AFRILAND PROPERTIES

2019 ANNUAL REPORT AND FINANCIAL STATEMENTS

www.afrilandproperties.com

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DIRECTORS AND OTHER CORPORATE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019

BOARD OF DIRECTORS	Emmanuel Nnorom	Chairman
	Uzoamaka Oshogwe	Managing Director/CEO
	Olayinka Ogunsulire	Non-Executive Director
	Samuel Nwanze	Non-Executive Director
	Agatha Obiekwugo	Non-Executive Director
SECRETARY	Funmilola Suleiman	
REGISTERED OFFICE	223 Etim Inyang Crescent, Victoria Island, Lagos.	
WEBSITE	www.afrilandproperties.com	
AUDITORS	Ernst & Young 10th & 13th Floors UBA House 57 Marina, Lagos.	
PRINCIPAL BANKER	United Bank for Africa Plc	
KEY SOLICITORS	M.E. Esonanjor & Co. (Barristers, Solicitors & Legal Consultants) 27, Oyewole Street Palmgrove - Ilupeju Lagos.	
	Ogbemudje, Omezi & Co. (Barristers & Solicitors) 3rd Floor, 34 Kofo Abayomi Street Victoria Island Lagos.	
REGISTRAR	Africa Prudential Plc 220B, Ikorodu Road Palmgrove Lagos.	

OUR PURPOSE

Improving lives by investing in the development, management and maintenance of world class real estate offerings across Africa.

WHO WE ARE

Afriland Properties Plc is a property management, investment and development company, offering end-to-end services across the real estate value chain, from management to joint-venture investments.

With a portfolio size of over N10 billion and one of the largest land banks in Nigeria, Afriland is pioneering the opportunities presented by an institutional approach to real estate, serving niche markets throughout Africa.

We bring innovation to the real estate sector in Nigeria and other African countries by drawing on experience, new competencies, and technology to achieve continuous improvement in service delivery to our clientele.

OUR CORE VALUES

Enterprise
- Passion
- Ingenuity
- Tenacity

Execution
- Hard work
- Results-Driven
- Accountability

Excellence
- Responsiveness
- Diligence
- Distinction

31-December	2019	2018
	N000	N000
Operating profit	1,479,162	1,314,325
Profi before taxation	1,339,237	915,462
Taxation	(595,187)	(233,014)
Profit after taxation	744,050	682,448
Earnings per share	N0.54	N0.50

31-December		
	2019	2018
	N'000	N'000
Total assets	24,859,903	24,914,024
Total equity	8,047,602	7,552,472

Emmanuel Nnorom is currently the Group CEO of Heirs Holdings Limited. Prior to joining Heirs Holdings Limited, he served as the President/CEO of Transnational Corporation of Nigeria Plc and CEO of UBA Africa, overseeing United Bank for Africa's operations outside Nigeria and executing corporate strategy in 18 African countries. His other senior roles within UBA included Group COO UBA, followed by his appointment as UBA Group's CFO, with responsibility for Finance and Risk.

Emmanuel is qualified as a chartered accountant and brings over 3 decades of professional experience in the corporate and financial sectors, working with publicly listed companies. He is an alumnus of Oxford University's Templeton College, and a Prize winner and Fellow of the Institute of Chartered Accountants of Nigeria.

He was appointed to the Board of Afriland on October 30, 2014.

Emmanuel Nnorom
Chairman

Uzo Oshogwe is the Managing Director/CEO of Afriland Properties Plc. and joined the Company when it was still known as UBA Properties.

She holds a BSc in Chemistry from Ambrose Alli University, Edo State and an MSc in Information Systems Design from the University of Westminster, London. She has over 20 years working experience, mainly in Information Technology and Banking. Uzo also holds a professional certificate in Real Estate Management from Harvard Business School.

She is also a RICS - accredited Civil and Commercial Mediator and a Fellow of the Institute of Management Consultants.

She was appointed on January 29, 2013.

Uzoamaka Oshogwe
Chief Executive Officer

Olayinka Ogunsulire
Non-Executive Director

Olayinka Ogunsulire, who is regarded as one of the leading property development professionals in Nigeria, is currently the Chief Executive Officer of Orange Island Development Company Limited.

Prior to that, she was the Managing Director of ARM Properties Plc, the real estate subsidiary of Asset and Resource Management Limited.

She holds an M.Phil in Land Management from the University of Reading, England. She has been a member of the Royal Institution of Chartered Surveyors since 1992.

She was appointed to the Board of Afriland on January 14, 2013.

Samuel Nwanze
Non-Executive Director

Samuel Nwanze is the Director, Finance & Investments at Heirs Holdings Limited, where he is responsible for the administration and management of the group's overall financial activities and investment programmes.

He has a Masters in Finance and Management from Cranfield School of Management (UK). Prior to joining Heirs Holdings Limited, Sam worked in banking institutions in various roles that saw him oversee strategy, financial control, performance management and treasury, as well as play a key role in the STB-UBA merger.

He was appointed to the Board of Afriland on January 14, 2013.

Agatha Obiekwugo
Non-Executive Director

Agatha Obiekwugo brings on board a proven track record with 25 years corporate experience spanning the banking, commerce, information and new technology, industries, with varied consulting expertise. She sits on the board of 3 other companies.

She is currently the Managing Director of ADASSA Energy Limited and holds a B.A in English from Edo State University, Ekpoma, Edo State and an MBA from Enugu State University of Science and Technology.

She was appointed to the Board of Afriland on October 23, 2018.

Henry Omoike
Head, Business Development

Henry Omoike is the Head of Business Development. He has over 20 years working experience of which 14 years is in the Banking and Financial Industry, having joined UBA Plc in 1997. Prior to joining UBA, Henry worked in the Construction and Real Estate Sector in Nigeria and is a professional member of the Nigerian Institute of Quantity Surveyors and Quantity Surveyors Registration Board of Nigeria.

He holds a HND Quantity Surveying from Auchi Polytechnic (1998); an MBA in Financial Management from Lagos State University (1998) and an MSc Economics from Ambrose Alli University, Edo State (2004).

Obiorah Ozugha
Chief Financial Officer

Obiorah Ozugha is an experienced finance professional with over 14 years' experience in Finance Management. He holds a Higher National Diploma in Accounting from the Institute of Management and Technology, Enugu.

He started his career in finance with KPMG. He also worked with Akintola Williams Deloitte where he was the team lead of the audit of some financial institutions in Nigeria. Obiorah later moved to Transcorp Hotels Plc where he functioned as a Finance Manager before moving to Afriland Properties Plc as the Chief Financial Officer.

He's an Associate Chartered Accountant and an Associate of Chartered Institute of Taxation of Nigeria.

Bassey Eka
Head, Projects Design

Bassey Eka is a trained and professional Architect having obtained both B.Sc. (Hons) and M.Sc. (Arch) from the Ahmadu Bello University, Zaria. He is also professionally licensed by the Architects Registration Council of Nigeria to practice Architecture in Nigeria and this dates back to 1993.

He has over 20 years post-qualification practical and active industry experience. He joined the erstwhile UBA Properties Limited in 2006, and in the process, has headed branch expansions in the Northern part of Nigeria, the whole of Nigeria and also expansion and set up of UBA subsidiaries in 15 of the 20 African countries where UBA Plc is currently operational.

Enenibiyo Halim
Head, Special Projects

Mrs Halim has 30 years of combined working experience in the Construction Industry as a Quantity Surveyor/ Project Manager and the Banking Sector. She holds a B.Tech. Quantity Surveying from the Rivers State University of Science & Technology, Port Harcourt, Nigeria and an MPM, Project Management from University of Lagos.

She worked at Construction Economist Partnership Ltd (CEP) as a full partner and acted as the lead Quantity Surveyor for the $400million Tinapa Business Resort Project in Calabar.

She is a Fellow of Nigerian Institute of Quantity Surveyors, Registered Member of the Quantity Surveyors Registration Board of Nigeria and Project Management Institute Inc. Pennsylvania, USA.

Jennifer Egbukole
Head, Human Resources

Jennifer Egbukole is a Human Resources professional with twelve years' experience in Human Resources affairs, versed in employee recruitment and retention, employee relations, staff development, HR records management, HR policies and procedures development, talent management, organizational and strategic planning.

She holds a BSc. in Political Science from Ahmadu Bello University, Zaria, Kaduna and Masters in International Law & Diplomacy from the University Of Lagos.

Jennifer is certified by the HRCI as a Senior Professional in Human Resources (SPHRI).

Sunday Nwokeoji
Head, Technical Consultancy

Sunday holds an MSc in Environmental Resources Management from Lagos State University, Ojo – Lagos and is a professional member of the Certified Institute of Cost Management; National Institute of Marketing, Nigeria; Nigeria Environmental Society; Nigeria Institute of Building and is a registered builder with the Council of Registered Builders of Nigeria. Sunday is also a qualified Quantity Surveyor.

He is also an Alumni of the Manchester Business School, Manchester, United Kingdom. He is articulated and by virtue of his over 21 years of experience in the built environment, he has greatly impacted on every of the tasks and duties assigned to him as an employee of UBA Properties Limited since 2006 before joining Afriland Properties PLC in the year 2013.

Aminu Sarafa
Head, Project Management Office

Aminu Sarafa (MNSE, CSSGB, CCP, PMP) is a registered and corporate member of the Nigerian Society of Engineers, and a certified member of the Project Management Institute (PMI), International Association for the Advancement of Cost Engineering (AACE), and American Society for Quality (ASQ). He graduated from Obafemi Awolowo University in 2002 in Civil Engineering. He is a professional with diversified experiences and skills in engineering, human resources, processes, and project management.

Prior to joining Afriland Properties Plc in 2013, Sarafa worked with UBA Properties Limited as Head, Project Management Office. In addition, he worked as PM/Consultant on many projects for Total E&P Nigeria Limited, Association De Francaise Nigeria, French Consulate, Proparco, Total Deepwater Nigeria Limited, Egina Field, and CAP (Dulux) Plc. He is a professional with apt qualities, and has over 11 years' experience in engineering, construction and management.

Funmilola Suleiman
Company Secretary

Funmilola Suleiman is the Company Secretary/Legal Adviser. A legal practitioner with a decade experience in commercial practice, dispute resolution and real estate. Funmilola is a member of the Nigerian Bar Association Section on Business Law.

She holds a Masters of Law degree with specialization in Corporate and Securities Law from London School of Economics and Political Science, an LL.B from the University of Lagos, and a Barrister at Law degree from the Nigerian Law School, Abuja.

Distinguished Shareholders,
Members of the Board of Directors, esteemed ladies and gentlemen, it is with great pleasure that I welcome you to the 7th Annual General Meeting of your Company, Afriland Properties Plc. I am honored to present the financial performance of the Company for the year ended 31 December 2019 and the economic outlook for the year 2020.

The Global Economy
The global economy was unstable in 2019 as political discord, inter-regional conflicts, rising trade barriers, persisted uncertainties surrounding Brexit negotiations and reactive policy response dominated discourse in the year. These challenges resulted in stalling global trade and investment as imports and exports which collapsed during the financial crisis waned sharply.

The resultant effect of the delays in trade and investments were the decline in spending on machineries and durable goods. To cushion the effect of decline in spend and consequently propel growth, the US Federal Reserves and Central banks of advanced and emerging economies reacted aggressively by cutting interest rates.

Furthermore, pressures from weaknesses in emerging market economies such as Brazil, India, Mexico and Russia exacerbated the already weak growth recorded by advanced economies resulting from the trade war between the United States of America and China.

According to African Development Bank, the economic growth in Africa was stable at 3.4% in 2019 same as in 2018. The slow growth is primarily due to moderate expansions of the continent's big five economies namely Algeria, Egypt, Morocco, Nigeria and South Africa which averaged a growth rate of 3.1% when compared with the average of the rest of the continent of 4.0%. The bank however, forecasted a growth rate of 3.9% for Africa in 2020.

Consequently, the uncertainty which prevailed in the year impacted negatively on global economies such that performance in the year was recorded as the weakest growth rate since the global financial crisis a decade ago.

The revised forecasted global growth rate for 2019 according to the International Monetary Fund is 2.9%.

The Local Economy
The Nigerian economy grappled with several challenges in 2019 amid a slowing global economy. The nation's socio-political and economic environment showed no sign of improvement as perennial issues such as deficient infrastructure, energy issues, general poor state of roads and transportation network, insecurity across the country and high rate of borrowing remains unresolved throughout the year.
Nonetheless, there were slight improvement in the macro-economic indices as real GDP according to the African Development Bank grew by 2.3% in 2019.

The exchange rate was relatively stable in 2019 due to sustained intervention in the currency market by the Central Bank of Nigeria. The stability in the market was achieved by the depletion of the external reserve which stood at $38.68billion as at 31 December 2019 from $43.23billion that it was at the beginning of the year.

In the course of the year, the Central Bank of Nigeria through its Monetary Policy Committee (MPC) reduced interest rate by 50 basis points to 13.5% for the first time since July 2016. The Central Bank of Nigeria also increased the loan to deposit ratio of commercial banks to 65%. This action was to encourage lending to SMEs, retail and mortgage sectors and spur growth in the real sector.

After initially dithering the ratification of the African Continental Free Trade Area Agreement (AFCFTA) to allow for further consultation, the Federal Government of Nigeria signed the AFCFTA treaty in the year. The treaty is aimed at boosting intra-Africa trade and integration of members nation economies which ultimately will eliminate tariff on imports and exports of goods and services and allow the free movement of member nations within Africa. Trading under the AFCFTA framework is slated to commence in July 2020.

Generally, in the real estate sector, prices remained unchanged. However, a good number of locations realised price increases. Due to lull in activities in the year, real estate developers and service providers now focus on products and service more in tune with effective demand. According to the National Bureau of Statistics, the real estate sector contributed 6.21% to real GDP in 2019 lower than 6.60% recorded in 2018.

Highlight of 2019 Financial Performance
Despite the harsh business environment upon which your Company operated in 2019, your company recorded strong operating performance in revenue and profit. The revenue grew by 13% to N1.48billion as opposed to N1.31billion recorded in 2018 financial year.

Profit Before Tax achieved in the year under review was N1.34billion against the N0.915million in 2018. This shows an increased performance of 46% over prior year.
The Company's total assets as at 31 December 2019 stood at N24.86billion when compared with the 2018 position of N24.91billion.

In view of this performance, the Board of Directors is proposing the sum of N137,390,000 as dividend payment for the year ended 31 December 2019. This translates to 10 kobo per ordinary share. We hereby request your approval of this dividend proposal.

Activities during the year
We commenced and completed several projects in the year. As at 31 December 2019, the Company had over fifty-five (55) projects at various stages of completion. The Company further advanced its discussion with the Lagos State Government on the Falomo Shopping Mall during the year.

Outlook for 2020
The global economy witnessed a lot of turbulence in 2019, with intensified trade wars and Brexit delays influencing the growth story tremendously. According to the International Monetary Fund (IMF), global growth is expected to pick up from 2.9% in 2019 to 3.3% in 2020. A subdued growth is however expected for advanced economies, while emerging markets and developing economies will register growth acceleration.

Growth prospects in 2020 for both the United States and China have marginally improved following the finalization of the Phase 1 trade deal with the associated partial rollback of previously implemented tariffs. This has helped lift sentiments globally. Across advanced economies, growth is projected to stabilize at 1.6 percent in 2020 while in the United states, growth is expected to moderate from 2.3 percent in 2019 to 2 percent in 2020.

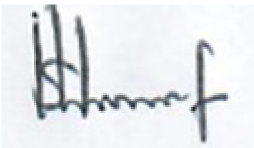
Africa's economic growth stabilized at 3.5% in 2019 and is expected to increase to 3.9% in 2020

The International monetary fund projected a 2.9% Real GDP growth for Nigeria in 2020. This is however contingent on the successful implementation of the Economics Recovery and Growth Plan (2017-2020) which accentuates economic diversification.

Board Changes
There was no change to the Board of Directors during the year.

Conclusion
Distinguish shareholders and partners, I particularly want to appreciate you for your invaluable support during the year under review. I count on your support in the year ahead.

Permit me at this point to thank the management team led by Mrs. Uzoamaka Oshogwe and our hardworking employees for their commitment and effort in delivering a commendable performance despite the challenging business environment.



Emmanuel N. Nnorom
Chairman, Board of Directors

Dear Shareholders,
It is with great pleasure that I welcome you all to the 7th Annual General Meeting of your Company, Afriland Properties Plc and present to you the operating performance for the financial year ended 31 December 2019.

Your Company continued its affirmed business goals and objectives in 2019 which includes:

- Real Estate Development
- Project construction, supervision and management
- Facilities management of client's and proprietary properties
- Renovation/Upgrades.
- Breaking into new grounds in the real estate development space

The global economy witnessed a lot of turbulence in 2019, with intensified trade wars and Brexit delays influencing the growth story tremendously. Inspite of the above, the Nigeria economy showed marginal improvement in 2019 when compared with the performance in 2018 financial year.

According to the Africa Development Bank (AfDB), real GDP growth was 2.3% in 2019, slightly higher than 1.9% recorded in 2018.

The growth recorded resulted from improved performance in the oil sector due to stability in oil prices which averaged $63.7/barrel and the volume supplied. Transportation as well as the Information and communication technology sector impacted positively on growth recorded in the year.

Notwithstanding the marginal growth achieved in the year, the agricultural sector was hurt by intermittent flooding and conflicts between herdsmen and local farmers. The manufacturing sector did not fare better either as it suffered from lack of finance.

Nigeria reluctantly signed the African Continental Free Trade Agreement (AfCFTA) in the year, yet its trade relationships with bordering economies was tense throughout the last five months of 2019 as the government ordered the closure of all land borders. The border closure was aimed at curtailing the harmful effect of smuggling to the economy, improving revenue from trade and protecting local production.

In the course of the year, the government through the office of the Minister of Finance, Budget and National Planning introduced the Strategic Revenue Growth Initiative (SRGI). It was targeted with the intention of boosting government revenue in the face of its rising debt profile. The impact of this has not been felt in the year under review.

Nigeria's ranking in the ease of doing business improved by 39 places to 131 in 2019 from 170 in 2015. This underscores government efforts at ensuring improved ranking to attract foreign investments into the country. Despite the remarkable feat, doing business in Nigeria remains a challenge and has not translated to improved capital inflow as highlighted by the National Bureau of Statistics.

During the year, the Minimum Wage Law was passed increasing the minimum wage from N18,000 to N30,000. The intent was to enhance consumers spending with a view to stimulating the economy.

Despite the positive development mentioned above, the nation's socio-political and economic environment are ever present. Business continues to be impacted negatively by high interest rate and multiple taxation. The country's infrastructure remains significantly under-developed while the spate of insecurity is yet to be curtailed.

The fundamentals of our business remain very strong. These are:

Team work
We recognize that nothing great is achieved in isolation and so we work together as a team to exceed our clients' expectations.

Our harmonized and cooperative efforts are in the interest of a common goal, which is to be Africa's leading Real Estate Company that creates long term value for all stakeholders.

Corporate Social Responsibility
Our commitment to corporate social responsibility stems from the belief that we are a part of the communities we serve. Giving back is a fundamental aspect of our Company's identity and values.

Service Delivery
We are guided by a set of principles, policies and standards, which enable us offer consistently excellent service experiences to our clients. We connect with them, we communicate with them and we listen to them. This way, our deliverables are aligned with our clients' requirements.

2019 Performance
Our annual report and accounts have been prepared in conformity with International Financial Reporting Standards (IFRS) and this presents the operating results of the Company for the year ended December 31, 2019.

In line with our foundation of sound corporate governance and our adherence to regulatory standards, IFRS has provided a uniform and consistent basis of preparing our financial information for comparison and greater transparency.

Financial Performance (Revenue, Profit)
The Company recorded a revenue of N1.48billion in 2019 when compared with N1.31billion achieved in year 2018. This represents a 13% increase over performance in 2018 financial year and was due mainly from rental income and project development fees. In the same vein, the company posted a profit before tax (PBT) of N1.34billion as opposed to N0.915billion in 2018 financial year. Profit after tax (PAT) attributable to the Company's performance grew by 9% to N0.744 as against N0.682 in year 2018.

Financial Position (Assets)
Total assets stood at N24.86billion as at 31 December 2019 compared to N24.91 recorded in 2018. Significant part of this balance is the investment properties which grew to N11.67billion from N10.45billion
Shareholders' funds also grew to N8.05billion in 2019 from N7.55billion in 2018. This represents a 7% increase over last year.

The increase in both investment properties and shareholders' funds are attributable to further investment and fair valuation gain on our investment properties and profit from operating activities.

Key Business Achievements and Overview
In the year under review, we commenced and completed the construction of some business offices nationwide while significant progress was made on other non-proprietary projects.

Outlook for 2020
The Nigeria economy being monolithic in nature is vulnerable to external shocks as a result of its significant dependence on earnings from the export of crude oil. Therefore, the economy is subject to developments in the middle East and possible negative outcome in the trade war between the United States and China which could weaken global trade and consequently lower demand for Nigeria oil.

Following the assent of the Finance Bill by the President, effective 13th January 2020, the bill became an Act of Parliament. The passage of the Finance Act is a significant milestone for Nigeria as it marks a return to an era of active fiscal supervision motivating regular review of the macro environment and stimulation of the economy on a regular basis.

Amendments introduced by the Finance Act were aimed at raising required revenue for government to enable it meet up with public expenditure especially as the debt service to revenue ratio continue to rise. This it did by introducing a new VAT rate regime which effectively from the day the law was gazette became 7. 5% opposed to 5%. It also reformed domestic tax Laws and aligned them with global best practice. The new law also provided support to small businesses in line with the ease of doing business reform of the federal government.

The impact of a successful implementation of the tax law as amended via The Finance Act will provide succour to the government and increase fund required to invest in infrastructural development across the country. We are optimistic that this will stimulate the economy and consequently enhance consumers spending and consumption.

In view of the above, we have positioned the Company to take advantage of Government's new policy direction and optimize our future rental income from our proprietory properties and to vigorously pursue an aggressive development of the underlisted properties for residential and commercial purposes with a view to maximizing shareholders wealth.

- Lugard Avenue, Ikoyi, Lagos
- Club Road, Ikoyi, Lagos
- Abule Egba, Lagos
- Waziri Ibrahim, Victoria island, Lagos

Finally, we will continue to explore the possibility of partnering with reputable organization with a view to optimizing our property portfolio and thus delivering superior value to shareholders.

Closing
Our esteemed and distinguished shareholders, I would like to thank you for your commitment and resolute support to the Board and Management of the Company. I assure you; we will continue to provide better performance. Permit me to use this opportunity to thank the entire management team and staff of Afriland for their devotion to work. Lastly, I thank the Chairman and Board members for their exemplary leadership and support. We continually reiterate our resolve to achieve the Company's set goals and objectives, whilst focusing on our mission to be Africa's most sought- after real estate company that creates long term value for all stakeholders

Thank you and God bless.

Uzoamaka Oshogwe
Managing Director/Chief Executive Officer

Afriland Properties Plc ("Afriland" or the "Company") is committed to upholding the highest standards of Corporate Governance through the adoption of a robust Corporate Governance framework, which ensures the promotion of effective governance through the strategic direction and oversight by the Board thereby enhancing shareholder value and promoting the rights' protection of shareholders and stakeholders.

During the year ended December 31, 2019, Afriland complied with the provisions of the Code of Corporate Governance issued by the Securities & Exchange Commission (SEC Code) and all extant laws and regulations bordering on corporate governance.

The Board is of the opinion that the Company has in all material respects, complied with the requirements of the SEC Code and its own governance standards during the 2019 financial year.

1. OVERVIEW

The Board of Directors of the Company has the overall responsibility for ensuring that the highest standards of corporate governance are maintained and adhered to by the Company. In order to promote effective governance of the Company, the following structures have been maintained for the execution of the Company's Corporate Governance strategy:

1. Board of Directors
2. Board Committees
3. Executive Management Committee

The Company has also implemented corporate governance policies and standards to encourage good and transparent corporate governance practices, as it is the Company's belief that such governance practices have a direct correlation with the Company's performance and its commitment to stakeholders.

The Company's approved corporate governance policies remained operational throughout the 2019 financial year as follows:

- **Board Governance and Board Committee Governance Charter:**
  This Charter provides the governance framework for the Board and Board Committees of the Company to promote effective governance. It catalogues the mandate and terms of reference, procedures and structures of the Board and Board Committees of the Company. The Board of Directors carries out its responsibilities through its standing committees. These are the Finance, Risk & General-Purpose Committee, the Nominations & Governance Committee and the Statutory Audit Committee.

- **Executive Management Charter:**
  The Executive Management Charter provides the framework for directing the affairs of the Executive Management of the Company in the running of the Company's day-to-day operations. The Charter sets out the membership, terms of reference and role of the Executive Management Committee members.

- **Code of Conduct:**
  The Code of Conduct sets out the expected standards of behavior and ethical responsibilities of Directors, employees, vendors and other third parties who have any form of dealings with the Company.

- **Whistle Blowing Policy**
  The Policy provides a complimentary procedure for raising concerns about any actual or potential infraction of the Company's business practices and ethics. It further encourages employees and other stakeholders to bring any suspected breach of the Company's business practices to the attention of the Company. These concerns can be treated anonymously.

  The Company has a dedicated whistle blowing email address (whistleblowing@afrilandproperties.com) and telephone number with capacity for voice calls and text messages. The telephone number is +234 1 631 0480-1. A direct link is also available on the Company's website www.afrilandproperties.com for whistleblowing reports.

- **Board of Directors Appointment Procedure Policy**
  The purport of the Policy is to set out and implement a formal procedure for the selection and appointment of Non-Executive Directors of the Company. The Nominations and Governance Committee ("NGC") is saddled with the responsibility of identifying and assessing potential candidates in line with stipulated criteria in the policy, which includes gender, appropriate mix of skills and experience. This nomination by the NGC is presented to the Board for approval.

  Shareholding in the Company is not a considered criterion for the nomination or appointment of a Director. The appointment of Directors is subject to the approval of shareholders at the Annual General Meeting.

2. BOARD OF DIRECTORS

2.1 Introduction

The principal role of the Company's Board of Directors is to provide overall guidance and policy direction to the Management of the Company with key roles focused on strategic direction, policy formulation, decision making and oversight.

The corporate governance principles of the Company rest on the Board of Directors to ensure due compliance and alignment with acceptable corporate governance standards.

2.2 Board Structure

The Board of Directors comprises five (5) members made up of four (4) Non-Executive Directors, one (1) of which is an Independent Director and one (1) Executive Director. In accordance with the provisions of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004 (CAMA) and the Board Governance Charter of the Company, the Chairman of the Board of Directors presides over Board proceedings.

2.3 Chairman and Chief Executive Officer Positions

The role of the Chairman and Chief Executive Officer are separated and clearly defined in compliance with corporate governance rules on the roles and responsibilities of the Board members. The Chairman is primarily responsible for the workings of the Board while the Chief Executive Officer is responsible for the implementation of the Board strategy and policy and day to day management of the Company. The Chief Executive Officer is assisted by the Executive Management Committee in managing the day-to-day operations of the Company. The Chairman is not involved in the day-to day operations of the Company and is not a member of any Committee of the Board.

2.4 Non-Executive Directors

The non-Executive Board members possess strong knowledge of the Company's business and usually contribute actively at Board meetings.

In choosing directors and in accordance with the Company's Board Charter, the Company seeks individuals who have very high integrity, a good image and reputation, are business savvy, have shareholder orientation and a genuine interest in and commitment to the Company. The Company's Directors also have a wealth of industry expertise across the core areas of Real Estate Management, Finance, Investment, Project Development and Project Management.

2.5 Induction and Training of Directors

The Company has a robust induction programme for newly appointed directors to familiarize the directors with their roles and responsibilities together with the Company's expectations. The Director is also enlightened on the business, policies and regulatory obligations of the Company.

Trainings are also organized by the Nominations and Governance Committee for the Board members on all aspects of corporate governance practices and procedures. These trainings are paid for by the Company.

2.6 Proceedings and frequency of meetings

The Board meets at least once every quarter or as frequently as the Board's attention may be required.

Sufficient notices with clear agenda/report are usually given prior to convening such meetings. All Directors have access to the Company Secretary who is appointed and removed by the Board and is also responsible to the Board. The details of Directors' attendance of Board meetings are disclosed on page 22 of the Annual Reports.

2.7 Delegation of Authority

The Board establishes formal delegations of authority, defining the limits of Management's power and authority and delegating to Management certain powers to run the day-to-day operations of the Company. The delegation of authority conforms to statutory limitations specifying responsibilities of the Board that cannot be delegated to Management. Any responsibility not delegated remains with the Board and its committees. The Company has a formal Delegation of Authority Policy in place.

2.8 Reporting and Internal Control

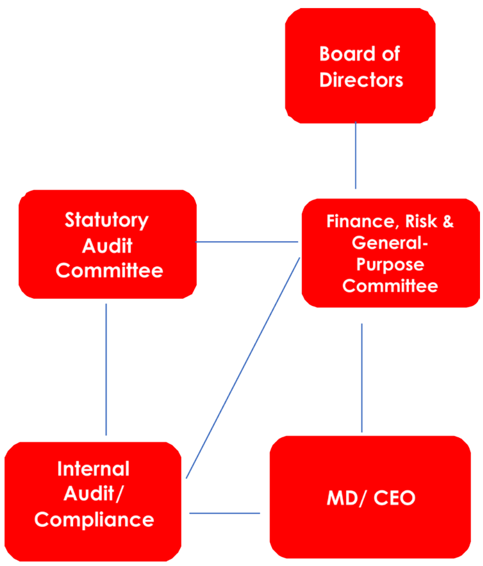
The Board is responsible for and ensures proper financial reporting as well as establishment of strong internal control procedures. The Company has consistently upgraded its internal control system to ensure the effective management of risks. The Directors review the effectiveness of the internal control systems through regular reports, updates and reviews at the Statutory Audit Committee and Finance, Risk & General-Purpose Committee meetings.

Furthermore, the Board continually places emphases on risk management as an essential tool of achieving the Company's objectives by approving a robust Enterprise Risk Management Policy and Internal Audit Policy Manual and adopting an approach of risk governance that balances the demands of entrepreneurship, control and transparency while also driving the achievement of the Company's objectives with an effective decision-making process.

In ensuring compliance, the Board oversees the implementation and monitoring of the extant policies, approves and periodically reviews risks strategies and policies, approves the risk appetite annually and monitors the Company's risk profile against this appetite. This is achieved through regular review of reports, updates by both internal and external personnel at the Finance, Risk & General-Purpose Committee and Statutory Audit Committee meetings. The Board continuously seeks means of improving the Company's risk appetite through recommendations on effective means of eliminating and mitigating identified risks on all levels and monitoring the implementation of such recommendations to ensure compliance.

The Internal Audit function is headed by the Head, Internal Audit & Compliance who reports directly to the Audit Committee and the Finance, Risk & General-Purpose Committee. The Company adopts the Risk Based internal audit methodology in carrying out audit functions involving five phases, which are Strategic Analysis, Risk Assessment, Development of Internal Audit Plan, Audit Execution and Reporting and Follow-up. This has proved effective in identifying, monitoring and mitigating the strategic and operational risks of the Company.

RISK GOVERNANCE STRUCTURE



2.9 Changes on the Board

During the year ended 31 December 2019, no change occurred on the Board of Directors of the Company.

2.10 Retirement by Rotation

In compliance with the provisions of Section 259 of the Companies and Allied Matters Act Cap C20 LFN 2004 which requires one third of the Directors (excluding Executive Director) or if their number is not three or a multiple of three, the number nearest one third, to retire from office at each Annual General Meeting, Mr. Samuel Nwanze and Mrs Agatha Obiekwugo will retire at the 7th Annual General Meeting and both being eligible, offer themselves for re-election.

Profile of Retiring Directors

Profile of Mr. Samuel Nwanze

Mr. Nwanze Samuel Nwanze is the Director, Finance & Investment Officer at Heirs Holdings Limited, where he is responsible for the administration and management of the group's overall financial activities and investment programmes.

He has a Masters' in Finance and Management from Cranfield School of Management (UK). Prior to joining Heirs Holdings, Sam worked in banking institutions in various roles that saw him oversee strategy, financial control, performance management and treasury, as well as play a key role in the STB-UBA merger.

He joined the Board on January 14, 2013 and is the Chairman of the Finance, Risk & General-Purpose Committee, in addition to being a member of the Nominations & Governance Committee and the Statutory Audit Committee. He satisfied the requirement for attendance of Board and Committee meetings as required by the Code of Corporate Governance during the period under review.

A record of his attendance at Board and Committee meetings is available on page 22 of this Report.

Mr. Nwanze is resident in Nigeria.

Profile of Mrs Agatha Obiekwugo

Mrs Obiekwugo brings on board a proven track record with 25 years corporate experience spanning the banking, commerce, information and new technology, industries, with varied consulting expertise. She sits on the board of three other companies.

She is currently the Managing Director of ADASSA Energy Limited and holds a B.A in English from Edo State University, Ekpoma, Edo State and an MBA from Enugu State University of Science and Technology.

She joined the Board on October 23, 2018 and is a member of the Finance, Risk & General-Purpose Committee, the Nominations & Governance Committee and the Statutory Audit Committee. She satisfied the requirement for attendance of Board and Committee meetings as required by the Code of Corporate Governance during the period under review.

A record of her attendance at Board and Committee meetings is available on page 22of this Report.

Mrs Obiekwugo is resident in Nigeria.

2.11 Board Appraisal

On an annual basis and during the period under review, the Company engaged the services of an independent consultant, AA & Company Limited to carry out an extensive Board and Directors' appraisal exercise. The annual appraisal sought to ascertain the level of compliance by the Board, and by extension, the Company, with the SEC Code, the Company's Board Governance and Board

Committees Governance Charter and other best corporate governance practices, the report of which forms part of this Annual Report.

2.12 Membership of the Board

The Board of Directors of the Company comprised the following during the year:

Mr. Emmanuel Nnorom	- Chairman
Mrs Uzoamaka Oshogwe	- Managing Director/CEO
Ms. Olayinka Ogunsulire	- Independent Director
Mr. Samuel Nwanze	- Non-Executive Director
Mrs Agatha Obiekwugo	- Non-Executive Director

2.13 Board Meetings Attendance

The Board held five (5) meetings during the year ended 31 December 2019 and the table below shows the meetings of the Board in 2019 and frequency of members' attendance:

Directors	Date of Meetings Held	No of meetings attended	Date of meetings not attended
Mr. Emmanuel Nnorom	15th February 2019	5	N/A
	30th April 2019		
	23rd July 2019		
	23rd October 2019		
	6th December 2019		
Mrs. Uzoamaka Oshogwe	15th February 2019	5	N/A
	30th April 2019		
	23rd July 2019		
	23rd October 2019		
	6th December 2019		
Mr. Samuel Nwanze	15th February 2019	5	N/A
	30th April 2019		
	23rd July 2019		
	23rd October 2019		
	6th December 2019		
Ms. Olayinka Ogunsulire	15th February 2019	5	N/A
	30th April 2019		
	23rd July 2019		
	23rd October 2019		
	6th December 2019		
Mrs Agatha Obiekwugo	15th February 2019	5	N/A
	30th April 2019		
	23rd July 2019		
	23rd October 2019		
	6th December 2019		

N/A means "Not Applicable"

2.14 Board Committees

The Board Committees of the Company comprises a majority of Non-Executive Directors tasked with the performance of various functions as delegated by the Board in the discharge of their responsibilities to the shareholders.

The Board Committees are as follows:

2.14.1 Nominations & Governance Committee
The Nominations & Governance Committee (NGC) is tasked with the following terms of reference:

- Establish procedures for the nomination of Directors.
- Advise and recommend to the Board the composition of the Board.
- Approve recruitments, promotions, redeployments and disengagements for the Company's heads of departments that make up the Executive Management Committee.
- Review and evaluate the skills of members of the Board.
- Recommend to the Board compensation for all staff members of the Company and subsidiary Boards.
- Advise the Board on corporate governance standards and policies.
- Review and approve all human resources, risk, internal control, governance and other policies for the Company.
- Review and recommend to the Board and Shareholders any changes to the memorandum and articles of association.
- Evaluate and appraise the performance of the Board and Board Committees and its members annually in conjunction with consultants.
- Monitor compliance of all legal and regulatory requirements.

Membership of the Committee during the year comprise non-executive directors as follows:

Ms. Olayinka Ogunsulire	- Chairman
Mr. Samuel Nwanze	- Member
Mrs Agatha Obiekwugo	- Member

The table below shows the frequency of meetings of the NGC in 2019 and members' attendance:

Directors	Date of Meetings Held	Number of meetings attended	Date of meetings not attended
Ms. Olayinka Ogunsulire	12th February 2019	4	N/A
	23rd April 2019		
	19th July 2019		
	22nd October 2019		
Mr. Samuel Nwanze	12th February 2019	4	N/A
	23rd April 2019		
	19th July 2019		
	22nd October 2019		
Mrs Agatha Obiekwugo	12th February 2019	4	N/A
	23rd April 2019		
	19th July 2019		
	22nd October 2019		

N/A means "Not Applicable"

2.14.2 Finance, Risk & General-Purpose Committee

The Finance, Risk & General-Purpose Committee (FRGPC) is tasked with the following terms of reference:

- Review and approval of the Company's risk management policy including risk appetite and risk strategy;
- Review the adequacy and effectiveness of risk management and controls;
- Oversight of the Management's process for the identification of significant risks across the Company and the adequacy of prevention, detection and reporting mechanisms;
- Review of the Company's compliance level with applicable laws and regulatory requirements that may impact the Company's risk profile;
- Periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Company's risk profile;
- Review and recommend for approval of the Board risk management procedures and controls for new products and services;
- Assist the Board of Directors in fulfilling its oversight responsibilities with regard to audit and control;
- Assure that an effective system of financial and internal controls is in place
- Review Audit exception reports, fraud losses and make recommendations for control measures.
- Ensure that risk assessments are performed on a continual basis.
- Monitor and assess the integrity of the overall risk management framework of the Company.
- Discharge the Board's responsibilities with regard to strategic direction and budgeting.
- Provide oversight on financial matters and the performance of the Company.
- Review and recommend investment opportunities or initiatives to the Board for decision.
- Recommend financial and investment decisions within its approved limits.
- Monitor and assess the overall integrity of the financial statements and disclosures of the financial condition and results of the Company.
- Formulate and shape the strategy of the Company.
- Review the Company's investment portfolio.
- Recommend Company policies relating to risk, finance and investment

During the year under review in 2019, membership of the Committee comprised three (3) non-executive Directors and the Executive Director as follows:

Mr. Samuel Nwanze - Chairman
Ms. Olayinka Ogunsulire - Member
Mrs Uzoamaka Oshogwe - Member
Mrs Agatha Obiekwugo - Member

The table below shows the frequency of meetings of the FRGPC in 2019 and members' attendance:

Directors	Date of Meetings Held	Number of meetings attended	Date of meetings not attended
Mr. Samuel Nwanze	12th February 2019	4	N/A
	23rd April 2019		
	19th July 2019		
	22nd October 2019		
Mrs Uzoamaka Oshogwe	12th February 2019	4	N/A
	23rd April 2019		
	19th July 2019		
	22nd October 2019		
Ms. Olayinka Ogunsulire	12th February 2019	4	N/A
	23rd April 2019		
	19th July 2019		
	22nd October 2019		
Mrs Agatha Obiekwugo	12th February 2019	4	N/A
	23rd April 2019		
	19th July 2019		
	22nd October 2019		

N/A means "Not Applicable"

2.14.4 Statutory Audit Committee

The Statutory Audit Committee (SAC) was set up in accordance with the provisions of the Companies and Allied Matters Act, CAP 20, 2004. It comprises a mixture of Non-Executive Directors and ordinary shareholders elected at the sixth Annual General Meeting of the Company held on 26th March 2019. Its terms of reference include the monitoring of processes designed to ensure compliance by the Company in all respects with legal and regulatory requirements, including disclosure, controls and procedures. It evaluates annually, the independence and performance of the External Auditors. The Committee also reviews with Management and the External Auditors, the annual audited financial statements before submission to the Board.

Membership of the Committee in 2019 comprised the following:

Mr. Joshua Okorie - Chairman
Alhaji Wahab A. Ajani - Member
Ms. Shopeju E. Adetutu* - Member
Miss Moyosore Ayanwamide** - Member
Mr. Samuel Nwanze - Member
Ms. Olayinka Ogunsulire - Member
Mrs Agatha Obiekwugo*** - Member

The table below shows the frequency of meetings of the SAC in 2019 and members' attendance:

Directors	Date of Meetings Held	Number of meetings attended	Date of meetings not attended
Mr. Joshua Okorie	12th February 2019	4	N/A
	23rd April 2019		
	19th July 2019		
	22nd October 2019		
Alhaji Wahab A. Ajani	12th February 2019	4	N/A
	23rd April 2019		
	19th July 2019		
	22nd October 2019		
Miss Moyosore Ayanwamide**	12th February 2019	3	N/A
	23rd April 2019		
	19th July 2019		
	22nd October 2019		
Mr. Samuel Nwanze	12th February 2019	4	N/A
	23rd April 2019		
	19th July 2019		
	22nd October 2019		
Ms. Olayinka Ogunsulire	12th February 2019	4	N/A
	23rd April 2019		
	19th July 2019		
	22nd October 2019		
Mrs Agatha Obiekwugo***	12th February 2019	3	N/A
	23rd April 2019		
	19th July 2019		
	22nd October 2019		

N/A means "Not Applicable"
* Ms. Efunremi Adetutu Shopeju who attended the meeting of 12 February 2019 passed on to glory on 15 March 2019
** Appointed to the SAC at 6th AGM held on 26 March 2019
*** Appointed to the SAC at 6th AGM held on 26 March 2019.

3. THE EXECUTIVE MANAGEMENT COMMITTEE

The Executive Management Committee (EMC) comprises senior management of the Company. The EMC is tasked with the following terms of reference:

- Articulating the strategy of the Company and recommending same to the Board.
- Discussing strategic matters and their impact on the Company's property and investment portfolio.
- Outlining the manner and techniques in which the Company's objectives shall be accomplished.
- Executing the Company's strategy.
- Identifying, analyzing and making recommendations on risks arising from the day-to-day operations of the Company and its investments.
- Preparing annual financial plans to be approved by the Board and ensuring that all the Company's objectives are achieved.

4. SHAREHOLDERS' RIGHTS

The Board of the Company has always placed considerable importance on effective communication with shareholders. It ensures that the rights of shareholders are protected at all times. Notice of meetings and all statutory notices and information are communicated to the shareholders regularly.

The Company's General Meetings provide shareholders with the platform to contribute to the administration of the Company. The Annual General Meetings (AGMs) are held in accessible locations and are open to shareholders or their proxies. The AGMs are conducted in a manner that facilitates shareholders' participation in accordance with relevant regulatory and statutory requirements. The Company encourages shareholders to attend these meetings whilst ensuring that notices of meetings and other information required by shareholders to make informed decisions are dispatched in a timely manner. The office of the Company Secretary additionally affords shareholders channels of communication to the Board and the Management of the Company.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors have pleasure in presenting, to the members of Afriland Properties Plc ("the Company") their report together with the audited financial statements for the year ended 31 December 2019.

LEGAL FORM

Afriland Properties Plc was incorporated as a private limited liability company on 14 March 2007 and is headquartered in Lagos, Nigeria with other satellite locations in Abuja, Port-Harcourt and Benin. The Company began operations on 1 February 2011.

PRINCIPAL ACTIVITY

The principal activity of the Company is real estate investment and development as well as offering of a broad range of real estate products/services to the general public.

STATE OF AFFAIRS

In the opinion of the Directors, the state of the Company's affairs continues to be satisfactory and there has been no material change since the reporting date, which would affect the financial statements as presented.

CHANGE IN REPORTING FRAMEWORK

The Company's accounting policies have been updated to accommodate the treatment of leases from IAS 17 to IFRS 16.

RESULTS FOR THE YEAR

	2019	2018
	N '000	N '000
Revenue	1,479,162	1,314,325
	=========	=========
Profit before taxation	1,339,237	915,462
Taxation	(595,187)	(233,014)
	-------------	-------------
Profit for the year	744,050	682,448
	========	========

DIVIDEND

The Directors have recommended the payment of a dividend of 10k per share of the outstanding ordinary shares of N1,373,900,000 in respect of the year ended 31 December 2019 (2018: payment of dividend of 5k per share of the outstanding ordinary shares of 1,373,900,000). The dividend shall become payable upon approval by the shareholders at the annual general meeting.

DIRECTORS' INTERESTS IN SHARES PROPERTY, PLANT AND EQUIPMENT

Information relating to changes in property, plant and equipment (PPE) during the year is shown in Note 12 of the audited financial statements. In the opinion of the Directors, the market value of the Company's PPE is not less than the value shown in the audited financial statements.

ACQUISITION OF OWN SHARES

The Company has not purchased any of its own shares during the year under review (2018: Nil).

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2019 (Contd.)

DIRECTORS

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

Emmanuel Nnorom	Chairman
Uzo Oshogwe	Managing Director/CEO
Olayinka Ogunsulire	Non-Executive
Samuel Nwanze	Non-Executive
Agatha Obiekwugo	Non-Executive

DIRECTORS' INTERESTS IN SHARES

The direct and indirect interests of the Directors in the issued share capital of the Company as recorded in the register of Directors' shareholdings and/or as notified by the Directors for the purpose of Sections 275 and 276 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 are as follows;

	31 December 2019		31 December 2018	
	Direct Holding	Indirect Holding	Direct Holding	Indirect Holding
Emmanuel Nnorom	317,647	66,158	317,647	66,158
Uzo Oshogwe	836,128	-	836,128	-
Olayinka Ogunsulire	248	-	248	-
Samuel Nwanze	19,202	-	19,202	-
Agatha Obiekwugo	1,367		-	
	1,174,592	66,158	1,173,225	66,158

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, of any disclosable interest in contracts in which the Company is involved as at 31 December 2019 (2018: Nil).

ANALYSIS OF SHAREHOLDING

According to the Register of Members, no shareholder held more than 5% of the ordinary shares issued by the Company as at 31 December 2019 (2018:Nil).

RANGE ANALYSIS AS AT 31-12-2019

Range			No. of Holders	Holders %	Holders Cum.	Units	Units %	Units Cum.
1	-	10,000	276,343	98.43%	276,343	140,902,527	10.26%	140,902,527
10,001	-	50,000	3,507	1.25%	279,850	73,044,248	5.32%	213,946,775
50,001	-	100,000	448	0.16%	280,298	31,460,774	2.29%	245,407,549
100,001	-	500,000	331	0.12%	280,629	64,341,536	4.68%	309,749,085
500,001	-	5,000,000	78	0.03%	280,707	98,880,125	7.20%	408,629,210
5,000,001	-	50,000,000	26	0.01%	280,733	363,500,385	26.45%	772,129,595
50,000,001	-	2,000,000,000	10	0.00%	280,743	601,770,405	43.80%	1,373,900,000
Grand Total			**280,743**	**100%**		**1,373,900,000**	**100%**	

RANGE ANALYSIS AS AT 31-12-2018

Range			No. of Holders	Holders %	Holders Cum.	Units	Units %	Units Cum.
1	-	10,000	276,395	98.43%	276,395	140,919,162	10.26%	140,919,162
10,001	-	50,000	3,510	1.25%	279,905	73,116,717	5.32%	214,035,879
50,001	-	100,000	451	0.16%	280,356	31,663,002	2.30%	245,698,881
100,001	-	500,000	326	0.12%	280,682	63,183,767	4.60%	308,882,648
500,001	-	5,000,000	84	0.03%	280,766	108,670,655	7.91%	417,553,303
5,000,001	-	50,000,000	26	0.01%	280,792	354,576,292	25.81%	772,129,595
50,000,001	-	2,000,000,000	10	0.00%	280,802	601,770,405	43.80%	1,373,900,000
Grand Total			**280,802**	**100%**		**1,373,900,000**	**100%**	

EMPLOYMENT AND EMPLOYEES

Employment of disabled persons
No disabled person was employed by the Company during the year ended 31 December 2019. However, it is the Company's policy to consider disabled persons for employment, bearing in mind the respective aptitudes and abilities of the applicants concerned.

Health, Safety and Welfare of Employees at Work
The Company places high premium on the health, safety and welfare of its employees in their places of work. To this end, the Company has various forms of insurance policies including group life insurance to adequately secure and protect its employees. The Company also has in place a healthcare insurance scheme for employees' and their immediate family members' medical needs.

Employees' Interest and Training
The Company places considerable value on the development of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and other forms of communication. The company organizes in-house and external training for its employees based on the requirements of their job. Overseas courses are also arranged where and when necessary.

EVENTS AFTER REPORTING DATE

As stated in Note 37, there are no other events or transactions that have occurred since the reporting date which would have a material effect on the financial statements as presented

GOING CONCERN

The management of the Company considered the Company as a going concern. There is no plan to liquidate the Company in the forseeable future. Refer to Note 35 of the financial statements.

FORMAT OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the reporting and presentation requirements of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the provisions of Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004. The directors consider that the format adopted is that most suitable for the Company.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as the Company's auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

A resolution will be proposed at the Annual General Meeting authorizing the Directors to fix their remuneration.

BY ORDER OF THE BOARD

FUNMILOLA SULEIMAN
COMPANY SECRETARY
FRC/2019/NBA/00000019130
Lagos, Nigeria
18 February, 2020

Afriland Properties Plc understands the importance of integrating environmental, social standards with its business strategies and operations. Afriland Properties therefore adopts sustainability policies to ensure the growth of the Company for the ultimate benefit of all stakeholders.

Employment and Labour Relations

We maintain a robust orientation programme for new employees. The orientation programme provides a smooth and seamless transition for new employees. All aspects of our business operations, procedures, processes and policies are taught to new employees.

For existing employees, we maintain a reward system by giving out long service awards to employees who have remained and are committed to the organization for more than 5 years and also recognise high performers.

We also have male and female representation in the workforce. The Company offers equal remuneration for men and women who are at the same level and for work of equal value as all staff in the organization receive the same remuneration across the same level irrespective of gender. Recruitment is carried out without prejudice and with respect for the human rights of all parties involved.

Employees have equal access to training and career advancement without any form of discrimination.

Corporate Social Responsibility (CSR)

Afriland Properties Plc's Corporate Social Responsibility (CSR) programme is run on its behalf by its Technical Partner, Tony Elumelu Foundation (TEF). In view of this, the Company supported the Foundation during the year in furtherance of its CSR objectives. This initiative affords Afriland the opportunity to be part of an audacious transformation agenda for Africa.

Among other projects and engagements in 2019, the flagship CSR programme of the Foundation is the Tony Elumelu Foundation Entrepreneurship Programme whose intention is to empower 10,000 African entrepreneurs across 54 African countries over a 10-year period. The goal is that these entrepreneurs will create 1 million jobs and contribute $10 billion in revenue to the African economy.

The Programme is currently in its sixth year, having 7,531 recipients so far. Partnering with TEF on the CSR project affords Afriland the opportunity to be part of something very impactful across Africa.

In 2019, 3,050 African entrepreneurs from 53 African countries were selected for the 2019 TEF Entrepreneurship Programme bringing the total beneficiaries of the Programme to 7,531. In 2019, a total of 216,025 applications were received from entrepreneurs with varying ideas spanning various sectors including but not limited to agriculture, manufacturing, technology and ICT, education, fashion, healthcare, media, and so many other sectors.

The number of applications into the TEF Entrepreneurship Programme keeps increasing. In 2015, 20,000 African entrepreneurs applied into the Programme; 2016 saw the number double to 45,000 applications; in 2017, 93,000 African entrepreneurs applied; and in 2018, 150,000 applications were received into the Programme.

The Tony Elumelu Foundation also drives advocacy across the African continent on the scale of impact that entrepreneurship and African entrepreneurs can achieve in catalyzing sustainable social and economic development.

The TEF hosted Africa's largest gathering of entrepreneurs at the 5th Annual TEF Forum in July 2019. More than 3,000 participants from 53 African countries making it the most diverse and inclusive gathering of African entrepreneurs on the continent were in attendance.

Speakers at the event discussed topics that educated, empowered and inspired the entrepreneurs, addressing the key stages needed to successfully launch and manage a business, as well as challenges with entrepreneurship policies on the continent. Speakers included His Excellency Paul Kagame, President of Rwanda; His Excellency Macky Sall, President of Senegal; His Excellency Felix Tshisekedi, President of DRC; among others.

At the 2018 Forum, TEFConnect was launched. This is believed to be the world's largest digital platform for African entrepreneurs and the larger entrepreneurship ecosystem. Some of the benefits of the platform include access to a marketplace, free business tools, networking and funding opportunities.

In addition to the successes recorded in the Entrepreneurship programme, over the years of its advocacy, the Foundation has also participated at the World Economic Forum (WEF), Davos, Switzerland; Wall Street Journal's Investing in Africa's conference, London; World Economic Forum on Africa, Durban, South Africa; Global Corporate Venture Symposium, London; Europe Development Days Conference, Brussels, Belgium.

Others are Young African Leaders Initiative (YALI) Summit, Washington, DC; 17th International Economic Forum on Africa 2017, Paris; She Trades workshop for Women Entrepreneurs, Accra, Ghana; 6th EU-Africa Business Forum, Abidjan, Côte d'Ivoire; XL Africa Policy Workshop, Cape Town, South Africa; and Annual Africa Forum, Sharm El Sheikh, Egypt.

In 2018, the Tony Elumelu Foundation hosted an interactive dialogue between President Emmanuel Macron, President of France and young African entrepreneurs were key policies were discussed and debated. This has set a precedent for further policy deliberation bringing the key stakeholders to the table.

ArtFrica Competition

To celebrate Africa's culture, Afriland Properties lent its support to young creative minds and African entrepreneurs through the launch of the Artfrica competition.

Over 100 entries were received across the continent and participating countries included Ghana, Nigeria, Tanzania and South Africa.

The #AfrilandArtFrica competition was launched on May 22, 2019 and this encouraged artists from across the continent to create masterpieces that represent Africa and the African spirit. Artists, painters, sculptors, dancers, musicians, drummers had the opportunity to submit their entries for a chance to win cash prizes.

Cash prizes were presented to top three (3) winners who were from Nigeria and Ghana.

Health and Safety

The Company maintains business premises and work environments that guarantee the safety and health of its employees and other stakeholders. The Company's rules and practices in this regard are reviewed and tested regularly.

Safety regulations are in place within the Company's premises and employees are regularly informed of the regulations. The Company ensures that visitors undergo security checks before gaining access into its offices.

The Company undertakes annual wellness checks for its employees to ensure they are in perfect health as human capital is vital for our sustainability going forward.

The Company also undertakes fire drills for all staff in order to ensure that they are kept abreast of steps to take in the event of an actual fire outbreak.

AA&Co

Angela Aneke & Co, Suite 81 Dolphin Plaza, Corporation Drive, Dolphin Estate, Lagos, Nigeria +234 703 403 3833

February 18th, 2020

Statement by the External Consultants on the Board Evaluation of Afriland Properties Plc for the year ended December 31, 2019

The Board of directors of Afriland Properties Plc (the "Company"), engaged Angela Aneke & Co. Limited to perform an evaluation of the Board for the year ended December 31, 2019 in line with the requirements of the Securities and Exchange Commission's ("SEC") Code of Corporate Governance. The agreed scope of services for the evaluation exercise was specified in our letter of engagement.

The criteria for our review and report are gleaned from the provisions of the SEC Code of Corporate Governance, the Company's corporate governance policies and charters, as well as global best practice.

Our methodology included a review of documents provided by the Company, research on global best practice, interviews and questionnaires, including a self and peer assessment by members of the Board. In order to enhance the efficiency of the Board evaluation exercise, we adopted an automated online process for issuing the board evaluation questionnaires and the peer assessment survey to the directors.

Our detailed report and recommendations have been submitted to the Board of directors for their further action.

The Chairman of the Board provides effective leadership to the Board and acts as the main link between the Board and the MD/CEO.

The Board of Afriland Properties Plc. has well established policies and charters that guide the governance culture of the Company and they address the effective monitoring of financial performance, strategy, governance, remuneration, risk management and controls. During the year, the Board further approved other policies geared towards improving the efficiency and effectiveness of the Company's governance culture. Additionally, all the directors achieved 100% attendance at all the Board meetings held in 2019.

The Board is diverse in experience, skills and gender and Directors are rated highly by their peers.

Based on our work, we conclude that the Board of directors of Afriland Properties Plc. substantially complied with the amended SEC Code of

1

AFRILAND PROPERTIES

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Angela Aneke & Co, Suite 81 Dolphin Plaza, Corporation Drive, Dolphin Estate, Lagos, Nigeria +234 703 403 3833

Corporate Governance and is also well positioned to meet the requirements of the National Code of Corporate Governance issued by the Financial Reporting Council which is to take effect in 2020.

Yours faithfully,
FOR: **Angela Aneke & Co Limited**

Angela Aneke
Managing Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, 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. 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 requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and Financial Reporting council of Nigerian 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 International Financial Reporting Standards issued by the International Accounting Standards Board and the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

The directors are of the opinion that the audited financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit for the year ended 31 December 2019. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the audited 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 from the date of this statement

Emmanuel Nnorom
Chairman
FRC/2014/ICAN/00000007402
18 February, 2020

Uzoamaka Oshogwe
Managing Director/ CEO
FRC/2013/IODN/00000004689
18 February, 2020

AUDIT COMMITTEE REPORT

TO MEMBERS OF AFRILAND PROPERTIES

In accordance with the provisions of section 359(6) of the Companies and Allied Matters Act, CAP 20, Laws of the Federation of Nigeria 2004 (CAMA), we the members of the Audit Committee hereby report as follows:

- The Audit Committee met in exercise of its statutory responsibilities in accordance with section 359(6) of CAMA;
- We have examined the auditor's report including the financial statements for the year ended 31st December 2019;
- We have deliberated with the external auditors, reviewed their findings and recommendations and confirm that the auditors' report for this period is consistent with our review; and
- We are satisfied that the accounting and reporting policies of the Company are in accordance with legal requirements and meet ethical standards.

JOSHUA OKORIE
CHAIRMAN, AUDIT COMMITTEE

12 February 2020

Members of the Audit Committee

1. Mr. Joshua Okorie	-	Chairman
2. Alhaji Wahab A. Ajani	-	Member
3. Miss Moyosore Ayanwamide	-	Member
4. Mr. Samuel Nwanze	-	Member
5. Ms. Olayinka Ogunsulire	-	Member
6. Mrs Agatha Obiekwugo	-	Member

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Afriland Properties Plc
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Afriland Properties Plc which comprise the statement of financial position as at 31 December 2019, statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 financial statements give a true and fair view of the financial position of Afriland Properties Plc as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and in compliance with the Financial Reporting Council of Nigeria Act, No. 6, 2011 and the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

Basis for Opinion

We conducted our audit in accordance with the 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 Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA code) and other independence requirements applicable to performing audits of Afriland Properties Plc. 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 Afriland Properties Plc . 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 of most significance in our audit of the financial statements of the current year. 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 the 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 this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

To the Shareholders of Afriland Properties Plc
Report on the Audit of the Financial Statements

Key Audit Matter	How the matter was addressed in the audit
Goodwill impairment assessment The balance of goodwill on acquisition of Heirs Real Estate Limited in 2014 of N561.18 million is allocated to cash generating units ('CGUs') for the purpose of impairment testing. The goodwill impairment assessment involves judgment and forecast future cash flows associated with the utilization of goodwill, the discount rates, the growth rate of revenue and costs to be applied in determining the value-in-use and future business performance. No impairment was recorded against goodwill in the current financial year (2018: Nil). The disclosure of the impairment of goodwill is set out in Note 16."	Our audit procedures include, amongst other, the following: > We checked the accuracy of the underlying model to assess whether the processes are applied to the correct input data and the outputs are mapped accurately. > We evaluated management's future cash flow forecasts and the process by which they were determined and approved, including checking that the forecasts were consistent with the latest Board approved budgets and confirming the mathematical accuracy of the underlying calculations. > We also considered the accuracy of previous Management forecasts. > We obtained corroborating evidence regarding the carrying value of goodwill, and the related disclosures, through challenging: – key assumptions for growth rates in the cash flow forecasts by comparing them to historical results, and economic forecasts; and – the discount rates by independently estimating a range based on market data. This disclosure is included in Note 16. > We performed sensitivity analysis around these assumptions to ascertain the extent of change that individually, or in combination, would be required for the goodwill to be impaired. > We reviewed the appropriateness of the disclosures provided in accordance with IAS 36 'Impairment of Assets. This disclosure is included in Note 16.

To the Shareholders of Afriland Properties Plc
Report on the Audit of the Financial Statements

Impairment assessment on receivables from Lagos State Development and Property Corporation (LSDPC) in respect of Falomo Shopping Mall development project. At the year-end the Company had other receivables – Falomo Shopping Mall of N9.06 billion (2018: N7.65 billion) representing 35.8% (2018: 31.7%) of its total assets. The other receivables represent costs incurred on the development of the Falomo Shopping Mall and the associated interest on the loan taken to finance the development of the project. Falomo Shopping Centre Development Company Limited is a Special Purpose Vehicle (SPV) jointly owned by Afriland Properties Plc and Lagos State Development and Property Corporation (LSDPC) acting on behalf of the Lagos State Government. The concession granted to the Company for the project was revoked by the Lagos State Government in August 2015. The case was referred to a Mediator who is currently handling the settlement proceeding (Refer to Note 20.3 in the audited financial statement). No impairment charge was recorded against the other receivables based on management's judgment and assessment of recoverability of the cost incurred and the associated interest on the loan.	Our audit procedures include, amongst other, the following: > We reviewed the correspondences between the Company's Lawyer and Lagos State Development and Property Corporation (LSDPC). > We reviewed minutes of the Board of Directors meetings. > We circularized and reviewed the response from the Company's lawyer. > We reviewed and recomputed the accumulated interest on the loan taken for the project. > We circularized and reviewed the bank confirmation to confirm the outstanding loan and accumulated interest on the loan. > We reviewed minutes of parties meeting relating to the resolution and settlement of the receivable.

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors, Statement of Directors' Responsibilities, Value Added Statement and Five-Year Financial Summary as required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and the Corporate Governance Report as required by the Securities and Exchange Commission which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditors' 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.

To the Shareholders of Afriland Properties Plc
Report on the Audit of the Financial Statements

Responsibilities of the Directors for the Financial Statements
The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards, and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011 and the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, and for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, 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.

Auditors' 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 misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA 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 judgment 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 controls.
- Obtain an understanding of internal controls 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 controls.
- 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 auditors' 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 auditors' 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 other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

To the Shareholders of Afriland Properties Plc
Report on the Audit of the Financial Statements

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We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the 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 Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, we confirm that:

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

ii) in our opinion proper books of account have been kept by the Company, in so far as it appears from our examination of those books; and

iii) the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account."

Omolola Alebiosu, FCA
FRC/2012/ICAN/00000000145
For: Ernst &Young
Lagos, Nigeria
2nd March, 2020

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ACCURACY & INTEGRITY
3G/ICAN
0757007

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

AFRILAND PROPERTIES

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 N'000	2018 N'000
Revenue from contract with customers			
Fees and commission	4	725,560	734,159
Project development income	5	114,896	61,133
		840,456	**795,292**
Other revenue			
Rental income	6	611,166	494,238
Sales of inventory property (Build to sell)		27,540	24,795
Total revenue		**1,479,162**	**1,314,325**
Cost of sales of inventory property		(16,911)	(14,797)
		1,462,251	**1,299,528**
Other income			
Other operating income	7	14,453	4,740
Profit on disposal of investment properties		20,998	37,150
Valuation gains from investment properties	13	556,153	287,446
		591,604	329,336
Administrative expenses	8	(778,554)	(805,353)
Finance Income	9	114,501	91,951
Finance Cost	9.1	(50,565)	-
Net finance income		63,936	91,951
Profit before taxation		**1,339,237**	**915,462**
Income tax expense	10	(595,187)	(233,014)
Profit for the year		**744,050**	**682,448**
Other comprehensive income			
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Fair value loss on equity instrument measured at fair value through Other comprehensive income	17	(180,000)	(166,500)
"Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods"		(180,000)	(166,500)
Total comprehensive income for the year		**564,050**	**515,948**
Earnings per share:			
Basic/ diluted earnings per share (Naira)	11	**0.54**	**0.50**

See notes to the audited financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 N'000	2018 N'000
Assets			
Non-current assets			
Property, plant and equipment	12	430,713	454,743
Investment properties	13	11,667,000	10,451,015
Right-of-use assets	15	3,375	-
Intangible assets	16	563,887	566,388
Equity instrument at fair value through OCI	17	735,000	915,000
Prepayments	18.1	11,585	20,808
		13,411,560	**12,407,954**
Current Assets			
Inventory property	14	12,683	29,595
Trade and other receivables	19	1,548,741	1,837,923
Other assets	20	9,057,307	7,709,652
Prepayments	21	22,701	14,376
Cash and short-term deposits	22	806,911	2,914,524
		11,448,343	12,506,070
Total assets		**24,859,903**	**24,914,024**
Equity and Liabilities			
Equity			
Issued share capital	23.1	686,950	686,950
Share premium	23.2	2,944,271	2,944,271
Fair value reserve of financial assets through OCI		(12,000)	168,000
Retained earnings		4,428,381	3,753,251
Total equity		**8,047,602**	**7,552,472**
Non Current Liabilities			
Contract liabilities	25	13,734	-
Deferred tax liabilities	26.2	1,169,402	727,570
Interest-bearing loans and borrowings	27.1	8,453,304	9,184,913
		9,636,440	**9,912,483**
Current Liabilities			
Trade and other payables	24	2,145,431	2,112,766
Interest-bearing loans and borrowings	27.2	1,807,437	1,828,943
Contract liabilities	25	3,024,434	3,412,463
Income tax payable	26.1	198,559	94,897
		7,175,861	**7,449,069**
Total liabilities		16,812,301	17,361,552
Total equity and Liabilities		**24,859,903**	**24,914,024**

STATEMENT OF FINANCIAL POSITION (Contd.)

The audited financial statement was approved by the Board of Directors on 18 Febrary, 2020 and signed on behalf of the Board of Directors by:

Emmanuel Nnorom	**Uzoamaka Oshogwe**	**Obiorah Ozugha**
Chairman	Managing Director/ CEO	Chief Financial Officer
FRC/2014/ICAN/00000007402	FRC/2013/IODN/00000004689	FRC/2013/ICAN/00000004513

See notes to the audited financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Issued share capital	Share premium	Retained earnings	Fair value reserve of financial assets through OCI	Total equity
		N'000	N'000	N'000	N'000	N'000
At 1 January 2019		686,950	2,944,271	3,753,251	168,000	7,552,472
Profit for the year		-	-	744,050	-	744,050
Effect of adoption of IFRS 16		-	-	(225)	-	(225)
Other comprehensive income for the year, net of tax		-	-	-	(180,000)	(180,000)
Cash dividend	23.3	-	-	(68,695)	-	(68,695)
At 31 December 2019		**686,950**	**2,944,271**	**4,428,381**	**(12,000)**	**8,047,602**
At 1 January 2018		686,950	2,944,271	3,222,675	334,500	7,188,396
Profit for the year		-	-	682,448	-	682,448
Impairment adjustment in line with IFRS 9		-	-	(14,482)	-	(14,482)
Other comprehensive income for the year, net of tax		-	-	-	(166,500)	(166,500)
Cash dividend	23.3	-	-	(137,390)	-	(137,390)
At 31 December 2018		**686,950**	**2,944,271**	**3,753,251**	**168,000**	**7,552,472**

See notes to the audited financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 N'000	2018 N'000
Profit before taxation		1,339,237	915,462
Adjustments to reconcile profit before tax to net cash flows:			
Amortisation of intangible assets	16	3,541	2,500
Depreciation of property, plant and equipment	12	42,107	20,276
Write-off of property, plant and equipment		-	6,416
Profit on disposal of investment properties		(20,998)	(37,150)
Gain on disposal of property, plant and equipment		(249)	(751)
Finance income	9	(114,501)	(91,951)
Finance cost	9.1	50,565	-
Fair value gain on investment properties	13	(556,153)	(287,446)
Prepayment utilised		-	(17,400)
Working capital adjustments:			
Decrease in inventory properties		16,912	49,434
Decrease/(Increase) in trade and other receivables		289,182	(327,679)
Decrease/ (Increase) in prepayments		898	(7,153)
Increase in other assets		(1,347,655)	(1,165,843)
(Decrease)/Increase in trade and other payables		(17,028)	16,665
(Decrease)/Increase in contract liabilities and deferred income		(374,295)	2,938,087
		(688,437)	2,013,467
Income tax paid	26.1	(9,472)	(23,795)
Net cash (used in)/generated from operating activities		**(697,909)**	**1,989,672**
Investing activities			
Proceeds from sale of property, plant and equipment		1,021	-
Purchase of property, plant and equipment	12	(18,433)	(160,325)
Purchase of intangible assets	16	(1,040)	(4,842)
Purchase of investment properties	13	(692,384)	(1,345,151)
Proceeds from disposal of investment properties (net)		59,500	63,618
Interest received	9	114,501	91,951
Net cash used in investing activities		**(536,835)**	**(1,354,749)**
Financing activities			
Dividend paid	23.3	(68,695)	(137,390)
Proceed from loans and borrowings	27.3	1,900,642	7,859,254
Repayments of loans and borrowings	27.3	(2,653,757)	(294,938)
Finance cost	9.1	(50,565)	-
Net cash (used in)/generated from financing activities		**(872,375)**	**7,426,926**
Net (decrease)/increase in cash and cash equivalents		(2,107,119)	8,061,849
Cash and cash equivalents at 1 January		2,914,030	(5,147,819)
Cash and cash equivalents at 31 December	22	**806,911**	**2,914,030**

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information

Afriland Properties Plc was incorporated as a private limited liability Company on 14 March 2007 and became a public company in 2011.

Afriland Properties Plc (APP) is a company domiciled in Nigeria. The address of the Company's registered office is 223 Etim Inyang Crescent, Victoria Island, Lagos. The company is a property management, investment and development company offering end-to-end services along the real estate value chain, from management to joint venture investments.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as approved by the Financial Reporting Council of Nigeria Act No 6, 2011 and in accordance with Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

2.2 Income and cash flow statement

Afriland Properties Plc has elected to present a single statement of comprehensive income and presents its expenses by function.

The Company reports cash flows from operating activities using the indirect method. Interest received is presented within investing cash flows. The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Company's business activities.

2.3 Basis of measurement

These financial statements are prepared on the historical cost basis except for the following:

- Investment properties which are measured at fair value.
- The investment in quoted equity instruments are classified as Fair Value through Other Comprehensive Income.

2.4 Functional and presentation currency

The financial statements are presented in Nigerian Naira (N), which is the Company's functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousands (N'000).

2.5 Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continues to be prepared on the going concern basis.

2.6 Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Judgements

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

Operating lease contracts – the Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The company has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

The Company as leasee

The Company has a lease contract for the rented office building. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Although the lease contract contains an extension option, Management is reasonably certain that they will not exercise its option to extend but terminate at the end of the non-cancellable lease term in the contract. Refer to Note 3.20 for details.

Revenue from contracts with customers

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

Identifying performance obligations in a bundled sale of design and project management services The Company provides architectural designs that are either sold separately or bundled together with the provision of project management services to a customer. The project management services are a promise to ensure conformity to the approved design which is completed typically within a year or less than 12 months.

The Company determined that both the design and project management services are capable of being distinct. The fact that the Company regularly sells both design and project management services on a stand-alone basis indicates that the customer can benefit from either the product or service on their own. The Company also determined that the promises to transfer the design and to provide project management services are distinct within the context of the contract. The design and project management are not inputs to a combined item in the contract. The Company is not providing a significant integration service because the presence of the design and project management service together in this contract do not result in any additional or combined functionality and neither the design nor the project management service modify or customise the other. In addition, the design and project management service are not highly interdependent or highly interrelated, because the Company would be able to transfer the design even if the customer declined project management service and would be able to provide project management service in relation to products sold by other distributors.

Consequently, the Company allocated a portion of the transaction price to the design and the project management service services based on contract price.

Estimates and assumption

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Property, plant and equipment

The management's estimate is used in determining the depreciation rates and useful lives of these assets at the end of the period. Further details of property, plant and equipment are disclosed in Note 12.

Investment property

The Company makes use of external valuation experts. All properties are valued by external valuers on an annual basis. The following valuation assumptions are used:

In arriving at the Fair Value of the properties, we have adopted the Investment and Depreciated Current Replacement Cost Methods of Valuation.

According to IFRS 13, "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.The concept of Fair Value is in line with that of Market Value as defined by the International Valuation Standards (IVS) which defined Market Value as the most probable price that an item should be bought in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from the seller to the buyer under conditions whereby:

The Investment Method of Valuation entails the estimation of the rental value of the property and there from deducting outgoings necessary to maintain the property in a state to continue to command such rent and capitalizing the residue over the unexpired term of leasehold interest or in perpetuity as the case may be.

The Depreciated Current Replacement Cost Method of Valuation is the current cost of reinstating the existing structures on site with the entire site works in today's market price, depreciated adequately to reflect the physical condition, economic and functional obsolescence onto which is added the market value of the bare site in its existing use.

Further details of fair value of investment properties are disclosed in Note 13.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less, incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 and IAS 39 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

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

- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.
  It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

3 Summary of significant accounting policies

3.1 Current versus non-current classification

The Company presents assets and liabilities in the Statement of Financial Position based on current/ non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or

· There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

3.2 Goodwill

Goodwill is initially measured at cost, being the excess of the fair value of the consideration transferred and the amount recognised for non-controlling interests, and the fair value of any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.3 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The company has determined that its chief operating decision-maker is the Chief Executive Officer (CEO) of the Company. Segment information is presented in respect of the following Company's business segments:

1 Facilities Management
2 Project Development
3 Business Development

4 Others

3.4 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property also includes property that is being constructed or developed for future use 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. 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 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 or discounted cash flow projections. 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 company makes use of internal and external valuation experts. All properties are valued by external valuers at least every five years. It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract.
- The stage of completion.
- Whether the project/property is standard (typical for the market) or non-standard.
- The level of reliability of cash inflows after completion.
- The development risk specific to the property.
- Past experience with similar constructions.
- Status of construction permits.

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.

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

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

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

Changes in fair values are recognised in the profit or loss. Investment properties are derecognised when they have been disposed. Where the Company disposes of a property at fair value in an arm’s length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the profit or loss within net gain from fair value adjustment on investment property.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes. Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

3.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of the replaced cost is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

i.	Freehold land	- Nil
ii.	Freehold building	- 50 years
iii.	Plant and machinery	- 5 to 7 years
iv.	Motor vehicles	- 4 to 6 years
v.	Furniture, fittings and equipment	- 3 to 5 years
vi.	Computer equipment	- 3 to 5 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting date. Where an indication of impairment exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss for the year.

3.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

- The provisions of the construction contract.
- The stage of completion.
- Whether the project/property is standard (typical for the market) or non-standard.
- The level of reliability of cash inflows after completion.
- The development risk specific to the property.
- Past experience with similar constructions.
- Status of construction permits.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is de-recognised. The estimated useful lives for the current year are as follows;

Computer software - 3 years

3.7 Cash and cash equivalents

Cash and short term deposit include notes and coins in hand, unrestricted balances held with banks and highly liquid financial assets with original maturities of less than three months, 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 short- term deposits are carried at amortised cost in the statement of financial position.

3.8 Inventory 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 inventory 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 Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventory property recognised in profit or loss on disposal is determined with reference to the 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. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions (included under employee benefits and part of cost of sales) because the amortisation period of the asset that the Company otherwise would have used is one year or less.

3.9 Share capital and reserves

Shares are classified as equity when there is no obligation to transfer cash or other assets.

Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

Dividend on ordinary shares

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

Cash dividend

The company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, a distribution is authorised when it is approved by the shareholders at the Annual General Meetings (AGM). A corresponding amount is recognised directly in equity.

3.10 Employee benefits

i **Post-employment benefits - Defined contribution plans**

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Company pays contributions to Pension Fund Administrators on a statutory basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. The company operates a funded defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2014. The employer and the employee contributions are 10% and 8% respectively of the qualifying employee's salary.

ii **Short-term benefits**

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

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

3.11 Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 3.16) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

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

3.12 Revenue recognition

Revenue is recognised under the following categories:

Revenue from contracts with customers:

- Project development income
- Sale of inventory properties
- Sale of completed property
- Sale of property under development
- Fees from facilities management services

Other revenue:

- Rental income (IFRS 16)

Other income:

- Sale investment property
- Interest income

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 Afriland expects to be entitled in exchange for those goods or services. The Company considers if it is the Principal or Agent in its revenue arrangements.

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

Project development income

Afriland also provides Project Management services that are either sold separately or bundled together with the sale of Design to a customer. The project management services can be obtained from other providers and do not significantly customize or modify the provision of Design. Project development income consist of two separable deliverables of bundled sales whose prices are determined at 7.5% and 2.5% of contract price for design and project management respectively.

Contracts for Project Design and Project Management service are comprised of two performance obligations because the promises to provide Design and provide Project Management services are capable of being distinct and separately identifiable. Accordingly, the Company allocates the transaction price based contract price.

The Company recognizes revenue from Project management services at a point in time, because the services only involve ensuring acquiescence with the design provided by the Company and such contracts are completed within a year or less than 12 months. Hence, the Company recognizes revenue generally when the project is completed. The normal credit term for Project development services is 30 to 60 days upon completion. The project management services can be obtained from other providers and do not significantly customize or modify the provision of design.

Sale of Inventory Property

The sale of inventory property can either be a completed property or property under development.

Sale of completed property

A property is regarded as sold when the control of the real estate has been transferred to the buyer, for unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied. Contracts for sale of completed property are valid contracts and enforceable at inception with a promise to deliver completed property. Revenue from sale of completed property is recognised at the point in time when control of the asset is transferred to the customer, generally on transfer of legal title of the property.

Sales of property under development

If, however, the legal terms of the contract are such that the performance obligation represents a transfer of work in progress to the purchaser, revenue will be recognized at a point in time when legal title of the property has been transferred to the customer. Hence when:

- The buyer controls the work in progress, typically when the land on which the development takes place is owned by the final customer, and
- All significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer in its incomplete state.

Accordingly, the Company recognises the transaction price in the profit or loss. There are no form of variable consideration availed to the purchaser.

Determining the timing of satisfaction of sales of Inventory Properties

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

- The company has a present right to payment for the property sold;
- The customer has legal title to the property;
- The company has performed its obligations in the contract;
- The company has transferred control of the asset and payment has been received; and
- The customer has accepted the asset.

Contract assets

If the Company performs by transferring uncompleted properties to a customer before the customer pays consideration or before payment is due contingent on the condition that the property is completed by the Company, a contract asset is recognised for the earned consideration.

Fees and commission

The Company recognises revenue from facilities management over time as service is being performed. The normal credit term is between 30-60 days.
The entity recognises revenue from project directorate services over time. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due. More so, revenue from agency services is recognised at a point in time, where control is transferred, generally when the customer accepts and pays for the property.

Determining the timing of satisfaction of Facilities Management Services

The company concluded that revenue from Facilities Management is to be recognised over time; as service is being performed which automatically transfers control.

Service charges, management charges and other expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognised in the period in which the compensation becomes receivable. Service and management charges and other such receipts are included in Net rental income gross of the related costs, as the Directors consider that the Company acts as principal in this respect.

Determining the timing of satisfaction of Project Management Services
Project management service involves acceptance of design provided by the company. Afriland concluded that revenue for project management services exist at a point in time.

Determining the timing of satisfaction of Project Directorate Services
Afriland concluded that revenue for percentage project directorate services exist over-time. Project directorate service contracts are enforceable at inception.

Principal versus agent considerations

The entity sources accommodation, acquires and disposes properties, and negotiates, collect, and pay rent on behalf of its customers. The Company does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Company is acting as an agent, the commission rather than gross income is recorded as revenue. Hence, when it satisfies a performance obligation, the entity recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party. It records revenue on the net amount of consideration that the entity retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party. It also considers if it is a Principal or Agent in its arrangements with customers.

Determining the timing of satisfaction of Agency Services

The company concluded that revenue for agency services is to be recognised at a point in time; when the customer obtains control of the product or service. It assesses when control is transferred using the indicators below:

- The company has a present right to payment for the service;
- The customer has legal title to the goods;
- The company has performed its obligations in the contract;
- The company has transferred control of the asset and payment has been received; and
- The customer has accepted the asset

Other income

Sale of Investment property
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. Control is transferred when the legal title or possession is passed to the customer. The granting of the legal title is an administrative matter that can have significant delays.

Determining the timing of satisfaction of sales of Investment Properties
The company concluded that revenue for sales of investment properties is to be recognised at a point in time; when the customer obtains control of the property. Afriland assess when control is transferred using the indicators below:

- The company has a present right to payment for the property sold;
- The customer has legal title to the goods;
- The company has performed its obligations in the contract;
- The company has transferred control of the asset and payment has been received; and
- The customer has accepted the asset

Rental income

The company is the lessor in operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the income statement 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. Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease.

The company is the lessor in operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the income statement 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.

Interest

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently. The calculation of the effective interest rate includes all fees and points paid or received transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

3.13 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for 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 the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. 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.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

3.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.15 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value seasurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.16 Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are initially measured at fair value plus transaction costs.

i. Financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, as they initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in Note 3.12 Revenue from contracts with customers.

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

The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Financial assets at amortised cost (debt instruments)

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

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.
The financial assets at amortised cost includes trade and other receivables, staff loans, sundry debtors, cash and short-term deposits, and related parties receivables.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation, and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the entity benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The company elected to classify irrevocably its listed equity investments under this category.

Derecognition

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

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

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

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

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

Impairment of financial assets

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

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

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

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

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

ii. Financial liabilities

Initial recognition and measurement

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

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

Subsequent event

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to Afriland. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR (Effective Interest Rate) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

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

iii. Offsetting of financial instruments

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

3.17 Impairment of non-financial assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to Other Comprehensive Income. For such properties, the impairment is recognised in Other Comprehensive Income up to the amount of any previous revaluation. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3.18 Policy subsequent to 1 January 2019

Leases

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

Company as a lessee

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

i) Right-of-use assets

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

- **Office buildings 5Years**

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (s) Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its implicit rate at the lease commencement date and if the interest rate implicit in the lease is not readily determinable, the incremental borrowing rate is applied. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Company as a lessor

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

Policy prior to 1 January 2019

Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Rental income is recognised as revenue on a straight line basis over the lease term.

3.19 Standards issued but not yet effective

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

1 IFRS 17 – Insurance Contracts – 1 January 2021

2 Amendments to IFRS 3 - Definition of a business - 1 January 2020

3 Amendments to IFRS 10 and IAS 28: Sale of Contribution of Assets between an Investor and its Associate or Joint Venture – Effective date has been deferred indefinitely.

4 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

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

6 Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

7 Amendments to IAS 28: Long-term interests in associates and joint ventures

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

3.20 New standards and interpretations effective in the current year

The company applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below;

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

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

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

The effect of adopting IFRS 16 as at 1 January 2019 (increase/(decrease) is, as follows:

	1/1/2019
Assets	N'000
Prepayment	(4,500)
Right-of-use assets	4,275

Total assets	(225)
	======
Liabilities	
Lease liabilities	-

Total Liabilities	-

Total adjustment on equity:	
Retained earnings	(225)

Total liabilities and equity	(225)
	======

The company has lease contracts for rented office building which it sub-leases. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to Note 3.18 Leases for the accounting policy prior to 1 January 2019.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 3.18 Leases for the accounting policy subsequent to 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

Leases previously accounted for as operating leases

The company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases. There were no leases recognised as short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised.

The company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 January 2019:

- Right-of-use assets of N4.2million were recognised and presented separately in the statement of financial position.
- There were no lease liabilities recognised.
- Prepayments of N0.225million related to previous operating leases were derecognised.

Determining the lease term of contracts with renewal and termination options – Company as lessee

The company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The company has a single lease contract that includes an extension and termination option. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The company has not included any renewal period as part of the lease term for its office building lease of five years. The Company will exercises its option to terminate the lease as Management is reasonably certain that it will not continue with the lease arrangement at the end of the non-cancellable lease term.

Discount rate used to determine the incremental borrowing rate

The Company uses its implicit rate at the lease commencement date in calculating the present value of lease payments and if the interest rate implicit in the lease is not readily determinable, the incremental borrowing rate (IBR) is applied to measure its' lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the Company's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

The Company estimates the IBR using the following steps:

Step 1: Reference rate: This is generally a government bond reflecting risk free rate. Repayment profile was considered when aligning the term of the lease with the term for the source of the reference rate.

Step 2: Financing spread adjustment: Use of credit spreads from debt with the appropriate term by considering Company's stand-alone credit rating or similar Company credit rating.

Step 3: Lease specific adjustment: Use of market yield for the leased assets, as an additional data point and to sense-check the overall IBRs calculated.

		2019	2018
		N'000	N'000
4	**Fees and commission**		
	Facility management	44,755	50,346
	Agency	65,849	64,492
	Project management	356,189	281,342
	Project directorate	258,767	337,979
		725,560	**734,159**
	Timing of revenue recognition		
	Goods and services transferred at a point in time	422,038	345,834
	Goods and services transferred over time	303,522	388,325
		725,560	**734,159**

Facility management fee represents fee earned on planned preventive maintenance and property life cycle maintenance for the Company's clients.

Agency fee represents income earned on the management of tenant in our client's properties.

Project directorate fee represents fee on project advisory and management services to the Company's clients.

Project management fee represents fee on property design and development services for the Company's clients.

At 31 December 2019

Segments	Fees and Commission N'000	Project Development N'000	Total N'000
Major goods/service lines			
Facilities management services	44,755	-	44,755
Agency service	65,849	-	65,849
Project supervision	-	356,189	356,189
Project directorate	-	258,767	258,767
Total	**110,604**	**614,956**	**725,560**

At 31 December 2018

Segments	Fees and Commission N'000	Project Development N'000	Total N'000
Major goods/service lines			
Facilities Management services	50,346	-	50,346
Agency service	64,492	-	64,492
Project supervision	-	281,342	281,342
Project directorate	-	337,979	337,979
Total	**114,838**	**619,321**	**734,159**

Performance obligations - Tabular form

Revenue

The Company's typical performance obligations include the following:

Performance Obligation	When Performance Obligation is Typically Satisfied	When Payment is Typically Due	How Stand alone Selling Price is Typically Estimated
Facilities Management Services			
Facility managememt	The company recognizes revenue as it renders the management services to its customers (over time).	Within 60 days	Observable in contract document
Project Development & Management			
Project Design	On completion of the design	Within 60 days	Observable in contract document
Project Supervision	When project is completed	Within 60 days	Observable in contract document
Project Directorate	The revenue from the directorate services is recognised overtime as the project is monitored on behalf of its customers.	Within 60 days	Observable in contract document
Agency Services	When customer accepts and pays for the property (point in time)	Upon acceptance of the property	Observable in contract document

Sales of Properties			
Build to sell	When the title, control of the properties are transferred to the customer and this is generally on delivery of the property (point in time).	Payment is due on delivery date	Observable in contract document

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 2019 are as follows:

	Rents received in advance	Total
Contract liabilities	**N'000**	**N'000**
1-Jan-19	3,412,463	3,412,463
Deferred during the year	750,454	750,454
Released to statement of profit or loss (Note 25.2)	(611,166)	(611,166)
Transferred to payables	(513,583)	(513,583)
Reclassified to non-current contract labilities (Note 25.2)	(13,734)	(13,734)
	3,024,434	**3,024,434**

		2019	2018
		N'000	**N'000**
5	**Project development income**	**114,896**	**61,133**

Project development income represents revenue derived from the execution of facelifts for customers' offices and the income for supervision of on-going renovation of customers' project. Contracts relating to project development income are recognised at a point in time when control transfers.

6	**Rental income**	**611,166**	**494,238**

There is no contingent rental income during the year ended 31 December 2019 (2018: Nil).

6.1 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 5 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;

	2019	2018
	N'000	**N'000**
Within 1 year	552,291	447,448
After 1 year, but not more than 5 years	2,209,163	1,789,792
	2,761,454	**2,237,240**

7	**Other Operating Income**		
	Profit from asset disposal	249	751
	Sales of tiles and others	14,204	3,989
		14,453	**4,740**

Other operating income was derived from non-core business activities like fees for sales of tiles and others.

		2019	2018
8	**Administrative expenses**	**N'000**	**N'000**
	Staff costs	424,740	445,831
	Depreciation	42,107	20,276
	Lease	900	-
	Amortization	3,541	2,500
	Other administrative expenses (Note 8.1)	307,266	336,746
		778,554	**805,353**

		2019	2018
		N'000	**N'000**
8.1	**Other administrative expenses**		
	Advertising and publicity	42,521	58,281
	Annual General Meeting (AGM)	53,139	67,275
	Audit fees	7,000	7,000
	Expected credit losses	5,938	34,247
	Bank charges	477	53
	Consultancy and professional fees	26,712	17,629
	Directors emoluments	18,966	20,510
	Corporate social responsibilitty	26,785	23,809
	Entertainment	20,560	16,029
	Information system	22,372	20,474
	Insurance	703	656
	ITF levy	4,109	2,863
	Land use charge	8,696	7,002
	Newspapers and periodicals	21	21
	NSITF and NHF levy	3,267	4,314
	Printing and stationeries	2,173	3,277
	Rent and rates	275	195
	Repairs and maintenance	28,187	28,939
	Security	12,810	11,443
	Statutory filling	257	317
	Subscriptions	1,046	918
	Telephone and communication	2,438	352
	Travel and transport	8,175	3,373
	Training and development	10,639	7,769
		307,266	**336,746**

		2019	2018
9	**Finance Income**	**2019**	**2018**
		N'000	**N'000**
	Interest income on bank placement	113,671	90,419
	Interest income on staff loan	830	1,532
		114,501	**91,951**

The finance income is recognised using the efective interest rate.

		2019	2018
		N'000	**N'000**
9.1	**Finance Cost**		
	Re-structuring fee	50,565	-
		50,565	**-**

		2019	2018
		N'000	**N'000**
10	**Income tax expense**		
	Current income tax		
	Company income tax expense	127,346	46,967
	Education tax	23,855	8,064
	Capital gains tax	2,154	4,050
	Current year income tax	153,355	59,081
	Deferred tax expense (Note 26.2)	441,832	173,933
	Total income tax expense reported in profit or loss	**595,187**	**233,014**
10.1	**Reconciliation of tax**		
	Profit before taxation	1,339,237	915,462
	Tax at Nigeria statutory income tax of 30%	401,771	274,639
	Impact of disallowed expenses for tax purpose	334,252	58,499
	Impact of non-taxable income	(166,845)	(112,238)
	Impact of education tax	23,855	8,064
	Impact of capital gains tax	2,154	4,050
		595,187	**233,014**

11 Basic/diluted earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted EPS computations.

	2019	2018
	N'000	N'000
Profit for the year attributable to ordinary equity holders	744,050	682,448
	Number	**Number**
	N'000	**N'000**
Weighted number of ordinary shares for basic earnings per share	1,373,900	1,373,900
Weighted number of ordinary shares for diluted earnings per share	1,373,900	1,373,900
Basic EPS - Naira	0.54	0.50
Diluted EPS - Naira	0.54	0.50

There are no dilutive instruments in issue as at reporting date thus dilutive and basic EPS are same.

12 Property, plant and equipment

	Freehold land	Freehold Building	Plant and machinery	Furniture, fittings and equipment	Motor vehicles	Computer equipment	Total
Cost:	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2018	174,139	92,190	7,666	15,536	77,255	12,144	378,930
Additions	-	-	205	150,149	6,641	3,330	160,325
Writeoff	-	-	-	-	(8,555)	-	(8,555)
At 31 December 2018	**174,139**	**92,190**	**7,871**	**165,685**	**75,341**	**15,474**	**530,700**
Additions	-	1,650	-	4,835	8,555	3,393	18,433
Disposal	-	-	-	-	-	(531)	(531)
At 31 December 2019	**174,139**	**93,840**	**7,871**	**170,520**	**83,896**	**18,336**	**548,602**
Accumulated depreciation:							
At 1 January 2018	-	5,396	3,595	14,406	25,054	9,369	57,820
Charge for the year	-	1,858	1,025	797	14,524	2,072	20,276
Writeoff	-	-	-	-	(2,139)	-	(2,139)
At 31 December 2018	-	7,254	4,620	15,203	37,439	11,441	75,957
Charge for the year	-	1,581	1,043	21,610	15,356	2,517	42,107
Disposal	-	-	-	-	-	(175)	(175)
At 31 December 2019	**-**	**8,835**	**5,663**	**36,813**	**52,795**	**13,783**	**117,889**
Net book value:							
At 31 December 2019	**174,139**	**85,005**	**2,208**	**133,707**	**31,101**	**4,553**	**430,713**
At 31 December 2018	**174,139**	**84,936**	**3,251**	**150,482**	**37,902**	**4,033**	**454,743**

Property, plant and equipment

- There is no restriction on title, and no property, plant and equipment were pledged as security for liabilities;
- The amount of expenditures recognised is the carrying amount of an item of property, plant and equipment in the course of its construction;
- No contractual commitments for the acquisition of property, plant and equipment; and
- No compensation from third parties for items of property, plant and equipment that were impaired, lost or given up that is included in profit or loss.
- No temporarily idle property, plant and equipment;
- No property, plant and equipment retired from active use and not classified as held for sale in accordance with IFRS 5; and no fair value of property, plant and equipment is materially different from the carrying amount.

		2019	2018
		N'000	N'000
13	**Investment properties**		
	At 1 January	10,451,015	8,846,418
	Additions (subsequent expenditure)	692,384	1,310,514
	Disposals	(32,552)	(28,000)
	Transfers from inventory properties	-	34,637
	Fair value gain	556,153	287,446
	At 31 December	**11,667,000**	**10,451,015**

The Company's investment properties consist of several properties across Nigeria. Management determined that the investment properties consist of three classes of assets – office, residential and bare lands – based on the nature, characteristics and risks of each property."

As at 31 December 2019, the fair values of the properties are based on valuations performed by external professional, Opurum & Partners FRC/2014/NIESV/00000009134, a firm of Chartered Estate Surveyors and an accredited independent valuer with a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied after making the following assumptions:"

a) That the information which the valuation is based on is correct;
b) That the title to the property is good and marketable;
c) That the property is not adversely affected by or subject to compulsory acquisition, road widening, new proposal or planning scheme;
d) That the property is free from all onerous charges and restrictions."

The investment properties were valued on the basis of open market; that is the price which an interest in a property or an item of plant and machinery might reasonably be expected to realise in a sale by a private treaty assuming:

a) a willing buyer;
b) a reasonable period within which to negotiate the sale taking into account the nature of the assets and the state of the market;
c) values will remain static throughout the period;
d) the assets will be freely exposed to the market;
e) no account is to be taken of an additional bid by a special purchaser;
f) no account is to be taken of expense of realisation, which may arise in the event of a disposal.

13.1 The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements. Fair value hierarchy disclosures for investment properties are in Note 33.

	2019	2018
	N'000	N'000
Rental income derived from investment properties	611,166	494,238
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in admin expense)	(321)	(901)
Profit arising from investment properties carried at fair value	**610,845**	**493,337**

Types of Investment properties	**Valuation technique**		**Observable inputs**
Office properties	The valuation is based on physical inspection of the condition , qualities, features and characteristics of the properties. The value of the office properties was derived using a market data approach.		Estimated price per square meters adjusted for the nature, location and conditions of the investment properties. The price range used per square metre is N5,000 – N45,000
Residential properties	The depreciated replacement cost of the buildings/structure has been assessed by the contractors test method based on current building/construction cost indices taking into account the condition, age, qualities, features and characteristics of the buildings/ structures.		Estimated price per square meters adjusted for the nature, location and conditions of the investment properties. The price range used per square metre is N3,000 – N20,000
Bared lands	The value of the landed property was arrived at using market data approach after a thorough analysis of recent sales transaction of similar sites in comparable locations.		The significant observable inputs used are; - Area of square meters - Rate of development in the area - Quality of the land - The land are free from all onerous encumbrances and or charges - The lands are not subject to any compulsory acquisition or road widening scheme.

13 Investment properties - Continued

Capitalised borrowing costs

The Company capitalised borrowing costs for Afriland Towers. The borrowing cost directly attributable to the construction of the projects that take substantial period of time to get ready for the intended use are capitalized as part of the cost of the assets. At 31 December, the amount capitalized on the project - Afriland Towers is N416 million (2018: N319 million). The rate used to determine the amount of borrowing costs eligible for capitalisation was at 18%which is the EIR of the specific borrowing.

14 Inventory property

	2019 N'000	2018 N'000
At 1 January	29,595	79,029
Transfer to investment properties	-	(34,637)
Disposal	(16,912)	(14,797)
At 31 December	**12,683**	**29,595**

The Company develops properties, which it sells in the ordinary course of business. Revenue from sales of inventory property where the contracts are not in substance construction contracts and do not lead to a continuous transfer of work in progress, is recognised when both:
(i) construction is complete; and
(ii) either legal title to the property has been transferred or there has been an unconditional exchange of contracts. Construction and other expenditure attributable to such property are included in inventory property until disposal.

During the year, the Company sold its' landed properties from inventory property at fair value.

15 Right-of-use asset

Company as a lessee

The Company has lease contracts for rented office building. The lease of rented office building has a lease term of 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Although the lease contract contains an extension option, management is reasonably certain that it will not exercise its option to extend at the end of the non-cancellable lease term in the contract.

Set out below are the carrying amount of right-of-use assets recognised and the movements during the year:

	Office Building N'000	Total N'000
As at 1 January 2019	-	-
Additions	4,275	4,275
Accumulated depreciation	(900)	(900)
As at 31 December 2019	**3,375**	**3,375**

The following amount was recognised in profit or loss:

	2019 N'000
Depreciation expense of right-of-use assets	900
Total amount recognised in profit or loss	*900*

16 Intangible assets

	Goodwill	Computer software	Total
	N'000	N'000	N'000
Costs			
At 1 January 2018	842,471	11,581	854,052
Additions	-	4,842	4,842
At 31 December 2018	842,471	16,423	858,894
Additions	-	1,040	1,040
At 31 December 2019	**842,471**	**17,463**	**859,934**
Amortisation			
At 1 January 2018	281,289	8,717	290,006
Charge for the year	-	2,500	2,500
At 31 December 2018	281,289	11,217	292,506
Charge for the year	-	3,541	3,541
At 31 December 2019	**281,289**	**14,758**	**296,047**
Net book value:			
At 31 December 2019	**561,182**	**2,705**	**563,887**
At 31 December 2018	**561,182**	**5,206**	**566,388**

Carrying amount of goodwill allocated to each of the CGUs

Goodwill acquired through business combinations is allocated to the following CGUs, which are operating and reportable segments, for impairment testing;

	2019	2018
	N'000	N'000
Facilities management	107,770	107,770
Project development	114,381	114,381
Business development	327,045	327,045
Others	11,986	11,986
	561,182	**561,182**

Transactions outside the three revenue stream, such as agency services are treated as others.

Facilities management CGU

The recoverable amount of the facilities management CGU was N0.571 billion as at 31 December 2019 (2018: N1.710 billion). It has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the increase demand for services. The pre-tax discount rate applied to cash flow projections is 18%. The discount rate was estimated based on industry weighted average cost of capital which considers projected growth rate in revenue and cost as derived from Nigerian real estate guide, Afriland specific investment evaluation policy and dividend growth rate. The revenue growth rate used in the cash flow projection was 25% for the years 2020 – 2024 and is based on the trend of foreseeable growth in the business segment. It was concluded that the value in use is higher than the carrying value of the CGU. As a result, management has concluded that there was no impairment as at 31 December 2019 (2018: Impairment loss is Nil). A rise in the pre-tax discount rate to 30.0% in the Facilities Management would result in a further impairment.

16 Intangible assets

Project development CGU

The recoverable amount of the project management CGU is N 2.524 billion as at 31 December 2019 (2018: N2.237 billion). It has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the increase demand for services. The pre-tax discount rate applied to cash flow projections is 25%. The discount rate was estimated based on industry weighted average cost of capital which considers projected growth rate in revenue and cost as derived from Nigerian real estate guide, Afriland specific investment evaluation policy and dividend growth rate. The revenue growth rate used in the cash flow projection was 10% for the years 2019 – 2023 and is based on the trend of foreseeable growth in the business segment. It was concluded that the value in use is higher than the carrying value of the CGU. As a result of this analysis, management has concluded that there was no impairment as at 31 December 2019 (2018: Impairment loss is Nil). A rise in the pre-tax discount rate to 25% in the Project Development would result in a further impairment.

Business development CGU

The recoverable amount of the business development CGU, N6.825 billion as at 31 December 2019 (2018: N6.493 billion). It has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the increase demand for services. The pre-tax discount rate applied to cash flow projections is 25%. The discount rate was estimated based on industry weighted average cost of capital which considers projected growth rate in revenue and cost as derived from Nigerian real estate guide, Afriland specific investment evaluation policy and dividend growth rate. The revenue growth rate used in the cash flow projection was 10% for the years 2019 – 2023 and is based on the trend of foreseeable growth in the business segment. It was concluded that the value in use is higher than the carrying value of the CGU. As a result of this analysis, management has concluded that there was no impairment as at 31 December 2019 (2018: Impairment loss is Nil). A rise in the pre-tax discount rate to 22.0% in the Business Development would result in a further impairment.

Others CGU

The recoverable amount of the other CGU, N0.382 billion as at 31 December 2019 (2018: N0.3870 billion). It has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the increase demand for services. The pre-tax discount rate applied to cash flow projections is 25%. The discount rate was estimated based on industry weighted average cost of capital which considers projected growth rate in revenue and cost as derived from Nigerian real estate guide, Afriland specific investment evaluation policy and dividend growth rate. The revenue growth rate used in the cash flow projection was 10% for the years 2019 – 2023 and is based on the trend of foreseeable growth in the business segment. It was concluded that the value in use is higher than the carrying value of the CGU. As a result of this analysis, management has concluded that there was no impairment as at 31 December 2019 (2018: Impairment loss is Nil). A rise in the pre-tax discount rate to 25% in the Other CGU would result in a further impairment.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for facilities management, project development, business development and other units is most sensitive to the following assumptions:

- Gross margins
- Discount rates
- Growth rates used to extrapolate cash flows beyond the forecast period

Gross margins - Gross margins are based on average values achieved in the two years preceding the beginning of the budget period. These are increased over the budget period for anticipated efficiency improvements. An increase of 25% per annum was applied for all the CGUs. Decreased demand can lead to a decline in the gross margin. A decrease in the gross margin would result in impairment in the business development, project development, other and facility management segments.

Discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC).

The WACC takes into account equity. The cost of equity is derived from the expected return on investment by the Company's investors. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. A rise in the pre-tax discount rate would result in impairment in the business development, project development, other and facility management segments.

Growth rate estimates - Rates are based on published industry research.
Management recognises that the speed of technological change and the possibility of new entrants can have a significant impact on growth rate assumptions. The effect of new entrants is not expected to have an adverse impact on the forecasts but could yield a reasonably possible alternative to the estimated long-term growth rate of 10% for the all units. A reduction in the long-term growth rate would result in impairment in the business development, project development, other and facility management segments.

17 Equity instrument measured at fair value through other comprehensive income

This represents the Company's investment in equity shares of listed Company. The fair value of these quoted equity shares are determined by reference to published price quotations in an active market.

	2019	2018
	N'000	N'000
At 1 January	915,000	1,081,500
Fair value loss for the year	(180,000)	(166,500)
At 31 December	**735,000**	**915,000**

Equity instrument measured at fair value through other comprehensive income:

At cost (150 million units x N10.00)	1,500,000	1,500,000
Accumulated fair value loss	(765,000)	(585,000)
At Market value (150 million units* N4.90 (2018:N6.10)	**735,000**	**915,000**

Movement in fair value loss:		
At 1 January	(585,000)	(418,500)
Fair value loss for the year	(180,000)	(166,500)
At 31 December	**(765,000)**	**(585,000)**

		2019 N'000	2018 N'000
18	**Prepayments**		
	Non-current (Note 18.1)	11,585	20,808
	Current (Note 21)	22,701	14,376
	Total	**34,286**	**35,184**
18.1	**Prepayments- non current**		
	Prepaid employee's car allowance	**11,585**	**20,808**

The prepaid employees' car allowance represents the unamortised portion of car allowance granted to the employees. The balance is expected to be amortised over 2 years.

	2019	2018
At 1 January	35,184	10,631
Addition during the year	78,760	101,698
	113,944	112,329
Charged to profit or loss	(79,658)	(77,145)
At 31 December	**34,286**	**35,184**
Current (Note 21)	22,701	14,376
Non- current	11,585	20,808
	34,286	**35,184**

		2019	2018
19	**Trade and other Receivables**		
	Trade receivables	953,115	1,043,611
	Provision for receivables (Note 32)	(6,974)	(5,057)
	Net trade receivables	946,141	1,038,554
	Rent receivables	192,013	367,844
	Withholding tax receivables	326,730	396,521
	Sundry debtors	83,857	35,004
		1,548,741	**1,837,923**

Trade receivables are non-interest bearing and are typically due within 30 days. The impairments on the receivables as at year-end based on the estimated credit loss basis with the counter-parties is N6.97million (2018: N5.05million).

As at 31 December, the analysis of rent and trade receivables that were past due but not impaired is set out below:

		Past due but not impaired				
	Total	**Neither past due nor impaired**	**< 30 days**	**31 - 90 days**	**91 - 180 days**	**> 180 days**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
2019	946,141	109,938	206,454	155,632	157,721	131,042
2018	1,038,554	178,321	121,452	185,354	115,859	252,214

		2019	2018
		N'000	N'000
20	**Other assets**		
	Advance to contractors (Note 20.1)	30,593	30,593
	Loan to staff (Note 20.2)	18,767	31,318
	Staff loan impairment	(306)	(169)
	Other receivables- Falomo Shopping Centre (Note 20.3)	9,008,253	7,647,910
		9,057,307	**7,709,652**

20.1 The advance to contractors represents payments made to contractors in respect of various ongoing projects in which the Company is an agent.

20.2 Loan to staff are non-derivative financial assets carried at amortised cost which generate a fixed interest income for the Company.

20.3 Other receivables - Falomo Shopping Centre Development Company Limited represents costs incurred on the development of the Falomo Shopping Mall. This include borrowing cost capitalised in the development of the project. The interest on the borrowed fund capitalised on the project as at 31 December 2019 amounted to N1.4 billion (2018: N1.2 billion).

The N9.0 billion (2018: N7.7 billion) accumulated on Falomo Shopping Mall represent advance payment to contractors for the development of the Falomo Shopping Mall (the "Project") and accumulated interest on the loan taken to finance the project receivable from Lagos State Development and Property Corporation. Afriland Properties Plc and the Lagos State Development and Property Corporation (LSDPC), acting on behalf of the Lagos State Government, established a Special Purpose Vehicle (SPV) which is jointly owned by the parties for the specific purpose of developing the Falomo Shopping Mall. Under the terms of the Joint Venture Agreement, the SPV-Falomo Shopping Centre Development Company Ltd – was granted a concession to develop, build, operate and maintain the Project on a Build, Operate and Transfer (BOT) basis. In August 2015, Lagos State Government revoked the concession and in resolving the issues surrounding the project, the case was referred to a Mediator. The company is claiming a refund of the sum of N11,441,920,965 as at the reporting date. The claim is based on actual cost incurred on the project of (N3,978,940,818), interest on loan (N1,214,596,764) at the claim date of March 2016 and compensation for loss of income of N6,248,383,383. No amount has been agreed as the case is still on-going, and no adjustment has been made on the balance recorded by Afriland. The Company's Solicitors are of the opinion that the Company would recover a significant portion of its claims.

		2019	2018
		N'000	N'000
21	**Prepayments (current)**		
	Health insurance	1,373	4,228
	Motor vehicles insurance	704	865
	Other prepayments (Note 21.1)	2,990	1,956
	Employee car allowance	17,634	7,327
		22,701	**14,376**

21.1 Other prepayments

This represents prepaid maintenance expenses that relates to software licence fees, computer consumables, office building and asset insurance.

22 Cash and short-term deposit

Cash at bank	143,057	142,037
Short- term deposits	665,078	2,773,137
Impairment of short-term deposit	(1,224)	(650)
	806,911	2,914,524
Bank overdraft (Note 27.3)	-	(494)
	806,911	**2,914,030**

Cash at bank earns interest at floating rates based on daily bank deposit rates. 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 less bank overdrafts as included above.

	2019	**2018**
	N'000	**N'000**
23 Share Capital and share premium		
23.1 Share Capital		
Authorised share capital		
1,373,900,000 (2018: 1,373,900,000) ordinary shares of 50k each	**686,950**	**686,950**
Issued and fully paid		
1,373,900,000 (2018: 1,373,900,000) ordinary shares of 50k each	**686,950**	**686,950**
23.2 Share premium		
Share premium	**2,944,271**	**2,944,271**

The share premium amount form part of the non-distributable reserves of the Company which can be used only for the purposes specified under Companies and Allied Matters Act, CAP C20, LFN 2004.

		2019	2018
		N'000	N'000
23.3	**Dividend distribution made and proposed**		
	Cash dividends on ordinary shares declared and paid:		
	Final dividend for 2019: 5 kobo(2018: 10 kobo)	**68,695**	**137,390**

24	**Trade and other payables**		
	Trade payables	88,599	177,988
	Accruals (Note 24.1)	438,686	489,078
	Rentals received from third parties	220,002	217,168
	Service charge	54,627	34,848
	Value Added Tax	37,302	202,263
	Withholding Tax	71,465	128,025
	Rent	177,330	177,330
	Others payables(Note 24.2)	22,418	357,167
	Project account (Note 24.3)	1,035,002	328,899
		2,145,431	**2,112,766**

		2019	2018
		N'000	N'000
24.1	**Accruals**		
	Audit fee	7,000	6,825
	Professional and consultancy fee	321,427	361,367
	Director's fee	2,366	1,222
	Annual General Meeting (AGM)	58,450	65,353
	Other accruals	49,443	54,311
		438,686	**489,078**

Other accruals represent other business expenses consumed but not paid for at year end.

24.2 Other payables

Other payables represent the regularization of statutory building plan, withholding tax in respect of civil works and installation marble top and IT equipments.

24.3 Project account

Project account relates to supply & delivery of matrap doors, note sorting machines, generator sets, tiles, renovation and other construction projects.

		2019	2018
24.4	**Unclaimed dividend**	N'000	N'000
	Bank balance	25,039	14,656
	Investments	128,584	135,122
	Earned income	13,922	7,197

		2019	2018
		N'000	N'000
25	**Contract liabilities**		
	Contracts obtained (Note 25.1)	-	13,734
	Rents received in advance (Note 25.2)	3,024,434	3,398,729
		3,024,434	**3,412,463**
25.1	**Contract liabilities**		
	At 1 January	13,734	37,234
	Released to the statemet of profit or loss	-	(23,500)
	At 31 December	13,734	13,734
25.2	**Contract liabilities - Rents received in advance**		
	At 1 January - Transfer from deferred income	3,398,729	369,181
	Deferred during the year	750,454	3,667,086
	Released to the statement of profit or loss	(611,166)	(637,538)
	Transferred to payables	(513,583)	-
	At 31 December	**3,024,434**	**3,398,729**
	Current	3,024,434	3,412,463
	Non-current	13,734	-

26 Taxation

26.1	**Current income tax payable**		
	At 1 January	94,897	161,107
	Charge for the year	153,355	59,082
	Payments during the year	(9,472)	(23,795)
	Withholding tax utilized	(40,221)	(101,497)
	At 31 December	**198,559**	**94,897**

		2019	2018
26.2	**Deferred tax liability**	N'000	N'000
	At 1 January	727,570	553,637
	Current year tax provision	441,832	173,933
	At 31 December	**1,169,402**	**727,570**

		2019	2018
	Deferred tax assets relating to the following:	**N'000**	**N'000**
	Accelerated depreciation for tax purpose	168,328	93,148
	Revaluation of investment properties to fair value	1,045,530	650,836
	Impairment of other receivables	(44,456)	(16,414)
	Deferred tax recognised in the statement of financial position	**1,169,402**	**727,570**
27	**Interest-bearing loans and borrowings**		
	Non-current (Note 27.1)	8,453,304	9,184,913
	Current (Note 27.2)	1,807,437	1,828,943
	Total interest bearing loans and borrowings	**10,260,741**	**11,013,856**
27.1	**Interest- bearing loans and borrowings (Non-current)**		
	10,000,000,000 bank loan at 18% interest rate and maturity - 22 April 2026	7,453,304	8,184,913
	N1,500,000,000 bank loan at 18% interest rate and maturity - 22 July 2022	1,000,000	1,000,000
	Total non-current interest bearing loans and borrowings	**8,453,304**	**9,184,913**

		2019	2018
		N'000	**N'000**
27.2	**Interest- bearing loans and borrowings (current)**		
	N11,500,000,000 bank loan at 18% interest rate and maturity - 22 Apr 2026	1,807,437	1,828,449
	Bank overdraft	-	494
	Total current interest bearing loans and borrowings	**1,807,437**	**1,828,943**
27.3	**Borrowing details**		
	At 1 January	11,013,856	3,449,046
	Addition during the year	1,900,642	7,859,254
	Repayment	(2,653,757)	(294,938)
		10,260,741	11,013,362
	Bank overdraft (Note 22)	-	494
	At 31 December	**10,260,741**	**11,013,856**

The term-loans and bank overdraft are obtained from United Bank of Africa Plc. The term loan is for 120 months with 42 months moratorium on the principal. The fixed interest rates applicable to the loan are 18% per annum and are secured with;

a). Assignment/Charges over project documents and receivables (insurance policies, performance bond/guarantees, project revenues and project accounts).

b). Third party legal mortgage on the following properties;
i). Plot 1–6 Oniru Chieftaincy Family, Lekki, Lagos
ii). 2, Adetokunbo Ademola Victoria Island, Lagos

The total estimated value of the properties is in excess of N3 billion

c). APG from contractors paid in advance
d). 5% performance bond by each of the major contractors

N10 billion bank loan
N10 billion bank loan represents a term loan from United Bank for Africa (UBA). Payment of principal and interest commenced immediately on a quarterly repayment based on initial prime lending rate of 17%. The loan matures March 2026.

N1.5 billion bank loan
N1.5 billion bank loan represents a term loan from United Bank for Africa (UBA). The loan has a moratorium of two (2) years for the principal after which the entity commenced repayment of principal on a quarterly basis based on initial prime lending rate of 19%. The loan matures in October 2022.

28 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one party controls both. The definition includes key management personnel of the Company.

Key management personnel constitutes those individuals who have the authority and the responsibility for planning, directing and controlling the activities of Afriland Properties Plc, directly or indirectly, including any director (whether executive or non-executive). The individuals who comprised the key management personnel are the Board of Directors as well as certain key management and officers.

There was no outstanding balance in respect of transactions that have been entered into with related parties as at 31 December 2019 (2018: Nil).

	2019	2018
Compensation of the key management personnel	**N'000**	**N'000**
Executive Director's salary	52,458	52,458
Fees paid for meetings attended	4,456	7,050
Other emoluments	11,977	13,460
	68,891	72,968
Post-employment benefit	1,360	1,360
Total compensation paid to key management personnel	70,251	74,328
Highest paid Director	53,818	53,818

	2019	2018
Non executive Directors Fee/emolument	**N'000**	**N'000**
Director fees	10,616	15,162
Other emolument	8,350	5,348
	18,966	20,510
Chairman fees	4,532	4,532

The number of Directors including the Chairman whose emoluments fell within the following ranges:

	2019	2018
	Number	**Number**
Up to N2,200,000	-	-
Up to N2,200,001 - N10,200,000	4	4
N10,200,001 and above	1	1
	5	5

29 Information relating to employees

i. The average number of persons employed full time by the Company during the year, excluding Directors were as follows:

	2019	2018
	Number	**Number**
Executives	2	2
Project management	3	1
Facilities management and projects	21	23
Technical consultancy	4	5
Business development	4	4
Other business support	6	7
	40	42

	2019	2018
	N'000	**N'000**
Salaries and wages including staff bonuses	414,095	433,539
Contributions to pension scheme	10,645	12,292
	424,740	445,831

ii. Employees of the Company, other than Directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions) in the following ranges:

N	N	2019 Number	2018 Number
420,001 –	900,000	-	-
900,001 –	2,000,000	4	3
2,000,001 –	4,000,000	5	5
4,000,001 –	6,000,000	6	6
6,000,001 –	8,000,000	14	19
Above 8,000,001		11	9
		40	42

30 Litigation and claims

There is a contingent liability in respect of a legal action against the Company for an amount of N100 million (2018: N100 million) for which no provision has been made. The claimant's claim is for a purported breach of his fundamental human rights.

The matter is still at trial stage and the Directors are of the opinion that no significant liability will arise therefrom.

31 Capital commitments

The Company had no capital commitment as at 31 December 2019 (2018: Nil).

32 Financial instrument's risk management objectives and policies

The Company is exposed to market risk (including interest rate risk, price risk and real estate risk), credit risk and liquidity risk.

The company's senior management oversees the management of these risks. As such, the Company's senior management is supported by the Finance Risk and General Purpose Committee (FRGPC) that advises on financial risks and the appropriate financial risk governance framework for the Company. The FRGPC provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies for risk.

The board of directors reviews and agrees policies for managing each of these risks which are summarized below.

Market risk

Market risk is the risk that the fair values and/ or cash flows of financial instruments will fluctuate because of changes in market prices thus resulting in loss of earnings and/or capital to the Company. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, fixed deposits and available for sale investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The day-to-day management of interest rate risk is done by the Finance and Investment department; this is reviewed by the Board's Finance Riskand General Purpose Committee (FRGPC) on a quarterly basis. The company is not materially exposed to interest rate risk at the end of the reporting period as the rate is due to the borrowings at a fixed rate.

32 **Financial instrument's risk management objectives and policies - Continued**

Equity price risk

The company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The company manages the equity price risk by placing limits on individual and total equity instruments. The company's Board of Directors reviews and approves all equity investment decisions. At the reporting date, the exposure to listed equity securities at fair value was N735 million (2018: N915 million). A decrease of 5% on the Nigerian Stock Exchange market index could have an impact of approximately N72.27 million (2018: N54.08 million) on profit or loss.

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. Afriland is exposed to credit risk from its operating activities (primarily trade receivables and lease receivables) and from its financing activities, including deposits with Entity's and financial institutions, and other financial instruments.

Credit risk is monitored by the entity's Finance and Investment Department. It is their responsibility to review and manage credit risk, including environmental and social risk for all types of counterparties.

Afriland has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement. Risk ratings are subject to regular revision.

Trading relationships

The Company's trading relationship and counterparties comprise Banks, Oil & Gas, Manufacturing and Individuals. For these relationships, the Company's Finance and Investment department analyses publicly available information such as financial information and other external data, and assigns the internal rating, as shown in the table below.

Trade receivables

Customer credit risk is managed by the Finance and Investment department subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for the Companies of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed below. The Company does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Nigeria Mapping Table

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

Trade receivables

Customer credit risk is managed by Business Development unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 18. The Company does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

AFRILAND	Current	1-30 days	31–60 days	61–90 days	91–120 days	121-150 days	151-365 days	>365 days	Total
31-Dec-19	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Expected credit loss rate	0.70%	0.80%	0.45%	0.60%	0.44%	0.65%	0.83%	100%	
Estimated total gross carrying amount at default	114,555	253,229	49,631	75,625	48,574	91,783	319,718	-	953,115
Expected credit loss	798	2,026	224	454	214	598	2,660	-	6,974
31-Dec-18									
Expected credit loss rate	0.42%	0.51%	1.14%	0.42%	0.42%	0.42%	0.42%	100%	-
Estimated total gross carrying amount at default	38,775	441,345	13,712	11,740	29,042	29,142	479,855	-	1,043,611
Expected credit loss	162	2,241	156	49	121	124	2,204	-	5,057

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

In thousands of Naira	2019	2018
	N'000	N'000
At 1 January 2018	5,057	-
Adjustment upon application of IFRS 9	-	5,057
At 1 January 2019 / 31 December 2018	5,057	5,057
Provision for expected credit losses	1,917	-
At 31 December	6,974	5,057

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Financial instrument's risk management objectives and policies - Continued

Credit risk - Continued

Set out below is the information about the credit risk exposure on the Company's lease receivables using a provision matrix:

AFRILAND	Current	1-30 days	31–60 days	61–90 days	91–120 days	121-150 days	151-365 days	>365 days	Total
31-Dec-19	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Expected credit loss rate	2.68%	3.54%	3.55%	3.46%	3.57%	3.36%	3.54%	100%	
Estimated total gross carrying amount at default	822	12,781	1,660	26	560	238	182,961	-	199,048
Expected credit loss	22	452	59	0.9	20	8	6,473	-	7,035
31-Dec-18									
Expected credit loss rate	0.09%	0.09%	0.11%	1%	0.10%	0.10%	0.10%	100%	-
Estimated total gross carrying amount at default	44,142	44,142	44,165	51,017	43,821	43,902	100,379	-	371,568
Expected credit loss	38	38	49	368	44	48	3139	-	3,724

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

	Company	
In thousands of Naira	2019	2018
	N'000	N'000
At 1 January 2018	3,724	-
Adjustment upon application of IFRS 9	-	3,724
At 1 January 2019 / 31 December 2018	3,724	3,724
Provision for expected credit losses	3,311	-
Reversals	-	-
Write-off	-	-
At 31 December	7,035	3,724

32 Financial instrument's risk management objectives and policies - Continued

Credit risk - Continued

Expected credit loss measurement - other receivables

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

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

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof. The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs, etc. – are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively."

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 31 Summary of significant accounting policies and in Note 3 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Central Entity of Nigeria, Standards and Poor's etc.) and a team of expert within its Finance department verifies the accuracy of inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Company's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2018 and 31 December 2019.

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

32 Financial instrument's risk management objectives and policies - Continued

Key drivers	ELC						
	Scenario	2020	2021	2022	2023	2024	Subsequent years
GDP growth							
	Upturn	0.29	0.32	0.35	0.38	0.36	0.41
	Base	19.00	0.15	0.16	0.14	0.16	0.15
	Downturn	0.11	0.08	0.05	0.02	0.04	(0.01)
Oil Price %	Upturn	59.00	62.00	65.00	68.00	56.00	71.00
	Base	57.00	62.00	54.00	56.00	61.00	57.00
	Downturn	41.00	38.00	35.00	32.00	34.00	29.00
Exchange rate %							
	Upturn	175.00	170.00	165.00	160.00	167.00	155.00
	Base	209.48	219.95	230.95	242.49	245.49	254.62
	Downturn	214.99	225.74	237.02	248.87	229.87	261.32
Inflation rate %							
	Upturn	24.00	22.00	20.00	18.00	21.00	16.00
	Base	32.00	33.00	34.00	35.00	36.00	36.00
	Downturn	36.00	38.00	40.00	42.00	44.00	44.00

1 January 2019

	ELC Scenario	2019	2020	2021	2022	2023	Subsequent years
	Upturn	0.26	0.29	0.32	0.35	0.38	0.41
	Base	0.20	19.00	0.15	0.16	0.14	0.15
	Downturn	0.14	0.11	0.08	0.05	0.02	(0.01)
	Upturn	56.00	59.00	62.00	65.00	68.00	71.00
	Base	55.00	57.00	62.00	54.00	56.00	57.00
	Downturn	44.00	41.00	38.00	35.00	32.00	29.00
	Upturn	180.00	175.00	170.00	165.00	160.00	155.00
	Base	199.50	209.48	219.95	230.95	242.49	254.62
	Downturn	204.75	214.99	225.74	237.02	248.87	261.32
	Upturn	26.00	24.00	22.00	20.00	18.00	16.00
	Base	31.00	32.00	33.00	34.00	35.00	36.00
	Downturn	34.00	36.00	38.00	40.00	42.00	44.00

Impairment allowance for financial assets under general approach
The table below shows the credit quality and the maximum exposure to credit risk based on the Company's external credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. policies on whether ECL allowances are calculated on an individual or collective basis as set out in below:

Impairment allowance for staff loan	**2019**	**2018**
External grading system	Stage 1	Stage 1
	N'000	N'000
Standard grade	-	169

Short term deposits	**2019**	**2018**
External grading system	Stage 1	Total
	N'000	N'000
Standard grade	**1,224**	**650**

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

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of Company overdrafts, Company loans, debentures,and preference shares. The Company's policy is that not more than 25% of borrowings should mature in the next 12-month period. Approximately 11% of the Company's debt will mature in less than one year at 31 December 2019 (2018:10%) based on the carrying value of borrowings reflected in the financial statements. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

Excessive risk concentration
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Year ended 31 December 2019

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total days
	N'000	N'000	N'000	N'000	N'000	N'000
Interest-bearing loans and borrowings	1,807,437	-	-	8,453,304	-	10,260,741
Trade and other payables	2,145,431	-	-	-	-	2,145,431
	3,952,868	**-**	**-**	**8,453,304**	**-**	**12,406,172**

Year ended 31 December 2018

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years N'000	Total
	N'000	N'000	N'000	N'000	-	N'000
Interest-bearing loans and borrowings	1,828,449	-	-	9,184,913	-	11,013,362
Trade and other payables	2,112,766	-	-	-	-	2,112,766
	3,941,215	-	-	9,184,913	-	13,126,128

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

2019	Stage 1	Simplified model	
	Collective	Collective	Total
	N'000	N'000	N'000
Debt instruments measured at amortised cost -Staff loans (Note 20)	306	-	306
Debt instruments measured at amortised cost - Short term deposits (Note 22)	1,224	-	1,224
Debt instruments measured - Trade receivables (Note 19)	-	6,974	6,974
Rent receivables (Note 32)	-	7,035	7,035
	1,530	14,009	15,539

32 Financial instrument's risk management objectives and policies - Continued

Credit risk - Continued

2018	**Stage 1**	**Simplified model**	
	Collective	**Collective**	**Total**
	N'000	**N'000**	**N'000**
Debt instruments measured at amortised cost -Staff loans (Note 20)	169	-	169
Debt instruments measured at amortised cost - Short term deposits (Note 22)	650	-	650
Debt instruments measured - Trade receivables (Note 19)	-	5,057	5,057
Rent receivables (Note 32)	-	3,724	3,724
	819	8,781	9,600

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 as they fall due. The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and possibly loans in the future.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Financial liabilities	Contractual cash flows				
At 31 December 2019	Carrying amount	Total	On demand	Between 2 months and 1 year	Between 1 and 5 years
Trade payables	88,599	88,599	88,599	-	-
Rentals received for third parties	220,002	220,002	220,002	-	-
Service charge payable	54,627	54,627	54,627	-	-
Accruals and other payables	1,496,106	1,496,106	1,496,106	-	-
Interest-bearing loans and borrowings	10,260,741	12,232,078	1,449,011	2,968,012	7,815,055

Financial liabilities		Contractual cash flows			
At 31 December 2018	Carrying amount	Total	On demand	Between 2 months and 1 year	Between 1 and 5 years
Trade payables	177,988	177,988	177,988	-	-
Rentals received for third parties	217,168	217,168	217,168	-	-
Service charge payable	34,848	34,848	34,848	-	-
Accruals and other payables	1,175,143	1,175,143	1,175,143	-	-
Interest-bearing loans and borrowings	11,013,856	13,839,940	1,828,943	3,097,646	8,913,351

33 Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried at fair value in the financial statements.

At 31 December 2019		
	Carrying amount	**Fair value**
	N'000	**N'000**
Financial assets		
Equity instrument measured at fair value through OCI	735,000	735,000
Financial liabilities		
Interest-bearing loans and borrowings	10,260,741	8,662,210
At 31 December 2018		
	Carrying amount	**Fair value**
	N'000	**N'000**
Financial assets		
Equity instrument measured at fair value through OCI	915,000	915,000
Financial liabilities		
Interest-bearing loans and borrowings	11,013,856	10,549,701

The management assessed that cash and short-term deposits, bank overdrafts, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the Company's interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

Fair value hierarchy

Fair value hierarchy for financial instruments measured at fair value as at 31 December 2019:

As at 31 December 2019	Total	Quoted price in active markets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
	N'000	N'000	N'000	N'000
Assets measured at fair value				
Investment properties	11,667,000	-	-	11,322,479
Equity instrument measured at fair value through OCI	735,000	735,000	-	-
Liabilities for which fair value is disclosed	-	-	-	-
Interest-bearing loans and borrowings	10,260,741	-	10,260,741	-

As at 31 December 2018	Total	Quoted price in active markets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
	N'000	N'000	N'000	N'000
Assets measured at fair value				
Investment properties	10,451,015	-	-	10,132,032
Equity instrument measured at fair value through OCI	915,100	915,100	-	-
Liabilities for which fair value is disclosed	-	-	-	-
Interest-bearing loans and borrowings	11,013,856	-	11,013,856	-

There have been no transfers between the Levels during the year ended 31 December 2019 (2018: Nil). The fair values of the AFS financial assets are derived from quoted market prices in active markets. The valuation techniques used and key inputs to valuation of investment properties have been disclosed on Note 13. The valuation techniques used and key inputs used to calculate the fair value on interest-bearing loans and borrowings have been disclosed on Note 33.

34 Capital management

There is a risk that the Company may not have adequate capital in relation its risk profile and/or to absorb losses when they arise. The company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The policies for managing capital are to increase shareholders' value by maximizing profits and cash.

The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The company's policy is to keep the gearing ratio between 20% and 80%. The company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

	2019	2018
	N'000	N'000
Interest-bearing loans and borrowings (Note 27)	10,260,741	11,013,856
Trade and other payables (Note 24)	2,145,431	2,112,766
Less: cash and short-term deposits (Note 22)	(806,911)	(2,914,524)
Net debt	11,599,261	10,212,098
Total equity	8,047,602	7,552,472
Capital and net debt	**19,646,863**	**17,764,570**
Net Debt to equity (%)	59.04%	57.49%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 2018.

35 Going concern

As at 31 December 2019, the Company reported a net current asset of N4.272billion(2018:N5.057 billion) and revenue reserve of N4.428 billion (2018:N3.753billion). There is no material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

36 Segment information

The chief operating decision-maker has been identified as the Board of Directors of Afriland Properties 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 4 operating segments.

i. **Business development**

The business development segment focuses on the management of the company's existing and new property portfolio with the aim of generating regular rental income and optimizing the values of these properties in order to maximize their rental potentials. The segment is equally involved in the acquisition and sales of high quality commercial and residential properties.

ii. **Project development**

The project development segment performs design and development management services for the company's clients. These services includes: development of project briefs, preparation of outline business case (OBC), management of procurement process, appointment of consultants and construction firms, contract negotiation and administration, project monitoring and project delivery.

iii. **Facility management**

Facility management is involved in planned preventive maintenance and property life cycle maintenance. This involves general building maintenance, utilities management, building upgrades and renovations, space planning and furniture fit out.

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iv. **Other**

Other operating segment consists of revenue from

- Advisory services on property portfolio management
- Agency services
- Sales of tiles and other materials

The board monitors the performance based on operating profits for each operating segment. All the information provided to the Board, for each operating segment, is measured in a manner that is consistent with that of the financial statements. Other administrative cost is allocated across the operating segments on the basis of the revenue generated by each segment.

	Facilities management		Project development		Business Development		Others		Total	
Income:	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue	44,755	50,346	114,896	61,133	880,562	1,123,557	422,038	64,492	1,462,251	1,299,528
Rental income	24,447	19,770	305,583	247,119	250,578	202,638	30,558	24,712	611,166	494,238
Other operating income	578	190	7,227	2,370	5,926	1,943	723	237	14,453	4,740
Profit on disposal of investment properties	840	1,486	10,499	18,575	8,609	15,232	1,050	1,858	20,998	37,150
Valuation gains from investment properties	22,246	11,498	278,077	143,723	228,023	117,853	27,808	14,372	556,153	287,446
Finance Income	4,580	3,678	57,251	45,976	46,945	37,700	5,725	4,598	114,501	91,951
Total income	97,446	86,967	773,532	518,896	1,420,643	1,498,922	487,902	110,268	2,779,522	2,215,053
Expenses:										
Administrative expenses	(31,142)	(32,214)	(389,277)	(402,677)	(319,207)	(330,195)	(38,928)	(40,268)	(778,554)	(805,353)
Finance cost	(2,023)	-	(25,283)	-	(20,732)	-	(2,528)	-	(50,565)	-
Other cost	(7,200)	(6,660)	(90,000)	(83,250)	(73,800)	(68,265)	(9,000)	(8,325)	(180,000)	(166,500)
Total expenses	(40,365)	(38,874)	(504,560)	(485,927)	(413,739)	(398,460)	(50,456)	(48,593)	(1,009,119)	(971,853)
Profit before taxation	70,816	49,728	885,202	621,600	725,865	509,712	88,520	62,160	1,770,403	1,243,200
Income tax expenses	(23,807)	(9,321)	(297,594)	(116,507)	(244,027)	(95,536)	(29,759)	(11,651)	(595,187)	(233,014)
Profit after taxation	47,009	40,407	587,608	505,093	481,839	414,176	58,761	50,509	1,175,216	1,010,186
Assets and liabilities:										
Total tangible assets	971,841	973,905	12,148,008	12,173,818	9,961,367	9,982,531	1,214,801	1,217,382	24,296,016	24,347,636
Intangible assets	22,555	22,656	281,944	283,194	231,194	232,219	28,194	28,319	563,887	566,388
Total assets	994,396	996,561	12,429,952	12,457,012	10,192,560	10,214,750	1,242,995	1,245,701	24,859,903	24,914,024
Total liabilities	672,492	694,462	8,406,151	8,680,776	6,893,043	7,118,236	840,615	868,078	16,812,301	17,361,552
Net assets	321,904	302,099	4,023,801	3,776,236	3,299,517	3,096,514	402,380	377,624	8,047,602	7,552,472

36 Segment information - Continued

	2019 N'000	2018 N'000
Revenue		
Total revenue for reportable segments	1,462,251	1,299,528
Elimination of inter-segment revenue	-	-
Total Company revenue	1,462,251	1,299,528
Profit or loss		
Profit before taxation for reportable segments	1,339,237	915,462
Elimination of inter-segment profit or loss	-	-
Total Company profit or loss	1,339,237	915,462
Assets		
Total assets of reportable segment	24,859,903	24,914,024
Elimination of inter-segment assets	-	-
Total Company assets	24,859,903	24,914,024
Liabilities		
Total liabilities of reportable segment	16,812,301	17,361,552
Elimination of inter-segment liabilities	-	-
Total Company liabilities	16,812,301	17,361,552

The Afriland's business activities are concentrated in one geographic region. The primary format for segment reporting is based on operating segments. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Revenue from external customers in Nigeria

	2019 N'000	2018 N'000
Revenue	**1,462,251**	**1,299,528**

The company does not have any major customer that amount to 10% or more of the revenue.

Non-current operating assets in Nigeria	**13,411,560**	**12,407,954**

Non-current assets for this purpose consist of property, plant and equipment, investment properties, intangible assets, available-for-sale investments and prepayments.

37 Events after the reporting period

There were no known events after the reporting period which could have a relevant impact on the financial statements of the Company that had not been adequately provided for or disclosed in the financial statements.

VALUE ADDED STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 N'000	%	2018 N'000	%
Revenue	1,479,162		1,314,325	
Bought in goods and services - local	(375,642)		(351,543)	
	1,103,520		962,782	
Other Operating Income	14,453		4,740	
Finance Income	114,501		91,951	
Profit on disposal of investment properties	20,998		37,150	
Valuation gains from investment properties	556,153		287,446	
Value Added	**1,809,625**		**1,384,069**	
APPLIED AS FOLLOWS:				
Employee:				
As salaries and labour related expenses	424,740	23%	445,831	32%
Government:				
As Company taxes	153,355	8%	59,081	4%
Retained for Growth & Expansion:				
For assets replacement (Depreciation and amortization)	45,648	3%	22,776	2%
Deferred taxation	441,832	24%	173,933	13%
For expansion (retained profit)	744,050	41%	682,448	49%
Value Added	**1,809,625**	**100%**	**1,384,069**	**100%**

The value added represents the wealth created through the use of the Company's assets by its own and its employees' efforts. This statement shows the allocation of wealth amongst employees, government and that retained for future creation of wealth.

	2019	2018	2017	2016	2015
	N'000	N'000	N'000	N'000	N'000
Statement of Financial Position					
Assets and liabilities					
Property, plant and equipment	430,713	454,743	321,110	270,022	280,945
Investment properties	11,667,000	10,451,015	8,846,418	7,875,219	6,005,250
Right-of-use asset	3,375	-	-	-	-
Goodwill and other intangible assets	563,887	566,388	564,046	562,669	852,105
Available-for-sale-investments	735,000	915,000	1,081,500	747,000	870,000
Prepayment (non-current)	11,585	20,808	3,408	4,650	5,200
Net current assets/ (liabilities)	4,272,482	5,057,001	(1,653)	(86,774)	1,042,692
Deferred income (non-current)	-	-	(30,000)	-	(71,733)
Contract liabilities	(13,734)	-	-	-	-
Deferred tax liabilities	(1,169,402)	(727,570)	(553,637)	(628,297)	(476,842)
Interest-bearing loans and borrowings (non-current)	(8,453,304)	(9,184,913)	(3,042,796)	(2,878,556)	(2,449,046)
	8,047,602	**7,552,472**	**7,188,396**	**5,865,933**	**6,058,571**
Shareholders' fund					
Issued Share capital	686,950	686,950	686,950	624,500	624,500
Share premium	2,944,271	2,944,271	2,944,271	3,039,618	3,039,618
Fair value reserve of financial assets through OCI	(12,000)	168,000	334,500	-	-
Retained earnings	4,428,381	3,753,251	3,222,675	2,201,815	2,394,453
	8,047,602	7,552,472	7,188,396	5,865,933	6,058,571
Statement of Profit or Loss:					
Revenue	1,479,162	1,314,325	1,475,069	1,147,326	1,353,188
Profit before taxation	1,339,237	915,462	1,056,423	540,359	1,726,259
Income tax expense	(595,187)	(233,014)	(35,563)	(233,397)	(572,760)
Profit after taxation	**744,050**	**682,448**	**1,020,860**	**306,962**	**1,153,499**
Basic earnings per share (N)	0.54	0.50	0.74	0.25	0.92
Diluted earnings per share (N)	0.54	0.50	0.74	0.25	0.92

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 7th Annual General Meeting ("AGM") of Afriland Properties Plc (the "Company"), earlier postponed due to the Covid-19 pandemic, will now hold on Tuesday, April 28, 2020, at Afriland Towers, 97/105 Broad Street, Lagos, at 9.00 a.m. to transact the following businesses:

ORDINARY BUSINESS

1. To lay before the Members, the Audited Financial Statements of the Company for the year ended December 31, 2019, together with the Reports of the Directors, Auditors and Audit Committee thereon.
2. To declare a dividend.
3. To re-elect the following Directors retiring by rotation:

3.1 Mr. Samuel Nwanze and

3.2 Mrs Agatha Obiekwugo.

4. To authorise the Directors to fix the remuneration of the Auditors for the 2020 financial year.
5. To elect members of the Statutory Audit Committee.

Dated this 3rd day of April 2020

BY ORDER OF THE BOARD

FUNMILOLA SULEIMAN
Company Secretary
FRC/2019/NBA/00000019130

NOTES

1. **COMPLIANCE WITH COVID-19 RELATED DIRECTIVES AND GUIDELINES**
The Federal Government of Nigeria, State Governments, Health Authorities and Regulatory Agencies have issued a number of guidelines and directives aimed at curbing the spread of COVID-19 in Nigeria. Particularly, the Lagos State Government prohibited the gathering of more than 20 people while the Corporate Affairs Commission (CAC) issued Guidelines on Holding AGM of Public Companies by Proxy. The convening and conduct of the AGM shall be done in compliance with these directives and guidelines.

2. **PROXY**
Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. For the appointment of the proxy to be valid, a proxy form must be completed and deposited either at the office of the Company's Registrar, Africa Prudential Plc, 220B Ikorodu Road, Palmgrove, Lagos, or via email at cfc@africaprudential.com not later than 48 hours before the time fixed for the meeting. A blank proxy form is attached to the Annual Report and may also be downloaded from the Company's website at www.afrilandproperties.com.

3. **ATTENDANCE BY PROXY**
In line with CAC Guidelines, attendance at the AGM shall be by proxy only. Shareholders are required to appoint a proxy of their choice from the list of nominated proxies below:
1. Mr. Emmanuel N. Nnorom
2. Mrs. Uzo Oshogwe
3. Miss Funmilola Suleiman

4. **STAMPING OF PROXY**
The Company has made arrangement at its cost, for the stamping of the duly completed and signed proxy forms submitted to the Company's Registrars within the stipulated time.

5. **LIVE STREAMING OF AGM**
The AGM will be streamed live. This will enable shareholders and other stakeholders who will not be attending physically to follow the proceedings. The link for the AGM live streaming will be made available on the Company's website at www.afrilandproperties.com

6. **DIVIDEND**
If the dividend recommended by the Directors is approved by the shareholders at the AGM, dividend will be paid by Wednesday, April 29, 2020. Given the previous notice to shareholders and the investing public by the Company on the closing period for the purpose of dividend payment, dividend approved at the AGM will paid to shareholders whose names appear in the Company's Register of Members at the close of business on Friday, March 6, 2020.

7. **CLOSURE OF REGISTER**
As previously notified to shareholders and the investing public, the Register of Members of the Company was closed from Monday, March 9, 2020 to Friday, March 13, 2020 (both dates inclusive) for the purpose of dividend payment and updating the register.

8. **NOMINATION TO THE STATUTORY AUDIT COMMITTEE**
In accordance with Section 359(5) of the Companies and Allied Matters Act, Cap C20, LFN, 2004, any member may nominate a shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the AGM. Such notice of nominations should be sent via email to info@afrilandproperties.com for the attention of the Company Secretary. The Securities and Exchange Commission's Code of Corporate Governance for Public Companies provides that members of the Audit Committee should have basic financial literacy and should be able to read financial statements.

9. **E-DIVIDEND REGISTRATION**
Notice is hereby given to all shareholders to open bank accounts, stockbroking accounts and CSCS accounts for the purpose of receiving dividend payments electronically. A detachable application form for e-dividend is attached to the Annual Report to enable all shareholders furnish particulars of their accounts to the Registrar as soon as possible.

10. **UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES**
Shareholders are hereby informed that a number of share certificates and dividend warrants which were returned to the Registrars as unclaimed are still in the custody of the Registrars. Any shareholder affected by this notice is advised to contact the Company's Registrars, Africa Prudential Plc, 220B Ikorodu Road, Palmgrove, Lagos, or via email at cfc@africaprudential.com to lay claim.

11. **E- ANNUAL REPORT PUBLISHED ON THE WEBSITE**
In order to improve delivery of our Annual Report, we have inserted a detachable form in the 2019 Annual Report and hereby request shareholders to complete the form by providing their contact and any other requested details and thereafter return same to the Registrars for further processing. Additionally, an electronic version of the 2019 Annual Report is available on the Company's website at www.afrilandproperties.com.

12. **RIGHTS OF SHAREHOLDERS TO ASK QUESTIONS**
Shareholders have the right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such written questions must be submitted to the Company via email to info@afrilandproperties.com on or before Friday, April 24, 2020.

PROXY FORM

Annual General Meeting of Afriland Properties Plc

I/We_______________________________________
being a member/members of AFRILAND PROPERTIES PLC, hereby appoint:

____
____
____

(block capitals please)

failing him, the Chairman of the meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Seventh Annual General Meeting of the Company to be held on Tuesday, April 28, 2020, at Afriland Towers, 97/105 Broad Street, Lagos, at 9.00 a.m. and at any adjournment thereof.

Dated this _______day of _____________________2020
Shareholder's Signature:__________________________

NOTE:
A member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The above proxy form has been prepared to enable you exercise your right to vote, in case you cannot personally attend the meeting.

Please sign this proxy form and forward it, so as to reach the registered office of the Registrar, Africa Prudential Plc, 220B Ikorodu Road, Palmgrove, Lagos or via email at cfc@africaprudential.com, not later than 48 hours before the time fixed for the meeting. If executed by a Corporation, the proxy form must be under its common seal or under the hand of a duly authorized officer or attorney.

It is a requirement of the law under the Stamp Duties Act, Cap S8, 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 be stamped by the Commissioner for Stamp Duties. However, in compliance with the CAC Guidelines for conduct of AGM by Proxy, the Company has made arrangement at its cost, for the stamping of the duly completed and signed proxy forms submitted to the Company's Registrars.

The Proxy must produce the Admission Card below to gain entrance into the Meeting.

This proxy is solicited on behalf of the Board of Directors and is to be used at the Annual General Meeting to be held on Tuesday, April 28, 2020.

Resolution		For	Against	Abstain
1	To receive and consider the Audited Financial Statements of the Company for the year ended December 31, 2019, together with the Reports of the Directors, Auditors and Audit Committee thereon laid before the members			
2	To declare a dividend of 10 kobo per share.			
3.1	To re-elect a retiring Director, Mr. Samuel Nwanze.			
3.2	To re-elect a retiring Director, Mrs Agatha Obiekwugo.			
4	To authorize the Directors to fix the remuneration of the Auditors for the 2020 financial year.			
5	To elect members of the Statutory Audit Committee.			

Please indicate by marking X in the appropriate space, how you wish your votes to be cast on the resololution set out above. Unless otherwise instruct, the proxy will vote or abstain from voting as his/her discretion.

ADMISSION CARD

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

AFRILAND PROPERTIES PLC (RC 684746)
SEVENTH ANNUAL GENERAL MEETING

Please admit the Shareholder named on this Card or his duly appointed proxy to the Annual General Meeting of the Company to be held on Tuesday, April 28, 2020, at Afriland Towers, 97/105 Broad Street, Lagos, at 9.00 a.m.

Name and address of Shareholder:____

____

Acount Number:_________________No. of shares held:__________Shareholder's signature:_______________

Signature

Please tick appropriate box before Admission to the meeting
☐ Proxy
☐ Shareholder

Funmilola Suleiman
Company Secretary

This admission card must be produced by the Shareholder in order to gain entrance into the Annual General Meeting.

Africa Prudential

RC 649007

Affix Recent Passport Photograph

USE GUM ONLY
NO STAPLE PINS

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

E-DIVIDEND MANDATE ACTIVATION FORM

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

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

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

Bank Verification Number (BVN):

Bank Name:

Bank Account Number:

Account Opening Date: DD MM YYYY

SHAREHOLDER ACCOUNT INFORMATION

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

Surname/Company's Name First Name Other Name

Address

City State Country

Clearing House Number (CHN) (if any) C

Name of Stockbroking Firm

Mobile Telephone 1

Mobile Telephone 2

E-mail Address

DECLARATION

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

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

Signature: Signature: Company Seal *(if applicable)*

Joint/Company's Signatories

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

CLIENTELE

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

OTHERS:

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

Africa Prudential

E-SERVICE/DATA UPDATE FORM

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

1. *SURNAME/COMPANY NAME
2. *FIRST NAME
3. OTHER NAME
4. *GENDER M F
5. E-MAIL
6. ALTERNATE E-MAIL
7. *DATE OF BIRTH D D M M Y Y Y Y
8. *MOBILE (1) (2)
9. *ADDRESS
10. OLD ADDRESS *(if any)*
11. *NATIONALITY
12. *OCCUPATION
13. *NEXT OF KIN NAME MOBILE
14. *MOTHER'S MAIDEN NAME
15. BANK NAME
16. A/C NO.
17. A/C NAME
18. A/C OPENING DATE D D M M Y Y Y Y
19. BANK VERIFICATION NO. (BVN)
20. NAME OF STOCKBROKING FIRM
21. CSCS CLEARING HOUSE NO. (CHN) C

DECLARATION

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

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

Signature:

Signature:

Joint/Company's Signatories

Company Seal *(if applicable)*

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

CLIENTELE

1. ABBEY MORTGAGE BANK PLC
2. ADAMAWA STATE GOVERNMENT BOND
3. AFRILAND PROPERTIES PLC
4. AFRICA PRUDENTIAL PLC
5. A & G INSURANCE PLC
6. ALUMACO PLC
7. A.R.M LIFE PLC
8. BECO PETROLEUM PRODUCTS PLC
9. BUA GROUP
10. BENUE STATE GOVERNMENT BOND
11. CAP PLC
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13. CEMENT COY. OF NORTHERN NIG. PLC
14. CSCS PLC
15. CHAMPION BREWERIES PLC
16. CWG PLC
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18. EBONYI STATE GOVERNMENT BOND
19. GOLDEN CAPITAL PLC
20. INFINITY TRUST MORTGAGE BANK PLC
21. INVESTMENT & ALLIED ASSURANCE PLC
22. JAIZ BANK PLC
23. KADUNA STATE GOVERNMENT BOND
24. LAGOS BUILDING INVESTMENT CO. PLC
25. GLOBAL SPECTRUM ENERGY SERVICES PLC
26. MED-VIEW AIRLINE PLC
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51. UNIC INSURANCE PLC
52. UAC PROPERTY DEVELOPMENT COMPANY PLC
53. UTC NIGERIA PLC
54. VFD GROUP PLC
55. WEST AFRICAN GLASS IND PLC

OTHERS:

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos.
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TEL: 0700 AFRIPRUD (0700 2374 7783) | E-MAIL: cxc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential
RC 649007

e-SHARE REGISTRATION APPLICATION FORM

Dear Registrar,

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

*** = Compulsory fields**

1. *SURNAME/COMPANY NAME:
2. *FIRST NAME:
3. OTHER NAME:
4. *E-MAIL:
5. ALTERNATE E-MAIL:
6. *MOBILE NO.: **1.** **2.**
7. SEX: MALE FEMALE
8. *DATE OF BIRTH D D M M Y Y Y Y
9. *POSTAL ADDRESS:
10. CSCS CLEARING HOUSE NO.: C
11. NAME OF STOCKBROKER:

DECLARATION

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

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

Signature:

Signature:

Joint/Company's Signatories

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Africa Prudential

FULL DEMATERIALIZATION FORM FOR MIGRATION

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

Affix recent passport photograph

USE GUM ONLY
NO STAPLE PINS

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

SECTION A:

SHAREHOLDER'S FULL NAMES: ____
Surname / First Name / Middle Name

ADDRESS: ____

GSM NUMBER: ____ E-MAIL: ____

GENDER: Male ☐ Female ☐ DATE OF BIRTH: D D M M Y Y Y Y CSCS INVESTOR'S A/C NO.: ____

CLEARING HOUSE NUMBER(CHN): C ____ REGISTRAR'S ID NO (RIN): ____

BANK DETAILS FOR DIRECT SETTLEMENT

ACCOUNT NAME: ____ BANK: ____

BANK A/C NUMBER: ____ *Must be NUBAN* BVN: ____ *Must be confirmed by bank* AGE OF A/C: DD MM YYYY *Must be confirmed by bank*

Authorized Signature (1) *(and stamp of Stockbroker)*

Authorized Signature (2) *(and stamp of Stockbroker)*

Shareholder's Signature & Date

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

Thumb Print

CERTIFICATE DETAILS

S/N	CERTIFICATE NO. (IF ANY)	UNITS	S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.			4.		
2.			5.		
3.			6.		

Company Seal

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

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

CERTIFICATE DETAILS

S/N	CERTIFICATE NO. (IF ANY)	UNITS	S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.			4.		
2.			5.		
3.			6.		

Dated this ____ day of ____, 20 ____

Name: ____

Signature: ____

Joint (2) (if applicable): ____

Joint (3) (if applicable): ____

Company Seal

In the Presence of:

Name: ____ **GSM NO:** ____

Address: ____ **Signature:** ____

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

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

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

Company Seal

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

Company Registration Number	RC: 684746	
Registered Office	Afriland Properties Plc 223 Etim Inyang Crescent Victoria Island, Lagos	
Board of Directors	Mr. Emmanuel Nnorom	Chairman
	Mrs Uzoamaka Oshogwe	MD/CEO
	Ms. Olayinka Ogunsulire	Independent
Director		
	Mr. Samuel Nwanze	Director
	Mrs Agatha Obiekwugo	Director
Auditors	Ernst & Young (Chartered Accountants) 10th & 13th Floors UBA House 57 Marina Lagos	
Bankers	United Bank for Africa Plc UBA House 57 Marina Lagos	
Company Secretary	Miss Funmilola Suleiman 223 Etim Inyang Crescent Victoria Island, Lagos	
Registrars and Transfer Office	Africa Prudential Plc 220B Ikorodu Road Palmgrove, Lagos	

www.afrilandproperties.com