December 2019 and as at that date, the Group and the Company's current liabilities exceeded their current assets by ₦10.48 billion (2018: ₦9.54 billion) and ₦2.93 billion (2018: ₦1.81 billion) respectively. Also, the Group and the Company have negative cash outflows of ₦1.627 billion (2018: ₦0.385) and ₦1.653 billion (2018: ₦0.410) respectively for the year ended 31 December 2019. At such date, there has been a significant deterioration in net assets resulting in net assets of ₦2.17 billion (2018: ₦18.05) and ₦2.28 billion (2018: ₦14.72) for both Group and the Company respectively.

These conditions indicate that a material uncertainty exists which may cast significant doubt on the Group's 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.

Management has come up with detailed plans to address this as detailed below:

Rights issue:
The Board and Management of the Group plans to recapitalise and restructure the Company through the issuance of a ₦15.96 billion rights issue to existing Company's shareholders. The Group has commenced the process of a rights issue of 43 new shares for every 7 shares held in the Company as at 30 September 2019. The issue price for the rights is ₦1.00 per share. The rights issue process is in progress and it is expected to be completed before the end of the second quarter of 2020. The rights issue is made with the objective of utilising the proceeds therefrom on the rights to pay down its short-term debt obligations (₦16 billion bridge facility obtained from its Ultimate Parent).

35. Events after reporting period

Liquidity and funding risk

There has been a lockdown on movement in major states in Nigeria as a result of the pandemic. This is expected to impact economic activities, including hampering site visits, which are usually required for the sale of property stock. The Company anticipated this limitation to site visits and has therefore focused on implementing the following initiatives:

- Engaging already existing customers in order to recover receivables as well as to close new sales. We have closed a total of Two Hundred and Eighty Two Million, and Three Hundred Thousand (₦282,300,000) sales in the last three (3) weeks.
- Partnering with mortgage companies in order to secure funding for both existing and new customers.
- Offering discounts on cash payments.
- Negotiating interest rates on interest bearing loans.
- Maintained essential operating expense run rate of Thirty Five Million Naira (₦35,000,000) per month.
- Maintaining a minimum bank balance of One Billion Naira (₦1,000,000,000) to continue to fund operations. This includes a fixed deposit set apart to settle upcoming bond coupon.

The Company will continue to pursue these strategies in order to meet debt obligations in the near future. This will help ensure that the Company does not default in meeting its obligations

Balance sheet analysis

- Property, Plant and Equipment: The Company's Property Plant and Equipment consists mainly Motor Vehicles, Furniture & Fittings and Computer Equipment. We do not envisage any negative impact on this class of asset.

- Intangible Assets: This class of asset includes software, which will not be negatively impacted by the effects of the pandemic.

- Investment Properties: There may be a slowdown in the sales of investment properties. This may result in disposal of investments properties at a discount during the course of the year.

- Investment in Joint Ventures: Inability to recover the full amount invested in the Joint Ventures

- Inventories: There may be a slowdown in sales of property stock. This may also necessitate disposal of inventories at a discount.

- Trade and Other Receivables: Expected credit loss may increase. The Company will perform a quarterly analysis and review of the portfolio and the impact the spread may have on the Company. Any required adjustment will be reflected in the appropriate reporting period.

- Asset of disposal group classified as held for sale/distribution to owners: This includes UPDC Hotel Limited and UPDC REITS.

- UPDC Hotel Limited: The hospitality sector has been negatively impacted by the pandemic and resultant social distancing requirements. All events and conferences booked at the Hotel have been either postponed or canceled. However there has been no need to refund any customers as payments have not been received. In line with the presidential stay home order, we have suspended operations until the lockdown is lifted. We have also taken aggressive cost management measures at the hotel, which includes keeping essential minimum number of staff only.

- UPDC REIT: Any changes in the market price of the UPDC REIT units would impact on the value of this class of assets in the Company's books.

- Non-current liabilities: The Company's bond coupon will fall due in April and October. The Company has put measures in place to ensure that these obligations are met as and when due.

- Current liabilities: The Company has a plan in place to use the proceeds of the proposed Rights Issue to offset over 70% of the current liabilities as at 31 December 2019.

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. The company was unable to conclude on the sale with a prospective buyer before the year end. However, negotiations are currently on the final stage and sale has been assured before the end of 2020. Management still remains committed to the sale, a Consultant has been assigned to ensure sale process is concluded before the end of 2020.

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

	UPDC Hotels Ltd	
	2019 N'000	2018 N'000
Revenue	1,354,100	1,356,603
Cost of sales	(462,659)	(165,948)
Gross profit	891,441	1,190,655
Administrative expenses	(1,050,840)	(1,290,913)
Net finance cost	68	55
Other operating income	16,163	10,325
Operating loss	(143,168)	(89,878)
Loss before taxation from discontinued operations	(143,168)	(89,878)
Taxation	–	–
Loss from discontinued operations	**(143,168)**	**(89,878)**

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

	UPDC Hotels Ltd	
	31 Dec. 2019 N'000	31 Dec. 2018 N'000
Assets		
Non-current assets:		
Property, plant and equipment	11,907,937	11,855,509
Intangible assets	4,726	4,726
	11,912,663	**11,860,235**
Current assets:		
Inventories	125,637	152,426
Trade and other receivables	147,611	198,427
Cash and short-term deposits	84,887	138,323
	358,135	**489,176**
Assets of disposal group classified as held for sale/distribution to owners	**12,270,798**	**12,349,411**
Less: Impairment of assets of disposal group held for sale	(4,029,237)	(4,029,237)
Fair value of disposal group held for sale	**8,241,561**	**8,320,174**
Liabilities		
Current liabilities		
Trade and other payables	802,626	780,414
Current income tax liabilities		
Liabilities of disposal group classified as held for sale/distribution to owners	**802,626**	**780,414**

UPDC Hotels owe UPDC Plc ₦14 billion of which there is an impairment of ₦6.6 billion in UPDC's book.

Cash flows from discontinued operations:

The net cash flows incurred by UPDC Hotels Ltd. are as follows:	2019	2018
	December N'000	December N'000
Operating	28,538	78,327
Investing	(52,439)	(41,238)
Financing	(25,000)	–
Net cash (outflows)/inflows	**(48,901)**	**37,089**

36 (i). Assets of disposal group classified as held for distribution to owners

UPDC Real Estate Investment Trust (UPDC REIT)

The Board on 2 September, 2019 decided to unbundle UPDC's interest in UPDC REIT to UPDC shareholders via allocation of REIT units directly to shareholders of UPDC in proportion to their post-Rights Issue holding in UPDC.

UPDC carried its interest in the REIT at ₦20.6bn (Group - UPDC's share of REIT's Net Asset Value) and ₦16.5bn (Company - UPDC's initial investment in REIT) before it was classified as held for distribution. Impairment charge of ₦12billion (Group) and ₦9 billion (Company) was charged in line with IAS 36 before reclassification see note 9. No additional impairment under IFRS 5.Thus, UPDC's units in REIT is now valued at ₦7bn as indicated below.

	The Group	The Company
	N'000	N'000
Fair value assets at UPDC REIT	**7,007,890**	**7,007,890**

36 (ii). Assets of disposal group classified as held for sale/distribution to owners

	The Group		The Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Fair value asets at UPDC Hotels Ltd	8,241,561	8,320,174	-	8,320,174
Fair value asets at UPDC REIT	7,007,890	-	7,007,890	-
Total	**15,249,451**	**8,320,174**	**7,007,890**	**8,320,174**

Statement of Value Added

	The Group				The Company			
	2019		2018		2019		2018	
	N'Million	%	N'Million	%	N'Million	%	N'Million	%
Sale of properties, rents and services	2,157.6		2,303.3		2,157.6		2,303.3	
Bought in materials and services (All local)	(15,504.9)		(10,433.7)		12,021.8		13,675.2	
Finance income	5.4		36.6		30.4		61.6	
Value Added	**(13,341.9)**	**100.0**	**(8,093.8)**	**100.0**	**(9,894.5)**	**100.0**	**(11,433.5)**	**100.0**
Distribution:								
Employees	345.5	(2.6)	395.8	(4.9)	345.5	(3.5)	395.8	(3.5)
Company Taxes	(454.7)	3.4	800.0	(9.9)	(454.7)	4.6	800.0	(7.0)
Interest charges	2,616.2	(19.6)	4,799.5	(59.3)	2,616.2	(26.4)	4,799.5	(42.0)
Dividend	–	–	–	0.0	–	–	–	0.0
Depreciation and amortisation	34.1	(0.3)	44.9	(0.6)	34.1	(0.3)	44.9	(0.4)
Transfer to non-controlling interests	(7.6)	0.1	(4.8)	0.1	–	–	–	0.0
Retained Profit/ (Loss)	(15,875.5)	119.0	(15,052.4)	186.0	(12,435.7)	125.7	(18,487.0)	161.7
Deferred tax	–	–	923.2	(11.4)	–	–	1,013.3	(8.9)
	(13,341.9)	**100.0**	**(8,093.8)**	**100.0**	**(9,894.5)**	**100.0**	**(11,433.5)**	**100.0**

Value added represents the additional wealth which the group has been able to (utilise)/ 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 2019

	2019 N'000	2018 N'000	2017 N'000	2016 N'000	2015 N'000
Liabilities					
Non-current liabilities	4,341,230	4,329,867	1,344,476	4,077,137	6,898,220
Current liabilities	21,620,331	23,301,701	29,595,163	32,802,486	29,488,179
Liabilities of disposal group classified as held for sale/distribution to owners	802,626	780,414	-	-	-
Total liabilities	26,764,187	28,411,982	30,939,639	36,879,623	36,386,399
Ordinary share capital	1,299,198	1,299,198	1,299,198	859,375	859,375
Share premium	6,065,397	6,065,397	6,065,397	3,943,273	3,943,273
Revenue reserve	(5,014,474)	10,861,012	26,439,679	29,371,754	30,892,525
Shareholders' funds	2,350,121	18,225,607	33,804,273	34,174,401	35,695,172
Non-controlling interest	(178,288)	(170,700)	(165,849)	(150,287)	(121,003)
Total equity	2,171,833	18,054,907	33,638,424	34,024,115	35,574,169
Net equity and liabilities	**28,936,020**	**46,466,889**	**64,578,064**	**70,903,737**	**71,960,567**
PPE & Investment properties	2,417,871	4,274,810	10,537,632	28,951,966	29,557,700
Long term Investments	15,379,040	28,429,369	32,035,384	19,706,279	21,207,867
Current assets	11,139,109	13,762,710	22,005,048	22,245,490	21,195,000
Total assets	**28,936,020**	**46,466,889**	**64,578,064**	**70,903,737**	**71,960,567**
Comprehensive income					
Revenue	2,157,614	2,303,326	3,983,078	6,344,822	5,113,887
(Loss)/Profit before taxation	(16,194,628)	(13,244,202)	(3,057,309)	(1,783,124)	55,851
Taxation	454,722	(1,723,130)	403,306	233,069	324,926
(Loss)/Profit after taxation	(15,739,906)	(14,967,332)	(2,654,003)	(1,550,055)	380,778
Non-controlling Interest	(7,588)	(4,764)	(15,563)	(29,284)	(40,990)
Earnings per share for profit attributable to the equity holders of the group	(15,875,486)	(15,044,717)	(2,932,076)	(1,520,771)	421,767
Revenue Reserve	(15,875,486)	(15,044,717)	(2,932,076)	(1,520,771)	421,767
Basic Earnings per share (kobo)	(606)	(579)	(130)	(88)	25
Net assets per share (Naira)	0.8	6.9	12.9	19.6	20.7

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 2019.

SHAREHOLDERS' INFORMATION

UPDC Unclaimed Dividends as at December 31, 2019

S/N	DATE OF PAYMENT	DIVIDEND NUMBER	AMOUNT OF DIVIDEND DECLARED	TOTAL DIVIDEND PAID TILL DATE	UNPAID DIVIDEND [UNCLAIMED DIVIDEND] -Returned to Company
1	29-May-07	9	346,499,999.00	339,447,368.58	
2	13-May-08	10	485,099,998.68	479,875,543.88	
3	12-May-09	11	742,499,997.98	719,497,097.65	
4	15-Jun-10	12	494,999,998.65	486,636,241.47	
5	07-Jun-11	13	680,624,998.02	670,974,823.13	262,649,416.21
6	16-May-12	14	804,375,000.00	802,276,491.44	
7	21-Jun-13	15	866,249,997.48	853,904,210.08	
8	06-May-14	16	962,500,000.00	816,772,316.02	
9	02-Sep-15	17	859,374,997.50	810,191,478.85	

Range Analysis As At December 31, 2019

Range			No. of Holders	Holders %	Holders Cum.	Units	Units %	Units Cum.
1	-	5,000	21,031	76	21,031	35,589,477	1	35,589,474
5,001	-	10,000	3,042	11	24,073	21,356,686	1	56,946,160
10,001	-	50,000	2,608	10	26,681	56,187,529	2	113,133,689
50,001	-	100,000	457	2	27,138	33,029,158	1	146,162,847
100,001	-	500,000	363	1	27,501	73,736,034	3	219,898,881
500,001	-	1,000,000	54	0	27,555	40,058,023	2	259,956,904
1,000,001	-	10,000,000	56	0	27,611	151,765,491	6	411,722,395
10,000,001		5,000,000,000	13	0	27,624	519,485,896	20	931,208,291
5,000,000,001	-	Above	1	0	27,625	1,667,187,500	64	2,598,395,791
Grand Total			**27,625**	**100**		**2,598,395,794**	**100**	

Five Year Share Price History

YEAR	LAST TRADING DAY	CLOSING SHARE PRICE	INC/(DEC) OVER PRECEDING YEAR
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%)
2019	DECEMBER 31, 2019	1.00	(47.6%)

Five Year Dividend History

DIVIDEND NUMBER	REPORTING PERIOD	CLOSURE DATE	DIVIDEND PER SHARE	DIVIDEND TOTAL (N)
Nil	2015 Accounting Year	Not Applicable	Nil	Nil
Nil	2016 Accounting Year	Not Applicable	Nil	Nil
Nil	2017 Accounting Year	Not Applicable	Nil	Nil
NIl	2018 Accounting Year	Not Applicable	Nil	Nil
NIl	2019 Accounting Year	Not Applicable	Nil	Nil

PROXY FORM

UACN Property Development Company Plc RC 321582

Annual General Meeting of UACN Property Development Plc to be held on July 22 2020 at UAC House, 1st floor, 1-5, Odunlami Street, Lagos at 10.00am

I/We ____ ____

(Name of Shareholder(s) in block letters)

Being a member/members of UACN PROPERTY DEVELOPMENT COMPANY PLC, hereby appoint Mr. Babatunde Kasali or failing him, Mr. Folasope Aiyesimoju or failing him, Mr Godwin Samuel or failing him, Alhaji Gbadebo Olatokunbo or failing him Prince (Dr) Anthony Omoniyi Omojola as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on July 22, 2020 at 10am and at any adjournment thereof. Unless otherwise instructed, the Proxy will vote or abstain from voting as he/she thinks fit.

Dated this ____________ day of __________________________ 2020

Shareholder's signature: _______________________________ ____

NOTE

Please sign this form and deliver or post it to reach the Registrar, Africa Prudential Plc, 220B Ikorodu Road, Palmgrove, Lagos or via email at cxc@africaprudential.com not later than 48 hours before the meeting and ensure that the proxy form is filled, dated and signed.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS AND IS TO BE USED AT THE ANNUAL GENERAL MEETING TO BE HELD ON JULY 22, 2020

RESOLUTION	FOR	AGAINST	ABSTAIN
ORDINARY BUSINESS			
1. To elect the following Directors: Mrs Deborah Nicol-Omeruah Mr. Oyekunle Osilaja			
2. To re-elect the following Directors retiring by rotation: Mr Babatunde Kasali Prof. Okon Ansa			
3. To authorise the Directors to fix the remuneration of the Auditors.			
4. To elect members of the Statutory Audit Committee			

Please indicate, by marking **'X'** in the appropriate space, how you wish your votes to be cast on the resolutions set out above.

Provision has been made on this form for Mr. Babatunde Kasali, Mr. Folasope Aiyesimoju, Mr Godwin Samuel, Alhaji Gbadebo Olatokunbo and Prince (Dr) Anthony Omoniyi Omojola to act as your proxy, who will attend the meeting and vote on your behalf at the meeting.

If the Shareholder is a Corporation, this form must be under its common seal or under the hand of a duly authorised officer or attorney. In the case of Joint Shareholders, any of them may complete the form, but the names of all Joint Shareholders must be stated.

Admission form

UACN Property Development Company Plc RC 321582

Before posting the above form, please tear off this part and retain for admission at the meeting.

ANNUAL GENERAL MEETING ADMISSION CARD

Please admit

____

to the Annual General Meeting of UACN PROPERTY DEVELOPMENT COMPANY PLC which will be held at UAC House, 1st Floor, 1-5, Odunlami Street, Lagos on Wednesday, July 22, 2020 at 10.00 a.m.

IMPORTANT NOTICE:

- Please admit the Shareholder named on this Admission Form or his or her duly appointed proxy to the Annual General Meeting of the Company to be held on July 22, 2020 at 10am at UAC House, 1st Floor, 1-5, Odunlami Street, Lagos
- This admission card must be produced by the Shareholder in order to gain entrance into the Annual General Meeting.

Folake Kalaro
Company Secretary

UACN Property Development Company Plc RC 321582

Before posting the above form, please tear off this part and retain for admission at the meeting.

ANNUAL GENERAL MEETING ADMISSION CARD

Name and Address of Shareholder

Signature of person attending

____

Shareholder ____________________________

Proxy ____________________________

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 destroyed.

Affix recent passport photograph

USE GUM ONLY NO STAPLE PINS

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:** ______

GENDER: Male ☐ Female ☐ **DATE OF BIRTH:** D D M M Y Y Y Y **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:** DD MM YYYY *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 share certificate(s) details quoted in Section 'A' above. The holdings are registered in my name, and the original shares/stocks certificate(s) has/have been misplaced, lost or destroyed or was never received. I hereby, with the Guarantor whose name hereunder appears, indemnify the said Company and Africa Prudential Plc against all claims and demands, money, losses, damages, costs and expenses which may be brought against, or be paid, incurred or sustained by the said Company and /or Africa Prudential Plc by reason or in consequence of the said certificate(s) having been misplaced, destroyed, lost or in consequence of a transfer being registered without surrender of the certificate(s) or otherwise whatsoever. I further undertake and agree that if the said Certificate(s) shall hereafter be found, to forthwith deliver up to Africa Prudential Plc or their successors or assigns without cost, fee or reward.

CERTIFICATE DETAILS

S/N	CERTIFICATE NO. (IF ANY)	UNITS	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:** ______

Address: ______ **Signature:** ______

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 keep the company and/or the Registrar or other persons acting on their behalf fully indemnified aganist all action, proceedings, liabilities, claims, losses, damage, costs and expenses in relation to or arising out of your accepting to re-issue to the rightful owner the shares/stocks, and to pay you on demand, all payments, losses, costs and expenses suffered or incurred by you in consequence thereof or arising therefrom. We/I also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

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

Company Seal

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos.
ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja.
PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2.
TEL: 0700 AFRIPRUD (0700 2374 7783) | E-MAIL: cxc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential
RC 649007

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.: **1.** **2.**

7. SEX: MALE FEMALE

8. *DATE OF BIRTH D D M M Y Y Y Y

9. *POSTAL ADDRESS:

10. CSCS CLEARING HOUSE NO.: C

11. NAME OF STOCKBROKER:

DECLARATION

I/We 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.

I/We also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Signature:

Signature:

Joint/Company's Signatories

Company Seal *(if applicable)*

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

CLIENTELE

1. ABBEY MORTGAGE BANK PLC
2. ADAMAWA STATE GOVERNMENT BOND
3. AFRILAND PROPERTIES PLC
4. AFRICA PRUDENTIAL PLC
5. A & G INSURANCE PLC
6. ALUMACO PLC
7. A.R.M LIFE PLC
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. 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. GLOBAL SPECTRUM ENERGY SERVICES PLC
26. MED-VIEW AIRLINE PLC
27. MIXTA REAL ESTATE PLC *(formerly ARM Properties Plc)*
28. NEXANS KABLEMETAL NIG. PLC
29. OMOLUABI MORTGAGE BANK PLC
30. PERSONAL TRUST & SAVINGS LTD
31. P.S MANDRIDES PLC
32. PORTLAND PAINTS & PRODUCTS NIG. PLC
33. PREMIER BREWERIES PLC
34. RESORT SAVINGS & LOANS PLC
35. ROADS NIGERIA PLC
36. SCOA NIGERIA PLC
37. TRANSCORP HOTELS PLC
38. TRANSCORP PLC
39. TOWER BOND
40. THE LA CASERA CORPORATE BOND
41. UACN PLC
42. UNITED BANK FOR AFRICA PLC
43. UNITED CAPITAL PLC
44. UNITED CAPITAL BALANCED FUND
45. UNITED CAPITAL BOND FUND
46. UNITED CAPITAL EQUITY FUND
47. UNITED CAPITAL MONEY MARKET FUND
48. UNITED CAPITAL NIGERIAN EUROBOND FUND
49. UNITED CAPITAL WEALTH FOR WOMEN FUND
50. UNIC DIVERSIFIED HOLDINGS PLC
51. UNIC INSURANCE PLC
52. UAC PROPERTY DEVELOPMENT COMPANY PLC
53. UTC NIGERIA PLC
54. VFD GROUP PLC
55. WEST AFRICAN GLASS IND PLC

OTHERS:

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos.
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Africa Prudential
RC 649007

Affix
Recent Passport
Photograph

USE GUM ONLY
NO STAPLE PINS

(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: DD MM YYYY

SHAREHOLDER ACCOUNT INFORMATION

Gender: Male Female Date Of Birth D D M M Y Y Y Y

Surname/Company's Name First Name Other Name

Address

City State Country

Clearing House Number (CHN) (if any) C

Name of Stockbroking Firm

Mobile Telephone 1

Mobile Telephone 2

E-mail Address

DECLARATION

I/We 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.

I/We also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Signature:

Signature:
Joint/Company's Signatories

Company Seal (if applicable)

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

CLIENTELE

1. ABBEY MORTGAGE BANK PLC
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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

21. CSCS CLEARING HOUSE NO. (CHN) C

DECLARATION

I/We 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.

I/We also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

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Joint/Company's Signatories

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