updc

(A member of Custodian Investment Plc)

2020 ANNUAL REPORT & FINANCIAL STATEMENTS

BUILDING IN NIGERIA FOR NIGERIANS BY NIGERIANS

The consolidated and separate financial statements, which are in line with the International Financial Reporting Standards (IFRS), Companies and Allied Matters Act (CAMA) 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, 2020

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NOTICE OF 2021 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 Monday, 19 April 2021 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 2020, 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.

2a. To elect the following as Directors of the Company:
   i. Mr. Oluwole Oshin
   ii. Mr. Adeniyi Falade

2b. To re-elect Mr. Folasope Aiyesimoju as a Director

3. Authorize the Directors to fix the remuneration of the Auditors.

4. Elect members of the Audit Committee.

5. Disclosure of Remuneration of Managers.

SPECIAL BUSINESS

6. To fix the remuneration of the Directors.

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

   "That the name of the Company be changed from "UACN Property Development Company Plc" to "UPDC Plc".

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

   8.1 That the Company be and is hereby authorised to enter into a shareholder loan agreement with Custodian Investment PLC and UAC of Nigeria PLC (the "Majority Shareholders") for the provision of a shareholder loan required by the Company for the discharge of its outstanding debt obligations;

   8.2 That in furtherance of the foregoing resolution, the Company be and is hereby authorised to create a charge over such asset(s) of the Company as the Directors may determine, in favour of the Majority Shareholders as security for the shareholder loan;

   8.3 That the Directors be and are hereby authorized to raise additional capital via the issue of Debt Instruments, Preference shares or Ordinary shares or a combination of any of these options whether by way of Private Placements, Rights to existing Shareholders or Offer for Subscription at a quantum and price upon such other terms and conditions to be determined at the discretion of the Directors and subject to any requisite regulatory approvals; and

   8.4 That the Directors be and are hereby authorized to do all such acts as the Board may deem necessary or incidental to effecting the above resolutions, including without limitation, entering into the necessary agreements and complying with directives of any regulatory authority.

9. To renew the general mandate for recurrent transactions with related parties.

Dated this 2nd day of February 2021

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 several directives and guidelines aimed at curbing the spread of Covid-19 in Nigeria. The Corporate Affairs Commission has also 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 to 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:

(i) Mr Oluwole Oshin (Chairman)

(ii) Mrs Deborah Nicol-Omeruah (Ag. CEO)

(iii) Alhaji Gbadebo Olatokunbo (Shareholder)

(iv) Mr Adeniyi A. Adebisi (Shareholder)

3. **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.

4. **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.**

5. **CLOSURE OF REGISTER**

The Register of Members and Transfer Books will be closed from Monday, 29th March 2021 to Tuesday, 6th April 2021 both days inclusive for the purpose of updating the Register of Members.

6. **NOMINATION TO THE STATUTORY AUDIT COMMITTEE**

Pursuant to Section 404(6) of the Companies & Allied Matters Act 2020, 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.

7. DIRECTOR RETIRING BY ROTATION

In accordance with the Articles of Association of the Company, Mr. Folasope Aiyesimoju retires by rotation at the meeting and being eligible himself for re-election. Mr Oluwole Oshin and Mr Adeniyi Falade who were appointed to the Board since the last Annual General Meeting retire at this meeting and will be presented for election. The biographical details of the directors submitted for re-election/election are contained in the Annual Report and on the Company's website at **www.updcplc.com**.

8. 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 Friday, 16th April, 2021.

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.

Board of Directors

Mr Babatunde Kasali	Non-Executive Chairman, resigned with effect from 4th January 2021
Mr Wole Oshin	Non-Executive Chairman, appointed with effect from 5th January 2021
Mr Folasope Aiyesimoju	Resigned as CEO, with effect from 4th January 2021
Mrs Deborah Nicol-Omeruah	Appointed Acting CEO, with effect from 5th January 2021
Mrs Folakemi Fadahunsi	Chief Financial Officer
Prof Okon Asuquo Ansa	Non-Executive Director, resigned with effect from 4th January 2021
Mr Adekunle O Awojobi	Non-Executive Director, resigned with effect from 4th January 2021
Mrs Awuneba Ajumogobia	Non-Executive Director, resigned with effect from 4th January 2021
Mr Oyekunle Osilaja	Non-Executive Director
Mr Adeniyi Falade	Non- Executive Director, appointed with effect from 5th January 2021

Company Secretary/Legal Adviser

Mrs Afolake Temitope Kalaro

Registered Office and Transfer Office

UAC House, 1st 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		
	2020 N'000	2019 N'000	% Change	2020 N'000	2019 N'000	% Change
Continuing operations						
Revenue	1,662,487	2,157,614	(23)	1,597,218	2,157,614	(26)
Operating loss	(712,960)	(1,268,734)	(44)	(422,795)	(561,818)	(25)
Net finance cost	(1,477,774)	(2,610,829)	(43)	(1,477,774)	(2,585,829)	(43)
Share of profit of associates	-	584,617	(100)	-	-	-
Share of profit of joint venture	804	-	-	-	-	-
Impairment expense of investment in joint venture	-	(261,466)	100	-	(261,466)	(100)
Fair value gain/(impairment of disposal group held for sale)	2,867,237	(12,638,216)	(123)	1,894,377	(9,481,263)	(120)
Loss before taxation	(262,693)	(16,194,629)	(98)	(946,192)	(12,890,376)	(93)
Taxation	(115,023)	454,722	(125)	(113,120)	454,722	(125)
Loss from discontinued operations	(228,201)	(143,168)	59	-	-	-
Loss for the year	(605,917)	(15,883,075)	(96)	(1,059,312)	(12,435,654)	(91)
Total comprehensive loss for the year	(439,150)	(15,883,075)	(97)	(892,545)	(12,435,654)	(93)
Total equity	9,641,788	2,171,832	344	9,181,077	2,282,536	302
Total equity and liabilities	22,292,672	28,936,020	(23)	20,287,020	27,858,031	(27)
Cash and cash equivalents	2,947,335	1,261,622	134	2,650,272	1,261,228	110
Loss per share (kobo) - Basic	(4)	(116)	(96)	(8)	(91)	(91)
NSE quotation as at December 31 (kobo)	79	100		79	100	
Number of shares in issue ('000)	18,559,970	2,598,396		18,559,970	2,598,396	
Market capitalisation as at December 31 (N'000)	14,662,376	2,598,396		14,662,376	2,598,396	

Vision

To become the leading lifestyle real estate company of choice in Nigeria by delivering world-class properties and services tailored to the needs of the Nigerian market

Mission

To build and manage:

Distinctive lifestyle developments

To time, cost and quality

Customers for life: from development stage to sales to asset and facility management

Shareholder value

DIRECTORS' PROFILE

Mr. Oluwole Oshin

Chairman

Mr. Oluwole Oshin is an industry leader with over 30 years' experience and has at various times been a member of the Presidential Committee on Pension Reforms, Chairman of the Nigerian Insurers Association, Council Member of the African Insurance Organization [Cameroun], Companies Association [Ghana] and External Lecturer – West African Insurance Institute, Banjul, The Gambia.

Mr. Oshin sits on several Boards including the International Insurance Society [IIS], New York and Nigerian Insurers Association. He is also an Advisory Board Member of the Common Wealth Enterprise and Investment Council (United Kingdom). He has received numerous awards including nomination as "African CEO of the Year" by African Reinsurance Corporation, and the Harvard Business School Association of Nigeria (HBSAN) Leadership Award for General Management. He joined the Board of the Company on 5th January 2021 and was appointed the Chairman of the Board on 13th January 2021.

Mrs. Deborah Nicol-Omeruah

Ag. CEO

Mrs. Nicol-Omeruah, has 20 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 Africa Account Director for Broll Property Group; Chief Operating Officer for Landmark Africa, and Head, Property Finance and Acquisitions for Stanbic IBTC Bank.

Mrs. Nicol-Omeruah is a Real Estate Professional and a Certified Mortgage and Financial Adviser (CeFA, CeMAP) of 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 BArch Architecture from the University of Nottingham. She was appointed as the Deputy Chief Executive Officer and Executive Director of the Company on 3rd December 2019 and the Ag. CEO on 5th January 2021. She is a member of the Risk Management Committee.

Mrs. Folakemi Fadahunsi

CFO

Mrs. Fadahunsi is a Transformation Expert, with experience transforming the Finance Functions of various companies, including companies in the Real Estate Sector. She has over 20 years' experience working with various companies including Arthur Andersen (now KPMG Professional Services), Honeywell Group and Pricewaterhousecoopers. Her experience cuts across Consumer Markets, Telecommunications, and the Public sector. Mrs. Fadahunsi has a Bachelor of Science Degree in Engineering Physics from Obafemi Awolowo University Ile-Ife and a Master 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. She is a member of the Risk Management Committee.

Mr. Folasope Aiyesimoju

Non- Executive Director

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.

Mr Aiyesimoju 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 as the CEO and a Director of the Company on 6th August 2018 and resigned his appointment as the CEO of the Company on 4th January 2021. He continues to serve as a Non-Executive Director of the Company.

Mr Oyekunle Osilaja

Non- Executive Director

Mr Osilaja is an experienced Board member with over 30 years' experience in real estate and financial services industry.

Until recently, Mr Osilaja 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 where he was for a number of years the 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.

He has advised on various transactions including funding for King's Cross redevelopment, Four Seasons Hotel Milan, The Adelphi London, and the super-regional Meadowhall Shopping Centre and various CMBS transactions. He was also involved in advising various Non-Performing loans in the real estate sector.

He has sat on various boards including Old Mutual General Insurance Company, Investment Committee of CAPIC Fund (part of Africa Capital Alliance) and Chairman Ecobank Securities Nigeria Ltd. He was appointed a Director of the Company on 10th January 2020. He is a member of the Risk Management Committee, Remuneration & Governance Committee and the Statutory Audit Committee.

Mr. Adeniyi Falade

Non- Executive Director

Mr. Adeniyi Falade is a Chartered Accountant, Chartered Stockbroker and an Investment Banker. He had his professional accountancy training at PricewaterhouseCoopers, and Coopers & Lybrand Limited, Lagos. He holds a Master of Business Administration (MBA) from the University of Warwick, United Kingdom and a Bachelor of Science degree (BSc), from the University of Ibadan.

Before his appointment as Managing Director, CrusaderSterling Pensions Limited in 2007, Mr. Falade had served as the Managing Director of Lead Capital and Head of Investment Banking Group of Ecobank Nigeria Plc and Lead Bank Plc. He had also at various times served as Head of Internal Control/ Chief Inspector and Head of Risk Management Department of Lead Bank Plc. He is also a member of the Board of Directors of Custodian Life Assurance Limited, Custodian Trustees Limited and Interstate Securities Limited. He was appointed a Director of the Company on 5th January 2021.

Mr Wole Oshin
Chairman

Chairman's Statement

Distinguished Shareholders, Ladies and Gentlemen. It is a pleasure to welcome you all to the 23rd Annual General Meeting of our Company, UACN Property Development Company (UPDC) Plc. holding today, Monday, 19 April 2021, and streaming live.

I hope you and your loved ones are well and safe as the world continues to fight for recovery from the impact of the Covid 19 Pandemic.

Let me start by introducing myself. I am Wole Oshin, and I have acted in the role of Chairman of your company upon the resignation of Mr. Babatunde Kasali on 4 January 2021. More information on resignations and appointments will be provided in due course.

We will present to you a review of the global and local operating environment, your company's Annual Report and Financial Statements for the year ended 31 December 2020, and we will also discuss the outlook for 2021.

Review of Global Operating Environment

Economic activity contracted dramatically on a global scale in the year 2020 as a result of the pandemic. The adoption of lockdown on movement in different countries brought economic activities to a near standstill. This led to the prediction of the deepest global recession in decades. The impact of this recession will include lower investments, depletion in human capital through lost work, and fragmentation of global trade and supply linkages, amongst others. The impact of the pandemic is even more severe for emerging markets and developing economies because of pressure on already weak health care systems, loss of capital inflow, loss of tourism and increasing debt burden.

We started the year 2020 with Brent oil prices at $68 per barrel. This declined gradually during the year to record lows of $19 per barrel in April 2020. However, oil prices started its rebound towards the end of May 2020 as various economies began to exit their respective lockdowns and renewed optimism on the resumption of business activities on a global scale. In Q4 of the year 2020, Brent price recorded further positive traction following the positive outcomes of various vaccine trials and news on Covid-19 vaccine deployment and better global cooperation for its distribution.

The global economy is estimated to have contracted by 4.3% in 2020.

Global Real Estate

The impact of the pandemic on global real estate performance was especially felt in commercial real estate. The need for social distancing and remote working are the key drivers responsible for the decline in commercial real estate. The pandemic has led to an acceleration of some of the existing trends in real estate, such as reduction in retail footprints as more people globally resorted to online shopping, leading to a rise in e-commerce. Other existing trends such as the appeal of living in big cities were halted as people could work from home from almost any city, encouraging de-urbanization.

The International Monetary Fund (IMF) has predicted 3% growth in global real GDP from 2021 to 2023 as the recovery in commodities prices is expected to aid growth in both developed and developing countries. It is expected that this will have a positive impact on the global real estate market as companies start to rearrange operations and recover from the impact of the pandemic.

The Nigerian Economy

In 2020, some of the macro-economic challenges, which have impacted the Nigerian economic environment over the last few years, continued. The Nigerian business environment has continued to be challenging because of the impact of poor infrastructure, unstable power supply, multiple taxation, insecurity, increased poverty amongst others. The Nigerian economy shrank by 1.9% in 2020 compared with 2.3% expansion in 2019.

Earlier in the year 2020, the Federal Government of Nigeria signed the Finance Act 2019 into law. The Act, amongst other things, increased Value Added Tax from 5% to 7.5%, which resulted in more inflation and lower disposable income of the average consumer.

The pandemic has led to an acceleration of some of the existing trends in real estate, such as reduction in retail footprints as more people globally resorted to online shopping, leading to a rise in e-commerce.

Nigeria recorded tens of thousands of confirmed Covid 19 cases, and over one thousand reported deaths. This led to a lockdown on domestic economic activities in various states. Lagos State recorded the highest number of cases and the Federal Government of Nigeria announced a complete lockdown in Lagos, the Federal Capital Territory and Ogun states for several weeks. The restricted movement and the reduction in purchasing power of consumers resulted in decline in sales for most companies, especially in the real estate sector. The impact of these is seen in various macro-economic indicators with unemployment rate rising as high as 27.1% in August 2020 and inflation rising to 12.56%.

The Nigerian Real Estate Industry

The real estate sector contributed 2.80% to the Nigerian economy in Q4 of 2020, compared with 6.21% in Q4 of 2019. The key challenges of the real estate sector have remained the same, such as limited liquidity, insufficient supply of mortgages and pressure on purchasing power.

The housing deficit in Nigeria in 2020 has been estimated at up to 17million and is growing at about 20% a year. Nigeria needs at least 700,000 units of houses every year to bridge the housing deficit. Current output of the formal housing sector is estimated at 100,000 to 200,000 per year. Almost 50% of the Nigerian population lives in cities and about 80% of this urban population continue to live in substandard conditions.

The market remains resilient as developers rushed back to site to complete ongoing developments immediately after the lifting of the Covid 19 lockdown in Q2 2020. Ongoing developments are experiencing delays in projected delivery dates.

Review of Operations

The Company's borrowing costs reduced from ₦2.62billion in 2019 to ₦1.51billion in 2020. The Rights Issue process which was successfully completed in Q1 of 2020 enabled the Company to pay down its ₦16 billion Bridge Facility with UAC of Nigeria Plc to ₦1.15 billon as at Q4 of 2020. This resulted in the significant reduction in Finance Cost. As a result of the need to focus on paying down the Company's interest-bearing loans, as well as the restrictions in business activities during the year, no new development project was carried out during the year 2020.

The Hospitality sub-sector was severely impacted by the pandemic because of the need for physical distancing, most events and conferences in 2020 were held virtually. Operations in UPDC Hotel Limited happened mainly in Q1 2020, as the lockdown on movement and business activities started at the end of Q1. The hotel business remains challenged as evidenced by the weak performance of the business.

The Facility Management business maintained a steady performance for the most part of 2020, with only a slight reduction in total revenue. This reduction was due to reduction in expenses incurred across our estates as consumers experienced reduced purchasing power and continued to focus on reducing their costs. The Facility Management business has been established as a separate company in October 2020, in collaboration with a power Company, Starsight Power Utility Limited. We believe that the new entity, called UPDC Facilities Management Limited, is now better positioned for growth, and to serve our customers better.

Financial Performance

UPDC Plc. posted total revenue of ₦1.66 billion in 2020 as against 2019 revenue of ₦2.16billion (same as Group). Loss before taxation (LBT) for the Group was ₦199 million as against ₦16.19billion in 2019. The Total Comprehensive Loss for the year was ₦439 million, compared with ₦15.88billion loss recorded in 2019.

The Company's interest-bearing debt was ₦5.42billion as at December 2020 compared to ₦20.81billion as at December 2019.

Outlook for 2021

Expectations concerning growth in Nigeria's economy remains rather low. The World Bank has predicted a 1.1% growth in 2021. This forecast is significantly lower than the 3% growth target assumptions in Nigeria's 2021 appropriation bill.

The housing deficit in Nigeria continued in 2020. The impact of the housing challenge in Nigeria became even more apparent, as the spread of communicable diseases, including Covid 19, is more likely in larger households. However, construction is not considered as

The housing deficit in Nigeria in 2020 has been estimated at up to 17million and is growing at about 20% a year. Nigeria needs at least 700,000 units of houses every year to bridge the housing deficit. Current output of the formal housing sector is estimated at 100,000 to 200,000 per year.

essential services, and as such, the supply of housing units slowed down significantly in 2020. It is therefore projected that this gap in the real estate sector will fuel growth in 2021.

Industry experts have projected a 3% growth in the real estate sector based on the projection of increase in demand for affordable housing. The surge in commercial property vacancies is also likely to continue in 2021.

The Central Bank of Nigeria has appropriately captured the need to boost the housing sector in Nigeria through specific and deliberate interventions. One of such interventions is the ₦1trillion loan for local manufacturing and production across critical sectors, which includes affordable housing. Developers are likely to focus more on smaller unit residential apartments to meet the continued surge in demand for affordable housing.

UPDC's Strategy for Success

UPDC Plc has entered 2021 stronger for several reasons:

Strategic Ownership: on 17 November 2020, UACN of Nigeria Plc ("UAC") and Custodian Investment Plc ("Custodian") concluded a transaction which involved Custodian securing a 51% stake in UPDC and UAC retaining a 43% stake.

Strategic Partnerships: Our Facility Management company, UPDC Facilities Management Limited, is now jointly owned by Starsight Power Utility Limited in a 50/50 partnership.

Recapitalization: Our capital structure has been strengthened following the completion of the c. ₦16bn rights issue, allowing us to reduce c.80% of the Company's debt, i.e. from c. ₦20.8billion to c. ₦5.4billion.

Going Concern Status: The Board of Directors and Management of UPDC have achieved significant progress in ensuring that the business continues as a going concern.

Our focus for 2021 is on growth and revenue generation. The Company's strategy for 2021 includes the following key items among others:

Capital Structure and Cash flow management: The Company still has a 16%, 5-year Corporate Bond of ₦4.36billion. On 26 January 2021, the Company announced to bondholders that this Series 1 Bond will be called on 26 April 2021. This will enable the Company to further reduce Finance Cost in 2021 and seek more affordable funding options for new developments.

New Developments: These new developments, targeted at the middle-income class, will commence in Q2 2021.

Grow Operating Income: The management team will continue to drive sales to generate more Revenue and grow the Company

Cost Optimization: This will continue to be a key part of our strategy as revenue starts to grow.

Leadership & Board Changes

I would like to inform you that since the last Annual General Meeting, there have been changes to the Board of Directors of the Company. On 4 January 2021, Mr. Babatunde Kasali (Non-Executive Chairman), Prof Okon Asuquo Ansa (Non-Executive Director), Mr Adekunle O Awojobi (Non-Executive Director), and Mrs Awuneba Ajumogobia (Non-Executive Director), resigned as directors of the Company. Please join me in thanking them 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: Mr. Adeniyi Falade and I joined the Board as Non-Executive Directors.

Conclusion

I wish to thank all our esteemed Shareholders for your continued interest in our Company. The past few years have been difficult for the Company and this was further compounded by the Covid 19 pandemic, but you have continued to support your Company, and this has set the stage for huge success. I also thank our customers, consultants, contractors, all our staff and other stakeholders for their continuing support.

We believe that the Company's Strategic Outlook for 2021 is very apt and will place your Company on the path to growth. The Board and Management of the Company are committed to realizing these goals.

Thank you all for your attention.

Mr Wole Oshin
Chairman
FRC/2013/CIIN/00000003054.

Ag. CEO's Report

Dear Shareholders,

Welcome to the 2021 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 2020. I trust you and your loved ones are safe and well and I thank you for embracing the new normal with us as we conduct our meeting virtually.

It is an incredible honor to be asked to lead your Company as Ag. CEO, and build on the solid foundation of improved governance, enhanced management and a strengthened capital base established over the past few years. I take on this exciting challenge fully aware that this is a critical time for UPDC as we start a new phase of our growth story. Our focus for the immediate future will be on breaking ground on new profitable developments for sale, growing our facility management business, and reducing our operating expenses. Our Festival Hotel asset is held for sale as hospitality is no longer part of our long-term strategy which is centered around our core real estate businesses – Property Development and Facilities Management.

We achieved some significant milestones for your Company in 2020:

Strategic Ownership

The transaction between UACN of Nigeria Plc ("UAC") and Custodian Investment Plc ("Custodian") is complete, with Custodian securing a 51% stake in your Company and UAC retaining a 43% stake. Custodian is a leading investment company providing a wide range of financial products and services such as Pension, Life, General Insurance and Trusteeship products through its various subsidiaries in Nigeria. UAC and Custodian share the view that their respective ambitions for capturing opportunity in the real estate industry will be better achieved working in partnership. UPDC is now operating as a subsidiary of the Custodian Investment Group as they view the real estate sector, despite its recent challenges, as complimentary to their product offering.

Recapitalization

Our capital structure has been strengthened following the completion of the rights issue, resulting in a significant reduction in the Company's debt obligations from ₦20.8billion to ₦5.4billion. We are actively working towards a further restructuring of the outstanding debt balance to reduce the finance cost in the coming year. We are also pleased to announce the successful unbundling of UPDC's interest in the UPDC Real Estate Investment Trust ("UPDC REIT") to its shareholders. The purpose of this initiative was to unlock value for UPDC shareholders and enable UPDC focus on its core business operations. As sponsors to the UPDC REIT, UPDC is required by the regulators to hold 5% of the total outstanding units in UPDC REIT, and therefore retained 133,413,475 units post unbundling.

Facility Management

In our continued efforts to optimize your Company's capital structure by identifying avenues to generate cash to pay down our debt obligations, Management entered into a 50/50 joint venture partnership for our facility management business with Starsight Power Utility Limited ("Starsight"). Starsight is a leading alternative energy provider in Nigeria and this partnership brings together Starsight's strengths in sustainable power solutions and UPDC's track record in the facilities management business. The two companies are highly complementary in nature enabling UPDC Facility Management Limited to provide a compelling offering to clients. UPDC Facility Management Limited, now operates as a standalone subsidiary of UPDC in partnership with Starsight.

Our COVID-19 Response

With over 109 million confirmed cases worldwide, the COVID-19 pandemic is a global health crisis affecting our people, customers, operations, and finances. As UPDC continues to adjust to the impact of the pandemic our primary focus remains business continuity and safety. We are grateful to the support and prompt action of our Board and management team as we took a number of urgent and important decisions early on to minimize the impact of the crisis.

- **People:** To reduce the risk of exposure of employees to the virus, we have maintained remote working arrangements, encouraging non-essential staff to work from home where feasible and we have been able to minimize disruption to business operations while working from home. For our essential staff unable to work remotely we provide personal protective equipment and regular health and safety training. Due to the significantly reduced demand for rooms and services at the Hotel as a result of the pandemic, a large number of our Hotel staff remain furloughed. UPDC along with members of management have contributed to a staff welfare fund to support our vulnerable colleagues during these difficult times.
- **Operations:** Our 3 businesses, Property Development & Sales, Facility Management and Festival Hotel, were stress tested at varying levels of reduced income, forcing us to aggressively cut costs and focus on essential expenditure only. These cost cutting initiatives will continue across the Group.
- **Technology:** The need for digital transformation became evident during the lockdown as it highlighted the need to ensure online access to our files, seamless communication with our employees through virtual platforms; and continued access to our products and services by our Customers. Our website and social media channels have been enhanced to improve brand awareness and offer greater customer engagement.

Review of FY 2020 Performance

We recorded a loss of ₦439m, for the year, an improvement from ₦15.9billion in 2019. Performance continues to be impacted by high borrowing costs and constrained revenue on account of a slowdown in sales

Our capital structure has been strengthened following the completion of the rights issue, resulting in a significant reduction in the Company's debt obligations from ₦20.8billion to ₦5.4billion.

of legacy assets due to the Covid-19 pandemic and limited recent investments in new developments.

Revenue declined 23% Year on Year ("YoY") to ₦1.7billion in 2020 from ₦2.2billion in 2019. The downward revaluation of certain assets held as inventory resulted in a gross loss of ₦80million, an improvement from the gross loss of ₦878million in 2019. UPDC routinely values its assets in a bid to align carrying values with realizable 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 ₦713million in 2020, an improvement from the ₦1.3billion operating loss in 2019. In addition to the improvement in gross loss, other contributing factors to the improvement in performance include:

(i) A 42% reduction in Selling & Distribution expenses from ₦105million in 2019 to ₦61million in 2020.

(ii) Considerable progress in reducing net finance cost which declined by 43% to ₦1.5billion in 2020 from ₦2.6 billion in 2019 on account of a reduction of total debt outstanding, as well as rate reductions on our short-term borrowings.

(iii) Improvement in Other Operating Income of ₦147million in 2020 compared with ₦35million in 2019.

UPDC recorded a loss before impairments of ₦3.1billion, an improvement from ₦3.3billion in 2019 for the reasons described above.

UPDC marked UPDC REIT units to market from ₦3.80 in Q3 2020 to ₦5.50 at year end, and this resulted in a ₦2.0billion mark-to-market gain. The impact of the gain on the UPDC REIT reduced the overall loss for the period to ₦439million in 2020 relative to a loss of ₦15.9billion in 2019.

The Company's total asset base declined 23% to ₦22billion in 2020 from ₦29billion in 2019. The primary driver for the decline in assets was the unbundling of UPDC's holding in the UPDC REIT to its shareholders. 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 ₦5.4billion compared with ₦20.8billion in 2019. This is made up primarily of the 5-year Corporate Bond of ₦4.3billion, which is callable after the 3-year anniversary in April 2021. As a result of the ₦16billion Rights Issue carried out in Q1 of 2020, the total equity as at the end of the 2020 financial year was ₦9.6billion compared with ₦2.2billion in 2019.

Outlook for 2021

My colleagues and I are focused on executing the next phase of the Company's growth and expansion. Our vision is to become the leading lifestyle real estate company of choice in Nigeria by delivering world-class properties and services tailored to the needs of the Nigerian market, whilst providing sustainable value to our shareholders.

Property development remains our primary business activity, despite the Company's inability to embark on new developments in recent years due to its liquidity constraints. Following the progress made in improving the capital structure, we intend to break ground on new developments for sale in 2021. Our Property development strategy is to develop and sell homes to the middle-income market, where we have identified a stable demand for well-priced properties and concentrate on the locations where we have the best capacity for scale and enhanced returns. Developments will be off-take led and we have adopted certain risk mitigation mechanisms aimed at managing delivery to time, quality, cost and generating attractive risk-adjusted returns.

Our Facilities Management operations complements our Property Development business and now provides services to both UPDC and non-UPDC developed properties. Facility Management revenue was ₦237million in 2020, a 7% reduction compared to ₦255million in 2019 because of a reduced number of estates under management as well as reduced expenditure in estates during the period. Gross Profit was ₦156million, a 3% improvement on ₦151million in 2019. Our focus will be on growing this high margin business together with our Joint Venture partners to improve revenues generated from fees and provide working capital for the Company.

The global hospitality sector has been severally impacted by the Covid-19 pandemic, and our hotel investment, which was rebranded Festival Hotel in January 2020,

Facility Management revenue was ₦237million in 2020, a 7% reduction compared to ₦255million in 2019 because of a reduced number of estates under management as well as reduced expenditure in estates during the period. Gross Profit was ₦156million, a 3% improvement on ₦151million in 2019.

has faced exceptionally low demand as a result of travel bans, and social gathering restrictions imposed by the Government in a bid to curb the spread of the virus. The hotel was temporarily closed for several months and reopened with skeletal operations resulting in a significant 76% reduction in revenue at ₦330million in 2020 compared to ₦1.4billion in 2019. Gross profit was ₦139million, down 84% from ₦891 million in 2019. Our strategic objective remains to dispose of the asset as it does not align with our business model. In the interim we are operating the asset at a reduced 120 room capacity with a focus on conferences and event bookings to generate revenue while minimizing operating expenses.

Board of Directors

Following Custodian's acquisition of a 51% shareholding in your Company, UPDC's board of directors has been reconstituted with the appointment of Wole Oshin, a finance and insurance professional with decades of experience in notable financial institutions, as Chairman of the Board; and Adeniyi Falade, an investment, insurance, and financial audit professional with over 30 years of experience, as a Non-Executive Director. Wole and Adeniyi have been extremely valuable additions to the board providing insightful analysis and investment considerations to enhance decision-making.

Appreciation

My colleagues and I are extremely grateful for the unwavering support of our shareholders particularly during the rights issue, which has materially improved our capital position. We are thankful for the confidence exhibited by our new majority shareholder, as we set the company on a path to profitability. We are in this together, and together we will reestablish UPDC as the leading real estate company in Nigeria.

Deborah Nicol-Omeruah
Acting Managing Director
FRC/2021/003/00000022395

Directors' Report

The Directors have the pleasure of submitting their annual report, together with the audited financial Statements for the year ended 31st December 2020.

Principal Activities

Founded in 1997, UPDC is a seasoned development company in Nigeria with an established record in developing, selling, and managing real estate assets across Nigeria.

Known for the quality of its products, UPDC is the first real estate company to have been listed on the Nigerian stock exchange, and offers the most diversified portfolio of residential, commercial, retail, and hospitality assets.

Our Vision

To become the leading lifestyle real estate company of choice in Nigeria by delivering world-class properties and services tailored to the needs of the Nigerian market

Our Mission

To build and manage:

Distinctive lifestyle developments

To time, cost and quality

Customers for life: from development stage to sales to asset and facility management

Shareholder value

Operating Results

	2020 N'000	2019 N'000
Continuing operations		
Revenue	1,662,487	2,157,614
Operating loss	(712,960)	(1,268,734)
Loss before taxation	(262,693)	(16,194,629)
Taxation	(115,023)	454,722
Loss after tax for the period from continuing operations	(377,716)	(15,739,907)
Discontinued operations		
Loss after tax for the period from discontinued operations	(228,201)	(143,168)
Loss for the period	(605,917)	(15,883,075)
Net changes in fair value of financial assets	166,767	-
Total comprehensive loss for the period	(439,150)	(15,883,075)

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

Directors' interests in the issued share capital of the Company as recorded in the Register of Members and/or as notified by the Directors in compliance with Sections 301 and 302 of the Companies and Allied Matters Act 2020 and the Listing Requirements of the Nigerian Stock Exchange were as follows:

	31 December 2020		31 December 2019	
	Direct	Indirect	Direct	Indirect
Mr Babatunde Kasali	37,500.00	-	37,500.00	-
Mr Wole Oshin	-	9,465,584,668.00	-	-
Mr Folasope Aiyesimoju	-	7,953,143,897.00	1,667,187,500.00	-
Mrs Deborah Nicol-Omeruah	-	-	-	-
Mrs Folakemi Fadahunsi	-	-	-	-
Mr Adekunle Awojobi *	-	148,602,252.00		148,602,252.00
Prof Okon Ansa	85,151.00	-	86,151.00	-
Mrs Awuneba Ajumogobia	6,687.00	-	6,687.00	
Mr Oyekunle Osilaja	-	-	-	-
Mr Adeniyi Falade	-	-	-	-

* Representing FBNQUEST Trustees Limited

Directors' Interests in Contracts

In line with Section 303 of the Companies & Allied Matters Act 2020, no director had interest in any contract with the Company during the year.

Shareholders with Substantial Interest of 5% and above

The issued and fully paid up share capital of the Company is N9,279,984,968 divided into 18,559,969,936 ordinary shares of 50 kobo each. The table below shows the shareholders with substantial interest above 5%. No other individual(s) asides from Custodian Investment Plc and UAC of Nigeria Plc hold 5% and above of the issued and fully paid shares of the Company:

S/N	FULL NAME	ADDRESS	HOLDINGS	%
1	Custodian Investment Plc	Custodian House, 16A, Commercial Avenue, Sabo, Yaba	9.465,584,668	51.00
2	UAC of Nigeria Plc	UAC House, 1 – 5, Odunlami Street, Marina, Lagos.	7,953,143,897	42.85

Share Capital History

YEAR	BONUS ISSUE	UNITS	VALUE (N)
1999	Starting Capital	1,000,000,000	500,000,000
2004	1 for 10 bonus issue	1,1000,000,000	550,000,000
2005 to 2009	None	1,1000,000,000	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
2020	43 for 7 Rights Issue	18,559,969,936	9,279,984,968

Analysis of Shareholding

	Shareholders number	Shareholding Number	Shareholding %
Directors and Connected Persons	3	92,838	0.00
Custodian Investment Plc	1	9,465,584,668	51.00
UAC of Nig Plc	1	7,953,143,897	42.85
Individuals	26,657	410,122,382	2.21
Other Corporate bodies	1,050	731026151	3.94
Total	**27,712**	**18,559,969,936**	**100.00**

Property, Plant And Equipment

Information relating to property, plant and equipment is given in Note 13 to the financial statements.

Our People

At UPDC we are committed to ensuring that our employees reflect our core values of integrity, responsibility, service, excellence, customer focus and shareholder value creation. Our corporate culture fosters open communication, collaboration, diversity, and forward thinking among all employees to encourage the exchange of views, ideas and knowledge which leads to innovation.

COVID-19 Pandemic

In March 2020 the World Health Organization (WHO) declared the COVID-19 outbreak, a global pandemic, and in response to this global crisis the Federal Government of Nigeria imposed a nationwide lockdown, followed by several months of restricted movement. At UPDC, our number one priority is the health and safety of our employees and customers. Therefore in the days following these significant announcements, UPDC employees across the group were sent home in our bid to prevent the spread of the virus, and we ensured that essential employees had the necessary tools to continue to work remotely and delivery seamless services to our customers.

Recruitment

UPDC aims to be the employer of choice for candidates from a wide range of backgrounds and experience. We focus on hiring the best individuals based on character, competence, and merit. To achieve this, we have established recruitment processes tailored to harness fair competition, while identifying the best candidates in the desired field who will contribute to the growth of our company.

Health, Safety and Welfare of Employees

UPDC approaches employee Health and safety with utmost seriousness and takes measures to ensure all employees are duly covered under the Health Insurance schemes. Each employee's HMO cover includes a spouse and up to four children. Through this arrangement, employees and their families can access healthcare from a range of well-equipped healthcare providers.

There are contributory retirement benefit schemes for both management and employees of the Company in line with the Pensions Reform Act 2014.

The Company is committed to providing a safe working environment for employees, contractors, customers, and members of the public. There is access to first aid facilities while at the office to be used in line with safety regulations.

As we continue to face the ongoing COVID-19 pandemic, our goal is to ensure the health and safety of our employees in line with government regulations and the guidelines of NCDC.

HIV/AIDS

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

Learning and Development

UPDC encourages the continued personal and professional development of all our employees. We adopt a training methodology that fosters free exchange of knowledge internally, self-development, and partaking in formal learning from external facilitators. The company encourages all employees to engage in self development initiatives and attend the organized training programs planned annually.

Our training strategy is tailored to keep employees engaged and help grow their general knowledge base. UPDC provides general, professional and leadership training as well as tuition reimbursement support to employees who undertake approved personal-development and professional development programs.

Performance Management and Team Communication

Performance Management strategies are structured to achieve 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 for their respective business units. This encourages business plan ownership and commitment at all levels. Team Retreats, Business Review Meetings, Weekly Staff 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, these meetings are currently held virtually, by video conferencing technology.

Employee Engagement

UPDC carries out various initiatives tailored to boost employee engagement. This is also tracked with the use of an annual engagement survey to determine the engagement levels of employees and aid plans for improvement.

Donations

There was no donation during the year under review.

BY THE ORDER OF THE BOARD

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

CORPORATE GOVERNANCE REPORT

Introduction

The Board of UACN Property Development Company Pc ("UPDC" or "the Company") is committed to high standards of corporate governance, which it considers critical to business integrity and to maintaining investors' trust in the Company. The Company expects all its directors and employees to act with honesty, integrity and fairness. The Company strives to act in accordance with the laws and regulations in Nigeria; adopt proper standards of business practice and procedure and operate with integrity.

The Board

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 Executive Directors during the 2020 financial year. All the Directors had access to the advice and services of the Company Secretary. With the approval of the Chairman of the Board, they may take advice from external professionals in areas where such advice will improve the quality of their contributions to Board deliberation and decision-making process.

Separation of the positions of Chairman and Managing Director

In the year under review, the position of the Chairman was distinct from that of the Chief Executive Officer. The two positions were occupied by Mr Babatunde Kasali and Mr Folasope Aiyesimoju respectively. The other Executive Directors were Mrs Deborah Nicol-Omeruah, the Deputy Chief Executive Officer and Mrs Folakemi Fadahunsi, the Chief Financial Officer. Other Non-Executive Directors that served during the year were Prof Okon Ansa, Mr Adekunle Awojobi, Mrs Awuneba Ajumogobia and Mr Oyekunle Osilaja.

The Roles and Responsibilities of the Board

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

- Formulation of policies, strategy and overseeing the management and conduct of the business;
- Formulation and management of risk management framework;
- Succession planning and the appointment, training, remuneration and replacement of Board members and senior management;
- Overseeing the effectiveness and adequacy of internal control systems;
- Overseeing the maintenance of the Company's communication and information dissemination policy;
- Performance appraisal and compensation of board members and senior executives.
- Ensuring effective communication with shareholders, stakeholders, the investing public;
- Ensuring the integrity of financial controls and reports;
- Ensuring that ethical standards are maintained;
- 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;
- Definition of the scope of delegated authority to Board Committees and management and their accountabilities;
- Definition of the scope of corporate social responsibility through the approval of relevant policies; and
- 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 because 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 get acquainted with business operations.

Board Meetings

The Board met five (5) times during the 2020 financial year. The following table shows the attendance of Directors at the Board meetings:

DIRECTORS	17/3	17/6	21/7	22/7	13/10
Mr Babatunde Kasali	P	P	P	P	P
Mr Folasope Aiyesimoju	P	P	P	P	P
Mrs Deborah Nicol-Omeruah	P	P	P	P	P
Mrs Folakemi Fadahunsi	P	P	P	P	P
Mr Adekunle Awojobi	P	P	P	P	P
Prof Okon Ansa	AWA	P	P	P	P
Mrs Awuneba Ajumogobia	P	P	P	P	P
Mr Oyekunle Osilaja	P	P	P	P	P

Key:

P: Present

AWA: Away with Apology

Board Evaluation

A Board performance evaluation was undertaken in 2020. 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 Management Committee and the Remuneration & Governance Committee. The Committees make recommendations for approval by the full Board.

The Risk Management Committee

The Committee was chaired by Mr Adekunle Awojobi and was made up by other 2 Non-Executive Directors, the Deputy Chief Executive Officer 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 way 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 three (3) times during the year. The following table shows the attendance of the members of the Committee at the meetings:

DIRECTORS	16/3	20/7	12/10
Mr Adekunle Awojobi	P	P	P
Prof Okon Ansa	AWA	P	P
Mr Oyekunle Osilaja	P	P	P
Mrs Deborah Nicol-Omeruah	P	P	P
Mrs Folakemi Fadahunsi	P	P	P

Key:

P: Present

AWA: Absent with Apology

The Remuneration & Governance Committee

The Committee 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 twice (2) times during the year. The following table shows the attendance of the members of the Committee at the meetings:

DIRECTORS	17/3	13/10
Prof Okon Ansa	AWA	P
Mr Adekunle Awojobi	P	P
Mr Oyekunle Osilaja	P	P

Key:

P: Present

AWA : Away with Apology

The Statutory Audit Committee

The statutory Audit Committee consists of six members made up of three representatives of the shareholders elected at the previous Annual General Meeting for tenure of one year and three representatives of the Board of Directors. The Chairman of the Committee was 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 Risk & Compliance Manager of the Company.

Committee's Meetings

The following table shows members' attendance at the three (3) meetings of the Committee in 2020:

DIRECTORS	16/3	21/7	12/10
Mr Adekunle Awojobi (Chairman)	P	P	P
Alhaji Gbadebo Olatokunbo	P	P	P
Mr Joe Anosikeh	P	P	P
Prof Okon Ansa	AWA	P	P
Engr Taiwo Fawole	P	P	P

Keys:

P: Present

AWA: Absent with Apology

The Terms of Reference of the Committee

The following are the terms of reference of the Committee:

The Committee is authorized by CAMA to:

- Ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
- Review the scope and planning of audit requirements;
- Review the findings on management matters in conjunction with the external auditor and departmental responses thereon;
- Keep under review the effectiveness of the company's system of accounting and internal control;
- Make recommendation to the Board with regard to the appointment, removal and remuneration of the External Auditors of the Company;
- 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
- Receive quarterly/periodic reports from the internal audit unit.

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

Company Secretary

The Company Secretary plays an important role in supporting the effectiveness of the Board by assisting the Board and management to develop good corporate governance practices and culture within the Company. The Company Secretary ensures adequate dissemination of information among Board members and between the Board and the Management of the Company. In furtherance of Board and Committee meetings, the Company Secretary undertakes the preparation of the necessary papers and other documents requisite for the success in deliberations.

The Company Secretary is responsible for providing the Board and Directors individually, with detailed guidance as to how their responsibilities should be properly discharged in the best interest of the Company.

The Office of the Company Secretary ensures that the Company complies with the relevant regulatory laws including the Investment and Securities Act, the Securities and Exchange Commission (SEC) Rules and Regulations, the Securities and Exchange Commission (SEC) Code of Corporate Governance, the Nigerian Code of Corporate Governance, the Companies and Allied Matters Act, the Nigeria Stock Exchange Rules and Regulations, amongst others.

The procedure for the appointment and removal of the Company Secretary is a matter for the Board.

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 (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 and 2018 National Code of Corporate Governance.

Sustainability Report

About This Report

This report covers UACN Property Development Company Plc.'s ("UPDC Plc") sustainability related activities between January 1, 2020 and December 31, 2020 unless noted otherwise.

In determining the most important issues to our stakeholders and the industry, we referred to the Global Reporting Initiative (GRI) and the Nigeria Stock Exchange's Sustainability disclosure guidelines, which we believe provide best practice guidance on sustainability disclosures most meaningful for our business.

As part our report development process, we have merged guidance from both disclosure frameworks, along with input from our stakeholders and this has informed our views on the topics that are most important to UPDC Plc.

We identified 15 topics as material to the long-term success and resiliency of our businesses and have organized them for this report in three areas: **Sustainability Governance, Environmental Stewardship and Social Responsibility**.

In each section, we have detailed our management approach to each area, our commitments and performance for each individual aspect in the context of our business.

For further information on the contents of the report and enquiries, please contact Mrs. Folake Kalaro at **fkalaro@updcplc.com**

Scope and Boundary

The scope of the report covers material topics for UPDC Plc. and its real estate business covering asset management and facility management unless stated otherwise. For disclosures covering physical assets, only data on the Headquarters of UPDC Plc. has been reported.

As we move on in our sustainability journey and develop enterprise -wide sustainability data collection systems, we will report on other facilities. There were no assumptions or estimates used in providing the content of the report.

First Time Reporter

This report is our first sustainability report and communicates our intent on communicating our sustainability strategy and ambition to our stakeholders. The report also sets out a blueprint for embedding sustainability across our operations as we build towards long term sustainability in our business.

Organizational Profile

Who We Are

Founded in 1997, UPDC Plc. is a seasoned development company in Nigeria with an established record in developing, selling, and managing real estate assets across Nigeria.

Known for the quality of its products, UPDC is the first real estate company to have been listed on the Nigerian stock exchange, and offers the most diversified portfolio of residential, commercial, retail, and hospitality assets.

Our Vision

To become the leading lifestyle real estate company of choice in Nigeria by delivering world-class properties and services tailored to the needs of the Nigerian market.

Our Mission

To build and manage:

- Distinctive lifestyle developments
- To time, cost and quality
- Customers for life: from development stage to sales to asset and facility management
- Shareholder value

We have established strong operating capabilities over the years that enable us to provide significant operational assistance and influence across our assets and businesses.

Our Market Presence

Performance Highlights

Ag. CEO's Statement

2020 was decidedly one of the most unprecedented times in recorded history. The past few months have underpinned the importance of resiliency in the face of adversity. The impacts of the COVID 19 virus had far reaching negative consequences on businesses and individuals globally, however it also provided an opportunity for the world to reconsider its approach to work and to fully appreciate the importance of our collective strength as people.

Keeping with this theme, we also identified that beyond financial performance for our business, it is also imperative that we consider the impacts of our operations on the environment and communities where we operate. Now, more than ever, taking an integrated approach to our business is critical to our long-term success and sustainability

To achieve this, we have embarked on our sustainability journey which includes publishing our first sustainability report which details our strategy, commitments and performance on environmental, social and governance issues.

This process underlines our commitment to contributing to the sustainable development mandate which has become a priority for so many companies and governments globally.

We will utilize this platform as a means to embed sustainability across our operations and further enhance our performance as a responsible business. We have identified key areas where we intend to focus our efforts such as integrating sustainability into our decision making and asset management processes. This will enable us to leverage a new perspective for our risk management, portfolio management, people management and environmental management business areas.

We intend to continuously improve on our sustainability efforts and this can only be achieved by committing to the following goals:

Aligning our business with the world's leading frameworks for sustainable development and innovation such as the United Nations Sustainable Development Goals (UN SDGs), the CDP's carbon reporting process and climate-related corporate reporting based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Develop systems for collating and reporting on our sustainability data across our operations to aid transparency to our stakeholders.

As we strive towards our sustainability goals, we understand the importance of our people and the significant role they will and currently play in achieving our ambitions. We will continue to ensure we create a diverse and inclusive work environment that foster development and personal growth.

I am optimistic for what the future holds, as we navigate through the challenges of a post-COVID era. We are committed to integrating sustainability across our operations and maintaining resiliency and excellence across our business lines. We appreciate the insights from our stakeholders as we embark on this exciting journey to build a sustainable UPDC together.

Deborah Nicol-Omeruah
Ag. CEO, UPDC
FRC/2021/003/00000022395

Sustainability Governance

Sustainability Strategy/ambitions

Our approach to managing our business is guided by our values of managing our investments with integrity and developing a balance between economic performance and being a responsible business. This is consistent with our philosophy of conducting business with a long-term perspective in a sustainable and ethical manner. This means operating with clear governance, alignment to sustainable business principles and practices and maintaining a disciplined focus on embedding these principles into our operations.

We understand that this is our initial foray into sustainability alignment and reporting. However, through our materiality process, we have identified areas where we have been recording significant performance in sustainability and this provides encouragement as we seek to improve on our current efforts.

As we embark on our sustainability journey, we plan to embed sustainability principles in all activities directly undertaken across UPDC. This will include embedding sustainability into our oversight process covering risk management and strategy. We will also commit to transparency on our performance and progress by providing information on sustainability activities to our investors and seeking third-party assurance where applicable. This will also cascade into how we approach our development strategy by driving us to increasingly provide investment opportunities that enable our investors to achieve their own ESG investment objectives.

Case Study 1: Alignment to SDGs and Board Drive

SUSTAINABLE DEVELOPMENT GOALS

In September 2015, all 193 United Nations (U.N.) member states adopted the 17 Sustainable Development Goals (SDGs). The SDGs set a global agenda for overcoming poverty, protecting the planet, and promoting peace and prosperity.

UPDC through our housing and facilities services contributes to the achievement of social and economic progress required to achieve the sustainable development agenda of the UN SDGs. We are proud to be aligned to the UN SDGS and use our platform as a company to drive partnership, action and growth of the agenda across Nigeria.

We have identified the goals where we could make the most impact in line with our collective vision and mission for sustainable development. Detailed below are the Goals most relevant to us and the focus areas where we plan to commit our resources and time.

17 PARTNERSHIPS FOR THE GOALS

We are committed to enhancing the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals.

11 SUSTAINABLE CITIES AND COMMUNITIES

We are committed to contributing to access for all to adequate, safe and affordable housing and basic services by 2030

5 GENDER EQUALITY

We are committed to adopting and strengthening sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

We are committed to developing quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being, with a focus on affordable and equitable access for all.

8 DECENT WORK AND ECONOMIC GROWTH

We are committed to protecting labor rights and promoting safe and secure working environments for all workers.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We are committed to substantially reducing our waste generation through prevention, reduction, recycling and reuse.

Stakeholder Engagement and Prioritization

As we continue to develop long term value and return on investment for our stakeholders. We must continually assess the complex and evolving needs of our investors and other stakeholders. These engagement activities allow us to obtain insights, collaborate with and support our stakeholders.

The table below details the channels and frequency of our engagements with our stakeholders.

Stakeholder Group	Engagement Channels	Frequency
Regulators	• Regulator Meetings • Compliance reports	• Quarterly • Quarterly
Employees	• Employee Surveys • Ethics Hotline / Whistleblowing Policy • Internal Events / Town Halls • Internal Communications / Intranet	• Annually • Yearly • Weekly • Weekly
Investors	• Investor Meetings, Conferences, Webcasts and Calls • General Meetings and Investor Reports • Email Notifications and Updates • Website / Investor Portal	• Quarterly • Yearly • As necessary • Quarterly • As necessary
Board of Directors	• Board reports • Board Meetings • Email Notifications and Updates	• Quarterly • Quarterly • As necessary
Communities	• Community Outreach • Town Halls	• As necessary
Suppliers and Vendors	• Surveys • Conferences and Town Halls	• Annually • As necessary

Materiality Assessment and Matrix

The materiality process allows companies identify the most important Environmental, Social and Governance (ESG) topics that can impact their business. For the 2020 reporting year, UPDC engaged our stakeholders using a survey to identify what ESG topics they felt had the most impact on UPDC's long term resiliency and ability to operate.

The materiality matrix outlines the material topics identified using the GRI's reporting standards and the level of influence that UPDC's stakeholders both internal and external believe these will have on UPDC's operations.

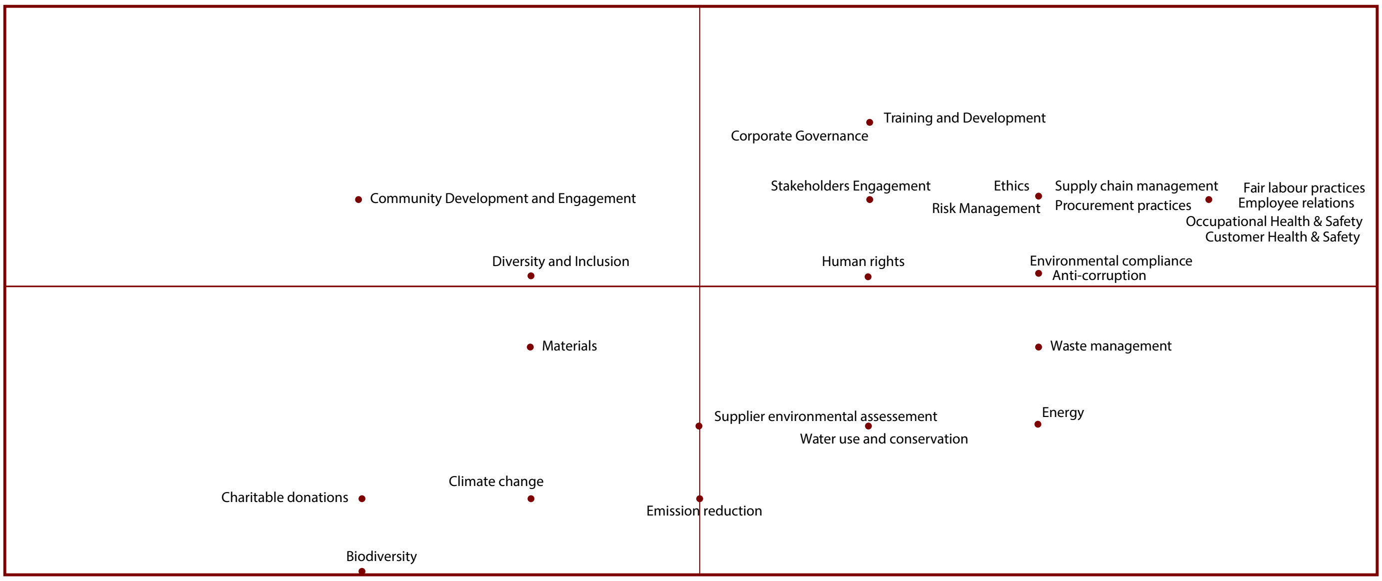
The four quadrants are defined below and are presented in the materiality matrix:

Top Right Quadrant: the aspects that fall into this quadrant are considered to be significant (or material) to UPDC's business and important to UPDC's stakeholders. These are aspects that are critical for disclosure.

Bottom Right Quadrant: the aspects that fall into this quadrant are considered to be highly significant (or material) to UPDC's business but are less important to UPDC's stakeholders. These are aspects that are still considered to be relevant for disclosure.

Top Left Quadrant: the aspects that fall into this quadrant are considered to be highly important to UPDC's stakeholders, but less significant (or material) to UPDC's business. These are aspects that are still considered to be relevant for disclosure.

Bottom Left Quadrant: the aspects that fall into this quadrant are considered to be less important to UPDC's stakeholders, and less significant to UPDC's business. These aspects are not considered to be important enough for disclosure; however, they will still be tracked and managed by UPDC.



Associations and External Initiatives

In support of our ESG efforts, we plan to align and engage with leading sustainability organizations to reinforce and strengthen the incorporation of sustainability into our operations.

We have identified associations such as the Private Sector Advisory Group on the UN SDGs (PSAG) and the United Nations Global Compact (UNGC). Through our memberships with these organizations, we can actively contribute to discussions aimed at advancing sustainability awareness across private and public markets, and ensure we are reporting and acting in line with evolving best practices.

Corporate Governance

Effective and inclusive governance is essential to sustainable business operations, and we ensure that we conduct our business according to the highest ethical and legal standards.

UPDC complies with the relevant regulatory laws including the Investment and Securities Act, the Securities and Exchange Commission (SEC) Rules and Regulations, the Securities and Exchange Commission (SEC) Code of Corporate Governance, the Nigerian Code of Corporate Governance, the Companies and Allied Matters Act, the Nigeria Stock Exchange Rules and Regulations, amongst others.

For the 2020 reporting cycle, A Board performance evaluation was undertaken. 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.

Tone at the Top

The Board of UPDC is committed to high standards of corporate governance, which it considers critical to business integrity and to maintaining investors' trust in the Company. The Board in keeping with the corporate governance rules of Nigeria are required to oversee the management of risks and opportunities to UPDC including ESG risks and develop an approach to manage and mitigate these impacts.

The Board is actively engaged in this process with further plans to obtain training on ESG issues that might influence the operations of UPDC.

Ethics and Anti-corruption

Our commitment to conducting our business ethically and responsibly within UPDC as well as within the businesses and assets that we manage, is reflected and documented in our values, Code of conduct, policies and processes. This comprises adhering to all laws and regulations and honoring all contracts and obligations, be they related to anti-bribery and corruption, protection of human rights, or maintaining a positive work environment.

We have a zero-tolerance approach to bribery, including facilitation payments. We mandate all employees to complete an annual anti-bribery and corruption training course and certify their compliance. We periodically review the course content and also provide an ethics hotline to facilitate the reporting of suspected unethical, illegal or unsafe behavior anonymously.

Supply Chain

We extend our code of conduct to our suppliers and vendors and require them to operate in accordance with all applicable laws and regulations. Going forward, we intend to embed environmental and social considerations into our vendor selection process and perform periodic audits on compliance.

Risk Management

Risk management is a fundamental part of our business, and our investors require us to properly manage risk while creating long-term value. Our controlled risk management approach is based on clear operating methods and a strong risk culture. We understand that risks to our businesses—including ESG-related risks—are constantly evolving, and our program aims to monitor, and proactively mitigate and manage them over time.

Risk Management Table

S/No	Risk	Description	Mitigation Plan
1.	**Lack of Profitability**	Declining Margins	• Set risk appetite for investments. • Embark on projects with high margins and quick turn-around time (i.e., Site & Services). • Expand property and product offerings (Property/Facility Management Service, Project Management Services).
2	**Contractual Risks**	Contractual risk arises because of disputes arising between the company and parties to the contract	• Robust contacting process through stakeholder's involvement. • Inclusion of escape clauses in our contract documents. • Contractors/Vendors engagement for amicable resolution of disputes.

S/No	Risk	Description	Mitigation Plan
3	**Construction and Development Risks**	Sales & Revenue This focuses on risk that affects our ability to sell the units as well as interruptions from cashflows from sales required to fund the construction	• Minimum level of off-plan pre-construction sales • Active marketing and sales campaign • Pre-qualify developments with relevant mortgage providers and structure a mortgage product for buyers
		Design and Construction This focuses on the risks that affect the quality of the development.	• Strategies include the use of competent consultants, appropriate design specifications, as well as QA systems during construction with a defects liability period.
		Cost Escalation This focuses on issues impacting the budget	• Strategies include using the lump sum contracts, freezing the design prior to construction, and implementing a change management process
		Supply Chain Management This focuses on those risks which impact the purchase and delivery of goods and services required to execute the work.	• Management strategies include advance purchase of materials.
		Program Delay This focuses on those issues that prevent the timely completion of the project.	• Mitigation strategies include critical path management and the inclusion of liquidated and ascertained damages.
4	**Foreign Exchange**	This focuses on the impact of exchange rate fluctuation on the project.	• The mitigation strategy is the use of advance purchase of foreign exchange.
5	**Equity Financing**	Inability to raise further capital to support the level of current and anticipated business activities.	• Rights issue concluded and successful in 2020. • Joint venture partnership on the facility Management business is now concluded. • Strategic Joint Venture arrangement and alliances in property management are being pursued.

S/No	Risk	Description	Mitigation Plan
6	**Inadequate IT Infrastructure**	This is a risk that arises because of outdated or damaged IT infrastructure and applications leading to inadequate solutions to support the company's objectives	• Deployment and implementation of electronic archiving and data management system. • Ongoing deployment of high-end IT infrastructure (Servers, Cloud storage etc.) • Instanta deployed in January 2020 for facilities management operations. • Office 365 Migration commenced in December 2020
7	**Business Continuity & Disaster Recovery**	Inadequate business continuity and disaster recovery planning.	• Organize and conduct in-house HSE Trainings for staff and third-party service providers in the organization. • There is a plan for quarterly DRP Test. • Cloud Based back-up deployed already.
8	**People Risks**	Inadequate skills, knowledge and experience required to achieve business objectives and/or sustain growth, loss of institutional knowledge.	• Maintain talent management activities such as training, job enrichment, job rotation & counselling. • Rigorous implementation of Balanced Score Card (BSC). • Staff performance appraisals in place

Environmental Stewardship

Commitment, Targets and ambitions

As an advocate for environmental protection, we understand the importance of managing our impacts on the environment through our operations. Through our sustainability strategy and efforts, we are renewing that focus by ensuring efficiencies across our businesses, contributing to lower environmental impacts and improved operations.

As global demands continue to evolve with a push for climate change adaptation and mitigation, UPDC will continue to realign our development strategy to align with standards and innovation around reducing emissions, use of renewable and clean energy sources, managing our waste, use of recyclable material in construction and managing our energy and water consumption.

We understand the importance of being proactive to meet changing stakeholder requirements and the credible threat of climate change and as such we will continue to embed environmental considerations into our long-term strategy to minimize the risks associated with its negative impacts.

Emissions Reduction

As we proceed on our sustainability journey, we will actively develop systems to capture emissions data across all our operations and invest in technologies and practices to reduce the overall carbon footprint of our assets and facilities we manage. We are committed to being well positioned as the world transitions toward lower-carbon and more sustainable economies.

Green Buildings

We recognize that sustainability plays a key role in every stage of a project's life span, from initial planning through end-of-life operation. We will look to identify and invest in green building initiatives to provide added value to our clients such as energy reduction, water conservation, recycling, enhanced indoor air quality and environmentally friendly materials across our project sites.

Resource Management

As the world grapples with resource scarcity, we understand the importance of improving the efficacy of our resource use across our business. We have implemented processes and infrastructure at our sites to manage and record our water and energy use.

We continue to invest in technology to reduce our resource use while also managing the impact on the sources. We are also looking to implement reuse and recycling technologies for our construction materials to reduce our environmental impacts from sourcing.

Waste Management

We continue to focus on waste reduction across our operations. Our project locations have either deployed or are in the process of launching innovative programs to improve their waste reduction measures.

Social Responsibility

Commitment, Targets and Ambitions

UPDC is committed to conducting its operations in a responsible manner, protecting employees, the environment, and communities in which it operates.

We value our people and their long-term success. Our human capital strategy is designed to support our people in working toward their potential. An important part of our strategy is attracting and retaining people with the capability and the drive to continue to grow and develop, aligning their interests with the ambitions of the company, providing competitive compensation packages and creating a positive, diverse and inclusive workplace.

We also actively build a culture of accountability by prioritizing the health and safety of our employees and our customers.

Employee Relations

UPDC works actively to foster an environment where employees are able to have open communication with colleagues and management. A further proponent is ensuring we maintain the morale of our employees by providing adequate remuneration and training to help then achieve their personal goals.

We believe that adequately compensated and trained workers deliver quality work and we will therefore continuously ensure the welfare of our employees. UPDC 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.

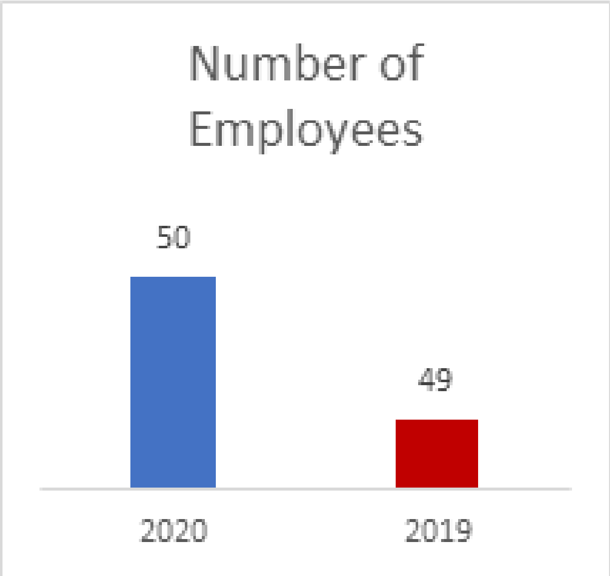
Maternity leave is currently twelve weeks in addition to annual leave. UPDC recognizes that junior staff are particularly vulnerable and may need extra support during the COVID 19 pandemic, funds generated by UPDC were matched by UAC group and disbursed to support employees in need of support.

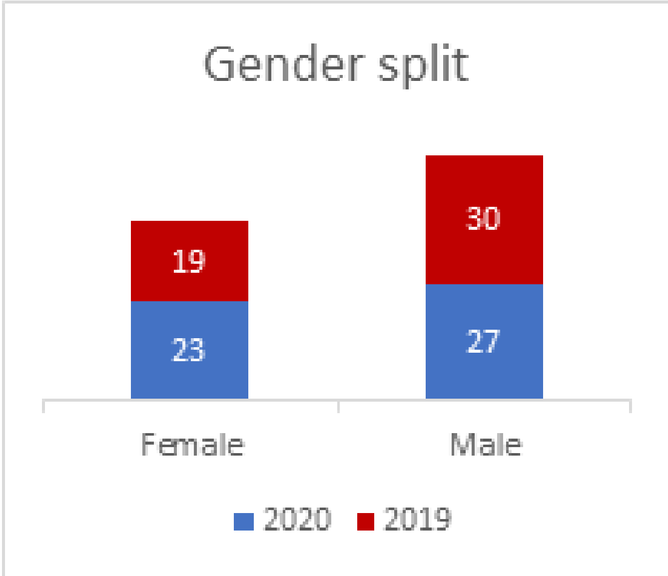
UPDC also promotes employee knowledge on health by providing HIV/AIDS awareness training. We do not discriminate against any employee based on his/her HIV status. The HIV status and medical records of individuals are kept strictly confidential.

Number of Employees

UPDC group employs a total of 266 employees. The breakdown is detailed below:

- 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





Employee Turnover

UPDC aims to maximize human capital to suit the business needs, while ensuring that employee needs are properly catered to. We recorded 22 exits in 2020 (7 women, 15 men).

Diversity and Inclusion

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 which is in line with the Constitution 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.

Our corporate culture fosters open communication, collaboration, diversity, and forward thinking among all employees to encourage the exchange of views, ideas and knowledge which leads to innovation.

Case Study 2: Women in Leadership

We have made significant efforts to increase gender diversity within UPDC's Board of Directors and across the Company to promote employee engagement and to foster perspectives that enhance our business.

We have 6 women on our senior management team and 1 man. We also have 2 women on our board and 4 men. We value the balance and experience that having women in leadership brings to our operations and we are committed to fostering an environment for women to thrive across all business areas.

Executive Management Team

Deborah Nicol-Omeruah
MD/CEO

Folakemi Fadahunsi
Finance Director

Folake Kalaro
Company Secretary

Bidemi Fadayomi
Development Director

Alaba Fagun
Head, Facilities Management

Imelda Ezie
Head, Human Resources

Olubiyi Adekunbi
Head, Sales and Leasing

Training and Development

In pursuance of the Company's objective to assist and encourage every employee to achieve their full potential, UPDC provides learning opportunities for all its employees including on the job and off the job covering coaching, mentoring, project work, e-learning and job rotations.

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 programs.

A training plan is developed each year for all employees based on competency gaps identified during performance management initiatives. Employee performance is monitored through the year with KPIs set at the beginning of the year and monitored through regular check in sessions with line managers during mid-year end of year appraisals. We also provide training to give feedback in a way that is constructive and to receive feedback in a way that enables development.

We are focused on ensuring objective assessments and mitigating the impact of unconscious bias. It is important to us that we respect cultural differences to avoid assumptions about someone's ability related to these differences, which could impact the opportunities we provide.

Number of employees trained in 2020	35
Training hours per employee and for the entire organization	11.14hrs per employee 390 hrs for the entire organization

Health and Safety

Ensuring the health and safety of our workforce via both physical and mental health policies, goals and programs are a priority for UPDC. To manage this, UPDC is aligned to the ISO 45001 standard for Occupational Health and Safety (OHS) and Health and safety regulations provided by the Nigerian government. Our Health and safety policies and procedures apply not only to employees, but also to contractors and subcontractors and take into consideration the protection of the surrounding community. Our objective is to have zero serious safety incidents by working toward implementing consistent health and safety principles across the organization.

UPDC is committed to providing resources to all stakeholders to work in safe and clean environments. UPDC strives to provide safe work environments at the corporate head office, estates and project sites. The Company enforces strict adherence to safety regulations and annually trains employees on safety, environmental, social and health issues.

In a bid to keep employees safe during the Covid-19 pandemic, UPDC adopted safety measures aligned to the regulations and directives of the Nigeria Centre for Disease Control (NCDC). Employees were advised on the necessary measures to adopt while working from home and at the office. Personal Protective Equipment (PPE) was made available at all business locations. Employees were also encouraged to work remotely to reduce possible exposure to the virus.

Health and Safety Highlights

	2020	2019
Number of fatalities	0	0
Lost Time Injuries (LTIs)	-	-
LTIR	-	-

Fair Labor Practices

UPDC does not engage in any form of child labor. We also maintain policies that strongly discourage all forms of discrimination or harassment.

Human Rights

An integral part of the UPDC's culture and commitment to conducting business ethically and responsibly is ensuring our activities respect and support the protection of human rights.

We embed these standards into all core business activities, including training, communications, contracts and due diligence processes. These practices extend to our interactions with key suppliers and other business partners. Code of conduct awareness sessions are held annually for employees and training sessions with declaration forms are carried out for all new hires.

Community development and engagement

UPDC makes considerable efforts to be a good steward of the assets and businesses within the communities in which we operate because our activities and collective success are invariably interwoven. We do this through managing the impact of our businesses on local communities, and by supporting with philanthropic efforts.

GRI Index

The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report.

GRI Section	Disclosure Description	Report Alignment	NSE Disclosure Alignment
GRI 100: Universal Standards	102: General Disclosures	About the report Scope and Boundary First time reporter CEO's statement Organizational profile	
	103: Management approach	1.1 Sustainability Governance	Principle 3: Businesses should provide products and services that are safe and contribute to sustainability throughout their life cycle. Principle 4: Businesses should engage with and provide value to their customers and consumers in a responsible manner. Principle 6: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
GRI 200: Economic Disclosures	201: Economic Performance	0.5 Organizational Profile	
	205: Anti-corruption	1.6 Ethics and Anti-corruption	Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
GRI 300: Environmental Disclosures	301: Materials	2.4 Resource management	Principle 9: Business should respect, protect, and make efforts to restore the environment.
	302: Energy	2.4 Resource management	
	303: Water and Effluents	2.4 Resource management	
	305: Emissions	2.2 Emissions reduction	
	306: Waste	2.5 Waste management	

GRI 400: Social Disclosures	GRI 402: Labor/ Management Relations	3.2 Employee relations	Principle 5: Businesses should promote the wellbeing of all employees.
	GRI 403: Occupational Health and Safety	3.5 Occupational Health and Safety	
	GRI 404: Training and Education	3.4 Training and Development	
	GRI 405: Diversity and Equal Opportunity	3.3 Diversity and Inclusion	Principle 8: Businesses should support inclusive growth and equitable development.
	GRI 406: Non-discrimination	3.6 Fair Labor practices	
	GRI 408: Child Labor	3.6 Fair Labor practices	
	GRI 409: Forced or Compulsory Labor	3.6 Fair Labor practices	
	GRI 412: Human Rights Assessment	3.7 Human Rights	Principle 7: Businesses should respect and promote human rights.
	GRI 413: Local Communities	3.9 Community development and engagement	

ENTERPRISE RISK MANAGEMENT REPORT

1.0 Introduction and Overview

UACN Property Development Company Plc's ("UPDC" or "the Company") Group Enterprise Risk Management (ERM) Framework adopts a systematic and consistent approach to provide clear responsibility and accountability structures around risk and compliance. The objective of our ERM framework is to facilitate and imbibe a culture of proactive risk management across the Group. Effective risk management is fundamental and essential to the achievement of the Group's strategic objectives.

The Board of UPDC has overall responsibility for overseeing the Group's ERM Framework, reviewing the Group's key existing and potential risks and their respective mitigation strategies, and ensuring risk management effectiveness. The Risk Management Committee, as delegated by the Board, holds regular meetings to review the management of these risks and to review the effectiveness of mitigation strategies and controls.

Our ERM Framework design is based on the "Three Lines of Defence" model. The model ensures that risk is managed in line with the risk appetite as defined by the Board and is cascaded throughout the Group. In this model, the process owners are 'The First Line of Defence'. Process owners are responsible for risk identification, prevention and implementation of internal controls as set by the second and third lines of defence. The Risk & Compliance Department functions as the 'Second Line of Defence', which monitors risks and reports to the relevant stakeholders. The department ensures compliance with established risk management processes and its reporting. The Third Line of Defence is the Internal Audit function, reporting to the Board by providing assurance to the Board and Senior Management. The objective of the internal control function is to ensure that existing controls are effective and adequate for risk management.

2.0 ERM Process

At UPDC, it is our overriding policy and philosophy that the management of risk is the responsibility of everyone. ERM is therefore part of our culture. We integrate the capabilities and practices required for effective ERM with strategy setting and performance management.

2.1 Philosophy and Principles

The following are our ERM principles:

- Tone at the Top: The Board and Senior Management shall set the tone at the top by establishing and promoting a strong culture of risk awareness and adherence to risk limits.
- Risk Ownership: Every employee shall proactively manage risks in their day-to-day activities i.e. risk management is a shared responsibility.
- Strategy Setting: Every business unit integrates risk management and accountability into its business strategy and decision-making process.
- Culture: A culture of proactive identification of future uncertainties and adequately planning for them without inhibiting growth and innovation.
- Training & Empowerment: Every staff shall be trained to integrate risk management in their respective day to day operations. Risk & Compliance Officers will be empowered to perform their duties professionally and independently.
- Transparency: We encourage clear and consistent communication on risks.
- Compliance: We have zero-tolerance for non-compliant behaviours such as the breach of laws, regulations, and Group policies.

2.2 Strategy and Objectives

The Company's ERM Framework is designed to achieve the following objectives:

i. Develop a risk culture that encourages our staff to identify risks and associated opportunities and to respond to them with cost effective actions.
ii. Integrate risk management into our strategy-setting and decision-making process.

iii. Improve our ability to identify risks that exist within business opportunities and proactively develop mitigation plans to maximize such opportunities.
iv. Enhance business performance and improve stakeholders' confidence and trust by minimizing operational surprises and losses; and
v. Establish and sustain top-down awareness of risk management within the Group.

3.0 Governance

The Board through the Risk, Management Committee (RMC) oversees the Group's risk management framework, reviews the Group's key existing and potential risks and their respective mitigation strategies, and ensures risk management effectiveness. However, the overall responsibility for risk management resides with the Board.

The RMC holds quarterly meetings to review the management of these risks and effectiveness of mitigation strategies and controls and actively identify the positive business opportunities in relation to these risks.

Our stakeholders need to have a consistent and comprehensive understanding of the ERM goals for the Group. Stakeholders' alignment and engagement is critical to the success of our risk management efforts. To ensure the effectiveness of our risk management process, the responsibilities have been assigned as follows:

3.1 The Board of Directors

The Board of Directors has the primary responsibility for risk oversight. Our Board sets our overall risk appetite, approves the risk management strategy and is ultimately responsible for the effectiveness of the risk management process and system of internal control within UPDC. The Board oversees risk management through the RMC.

The Board Risk Management Committee (RMC)

The RMC is responsible for the following:

- 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 way 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.

Group Senior Management Team

The Group Senior Management Team, comprising key functional heads at the Group and business units, in addition to their operational roles and responsibilities, serve have direct responsibility for providing risk oversight, coordinating, facilitating, and monitoring the effectiveness and integrity of our risk management processes.

The role of the management team includes the following:

- Identify the key strategic and operational risks of individual business units and the Group.
- Define risk management priorities.
- Recommend the appropriate policies and standards for the management of risks in the Group.
- Review risk exposure reports and recommend appropriate actions to mitigate the impact.
- Ensure the adequacy of controls with respect to the identified risks; and
- Implement an effective internal control system in the Group

The Group Risk and Compliance Department

The department is led by the Risk & Compliance Manager who oversees the day-to-day risk management activities within the Group.

The Group Risk and Compliance Function provides central coordination and oversight for all risk management activities across the Group to ensure that the full spectrum of risks is identified, measured, monitored, and controlled. The responsibilities of the Group Risk & Compliance Function include:

- Articulating, developing, and implementing risk management policies, procedures and standards to assist in the effective management of risks within the Group.
- Developing and distributing tools, techniques, methodologies, common risk language and risk reporting template across the Group.
- Coordinating and facilitating risk identification and assessment workshop
- Monitoring the overall risk profile including risk trends from internal and external market changes.
- Working with the business units within the Group to redesign controls to mitigate control deficiencies noted in the internal and external audit reports
- Escalating high priority issues to senior management and RMC; and
- Collating risk incidents and reporting on aggregate risk profile, control effectiveness and actions taken.

The Risk & Compliance Manager has a reporting line to the RMC.

4.0 Risk Management Process

Our risk management process is thorough and methodical to ensure value creation for all key stakeholders. The process ensures the appropriate ownership of risk and responsibility of all stakeholders in the risk management value chain whilst ensuring collaboration between Risk Management and Process Owners across the business. Our risk management considers our risk appetite and tolerance limits to avoid misalignment with of our risk profile.

The risk management process is simple and aligned with leading practices. First, we have adopted a 4-step approach in the risk management process as outlined below:

Risk Identification

The aim of risk identification is to generate a comprehensive list of all the relevant risks that could impact on the achievement of our business and strategic objectives. Regular risk identification is imperative to the success of the risk management process as it ensures the inclusion of emerging risks in the risk management process for consideration. There are several methods for identifying potential risks as listed below:

- One-on-One interview sessions with process owners
- Focus group discussions /Workshops
- Use of external consultants
- Process Analysis
- Administering questionnaires and surveys; and
- Research

Risk Assessment

Our risk assessment activity aims at measuring the severity of identified risks in relation to our strategy and business objectives. This involves a careful examination of risks, their root causes, mitigating controls, likelihood of occurrence and significance of impact if they crystallise. The Risk and Compliance Function in collaboration with business and risk owners, has defined the criteria for assessing risks across the business units, functions and processes. These are reviewed annually for continued relevance.

A rating criterion in line with the risk appetite is used in ranking the identified risks. This is achieved through facilitated workshops and joint sessions with the senior management. Risks are ranked as high, medium, or low risks based on the overall ranking score and where they fall within the Risk Heat Map as follows:

- High risks on the risk map, are risks that may significantly impact on the achievement of our business and strategic objectives. These risks require the active attention and involvement of the Board and senior management to ensure that we properly mitigate or exploit them. The source of these risks must be identified and understood, and an action plan must be formulated to mitigate or eliminate them.
- Medium risks on the risk map, are risks that may influence the achievement of our short-term business and strategic objectives. Depending on the objective they affect, these risks may require the attention of the Board or senior management; generally, middle management staff can mitigate or exploit them.
- Low risks on the risk map, occur in the normal course of business. They usually have negligible impact on the achievement of our business and strategic objectives. Middle level management can generally mitigate or exploit these risks.

Finally, for prioritization and a focused approach by senior management, the ten risks with the highest overall ranking score are selected as the 'Top 10 Business Risks' which are actively monitored and remediated throughout the year in line with our risk profile.

Risk Mitigation and Control

When risks have been identified and assessed, the next step is to carefully decide on the best approach to mitigate the risks. Risk mitigation is a process of putting controls in place to reduce the likelihood of occurrence or magnitude of impact of risks. We adopt any of the following risk mitigation approaches:

Risk Termination (Avoidance)

These risks will include risks outside our risk appetite or risks whose rewards are not commensurate with the risks undertaken. We typically discontinue any activities that generate this type of risks.

Risk Tolerance (Acceptance)

In using this approach, we accept the risks inherent in certain transactions; the impact of the risk is absorbed by the business. This approach is adopted only in instances where the severity of the risk to strategy and business objectives is low/minimal or where the cost of managing the risk far outweighs the loss should the risk occur.

Risk Treatment (Reduction)

Under this approach, we accept the risk and adopt measures to reduce the probability of its occurrence and the severity should it crystallise. Processes and procedures standardisation, policy formulation, training program, defining authority limits, obtaining expert advice are some of the risk reduction measures we deploy.

Risk Transfer (Sharing)

This involves transferring a portion of the consequences of our risks to other parties. This is done by utilising contracts, insurance arrangements, outsourcing arrangements, and hedging instruments.

Risk Pursuit (Pursuit)

This involves accepting increased risk to achieve improved performance. When choosing to pursue a risk, we take due care to understand the nature and extent of any changes required to achieve desired performance. The benefit of pursuing the risk must be higher than the cost while operating within our risk appetite. Pursuing a risk may be in form of expanding operations or developing new products and services.

Risk Monitoring and Reporting

Process owners are notified about the selected mitigation actions and progress on implementation of the action plan is reviewed and reported periodically as outlined in the framework.

Risk Register Review

The Risk Register is a comprehensive record of all risks identified within the group as well as the risk mitigation plan. The Register is maintained by the Risk and Compliance Function. The risks are classified into four broad categories as follows:

- Strategic Risks
- Financial Risks
- Operational Risks
- External Risks

Risk Indicators Review

Risk indicators are metrics that we use to define the acceptable risk levels for each risk included in our top 10 risks. Risk indicator reviews are carried out periodically to determine whether the key risk indicators for each of the business risk are within acceptable limits, based on the Group's risk profile.

Risk Management Assurance

Internal Audit function performs regular reviews of the risk management process and provide independent and objective assurance on the following:

- Adequacy and effectiveness of the risk identification and assessment process
- Adequacy and effectiveness of risk mitigation and control process
- Adequacy and effectiveness of implemented controls; and
- Quality and appropriateness of all risk treatment action plans

The external audit function also evaluates the control environment as part of its annual external audit exercise and notify the board and management of any control gaps or weakness noted in the course of their work.

6.0 Risk Reporting

We rely on risk reports to assess the adequacy and completeness of the risk management process. For the risk management process to be successful, regular progress reports and comparisons to previous risk reports and industry practices are generated so that changes can be made as appropriate. Changes in the risk environment, based on new information, may result in changing strategies employed to manage and exploit the risk.

Statement of 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 the Company. 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.

Signed on behalf of the Directors

Wole Oshin
Chairman
FRC/2013/CIIN/0000003054

Deborah Nicol-Omeruah
Ag. Chief Executive officer
FRC/2021/003/00000022395

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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 ("the Company') and its subsidiaries (together "the Group') which comprise the consolidated and separate statement of financial position as at 31 December 2020, 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 accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and the Company as at 31 December 2020, 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, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and separate 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 Fair value gain on investment in Associate The unbundling of UPDC Plc's interest in its associate company (UPDC REIT) was completed and approved by the regulatory bodies during the year. This involves a restructure in the ownership by allocating its shares in the associate directly to the shareholders of UPDC Plc in proportion to the post-Right holdings of shareholders in UPDC Plc. Thus 1,515,501,818 units out of 1,648,915,293 units held by UPDC Plc in UPDC REIT were unbundled leaving a balance of 133,413,475 units, representing 5% of the total issued share capital of UPD REIT. This is in compliance with Section 532(z) of the SEC Rules and Regulations (as amended) that requires promoters of real estate investment schemes to subscribe to a minimum of 5% of the registered units of the scheme at inception and hold such units throughout the life of the real estate investment scheme. As a result of the joint announcement made on the restructuring but before the completion of the unbundling, the fair value of UPDC REIT quoted share price increased from N4.25 in 2019 to N5.5 as at 22 December 2020 and this led to increase in the market/fair value of the associate quoted shares before unbundling. A fair value gain of N2.87 billion and N1.89 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. We consider this a key audit matter due to the significance of the amount and the impact of the unbundling to the public since UPDC REIT shares is listed on the Nigeria Stock Exchange. The disclosures are shown in Note 9 to the Consolidated and Separate financial statements.	Our audit procedures on the unbundling of the investment amongst others includes: • We inquired from the management and Board of directors, reviewed the relevant publications and minute of meetings on the joint public announcement made to unbundle the investment in associate Company. • We reviewed the fair value measurement vis - a-vis the quoted share price of the associate company on the Nigeria Stock Exchange as at 31 December 2020. • We compared the carrying amount of the investment with the fair value and ascertain that the gain on the investment has been appropriately reported. • We reviewed the scheme of arrangements between UPDC PLC and the holders of the Company to verify the post right fully paid ordinary shares of the Company and compares with the confirmation received from the Company's registrar. • We reviewed the fillings with and approval from the Corporate Affairs Commission; as well as verify the Court approval of the scheme. • We obtained and reviewed the evidence of notification and approval by Securities and Exchange Commission and these were reviewed. • We also assessed the adequacy of the disclosures regarding the unbundling of the asset held for distribution to determine whether they are in line with the requirements of the International Financial reporting standard.

Key Audit Matter	How the matter was addressed in the audit
2. Guarantee on loan UPDC provided a Revenue Guarantee of $2million (Two Million Dollars only) for a loan taken by First Festival Mall Ltd, a Joint Venture. The loan fell due and First Festival Mall Limited was not able to repay the loan as and when due. As a result, in May 2020 the lender called on the guarantee given by UPDC Plc. A provision for the guarantee of $2million (Two Million Dollars only) was made and as a result, a provision of N940million naira was recognised in the financial statements. The effect of exchange difference may have significant impact on the Naira value of the liability. The management is still in discussions with the lender to review the details of the guarantee in order to reach a mutually agreeable position on how it will be settled. We consider this a key audit matter due to the significance of the amount, the nature of transaction and possible impact of fluctuation of foreign exchange on the amount provided for. The disclosures are shown in Note 7a to the Consolidated and Separate financial statements	Our audit procedures in relation to the guarantee on the loan amongst others include: • We reviewed the demand notice from the lender (Stanbic IBTC) for the repayment of the $2,000,000 guarantee. • We reviewed the loan agreement to verify the guarantee given on joint venture loan. • We reviewed the valuation of the loan guarantee ($2,000,000) as at 31 December 2020. We reviewed the Joint venture statement of affairs and confirmed that the loan was obtained and ascertained that the joint venture is currently undergoing liquidation. • 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 information included in the " UACN Property Development Company Plc Annual Report for the year ended 31 December 2020", which includes the Chairman's Statement 2020, Chief Executive Officer's Report, Directors' Report, Human Resources Report, Report of the Audit Committee and Other National Disclosures (Value Added Statement and Five-Year Financial Summary) as required by the Companies and Allied Matters Act, 2020 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. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011, 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 and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Company to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group 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 describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, 2020, we confirm that:

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;

In our opinion, proper books of account have been kept by the group and company, in so far as it appears from our examination of those books;

The consolidated and separate statements of financial position and the consolidated and separate statements of profit or loss and other comprehensive income are in agreement with the books of account; and

In our opinion, the consolidated and separate financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act, 2020 so as to give a true and fair view of the state of affairs and financial performance of the Company and its subsidiaries.

Omolola Alebiosu, FCA
FRC/2012/ICAN/00000000145
For: Ernst & Young Lagos, Nigeria

26 February 2021

REPORT OF THE AUDIT COMMITTEE TO THE MEMBERS OF UACN PROPERTY DEVELOPMENT COMPANY PLC

In compliance with Section 404(4) ofthe Compcrnies and Allied Matters Act 2020, we have reviewed the audited Financial Statements of the Company for the year ended 31st December 2020 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 December2020 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 2nd day of February 2021

Chairman - Audit Committee

FRC/2014/NIS/00000008836

Members of the Committee

Mr. Joe O. Anosikeh	Chairman
Alhaji Gbadebo Olatokunbo	Member
Engr. Taiwo G. Fawole	Member
Mr Kunle Osilaja	Member
Mr Adeniyi Falade	Member (Nominated to the Committee on 13th January 2021
Mr Adekunle Awojobi	Member (resigned wef 4th January 2021)
Prof Okon Ansa	Member (resigned wef 4th January 2021)

Secretary

Folake Kalaro (Mrs)

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

For the year ended 31 December 2020

		The Group		The Company	
Continuing operations	**Notes**	**2020 N'000**	**2019 N'000**	**2020 N'000**	**2019 N'000**
Revenue	5.1	1,662,487	2,157,614	1,597,218	2,157,614
Cost of sales	7	(1,742,028)	(3,035,743)	(1,720,700)	(3,035,743)
Gross loss		**(79,541)**	**(878,129)**	**(123,482)**	**(878,129)**
Fair value (loss)/gain on investment properties	15	(159,977)	57,202	(159,977)	57,202
Loss on disposal of investment properties	15	(47,173)	(96,481)	(47,173)	(96,481)
Selling and distribution expenses	7	(61,195)	(104,860)	(61,195)	(104,860)
Administrative expenses	7	(881,445)	(520,791)	(858,811)	(520,791)
Other operating income	6	146,561	34,895	1,091,086	1,003,402
Credit loss reversal/(expense)	9 (v)	369,810	239,430	(263,243)	(22,161)
Operating loss		**(712,960)**	**(1,268,734)**	**(422,795)**	**(561,818)**
Finance income	8	35,172	5,376	35,172	30,376
Finance cost	8	(1,512,946)	(2,616,205)	(1,512,946)	(2,616,205)
Net finance cost		(1,477,774)	(2,610,829)	(1,477,774)	(2,585,829)
Share of profit of associates	16 (i)	-	584,617	-	-
Share of profit in joint venture	9 (iii)	804	-	-	-
Guarantee on First Festival Mall loan	7a	(940,000)	-	(940,000)	-
Operating loss before impairment		**(3,129,930)**	**(3,294,947)**	**(2,840,569)**	**(3,147,647)**
Impairment expense of investment in joint venture	9 (iv)	-	(261,466)	-	(261,466)
Fair value gain/(impairment of disposal group held for sale)	9 (ii)	2,867,237	(12,638,216)	1,894,377	(9,481,263)
Loss before taxation		(262,693)	(16,194,629)	(946,192)	(12,890,376)
Taxation	10	(115,023)	454,722	(113,120)	454,722
Loss from continuing operations		**(377,716)**	**(15,739,907)**	**(1,059,312)**	**(12,435,654)**
Discontinued operations					
Loss from discontinued operations	34	(228,201)	(143,168)	-	-
Loss for the period		**(605,917)**	**(15,883,075)**	**(1,059,312)**	**(12,435,654)**
Other comprehensive income:					
Items not to be subsequently recycled to profit or loss					
Net changes in fair value of financial assets	17	166,767	-	166,767	-
Tax on other comprehensive income		-	-	-	-
Total comprehensive loss for the period		(439,150)	(15,883,075)	(892,545)	(12,435,654)
Loss attributable to:					
Equity holders of the parent		(617,693)	(15,875,487)	(1,059,312)	(12,435,654)
Non controlling interest		11,776	(7,588)	-	-
Total Loss		**(605,917)**	**(15,883,075)**	**(1,059,312)**	**(12,435,654)**
Total comprehensive loss attributable to:					
Equity holders of the parent		(450,926)	(15,875,487)	(892,545)	(12,435,654)
Non controlling interests		11,776	(7,588)	-	-
Total comprehensive loss		**(439,150)**	**(15,883,075)**	**(892,545)**	**(12,435,654)**
Loss per share for loss attributable to the equity holders of the Group:					
Basic loss per share (Kobo)					
From continuing operations	12	(3)	(115)	(8)	(91)
From discontinued operations	12	(2)	(1)	-	-
From loss for the period		(4)	(116)	(8)	(91)
Diluted loss per share (Kobo)					
From continuing operations	12	(3)	(115)	(8)	(91)
From discontinued operations	12	(2)	(1)	-	-
From loss for the period		(4)	(116)	(8)	(91)

See notes to the consolidated and separate financial statements.

Consolidated and Separate Statement of Financial Position

At 31 December 2020

		The Group		The Company	
	Notes	31 Dec. 2020 N'000	31 Dec. 2019 N'000	31 Dec. 2020 N'000	31 Dec. 2019 N'000
Assets					
Non-current assets					
Property, plant and equipment	13	31,474	22,852	7,142	22,486
Intangible assets	14	6,598	13,517	3,942	13,517
Investment properties	15	1,786,573	2,381,502	1,786,573	2,381,502
Investments in joint ventures	16 (ii)	130,393	129,589	129,589	129,589
Equity instrument at fair value through other comprehensive income	17	733,774	-	733,774	-
Investments in subsidiaries	18	-	-	108,019	-
		2,688,812	2,547,460	2,769,039	2,547,094
Current assets					
Inventories	19	4,270,906	5,721,126	4,270,906	5,721,126
Trade and other receivables	20	4,244,933	4,156,361	10,596,803	11,320,693
Cash at bank and in hand	21	2,947,335	1,261,622	2,650,272	1,261,228
		11,463,174	11,139,109	17,517,981	18,303,047
Assets of disposal group classified as held for sale	34 (iii)	8,140,686	15,249,451	-	7,007,890
Total assets		**22,292,672**	**28,936,020**	**20,287,020**	**27,858,031**
Equity					
Share capital	28	9,279,985	1,299,198	9,279,985	1,299,198
Share premium	28 (i)	8,971,551	6,065,397	8,971,551	6,065,397
Fair value reserve of financial assets at FVOCI		166,767	-	166,767	-
Revenue Reserve		(8,728,022)	(5,014,475)	(9,237,226)	(5,082,059)
Equity attributable to equity holders of the Company		9,690,281	2,350,120	9,181,077	2,282,536
Non controlling interest		(48,493)	(178,288)	-	-
Total equity		**9,641,788**	**2,171,832**	**9,181,077**	**2,282,536**
Liabilities					
Non-current liabilities					
Interest bearing Loans and Borrowings	22	4,270,880	4,263,957	4,270,880	4,263,957
Deferred taxation	26	72,537	72,537	72,537	72,537
Deferred revenue	25	2,145	4,736	2,145	4,736
		4,345,562	4,341,230	4,345,562	4,341,230
Current liabilities					
Trade and other payables	23	5,726,427	4,510,908	5,130,008	4,124,843
Current income tax	10	119,688	115,522	117,785	115,522
Interest bearing Loans and Borrowings	22	1,151,620	16,543,214	1,151,620	16,543,214
Dividend payable	27	253,680	339,920	253,680	339,920
Deferred revenue	25	107,288	110,767	107,288	110,767
		7,358,703	21,620,331	6,760,381	21,234,266
Liabilities of disposal group classified as held for sale	34 (iii)	946,620	802,626	-	-
Total liabilities		**12,650,884**	**26,764,187**	**11,105,943**	**25,575,496**
Total equity and liabilities		**22,292,672**	**28,936,020**	**20,287,020**	**27,858,031**

The financial statements were approved by the board of directors on 2 February 2021 and signed on its behalf by:

Wole Oshin
Chairman
FRC/2013/CIIN/00000003054

Deborah Nicol-Omeruah
Acting Chief Executive Officer
FRC/2021/003/00000022395

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

Consolidated and Separate Statement of Changes in Equity
For the year ended 31 December 2020

The Group

		Group Attributable to owners of the Company						
		Share Capital	Share Premium	Revenue Reserve	Fair value reserve of financial assets at FVOCI	Total	Non Controlling interest	Total
	Notes	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2020		**1,299,198**	**6,065,397**	**(5,014,475)**	**-**	**2,350,120**	**(178,288)**	**2,171,832**
Loss for the year		-	-	(617,693)	-	(617,693)	11,776	(605,917)
Net changes in fair value of financial assets through other comprehensive income	17 (i)	-	-	-	166,767	166,767	-	166,767
Total comprehensive income		-	-	(617,693)	166,767	(450,926)	11,776	(439,150)
Gain on disposal of investment in subsidary*		-	-	469,481	-	469,481	-	469,481
Statute barred dividend	27	-	-	71,869	-	71,869	-	71,869
Acquisition of subsidiary		-	-	-	-	-	118,019	118,019
Right Issue		7,980,787	7,604,210	-	-	15,584,997	-	15,584,997
Unbundling of UPDC REIT units	34(i)	-	(4,698,056)	(3,637,204)	-	(8,335,260)	-	(8,335,260)
At 31 December 2020		**9,279,985**	**8,971,551**	**(8,728,022)**	**166,767**	**9,690,281**	**(48,493)**	**9,641,788**
At 1 January 2019		**1,299,198**	**6,065,397**	**10,853,283**	**7,729**	**18,225,607**	**(170,700)**	**18,054,907**
Loss for the year		-	-	(15,875,487)	-	(15,875,487)	(7,588)	(15,883,075)
Transfer of fair value reserve of equity instruments designated at FVOCI		-	-	7,729	(7,729)	-	-	-
At 31 December 2019		**1,299,198**	**6,065,397**	**(5,014,475)**	**-**	**2,350,120**	**(178,288)**	**2,171,832**

		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
At 1 January 2020		**1,299,198**	**6,065,397**	**(5,082,059)**	**-**	**2,282,536**
Loss for the year		-	-	(1,059,312)	-	(1,059,312)
Net changes in fair value of financial assets through other comprehensive income		-	-	-	166,767	166,767
Total comprehensive income		-	-	(1,059,312)	166,767	(892,545)
Gain on disposal of investment in subsidary*		-	-	469,481	-	469,481
Lapse unclaimed dividend	27	-	-	71,869	-	71,869
Right Issue		7,980,787	7,604,210	-	-	15,584,997
Unbundling of UPDC REIT units	34(i)	-	(4,698,056)	(3,637,205)	-	(8,335,261)
At 31 December 2020		**9,279,985**	**8,971,551**	**(9,237,226)**	**166,767**	**9,181,077**
At 1 January 2019		**1,299,198**	**6,065,397**	**7,345,866**	**7,729**	**14,718,190**
Loss for the year		-	-	(12,435,654)	-	(12,435,654)
Transfer of fair value reserve of equity instruments designated at FVOCI		-	-	7,729	(7,729)	-
At 31 December 2019		**1,299,198**	**6,065,397**	**(5,082,059)**	**-**	**2,282,536**

*This represents gain from shares of subsidary sold to Non Controlling Interest because the parent still retains control over the entity.

See notes to the consolidated and separate financial statements.

Consolidated and Separate Statement of Cash Flows

For the year ended 31 December 2020

		The Group		The Company	
	Notes	2020 December N'000	2019 December N'000	2020 December N'000	2019 December N'000
Loss before tax		**(262,693)**	**(16,194,629)**	**(946,192)**	**(12,890,376)**
Adjustment for non cash items:					
Depreciation	13	8,414	18,105	6,749	18,105
Impairment of investment in Joint ventures	9 (iv)	-	261,466	-	261,466
Deferred rental income	25	(41,844)	(105,108)	(41,844)	(105,108)
Credit loss (reversal)/expense	9 (v)	(369,810)	(239,430)	263,243	22,161
Amortization of intangible asset	14	10,158	16,021	10,013	16,021
(Gain)/ impairment of assets of disposal group held for sale	9 (ii)	(2,867,237)	12,638,216	(1,894,377)	9,481,263
Fair value loss/(gain) on investment properties	15	159,977	(57,202)	159,977	(57,202)
Loss on disposal of investment properties	15	47,173	96,481	47,173	96,481
Equity investment written off	17	-	17,729	-	17,729
Impairment of Inventories (AUC)	19	397,703	1,300,030	397,703	1,300,030
Profit on disposal of property, plant and equipment	6	(4,417)	(4,066)	(4,417)	(4,066)
Finance cost	8	1,512,946	2,616,205	1,512,946	2,616,205
Finance income	8	(35,172)	(5,376)	(35,172)	(30,376)
Exchange loss	7	4,609	176	4,609	176
Dividend received from UPDC REIT	6	-	-	(972,860)	(956,371)
Share of profit of investment in joint venture	9	(804)	-	-	-
Share of profit of UPDC REIT	16 (i)	-	(584,617)	-	-
		(1,440,997)	**(225,999)**	**(1,492,449)**	**(213,863)**
Changes in working capital:					
Decrease in inventories		1,052,517	1,269,225	1,052,517	1,269,225
Decrease in receivables		357,787	672,455	322,925	474,796
Increase/(decrease) in payables		1,215,519	(2,596,912)	1,005,165	(2,436,387)
Increase in deferred revenue		35,774	141,574	35,774	141,574
Cash flow from/(used in) operating activities		**1,220,600**	**(739,657)**	**923,932**	**(764,655)**
Company income tax paid	10	-	(61,073)	-	(61,073)
Capital gains tax paid	10	(89,395)	(723,552)	(89,395)	(723,552)
Value added tax paid		(76,252)	(160,523)	(76,252)	(160,523)
Net Cash flow from/(used in) operating activities		**1,054,953**	**(1,684,805)**	**758,285**	**(1,709,803)**
Cash flow from investing activities					
Proceeds from sale of investment property	15	392,685	1,834,560	392,685	1,834,560
Purchase of property, plant & equipment	13	(32,550)	(1,834)	(32,550)	(1,834)
Purchase of intangible asset	14	(3,239)	-	(3,239)	-

	Notes	The Group 2020 December N'000	The Group 2019 December N'000	The Company 2020 December N'000	The Company 2019 December N'000
Proceeds from sale of property, plant and equipment		19,931	11,916	19,931	11,916
Proceed from sales of investment		577,500	-	577,500	-
Cash distribution from UPDC REIT	6	972,860	956,371	972,860	956,371
Interest received	8	35,172	5,376	35,172	30,376
Net cash flow from investing activities		**1,962,360**	**2,806,389**	**1,962,360**	**2,831,389**
Cash flow from financing activities					
Proceeds from borrowings	22 (i)	-	15,042,737	-	15,042,737
Repayment of borrowings	22 (i)	-	(13,336,993)	-	(13,336,993)
Unclaimed dividend fund paid	27	(14,371)	-	(14,371)	-
Proceed from right issue	22 (i)	210,053	-	210,053	-
Transaction costs on right issue	22 (i)	(376,598)	-	(376,598)	-
Interest paid	22 (i)	(1,146,076)	(2,072,992)	(1,146,076)	(2,072,992)
Net cash flow used in financing activities		**(1,326,991)**	**(367,248)**	**(1,326,991)**	**(367,248)**
Net increase in cash and cash equivalents		1,690,322	754,336	1,393,653	754,338
Net foreign exchange difference	7	(4,609)	(176)	(4,609)	(176)
Cash and cash equivalents at the beginning of the period		1,261,622	507,462	1,261,228	507,066
Cash and cash equivalents at the end of the period	**21**	**2,947,335**	**1,261,622**	**2,650,272**	**1,261,228**

See notes to the consolidated and separate financial statements.

Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2020

1. General information

UACN Property Development Company Plc ('the Company') and its subsidiaries (together 'the Group') is a company incorporated in Nigeria. The Group and the Company have businesses 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.

1.2 Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) UACN Property Development Company Plc maintains effective Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy is regularly reviewed and updated by the Board. The Company has made specific inquiries of all the directors and other insiders and is not aware of any infringement.

1.3 Management's Assessment of Internal Controls

The management of UACN Property Development Company (UPDC) Plc is responsible for establishing and maintaining adequate internal control over financial reporting. UPDC's internal control system was designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair representation of published financial statements.

UPDC Plc's management assessed the effectiveness of the Company's internal controls within the reporting period. Based on our assessment, we believe that as of 31 December 2020, the Group and the Company's internal control is effective. We will continue to work on further strengthening this position.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate 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 consolidated and separate financial statements 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, 2020. The consolidated and separate financial statements have been prepared under the historical cost convention except for investment properties and equity instruments at fair value through other comprehensive income, which are measured at fair value.

The preparation of consolidated and separate 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

New and amended standards and interpretations

The Group and the Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group and Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated and separate financial statements of the Group and Company, but may impact future periods should the Group and Company enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated and separate financial statements of the Group and Company as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 Definition of 'Material'

The amendments provide a new definition of 'material' that states, "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 clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

2.1.2 Changes in accounting policy and disclosures - Continued

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated and separate financial statements of the Group and Company.

2.1.3 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group and Company'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 2023, 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 and Company.

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

On 27 August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform. Effective for annual periods beginning on or after 1 January 2021.

The amendments provide temporary reliefs which address the financial reporting effects when an intergroup offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments is not expected to have a significant impact on the consolidated and separate financial statements of UPDC Plc.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements. Effective for annual periods beginning on or after 1 January 2022.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments to IFRS 3 is not expected to have a significant impact on the consolidated and separate financial statements of UPDC Plc.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

Effective for annual periods beginning on or after 1 January 2022.

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments to IFRS 16 is not expected to have a significant impact on the consolidated and separate financial statements.

2.1.3 Standards issued but not yet effective - Continued

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. Effective for annual periods beginning on or after 1 January 2022.

The amendments are intended to provide clarity and help ensure consistent application of the standard. Entities that previously applied the incremental cost approach will see provisions increase to reflect the inclusion of costs related directly to contract activities, whilst entities that previously recognised contract loss provisions using the guidance from the former standard, IAS 11 Construction Contracts, will be required to exclude the allocation of indirect overheads from their provisions. Judgement will be required in determining which costs are “directly related to contract activities”, but we believe that guidance in IFRS 15 Revenue from Contracts with Customers will be relevant.

The amendments to IAS 37 is not expected to have a significant impact on the consolidated and separate financial statements.

IFRS 1 First-time Adoption of International Financial Reporting Standards: Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. These amendments had no impact on the financial statements of the Group and of the Company.

IFRS 9 Financial Instruments: Fees in the ’10 per cent’ test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. These amendments had no impact on the financial statements of the Group and Company.

IAS 41 Agriculture: Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted. This amendment had no impact on the financial statements of the Group and Company.

Classification of Liabilities as Current or Non-current - Amendments to IAS 1

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. Effective for annual periods beginning on or after 1 January 2022.

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification

The amendments to IAS 1 is not expected to have a significant impact on the consolidated and separate financial statements.

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

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

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

The amendments to IFRS 10 and IAS 28 is not expected to have a significant impact on the consolidated and separate financial statements.

2.2 Consolidation

(a) Subsidiaries

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

The Group and the Company 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 and the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the Group and the Company 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 and the Company 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 and the Company's investment in associates includes goodwill identified on acquisition.

2.2 Consolidation - Continued

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

The Group and the Company'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 and the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group and the Company 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 and the Company calculate 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 and the Company.

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 and the Company account 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 and the Company.

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:

Plant and Machinery	
a) Heavy	5 to 7 years
b) Light	3 to 5 years
Motor Vehicles	
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 Company 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 Group and 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 Group and Company has applied the practical expedient, the Group and 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 Group and 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 Group and 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 Group and Company. The Group and 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 Group and 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.

2.9 Financial Instruments-intial recognition and subsequent measurement - Continued

Derecognition

When the Group and 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 Group and Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and Company have 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 Group and

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 Group and Company recognise 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 Group and Company expect 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 Group and Company apply a simplified approach in calculating ECLs. Therefore, the Group and Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and Company have 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 Group and Company apply general approach in calculating ECLs. It is the Group and 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 Group and Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and Company may also consider a financial asset to be in default when internal or external information indicates that the Group and Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and 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 Group and Company's financial liabilities include trade and other payables.

2.10 Financial Liabilities - Continued

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 IFRS 9 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.

Financial guarantee contracts

Financial guarantees contracts are contracts that require the Group and Company to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of the debt instrument. Such financial guarantees are given on behalf of debtors to secure loans.

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 and Company 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 and Company'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 and Company will be required to settle that obligation and the amount has been reliably estimated.

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

2.19 Current and deferred income tax

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

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

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

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

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

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

2.20 Employee benefits

(a) Defined contribution schemes

The Group and Company 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 and Company pays fixed contributions into a separate entity.

The Group and Company 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 and Company has no further payment obligation once the contributions have been paid.

Gratuity scheme

Under the gratuity scheme, the Group and Company contribute 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 and Company have 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 and Company recognise 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 and Company 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 Group and 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 two 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 Group and Company expects to be entitled in exchange for those goods or services. The Group and 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 Group and Company has applied IFRS 15 practical expedient to a portfolio of contracts (or performance obligations) with similar characteristics since the Group and Company reasonably expect that the accounting result will not be materially different from the result of applying the standard to the individual contracts. The Group and 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 Group and 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 Group and 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 Group and 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 Group and Company does not adjust any of the transaction prices for the time value of money.

Contract Balances:

Trade Receivables

A receivable represents the Group and 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 Group and Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group and 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 Group and Company performs under the contract.

2.22 Leases

The Group and Company 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 and Company as a lessee

The Group and Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets (ROU)

The Group and Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group and Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (s) Impairment of non-financial assets. The Group and Company has no right of use asset at the end of the year."

Short-term leases

The Group and Company applies the short-term lease recognition (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases (office rent) are recognised as expense on a straight-line basis over the lease term. "

Group and Company as a lessor

Leases in which the Group and Company 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.

2.23 Dividend distribution

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

3. Financial risk management

3.1 Financial risk factors

Specific risk management functions are carried out by the specific business units.

(a) Market risk

(i) Foreign exchange risk

The Group and Company had loan guarantee in foreign currency as at the end of the year. There are no exposures to recognised assets and liabilities as the Group and Company has no investments in foreign operations. The foreign exchange risk exposure relates to the Company.

The Group and Company do not make use of derivatives to hedge its exposures. The Group and Company 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 and Company's concentration of foreign exchange risk is as follows:

The Group

	2020		
	USD 000	GBP 000	Euro 000
Financial assets			
Cash at bank and in hand	88	-	5
	88	-	5
Financial liabilities			
Loan guarantee	2,000	-	-
	2,000	**-**	**-**

	2019		
	USD 000	GBP 000	Euro 000
Financial assets			
Cash at bank and in hand	38	-	5
	38	-	5

The Company

	2020		
	USD 000	GBP 000	Euro 000
Financial assets			
Cash at bank and in hand	88	-	5
	88	-	5
Financial liabilities			
Loan guarantee	2,000	-	-
	2,000	**-**	**-**

	2019		
	USD 000	GBP 000	Euro 000
Financial assets			
Cash at bank and in hand	38	-	5
	38	**-**	**5**

	The Group		The Company	
	2020 N000	2019 N000	2020 N000	2019 N000
The total impact on profit and equity if Naira were to increase/decrease by 2% across currencies would be as follows	18,077	319	18,077	319

In 2020 and 2019, Management considered 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). The equity instrument are classified as fair value through other comprehensive income and are susceptible to market price risk arising from uncertainties about future values of the investment securities.

			The Group	The Company
			Effect on equity	
		Change in price	N000	N000
UPDC REIT	**2020**	5%	36,689	36,689
		-5%	(36,689)	(36,689)

(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 and Company is not expose to the risk of changes in market interest rates because the Group and Company'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 Group and Company.

The Group and Company is exposed to credit risk from its operating activities primarily trade receivables and deposits with banks and other financial institutions. The Group and Company have a credit control function that weekly monitors trade receivables and resolves credit related matters.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group and Company's established policy, procedures and control relating to customer credit risk management. The Group and Company have 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 Group and Company evaluate the concentration of risk with respect to trade receivables as customers consist of large and reputable financial institutions that are subjected to financial scrutiny by various regulatory bodies. The Group and 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 Group and Company's treasury department in accordance with the Group and 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 Group and 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 Group and 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 Group and Company applied the simplified approach in computing ECL. Therefore, the Group and Company do 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 20. The Group and Company do 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 2020 and 2019 using a provision matrix:

31 December 2020	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%	92%	100%	100%	
Estimated total gross carrying amount at default	402,107	-	87,092	530,394	1,019,593
Expected credit loss	129,338	-	87,092	530,394	746,824

31 December 2019	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	78,997	91,221	97,190	407,344	674,753
Expected credit loss	25,032	46,012	57,756	407,344	536,144

31 December 2020	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	90%	92%	100%	100%	
Estimated total gross carrying amount at default	144,148	-	87,092	530,394	761,634
Expected credit loss	129,338	-	87,092	530,394	746,824

31 December 2019	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	62,802	91,221	97,190	407,344	658,558
Expected credit loss	25,032	46,012	57,756	407,344	536,144

Set out below is the movement in the allowance for expected credit losses of trade receivables:	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
Balance as at 1 January	536,144	211,141	536,144	211,141
Provision for expected credit losses	210,680	325,003	210,680	325,003
Balance at 31 December	**746,824**	**536,144**	**746,824**	**536,144**

Loss rates are calculated using a 'roll rate' method based on the probablity 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 Group and Company's view of economic conditions over the expected lives of the receivables.

Expected credit loss measurement - other financial assets

The Group and Company applied the general approach in computing expected credit losses (ECL) for intercompany receivables and short-term deposits. The Group and Company recognise 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 Group and Company expect 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 Group and Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and Company may also consider a financial asset to be in default when internal or external information indicates that the Group and Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and 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 Group and Company obtain 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 Group and 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 2020	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%)	241	338,921	339,161	241	1,087,933	1,088,174
Base (80%)	1,924	2,711,365	2,713,289	1,924	8,703,464	8,705,388
Downside (10%)	241	338,921	339,161	241	1,087,933	1,088,174
Total	2,405	3,389,206	3,391,611	2,405	10,879,330	10,881,735

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
		436,890	436,932	42	1,191,167	1,191,209
Base (79%)	299	3,137,662	3,137,961	299	8,554,748	8,555,047
Downside (10%)	37	397,172	397,209	37	1,082,880	1,082,917
Total	378	3,971,724	3,972,102	378	10,828,795	10,829,173

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 2020	140,847	-	-	140,847	140,847	-	-	140,847
New asset purchased	1,946,967	-	-	1,946,967	1,946,968	-	-	1,946,968
Asset derecognised or repaid (excluding write offs)	-	-	-	-	-	-	-	-
At 31 December 2020	**2,087,814**	-	-	**2,087,814**	**2,087,815**	-	-	**2,087,815**

	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 2020	378	-	-	378	378	-	-	378
New asset purchased	2,027	-	-	2,027	2,027	-	-	2,027
Asset derecognised or repaid (excluding write offs)	-	-	-	-	-	-	-	-
At 31 December 2020	**2,405**	-	-	**2,405**	**2,405**	-	-	**2,405**

	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	378	-	-	378	378	-	-	378
Asset derecognised or repaid (excluding write offs)	(99)	-	-	(99)	(99)	-	-	(99)
At 31 December 2019	**378**	**-**	**-**	**378**	**378**	**-**	**-**	**378**

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
	6,515,681	-	-	6,515,681	20,553,279	-	-	20,553,279
New asset purchased	(478,014)	-	-	(478,014)	(390,555)	-	-	(390,555)
Asset derecognised or repaid (excluding write offs)	-	-	-	-	-	-	-	-
At 31 December 2020	**6,037,667**	**-**	**-**	**6,037,667**	**20,162,724**	**-**	**-**	**20,162,724**

	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 2020	3,971,724	-	-	3,971,724	10,828,795	-	-	10,828,795
New asset purchased	(582,518)	-	-	(582,518)	50,535	-	-	50,535
Asset derecognised or repaid (excluding write offs)	-	-	-	-	-	-	-	-
At 31 December 2020	**3,389,206**	**-**	**-**	**3,389,206**	**10,879,330**	**-**	**-**	**10,879,330**
Net Intercompany receivables as at 31 December 2020 - Note 29 (c)				**2,648,461**				**9,283,394**

	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 29 (c)				**2,543,957**				**9,724,484**

Impairment allowance for financial assets under general approach

In assessing the Group and Company's internal rating process, the Group and 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 Group and 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 Group and Company's performance.

(c) Liquidity risk

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

The Group and 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 Group and Company's policy is that not more than 25% of borrowings should mature in the next 12-month period. The Group and Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group and 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 Group and Company finance. Group and Company finance monitors rolling forecasts of the Group and Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. The Group and 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/Group and 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.

At 31 December 2020	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	Contractual amount N'000	Carrying value N'000
Interest bearing loans and borrowings	1,121,404	3,357,016	1,169,666	-	5,648,086	5,422,500
Trade and other payables	-	1,560,332	-	-	1,560,332	1,560,332
	1,121,404	**4,917,348**	**1,169,666**	**-**	**7,208,418**	**6,982,832**

At 31 December 2019	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	Contractual amount N'000	Carrying value N'000
Interest bearing loans and borrowings	-	1,233,071	22,527,000	-	23,760,071	20,807,171
Trade and other payables	428,901	1,000,770	-	-	1,429,671	1,429,671
	428,901	**2,233,841**	**22,527,000**	**-**	**25,189,742**	**22,236,842**

At 31 December 2020	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	Contractual amount N'000	Carrying value N'000
Interest bearing loans and borrowings	1,121,404	3,357,016	1,169,666	-	5,648,086	5,422,500
Trade and other payables	-	1,013,490	-	-	1,013,490	1,013,490
	1,121,404	**4,370,506**	**1,169,666**	**-**	**6,661,576**	**6,435,990**

At 31 December 2019	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	Contractual amount N'000	Carrying value N'000
Interest bearing loans and borrowings	-	1,233,071	22,527,000	-	23,760,071	20,807,171
Trade and other payables	-	1,043,603	-	-	1,043,603	1,043,603
	-	**2,276,674**	**22,527,000**	**-**	**24,803,674**	**21,850,774**

Trade and other payables is made up of trade payables and amount owed to related parties. Non-financial liabilities excluded from the trade and other payables are contract liabilities, value added tax/withholding tax payables and provisions/accruals.

3.2 Capital risk management

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

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

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

The Group and Company monitor 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 and trade and other payables' 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 posistion including non controlling interest.

No formal debt equity target has been established.

	The Group		The Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Interest bearing debt	5,422,500	20,807,171	5,422,500	20,807,171
Trade and other payables	5,726,427	4,510,908	5,130,008	4,124,843
Total debt	**11,148,927**	**25,318,079**	**10,552,508**	**24,932,014**
Total equity	9,641,788	2,171,832	9,181,077	2,282,536
Total capital	**20,790,715**	**27,489,911**	**19,733,585**	**27,214,550**
Gearing ratio	**1.16**	**11.66**	**1.15**	**10.92**

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.

31 December 2020	The Group				The Company			
	Total	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable input (Level 3)	Total	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable input (Level 3)
Assets measured at fair value (Note 15):	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Investment properties	1,786,573	-	-	1,786,573	1,786,573	-	-	1,786,573

Liabilities for which fair values are disclosed:

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings	4,667,501	-	4,667,501	-	4,667,501	-	4,667,501	-

31 December 2019	The Group				The Company			
	Total	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable input (Level 3)	Total	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable input (Level 3)
Assets measured at fair value (Note 15):	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Investment properties	2,381,502	-	-	2,381,502	2,381,502	-	-	2,381,502

Liabilities for which fair values are disclosed:

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

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 in 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.

3.3 Fair value estimation

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

	The Group			
	2020		2019	
Assets	Carrying Value N'000	Fair Value N'000	Carrying Value N'000	Fair Value N'000
Trade receivables	272,769	272,769	138,609	138,609
Receivables from group companies	2,648,461	2,648,461	2,543,957	2,543,957
Cash at bank and in hand	2,947,335	2,947,335	1,261,622	1,261,622
Liabilities				
Interest bearing loans and borrowings	5,422,500	4,667,501	20,807,171	19,341,832
Trade Payables and other payables	1,560,332	1,560,332	1,429,671	1,429,671

	The Company			
	2020		2019	
Assets	Carrying Value N'000	Fair Value N'000	Carrying Value N'000	Fair Value N'000
Trade receivables	14,810	14,810	122,414	122,414
Receivables from group companies	9,283,394	9,283,394	9,724,484	9,724,484
Cash at bank and in hand	2,650,272	2,650,272	1,261,228	1,261,228
Liabilities				
Interest bearing loans and borrowings	5,422,500	4,667,501	20,807,171	19,341,832
Trade and other payables	1,013,490	1,013,490	1,043,603	1,043,603

Trade receivables is fair valued at net of impairment. Other receivables is made up of receivables to related parties which fairly approximates their stated carrying values. Trade and other payables is made up of trade payables and amount owed to related parties.

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

At amortised cost	The Group	
Financial assets	2020 N'000	2019 N'000
Trade and other receivables	4,244,933	4,156,361
Cash at bank and in hand	2,947,335	1,261,622
Financial liabilities		
Interest bearing Loans and Borrowings	5,422,500	20,807,171
Trade and other payables	5,726,427	4,510,908

At amortised cost	The Company	
Financial assets	2020 N'000	2019 N'000
Trade and other receivables	10,596,803	11,320,693
Cash at bank and in hand	2,650,272	1,261,228
Financial liabilities		
Interest bearing Loans and Borrowings	5,422,500	20,807,171
Trade and other payables	5,130,008	4,124,843

4. Significant accounting judgements, estimates and assumptions

4.1 Significant estimates

The preparation of the Group and 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 Group and 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 Group and 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 Group and 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 Group and the Company and the customer.

The Group and the Company determined that the property, and the maintenance services are capable of being distinct. The fact that the Group and 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 Group and 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 Group and 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 Group and 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 Group and 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 Group and the Company assess when control is transferred using the indicators below:

- The Group and the Company has a present right to payment for the product;
- The customer has legal title to the product;
- The Group and 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 Group and 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 Group and the Company's historical observed default rates. The Group and 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 Group and 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 Group and the Company's trade receivables is disclosed in Note 9(v) and Note 20.

Impairment losses on intercompany receivables and short term deposits

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 Group and the Company's ECL calculations are outputs of general approach used by considering 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	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Freehold building	80,144	190,000	80,144	190,000
Leasehold building	1,706,429	2,191,502	1,706,429	2,191,502
Total investment properties	1,786,573	2,381,502	1,786,573	2,381,502

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.

5. Segment Analysis

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

Nigeria is the Group and the Company's primary geographical segment as the operations of the Group and the Company are entirely carried out in Nigeria. As at December 31, 2020, UPDC Plc's operations comprised two main business segments which is Property Development, Sales and Management and Hospitality Services. However, the latter has been classified as discontinued operation/ held for sale.

Property development, sales & management - UACN Property Development Company 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 from third parties
- Earnings before interest and tax
- Profit before tax
- Net current assets
- Property, plant and equipment

31 December 2020	The Group			
	Property development sales & management N'000	Hospitality services N'000	Classified as Discontinued Operation/ Held for Sale N'000	Total N'000
Total revenue	1,662,487	329,735	(329,735)	1,662,487
Intergroup revenue	-	-	-	-
Revenue from third parties	1,662,487	329,735	(329,735)	1,662,487
Loss before interest and tax	(712,960)	(228,201)	228,201	(712,960)
Loss before tax	(262,693)	(228,201)	228,201	(262,693)
Net current assets	4,104,471	(725,312)	725,312	4,104,471
Property, plant and equipment	31,474	11,943,485	(11,943,485)	31,474

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 from 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	(16,194,629)	(143,168)	143,168	(16,194,629)
Net current liabilities	(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 2020	The Company	
	Property development sales & management N'000	Total N'000
Total revenue	1,597,218	1,597,218
Intergroup revenue	-	-
Revenue from third parties	1,597,218	1,597,218
Loss before interest and tax	(422,795)	(422,795)
Loss before tax	(946,192)	(946,192)
Net current assets	10,757,600	10,757,600
Property, plant and equipment	7,142	7,142

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 from 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 liabilities	(2,931,219)	(2,931,219)
Property, plant and equipment	22,486	22,486

Entity wide information

Analysis of revenue by category:	Group		Company	
	'2020 N'000	'2019 N'000	'2020 N'000	'2019 N'000
Sale of Property Stock	1,253,790	1,463,880	1,253,790	1,463,880
Share of James Pinnock Sale of Property Stock	45,390	263,160	45,390	263,160
Rental income & Management Fee on Rent	96,406	167,193	96,406	167,193
Project and Management Surcharge Income	266,901	263,381	201,632	263,381
	1,662,487	**2,157,614**	**1,597,218**	**2,157,614**

Analysis of revenue by geographical location:	'2020 N'000	'2019 N'000	'2020 N'000	'2019 N'000
Nigeria	1,662,487	2,157,614	1,597,218	2,157,614

5.1. Revenue from contracts with customers

Disaggregated revenue information

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

Group — For the year ended 31 December 2020

Type of goods or service	Property development sales & management N'000	Hospitality services N'000	Classified as Discontinued Operation/ Held for Sale N'000	Total N'000
Sale of Property Stock	1,253,790	-	-	1,253,790
Share of James Pinnock Sale of Property Stock	45,390	-	-	45,390
Management Fee on Rent	54,562	-	-	54,562
Project and Management Surcharge Income	266,901	-	-	266,901
Festival Hotel	-	329,735	(329,735)	-
Revenue from contracts with customers	**1,620,643**	**329,735**	**(329,735)**	**1,620,643**
Rental income	41,844	-	-	41,844
Total revenue	**1,662,487**	**329,735**	**(329,735)**	**1,662,487**

Geographical markets

Within Nigeria	1,620,643	329,735	(329,735)	1,620,643
Outside Nigeria	-	-	-	-
Total revenue from contracts with customers	**1,620,643**	**329,735**	**(329,735)**	**1,620,643**
Rental income	41,844	-	-	41,844
Total revenue	**1,662,487**	**329,735**	**(329,735)**	**1,662,487**

Timing of revenue recognition

Goods transferred at a point in time	1,299,180	329,735	(329,735)	1,299,180
Services transferred over time	321,463	-	-	321,463
Total revenue from contracts with customers	**1,620,643**	**329,735**	**(329,735)**	**1,620,643**
Rental income	41,844	-	-	41,844
Total revenue	**1,662,487**	**329,735**	**(329,735)**	**1,662,487**

Group — For the year ended 31 December 2019

Type of goods or service	Property development sales & management N'000	Hospitality services N'000	Classified as Discontinued Operation/ Held for Sale N'000	Total N'000
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
Festival Hotel	-	-	-	-
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	105,108	-	-	105,108
Total revenue	**2,157,614**	**-**	**-**	**2,157,614**

Timing of revenue recognition

Goods transferred at a point in time	1,727,040	-	-	1,727,040
Services transferred over time	325,466	-	-	325,466
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**

Company

	For the year ended 31 December 2020			
Type of goods or service	Property development sales & management N'000	Hospitality services N'000	Classified as Discontinued Operation/ Held for Sale N'000	Total N'000
Sale of Property Stock	1,253,790	-	-	1,253,790
Share of James Pinnock Sale of Property Stock	45,390	-	-	45,390
Management Fee on Rent	54,562	-	-	54,562
Project and Management Surcharge Income	201,632	-	-	201,632
UPDC Hotels	-	329,735	(329,735)	-
Revenue from contracts with customers	**1,555,374**	**329,735**	**(329,735)**	**1,555,374**
Rental income	41,844	-	-	41,844
Total revenue	**1,597,218**	**329,735**	**(329,735)**	**1,597,218**

Geographical markets

Within Nigeria	1,555,374	329,735	(329,735)	1,555,374
Outside Nigeria	-	-	-	-
Total revenue from contracts with customers	**1,555,374**	**329,735**	**(329,735)**	**1,555,374**
Rental income	41,844	-		41,844
Total revenue	**1,597,218**	**329,735**	**(329,735)**	**1,597,218**

Timing of revenue recognition

Goods transferred at a point in time	1,299,180	329,735	(329,735)	1,299,180
Services transferred over time	256,194	-	-	256,194
Total revenue from contracts with customers	**1,555,374**	**329,735**	**(329,735)**	**1,555,374**
Rental income	41,844	-		41,844
Total revenue	**1,597,218**	**329,735**	**(329,735)**	**1,597,218**

Type of goods or service	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
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	1,727,040	-	-	1,727,040
Services transferred over time	325,466	-	-	325,466
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**

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.

Contract balances		The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
Trade receivables	Note 20	272,769	138,609	14,810	122,414
Contract liabilities	Note 24	1,818,650	1,855,305	1,818,650	1,855,305

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

In 2020, N746 million was recognised as provision for expected credit losses on trade receivables (2019: 536 million).

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.	Within 90 days of services being performed	Observable in transactions without multiple performance obligations

6. Other Operating Income

	The Group		The Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Investment income	6,840	-	6,840	-
Income distribution from UPDC REIT	-	-	972,860	956,371
Service charge received from Golden Tulip Hotel	-	-	2,346	12,136
Sales commission	20,300	(21,514)	20,300	(21,514)
Gain on disposal of PPE	4,417	4,066	4,417	4,066
Recovery on facility management	48,604	44,837	36,414	44,837
Others	66,400	7,506	47,909	7,506
Total other income	**146,561**	**34,895**	**1,091,086**	**1,003,402**

Others include legal fees earned on disposal of UPDC REIT property, search fees, and sale of scrap items.

7. Expenses by nature

	The Group		The Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Change in inventories of finished goods and other direct costs of inventories	1,055,866	1,335,982	1,055,866	1,335,982
Write-down of inventories	397,703	1,300,030	397,703	1,300,030
Direct operating expenses for Investment Properties & Vacant Apartments	153,056	136,844	153,056	136,844
Personnel expenses (Note 7b)	399,019	345,527	360,346	345,527
Depreciation of Property, Plant & Equipment (Note 13)	8,414	18,105	6,749	18,105
Amortization of intangible asset (Note 14)	10,158	16,021	10,013	16,021
Exchange loss	4,609	176	4,609	176
Rent and rates*	8,076	12,161	8,076	12,161
Loss on Projects**	-	1,848	-	1,848
Vehicles repairs, maintenance & fueling	896	1,450	896	1,450
Other repairs & maintenance	35,201	902	35,201	902
Legal expenses	138,212	63,029	138,212	63,029
Auditors' remuneration	19,950	19,950	19,950	19,950
Directors' emoluments (Note 7b)	64,104	57,632	64,104	57,632
Information Technology	36,473	39,362	36,473	39,362
Insurance	11,070	13,227	10,461	13,227
Marketing, advertising & communication	13,006	7,164	13,006	7,164
Professional fees	218,696	74,869	218,696	74,869
Equity investment written off	-	17,729	-	17,729
Printing and stationery	2,712	532	2,712	532
UACN management fee (Note 31)	16,676	19,580	16,676	19,580
Other expenses***	90,771	179,274	87,901	179,274
	2,684,668	**3,661,394**	**2,640,706**	**3,661,394**
Cost of sales	1,742,028	3,035,743	1,720,700	3,035,743
Selling and distribution expenses	61,195	104,860	61,195	104,860
Administrative expenses	881,445	520,791	858,811	520,791
	2,684,668	**3,661,394**	**2,640,706**	**3,661,394**

* Rent and rates are short term leases of office building that are below one year.

** Loss on projects are expenses incured after project completion that are not recoverable from buyers.

*** Other expenses include garnishee order settlement, office refurbishment, NSE listing fees.

7a. Guarantee on First Festival Mall Limited's loan

UPDC provided a Revenue Guarantee of $2million (Two Million Dollars only) for a loan taken by First Festival Mall Ltd, a Joint Venture. The loan has fallen due and First Festival Mall Ltd. was not able to repay. As a result of this, the lender has called on the guarantee in May 2020. The Company has made a provision for this guarantee of $2million (Two Million Dollars only) at the parallel market exchange rate as at 31 December 2020 ($1/₦470) amounting to N940million naira (See Note 23). However the Company is in discussions with the lender to review the details of the guarantee in order to reach a mutually agreeable position on how it will be settled.

7b. Personnel expenses

Personnel expenses include:	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
Wages and salaries	368,371	311,186	331,502	311,186
Pension costs:				
Pension benefits	15,252	15,635	13,448	15,635
Retirement benefit	15,396	18,707	15,396	18,707
	399,019	**345,527**	**360,346**	**345,527**

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 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 2020	The Group 2019	The Company 2020	The Company 2019
300,001 - 500,000	66	66	0	0
500,001 - 1,000,000	97	97	1	3
1,000,001 - 2,000,000	46	62	0	21
2,000,001 - 5,000,000	38	24	5	14
5,000,001 - 10,000,000	13	7	3	4
10,000,001 - 15,000,000	3	1	3	1
Above 15,000,000	4	1	3	0
	267	**258**	**15**	**43**

(ii) Emoluments of Directors	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
Fees	263	325	263	325
Other emoluments	63,842	57,307	63,842	57,307
	64,104	**57,632**	**64,104**	**57,632**
(iii) The Chairman's emolument.	75	75	75	75
(iv) Emolument of the highest paid director.	29,360	19,617	29,360	19,617

(v) Key management personnel compensation	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
Short term benefit	173,888	93,392	148,116	93,392
Post employment benefits	9,179	10,213	7,756	10,213
	183,067	**103,605**	**155,872**	**103,605**

Key Management Personnel comprise the leadership team of the Company including Heads of Departments.

(vi) The table below shows the number of Directors of the Company, whose remuneration, excluding pension contributions, fell within the bands shown.

₦	The Group 2020 Number	The Group 2019 Number	The Company 2020 Number	The Company 2019 Number
1,000,001 - 9,000,000	4	5	4	5
9,000,001 - 14,000,000	-	1	-	1
14,000,001and above	3	1	3	1
	7	**7**	**7**	**7**

8. Net Finance Income/(Cost)

	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
Finance Income	35,172	5,376	35,172	30,376
Interest on borrowings	(1,512,946)	(2,616,205)	(1,512,946)	(2,616,205)
Finance Costs	**(1,512,946)**	**(2,616,205)**	**(1,512,946)**	**(2,616,205)**
Net Finance Cost	**(1,477,774)**	**(2,610,829)**	**(1,477,774)**	**(2,585,829)**

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

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

	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
Investment in UPDC Hotels Ltd	-	-	-	-
Investment in UPDC REIT	-	12,638,216	-	9,481,263
	-	**12,638,216**	**-**	**9,481,263**

9 (i). Fair value gain/(impairment of disposal group held for sale)

	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
Book value of total assets as at the end of the year	12,169,923	12,270,798	-	-
Impairment at 1 January	(4,029,237)	(4,029,237)	-	-
Less: Fair value of total asset	(8,140,686)	(8,241,561)	-	-
Impairment	**-**	**-**	**-**	**-**

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 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
Investment in UPDC REIT	7,007,890	20,602,477	7,007,890	16,489,153
Reclassification as equity instrument	(567,007)	-	(567,007)	-
	6,440,883	20,602,477	6,440,883	16,489,153
Less: Fair value of total asset	(8,335,260)	(7,007,890)	(8,335,260)	(7,007,890)
Dividend received	(972,860)	(956,371)	-	-
(Fair vaue gain)/ impairment loss on asset held for disposal	**(2,867,237)**	**12,638,216**	**(1,894,377)**	**9,481,263**

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. See Note 34 (i).

9 (iii). Share of Profit in Joint Venture

	The Group		The Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Share of profit of First Restoration Dev. Co. Limited (Note 16)	804	-	-	-
	804	**-**	**-**	**-**

*During 2019, part of receivables in First Restoration Dev. Co. Limited was reclassified as Investments in accordance with the agreement reached with the JV partner. This was subsequently tested for impairment. See Note 16.

9 (iv). Impairment expense of investment in joint ventures

	The Group		The Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Investment in Transit Village	-	73,606	-	73,606
Investment in First Restoration Dev. Co. Limited	-	187,860	-	187,860
	-	**261,466**	**-**	**261,466**

9 (v). 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	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Receivable in UPDC Metro City Ltd	(340,126)	(54,025)	(340,126)	(54,025)
Receivable in UPDC Hotels Ltd	-	-	622,116	261,591
Receivable in First Restoration Dev. Co. Limited-Write back	(3,081)	(182,847)	(3,081)	(182,847)
Receivable in Pinnacle Apartments Development Ltd.-Write back	23,981	(351,211)	23,981	(351,211)
Receivable in Calabar Golf Estate Limited	(262,788)	24,476	(262,788)	24,476
Receivable in Galaxy Mall & Galleria Ltd	720	-	720	-
Receivable in other related parties	(1,224)	(1,105)	9,713	(1,105)
Impairments of trade receivables and short term investment	212,708	325,282	212,708	325,282
	(369,810)	**(239,430)**	**263,243**	**22,161**

	The Group					
	2020			2019		
	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	2,028	-	2,028	279	-	279
Related party receivables	(582,518)	-	(582,518)	(564,712)	-	(564,712)
Trade receivables	-	210,680	210,680	-	325,003	325,003
	(580,490)	**210,680**	**(369,810)**	**(564,433)**	**325,003**	**(239,430)**

	The Company					
	2020			2019		
	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	2,028	-	2,028	279	-	279
Related party receivables	50,535	-	50,535	(303,121)	-	(303,121)
Trade receivables	-	210,680	210,680	-	325,003	325,003
	52,563	**210,680**	**263,243**	**(302,842)**	**325,003**	**22,161**

10. Taxation

	The Group		The Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Current tax				
Minimum tax charge for the year	5,896	10,788	3,993	10,788
Reversal of prior years over provision	-	(554,906)	-	(554,906)
Capital Gain tax	109,127	89,396	109,127	89,396
Total current tax charge/(credit)	**115,023**	**(454,722)**	**113,120**	**(454,722)**
Total deferred tax (note 26)	-	-	-	-
Income tax charge/(credit)	115,023	(454,722)	113,120	(454,722)

Nigeria corporation tax is calculated based on minimum tax computation because there was no assessable profit during the year.

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	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Loss before taxation	(262,693)	(16,194,629)	(946,192)	(12,890,376)
Tax at the Nigeria corporation tax rate of 30% (2019: 30%)	(78,808)	(4,858,389)	(283,858)	(3,867,113)
Education tax	-	-	-	-
Capital gains tax	109,127	89,396	109,127	89,396
Effect of income that is exempt from taxation	(742,415)	(1,200,414)	(537,365)	3,312,207
Effect of expenses that are not deductible in determining taxable profit	821,223	5,503,897	821,223	5,503,897
Minimum tax adjustments (Excluding PTF)	5,896	10,788	3,993	10,788
Tax for the year	115,023	(454,722)	113,120	(454,722)

Per statement of financial position

	The Group		The Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
At 1 January	115,522	1,531,083	115,522	1,531,083
Charge for the year	115,023	(454,722)	113,120	(454,722)
Payments during the year	(89,395)	(784,625)	(89,395)	(784,625)
Withholding tax utilized	(21,462)	(176,214)	(21,462)	(176,214)
At 31 December	**119,688**	**115,522**	**117,785**	**115,522**

11. Dividends

No dividend was declared or paid for the year ended 31 December 2020 (2019:Nil)

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	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Loss after tax for the year from discontinued operations	(228,201)	(143,168)	-	-
Loss attributable to ordinary equity shareholders (NGN'000)	(377,716)	(15,739,907)	(1,059,312)	(12,435,654)
Loss for the period	(605,917)	(15,883,075)	(1,059,312)	(12,435,654)
Basic loss per share (Kobo)	**(4)**	**(116)**	**(8)**	**(91)**
From discontinued operations	(2)	(1)	-	-
From continuing operations	(3)	(115)	(8)	(91)
Diluted loss per share (Kobo)	**(4)**	**(116)**	**(8)**	**(91)**
From discontinued operations	(2)	(1)	-	-
From continuing operations	(3)	(115)	(8)	(91)

	The Group		The Company	
	2020 Number ('000)	2019 Number ('000)	2020 Number ('000)	2019 Number ('000)
Basic weighted average and Diluted weighted average number of shares	13,705,902	13,705,902	13,705,902	13,705,902
Absolute number of shares (Note 28)	18,559,970	2,598,396	18,559,970	2,598,396

Unit of shares in issue were 2,598,396,794 before the allotment of right issues of 15,961,574,145 ordinary shares of 50 kobo each at N1 per share on the basis of 43 new ordinary shares for every 7 ordinary shares. This was approved by Securities and Exchange Commission (SEC) on 20th of April 2020. The additional 15,961,574,145 ordinary shares were weighted using the number of days in issue during the year (from 21 April 2020 to 31 December 2020).

(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 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**
At 1 January 2020	110,391	29,773	57,675	58,044	255,885
Addition	24,769	-	477	7,303	32,550
Disposals	(42,940)	-	(11,037)	(1,990)	(55,968)
At 31 December 2020	**92,220**	**29,773**	**46,605**	**62,216**	**232,466**

Accumulated depreciation and impairment

At 1 January 2019	127,105	77,229	52,259	53,383	309,975
Charge for the year	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**	**29,774**	**55,571**	**54,755**	**233,033**
At 1 January 2020	92,933	29,774	55,571	54,755	233,033
Charge for the year	4,876	-	1,082	2,456	8,414
Disposals	(27,628)	-	(10,919)	(1,908)	(40,454)
At 31 December 2020	**62,153**	**29,774**	**45,223**	**54,162**	**200,992**

Net book values

At 31 December 2020	**30,067**	**-**	**1,382**	**8,054**	**31,474**
At 31 December 2019	**17,458**	**-**	**2,104**	**3,290**	**22,852**

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 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**
At 1 January 2020	110,391	29,773	57,306	58,045	255,516
Additions	24,769	-	477	7,303	32,550
Transfer to First Choice Facility Management Limited	(29,811)	-	(607)	(3,225)	(33,644)
Disposals	(42,940)	-	(11,037)	(1,990)	(55,968)
At 31 December 2020	**62,409**	**29,773**	**46,139**	**60,133**	**198,454**

Accumulated depreciation

At 1 January 2019	127,105	77,229	52,259	53,383	309,973
Charge for the year	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**
At 1 January 2020	92,933	29,773	55,571	54,755	233,030
Charge for the year	3,415	-	1,051	2,283	6,749
Transfer to First Choice Facility Management Ltd	(6,564)	-	(480)	(968)	(8,013)
Disposals	(27,628)	-	(10,919)	(1,908)	(40,454)
At 31 December 2020	**62,156**	**29,773**	**45,223**	**54,162**	**191,312**

Net book values

At 31 December 2020	**253**	**-**	**916**	**5,971**	**7,142**
At 31 December 2019	**17,458**	**-**	**1,735**	**3,290**	**22,486**

No Property, Plant and Equipment was pledged as security for any liability as at 31 December 2020 (2019: Nil).

14. Intangible assets

	The Group	The Company
Cost	**Software N'000**	**Software N'000**
At 1 January 2019	292,358	292,358
At 31 December 2019	**292,358**	**292,358**
At 1 January 2020	292,358	292,358
Additions	3,239	3,239
Transfer to First Choice Facility Management Limited	-	(3,239)
At 31 December 2020	**295,597**	**292,358**

Amortisation

At 1 January 2019	262,820	262,820
Amortisation for the year	16,021	16,021
At 31 December 2019	**278,841**	**278,841**
At 1 January 2020	278,841	278,841
Amortisation for the year	10,158	10,013
Transfer to First Choice Facility Management Limited	-	(437)
At 31 December 2020	**288,999**	**288,417**

Net book values

At 31 December 2020	**6,598**	**3,942**
At 31 December 2019	**13,517**	**13,517**

No intangible asset was pledged as security for any liability as at 31 December 2020 (2019: Nil)

15. Investment properties

Fair value	The Group Freehold building N'000	The Group Leasehold building N'000	The Group Total investment properties N'000	The Company Freehold building N'000	The Company Leasehold building N'000	The Company Total investment properties N'000
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**
At 1 January 2020	190,000	2,191,502	2,381,502	190,000	2,191,502	2,381,502
Net loss from fair value adjustments on investment properties	(39,856)	(120,121)	(159,977)	(39,856)	(120,121)	(159,977)
Disposals	(70,000)	(364,952)	(434,952)	(70,000)	(364,952)	(434,952)
At 31 December 2020	**80,144**	**1,706,429**	**1,786,573**	**80,144**	**1,706,429**	**1,786,573**

Fair value loss/write down of investment properties	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
Fair value loss/(gain) on investment properties	159,977	(57,202)	159,977	(57,202)
	159,977	**(57,202)**	**159,977**	**(57,202)**

Schedule of net gain/ (loss) on disposal	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
Sales Proceed	392,685	1,834,560	392,685	1,834,560
Agency fees/incidental expenses	(4,906)	(57,041)	(4,906)	(57,041)
Net Sales Proceed	387,780	1,777,519	387,780	1,777,519
Carrying value of investment properties	(434,952)	(1,874,000)	(434,952)	(1,874,000)
	(47,173)	**(96,481)**	**(47,173)**	**(96,481)**

Properties valued at N435million were disposed during the period for a net sales proceed of N387million. The amount recognised as rental income from the Group and the Company is 41.8million (2019: 105.1million). Direct operating expense arising from investment properties from the Group and Company is 153.0million (2019: 136.8million). There are no restrictions on the realisability of investment properties. The investment properties were sold for liquidity purposes and the Group and Company do not intend to sell any of their investment properties in the future.

Fair value of investment properties is categorised as follows:

At 31 December 2020	The Group Freehold building N'000	The Group Leasehold building N'000	The Group Total investment properties N'000	The Company Freehold building N'000	The Company Leasehold building N'000	The Company Total investment properties N'000
External Valuation	80,144	1,706,429	1,786,573	80,144	1,706,429	1,786,573
	80,144	**1,706,429**	**1,786,573**	**80,144**	**1,706,429**	**1,786,573**

15. Investment properties - Continued

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**

The Group's investment properties were revalued in 2020 by independent professionally qualified valuer Diya Fatimilehin & Co. - FRC/2013/NIESV/00000000754) who hold recognised relevant professional qualifications and have relevant experience in the locations and categories of the investment properties valued.

Frequency of valuation

The fair valuation is carried out annually.

Retrictions on Realisability of Investment Property

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

Basis of valuation

The methods adopted for the valuation exercise are Investment and Depreciated Replacement Cost with recourse to Market Comparison.

The basis of valuation is a combination of methods: The Open Market, that is, the most probable price which an interest in a property might reasonably be expected to realise in a sale by Private Treaty, and or Forced Sale, that is, the price which an interest in a property might reasonably be expected to realise in a sale by Public Auction.

In valuing the properties, the following were assumed:

i. That the information supplied are correct;
ii. That the title to the properties are good and marketable;
iii. That the properties are not adversely affected by, or subjected to compulsory acquisition, road widening, new road proposal or planning scheme;
iv. That the properties are free from all onerous charges and restriction.

16. Investments in equity accounted joint ventures and in associates

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

	The Group		The Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Joint ventures	130,393	129,589	129,589	129,589
	130,393	**129,589**	**129,589**	**129,589**

16 (i). Investments in Associate

Set out below is the associate of the Group as at 31 December 2020. 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	2020 N'000	2019 N'000	2020 % ownership	2019 % ownership	Measurement method
UPDC REIT	Nigeria	5.0%	61.8%	5.0%	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 2020, the fair value of each unit holders' contribution in UPDC REIT is N5.50 (2019: N4.25).

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

	The Group		The Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
At 1 January	-	20,017,860	-	16,489,153
Share of profit	-	584,617	-	-
Dividend received	-	(956,371)	-	-
Impairment loss	-	(12,638,216)	-	(9,481,263)
Reclassification to disposal group classified as held for sale/distribution to owners (Note 34i)	-	(7,007,890)	-	(7,007,890)
	-	-	-	-

16 (ii). Investments in Joint Ventures

Investment in Joint Ventures	The Group		The Company			
	2020 N'000	2019 N'000	2020 N'000	2019 N'000	2020 % holding	2019 % holding
First Festival Mall limited	234,217	234,217	234,217	234,217	45.0%	45.0%
First Restoration Dev. Co. Limited	318,253	317,449	317,449	317,449	51.0%	51.0%
Pinnacle Apartment Dev. Limited	-	-	-	-	51.0%	51.0%
Calabar Golf Estate Limited	-	-	-	-	51.0%	51.0%
UPDC Metro City Ltd	-	-	-	-	60.0%	60.0%
Transit Village Dev. Co. Ltd	73,606	73,606	73,606	73,606	40.0%	40.0%
	626,076	625,272	625,272	625,272		
Impairment allowance	(495,683)	(495,683)	(495,683)	(495,683)		
	130,393	**129,589**	**129,589**	**129,589**		

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

	The Group		The Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
At 1 January	129,589	73,606	129,589	73,606
Reclassification of First Restoration Dev. Co. Limited *	-	317,449	-	317,449
Share of profit of First Restoration Dev. Company Limited	804	-	-	-
Impairment charge for the year	-	(261,466)	-	(261,466)
	130,393	**129,589**	**129,589**	**129,589**

*During 2019, 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	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.

16. Investments in equity accounted joint ventures - Continued

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

Name 31 December 2020	Non Current Asset N'000	Current Asset N'000	Non-Current Liabilities N'000	Current Liabilities N'000	Current Liabilities N'000	Cash & Cash Equiva-lent N'000	Net Asset N'000	Carrying value N'000
First Festival Mall Ltd	-	-	-	-	-	-	-	-
First Restoration Dev. Co. Limited	-	438,454	-	1,214,950	75,935	25,964	362,519	130,393
Pinnacle Apartment Dev. Limited	106,267	11,671	-	964,351	508,996	11,594	(391,058)	-
Calabar Golf Estate Limited	1,095,824	140	-	1,442,467	742,310	-	353,654	-
UPDC Metro City Ltd	56,163	2,101,876	2,306,043	3,877,564	3,481,523	427	(3,629,527)	-
Transit Village Dev. Co Ltd	-	-	-	-	-	-	-	-

Name 31 December 2020	Revenue N'000	Depreciation N'000	Interest Income N'000	Interest Expense N'000	N'000	Tax Expense N'000	Profit/ (Loss) N'000
First Festival Mall Ltd	-	-	-		-	-	-
First Restoration Dev. Co. Limited	111,292	-	-		-	(742)	1,577
Pinnacle Apartments Dev. Limited	327,517	-	-		-	(2,085)	4,431
Calabar Golf Estate Limited	-	-	-		-	-	(4,624)
UPDC Metrocity Ltd	456,541	-	-		-	(2,283)	(61,061)
Transit Village Dev Co Ltd	-	-	-		-	-	-

Name 31 December 2019	Non Current Asset N'000	Current Asset N'000	Non-Current Liabilities N'000	Current Liabilities N'000 N'000	Cash & Cash Equivalent N'000	Net Asset N'000	Carrying value N'000
First Choice Facility Management 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	-	-	-	353,654	-
UPDC Metro City Ltd	-	2,049,920	2,306,044	2,977,641	152,172	(3,081,593)	-
Transit Village Dev. Co. Ltd		-	-		-	-	-

Name 31 December 2019	Revenue N'000	Depreciation N'000	Interest Income N'000	Interest Expense N'000	Tax Expense N'000	Profit/ (Loss) N'000
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 Ltd	239,673	-	-	32,585	-	(224,361)
Transit Village Dev. Co. Ltd	-	-	-	-	-	-

17. Equity instrument at fair value through other comprehensive income

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 N20.6bn (Group - UPDC's share of REIT's Net Asset Value) and N16.5bn (Company - UPDC's initial investment in in REIT). The REIT was listed at N10 per unit in July 2013 and traded at N5.50 per unit as at 31 December, 2020. Thus 1,515,501,818 units out of 1,648,915,293 units held by UPDC in

UPDC REIT were unbundled leaving a balance of 133,413,475 units, representing 5% of the total issued REIT units. This is in compliance with Section 532(z) of the SEC Rules and Regulations (as amended) that requires promoters of real estate investment schemes to subscribe to a minimum of 5% of the registered units of the scheme at inception and hold such units throughout the life of the real estate investment scheme. The fair value changes is as a result of the difference in share price from prior year of N4.25 per unit.

	The Group		The Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
As at 1 January	-	17,729	-	17,729
Reclassification of Investment in UPDC REIT	567,007	-	567,007	-
Fair value changes	166,767	-	166,767	-
Write off	-	(17,729)	-	(17,729)
As at 31 December	**733,774**	**-**	**733,774**	**-**

17. Equity instrument at fair value through other comprehensive income - Continued

	The Group		The Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Fair value assets at UPDC REIT	9,069,034	-	9,069,034	-
Unbundled UPDC REIT through the Share Premium*	(8,335,260)	-	(8,335,260)	-
Investment in UPDC REIT	**733,774**	**-**	**733,774**	**-**

	The Group		The Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Opening balance of Investment in UPDC REIT	567,007	-	567,007	-
Fair valuation at reporting date	(733,774)	-	(733,774)	-
Fair value gain	**(166,767)**	**-**	**(166,767)**	**-**

18. Investments in subsidiaries

Principal investments	The Company		% Shareholding	
	2020 N'000	2019 N'000	2020 %	2019 %
UPDC Hotels Limited: 2,082,500,000 Shares of ₦1.00 each	2,082,500	2,082,500	94.7	94.7
Manor Gardens: 53,810,000 Ordinary Shares of ₦1.00 each	53,810	53,810	67.5	67.5
First Choice Facility Management Ltd: 5,000,000 Ordinary Shares of ₦1.00 each	108,019	-	50	-
	2,244,329	**2,136,310**		
Impairment of investments	(2,136,310)	(2,136,310)		
	108,019	**-**		

Investments in subsidiaries are measured at cost. During the year, First Choice Facility Management Limited was carved out and now a subsidiary to UPDC.

18.1 Material partly owned subsidiary

Financial information of subsidiary that have material non-controlling interest is provided below;

Proportion of equity interests held by non-controlling interests:	The Company 2020 N'000	The Company 2019 N'000	% Shareholding 2020 %	% Shareholding 2019 %
First Choice Facility Management Ltd: 5,000,000 Ordinary Shares of ₦1.00 each	108,019	-	50	-

18.2 Profit allocated to material non-controlling interest

The summarized financial information of the subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

First Choice Facility Management Ltd

Statement of profit or loss and other comprehensive income

	2020 N'000
Revenue from contract with customer	65,269
Cost of sales	(20,772)
Operating expenses	(22,765)
Finance cost	(423)
Other income	28,335
Profit before tax	49,644
Income tax expense	(1,903)
Profit for the year	47,741
Other comprehensive income	-
Total Comprehensive income	47,741
Attributable to;	
Equity holders of parent	23,871
Non-controlling interest	23,871
	47,741

Summarised statement of financial position

	2020 N'000
Cash and bank balances (current)	296,668
Trade and other receivables (current)	213,385
Property, plant and equipment (non-current)	23,962
Intangible asset (non-current)	2,656
Trade and other payables (current)	(270,989)
Income tax payable (current)	(1,903)
Total Equity	263,779
Attributable to;	
Equity holders of parent	131,890
Non-controlling interest	131,890
	263,779

Summarised cash flow information

	2020 N'000
Operating	109,063
Investing	(28,432)
Financing	216,037
Net increase in cash and cash equivalents	296,668
Cash and cash equivalents at 1 January	-
Cash and cash equivalents at 31 December	**296,668**

18.2.1 Carved out subsidiary

First Choice Facility Management Ltd

During the year, First Choice Facility Management Limited was carved out and now a subsidiary to UPDC. The assets and liabilities were carved out at the existing carrying amount and not at fair value. There is no deferred tax that was carved out and no related tax. Deferred taxes were not recognised from the Company within which the segment was carved out due to the fact that management assessed and concluded that it is not probable that sufficient taxable profits will be available to offset the asset.

Analysis of assets and liabilities that were carved out

	2020 N'000
Current assets	
Prepayments	2,458
Cash and bank	225,533
Non-current assets	
Property, plant and equipment	25,631
Intangible assets	2,801
Current liabilities	
Trade and other payables	(40,386)
Net assets carved out	**216,037**

19. Inventories

	The Group		The Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Non trade stock	162	5,267	162	5,267
Properties under construction (Note 19.1)	4,270,744	5,715,859	4,270,744	5,715,859
	4,270,906	**5,721,126**	**4,270,906**	**5,721,126**

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

19.1. Properties under construction

Cost	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
At 1 January	5,715,859	8,275,383	5,715,859	8,275,383
Additions	8,454	76,488	8,454	76,488
Disposal	(1,055,866)	(1,335,982)	(1,055,866)	(1,335,982)
Write-down of inventories	(397,703)	(1,300,030)	(397,703)	(1,300,030)
At 31 December	**4,270,744**	**5,715,859**	**4,270,744**	**5,715,859**

20. Trade and other receivables

	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
Trade receivables	1,019,593	674,753	761,634	658,558
Less: Impairment of trade receivables (Note 3.1b)	(746,824)	(536,144)	(746,824)	(536,144)
Net trade receivables	272,769	138,609	14,810	122,414
Receivables from group companies - Note 29	2,648,461	2,543,957	9,283,394	9,724,484
Other receivables - Note 20.1	1,304,941	1,452,458	1,279,885	1,452,458
Advances to staff	18,762	21,337	18,714	21,337
	4,244,933	**4,156,361**	**10,596,803**	**11,320,693**

20.1. Analysis of other receivables

Mobilization payments to contractors	740,788	740,788	740,788	740,788
Prepayments and accrued income	16,684	289,069	15,943	289,069
Withholding tax receivables	20,756	10,232	20,752	10,232
Unutilised withholding tax credit notes	96,908	53	96,908	53
Value added tax receivables	227	130	227	130
Other debtors	429,578	412,186	405,267	412,186
	1,304,941	**1,452,458**	**1,279,885**	**1,452,458**

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

*Other debtors comprise mainly of facility management expenses incurred on empty plot of land at Pinnock Beach. These are reimbursable by individual customers upon commencement of development work on their respective plots.

21. Cash and cash equivalents

	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
Cash at bank and in hand	861,926	1,121,153	564,862	1,120,759
Short term investment	2,087,814	140,847	2,087,815	140,847
Less: Impairment of Short term investments	(2,405)	(378)	(2,405)	(378)
Cash and cash equivalents	**2,947,335**	**1,261,622**	**2,650,272**	**1,261,228**

22. Borrowings

Current borrowings	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
UACN Bridge Finance	1,143,421	16,534,999	1,143,421	16,534,999
5-year bond	8,199	8,215	8,199	8,215
	1,151,620	**16,543,214**	**1,151,620**	**16,543,214**

Non-current borrowings

	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
5-year bond	4,270,880	4,263,957	4,270,880	4,263,957
	4,270,880	4,263,957	4,270,880	4,263,957
Total borrowings	**5,422,500**	**20,807,171**	**5,422,500**	**20,807,171**

(i) Movement in total borrowing during the year is as follows:	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
At 1 January	20,807,171	18,558,214	20,807,171	18,558,214
Proceeds from borrowings	-	15,042,737	-	15,042,737
Interest accrued	1,512,946	2,616,205	1,512,946	2,616,205
Repayment of borrowings	-	(13,336,993)	-	(13,336,993)
Interest paid	(1,146,076)	(2,072,992)	(1,146,076)	(2,072,992)
Repayment via rights issue	(15,751,541)	-	(15,751,541)	-
At 31 December	**5,422,500**	**20,807,171**	**5,422,500**	**20,807,171**

In 2019, UACN of Nigeria Plc (UACN) gave UPDC a Bridge Facility of N16 billion. As at Q1 2020, the Interest on the Bridge Facility was 15% per annum. UPDC carried out a Rights Issues in Q1 2020. UACN of Nigeria Plc paid for its Rights by utilizing N15.7 billion of the N16 billion Bridge facility. The Rights Issue was approved on 20 April, 2020 and as at this date the N1.2 billion accrued Interest on the Bridge Facility was capitalized. The interest rate on the outstanding Bridge Facility balance was also negotiated to 9% in April 2020. The loan has been restructured and the maturity is within a year. The total interest on the Bridge Facility up to 31st December, 2020, amounting to N90.8 million was fully paid during the year 2020.

The cash flows proceed and transaction cost of N0.21 billion and N0.37 billion respectively on the rights issue represents the part that was paid for in cash by shareholders. This, together with the loan conversion of N15.75 billion makes up the total amount in share capital and share premium of N7.98 billion and N7.60 billion respectively.

23. Trade and other payables

	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
Trade payables	1,368,393	1,299,844	821,551	913,776
Contract liabilities - Note 24	1,818,650	1,855,305	1,818,650	1,855,305
Amounts owed to other related parties (Note 29)	191,939	129,827	191,939	129,827
	3,378,982	**3,284,976**	**2,832,140**	**2,898,908**
VAT/WHT Payables	135,530	52,769	124,676	52,769
Other payables	523,872	428,958	485,150	428,961
Provisions/Accruals	1,688,043	744,205	1,688,042	744,205
Total	**5,726,427**	**4,510,908**	**5,130,008**	**4,124,843**

23. Trade and other payables - Continued

	The Group		The Company	
	2020 Days	2019 Days	2020 Days	2019 Days
Average credit period taken for trade purchases	216	216	239	239

*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.

*Other payables comprise asset replacement deposits of N465million, and payroll related statutory payment due.

*Provisions and accruals is made up of N940million guarantee on First Festival Mall loan and other provisions such as N115million bond provision not yet due, agency fee provision, legal fees provision, audit fee, among others.

24. Contract liabilities

	The Group		The Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Deposit by customers	1,818,650	1,855,305	1,818,650	1,855,305
	1,818,650	**1,855,305**	**1,818,650**	**1,855,305**

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	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Within one year	107,288	110,767	107,288	110,767
Greater than one year	2,145	4,736	2,145	4,736
	109,433	**115,503**	**109,433**	**115,503**

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	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Opening balance	160,015	79,037	115,503	79,037
Deferred during the year	35,774	141,574	35,774	141,574
Recognised as revenue during the year	(41,844)	(105,108)	(41,844)	(105,108)
	109,433	**115,503**	**109,433**	**115,503**

26. Deferred taxation

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

	The Group		The Company	
Deferred tax liabilities:	2020 N'000	2019 N'000	2020 N'000	2019 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	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
At 1 January	72,537	72,537	72,537	72,537
Recognised in Profit or Loss	-	-	-	-
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 2019	(69,440)	1,273,022	(96,895)	(1,151,609)	116,291	1,168	-	72,537
Charged/(credited) to profit or loss	-	-	-	-	-	-		-
At 31 December 2019	(69,440)	1,273,022	(96,895)	(1,151,609)	116,291	1,168	-	72,537
Charged/(credited) to profit or loss	-	-	-	-	-	-	-	-
At 31 December 2020	**(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 2019	(69,439)	1,273,022	(96,895)	(1,151,609)	116,291	1,170	-	72,536
Charged/(credited) to the profit or loss	-	-	-	-	-	-		-
At 31 December 2019	(69,439)	1,273,022	(96,895)	(1,151,609)	116,291	1,170	-	72,537
Charged/(credited) to the profit or loss	-	-	-	-	-	-	-	-
At 31 December 2020	**(69,439)**	**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 N5,479,605,826, 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 N5.2 billion unrelieved tax losses (2019:N4.9 billion) available for offset against future profits.

27. Dividend Payable

	The Group		The Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
As at 1 January	339,920	339,920	339,920	339,920
Unclaimed dividend fund paid	(14,371)	-	(14,371)	-
Statute barred dividend*	(71,869)	-	(71,869)	-
At 31 December	**253,680**	**339,920**	**253,680**	**339,920**

*Statute barred dividend relates to dividends that are unclaimed after 12 years.

28. Share capital

Group and Company

	2020		2019	
	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	18,559,969	9,279,985	2,598,396	1,299,198

The Company undertook a right issue of 15.96 billion at ₦1.00 per share on the basis of forty three (43) new ordinary shares for every seven (7) ordinary share. This was approved by Securities and Exchange Commission (SEC) on 20th of April 2020. Consequently, additional 15.96 million ordinary shares were issued and listed on the Nigerian Stock Exchange platform.

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 145 of Companies and Allied Matters Act, 2020 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 represents accumulated loss over the years.

29. Related party transactions

The ultimate parent and controlling party of the Company is Custodian Investment Plc. There are other companies that are related to UPDC through common shareholding.

The following transactions were carried out with related parties:

(a) Sales of goods and services

	Relationship	Nature of transaction	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
UAC of Nigeria Plc	Associate	Property rental, use of hotel facility and fee on manage-ment of facilities	36,057	75,076	33,387	75,076
MDS Logistics Ltd	Sister Company		2,890	9,781	2,176	9,781
Chemical & Allied Products Plc	Sister Company		10,978	-	10,978	-
UPDC Metrocity Limited	Joint Venture		11,921	14,515	9,588	14,515
Pinnacle Apartment Dev. Ltd	JV Partner		5,371	9,865	4,524	9,865
UPDC REIT	Equity investment		6,204	6,593	4,268	6,593

(b) Purchases of goods and services

	Relationship	Nature of transaction	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
UAC of Nigeria Plc	Associate	Management fee per service agreement with UAC and direct purchase of products from fellow subsidiaries	25,486	31,487	25,486	31,487
UPDC Hotels Limited	Subsidiary		-	-	704	1,924
Chemical & Allied Products Plc	Sister Company		1,466	8,351	1,466	8,351

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

Receivable:	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
Receivables balance	6,037,667	6,515,681	20,162,724	20,553,279
Provision for expected credit losses	(3,389,206)	(3,971,724)	(10,879,330)	(10,828,795)
Balance as at 31 December	**2,648,461**	**2,543,957**	**9,283,394**	**9,724,484**

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

		The Group		The Company	
	Relationship	2020 N'000	2019 N'000	2020 N'000	2019 N'000
UPDC Metrocity Limited	Joint Venture	2,025,467	2,255,113	2,025,467	2,255,113
UPDC Hotels Limited	Subsidiary	-	-	14,045,568	14,037,598
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	-	70,050
Calabar Golf Estate Limited	Joint Venture	643,856	641,653	643,856	641,653
Pinnacle Appart Dev. Ltd/Imani and Sons	JV Partner	363,015	499,574	363,015	499,574
Galaxy Mall Current Account	Joint Venture	74,034	74,034	74,034	74,034
UPDC REIT	Equity investment	-	27,819	-	27,819
Manor Garden	Fellow Subsidiary	316,782	316,782	316,782	316,782
UAC of Nigeria Plc.	Parent Company	-	16,143	-	16,143
FCFM Current Account	Subsidiary	-	-	79,489	-
		6,037,667	6,515,681	20,162,724	20,553,279
Impairment of Intercompany receivables		(3,389,206)	(3,971,724)	(10,879,330)	(10,828,795)
		2,648,461	**2,543,957**	**9,283,394**	**9,724,484**

29. Related party transactions - Continued

Payable:		The Group		The Company	
	Relationship	2020 N'000	2019 N'000	2020 N'000	2019 N'000
First Restoration Dev. Co. Limited	Joint Venture	885	-	885	-
Chemical and Allied Products Plc	Sister Company	-	2,062	-	2,062
MDS Logistics Ltd	Fellow Subsidiary	1,790	5,265	1,790	5,265
James Pinnock	Joint Operation	117,562	120,066	117,562	120,066
Portland Paints and Products Nig. Plc	Sister Company	-	2,237	-	2,237
UPDC REIT	Associate	65,774	-	65,774	-
Warm Spring Waters Nig. Ltd.	Fellow Subsidiary	15	15	15	15
UAC of Nigeria Plc	Associate	5,913	-	5,913	-
Grand Cereals Limited	Fellow Subsidiary	-	182	-	182
		191,939	**129,827**	**191,939**	**129,827**

All trading balances will be settled in cash.

The Group and the Company's reversal in provision for doubtful related party receivables at 31 December 2020 is N582.5 million (2019: N564.7 million (reversals)) and N50 million impairment expense (2019: N303.1 million (reversals)) respectively was recognised in profit or loss.

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

30. Contingent liabilities

The company had ongoing litigations as at 31 December 2020. The claims against the Company from these litigations amount to ₦243.55 Million as at the reporting date. Based on legal advice, the Directors are of the opinion that none of the litigations is likely to have any material adverse effect on the Company.

31. 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% (VAT exclusive) 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 N16.67million (2019: ₦19.58million). This does not include share of James Pinnock sales (Company's joint operation)

32. Going Concern

The Group and the Company made net losses of N0.61 billion (2019: N15.88 billion) and N1.06 billion (2019: N12.44 billion). Management has come up with detailed plans to address the loss position as summarised below

Sales of Property Stock and Investment Properties

Management will continue to sell property inventories and some investment properties in 2021. These properties have been written down to their net realisable value as at 31 December 2020. The proceeds from these properties will be used to fund new developments.

New Development Projects

As part of Management's strategy to achieve profitability, new developments are scheduled to commence in Q2 and Q3 of 2021. Planned new developments include Site and Service schemes and development of middle-income residential apartments. These developments will be funded through a mix of developer equity contributions and off plan sales.

Support from Shareholders

The holding company has resolved to support the Company with shareholders and both the holding company and the significant Shareholder have pledged that should the need arise for additional capital into the Company and the Company undertakes a rights issue to raise additional equity, they will subscribe for their relevant portion of the rights issue thereby supporting the Company in its capital needs as it seeks to return to growth and profitability.

33. Events after reporting period

Covid-19 Pandemic

Impact Review

- The ongoing pandemic has had wide reaching implications on business activities globally. We have however put appropriate strategies in place to manage the impact on our people, operations, customers and finances.
- **People:** We adopted a "People First" approach, ensuring the safety of our staff and customers. Flexible working was adopted to minimize the risk of exposure to the virus, and we were able to establish minimum disruption to business operations while working from home.
- **Operations:** Our businesses were stress tested at varying levels. We have continued to focus on cost optimization, negotiating discounts on every expenditure and agreeing appropriate payment plans with contractors.
- **Strategy:** We have reviewed and analyzed internal data and conducted market research, and based on these, we have reviewed our products and service offerings to align with the market. We will focus our energies on products and service offerings which offer stable and consistent demand
- Technology: We embraced digital transformation to ensure continued paperless access to our files,

seamless communication with our employees and customers through virtual meeting platforms; and continued access to our products and services via the available digital channels.

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 during the year. We have planned for this in our budget for the year.
- Investment in Joint Ventures: There may be a slowdown in sales of Joint Venture assets and recovery of receivables. We have planned for this in our budget for the year.
- Inventories: There may be a slowdown in sales of property stock. Our new developments will focus on affordable housing, which will help drive revenue for the year.
- Trade and Other Receivables: We will perform a quarterly analysis and review of the portfolio and the impact on the Company. We will also continue to embark on recovery drives. Any required adjustment will be reflected in the appropriate reporting period.
- Asset of disposal group classified as held for sale is UPDC Hotel Limited. The hospitality sector has been negatively impacted by the pandemic and resultant social distancing requirements. However, activities started picking up gradually in Q4 of 2020. We will continue to focus on cost management measures at the hotel, while we pursue the sale of the business.
- 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. We have also notified bondholders of the intention to call the bond in April 2021.
- Current liabilities: We do not envisage any adverse impact on current liabilities.

34. Disposal group held for sale and discontinued operations

Festival Hotel, Conference Centre & Spa

The Board decided to sell its investment in Festival Hotel, Conference Centre & Spa in 2017. Efforts are ongoing to improve the performance of the Hotel. Consequently, Festival Hotel 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. Management however, remains committed to concluding the sale within a reasonable time frame.

Analysis of the results of the discontinued operations is as follows:	Festival Hotel	
	2020 N'000	2019 N'000
Revenue	329,735	1,354,100
Cost of sales	(191,017)	(462,659)
Gross profit	138,718	891,441
Selling and distribution expenses		-
Administrative expenses	(368,171)	(1,050,840)
Net finance cost	3	68
Other operating income	1,249	16,163
Operating loss	(228,201)	(143,168)
Loss before taxation from discontinued operations	(228,201)	(143,168)
Taxation	-	-
Loss from discontinued operations	(228,201)	(143,168)
Attributable to;		
Equity holders of parent	(216,106)	(135,580)
Non-controlling interest	(12,095)	(7,588)
	(228,201)	**(143,168)**

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

	Festival Hotel	
	31 Dec. 2020 N'000	31 Dec. 2019 N'000
Assets		
Non-current assets:		
Property, plant and equipment	11,943,485	11,907,937
Intangible assets	5,130	4,726
	11,948,615	**11,912,663**
Current assets:		
Inventories	48,951	125,637
Trade and other receivables	125,809	147,611
Cash and short-term deposits	46,548	84,887
	221,308	**358,135**
Assets of disposal group classified as held for sale/ distribution to owners	**12,169,923**	**12,270,798**
Less: Impairment of assets of disposal group held for sale	(4,029,237)	(4,029,237)
Fair value of disposal group held for sale	**8,140,686**	**8,241,561**
Liabilities		
Current liabilities		
Trade and other payables	946,620	802,626
Liabilities of disposal group classified as held for sale/ distribution to owners	**946,620**	**802,626**

Festival Hotel owes UPDC Plc ₦14 billion of which there is an impairment of ₦7.5 billion in UPDC's book.

34. Disposal group held for sale and discontinued operations - Continued

Cashflows from discontinued operations:

The net cash flows of Festival Hotel are as follows:	'2020 N'000	'2019 N'000
Operating	22,611	28,538
Investing	(35,948)	(52,439)
Financing	(25,000)	(25,000)
Net cash outflows	**(38,337)**	**(48,901)**

34 (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). The REIT was listed at N10 per unit in July 2013 and traded at ₦5.50 per unit as at 31 December, 2020. Thus 1,515,501,818 units out of 1,648,915,293 units held by UPDC in UPDC REIT were unbundled leaving a balance of 133,413,475 units, representing 5% of the total issued REIT units. This is in compliance with Section 532(z) of the SEC Rules and Regulations (as amended) that requires promoters of real estate investment schemes to subscribe to a minimum of 5% of the registered units of the scheme at inception and hold such units throughout the life of the real estate investment scheme.

	The Group		The Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Investment in UPDC REIT	7,007,890	20,602,477	7,007,890	16,489,153
Reclassification to Equity instrument at fair value	(567,007)	-	(567,007)	-
Impairment gain/loss	2,867,237	(12,638,216)	1,894,377	(9,481,263)
Dividend received	(972,860)	(956,371)	-	-
Unbundling of UPDC REIT units	(8,335,260)	-	(8,335,260)	-
Fair value asets at UPDC REIT	-	**7,007,890**	-	**7,007,890**

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

	The Group		The Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Fair value assets at Festival Hotel, Conference Centre & Spa	8,140,686	8,241,561	8,140,686	8,241,561
Fair value assets at UPDC REIT	8,902,267	7,007,890	8,902,267	7,007,890
Unbundled UPDC REIT through the Share Premium*	(4,698,056)	-	(4,698,056)	-
Unbundled UPDC REIT through the Revenue Reserves*	(3,637,204)	-	(3,637,204)	-
Reclassification to Equity instrument at fair value	(567,007)	-	(567,007)	-
Total	**8,140,686**	**15,249,451**	**8,140,686**	**15,249,451**

* The unbundled UPDC REIT through share premium and revenue reserves is as a result of the scheme of arrangement as agreed by the shareholders and sanctioned by an order of the court during the court-ordered meeting.

34 (iii). Assets and Liabilities of disposal group classified as held for sale/distribution to owners

	The Group		The Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Assets of disposal group classified as held for sale/ distribution to owners (Note 34 & 34 (i))	8,140,686	15,249,451	-	7,007,890
Total	**8,140,686**	**15,249,451**	**-**	**7,007,890**
Liabilities of disposal group classified as held for sale/distribution to owners (Note 34)	946,620	802,626	-	-
Total	**946,620**	**802,626**	**-**	**-**

Statement of Value Added
For the year ended 31 December 2020

	The Group				The Company			
	2020		2019		2020		2019	
	N'000	%	N'000	%	N'000	%	N'000	%
Sale of properties, rents and services	1,662,487		2,157,614		1,597,218		2,157,614	
Bought in materials and services (All local)	(258,016)		(15,504,929)		618,184		12,021,756	
Finance income	35,172		5,376		35,172		30,376	
Value added/ (consumed)	**1,439,643**	**100.0**	**(13,341,939v)**	**100.0**	**943,862**	**100.0**	**(9,894,518)**	**100.0**
Distribution:								
Employees	399,019	28	345,527	(2.6)	360,346	38.2	345,527	(3.5)
Company Taxes	115,023	8	(454,722)	3.4	113,120	12.0	(454,722)	4.6
Interest charges	1,512,946	105	2,616,205	(19.6)	1,512,946	160.3	2,616,205	(26.4)
Depreciation	8,414	1	18,105	(0.1)	6,749	0.7	18,105	(0.2)
Amortisation	10,158	1	16,021	(0.1)	10,013	1.1	16,021	(0.2)
Transfer to non-controlling interests	11,776	1	(7,588)	0.1	-	-	-	-
Retained Loss	(617,693)	(43)	(15,875,487)	119.0	(1,059,312)	(112.2)	(12,435,654)	125.7
Value added/ (consumed)	**1,439,643**	**100.0**	**(13,341,939)**	**100.0**	**943,862**	**100.0**	**(9,894,518)**	**100.0**

Value added/(consumed) represents the additional wealth which the Group has been able to create/(utilise) 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 creation of more wealth.

Group Five - Year Financial Summary

Statement of Financial Position as at 31 December 2020

	2020 N'000	2019 N'000	2018 N'000	2017 N'000	2016 N'000
Liabilities					
Non-current liabilities	4,345,562	4,341,230	4,329,867	1,344,476	4,077,137
Current liabilities	7,358,703	21,620,331	23,301,701	29,595,163	32,802,486
Liabilities of disposal group classified as held for sale	946,620	802,626	780,414	-	-
Total liabilities	12,650,885	26,764,187	28,411,982	30,939,639	36,879,623
Ordinary share capital	9,279,985	1,299,198	1,299,198	1,299,198	859,375
Share premium	8,971,551	6,065,397	6,065,397	6,065,397	3,943,273
Revenue reserve	(8,561,255)	(5,014,475)	10,861,012	26,439,679	29,371,754
Shareholders' funds	9,690,281	2,350,120	18,225,607	33,804,274	34,174,402
Non-controlling interest	(48,493)	(178,288)	(170,700)	(165,849)	(150,287)
Total equity	9,641,788	2,171,832	18,054,907	33,638,425	34,024,115
Net equity and liabilities	**22,292,672**	**28,936,020**	**46,466,889**	**64,578,064**	**70,903,738**
PPE & Investment properties	1,824,645	2,417,871	4,274,810	10,537,632	28,951,966
Long term Investments	864,167	129,589	20,109,195	32,035,384	19,706,282
Assets of disposal group classified as held for sale	8,140,686	15,249,451	8,320,174	-	-
Current assets	11,463,174	11,139,109	13,762,710	22,005,048	22,245,490
Total assets	**22,292,672**	**28,936,020**	**46,466,889**	**64,578,064**	**70,903,738**
Comprehensive income					
Revenue	1,662,487	2,157,614	2,303,326	3,983,078	6,344,822
Loss before taxation	(262,693)	(16,194,629)	(13,244,202)	(3,057,309)	(1,783,124)
Taxation	(115,023)	454,722	(1,723,130)	403,306	233,069
Loss after taxation	(377,716)	(15,739,907)	(14,967,332)	(2,654,003)	(1,550,055)
Non-controlling Interest	11,776	(7,588)	(4,764)	(15,563)	(29,284)
Loss per share for loss attributable to the equity holders of the Group	(450,926)	(15,875,487)	(15,044,717)	(2,932,076)	(1,520,771)
Revenue reserve	(450,926)	(15,875,487)	(15,044,717)	(2,932,076)	(1,520,771)
Basic loss per share (kobo)	(3)	(115)	(579)	(130)	(88)
Net assets per share (Naira)	0.5	0.8	6.9	12.9	19.6

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.

Company Five - Year Financial Summary

Statement of Financial Position as at 31 December 2020

	2020 N'000	2019 N'000	2018 N'000	2017 N'000	2016 N'000
Liabilities					
Non-current liabilities	4,345,562	4,341,230	4,329,867	669,859	4,077,137
Current liabilities	6,760,381	21,234,266	22,915,633	29,209,094	31,736,601
Total liabilities	11,105,943	25,575,496	27,245,500	29,878,953	35,813,738
Ordinary share capital	9,279,985	1,299,198	1,299,198	1,299,198	859,375
Share premium	8,971,551	6,065,397	6,065,397	6,065,397	3,943,273
Revenue reserve	(9,070,459)	(5,082,059)	7,353,595	26,577,160	28,644,716
Shareholders' funds	9,181,077	2,282,536	14,718,190	33,941,755	33,447,364
Total equity	9,181,077	2,282,536	14,718,190	33,941,755	33,447,364
Net equity and liabilities	**20,287,020**	**27,858,032**	**41,963,690**	**63,820,708**	**69,261,102**
PPE & Investment properties	1,797,657	2,417,506	4,274,445	10,537,263	16,788,011
Long term Investments	971,382	129,589	91,335	17,428,732	16,807,186
Assets of disposal group classified as held for sale	-	7,007,890	16,489,153	-	-
Current assets	17,517,981	18,303,047	21,108,757	35,854,713	35,665,905
Total assets	**20,287,020**	**27,858,032**	**41,963,690**	**63,820,708**	**69,261,102**
Comprehensive income					
Revenue	1,597,218	2,157,614	2,303,326	3,983,078	4,994,113
Loss before taxation	(946,192)	(12,890,376)	(16,673,705)	(2,470,861)	(2,016,774)
Taxation	(113,120)	454,722	(1,813,257)	403,306	233,069
Loss after taxation	(1,059,312)	(12,435,654)	(18,486,962)	(2,067,555)	(1,783,705)
Other comprehensive income for the period net of taxation	166,767	-	-	-	-
Total comprehensive loss	(892,545)	(12,435,654)	(18,486,962)	(2,067,555)	(1,783,705)
Basic/diluted loss per share (kobo)	(8)	(91)	(711)	(102)	(102)
Net assets per share (Naira)	0.5	0.9	5.7	13.1	19.5

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.

Shareholders Information

Range Analysis As At 31st December 2020

Range			No. of Holders	Holders %	Holders Cum.	Units	Units %	Units Cum.
1	-	5,000	20,858	75.27	20,858	35,119,567	0.170	35,119,567
5,001	-	10,000	3,007	10.85	23,865	21,135,516	0.110	56,255,083
10,001	-	50,000	2,755	9.94	26,620	60,110,175	0.320	116,365,258
50,001	-	100,000	500	1.80	27,120	35,633,847	0.190	151,999,105
100,001	-	500,000	435	1.57	27,555	89,396,170	0.480	241,395,275
500,001	-	1,000,000	67	0.24	27,622	49,635,168	0.270	291,030,443
1,000,001	-	10,000,000	78	0.28	27,700	214,997,657	1.160	506,028,100
10,000,001		5,000,000,000	10	0.04	27,710	635,213,271	3.420	1,141,241,371
5,000,000,001	-	Above	2	0.01	27,712	17,418,728,565	93.850	18,559,969,936
Grand Total			**27,712**	**100**		**18,559,969,936**	**99.97**	

Five Year Share Price History

YEAR	LAST TRADING DAY	CLOSING SHARE PRICE	INC/(DEC) OVER PRECEDING YEAR
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%)
2020	DECEMBER 31, 2020	79k	(21%)

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

Unclaimed Dividends As At 31st December 2020

Div No	Year	Amount Unclaimed (N)
10	2008	5,253,229.16
11	2009	22,130,057.27
12	2010	8,743,262.49
13	2011	9,941,296.56
14	2012	2,339,843.11
15	2013	12,403,628.95
16	2014	144,969,969.03
17	2015	47,898,350.66

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.

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

Affix recent passport photograph

USE GUM ONLY
NO STAPLE PINS

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

SCAN

To Download Shareholders' Forms

Africa Prudential
RC 649007

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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)

Note: This service costs **N150.00** per form exclusive of VAT.

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
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18. EBONYI STATE GOVERNMENT BOND
19. GOLDEN CAPITAL PLC
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21. INVESTMENT & ALLIED ASSURANCE PLC
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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.
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

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Africa Prudential
RC 649007

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.

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
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RC 649007

SHARE PORTAL 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

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PROXY FORM

Annual General Meeting of UACN Property Development Company Plc to be held on 19th April 2021 at UAC House, 1st Floor, 1-5, Odunlami Street, Lagos at 10.00am

UACN PROPERTY DEVELOPMENT COMPANY PLC RC 321582

I/We ______________________________________

____

(Name of Shareholder(s) in block letters)

Being a member/members of UACN PROPERTY DEVELOPMENT COMPANY PLC, hereby appoint Mr. Wole Oshin, or failing him, Mrs. Deborah Nicol-Omeruah or failing her, Alhaji Gbadebo Olatokunbo or failing him Mr Adeniyi A Adebisi 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 19th April 2021 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 ________________ 2021

Shareholder's signature: ____________________

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 19th April 2021

	ORDINARY BUSINESS	FOR	AGAINST	ABSTAIN
1	To elect the following Directors:			
	Mr Oluwole Oshin			
	Mr. Adeniyi Falade			
2	To re-elect the following Director retiring by rotation: Mr. Folasope Aiyesimoju			
3.	To authorise the Directors to fix the remuneration of the Auditors.			
4.	To elect members of the Statutory Audit Committee			
	SPECIAL BUSINESS			
5	To approve ₦800,000 as Directors' remuneration for 2021.			
6	To approve Shareholders Loan			
7	To approve capital raise			
8	To renew general mandate			

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

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.

Provision has been made on this form for Mr. Wole Oshin, Mrs. Deborah Nicol-Omeruah, Alhaji Gbadebo Olatokunbo or Mr Adeniyi A Adebisi 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 Monday, April 19, 2021 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 April 19, 2021 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 ________________________