



UBN PROPERTY
COMPANY PLC.

(A subsidiary of Union Bank of Nigeria Plc)

2021 | Annual Report



UBN Property Company Plc

**ANNUAL REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2021**



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CORPORATE INFORMATION

Company's Registration Number: RC: 476267

Directors:	Emeka Okonkwo ¹	<i>Chairman</i>
	Emeka Emuwa ²	<i>Chairman</i>
	Oluwatosin Osikoya	<i>Managing Director</i>
	Obiaku Nneze Akwiwu - Nwadike (Mrs.)	<i>Non-Executive Director</i>
	Remi Kolarinwa	<i>Independent Non-Executive Director</i>
	Olajumoke Odulaja (Mrs.) ³	<i>Non-Executive Director</i>
	Adekunle Sonola ⁴	<i>Non-Executive Director</i>

¹ Appointed with effect from 29th March 2021

² Retired with effect from 29th March 2021

³ Appointed with effect from 29th March 2021

⁴ Retired with effect from 29th March 2021

Registered Office:	163, Obafemi Awolowo Way Alausa, Ikeja Lagos
Company Secretary	Somuyiwa A. Sonubi FRC/2013/NBA/00000002061 Stallion Plaza 36 Marina Lagos
Registrar	CardinalStone Registrars Limited 335/337, Herbert Macaulay Way Sabo, Yaba Lagos, Nigeria
Estate Valuer	Bode Adedeji Partnership 15, Bishop Oluwole Street Victoria Island Lagos FRC/2013/NIESV/00000001479
Auditor	Ernst & Young UBA House, 10 th and 13 th Floors 57 Marina, Lagos
Banker	Union Bank of Nigeria Plc



UBN Property Company Plc

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 12th Annual General Meeting of UBN Property Company Plc will be held in The Auditorium, Stallion Plaza (9th Floor), 36 Marina, Lagos on Thursday, 22nd September 2022 at 11 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Company's Audited Financial Statements for the financial year ended 31st December 2021 together with the reports of the Directors, Auditor, Board Appraiser and Statutory Audit Committee thereon.
2. To declare a dividend for the financial year ended 31st December 2021.
3. To elect/re-elect Directors.
4. To authorise the Directors to fix the remuneration of the Auditor.
5. To elect members of the Statutory Audit Committee.
6. To disclose remuneration of the Managers of the Company.

NOTES

a) PROXY

In compliance with public safety concerns on mass/public gatherings due to the COVID-19 pandemic, the Corporate Affairs Commission (CAC) has approved that in furtherance of the CAC's Guidelines on holding Annual General Meetings of Public Companies using Proxies, attendance at this meeting shall be by way of proxy, subject to the quorum provisions of the Company's Articles of Association. The meeting will also be streamed live (vide a link to be circulated by the Registrars) to enable other shareholders join the meeting and follow the proceedings.

Shareholders are advised that voting at the meeting shall be through the following proxies attending the meeting physically:

1.	Mr. Mudassir Amray	-	Board Chairman
2.	Mr. Peter Nwankwo	-	Acting Managing Director
3.	Mr. Kurfi Kasim Garba	-	Shareholder
4.	Mr. Chidi Agbapu	-	Shareholder
5.	Mr. Timothy Oyedele	-	Shareholder
6.	Mr. Philip Ofuokwu	-	Shareholder
7.	Mr. Abdul Bamidele	-	Shareholder
8.	Mr. Nornah Awoh	-	Shareholder

A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in its, his or her stead. A proxy need not be a member of the Company. A proxy form is supplied with this Notice. For completed proxy forms to be valid for the purpose of the meeting, they must be duly stamped by the Commissioner of Stamp Duties and deposited at the office of the **Company Registrar, CardinalStone Registrars Limited, 335/337 Herbert Macaulay Way, Yaba, Lagos or sent to registrars@cardinalstone.com** not less than forty-eight (48) hours before the meeting. The cost of stamping would be borne by the Company.

b) STATUTORY AUDIT COMMITTEE

Any member may nominate a shareholder for election as a member of the Statutory Audit Committee by giving notice in writing of such nomination, attaching the curriculum vitae of the nominee to the Company Secretary at least twenty-one (21) days before the Annual General Meeting.

Shareholders are enjoined to note that the Securities and Exchange Commission and the Financial Reporting Council of Nigeria require members of the Statutory Audit Committee to have basic financial literacy and an ability to read financial statements.

c) CLOSURE OF REGISTER

The Register of Members and Transfer Books of the Company shall be closed from Monday 12th September 2022 to Friday 16th September 2022 (both days inclusive) for the purpose of preparing an updated Register of Members.

d) PAYMENT OF DIVIDEND

If the dividend of N0.02 (two) Kobo per N1.00 ordinary share recommended by the Board of Directors is approved by members at the Annual General Meeting, the dividend payments will be made on 22nd September 2022 to members whose names appear in the Register of Members at the close of business on 9th September 2022.

e) 2021 FINANCIAL STATEMENTS (WEB LINK)

Shareholders can access the 2021 Financial Statements on the Company's website by using the following link:
link: <https://www.ubnproperty.com/2021agm/>

BY ORDER OF THE BOARD

Somuyiwa Adedeji Sonubi
Company Secretary
FRC/2013/NBA/00000002061
UBN Property Company Plc
163 Obafemi Awolowo Way, Ikeja
Lagos

Dated this 2nd day of August 2022

THE BOARD



Mudassir Amray
Chairman

Mr. Mudassir Amray is a seasoned banker with well-rounded exposure of over 25 years in senior management roles and a proven track record of adaptability in six geographies (USA, Nigeria, Malaysia, Hong Kong, Singapore, and Pakistan) over the course of his career at Citibank and other foreign and local banks.

Prior to being appointed Union Bank of Nigeria Plc's ("UBN") Chief Executive Officer on 2nd June 2022, Mr. Amray led the establishment of Titan Trust Bank Limited and subsequently became the bank's pioneer CEO in October 2019.

Following his appointment to the Board of UBN, he was appointed to the Board of the Company on 19th July 2022 and Chairman on 27th July 2022.

He holds an MBA from the University of Santo Tomas and a Bachelor of Commerce from National College, University of Karachi.



Peter Nwankwo
Acting Managing Director

Mr. Peter Nwankwo is a graduate of Estate Management from the University of Nigeria, Nsukka. He was awarded a Bachelor of Science degree from the institution in 1986. He served the one year mandatory service with Knight Frank & Rutley, Kaduna and thereafter joined the firm of Benora Nwokedi & Associates as a pupil Estate Surveyor and Valuer in 1987.

In 1990, Mr. Nwankwo joined Union Bank of Nigeria Plc as an Estate Surveyor and Valuer in the Bank's Property Department and rose to become the Head of the Bank's Estate unit.

In 2003, he joined UBN Property Company Plc ("the Company") as one of the pioneer Management staff and following the acquisition of 1004 Estates Ltd in 2004 from the Federal Government of Nigeria by a consortium of investors led by the Company, Mr. Nwankwo was seconded to 1004 Estates Limited, as one of the Project Managers that undertook the redevelopment of 1004 Estates Limited and subsequent disposal of same to various individuals and corporate entities.

On completion of the 1004 Estate Limited project in 2011, Mr. Nwankwo returned to the Company as Head of Estate and Facilities Management until 31st March 2022 when he was appointed the Acting Managing Director of UBN Property Company Plc. with effect from 1st April 2022.

Mr. Nwankwo is a member of Nigerian Institute of Estate Surveyors and Valuers with over 25 years cognate Experience and is also licensed by Estate Surveyors and Valuers Registration Board of Nigeria.



Olajumoke Odulaja (Mrs.)
Non-Executive Director

Olajumoke Odulaja joined the Board of UBN Property Company Plc on 29th March 2021. She joined Union Bank of Nigeria Plc in 2018 as the Chief Credit Officer, responsible for managing the aggregate risk in the Bank's loan portfolio. She was appointed Chief Risk Officer of the Bank in April 2020.

Prior to joining Union Bank, she worked at Stanbic IBTC and Standard Chartered banks, with 12 years spent in Managerial positions within various roles in Credit Management.

Her areas of expertise include Risk management; Credit Evaluation and Underwriting; Credit Policies; Account Management and Monitoring; Loan Disbursement; Operational Risk; and Collections for Corporate, Commercial businesses, Small and Medium Enterprises (SMEs).

Olajumoke is a Fellow of the Institute of Chartered Accountants of Nigeria with a first degree in Economics from the University of Ilorin, and an MBA from Manchester Business School, United Kingdom.



Remi Kolarinwa
Independent Non-Executive Director

Mr. Remi Kolarinwa joined the Board in December 2014 as an Independent Non-Executive Director. He is an Economics graduate of the University of Toronto, Canada, with an MBA from York University, Toronto. He has had a career in banking spanning over 27 years, during which time he held leadership positions in retail, corporate, and investment banking and retired as the Deputy Managing Director of the defunct IBTC Chartered Bank.

He was also an Independent Non-Executive Director of Union Homes Savings and Loans Plc. He currently serves as the Chairman, Capiflex Management Limited, an investment management and financial advisory company, a Non- Executive Director of Sterling Bank Plc, USP Communications Limited, and Bancorp Finance Limited. He is a Fellow of the Chartered Institute of Stockbrokers.



Obiaku Nneze Akwiwu-Nwadike (Mrs.)
Non-Executive Director

Mrs. Obiaku Nneze Akwiwu-Nwadike joined the Board in December 2014 as a director representing minority shareholders. She is a trained structural engineer, with a career spanning over 30 years, 14 of which have been in active service as a structural engineer, property developer and consultant in construction of luxury residential and multi-shop, plaza or mall properties.

She is a member of the Council of Registered Engineers of Nigeria and has worked in various capacities in the public and private sectors. She was Principal/ Assistant Chief Engineer at the Nigerian Ports Authority between 1984 and 1991, Wealth Adviser/ Regional Executive at BGL Plc till 2012. She is the Founder/Chief Executive Officer of Trixibelle Limited.



CHAIRMAN'S STATEMENT

Dear esteemed Shareholders, Board of Directors and Colleagues, it is with great pleasure that I welcome you to the 12th Annual General Meeting of UBN Property Company Plc ('the Company'), and to present you with the annual report of the Company for the year ended 31st December 2021.

The Economy

The global economy recovered from the COVID-19 induced decline of -3% in 2020, to a growth of 6.1% in 2021. According to the IMF, the expansion was spurred by national economic recoveries and the increased rollout of vaccines globally. However, growth is expected to slow down to 3.2% in 2022, as a result of increasing global inflation, rising commodity prices, and supply chain disruptions caused by the Russia-Ukraine crisis.

On the home turf, Nigeria's Gross Domestic Product (GDP) recovered by 3.4% in 2021 from a contraction of -1.9% in 2020. The economy witnessed growth across all quarters in 2021 majorly driven by growth in the non-oil sector which grew by 4.4%, compared to a decline of 1.3% in 2020. According to the IMF, Nigeria's economy is expected to expand by 3.4% in 2022 driven mainly by increasing crude oil prices.

The Property Industry

The Real Estate sector saw significant performance improvement in 2021, rising from -9.2% recorded in 2020 to 2.3%. In 2021, the industry consistently recorded growths of 1.8%, 3.9%, 2.3% and 1.5% in Q1, Q2, Q3 and Q4 respectively. Although the sector saw recovery in activities in 2021, it is yet to recover to pre-pandemic levels, recording a contribution of 5.6% to GDP in 2021 compared to 5.7% in 2020.

Despite the improved performance, the key challenges of the real estate sector in Nigeria including limited liquidity, insufficient supply of mortgages and pressure on purchasing power, have remained unsolved.

Security continues to be a priority in the residential real estate market which has fueled the demand for gated communities. Major cities including Abuja and Lagos have seen increased demand for residential assets in gated communities with a few going for over a 50% increase on 2020 prices and beyond driven by concerns around future lockdowns and the added protection from vandalizations.

A positive development in the Real Estate market was the re-enactment of the Lagos State Real Estate Regulatory Authority Law, which entails compliance with uniform standards of practice, removal of unqualified agents and developers, and safer buildings in the state.

The sector has also seen increased adoption of PropTech - the digitalization of the Real Estate sector. Although it is still in the emerging stage, many new real estate entrants are already adopting the trend. In 2021 alone, five Nigerian PropTech firms raised over US\$2million in venture funding.

The Real Estate sector has also seen commitment from the Federal Government with the five-year National Development Plan (NDP) medium-term blueprint designed to unlock the potential of the Real Estate sector. The Federal Government aims to raise the sector's contribution to 8.4% by 2025 with an estimated public investment of ₦3.5trillion, by improving access to affordable housing and increasing supply rate from 500,000 to 1,000,000 homes per year.

2021 Financial Performance

Our performance during the year was affected by the events in the larger economy. The Company recorded a Total Income of ₦461.3million representing a marginal 5% reduction from the revenue of ₦485.0million in 2020. Profit Before Tax achieved in 2021 was ₦263.0million against ₦243.1million in 2020, representing an 8.2% increase in profits. This is as a result of growth in property management fees and rental income from investment properties.

Our Total Assets for the year ended 31st December 2021 was ₦10.68billion compared to the 2020 position of ₦9.69billion. This represents a 10% increase in Total Assets.

Dividend

Given this performance, the Board of Directors is proposing the sum of ₦112,528,321.02 as dividend payment for the year ended 31st December 2021 with shareholders being paid ₦0.02Kobo per ₦1.00 ordinary share subject to withholding tax. We hereby request your approval of this dividend proposal.

Board Changes

In June 2022, Mr. Emeka Okonkwo retired his appointment as the Chairman of the Company effective from 2nd June 2022.

Following the retirement of the erstwhile Chairman, Mr. Mudassir Amray was appointed as the Chairman of the Board of Directors effective from 27th July 2022. Mr. Amray is a seasoned banker with well-rounded exposure of over 25 years in senior management roles and a proven track record of adaptability in six geographical regions including USA, Nigeria, Malaysia, Hong Kong, Singapore and Pakistan.

On the 31st of March 2022, the Managing Director of the Company, Mr. Oluwatosin Osikoya retired from the Board after many years of meritorious service. He was succeeded by Mr. Peter Nwankwo in acting capacity and whose appointment was effective 1st of April 2022.

Mr. Peter Nwankwo is a graduate of Estate Management from the University of Nigeria, Nsukka. He was awarded a Bachelor of Science degree from the institution in 1986.

In 1990, Mr. Nwankwo joined Union Bank of Nigeria Plc as an Estate Surveyor and Valuer in the Bank's Property Department and rose to become the Head of the Bank's Estate unit.

In 2003, he joined UBN Property Company Plc ("the Company") as one of the pioneer Management staff and following the acquisition of 1004 Estates Ltd in 2004 from the Federal Government of Nigeria by a consortium of investors led by the Company.

On behalf of the Board, I would like to thank both the outgoing Chairman and Managing Director for their immense contributions to the Company and wish both of them the best in retirement.

Union Bank's Divestment

The ongoing divestment of Union Bank of Nigeria Plc's interest in UBN Property Company Plc has been suspended due to the pending litigation instituted by some shareholders of the Company and will be concluded as soon as the legal action is resolved.

Outlook for 2022

According to the IMF, the Nigerian economy is expected to grow by 3.4% in 2022, reflecting expectations of improved global activities, COVID-19 vaccine uptake, and revenues from rising crude prices.

The sector is anticipated to grow by 2.9% in 2022, despite the prevalent macroeconomic and socio-political factors including high inflation, FX challenges, insecurity, and high unemployment rates. The sector growth is projected to stem from government-led expenditures on social projects and the completion of projects stalled by the upcoming 2023 elections.

As the sector continues to grow, we have positioned ourselves to take advantage of the emerging opportunities and we remain optimistic about delivering our objectives in 2022 whilst providing excellent services to all stakeholders in order to deliver maximum returns for shareholders.

Conclusion

I would like to thank the management, staff and board for their dedication and support to the Company and their commitment in ensuring that the organization delivers on its promises and targets.

We believe that the outlook for 2022 will further strengthen our efforts in the previous year as we chart the course towards growth and profitability. The Board and Management of the Company are committed to realizing these goals.

Finally, I would like to express my profound gratitude to the erstwhile Chairman, Mr. Emeka Okonkwo for his laudable efforts and support during the year and wish him the very best in his future endeavours.



Mudassir Amray

Chairman, UBN Property Company Plc

ACTING MANAGING DIRECTOR'S STATEMENT

Introduction

It is with great pleasure that I welcome you all to the Company's 12th Annual General Meeting (AGM) and present to you the annual reports and financial statements for the year ended 31st December 2021.

The year 2021 was a year of recovery with a 6.1% global economic growth compared to -3.3% in 2020 as activities resumed across the globe coupled with increased global vaccinations and rising energy prices.

Nigeria recovered from the pandemic-induced recession recording an annual GDP of 3.4% in 2021 from -1.9% in 2020, driven largely by improved business activities from easing lockdown measures as well as increasing crude oil prices. Despite the growth, key macroeconomic and structural concerns lingered with inflation reaching a four-year high of 18.2% in March 2021, before a steady decline towards the end of the year. Food inflation maintained an upward trajectory, peaking at 20.75% in October 2021, due to ongoing security challenges in food producing states coupled with poor road infrastructure.

The year 2021 witnessed the recovery of crude oil prices with Brent averaging US\$71 per barrel, peaking at US\$84 per barrel in October 2021. Nigeria, however, did not largely benefit from the oil price rally as oil production declined to 1.4 million barrels per day in 2021 from 1.6 million barrels per day in 2020 due to oil theft, loss of infrastructure efficiency, and lack of maintenance.

The performance of the Real Estate sector improved in 2021, recording growth across the four quarters in 2021 with an annual growth of 2.3% compared to -9.2% recorded in 2020. The sector's contribution to GDP declined marginally from 5.7% in 2020 to 5.6% in 2021.

Developments in Property Industry

2021 witnessed a decrease in the demand for commercial real estate as many companies have adopted a digital and e-commerce work approach. Consequently, there has been an increased demand for co-workspaces to alleviate costs especially for small businesses suffering the effect of the pandemic. Nevertheless, in view of the expected demand, it is anticipated that, in 2022, there might be increased activities in co-working spaces' investment and development.

Growth in the value of real estate stock in both absolute and relative terms is an important consideration for global real estate investors. Analysts estimate that at the end of 2021, the global value of real estate investable stock was over US\$34trillion and expect this to grow to US\$85.1trillion over the next 20 years. Core cities are set to grow and will remain dominant features of the investment landscape - most notably, Lagos where growth is expected in most submarkets except for the Grade A market.

2021 Financial Performance

The company recorded a Total Income of ₦461.3 million, representing a 5% decline from ₦484.9 million in 2020. Investment Income declined by 14% to ₦218.9 million as against ₦254.3 million in 2020. This was as a result of the low-interest yield environment on Nigeria Treasury Bills (NTB).

Rental Income fees grew by 10% from ₦77.8 million in 2020 to ₦85.4 million in 2021 while Property Management Fees grew by 47% from ₦22.3 million in 2020 to ₦32.6 million in 2021. Other Income dropped by 33% from ₦43.9 million in 2020 to ₦29.3 million in 2021.

Total Expenses reduced by 16% to ₦198.3 million from ₦237.4 million in 2020 with Operating Expenses reducing by 38% from ₦93.5 million to ₦57.5 million in 2021.

Total Assets stood at ₦10.7 billion as at 31st December 2021 compared to ₦9.7 billion recorded in 2020. Shareholders' Funds were flat at ₦8.6 billion in 2021.

The Company's PBT for the year grew by 8% to ₦263 million in 2021 from ₦243.1 million in 2020 on the back of profits from sale of trading properties and property management fees.

Key Business Highlights

The year 2021 was a very difficult and challenging year for most companies including companies in the real estate sector. Though the COVID-19 lockdown has eased, its effect on the economy is still reverberating with its adverse effect on the commercial real estate sector where the demand for office spaces has gone down significantly. In contrast, the demand for residential real estate for the upper-middle income bracket is picking up gradually.



The Money Market has been slow in the year under review thereby making investments therein unattractive. With the upbeat in the residential real estate sector, the company mobilised the available resources to hasten the completion of the Parkview residential estate development otherwise called 'The Meadow'. The estate is now almost completed as 68% of the units have been sold with intensified efforts being made to sell the remaining units.

In view of the success of the Parkview residential development, efforts are being made to acquire land in a low-density neighborhood with a view to replicate the Parkview success story.

Regulatory Compliance

In 2021, the Company met all statutory and regulatory obligations required for the operation of the Company as a PLC.

2022 Outlook

In 2022, we expect the Nigeria economy to grow by 3.2% building on the recovery efforts of 2021. The real estate sector also represents an opportunity for steady growth and expansion and will be a key driver for the country's recovery. As the election year approaches, we anticipate announcements of government-led expenditures on social projects and the completion of abandoned projects in 2022.

Despite the challenging conditions in the country, we look to the future with optimism. We have implemented important measures aimed at positioning the Company on a path to growth and profitability. We have realigned our priorities and positioned our company to maximise the policy direction of government.

On behalf of my colleagues, I would like to appreciate our shareholders for their continued support and patience over the years and for their dedication towards delivering on our service promise to our customers.

Finally, I wish to appreciate the commitment of our Board of Directors even as we count on their continued support in 2022.

Thank you.

Peter Nwankwo
Ag. Managing Director



REPORT OF THE DIRECTORS

Directors' report

The Directors present their annual report on the affairs of UBN Property Company Plc ("the Company"), together with the financial statements and auditor's report for the year ended 31st December 2021.

Legal Form and Principal Activity

The Company was incorporated in Nigeria under the Companies and Allied Matters Act as a Limited Liability Company on 24th March 2003 and has been in operation since then. On 11th February 2015, the Company was re-registered as a Public Limited Company. The address of its registered office is 163, Obafemi Awolowo Way, Alausa, Ikeja, Lagos, Nigeria.

Principal activity

The principal activity of the Company is the development, sale and management of residential and office accommodation for corporate bodies and individuals.

Operating results

The highlights of the Company's operating results for the year are as follows:

<i>In thousands of Nigerian Naira</i>	Note	2021	2020
Profit before minimum and income tax		262,995	247,543
Minimum tax		-	(4,378)
Income tax (expense)/Credit		(71,140)	101,859
Profit after tax		191,855	345,024
Basic and diluted earnings per share (kobo)		3	6

Analysis of Shareholding

The shareholding structure of the Company is as stated below:

As of 31st December 2021

Range	No. of Holders	% of Total Holders	Units held	% of Total Holders
10 - 50,000	238	28.6%	6,842,936	0.1%
50,001- 500,000	340	40.9%	69,721,367	1.2%
500,001- 5,000,000	181	21.8%	351,963,922	6.3%
5,000,001- 50,000,000	62	7.5%	1,224,589,086	21.8%
50,000,001- 500,000,000	9	1.1%	1,778,298,740	31.6%
500,000,001- and above	1	0.1%	2,195,000,000	39.0%
Grand Total	831	100%	5,626,416,051	100%

As of 31st December 2020

Range	No. of Holders	% of Total Holders	Units held	% of Total Holders
10 - 50,000	231	28.3%	6,776,336	0.1%
50,001-500,000	336	41.2%	69,681,467	1.2%
500,001-5,000,000	177	21.7%	346,604,222	6.2%
5,000,001-50,000,000	62	7.6%	1,220,699,086	21.7%
50,000,001-500,000,000	9	1.1%	1,787,654,940	31.8%
500,000,001- and above	1	0.1%	2,195,000,000	39.0%
Grand Total	816	100%	5,626,416,051	100%



REPORT OF THE DIRECTORS

Directors' report

Proposed Dividend

The Board of Directors, pursuant to the powers vested in it by the provisions of the Companies and Allied Matters Act 2020, propose a dividend of N0.02kobo per N1.00 ordinary share from the retained earnings account as of 31st December 2021 (31st December 2020: N0.03kobo per N1.00 ordinary share). This proposed dividend will be presented to shareholders for approval at the Annual General Meeting. The proposed dividend is subject to withholding tax at the appropriate tax rate.

Directors and their Interests

The names of the Directors at the date of this report and of those who held offices during the year are as follows:

Emeka Okonkwo ¹	<i>Chairman</i>
Emeka Emuwa ²	<i>Chairman</i>
Oluwatosin Osikoya	<i>Managing Director</i>
Obiaku Nneze Akwiwu - Nwadike (Mrs.)	<i>Non-Executive Director</i>
Remi Kolarinwa	<i>Independent Non-Executive Director</i>
Olajumoke Odulaja (Mrs.) ³	<i>Non-Executive Director</i>
Adekunle Sonola ⁴	<i>Non-Executive Director</i>

¹ Appointed with effect from 29th March 2021

² Retired with effect from 29th March 2021

³ Appointed with effect from 29th March 2021

⁴ Retired with effect from 29th March 2021

The direct interest of Directors in the issued share capital of the Company as recorded in the Register of Directors' Shareholding and / or as notified by the Directors for the purposes of the provisions of CAMA 2020 are as follows:

Directors	No of ordinary shares held	
	31-Dec-21	31-Dec-20
Emeka Okonkwo	-	-
Emeka Emuwa	-	-
Oluwatosin Osikoya	-	-
Obiaku Nneze Akwiwu - Nwadike (Mrs.)	53,500,000	53,500,000
Remi Kolarinwa	-	-
Olajumoke Odulaja (Mrs.)	-	-
Adekunle Sonola	-	-

No director has notified the Company of any indirect interest in the Company's shares.

Directors' interest in Contracts

In accordance with provision of the Companies and Allied Matters Act, 2020 none of the Directors has notified the Company of any declarable interests in contracts with the Company.

Directors' retirements

The Director who retires by rotation and, being eligible, offers herself for re-election in accordance with Articles 26 and 27 of the Company's Articles of Association is Mrs. Olajumoke Odulaja.

Significant shareholdings

According to the Register of Members, no shareholder other than the under-mentioned held at least 5% of the issued capital of the Company as at 31st December 2021:

	2021		2020	
	No of shares	% Holding	No of shares	% Holding
Union Bank of Nigeria Plc	2,195,000,000	39.01%	2,195,000,000	39.01%
Allianz Nigeria Insurance Plc	495,000,000	8.80%	495,000,000	8.80%
Greenwich Registrars and Data Solutions Limited	495,000,000	8.80%	495,000,000	8.80%



REPORT OF THE DIRECTORS

Directors' report

Property, plant and equipment

Information relating to changes in property, plant and equipment is given in Note 16 to the financial statements.

Donations and charitable gifts

There were donations of N100,000 made during the year to an NGO, training and empowering young construction workers in Nigeria (2020: N100,000).

Employment of Physically Challenged Persons

The Company had no physically challenged persons in its employment during the year. However, applications for employment by physically challenged persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming physically challenged, every effort will be made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that training, career development and promotion of disabled persons, as far as possible, are identical with that of other employees.

Health, safety at work and welfare of employees

The Company places a high premium on the health, safety and welfare of its employees in their place of work. Medical facilities are provided to employees and their immediate families at the Company's expense.

Employees' involvement and training

The Company places considerable value on the involvement of its employees in the affairs of the Company and has a policy of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company.

The Company places a lot of emphasis on employee development and training. Consequently, in-house training is complemented by additional external training where the need is assessed as required or necessary.

Events after the reporting date

There were no subsequent events after reporting date which could have had material effect on the state of affairs of the Company as of 31st December 2021, which have not been adequately provided for or disclosed.

Divestment of Union Bank of Nigeria Plc's interest in the Company

Union Bank of Nigeria Plc (the Parent Company) obtained approval from the Central Bank of Nigeria in May 2013 to carry out its plan of divesting from all its non-banking subsidiaries within eighteen (18) months from the date of approval. This was in accordance with the Central Bank of Nigeria's Regulation 3 (Regulation on the Scope of Banking Activities and Ancillary Matters, No. 3, 2010). The specified period for disposal of the Bank's interest in UBN Property Company Plc lapsed in November 2014.

The Parent Company is however restrained from proceeding with the divestment as a result of litigation instituted by some of the Company's shareholders in respect of the private placement conducted by the Company in 2006. Hence, the Directors of the Company have suspended the divestment process until such a time as the pending litigation is resolved. This matter is not expected to have any significant impact on the entity.

Operational risk management

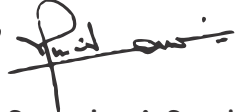
Major sources of operational risk include operational process, IT security, dependence on key suppliers, fraud, human error, regulatory compliance, recruitment, training, retention of staff, and social and environmental impact. The Company has strict operational procedures in place. The compliance and risk management are monitored and reported to the Board of Directors.

Auditor

Messrs. Ernst & Young (EY) acted as the Company's independent auditor during the financial year ended 31st December 2021. The independent auditor's report was signed by Babayomi Ajijola, a partner in the firm, with Financial Reporting Council (FRC) membership number FRC/2013/ICAN/00000001196.

Messrs. Ernst & Young (EY) has indicated willingness to continue in office as auditor in accordance with Section 401(2) of the Companies and Allied Matters Act 2020, Laws of the Federation of Nigeria.

By order of the Board



Somuyiwa A. Sonubi
FRC/2013/NBA/00000002061
Company Secretary

25th February 2022



STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

In line with the provision of Section 405 of Companies and Allied Matters Act, 2020, we have reviewed the audited financial statements of the Company for the year ended 31st December 2021 based on our knowledge confirm as follows:

- i. The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading.
- ii. The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for the year ended 31st December 2021.
- iii. The Company's internal controls have been designed to ensure that all material information relating to the Company is received and provided to the auditors in the course of the audit.
- iv. The Company's internal controls were evaluated within ninety (90) days of the financial reporting date and are effective as of 31st December 2021.
- v. That we have disclosed to the Company's auditor and Statutory Audit Committee the following information:
 - a. there are no significant deficiencies in the design or operation of the Company's internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have discussed with the auditors any weaknesses in internal controls observed in the cause of audit.
 - b. there is no fraud involving management or other employees which could have any significant role in the Company's internal control.
- vi. There are no significant changes in internal controls or in the other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.

Oluwatosin Osikoya
FRC/2013/NSE/00000002333
Managing Director

25th February 2022

Oluwagbenga Adeoye
FRC/2013/ICAN/00000002063
Chief Financial Officer

25th February 2022



STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE FINANCIAL STATEMENTS

Section 377 of the Companies and Allied Matters Act, 2020, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss and other comprehensive income. The responsibilities include ensuring that the Company:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the International Financial Reporting Standards, the relevant requirements of the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act, No. 6, 2011.
- b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Financial Reporting Standards, the relevant requirements of the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act, No. 6, 2011.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit and other comprehensive income. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months (12) months from the date of this statement.

Signed on behalf of the Board of Directors by:

Oluwatosin Osikoya
FRC/2013/NSE/00000002333
Managing Director

25th February 2022

Emeka Okonkwo
FRC/2021/003/00000023088
Chairman

25th February 2022



STATEMENT ON CORPORATE GOVERNANCE

Corporate Governance practices in UBN Property Company Plc (“UPCP” or “the Company”) are as codified in the Securities and Exchange Commission (“SEC”) Code of Corporate Governance of 2011, the Nigerian Code of Corporate Governance of 2018 by the Financial Reporting Council of Nigeria and other relevant statutes and other regulations. These provide guidance for the governance of the Company, compliance with regulatory requirements and form the basis of the core values upon which the Company is run. The codes and statutes are geared towards ensuring the accountability of the Board of Directors (“the Board”) and Management to the stakeholders of the Company in particular and emphasize the need to meet and address the interests of a range of stakeholders, to promote the long-term sustainability of the Company.

UPCP is committed to the best corporate governance practices and believes that adherence and commitment to high governance principles and standards is the panacea for effective control and management of the Company. The principle of good corporate governance practices remains one of our core values and an important ingredient in creating, protecting, promoting and sustaining shareholders’ interests, rights and values, as well as delivering excellent service to our customers. The Company is committed to the highest ethical standards and transparency in the conduct of its business.

In compliance with the requirements of the SEC Code of Corporate Governance, an annual board appraisal review is conducted by an independent consultant (DSCL Corporate Services Limited) appointed by the Company, whose report is submitted to the Board and presented to shareholders at the Annual General Meeting (AGM) of the Company.

Securities Trading Policy

To further demonstrate its commitment to transparency and ensure compliance with regulatory requirements, the Company has developed a Securities Trading Policy in line with the SEC Code of Corporate Governance. The Policy sets out the process by which directors, staff, shareholders, key management personnel, third party service providers or any other connected persons who have direct or indirect access to the Company’s insider information can deal in the Company’s securities. It also prohibits the trading of the Company’s securities during ‘Closed Periods’. The policy is designed to ensure that its compliance is monitored on an ongoing basis.

Complaints’ Management Policy

The Company’s Complaints’ Management Policy has been prepared pursuant to the Rules Relating to the Complaints Management Framework of the Nigerian Capital Market issued by the SEC on 16th February 2015. The Policy applies strictly to the Company’s shareholders and provides an avenue for them to make complaints regarding their shareholding and relationship with the Company.

The Complaints’ Management Policy aims to promote and safeguard the interest of the Company’s shareholders and investors, with its primary objective of ensuring that the activities of the board and management are in the best interest of the Company and its shareholders. The policy, jointly implemented by the Registrar and the Company Secretary, sets out the process and channels through which shareholders can submit their complaints, and the process for managing these complaints.”

Whistle Blowing Procedures

In line with the Company’s commitment to instill the best corporate governance practices, the Company’s anonymous whistle-blowing channel is independent through the following media:

- Whistle blower hotline: 01-2805791
- Email: Tip-offs@deloitte.com.ng

This is to uphold commitment to the highest standards of openness, integrity, accountability and ethical standards. There is a direct link to the web portal (<https://tradeconnect.unionbankng.com/WhistleBlower/>) on the Company’s website and intranet to enable stakeholders, including members of staff, report all suspected breaches of the Company’s Code of Corporate Governance.



STATEMENT ON CORPORATE GOVERNANCE

Remuneration Policy for Directors and Senior Management

The Company's Remuneration Policy for directors and senior management is geared towards attracting, retaining and motivating the best talent and enables the Company achieve its financial, strategic and operational objectives. The policy sets out amongst others, the structure and components of the remuneration packages for Executive and Non-Executive Directors and ensures that the remuneration packages comply with the SEC Code of Corporate Governance.

In line with the provisions of the extant regulations and codes of corporate governance, the remuneration of directors and senior management is set at levels, which are fair and competitive, and take into consideration the economic realities in the real estate services sector and the Company's financial performance.

Governance Structure

The following governance bodies are in place.

A. Board of Directors

The Board of Directors oversees the management of the Company, and comprises a Non-Executive Chairman, one Independent Non-Executive Director, two Non-Executive Directors, the Managing Director as listed below:

NAME	29/02/2021	25/06/2021	27/10/2021	16/12/2021
Emeka Okonkwo ¹	NA	✓	✓	✓
Emeka Emuwa ²	✓	R	R	R
Oluwatosin Osikoya	✓	✓	✓	✓
Obiaku Nneze Akwivu - Nwadike (Mrs)	✓	✓	✓	✓
Olajumoke Odulaja ³	NA	✓	✓	✓
Remi Kolarinwa	✓	✓	✓	✓
Adekunle Sonola ⁴	✓	R	R	R
Present	✓			
Resigned/Retired	R			
Not yet appointed	NA			

¹Appointed with effect from 29th March 2021; Retired with effect from 2nd June 2022

²Retired with effect from 29th March 2021

³Appointed with effect from 29th March 2021

⁴Retired with effect from 29th March 2021

Responsibilities of the Board of Directors

The Board, the highest decision-making body approved by the shareholders, met four (4) times during the year to provide strategic direction, leadership and articulate policies required to achieve the objectives of the Company.

The Board monitors the activities of the Managing Director and the Senior Management staff and the accomplishment of set objectives through reports at its meetings. In performing its oversight function over the Company's business, the Board operates through the following Board Committees.

B. Standing Board Committees

The Board of Directors has two standing committees, which deal with specific operations of the Company, namely:

1. Board Audit and Risk Management Committee

The Committee consists of the following members:

1. Remi Kolarinwa
2. Olajumoke Odulaja (Mrs.)
3. Obiaku Nneze Akwivu - Nwadike (Mrs.)

Its responsibilities include the following, amongst others:

- Review and approve the annual external audit plan and to ensure the Company's information security policies, business continuity management and disaster recovery plans are comprehensive and adequate;

STATEMENT ON CORPORATE GOVERNANCE

- Define the Company's risk appetite, develop and periodically review the Company's risk management strategy;
- Ensure that an internal audit function is established to provide reasonable assurance to the Board on the effectiveness of the Company's system of internal controls;
- Oversee Company's process and strategy for the identification of significant risks across the Company and the adequacy of prevention, detection and reporting mechanisms.
- Ensure the development of comprehensive internal audit, internal control and risk management frameworks for the Company;
- Obtain and review reports from the internal audit function to assess the strength, quality and effectiveness of internal controls, and monitor the status and implementation of any exceptions or recommendations for improvement raised by the most recent internal reviews of the Company's internal controls and control functions.

2. Board Governance and Remuneration Committee

The Committee comprises the following members:

- (i) Remi Kolarinwa
- (ii) Olajumoke Odulaja (Mrs.)
- (iii) Obiaku Nneze Akwiwu - Nwadike (Mrs.)

Its responsibilities include the following, amongst others:

- Review and report to the Board annually on the broad key performance indicators set by executive management for staff groups below the executive management level ("Staff") to achieve that year's business and financial goals.
- Review and report to the Board, on the annual performance evaluation of Staff conducted by management for the prior year's performance and the overall outcome of the annual performance evaluation process.
- Review and report to the Board annually, the overall training policy and program for Staff and any changes as they arise to achieve business and financial goals.
- Consider and review staff compensation, welfare and industrial relations matters and make appropriate recommendations to the Board from time to time.
- Consider and recommend compensation increments for staff to the Board for consideration and approval.
- Review and recommend for Board approval, any policies relating to Staff, and engagement of outsourced services, not otherwise contemplated herein, as may be deemed necessary.
- Review and advise the Board annually, on the strategy for and engagement of service providers of Support Staff, including the overall cost, performance and effectiveness of these firms in delivering cost-effective and high-quality service to the Company's customers.

3. Statutory Audit Committee

The Committee is constituted at the Company's Annual General Meeting (AGM) - It met four (4) times during the year and consists of the following members:



STATEMENT ON CORPORATE GOVERNANCE

NAME		23/03/2021	25/06/2021	27/10/2021	15/12/2021
Kamarudeen Oladosu FCA	Chairman	✓	✓	✓	✓
Remi Kolarinwa	Member	✓	✓	✓	✓
Nornah Awoh	Member	✓	✓	✓	✓
Olajumoke Odulaja (Mrs.) ¹	Member	NA	✓	✓	✓
Adekunle Sonola ²	Member	✓	R	R	R

Present ✓
Resigned/Retired R
Not yet appointed NA

¹ Appointed with effect from 29th March 2021

² Retired with effect from 29th March 2021

The Statutory Audit Committee has responsibility for the following:

- Oversight responsibility for the Company's accounting and financial reporting functions.
- Oversight responsibility for the Company's accounting systems.
- Oversight responsibility for the Company's internal audit and control structures.
- Recommending the appointment, remuneration and removal of external auditors to the Board.
- Reviewing and recommending the audited financial statements to shareholders for approval.

Signed on behalf of the Board of Directors by:

Somuyiwa A. Sonubi

FRC/2013/NBA/00000002061

Company Secretary

25th February 2022



REPORT OF THE STATUTORY AUDIT COMMITTEE

In compliance with Section 404 of Companies and Allied Matters Act, 2020, we reviewed the financial statements of UBN Property Company Plc. for the year ended 31st December 2021 and hereby state as follows:

- 1 The scope and planning of the audit were adequate in our opinion;
- 2 The accounting and reporting policies of the Company conformed with the statutory requirements and agreed ethical practices;
- 3 The Internal Control and Internal Audit functions were operating effectively;
- 4 The External Auditor's findings as stated in the management letter are being dealt with satisfactorily by the management; and
- 5 Related party balances and transactions have been disclosed in Note 30 to the financial statements in accordance with requirements of the International Financial Reporting Standards (IFRS).

Signed on behalf of the Committee by:

Kamarudeen Oladosu FCA
FRC/2013/CISN/00000005091
Chairman, Audit Committee

25th February 2022

MEMBERS OF THE COMMITTEE

- | | | |
|---|--------------------------|----------|
| 1 | Kamarudeen Oladosu FCA | Chairman |
| 2 | Remi Kolarinwa | Member |
| 3 | Nornah Awoh | Member |
| 4 | Olajumoke Odulaja (Mrs.) | Member |

DCSL Corporate Services Limited

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Ilupeju
P. O. Box 6315, Marina
Lagos, Nigeria

Tel: +234 8090381864
info@dcs.com.ng
www.dcs.com.ng

RC NO. 352393

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Off Shehu Shagari Way Central Business District
Abuja, Nigeria

Tel: +234 9 4614902-5

19 April 2022

REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE OF THE BOARD OF DIRECTORS OF UBN PROPERTY COMPANY PLC FOR THE YEAR-ENDED DECEMBER 31, 2021

DCSL Corporate Services Limited (DCSL) was engaged as Independent External Consultants by UBN Property Company Plc (“UBN Property”, “the Company”) to carry out an evaluation of the performance of the Board of Directors, that of its Committees, the Board Chairman and Individual Directors for the year-ended December 31, 2021 in line with the provision of **Principle 14.1 of the Nigerian Code of Corporate Governance, 2018** as well as global best practices on Corporate Governance. The appraisal entailed a review of the Company’s corporate and statutory documents, Minutes of Board and Committee meetings, policies and other ancillary documents made available to us and the administration of questionnaires to Directors.

The objective of the review was to ascertain the extent of compliance with corporate governance principles and the performance of the Board in general. The Company’s corporate governance structures, policies and processes were benchmarked against the provisions of the Nigerian Code of Corporate Governance 2018 (NCCG), Securities and Exchange Commission Corporate Governance Guidelines 2021 (SCGG), Companies and Allied Matters Act 2020 (CAMA) and international best practices. The evaluation covered the following key corporate governance themes:

1. Board Structure and Composition;
2. Strategy and Planning;
3. Board Operations and Effectiveness;
4. Measuring and Monitoring of Performance;
5. Risk Management and Compliance;
6. Corporate Citizenship; and
7. Transparency and Disclosure

Our review of the corporate governance standards and processes affirm that the Board has substantially complied with the provisions of the Nigerian Code of Corporate Governance and other relevant corporate governance standards. The activities of the Board are also in compliance with corporate governance best practice and individual Directors remain committed to enhancing the Company’s growth.

Details of our key findings and recommendations are contained in our Report.

Yours faithfully,

For: DCSL Corporate Services Limited

Bisi Adeyemi
Managing Director
FRC/2013/NBA/00000002716

Directors: • Abel Ajayi (Chairman) • Obi Ogbeci • Adeniyi Obe • Dr. Anino Emuwa • Adebisi Adeyemi (Managing Director)





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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UBN PROPERTY COMPANY PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of UBN Property Company Plc ("the Company"), which comprise the statement of financial position as at 31st December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In our opinion, the accompanying financial statements give a true and fair view of the financial position of UBN Property Company Plc as at 31st December 2021 and of its financial performance and cash flows for the year then ended and have been prepared in accordance with the 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 Financial Statements section of our report. We are independent of 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 the audit of 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 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 judgment, were most significant in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key Audit Matters

Valuation of investment property

The carrying value of investment property as at 31 December 2021 amounted to N3.059 billion (2020: N3.029 billion). The fair value gain on it for the year then ended amounted to N30 million (2020: N75.4 million).

It is the Company's policy that Investment Property is stated at fair value as determined by independent external valuation experts.

Determining the fair value of investment property requires a high level of professional judgement and assessment. The value of the property was assessed by a professional valuer using the market data approach based on recent sales transaction of similar sites in comparable location.

In the Comparison method of valuation, the fair

How our audit addressed the matter

Our procedures included the following:

- We obtained a detailed list of investment properties that includes the related additions, disposals and reclassifications and agreed balances to the respective general ledger accounts.
- We assessed the external property valuers' qualifications, experience and expertise in the properties being valued and considered their objectivity and independence.
- We discussed the key assumptions and critical judgmental areas with the professional valuers and understood the approaches adopted by them in determining the valuation of each investment property.

Key Audit Matters

values are determined by applying the direct market evidence. This valuation model reflects the current price on actual transaction for similar properties in the neighbourhood in recent times.

The valuation of investment property was considered to be a key audit matter due to the level of judgement involved and the inherent subjectivity in determining the property values.

The Company's accounting policy on investment property and related disclosures are shown in notes 3.3 and 15 respectively.

How our audit addressed the matter

- We assessed for all valuation reports whether the valuation methods as applied by the external valuers are acceptable and in accordance with applicable standards, for the purpose of the valuation of the underlying investment property.
- We assessed the validity and the reasonableness of the adjusted valuation per square meter of the valuation report by carrying out research on the market data used in the assessment and the reasonableness of the prevailing conditions in the real estate market.
- We assessed whether the extent of disclosures in the financial statements is in accordance with the relevant accounting standards.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "UBN Property Company Plc Annual Report for the year ended 31 December 2021", which includes the Report of the Directors, Statement of Corporate Responsibility for the preparation of the financial statements, Statement of Directors' Responsibilities in Relation to the Preparation of Financial Statements, Statement of Corporate Governance, Report of the Statutory Audit Committee, Value Added Statement and Five-Year Financial Summary as required by the provisions of the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act No. 6, 2011, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among 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 relationship and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period 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 the Fifth Schedule of the Companies and Allied Matters Act, 2020, we confirm that:

- i we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii in our opinion, proper books of account have been kept by the Company, in so far as it appears from our examination of those books;
- iii the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.



Babayomi Ajijola
FRC/2013/ICAN/00000001196

For: Ernst & Young
Lagos, Nigeria

Date: 3rd March 2022





FINANCIAL STATEMENTS:

Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2021

in thousands of Nigerian Naira

	Notes	2021	2020
Revenue from contract with customers			
Property management fees	7	32,617	22,238
Profit from sale of trading property	7	65,077	-
		97,694	22,238
Other operating income			
Rental income from investment property	8	85,416	77,859
Interest income calculated using the effective interest method	10	218,930	254,292
Other income	11	29,275	43,944
Fair value gain on investment property	9	30,000	75,457
Impairment write-back	12	-	11,203
Other operating income		363,621	462,755
Total income		461,315	484,993
Total expenses			
Personnel expenses	13	(129,689)	(130,435)
Depreciation of property, plant and equipment	16	(10,251)	(12,574)
Amortisation of intangible assets	17	(817)	(975)
Operating expenses	14	(57,563)	(93,466)
Total expenses		(198,320)	(237,450)
Profit before minimum tax		262,995	247,543
Minimum tax	24.1	-	(4,378)
Profit before income tax		262,995	243,165
Income tax (expense)/credit	24.1	(71,140)	101,859
Profit after tax		191,855	345,024
Other comprehensive income for the year		-	-
Total comprehensive income for the year, net of tax		191,855	345,024
Basic and diluted earnings per share (kobo)	28	3	6

The accompanying notes to the financial statements are an integral part of these financial statements.



FINANCIAL STATEMENTS:

Statement of Financial Position

As at 31 December 2021

in thousands of Nigerian Naira

	Note	31 December 2021	31 December 2020
Non-current assets			
Investment property	15	3,059,000	3,029,000
Property, plant and equipment	16	17,098	22,113
Intangible assets	17	-	817
		3,076,098	3,051,930
Current assets			
Trading properties	18	2,166,679	1,787,666
Trade and other receivables	19	23,680	19,798
Cash and cash equivalents	20	5,413,417	4,829,253
		7,603,776	6,636,717
Total assets		10,679,874	9,688,647
Non-current liabilities			
Deferred tax liabilities	25	186,850	175,196
		186,850	175,196
Current liabilities			
Trade and other payables	21	519,658	546,042
Current income tax payable	24.3	63,906	7,790
Provisions	22	-	35,000
Contract liabilities	23	1,313,797	352,018
		1,897,361	940,850
Equity			
Share capital	27.1	5,626,416	5,626,416
Share premium	27.1	1,092,822	1,092,822
Retained earnings		1,876,425	1,853,363
		8,595,663	8,572,601
Total liabilities and equity		10,679,874	9,688,647

The financial statements were approved by the Board of Directors on 25th February 2022 and signed on its behalf by:

Emeka Okonkwo (Chairman)
FRC/2021/003/00000023088

Oluwatosin Osikoya (Managing Director)
FRC/2013/NSE/00000002333

Oluwagbenga Adeoye (Chief Financial Officer)
FRC/2013/ICAN/00000002063

The accompanying notes to the financial statements are an integral part of these financial statements.



FINANCIAL STATEMENTS:

Statement of Changes in Equity

For the year ended 31 December 2021

<i>In thousands of Nigerian Naira</i>	Note	Share Capital	Share premium	Retained Earnings	Total Equity
As at 1 January 2021		5,626,416	1,092,822	1,853,363	8,572,601
Profit for the year		-	-	191,855	191,855
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year, net of tax		-	-	191,855	191,855
Transactions with owners of equity					
Dividends declared and paid		-	-	(168,793)	(168,793)
Total transactions with owners of equity		-	-	(168,793)	(168,793)
As at 31 December 2021		5,626,416	1,092,822	1,876,425	8,595,663
As at 1 January 2020					
		5,626,416	1,092,822	1,789,660	8,508,898
Profit for the year		-	-	345,024	345,024
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year, net of tax		-	-	345,024	345,024
Transactions with owners of equity					
Dividends declared and paid		-	-	(281,321)	(281,321)
Total transactions with owners of equity		-	-	(281,321)	(281,321)
As at 31 December 2020		5,626,416	1,092,822	1,853,363	8,572,601

The accompanying notes to the financial statements are an integral part of these financial statements.



FINANCIAL STATEMENTS:

Statement of Cash Flows

For the year ended 31 December 2021

In thousands of Nigerian Naira

	Note	2021	2020
Cash flows from operating activities			
Profit before minimum and income tax		262,995	247,543
Adjustments to reconcile profit before tax to net cash flows			
Depreciation of property, plant and equipment	16	10,251	12,574
Amortization of intangible assets	17	817	975
Fair value gain on investment property	9	(30,000)	(75,457)
Profit from sales of investment properties	11.1	-	(37,700)
Investment income	10	(218,930)	(254,292)
(Reversal)/provisions for litigation made for the year	22.1	(10,000)	35,000
Write-back of impairment	12	-	(11,203)
Accruals no-longer required	29.2	(1,274)	-
Operating profit/loss before changes in working capital		13,859	(82,560)
Changes in working capital			
(Increase)/decrease trade and other receivables	29.1	(3,882)	76,682
Increase in trading properties	18.2	(379,013)	(208,457)
Increase in contract liabilities	23	961,779	287,611
Decrease in trade and other payables	29.2	(25,110)	(6,321)
		567,633	66,955
Provision for litigation paid	22	(25,000)	-
Income tax paid	24.3	(3,370)	(19,098)
Net cash flows from operating activities		539,263	47,857
Cash flows from investing activities			
Investment income received	29.4	218,930	254,292
Proceed from disposal of investment property	11.1	-	1,286,675
Purchases of property, plant and equipment	16	(5,236)	(1,936)
Redemption of investment securities	29.3	-	3,451,610
Net cash flows from investing activities		213,694	4,990,641
Cash flows from financing activities			
Dividends paid		(168,793)	(281,321)
Net cash flows used in financing activities		(168,793)	(281,321)
Net increase in cash and cash equivalents		584,164	4,757,177
Cash and Cash equivalents as at 1 January	20	4,829,253	72,076
Cash and Cash equivalents as at 31 December	20	5,413,417	4,829,253

The accompanying notes to the financial statements are an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

1 Reporting Entity

UBN Property Company Plc ('the Company') was incorporated in Nigeria under the Companies and Allied Matters Act as a limited liability company on 24th March 2003. On 11th February 2015, the Company was re-registered as a public limited liability Company. The address of its registered office is 163, Obafemi Awolowo Way, Alausa, Ikeja, Lagos, Nigeria.

The Company is involved in the development, sale and management of residential and office accommodation for corporate bodies and individuals. The Company is a subsidiary of Union Bank of Nigeria Plc.

2 Basis of Preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements comply with the requirements of Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act, 2011. The accounting policies have been consistently applied to all periods presented. The financial statements for the year ended 31 December 2021 were authorised for issue by the Company's Board of Directors on 25th February 2022.

2.2 Functional and presentation currency

These financial statements are presented in Nigerian Naira, which is the Company's functional and presentation currency. Except as indicated, financial information presented in Naira has been rounded to the nearest thousand.

2.3 Basis of measurement

These financial statements are prepared on the historical cost basis except for investment properties measured at fair value and trading properties measured at lower of cost and net realisable value.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Information about judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in note 6.

3 Summary of significant accounting policies

3.1 Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property, plant or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

3.1 Property, plant and equipment

(iii) Depreciation

Items of property and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the assets are completed and ready for use. Depreciation is calculated to write off the depreciable value of items of property and equipment less their estimated residual values using the straight-line basis over their estimated lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

Depreciation is recognised in profit or loss. The estimated useful lives for the current and comparative period are as follows:

Plant and machinery	5 years
Furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	4 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(iv) De-recognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

3.2 Intangible assets

i Recognition and measurement

Intangibles are carried at cost less accumulated amortisation and impairment losses. Subsequent expenditure of intangible assets are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

ii Subsequent costs

The cost of replacing part of an item of software is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of Software are recognised in profit or loss as incurred.

iii Amortization

Amortization is recognized in the profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is five years.

The amortization methods, useful lives and residual values are reviewed at each financial year-end if appropriate.

iv De-recognition

Intangible assets are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is recognized.

NOTES TO THE FINANCIAL STATEMENTS

3.3 Investment property

Property that is held for long-term rental yield or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Land held under operating leases is classified and accounted for by the Company as investment property.

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 with any change therein recognised in profit or loss. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable.

Investment properties under construction for which the fair value cannot be determined reliably, but for which the Company expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed -whichever is earlier. Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods, such as recent prices on less active markets.

Valuations are performed as of the reporting 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 fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

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 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. Investment properties are derecognised when they have been disposed.

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

3.4 Trading properties

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as trading property and is measured at the lower of cost and net realisable value (NRV).

Cost includes:

- i. Freehold and leasehold rights for land
- ii. Amounts paid to contractors for construction
- iii. Other directly attributable costs e.g planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make sale. Trading properties under construction are treated as work-in-progress and measured at cost.

The cost of inventory property recognised in profit or loss on disposal is determined with reference to the

NOTES TO THE FINANCIAL STATEMENTS

specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold. Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

3.5 Financial instruments

3.5.1 Recognition and initial measurement

The Company initially recognises trade receivables and debt securities on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is measured initially at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.5.2 Classification

i Financial assets

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice.
- how the performance of the portfolio is evaluated and reported to the Company's management;
- how managers of the business are compensated.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment of whether contractual cash flows are solely payments of principal and interest

NOTES TO THE FINANCIAL STATEMENTS

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

i Financial assets

Financial assets - Subsequent measurement and gains and losses

All financial assets are classified as measured at amortised cost. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

The Company classifies its financial liabilities as measured at amortised cost. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.5.3 Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred as liabilities assumed) is recognised in profit or loss.

3.5.4 Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Company evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If such a modification is carried out because of financial difficulties of the borrower/counterparty, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest

NOTES TO THE FINANCIAL STATEMENTS

income calculated using the effective interest rate method.

Financial liabilities

The Company derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

3.5.5 Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.5.6 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The company recognises transfers between levels of fair value hierarchy as at the end of the reporting period during which the change has occurred.

3.5.7 Impairment of financial assets

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be B- or higher per Fitch rating or BBB+ or higher per Global credit rating. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of credit risk

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due. Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3.6 Impairment of other non-financial assets

The carrying amounts of the Company's non-financial assets other than deferred tax assets, trading properties and investment property are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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 had been recognised. Reversals of impairment losses are recognised in profit or loss.

3.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their fair value and are used by the Company in the management of its short term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

3.8 Share capital

The ordinary share capital of the entity is classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity net of any tax effects.

3.9 Dividend on ordinary shares

Dividends on the Company's ordinary shares are debited to equity in the period in which they are paid or, if earlier, approved by the Company's shareholders.

3.10 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.11 Taxation

Income tax

Income tax expense comprises current tax (company income tax, tertiary education tax National Information Technology Development Agency levy and Nigeria Police Trust Fund levy) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. The Company had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

NOTES TO THE FINANCIAL STATEMENTS

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits
- National Information Technology Development Agency levy is computed on profit before tax
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year)

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

The Company offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realised.

Minimum tax

A Company is subject to Minimum tax in a year where it has no taxable profit on which to base its tax liabilities on. Taxes based on taxable profit for the period are treated as income tax in line with IAS 12; whereas Minimum tax which is based on gross amount which is outside the scope of IAS 12 and are not presented as part of income tax expense in the profit or loss but rather presented above the income tax line as Minimum tax.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as minimum tax.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

3.12 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amount. Obligations for contributions to defined contribution plans are recognised as personnel expenses in profit or loss in the periods during which related services are rendered. Currently employees and the Company contribute 10% and 12.5% respectively of the qualifying employee salary in line with the provisions of the Pension Reform Act 2014.

Short-term benefits

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

A liability 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.

3.13 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

i Restructuring

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

ii Onerous contract

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

3.14 Revenue recognition

Revenue is recognised when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. a property) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. When (or as) a performance obligation is satisfied, the Company recognises revenue as the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some rent).

NOTES TO THE FINANCIAL STATEMENTS

i Revenue- sales of trading properties:

This is the gross inflow received from the sale of properties which is the ordinary activity of UBN Property Company Plc (UPCP). UPCP's properties includes residential apartments and assets under construction. Revenue for a performance obligation is recognised at a point in time upon transfer of control of the promised good or service. Transfer of control is evaluated based on other evidence of performance of the customer such as physical enhancement of the property, physical possessions of the property etc. This is largely because the Company may retain legal title solely as protection against the customer's failure to pay, those rights of the Company would not preclude the customer from obtaining control of a property.

ii Property Management Fees

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 entity expects to be entitled in exchange for those goods or services.

Property Management fees are fees received for maintenance of property and on rent received on behalf of landlord. The Company concluded that revenue from Properties Management is to be recognised over time; as service is being performed which automatically transfers control."

iii Rental income

The Company is the lessor in operating leases. Rental income arising from operating leases on properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

iv Investment income

This comprises interest income earned on short-term deposits, treasury bills including all realised and unrealised fair value changes, interest and dividends. Investments income is accounted for on an accrual basis.

v Other income:

Other income includes gain on disposal of investment properties, foreign exchange gain, fee income and other sundry income etc. Income is recognized when the right to receive income is established. Income from the sale of investment properties is recognised by the entity when the control have been transferred to the customer, which is considered to occur when title passes to the customer, all managerial responsibilities and control are completely devolved to the customer and where the costs and income on sale can be measured reliably.

4 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 Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

4.1 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.

NOTES TO THE FINANCIAL STATEMENTS

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. IFRS 17 will have no impact on the Company, as it does not issue insurance contract.

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

The amendments address the conflict between IFRS 10 and IAS 28 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 the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

This standard is not applicable to the Company.

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

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. 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

Right to defer settlement

The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date.

Existence at the end of the reporting period

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.

Management expectations

IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. That is, management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the financial statements are authorised for issuance.

Meaning of the term 'settlement'

The Board added two new paragraphs (paragraphs 76A and 76B) to IAS 1 to clarify what is meant by 'settlement' of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity.

In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or non-current.

The Company will apply this amendment when it becomes effective on 1 January 2023.

Notes to the Financial Statements

4.4 Amendments to IFRS 3 - Reference to the Conceptual Framework

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.

The amendments added 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.

At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments will currently have no impact on the financial statements of the Company, and it is effective annual reporting periods beginning on or after 1 January 2022.

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

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.

These amendments will currently have no impact on the financial statements of the Company, and it is effective annual reporting periods beginning on or after 1 January 2022.

4.6 Amendments to IAS 37 - Onerous Contracts - Costs of Fulfilling a Contract

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.

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments will currently have no impact on the financial statements of the Company, and it is effective annual reporting periods beginning on or after 1 January 2022.

4.7 Annual Improvements 2018-2020 cycle (issued in May 2020)

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.

Notes to the Financial Statements

These amendments will currently have no impact on the financial statements 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 will currently have no impact on the financial statements of the 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.

These amendments will currently have no impact on the financial statements of the Company.

4.8 Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company.

4.9 Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

4.10 Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The IASB proposed amendments to IAS 12 that would require an entity to recognise deferred tax on initial recognition of particular transactions to the extent that the transaction gives rise to equal

Notes to the Financial Statements

amounts of deferred tax assets and liabilities. The proposed amendments would apply to transactions such as leases and decommissioning obligations for which an entity recognises both an asset and a liability.

The Board expects that applying the proposed amendments would increase comparability between entities and would result in useful information for users of financial statements. This is because it would align the accounting for the tax effects of particular transactions with the general principle in IAS 12 of recognising deferred tax for all temporary differences.

5 Financial Risk Management

Introduction and overview

The Company has exposure to the following risks from financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limit and control, and to monitor risks and adherence to limit. The risk management policies are reviewed regularly to reflect changes in the market condition and in the Company's activities.

5.1 Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit from its leasing activities, trade and other receivables, investment securities and deposits with banks and other financial institutions.

The Company has no significant concentration of credit risk as money market transactions are limited to financial institutions with good credit rating. For other counterparties that are small and medium enterprises and individuals who have no formal credit rating, the Company ensures that the primary source of repayment must be from an identifiable cash flow.

A financial asset is past due and in arrears when a counterparty has failed to make a payment when contractually due and contractual obligations are in arrears.



The Company's maximum exposure to credit risk is as follows:

31 December 2021	Note	Carrying Amount (Gross)	12 months ECL Allowance	Lifetime ECL Allowance	Carrying Amount (Net)
<i>In thousands of naira</i>					
Trade and other receivables	19	1,044,458	-	(1,042,512)	1,946
Cash and cash equivalents	20	5,413,417	-	-	5,413,417
		6,457,875	-	(1,042,512)	5,415,363

31 December 2020	Note	Carrying Amount (Gross)	12 months ECL Allowance	Lifetime ECL Allowance	Carrying Amount (Net)
<i>In thousands of naira</i>					
Trade and other receivables	19	1,046,371	-	(1,042,512)	3,859
Cash and cash equivalents	20	4,829,253	-	-	4,829,253
		5,875,624	-	(1,042,512)	4,833,112

The Company's credit risk is concentrated in Nigeria. The Company's cash equivalents and investments are placed with Union Bank of Nigeria Plc.

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5.2 Liquidity Risk

Liquidity Risk is the risk that the Company will be unable to efficiently meet both expected and unexpected current and future cash flow and collateral needs without affecting either its daily operations or its financial condition. Sufficiency of liquidity is of critical importance to the company.

The Company monitors its risk to a shortage of funds by using a daily cash management process. This process considers the maturity of the assets (e.g. accounts receivable, investment securities) and projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding.

The following table shows the undiscounted cash flows on the Company's financial assets and liabilities and on the basis of their earliest possible contractual maturity.

Residual contractual maturities of financial assets and liabilities

31 December 2021	Note	Carrying amount	nominal amount	Less than 3 months	3-6 months	6-12 months
<i>In thousands of naira</i>						
Financial assets						
Trade and other receivables	19	1,044,458	1,044,458	1,044,458	-	-
Cash and cash equivalents	20	5,413,417	5,413,417	5,413,417	-	-
Total assets held for managing liquidity risk		6,457,875	6,457,875	6,457,875	-	-
Financial liabilities						
Trade and other payables	21	510,128	510,128	510,128	-	-
		510,128	510,128	510,128	-	-
Gap (assets - liabilities)		5,947,747	5,947,747	5,947,747	-	-
31 December 2020						
<i>In thousands of naira</i>						
Financial assets						
Trade and other receivables	19	1,046,371	1,046,371	1,046,371	-	-
Cash and cash equivalents	20	4,829,253	4,829,253	4,829,253	-	-
Total assets held for managing liquidity risk		5,875,624	5,875,624	5,875,624	-	-
Financial liabilities						
Trade and other payables		530,709	530,709	530,709	-	-
		530,709	530,709	530,709	-	-
Gap (assets - liabilities)		5,344,916	5,344,916	5,344,916	-	-

5.3 Market Risk

Market risk is the risk that changes in market prices, such as interest rate will adversely affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Market risk mainly arises from the Company's short-term deposits.

5.3.1 Interest rate risk

The Company is not exposed to interest rate risk as it only invests in fixed interest rate instruments.

5.3.2 Exchange rate exposure

The Company has no foreign exchange exposure as at 31 December 2021.

5.4 Capital risk management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital using a ratio of "adjusted net debt" to "total equity". For this purpose, adjusted net debt is defined as total liabilities, less cash and cash equivalents. Total equity comprises all components of equity.

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

In thousands of naira		2021	2020
Total liabilities		1,833,455	933,060
Less: Cash and cash equivalents		(5,413,417)	(4,829,253)
Adjusted net (cash)/debt	a	(3,579,962)	(3,896,193)
Total equity	b	(8,572,601)	(8,508,898)
Adjusted net debt to equity ratio	a/b	-	-

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

6 Use of Estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is disclosed below.

These disclosures complement the commentary on financial risk management (see note 5).

6.1 Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3.3.

- Investment property

Investment property is measured at fair value in line with the Company's accounting policy disclosed in note 3.3.

The Company's investment properties is valued at each reporting date by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued.

Management reviews the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation processes and results are also held with the independent valuers to:

- verify all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior Year valuation report.

- Estimation of net-realizable value for trading properties

Trading properties are stated at the lower of cost and net realisable value (NRV).

NRV for the trading property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Company, based on selling price of the Company or comparable transactions identified by the Company for properties in the same geographical market serving the same real estate segment.

6.2 Financial assets and liabilities

Accounting classification and measurement basis

The table below sets out the Company's classification of each class of financial assets and liabilities. The carrying amounts of the financial assets and liabilities is a reasonable approximation of their fair values based on their short-term nature.

31 December 2021	Note	Level	Carrying amount	At amortised cost	Fair value
<i>In thousands of naira</i>					
Trade and other receivables	19		1,946	1,946	1,946
Cash and cash equivalents	20		5,413,417	5,413,417	5,413,417
			5,415,363	5,415,363	5,415,363
Trade and other payables	21		510,128	510,128	510,128
			510,128	510,128	510,128
31 December 2020	Note	Level	Carrying amount	At amortised cost	Fair value
<i>In thousands of naira</i>					
Trade and other receivables	19		3,859	3,859	3,859
Cash and cash equivalents	20		4,829,253	4,829,253	4,829,253
			4,833,112	4,833,112	4,833,112
Trade and other payables	21		530,709	530,709	530,709
			530,709	530,709	530,709



7 Revenue from contract with customers

<i>In thousands of naira</i>	Note	2021	2020
Property management fees		32,617	22,238
Profit from sale of trading property		65,077	-
		97,694	22,238

Property Management fees are fees received for maintenance of property and on rent received on behalf of landlord. They are all earned within Nigeria. The Company concluded that revenue from Properties Management is to be recognised over time; as service is being performed which automatically transfers control.

8 Rental income

Rental income from investment property		85,416	77,859
		85,416	77,859

There is no contingent rental income during the year ended 31 December 2021 (2020: Nil).

8.1 Operating leases - Company as lessor

The Company has entered into leases on its property portfolio. The commercial property leases typically have lease terms between 1 and 3 years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows;

Within 1 year		29,520	29,520
After 1 year, but not more than 3 years		21,022	59,040
		50,542	88,560

9 Fair value gain on investment property

Fair value gain on investment property	15	30,000	75,457
		30,000	75,457

10 Interest income calculated using the effective interest method

Treasury bills and linked instruments	29.4	86,824	249,583
Short-term placements	29.4	132,106	4,709
		218,930	254,292

The Investment income is based on the effective interest rate during the reporting period.

11 Other income

Gains on disposal of Investment properties	11.1	-	37,700
Provision no longer required	22.1	10,000	-
Accruals no longer required	29.2	1,274	-
Estate agency and valuation service fee		6,931	1,522
Professional fees income		8,109	2,947
Sundry income	11.2	2,961	1,775
		29,275	43,944

11.1 Gains on disposal of Investment properties

Sales of investment properties		-	1,304,000
Incidental selling expenses		-	(17,325)
Net sales proceeds of Investment properties		-	1,286,675
Cost of sales- investment properties	15	-	(1,248,975)
		-	37,700

11.2 The sundry income proceeds from sales of scraps and interest income on staff loan.



12 Impairment write-back

In thousands of naira	Note	2021	2020
Financial assets			
Investment securities		-	1,530
Trade and other receivable	19.2	-	9,673
		-	11,203

13 Personnel expenses

In thousands of naira	2021	2020
Staff salaries	66,814	72,254
Productivity bonus and other allowances	49,271	47,624
Pension contribution	8,375	8,776
Staff training	5,229	1,781
	129,689	130,435

14 Operating expenses

Litigation claims	22.1	-	35,000
Professional and consultancy fees	14.1	13,591	17,272
Rent and land use charge expense		8,470	6,471
Auditor's remuneration	14.2	7,000	7,000
Repairs and maintenance		4,368	3,924
Annual General Meeting expense		4,061	2,871
Insurance		3,387	3,262
Directors' fees and sitting allowance		3,370	3,570
Transportation		3,062	1,568
Entertainment		2,489	2,040
Legal fees		2,405	4,756
Software maintainance		2,287	1,870
Industrial Training Fund levy		2,000	1,280
Stationery and subscription		785	527
Telecommunication and rates		176	162
Donation		100	100
Interest and bank charges		12	84
Statutory fees and filing		-	1,309
Security		-	350
Other		-	50
		57,563	93,466

14.1 These are fees paid for various professional services rendered to the firm by consultants as well as other fees and charges incurred by the firm i.e tax services , prof fees on board evaluation, printing of annual report etc.

14.2 The external auditor did not perform any non-audit services during the year ended 31 December 2021.

15 Investment Property

Investment property comprises commercial properties leased to third parties and properties held for capital appreciation. These properties are carried at fair value with changes recorded in profit or loss.

<i>in thousands of Naira</i>	Completed Investment Property	Landed Property	Total
Balance as at 1 January 2021	2,264,400	764,600	3,029,000
Fair value adjustment	30,000	-	30,000
Balance as at 31 December 2021	2,294,400	764,600	3,059,000
Balance as at 1 January 2020	2,168,043	2,034,475	4,202,518
Disposal during the year	-	(1,248,975)	(1,248,975)
Fair value adjustment	96,357	(20,900)	75,457
Balance as at 31 December 2020	2,264,400	764,600	3,029,000

15.1 Investment Property

<i>As at in thousands of Naira</i>	31 December 2021	31 December 2020
Corner piece Office/Banking complex at Plot 97 Adeola Odeku/ Ahmadu Bello Way, Victoria Island Lagos.	2,294,400	2,264,400
9,600 square meters of land at Plot 294, Cadastral Zone B04, P.O.W Mafemi Crescent Jabi District Abuja	764,600	764,600
	3,059,000	3,029,000

Measurement of fair value

15.2 Fair value hierarchy

Investment property is stated at fair value and has been determined based on valuations performed by Bode Adedeji Partnership, Estate Surveyors, Valuers and Property Consultants (FRC/2013/NIESV/00000001479). They are industry specialists in valuing these types of investment properties.

The fair value is supported by market evidence and represents the amount that would be received to sell the properties in an orderly transaction between market participants at the measurement date in the principal market to which the Company has access at the date of valuation. Valuations are performed on an annual basis and the fair value gains and losses are reported in profit or loss.

The fair value measurement for the investment properties of N3.059billion has been categorised as Level 3 based on the inputs into the valuation technique used.

15.3 Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used:

<i>Valuation technique</i>	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The comparison method of valuation was employed in determining the current market value. In the Comparison method of valuation, the fair values are determined by applying the direct market evidence. This valuation model reflects the current price on actual transaction for similar properties in the neighborhood in recent time. References were made to prices of land and comparable properties in the neighborhood. The data obtained were analysed and adjustment was made to reflect differences in the actual location, age of the property, date of recent sales and condition of the property.	<ul style="list-style-type: none"> - Recent selling price - Condition of the property - Date of recent sale - Age of the property 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> - the recent selling price increases (decreases) - the condition of the subject property is better/worse to comparable - the location of the property is better/worse to comparables - the age of the property is lower/higher than the comparables

15.4 Maturity analysis for lease payment

The Company's lease are within a period of one to five years. The Company did not recognise any contingent rent as income during the year (2020: Nil).

15.5 Future minimum lease payment

There are no future minimum lease payments as rent are received in advance by the Company.

15.6 Investment properties operating result

As at in thousands of Naira	Note	31 ST December 2021	31 ST December 2020
Rental income derived from investment properties	8	85,416	77,859
Direct operating expenses (including repairs and maintenance) that did generate rental income		(4,238)	(3,789)
Profit arising from investment properties carried at fair value		81,178	74,070

16 Property, plant and equipment

Notes to the Financial Statements - Continued

in thousands of Naira	Plant & Machinery	Fixtures & fittings	Office equipment	Motor vehicles	Total
Cost					
Balance as at 1 January 2020	20,635	646	10,618	39,925	71,824
Additions	-	-	1,936	-	1,936
Disposal	-	-	-	(23,650)	(23,650)
Balance as at 1 January 2021	20,635	646	12,554	16,275	50,110
Additions	5,053	-	183	-	5,236
Balance as at 31 December 2021	25,688	646	12,737	16,275	55,346
Accumulated Depreciation					
Balance as at 1 January 2020	12,037	587	5,158	21,291	39,073
Depreciation charge for the year	4,131	32	1,648	6,763	12,574
Disposal	-	-	-	(23,650)	(23,650)
Balance as at 1 January 2021	16,168	619	6,806	4,404	27,997
Depreciation charge for the year	4,380	20	1,782	4,069	10,251
Balance as at 31 December 2021	20,548	639	8,588	8,473	38,248
<i>Carrying amount</i>					
31 December 2021	5,140	7	4,149	7,802	17,098
31 December 2020	4,467	27	5,748	11,871	22,113

- i All items of property, plant and equipment are non-current.
- ii No leased assets are included in the above property, plant and equipment account (31 December 2020 : Nil).
- iii There was no impairment loss on any class of property, plant and equipment during the year (31 December 2020: Nil).
- iv There was no capitalized borrowing costs related to the acquisition of property, plant and equipment (31 December 2020 : Nil).
- v None of the property, plant and equipments were pledged as security during the year (31 December 2020 : Nil).

17 Intangible Assets

in thousands of Naira	Purchased software	Total
Cost		
Balance as at 1 January 2020	3,085	3,085
Additions	-	-
Balance as at 31 December 2020	3,085	3,085
Additions	-	-
Balance as at 31 December 2021	3,085	3,085
Accumulated Amortisation		
Balance as at 1 January 2020	1,293	1,293
Amortization charge for the year	975	975
Balance as at 31 December 2020	2,268	2,268
Amortization charge for the year	817	817
Balance as at 31 December 2021	3,085	3,085
Carrying amount		
31 December 2021	-	-
31 December 2020	817	817

18 Trading properties

This represents the cost of real estate apartments and land designated for resale.

As at in thousands of Naira	Note	31 December 2021	31 December 2020
Trading properties under construction			
Trading property - Park View estate		2,166,679	1,787,666
Trading property - Ikorodu	18.1	18,353	18,353
		2,185,032	1,806,019
Impairment allowance		(18,353)	(18,353)
		2,166,679	1,787,666

18.1 The carrying amount of trading properties under construction includes the value of Ikorodu property which has been fully impaired due to expiration of tenure of the title-deed.

18.2 The movement in trading properties during the year was as follows:

As at in thousands of Naira	31 December 2021	31 December 2020
Balance at the beginning of the year	1,806,019	1,597,562
Disposal during the year	(124,923)	-
Expenditure/cost capitalised	503,936	208,457
Balance at the end of the year	2,185,032	1,806,019



19 Trade and other receivables

As at in thousands of Naira	Note	31 December 2021	31 December 2020
Financial assets:			
Trade debtors		1,946	3,650
Staff debtors		-	209
Receivables from CDL Asset Management Limited (note 19.1)		1,042,512	1,042,512
Gross - financial assets		1,044,458	1,046,371
Less: Impairment allowance on financial assets	19.2	(1,042,512)	(1,042,512)
Total - financial assets		1,946	3,859
Non-financial assets:			
Prepayments		903	13,568
Withholding tax receivable		20,831	2,371
Total - non financial assets		21,734	15,939
Gross trade and other receivables		1,066,192	1,062,310
Less: Impairment allowance on financial assets	19.2	(1,042,512)	(1,042,512)
Total		23,680	19,798

19.1 The receivable from CDL Asset Management Limited represents the outstanding balance of the Company's investment with CDL Asset Management. This has been fully impaired.

19.2 The movement in impairment allowance on trade and other receivables was as follows:

As at in thousands of Naira	31 December 2021	31 December 2020
Balance, beginning of year	1,042,512	1,052,185
Write back of impairment on Trade debtors	-	(9,673)
Total	1,042,512	1,042,512

19.3 Impaired assets

Receivables from CDL Asset Management Limited	1,042,512	1,042,512
Total	1,042,512	1,042,512

20 Cash and cash equivalents

As at in thousands of Naira	31 December 2021	31 December 2020
Cash and bank balances	52,737	14,005
Short-term placements	5,360,680	4,815,248
Total	5,413,417	4,829,253

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and short-term deposits included above.



21 Trade and other payables

As at <i>in thousands of Naira</i>	Note	31 December 2021	31 December 2020
Financial liabilities:			
Due to related companies	30.3(ii)	231,256	334,722
Trade payables		65,014	71,947
Dividend payable	21.1	137,479	48,389
Accrued expenses	21.2	34,244	33,516
Deposit for shares	21.3	42,133	42,133
		510,128	530,709
Non-financial liabilities:			
Withholding tax payable		3,788	13,017
PAYE and other statutory deductions		858	1,903
VAT payable		4,884	413
		9,530	15,333
		519,658	546,042

21.1 Movement in dividend payable

Opening balance	48,389	48,389
Received during the year	89,090	-
Closing balance	137,479	48,389

This represents dividend not yet claimed but payable to the shareholders through the registrars (Cardinalstone Registrars Limited).

- 21.2 These relate to various expenses (AGM, Consultancy and Professional fees, Directors allowance, audit fee) that have been provided for.
- 21.3 Deposit of shares relates to previous private placements for which the details of the investors are unknown and there is no pending request for unallocated shares after 12 years.

22 Provision for claims

<i>in thousands of Naira</i>	31 December 2021	31 December 2020
Litigation claims	-	35,000
	-	35,000

22.1 Movement in provisions for litigations & claims

<i>in thousands of Naira</i>	31 December 2021	31 December 2020
Opening balance	35,000	-
Arising during the year	-	35,000
Paid during the year	(25,000)	-
Reversed during the year	(10,000)	-
Closing balance	-	35,000

Notes to the Financial Statements

23 Contract Liabilities in thousands of Naira	Note	31 December 2021	31 December 2020
Deposit for properties	23.2	1,290,890	299,965
Deferred rental income		22,907	52,053
		1,313,797	352,018

23.1 Movement in contract liabilities

Contract liabilities consists of advance payments from customers and deferred revenue, mainly from rental income. Movements in contract liabilities for the year ended 31 December 2021 are as follows:

in thousands of Naira		31 December 2021	31 December 2020
Opening balance		352,018	64,407
Deferred during the year		1,237,195	365,470
Released to profit or loss	23.3	(275,416)	(77,859)
Closing balance		1,313,797	352,018

23.2 Deposit for properties is the amount received from customers in respect of sale of Park-View property that is under construction. The deposits are refundable as the Company is not under obligation to deliver the property.

23.3 Released to profit or loss

Rental income	85,416	77,859
Proceeds from disposal of trading properties	190,000	-
Closing balance	275,416	77,859

24 Taxation

24.1 Current income tax expense/(credit)

in thousands of Naira	2021	2020
Companies income tax	53,392	-
Tertiary education tax	6,081	-
Capital gains tax	-	3,370
Police trust fund	13	12
Charge for the year	59,486	3,382
Deferred tax (reversal)/charge	11,654	(105,241)
	71,140	(101,859)

The Company has not been assessed for Excess Dividend Tax. This is pursuant to the provision of Finance Act 2021 which states that excess dividend tax will no longer apply to tax exempt income, franked investment income and retained earnings which have been subjected to tax.



24.2 Reconciliation of effective tax rate

<i>in thousands of Naira</i>	Note	31 December 2021		31 December 2020	
Profit before tax	%	262,995	%	247,543	
Tax using the Company's domestic tax rate	30	78,899	30	74,263	
Non-deductible expenses	6	14,729	11	27,218	
Capital allowance utilisation	-2	(4,086)	0		
Non-taxable income	-3	(9,000)	-84	(206,722)	
Tertiary education tax	2	6,081	0	-	
Utilized loss relieved	-6	(15,496)	0	-	
Police trust fund levy	0	13	0	12	
Capital gains tax	0	-	1	3,370	
	27	71,140	-41	(101,859)	

24.3 Current income tax payable

Balance, beginning of the year	7,790	21,854
Income tax charge for the year	59,486	3,382
Minimum tax	-	4,378
Withholding tax credit notes utilised	-	(2,726)
Payments during the year	(3,370)	(19,098)
	63,906	7,790

25 Deferred tax liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The movement in deferred tax liabilities recognised during the year is as follows:

2021

<i>in thousands of Naira</i>	Opening balance	Recognised in profit/(loss)	Closing balance
Property, plant and equipment	4,831	(1,720)	3,111
Other provision	(503)	503	-
Investment properties	180,739	3,000	183,739
Unutilised capital allowances	(7,801)	7,801	-
Unrelieved losses	(2,070)	2,070	-
	175,196	11,654	186,850

2020

<i>in thousands of Naira</i>	Opening balance	Recognised in profit/(loss)	Closing balance
Property, plant and equipment	6,591	(1,760)	4,831
Impairment allowance (12 months ECL)	(459)	459	-
Other provision	(561)	58	(503)
Investment properties	274,867	(94,128)	180,739
Unutilised capital allowances	-	(7,801)	(7,801)
Unrelieved losses	-	(2,070)	(2,070)
	280,438	(105,242)	175,196



26 Particulars of Directors and Employees

in thousands of Naira	Note	2021	2020
26.1 Directors' remuneration			
Fees and sitting allowances		3,370	3,570
Executive compensation		19,179	19,179
		22,549	22,749

Fees and other emoluments disclosed above include amounts paid to:

The chairman		-	-
The highest paid director		19,179	19,179

The number of directors who received fees and other emoluments (excluding pension contributions, certain benefits and reimbursable expenses) in the following ranges were:

in thousands of Naira	2021	2020
N650,000 - N1,000,000	3	3
	<u>3</u>	<u>3</u>

26.2 Staff numbers and costs

The number of employees (excluding directors) who received emoluments in the following ranges were:

in thousands of Naira	2021	2020
N2,400,001 and above	12	13
	<u>12</u>	<u>13</u>

Compensation for staff:

Salaries and wages	66,814	72,254
Other staff cost	54,501	49,405
Retirement benefits: Pension Cost	8,375	8,776
	129,690	130,434

27 Share Capital and Reserves

As at in thousands of Naira	31 December 2021	31 December 2020
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27.1 Share capital and Share premium

i Authorised share capital

6,000,000,000 units of Ordinary shares of =N=1 each (2020:

6,000,000,000 units of Ordinary shares of =N=1 each)	6,000,000	6,000,000
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ii Issued and fully paid:

5,626,416,051 Ordinary shares of =N=1 each (2020: 5,626,416,051)

ordinary shares of =N= 1 each)	5,626,416	5,626,416
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All shares rank equally. The holders of ordinary shares are entitled to receive dividends when declared and are entitled to one vote per share at meetings of the Company.

iii Share premium

Share premium	1,092,822	1,092,822
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28 Basic and diluted earnings per share (kobo)

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2021	2020
Profit attributable to shareholders of the Company (N'000)	191,855	345,024
Weighted average number of ordinary shares in issue (N'000)	5,626,416	5,626,416

Basic earnings per share (kobo)	3	6
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Diluted earnings per share

Diluted earnings per share equals basic earnings per share as there are no potential dilutive ordinary shares in issue.

29 Cashflow Workings

29.1 Changes in trade and other receivables

in thousands of Naira	Note	2021	2020
Balance at the beginning of the year		19,798	89,534
Withholding tax credit notes utilised		-	(2,726)
Write back of impairment of trade receivable	12	-	9,673
Changes in trade and other receivables		3,882	(76,682)
Balance at the end of the year		23,680	19,798

29.2 Changes in trade and other payables

in thousands of Naira	2021	2020
Balance at the beginning of the year	546,042	552,363
Accruals no-longer required	(1,274)	-
Changes in trade and other payables	(25,110)	(6,321)
Balance at the end of the year	519,658	546,042



29.3 Changes in investment securities

in thousands of Naira	2021	2020
Balance at the beginning of the year	-	3,450,080
Earned discount on outstanding treasury bills	-	-
(Redemption)/purchase of investment securities	-	(3,451,610)
12 months expected credit loss allowance	-	1,530
Balance at the end of the year	-	-

29.4 Investment income received

Interest income on placements	132,106	4,709
Interest income on treasury bills	86,824	249,583
Cashflow	218,930	254,292

The income on treasury bills and placements is based on the effective interest rate during the reporting period.

30 Related Party Transactions

A number of transactions were entered into with related parties in the normal course of business. These include deposits, placements and property management transactions.

30.1 Parent and ultimate controlling company

Union Bank of Nigeria Plc is the parent and ultimate controlling Company of the entity. There are other Companies that are related to UBN Property Company Plc through common shareholdings.

30.2 Transactions with key management personnel

The Company's key management personnel constitutes those individuals who have the authority and the responsibility for planning, directing and controlling the activities of UBN Property Company Plc, directly or indirectly, including any director (whether executive or non-executive). The key management personnel have been identified as the executive and non-executive directors of the Company.

Key management personnel compensation for the year comprises:

Directors' remuneration

in thousands of Naira	Note	2021	2020
Fees and allowances		3,370	3,570
Executive compensation		19,179	19,179
		22,549	22,749



30.3 Other related party transactions

i Bank Balances

in thousands of Naira	Note	2021	2020
Placements with Union Bank of Nigeria Plc		5,360,680	4,815,248
Bank balances with Union Bank of Nigeria Plc		52,737	14,005
		5,413,417	4,829,253

ii Payables to related parties

Union Bank of Nigeria Plc	21	231,256	334,722
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iii Income/expenses from/to related parties

Professional fees		8,109	2,947
Management fee from Union Bank of Nigeria Plc		20,154	20,154
Rental income from Union Bank of Nigeria Plc		29,520	29,520
Interest income from treasury bills with Union Bank of Nigeria Plc		86,824	249,583
Interest income from deposits with Union Bank of Nigeria Plc		132,106	4,709
		276,713	306,912

Interest and bank charges to Union Bank of Nigeria Plc		12	84
		12	84

31 Segment reporting

The chief operating decision-maker has been identified as the Board of Directors of UBN Property Plc. The Board reviews the Company's internal reporting in order to assess performance and allocate resources. The directors have determined the operating segments based on these reports. The Board considers the business from an industry perspective and has identified one (1) operating segment.

32 Contingent Liabilities, Litigation and Claims

Legal Risk

This is the risk that the Company would be exposed to legal actions arising from misinterpretation of contracts and from non-application of laws and regulations in day-to-day operations. To mitigate this risk, the Company's Legal and Compliance function ensures that operations are carried out within legal and regulatory guidelines.

As at 31 December, 2021, the Company is a defendant in one (2020: 3) suit. The Directors having sought professional legal counsel are of the opinion that no significant liability will crystallize from these litigations.

33 Capital Commitments

The Company had no outstanding capital commitments (2020: Nil) as at the reporting date.

34 Events after the reporting date

There were no subsequent events after reporting date which could have had material effect on the state of affairs of the Company as at 31 December 2021, which have not been adequately provided for or disclosed.



Value Added Statement

in thousands of Nigerian Naira	2021		2020		%
Gross earnings	366,238	91	398,333	102	
Bought in material and services - local	37,514	9	(18,009)	(5)	
Impairment write back on assets	-	0	11,203	3	
Total Value Added	403,752	100	391,527	100	
Applied as follows:					
To pay employees					
- as salaries, wages and other benefits	129,689	32	130,435	33	
To provide for Government					
- as company income tax	59,486	15	7,760	2	
For future					
- as Depreciation of property, plant and equipments	10,251	3	12,574	3	
- as amortisation of intangible assets	817	0	975	0	
- as deferred taxation	11,654	3	(105,241)	(27)	
- as profit for the year	191,855	48	345,024	88	
	403,752	100	391,527	100	

The value-added statement represents the wealth created by the efforts of the company and its employees' efforts based on ordinary activities and the allocation of that wealth being created between employees, shareholders, government and that retained for the future creation of more wealth.



Five-Year Financial Summary

As at in thousands of Nigerian Naira	31 December 2021	31 December 2020	31 December 2019	31 December 2018	31 December 2017
Investment property	3,059,000	3,029,000	4,202,518	5,036,861	4,951,080
Property, plant and equipment	17,098	22,113	32,751	20,679	30,070
Intangible assets	-	817	1,792	2,476	585
Trading properties	2,166,679	1,787,666	1,579,209	-	640,565
Investment securities	-	-	3,450,080	4,461,012	-
Trade and other receivables	23,680	19,798	89,534	188,968	178,346
Cash and cash equivalents	5,413,417	4,829,253	72,076	19,798	5,365,780
Total assets	10,679,874	9,688,647	9,427,960	9,729,794	11,166,426
Liabilities					
Deferred tax liabilities	186,850	175,196	280,438	228,317	267,227
Trade and other payables	519,658	546,042	552,363	722,858	2,032,734
Current income tax payable	63,906	7,790	21,854	97,867	253,354
Provisions	-	35,000	-	-	-
Contract liabilities	1,313,797	352,018	64,407	-	-
Total liabilities	2,084,211	1,116,046	919,062	1,049,042	2,553,315
Total net assets	8,595,663	8,572,601	8,508,898	8,680,752	8,613,111
Share capital	5,626,416	5,626,416	5,626,416	5,626,416	5,626,416
Share premium	1,092,822	1,092,822	1,092,822	1,092,822	1,092,822
Other reserves	-	-	-	-	5,214
Retained earnings	1,876,425	1,853,363	1,789,660	1,961,514	1,888,659
Shareholders' funds	8,595,663	8,572,601	8,508,898	8,680,752	8,613,111
Total income	461,315	484,993	831,601	1,770,726	2,018,348
Profit before tax	262,995	247,543	581,232	959,601	1,274,778
Profit after income tax	191,855	345,024	559,580	910,381	1,013,247



UBN Property Company Plc

**PROXY FORM
UBN PROPERTY COMPANY PLC
12TH ANNUAL GENERAL MEETING**

<p>I/We</p> <div style="border: 1px solid black; height: 50px; margin: 10px 0;"></div> <p>Being a member/members of UBN PROPERTY COMPANY PLC hereby appointor failing him/her MR. MUDASSIR AMRAY or failing him MR. PETER NWANKWO to be my/our proxy, to act and vote for me/us and on my/our behalf at the 12th Annual General Meeting of the Company to be held in The Auditorium, Stallion Plaza (9th Floor), 36 Marina, Lagos on Thursday, 22nd September 2022 at 11 a.m. and at any adjournment thereof in such manner as such Proxy shall think proper and if expedient, to demand a poll.</p> <p>As witness my/our hands this day of2022</p> <p>Signed:</p> <p>NOTE: A member entitled to attend and vote at the 12th Annual General Meeting is entitled to appoint a proxy in its, his or her stead. All completed proxy forms should be deposited at the office of The Registrar, CardinalStone Registrars Limited, 335/337 Herbert Macaulay Way, Yaba, Lagos or forwarded via e-mail to registrars@cardinalstone.com not less than forty-eight (48) hours before the time scheduled for holding the meeting. A proxy need not be a member of the Company.</p> <p>In the case of joint shareholders, any one of such may complete the form but the name of all joint shareholders must be stated.</p> <p>It is required by law under the Stamp Duties Act, Cap F8. Laws of the Federation of Nigeria, 2004 that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must bear stamp duty at the appropriate rate, not adhesive postage stamps.</p> <p>If the shareholder is a corporation, this form must be under its common seal or under the hand of officers or an attorney duly authorized in that behalf.</p>	<p>I/We desire this proxy to be used in favour of/or against the resolution as indicated alongside <i>(Strike out which-ever is not desired)</i></p>	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:5%;"></th> <th style="width:85%;">ORDINARY BUSINESS</th> <th style="width:5%;">FOR</th> <th style="width:5%;">AGAINST</th> </tr> </thead> <tbody> <tr> <td></td> <td>ORDINARY RESOLUTIONS</td> <td></td> <td></td> </tr> <tr> <td>1.</td> <td>To receive and adopt the Company's Audited Financial Statements for the financial year ended 31st December 2021 together with the reports of the Directors, Auditor, Board Appraiser and Statutory Audit Committee thereon.</td> <td></td> <td></td> </tr> <tr> <td>2.</td> <td>To declare a dividend for the financial year ended 31st December 2021.</td> <td></td> <td></td> </tr> <tr> <td>3.</td> <td>To elect/re-elect Directors.</td> <td></td> <td></td> </tr> <tr> <td></td> <td>(a) To elect the under-listed Director who retires at this Annual General Meeting, being the first General Meeting since his appointment, be and is hereby elected: 1. Mr. Mudassir Amray (b) To re-elect Mrs. Olajumoke Odulaja who retires at this meeting and is eligible for re-election</td> <td></td> <td></td> </tr> <tr> <td>4.</td> <td>To authorise the Directors to fix the remuneration of the Auditor.</td> <td></td> <td></td> </tr> <tr> <td>5.</td> <td>To disclose the remuneration of the Managers of the Company.</td> <td></td> <td></td> </tr> <tr> <td>6.</td> <td>To elect members of the Statutory Audit Committee.</td> <td></td> <td></td> </tr> <tr> <td colspan="4" style="text-align: center; padding: 5px;"> Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion. </td> </tr> </tbody> </table>		ORDINARY BUSINESS	FOR	AGAINST		ORDINARY RESOLUTIONS			1.	To receive and adopt the Company's Audited Financial Statements for the financial year ended 31 st December 2021 together with the reports of the Directors, Auditor, Board Appraiser and Statutory Audit Committee thereon.			2.	To declare a dividend for the financial year ended 31 st December 2021.			3.	To elect/re-elect Directors.				(a) To elect the under-listed Director who retires at this Annual General Meeting, being the first General Meeting since his appointment, be and is hereby elected: 1. Mr. Mudassir Amray (b) To re-elect Mrs. Olajumoke Odulaja who retires at this meeting and is eligible for re-election			4.	To authorise the Directors to fix the remuneration of the Auditor.			5.	To disclose the remuneration of the Managers of the Company.			6.	To elect members of the Statutory Audit Committee.			Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion.			
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BEFORE POSTING THE ABOVE CARD, KINDLY TEAR OFF THIS PART AND RETAIN IT.

**ADMISSION CARD
UBN PROPERTY COMPANY PLC
12TH ANNUAL GENERAL MEETING**

PLEASE ADMIT ONLY THE SHAREHOLDER NAMED ON THIS CARD OR ITS/HIS/HER DULY APPOINTED PROXY TO THE 12TH ANNUAL GENERAL MEETING OF UBN PROPERTY COMPANY PLC HELD IN THE AUDITORIUM, STALLION PLAZA (9TH FLOOR), 36 MARINA, LAGOS ON THURSDAY, 22ND SEPTEMBER 2022 AT 11 A.M.

NAME OF SHAREHOLDER/PROXY..... SIGNATURE.....

ADDRESS.....

THIS CARD IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE REGISTRAR

**Affix
Current
Passport Photograph**

Write your name at the back of
your passport photograph

E- DIVIDEND MANDATE ACTIVATION FORM

Instruction:

Please complete all sections of this form to make it suitable for processing and return to the address below:

The Registrar,

CardinalStone Registrars Limited
335/337, Herbert Macaulay Way
Sabo, Yaba, Lagos
P.M.B 1007 Sabo, Yaba
Nigeria

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

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname/Company Name	First Name	Other Names
<input type="text"/>		

Address:

City	State	Country
<input type="text"/>	<input type="text"/>	<input type="text"/>

Previous Address (if any)

CHN (if any)

Mobile Telephone 1	Mobile Telephone 2
<input type="text"/>	<input type="text"/>

Email Address

Signature (s)	Company Seal (If applicable)
<input type="text"/>	<input type="text"/>

Joint/Company's Signatories

TICK	NAME OF COMPANY	SHAREHOLDER'S ACCOUNT NO.
	ACORN PETROLEUM PLC	
	AFRIK PHARMACEUTICALS PLC	
	AG MORTGAGE BANK PLC	
	AG LEVENTIS PLC	
	BANKERS WAREHOUSE PLC	
	BETA GLASS PLC	
	CAPITAL HOTELS PLC	
	CARDINALSTONE FIXED INCOME ALPHA FUND	
	ELLAH LAKES PLC	
	EVANS MEDICAL PLC	
	FCMB BOND 1	
	FCMB BOND 2	
	FCMB BOND 3	
	FCMB GROUP PLC	
	FIDSON BOND	
	G.CAPPA PLC	
	GUINEA INSURANCE PLC	
	JOS INT. BREWERIES PLC	
	LAFARGE AFRICA PLC	
	LAFARGE BOND 1	
	LAFARGE BOND 2	
	LAPO BOND 1	
	LAPO BOND 2	
	LAW UNION & ROCK INS. PLC	
	LEGACY EQUITY FUND	
	LEGACY DEBT FUND	
	LEGACY MONEY MARKET FUND	
	LEGACY USD BOND FUND	
	LIVESTOCK FEED PLC	
	MORISON INDUSTRIES PLC	
	NAHCO BOND	
	NAHCO AVIANCE PLC	
	NEWPAK PLC	
	N.G.C PLC	
	NPF MICROFINANCE BANK PLC	
	OKOMU OIL PALM PLC	
	PREMIER PAINTS PLC	
	ROYAL EXCHANGE PLC	
	SKYE BANK PLC	
	TOTAL NIGERIA PLC	
	TRANS-NATIONWIDE EXP. PLC	
	UBN PROPERTY COMPANY PLC	
	UNION BANK OF NIGERIA PLC	
	WOMEN INVESTMENT FUND	

This service costs N150.00 per approved mandate per company

CARDINALSTONE REGISTRARS

Head Office: 335/337, Herbert Macaulay Way Sabo, Yaba, Lagos.

Port Harcourt: FCMB Building 85, Aba Express Way by Garrison Junction, Port Harcourt, Rivers.

Abuja: FCMB Building 252, Herbert Macaulay Way, Central Business District, Abuja.

Website: www.cardinalstoneregistrars.com, E-mail: registrars@cardinalstone.com

Help Desk Telephone No/Contract Centre Information for Issue Resolution or Clarification: 01-7120090

