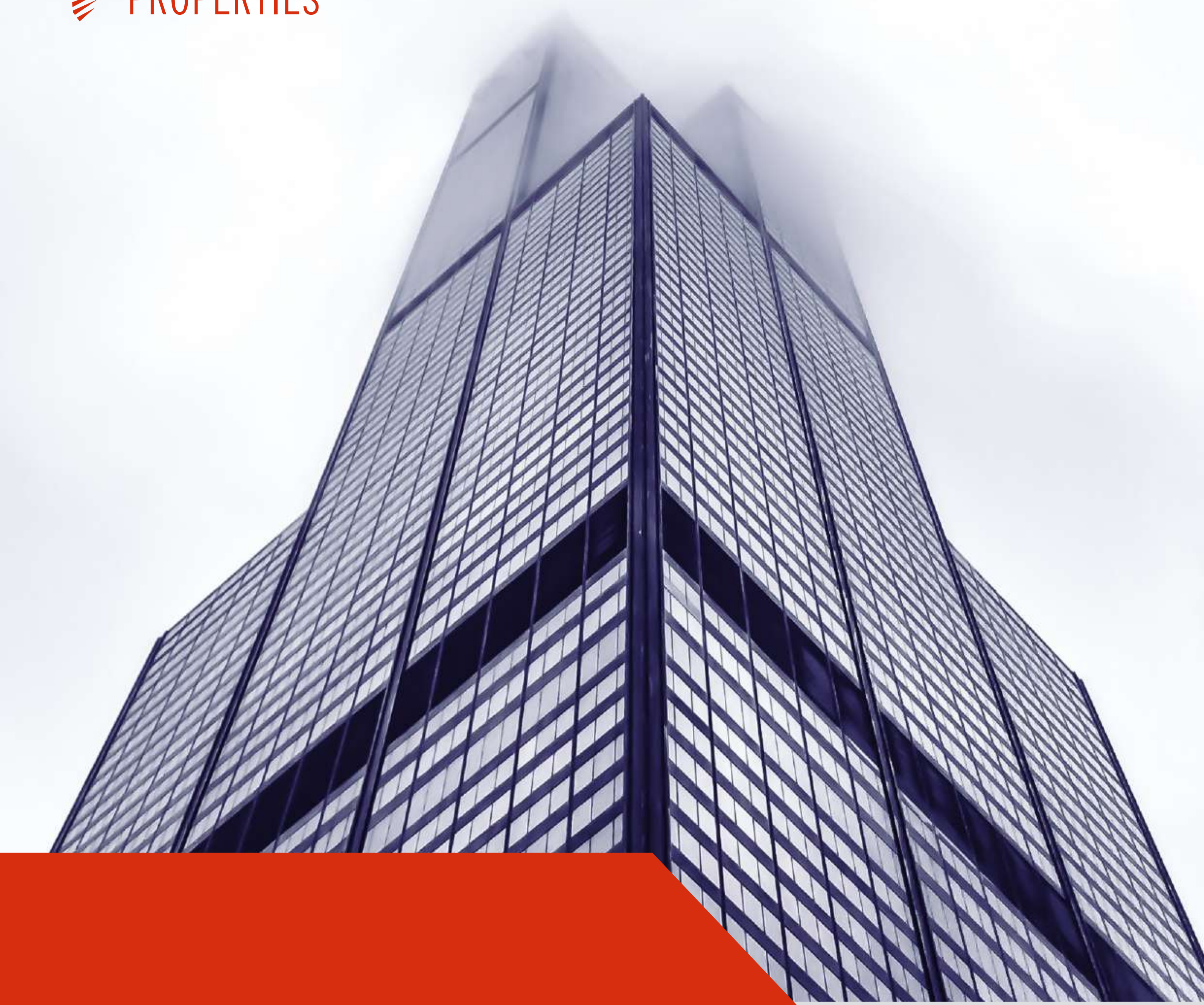
AFRILAND PROPERTIES



2018 ANNUAL REPORT
and FINANCIAL STATEMENTS

www.afrilandproperties.com

AFRILAND PROPERTIES PLC
RC:684746

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DIRECTORS AND OTHER CORPORATE INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2018

BOARD OF DIRECTORS	Emmanuel Nnorom	Chairman
	Erelu Angela Adebayo	Chairman – Retired effective 23rd October 2018
	Uzoamaka Oshogwe	Chief Executive Officer
	Olayinka Ogunsulire	Independent Director
	Ike Ogbue	Non-Executive Director – Resigned 30th April 2018
	Samuel Nwanze	Non-Executive Director
	Agatha Obiekwugo	Non-Executive Director – Appointed 23rd October 2018

SECRETARY

Funmilola Suleiman

REGISTERED OFFICE

223 Etim Inyang Crescent,
Victoria Island,
Lagos.

WEBSITE

www.afrilandproperties.com

AUDITORS

Ernst & Young
(Chartered Accountants)
10th & 13th Floor
UBA House
57 Marina, Lagos

PRINCIPAL BANKER

United Bank for Africa Plc

SOLICITORS

M.E. Esonanjor & CO.
(Barristers, Solicitors & Legal Consultants)
27 Oyewole Street
Palmgrove-Ilupeju
Lagos.

Ogbemudje, Omezi & Co.
(Barristers & Solicitors)
3rd Floor,34Kofo Abayomi Street
Victoria Island, Lagos.

REGISTRAR

Africa Prudential Plc
220B Ikorodu Road
Palmgrove
Lagos.

COMPANY OVERVIEW

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 along 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

RESULTS AT A GLANCE

31 December	2018 N'000	2017 N'000
Operating profit	1,299,528	1,275,587
	======	=====
Profit before taxation	915,462	1,056,423
Taxation	(233,014)	(35,563)
	--------------	---------------
Profit after taxation	682,448	1,020,860
	======	======
Earnings per share	N0.50	N0.74
	======	=====

31 December	2018 N'000	2017 N'000
Total assets	24,914,024	19,794,517
	======	======
Total equity	7,552,472	7,188,396
	======	======

BOARD OF DIRECTORS

Emmanuel Nnorom
Chairman

Emmanuel Nnorom is currently the President/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.

Uzoamaka Oshogwe
Chief Executive Officer

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.

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.

BOARD OF DIRECTORS

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.

EXECUTIVE MANAGEMENT

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 is an Associate of the Institute of Chartered Accountants of Nigeria and Chartered Institute of Taxation of Nigeria.

Bassey Eka
Head, Projects Design

Bassey 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 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 19 African countries where UBA is currently operational.

EXECUTIVE MANAGEMENT

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 led Costing and Tendering team at UBA Properties Plc (Now Afriland Properties Plc.). She also worked at Construction Economist Partnership Ltd (CEP), as a full Partner and the lead Quantity Surveyor for the $400million Tinapa Business Resort Project in Calabar.

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

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 has worked as PM/Consultant on many projects for Total E&P Nigeria Limited, Association De Francaise Nigeria, French Consulate, and Proparco, Total Deepwater Nigeria Limited, Egina Field, CAP (Dulux) Plc. He is a professional with apt qualities, and has over 11

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 Alumnus of the Manchester Business School, Manchester, United Kingdom. He is articulated and by virtue of his over 21years 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.

EXECUTIVE 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.

CHAIRMAN'S STATEMENT

Distinguished Shareholders,

Members of the Board of Directors, Ladies and Gentlemen, it is a great honor to welcome you to the sixth Annual General Meeting of our Company. I will give an overview of the macroeconomic environment, how global events have impacted our performance, a review of our achievements and the operating results for the year ended December 31, 2018, as well as our outlook for 2019.

The Global Environment

The growth in global economy slowed in the third quarter of 2018, after gaining momentum in 2017 through the second quarter of 2018, as recovery from trade and manufacturing activities lost steam. This intensified due to tariff war between the United States and China. The elevated tension as a result of ongoing negotiation amongst these major economies has impacted investors' appetite and contributed to the decline in global equity market.

Economic growth in advanced economies was divergent in the year with the United States posting a robust performance boosted by fiscal stimulus it granted to its citizens and Corporate Organizations, while activities in Europe and Emerging Market and Developing Economies (EMDE's) were depressed.

In low income countries, growth was stable and investments in infrastructure continued. The easing of drought condition has supported the rebound in Agricultural output. In all, the International Monetary Fund projected that the global economy will moderate at 3.5% in 2019 with a marginal decrease when compared with the 2017 performance.

The Local Economy

The Nigerian economy and the business environment were characterized by several challenges in 2018. Companies contended with high interest rate on borrowings, deficient infrastructure, energy issues, insecurity in some parts of the country, resulting in a decline in consumer demand.

Nonetheless, there was an improvement in 2018 GDP over the previous year as evidenced by growth trajectory in the first to third quarters of 2018 driven by rebound in crude oil prices and stability in supply primarily from the relative peace in the oil rich Niger Delta.

The foreign exchange market experienced stability as the Central Bank of Nigeria continued its intervention. In the different segments of the market, the naira hovered within the band of N360/$ – N363.32/$.

In the course of the year, the Central Bank of Nigeria through its Monetary Policy Committee (MPC) maintained a tightening monetary policy that was unchanged throughout 2018. The continuous sustenance of the same MPC rates may continue to impede access to commercial loan at business-friendly rates.

The real estate sector contributed 6.41% to real GDP in 2018. The performance recorded was influenced by the recovery in the economy in the first three quarter of 2018. This trajectory is expected to continue in 2019

Financial Performance and Dividend

Our Company recorded marginal growth in 2018 financial year with revenue growing by 2% to N1.30billion against N1.28billion in 2017. The profit before tax reduced by 13% to N0.915billion in 2018 when compared with N1.06billion in 2017 while profit after tax declined by 33%.

CHAIRMAN'S STATEMENT (Contd.)

Total assets as at 31 December 2018 stood at N24.9billion which represents a 26% increase over the N19.8billion recorded in 2017.

Given this performance, the Board of Directors is proposing the sum of N68.70million as dividend payment for the year ended 31 December 2018. This translates to 5kobo per ordinary share. We hereby request your consideration and approval of this dividend proposal.

Activities during the year

In the course of the year, the Company completed the development and renovation work of the iconic Raymond House building which commenced in 2016 and now known as Afriland Towers. With the completion of this project and at full occupancy, shareholders value will be enhanced. As at 31 December 2018, the Company had over 150 clients' projects at various stages of completion at different locations in the country.

The Company has also made significant progress in its discussions with the Lagos State Government on the Redevelopment of the Falomo Shopping Mall project.

Outlook for 2019

The Nigeria economy being oil dependent, is susceptible to fluctuation in the prices of crude in the international market and with the recent output cut by Organisation of Petroleum Exporting Countries (OPEC) and oil price below $60p/bl benchmark set for the 2019-2021 Medium-Term Expenditure Framework (MTEF), Government may rely on taxation and borrowing to finance its projects.

The other sectors of the economy are expected to grow in the year especially the services sector, after bolstering growth in GDP by half in 2018.

The outlook for the Nigerian real estate market in 2019 will be shaped largely by the overall performance in the economy as demand, supply and prices of properties are contingent on the well-being of occupiers, developers and investors.

Your Company is closely following developments at all levels and is prepared to key into the opportunities that will be created in the sector. We are equally poised to take advantage of other structural reforms of the federal government, which might impact the housing and real estate sector.

Board Changes

During the year, effective from 30th April 2018, Mr. Ike Ogbue resigned his appointment as a director of the Company. To address perceived vacuum as a result of the resignation of the former director with the Company, Mrs. Agatha Obiekwugo was appointed as a Non-Executive Director effective from 23rd of October 2018.

In addition, our amiable Chairman, Erelu Angela Adebayo retired from the Board with effect from 23rd October 2018.

Conclusion

My appreciation goes to our distinguished shareholders and business partners for their unwavering support and commitment over the years.

I want to thank the management team and our hardworking employees for their dedication and commitment to the Company. I thank you for your hard work, innovation and passion.

CHAIRMAN'S STATEMENT (Contd.)

I would like to thank my colleagues on the Board for their commitment to the cause of your Company and for working closely with the management team to ensure that your Company delivers on its promises and targets

Finally, I would like to express my profound gratitude to the erstwhile Chairman, Erelu Angela Adebayo for her laudable efforts and support during the year and wish her the very best in her future endeavors. We promise that the legacy she left behind will be upheld tenaciously by the current Board.

Emmanuel N. Nnorom
Chairman, Board of Directors

CEO'S REPORT

Dear Shareholders,

I am pleased to welcome you to the 6th Annual General Meeting of Afriland Properties Plc for the 2018 financial year. During this meeting, we will appraise our performance in 2018 and highlight strategies to achieve set targets in the future.

I would like to use this opportunity to thank our Shareholders for their support; committed Board of Directors for their resourcefulness, our customers for their trust and dedicated staff.

In 2018, your Company sustained its business goals and objectives 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 business environment endured a challenging year in 2018 as several factors halted economic recovery which commenced in 2017 after exiting recession. There was a rebound in the oil sector due to stable production and high price of crude oil during the year under review.

However, in the non-oil sector, agricultural and allied services contribution to the GDP reduced in 2018 due to escalation in clashes between farmers and herders, flooding in key middle-belt regions and continued insurgency in the northeast. Furthermore, the country's electricity crisis and poor state of infrastructure adversely contributed to a slow economic recovery in 2018 when compared with 2017.

It was not all gloom in 2018 as there were some bright sides to the economy. The economy closed with a GDP of 1.93%, reflecting a recovery from the service and industry sector principally from higher oil prices and stable local production levels of crude oil.

In the course of the year, the Central Bank of Nigeria commenced its intervention in the sale of foreign exchange in Chinese yuan in order to ease pressure on the local currency. The implementation indicated the consummation of the agreement the Government of Nigeria signed with the Peoples Republic of China.

The projected GDP for 2019 is 2.3% and is predicated on a stable political environment post the 2019 general elections.

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 reach greater heights

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 Company's identity and values.

CEO'S REPORT (Contd.)

Service Delivery
We are guided by a set of principles, policies and standards, which enable us to offer a consistent and satisfactory service experience to our clients. We connect with them, we communicate with them and we listen to them.

2018 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, 2018.

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)
Notwithstanding the adverse operating conditions in 2018, Afriland's revenue grew marginally by 2% to N1.30billion as against N1.28billion recorded in previous year. However, operating profit declined by 17% to N0.824billion as against N0.997 billion in 2017.

The Company posted a profit before tax (PBT) of N0.915billion for the 2018 financial year. This represents a decline of 13% when compared with performance achieved in 2017. Profit after tax (PAT) attributable to the Company performance declined by 33%.

The reductions recorded in both PBT and PAT in the current year over prior year are attributed to non-development and Sales of inventory property (Build to sell) in the current year.

Financial Position (Assets)
Afriland Properties Plc's total assets stood at N24.98billion as at 31 December 2018. This represents a 25.9% increase over previous years position of N19.8billion.
More importantly, shareholders' funds at the end of 2018 rose from N7.2 billion in 2017 to N7.6 billion in 2018. This represents an increase of 6% with a return on investment of 12%. This demonstrates our continued commitment to the delivery of superior value to our shareholders.

The increase in both total assets and shareholders' funds are attributable to fair value gains from the valuation of investment properties as well as profit from operating activities.

Key Business Achievements and Overview

In the year under review, the development and renovation work on the Raymond House building which commenced in 2016 was completed as promised at the 5th Annual General Meeting and now known as Afriland Towers. We also commenced and completed the construction of some business offices nationwide for our client while significant progress was made on other projects.

Outlook for 2019

Despite the setback in ranking in the Ease of Doing Business Index published by the World Bank, we are hopeful that efforts by the Presidential Enabling Business Environment Council (PEBEC) will translate to a conducive business environment in the future.

CEO'S REPORT (Contd.)

Furthermore, we are optimistic that the Federal Government's increased spend on capital projects across the country will have a positive effect on general economic activities and boost consumers' disposable income.

In view of the above policy direction of Government, we have positioned the company to ensure the optimization of future rental income from our proprietary properties and to significantly progress the development of the under listed properties for residential and commercial purposes;

- Waziri Ibrahim, Victoria island, Lagos
- Lugard Avenue, Ikoyi, Lagos
- Club Road, Ikoyi, Lagos
- Abagana Street, Port Harcourt
- Akinloye Layout, Bodija, Ibadan

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

Closing

Our sincere appreciation goes to our esteemed and distinguished shareholders, Board of Directors, the management and staff of the Company for their tremendous commitment, loyalty and support. We continually reiterate our resolve to achieve the Company's set goals and objectives, whilst focusing on our purpose to improve lives by investing in the development, management and maintenance of world-class Real Estate offerings across Africa.

Since the last Annual General Meeting, Erelu Angela Adebayo and Mr. Ike Ogbue resigned from the Board. On your behalf, we thank them for their contributions to Afriland Properties Plc during the period of service and wish them the very best in their future endeavors.

Let me also use this opportunity to welcome the new Non-Executive Director, Mrs Agatha Obiekwugo to the Board of Afriland Properties Plc.

Thank you and God bless.

Uzoamaka Oshogwe
Chief Executive Officer

CORPORATE GOVERNANCE REPORT

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, 2018, 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.

During the period under review, the Company engaged the services of AA & Company Limited to carry out an extensive Board evaluation exercise 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.

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 2018 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 2018 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.

CORPORATE GOVERNANCE REPORT (Contd.)

- **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.

- **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 consists of 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.

CORPORATE GOVERNANCE REPORT (Contd.)

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 director with his/her role 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 annually 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 20 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 Risk Management Committee meetings.

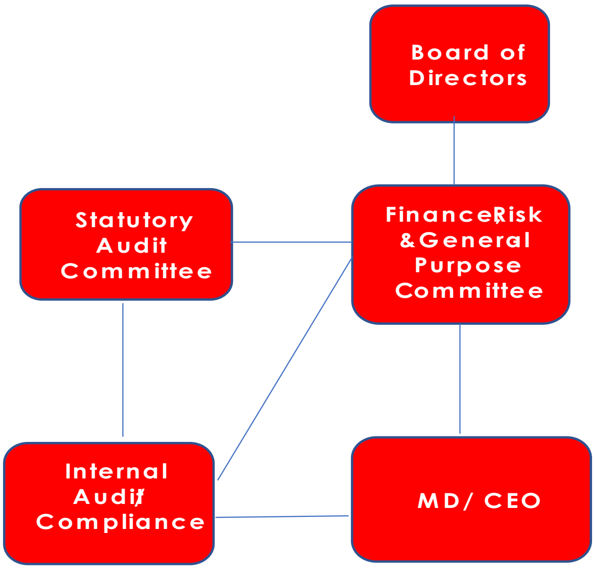
Furthermore, the Board continually places emphases on risk management as an essential tool of achieving the Company's objectives by approving a robust Enterprise Risk Management Policy and Internal Audit Policy Manual and adopting an approach of risk governance that balances the demands of entrepreneurship, 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.

CORPORATE GOVERNANCE REPORT (Contd.)

The Internal Audit function is headed by the Head, Internal Audit & Compliance who reports directly to the Audit 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.

RISKGOVERNANCE STRUCTURE



2.9 Changes on the Board

During the period ended 31 December 2018, there were some changes to the composition of the Board. With effect from 30 April 2018, Mr. Ike Ogbue retired as a Non-Executive Director of the Board having served for five (5) years.

In addition, Erelu Angela Adebayo who chaired the Board retired from the Board with effect from 23 October 2018 and Mr. Emmanuel N. Nnorom was appointed by the Directors to chair the Board effective 23rd October 2018.

Also, in the course of the year, Mrs Agatha Obiekwugo was appointed by the Board as a Non-Executive Director, which appointment will be presented to the Shareholders at the 6th Annual General Meeting, for ratification.

2.10 Membership of the Board

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

Erelu Angela Adebayo	- Chairman (Retired effective 23 October 2018)
Mr. Emmanuel Nnorom	- Chairman (Appointed as Chairman on 23 October 2018)
Mrs Uzoamaka Oshogwe	- Managing Director/CEO
Ms. Olayinka Ogunsulire	- Independent Director
Mr. Samuel Nwanze	- Non-Executive Director
Mr. Ike Ogbue	- Non-Executive Director (Resigned effective 30 April 2018)
Mrs Agatha Obiekwugo	- Non-Executive Director (Appointed on 23 October 2018)

CORPORATE GOVERNANCE REPORT (Contd.)

2.11 Board Meetings Attendance

The table below shows the frequency of meetings of the Board in 2018 and members' attendance:

Directors	Date of Meetings Held	No of meetings attended	Date of meetings not attended
Erelu Angela Adebayo*	16th February 2018 30th April 2018 25th July 2018 23rd October 2018 7th December 2018	4	N/A
Mr. Emmanuel Nnorom	16th February 2018 30th April 2018 25th July 2018 23rd October 2018 7th December 2018	5	N/A
Mrs. Uzoamaka Oshogwe	16th February 2018 30th April 2018 25th July 2018 23rd October 2018 7th December 2018October, 20187th December, 2018	5	N/A
Mr. Samuel Nwanze	16th February 2018 30th April 2018 25th July 2018 23rd October 2018 7th December 2018	5	N/A
Ms. Olayinka Ogunsulire	16th February 2018 30th April 2018 25th July 2018 23rd October 2018 7th December 2018	4	7th December 2018
Mr. Ike Ogbue**	16th February 2018 30th April 2018 25th July 2018 23rd October 2018 7th December 2018	0	16th February 2018
Mrs. Agatha Obiekwugo***	16th February 2018 30th April 2018 25th July 2018 23rd October 2018 7th December 2018	2	N/A

N/A means "Not Applicable"
* Retired effective 23rd October 2018
** Resigned effective 30th April 2018
*** Appointed on 23rd October 2018

2.11 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.

CORPORATE GOVERNANCE REPORT (Contd.)

The Board Committees are as follows:

2.11.1 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
Mr. Emmanuel Nnorom*	- Member
Mrs Agatha Obiekwugo**	- Member
Mr. Ike Ogbue***	- Member

The table below shows the frequency of meetings of the NGC in 2018 and members' attendance:

Directors	Date of Meetings Held	Number of meetings attended	Date of meetings not attended
Ms. Olayinka Ogunsulire	16th February 2018 23rd April 2018 16th July 2018 19th October 2018	4	N/A
Mr. Samuel Nwanze	16th February 2018 23rd April 2018 16th July 2018 19th October 2018	3	16th July 2018
Mr. Emmanuel Nnorom*	16th February 2018 23rd April 2018 16th July 2018 19th October 2018	4	N/A
Mr.Ike Ogbue**	16th February2018 23rd April 2018 16th July 2018 19th October 2018	1	N/A

N/A means "Not Applicable"
* Appointed as Chairman on 23 October 2018 and no longer a member of the NGC.
**Appointed to the NGC on 7 December 2018
*** Resigned from the Board with effect from 30 April 2018

CORPORATE GOVERNANCE REPORT (Contd.)

2.11.2 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 period under review in 2018, 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
Mr. Emmanuel Nnorom*	- Member
Mrs Agatha Obiekwugo**	- Member
Mr. Ike Ogbue***	- Member

CORPORATE GOVERNANCE REPORT (Contd.)

The table below shows the frequency of meetings of the FRGPC in 2018 and members' attendance:

Directors	Date of Meetings Held	Number of meetings attended	Date of meetings not attended
Mr. Samuel Nwanze	16th February 2018 23rd April 2018 16th July 2018 19th October 2018	3	16th July 2018
Mrs Uzoamaka Oshogwe	16th February 2018 23rd April 2018 16th July 2018 19th October 2018	4	N/A
Ms. Olayinka Ogunsulire	16th February 2018 23rd April 2018 16th July 2018 19th October 2018	4	N/A
Mr. Emmanuel Nnorom*	16th February 2018 23rd April 2018 16th July 2018 19th October 2018	4	N/A
Mr. Ike Ogbue	16th February 2018 23rd April 2018 16th July 2018 19th October 2018	1	N/A

N/A means "Not Applicable"

* Appointed as Chairman on 23 October 2018 and no longer a member of the FRGPC.
**Appointed to the FRGPC on 7 December 2018
*** Resigned from the Board with effect from 30 April 2018

2.11.4 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 fifth Annual General Meeting of the Company held on 27th March 2018. 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 statement before submission to the Board.

Membership of the Committee in 2018 comprised the following:

Mr. Joshua Okorie*	- Chairman (Appointed as Chairman on 23 April 2018)
Alhaji Wahab A. Ajani	- Member
Mrs. Shopeju E. Adetutu	- Member
Mr. Samuel Nwanze	- Member
Ms. Olayinka Ogunsulire	- Member
Mr. Emmanuel Nnorom**	- Member

CORPORATE GOVERNANCE REPORT (Contd.)

The table below shows the frequency of meetings of the SAC in 2018 and members' attendance:

Directors	Date of Meetings Held	Number of meetings attended	Date of meetings not attended
Mr. Joshua Okorie*	16th February 2018 23rd April 2018 16th July 2018 19th October 2018	3	N/A
Alhaji Wahab A. Ajani	16th February 2018 23rd April 2018 16th July 2018 19th October 2018	4	N/A
Mrs. Shopeju E. Adetutu	16th February 2018 23rd April 2018 16th July 2018 19th October 2018	4	N/A
Mr. Samuel Nwanze	16th February 2018 23rd April 2018 16th July 2018 19th October 2018	4	N/A
Ms. Olayinka Ogunsulire	16th February 2018 23rd April 2018 16th July 2018 19th October 2018	4	N/A
Mr. Emmanuel N. Nnorom**	16th February 2018 23rd April 2018 16th July 2018 19th October 2018	3	N/A

N/A means "Not Applicable"
* Appointed to the SAC at 5th AGM held on 27 March 2018.
** Appointed to the SAC at the 5th AGM held on 27 March 2018. Also, appointed as Chairman of the Board effective 23 October 2018 and no longer a member of the SAC.
*** Mr. Ayodeji Adigun and Mr. Ike Ogbue who attended the meeting of 16 February 2018 were not re-elected to the SAC at the 5th AGM of the Company.

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.

CORPORATE GOVERNANCE REPORT (Contd.)

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 2018

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 2018.

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, Benin and Ibadan. 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 is satisfactory and there has been no material change since the reporting date, which would affect the financial statements as presented.

Change in reporting framework
There have been changes to the accounting policies adopted by the Company in respect of IAS 18 and IAS 39 into IFRS 15 and IFRS 9 respectively.

Results for the year

	2018 N'000	2017 N'000
Revenue	1,299,528	1,275,5877
	========	========
Profit before taxation	915,462	1,056,423
Taxation	(233,014)	(35,563)
	-------------	-------------
Profit after taxation	682,448	1,020,860
	=======	=======

Dividend
The directors have recommended the payment of a dividend of 5k per share of the outstanding ordinary shares of 1,373,900,000 in respect of the year ended 31 December 2018 (2017: payment of a dividend of 10k per share of the outstanding ordinary shares of 1,373,900,000). The dividend shall become payable upon declaration by shareholders at the annual general meeting.

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

Acquisition of own shares
The company has not purchased any of its own shares during the year under review (2017: Nil).

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018 (Contd.)

Directors' interest in shares

The directors who served during the year were as follows:

Director	Position
Emmanuel Nnorom	Chairman
Erelu Angela Adebayo	Chairman – Retired 23rd October 2018
Uzo Oshogwe	Managing Director/CEO
Olayinka Ogunsulire	Non-Executive Director
Ike Ogbue	Non-Executive Director – Resigned 30th April 2018
Samuel Nwanze	Non-Executive Director
Agatha Obiekwugo	Non-Executive Director – Appointed 23rd October 2018

Pursuant to Sections 275 and 276 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, the direct and indirect interest of the Directors in the shares of the Company as notified by them and recorded in the Register is as follows:

	Ordinary shares of 50 kobo each			
	31 December 2018		31 December 2017	
	Direct Holding	Indirect Holding	Direct Holding	Indirect Holding
Emmanuel Nnorom	317,647	66,158	349,411	34,394
Uzo Oshogwe	836,128	-	836,128	-
Olayinka Ogunsulire	248	-	248	-
Samuel Nwanze	19,202	-	19,202	-

Directors' interest 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 with which the Company is involved as at 31 December 2018 (2017: Nil).

Analysis of shareholding

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

Shareholding range analysis

The shareholding range analysis as at reporting date is shown below:

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%**	

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018 (Contd.)

RANGE ANALYSIS AS AT 31 -12-2017								
Range			No. of Holders	Holders %	Holders Cum.	Units	Units %	Units Cum.
1	-	10,000	140,873,770	10%	140,873,770	276,381	98%	276,381
10,001	-	50,000	73,228,305	5%	214,102,075	3,513	1%	279,894
50,001	-	100,000	31,899,063	2%	246,001,138	454	0%	280,348
100,001	-	500,000	63,717,245	5%	309,718,383	326	0%	280,674
500,001	-	5,000,000	116,798,948	9%	426,517,331	85	0%	280,759
5,000,001	-	50,000,000	244,289,419	18%	670,806,750	24	0%	280,783
50,000,001	-	2,000,000,000	703,093,250	51%	1,373,900,000	10	0%	280,793
Grand Total			1,373,900,000	100%		280,793	100%	

Charitable contributions and donations
The company made provision of N23,809,000 for charities during the year ended 31 December 2018 (2017: N41,396,310).

Employment and Employees

Employment of disabled persons
No disabled person was employed by the Company during the year. 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 the reporting date
As stated in Note 36, 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.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018 (Contd.)

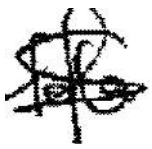
Format of financial statements

The financial statements of Afriland Properties Plc have been prepared in accordance with the reporting and presentation requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and are in compliance with International Financial Reporting Standards (IFRS), reporting format issued by the International Accounting Standards Board (IASB) and approved by the Financial Reporting Council of Nigeria Act No 6, 2011. The directors consider that the format adopted is the 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.

BY ORDER OF THE BOARD



FUNMILOLA SULEIMAN
COMPANY SECRETARY
FRC/2019/NBA/00000019130
15 February 2019

AFRILAND PROPERTIES

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2018

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;
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, 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.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit for the year ended 31 December 2018. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Emmanuel N. Nnorom
Chairman

FRC/2014/ICAN/00000007402

15 February 2019

Uzoamaka Oshogwe
Managing Director/ CEO

FRC/2013/IODN/00000004689

15 February 2019

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 2018;
- 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 2019

Members of the Audit Committee

1. Mr. Joshua Okorie - Chairman
2. Alhaji Wahab A. Ajani - Member
3. Ms. Shopeju E. Adetutu - Member
4. Mr. Samuel Nwanze - Member
5. Ms. Olayinka Ogunsulire - Member

BOARD EVALUATION REPORT

AA&Co

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

February 15th, 2019

Statement by the External Consultants on the Board Evaluation of Afriland Properties Plc for the year ended December 31, 2018

Further to our engagement, we have performed an evaluation of the Board of Directors of Afriland Properties Plc (Afriland or the Company) for the year ended December 31, 2018, based on the scope of services agreed with the Company as specified in our letter of engagement.

The evaluation exercise benchmarked the requirements of the amended SEC Code of Corporate Governance, the Company's corporate governance framework and global best practice.

Our work and approach 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.

Our findings and recommendations have been submitted to the Board of Afriland Properties Plc in a detailed report.

- The Chairman of the Board:
  - Effectively leads the operations of the Board to ensure the company's strategic objectives are met
  - Acts as the main link between the Board and the CEO as well as advising the CEO in the effective discharge of her duties
- The Board of Afriland Properties Plc has a system of corporate governance underpinned by a Board Governance Charter.
- The Board operates effectively, fully carrying out its functions of Strategic Direction, Policy Formulation, Decision Making and Oversight.
- The Board is diverse in experience, skills and gender and Directors.
- The mandates and terms of reference of the Board committees are clearly defined in the Board Governance & Board Committee Governance Charter and they address the effective monitoring of financial performance, strategy, governance, remuneration, risk management and controls.

On the basis of our work, we conclude that the Board of Afriland Properties Plc substantially complied with the amended SEC Code of Corporate Governance 2011 and demonstrates a commitment to maintaining strong corporate governance in line with global best practice

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

Angela Aneke
Managing Director

INDEPENDENT AUDITORS' 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 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 2018, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, 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 Standards 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 judgement, 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.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF AFRILAND PROPERTIES PLC
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – Continued

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 ₦561.18 million is allocated to cash generating units ('CGUs') for the purpose of impairment testing. The goodwill impairment assessment involves judgement and estimated forecast future cash flows associated with utilization of the 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 (2017: Nil). The disclosure of the impairment of goodwill is set out in Note 15.	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 15. > 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 15.

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

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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, 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 control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risk of material misstatements 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF AFRILAND PROPERTIES PLC
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – Continued

EY

- 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.

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 year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, 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 purpose of our audit;

ii. in our opinion, proper books of account have been kept by the Company, so far as 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.

Yusuf Aliu, FCA
FRC/2012/ICAN/00000000138
Assurance Partner
For, Ernst & Young
Chartered Accountants
Lagos, Nigeria

26 February 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 N'000	2017 N'000
Customer Contract revenue:			
Fees and commission	4	734,159	610,323
Project development income	5	61,133	57,498
Rental income	6	494,238	407,248
Sales of inventory properties (Build to sell)		24,795	400,000
Cost of sales of inventory property		(14,797)	(199,482)
		9,998	200,518
Revenue		**1,299,528**	**1,275,587**
Other revenue:			
Other operating income	7	4,740	9,547
Profit on disposal of investment properties		37,150	68,388
Valuation gains from investment properties	13	287,446	282,947
		329,336	360,882
Administrative expenses	8	(805,353)	(639,158)
Finance income	9	91,951	935,857
Finance cost	9.1	-	(876,745)
Net finance income		91,951	59,112
Profit before taxation		**915,462**	**1,056,423**
Income tax expense	10	(233,014)	(35,563)
Profit for the year		682,448	**1,020,860**
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent period (net of tax):	**16**	**-**	**334,500**
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**-**	**334,500**
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods (net of tax):	**16**	**(166,500)**	**-**
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		**(166,500)**	**-**
Total comprehensive income for the year, net of tax		**515,948**	**1,355,360**
Earnings per share:			
Basic earnings per share (Naira)	11	N0.50	N0.74
Diluted earnings per share (Naira)	11	N0.50	N0.74

See notes to the financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Notes	2018 N'000	2017 N'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	454,743	321,110
Investment properties	13	10,451,015	8,846,418
Intangible assets	15	566,388	564,046
Equity instruments at fair value through OCI	16	915,000	1,081,500
Prepayments	17	20,808	3,408
		12,407,954	**10,816,482**
Current assets			
Inventory properties	14	29,595	79,029
Trade and other receivables	18	1,837,923	1,611,740
Other assets	19	7,709,652	6,543,809
Prepayments	20	14,376	7,223
Cash and short- term deposits	21	2,914,524	736,234
		12,506,070	**8,978,035**
Total assets		**24,914,024**	**19,794,517**
Equity and liabilities			
Equity			
Issued share capital	22	686,950	686,950
Share premium	22	2,944,271	2,944,271
Fair value reserve of financial assets through OCI		168,000	334,500
Retained earnings		3,753,251	3,222,675
Total equity		**7,552,472**	**7,188,396**
Non-current liabilities			
Contract liabilities	24	-	30,000
Deferred tax liabilities	25.2	727,570	553,637
Interest-bearing loans and borrowings	26.1	9,184,913	3,042,796
		9,912,483	**3,626,433**

STATEMENT OF FINANCIAL POSITION - (Contd.)
AS AT 31 DECEMBER 2018

	Notes	2018 N'000	2017 N'000
Current liabilities			
Trade and other payables	23	2,112,766	2,097,633
Interest-bearing loans and borrowings	26.2	1,828,943	6,290,303
Contract liabilities	24	3,412,463	430,645
Income tax payable	25.1	94,897	161,107
		7,449,069	**8,979,688**
Total liabilities		**17,361,552**	**12,606,121**
Total equity and liabilities		**24,914,024**	**19,794,517**

Signed on behalf of the Board of Directors on 15th February 2019 by:

Emmanuel N. Nnorom
Chairman
FRC/2014/ICAN/00000007402

Uzoamaka Oshogwe
Managing Director/ CEO
FRC/2013/IODN/00000004689

Obiorah Ozugha
Chief Financial Officer
FRC/2013/ICAN/00000004513

See notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Issued share capital	Share Premium	Retained earnings	Fair value reserve of financial assets through OCI	Total
		₦'000	₦'000	₦'000	₦'000	₦'000
As 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
Other comprehensive income for the year, net of tax		-	-	-	(166,500)	(166,500)
Impairment adjustment in line with IFRS 9		-	-	(14,482)	-	(14,482)
Final dividend	22.3	-	-	(137,390)	-	(137,390)
At 31 December 2018		**686,950**	**2,944,271**	**3,753,251**	**168,000**	**7,552,472**
As at 1 January 2017		624,500	3,039,618	2,201,815	-	5,865,933
Issue of share capital (bonus issue)		62,450	(62,450)	-	-	-
Transaction costs		-	(32,897)	-	-	(32,897)
Profit for the year		-	-	1,020,860	-	1,020,860
Other comprehensive income for the year, net of tax		-	-	-	334,500	334,500
At 31 December 2017		**686,950**	**2,944,271**	**3,222,675**	**334,500**	**7,188,396**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018	2017
		₦'000	₦'000
Profit before taxation		915,462	1,056,423
Adjustments to reconcile profit before tax to net cash flows:			
Amortisation of intangible assets	15	2,500	2,378
Depreciation of property, plant and equipment	12	20,276	16,000
Write-off of property, plant and equipment		6,416	-
Profit on disposal of investment properties		(37,150)	(68,388)
Write-off of investment properties		-	1,000
Finance income	9	(91,951)	(935,857)
Finance cost	9.1	-	876,745
Fair value gain on investment properties	13	(287,446)	(282,947)
Movement in deferred income		2,951,818	6,474
Prepayment utilised		(17,400)	1,242
Working capital adjustments:			
Increase/ (decrease) in inventory properties		49,434	(79,029)
Increase in trade and other receivables		(327,679)	(305,084)
Decrease/ (Increase) in prepayments		(7,153)	5,215
Increase in other assets		(1,165,843)	(955,462)
Increase in trade and other payables		16,665	298,393
		2,027,949	**(362,897)**
Income tax paid	25.1	(23,795)	(108,026)
Net cash flows generated/ (used in) from operating activities		**2,004,154**	**(470,923)**
Investing activities			
Purchase of property, plant and equipment	12	(160,325)	(67,088)
Purchase of intangible assets	15	(4,842)	(3,755)
Purchase of investment properties	13	(1,345,151)	(706,902)
Proceeds from disposal of investment properties (net)		63,618	86,038
Interest received	9	91,951	59,112
Net cash flow used in investing activities		**(1,354,749)**	**(632,595)**
Financing activities			
Dividend paid	22.3	(137,390)	-
Transaction costs on bonus issue		-	(32,897)
Proceed from loans and borrowings	26.3	7,859,254	(4,277,539)
Repayments of loans and borrowings	26.3	(309,420)	-
Net cash flow generated from/ (used in) financing activities		**7,412,444**	**(4,310,436)**
Net decrease in cash and cash equivalents		8,061,849	(5,413,954)
Cash and cash equivalents at 1 January		(5,147,819)	266,135
Cash and cash equivalents at 31 December	21	2,914,030	**(5,147,819)**

*Withholding tax utilised for tax purpose has been deducted

See notes to the financial statements.

AFRILAND PROPERTIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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

a. 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.

b. Income and cash flow statement

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

c. Functional and presentation currency

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

d. 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.

e. 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.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

e. Significant accounting judgments, estimates and assumptions - Continued

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:

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.

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.

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 properties

The company makes use of internal and external valuation experts. All properties are valued by external valuers at least every five years. The following valuation assumptions are used:

External

- The property is not adversely affected by or subject to compulsory acquisition, road widening, new proposal or planning scheme;
- The interests held by the Company as evidenced by title deeds are good and marketable;
- The properties are free from all onerous charges and restrictions; and
- The properties are free from structural, infestation or concealed defective conditions

e. Significant accounting judgments, estimates and assumptions

Internal

Using an open market valuation method, the following factors were considered:

- A willing buyer;
- A reasonable period within which to negotiate the sale taking into account the nature of the property and the state of the market;

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

- No account is to be taken of an additional bid by a special purchaser; and
- The properties shall be freely exposed to the market

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

3 Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these financial statements.

a. Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and 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.

b. 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

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

3 Significant accounting policies

c. Investment properties

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 less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier. Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods, such as recent prices on less active markets 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.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

c. Investment properties – Continued

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.

d. 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:

- Freehold land – Nil
- Freehold building – 50 years
- Plant and machinery – 5 to 7 years
- Motor vehicles - 4 to 6 years
- Furniture, fittings and equipment - 3 to 5 years
- 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.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

e. 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 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

f. Cash and cash equivalents

Cash and cash equivalents 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.

g. 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.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

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.

h. 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.

i. 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.

j. 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.

k. Revenue recognition

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 consist of two separable deliverables of bundled sales whose prices are determined as:
Design – 7.5% of contract price
Project Management – 2.5% of contract price

` Revenue streams under this broad category are expatiated below;

Project development income

Determining the timing of Project Development & Directorate Services

Afriland concluded that revenue for both Project development and directorate services exists over time; as service is rendered in proportion to the stage of completion. Contracts for bundled project development and directorate services are comprised of one performance obligations because the both promises are not capable of being distinct and separately identifiable.

Project development and directorate services contracts are enforceable at inception. The Company recognises revenue from project development over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company.

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.

Sale of completed property
A property is regarded as sold when the significant risks and rewards of ownership of the real estate have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied. Contracts for sale of contract property are valid contracts are 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 delivery of such property.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

Sales of property under development - Continued

If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, Revenue will be recognised over-time using input method because the customer controls the assets as the entity performs. Continuous transfer of work in progress is applied 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 as construction progresses, typically, when the buyer cannot put the incomplete property back to the Company.

In such situations, the percentage of work completed is measured based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred.

Fees and commission

The Company recognises revenue from facilities management over time as service is being performed. This automatically transfers the risks and rewards to the customer. The normal credit term is between 30-60 days. The entity recognises revenue from project directorate services over time, in proportion to the stage of completion by reference to survey of work performed. 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. Risks and rewards are transferred 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 the risks and rewards.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

k. **Revenue recognition – Continued**

Principal versus agent considerations - Continued

Therefore, the Company has determined that it is an Agent in these contracts and thus, 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.

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 transferred physical possession of the asset and payment has been received;
- The customer has the significant risks and rewards of ownership of the asset; and
- The customer has accepted the asset

Other income
Sale of property
Income from the sale of investment properties is recognised by the entity when the risks and rewards of ownership 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. Risks and rewards are 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 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 transferred physical possession of the asset and payment has been received;
- The customer has the significant risks and rewards of ownership of the property; and
- The customer has accepted the asset

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.

l. 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.

m. 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.

n. 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.

n. Fair value measurement - Continued

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 measurement 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.

o. Financial instruments

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 section (k) 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.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

Financial instruments – Continued

Financial assets - Continued

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.

Financial instruments – Continued

Derecognition - Continued

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.

Financial instruments – Continued

Subsequent measurement
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.

Significant accounting judgements, estimates and assumptions on IFRS 9
The preparation of Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of expenses, assets and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Provision for expected credit losses of trade receivables and contract assets
The company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating). The provision matrix is initially based on Company's historical observed default rates. The company calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Financial instruments – Continued

Provision for expected credit losses of trade receivables and contract assets – Continued

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

Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

p. 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.

q. 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.

The 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 basis as rental income. Rental income is recognised as revenue on a straight line basis over the lease term.

r. 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 16 – Leases – 1 January 2019
2. 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
3. IFRS 17 – Insurance Contracts – 1 January 2021
4. Amendments to IFRS 9: Prepayment Features with Negative Compensation – 1 January 2019
5. IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
6. Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
7. Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
8. Amendments to IAS 28: Long-term interests in associates and joint ventures
9. Annual Improvements 2015-2017 Cycle (issued in December 2017) - 1 January 2019
10. IFRS 11 Joint Arrangements – 1 January 2019
11. IAS 12 Income Taxes – 1 January 2019
12. IAS 23 Borrowing Costs – 1 January 2019
13. IFRS 1 – First Time Adoption of International Financial Reporting Standards – Deletion of Short-term exemptions for first-time adopters – 1 January 2018

The company intends to adopt these standards, if applicable, when they become effective. The following have been identified to be applicable to the Company's financial statements:

r. Standards issued but not yet effective – Continued

IFRS 16 - Leases
Effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. The key features of the amendment are:

- The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17.
- Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately.
- The new standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less).
- Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events.
- Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach.

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

s. New standards and interpretations effective in the current year

The company applied for the first time new standards, which are effective for annual periods beginning on or after 1 January 2018. The company has not early adopted any standards, interpretations or amendments that have been issued but not yet effective.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014, and amended in April 2017, and establishes a five –steps model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity in exchange for transferring goods or services to a customer.

The new revenue standard supersede all current revenue recognition requirement under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on after 1 January 2018. The company adopted the new standard on the required effective date using the full retrospective method. During 2018 the company performed a preliminary assessment of IFRS 15, which was continued with a more detailed analysis completed in 2018.

The company is in the business of providing real estate investment and development as well as offering of a broad range of real estate products/services to the general public. These services are sold both on their own in separate identified contracts with customers and together as a bundled package of services.

(a) Sale of Investment properties

For contracts with customers in which it is generally expected to be a performance obligation, adoption of IFRS 15 do not have any impact on the Company's revenue and profit or loss. The company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the property at a point of time.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

(a) Facilities management services provided to the customer:

The company generally provides planned preventive maintenance and property life cycle maintenance for our customers. Under the IAS 18, the Company account for the serviced as separate deliverables of bundled sales and allocated consideration using the fair valve approach and recognizes revenue on mutually agreed monthly fees.

Upon the IFRS 15 is adoption, the current reporting period is not adjusted such that revenue from services is being re allocated.

The company concluded that the services are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Company. Consequently, under IFRS 15, the Company continues to recognize revenue for these service contracts services components of bundled contract over time rather than at a point of time.

(b) Project Development and Management

The company provides project designs and development services for the customers. Under the existing accounting policy; the Company recognizes the services as separate deliverable of bundled sales and allocates consideration in the proportion to the stage of completeness of the transaction which is 7.5% on completion of design and 2.5% on supervision of projects. Under IRFS 15 the Company assesses that allocation of prices will be based on the selling price. Hence the allocation of the consideration and timing of the amount of revenue recognized in relation to the sales would not be affected and also a point of time.

(c) Project directorate

The company currently provides project advisory and management services to its customer in the existing accounting policies, the Company recognizes the services as separate deliverables and consideration for services transferred is assessed by reference to monthly agreed fee. The company assessed that under IFRS 15 allocation of prices will be made based on the selling price, Hence, the allocation of the consideration and consequently the timing of the amount of revenue recognized in relation to these sales would not be affected.

(1) Variable Consideration

Some contracts with customers provides a trade discounts, currently, the Company recognizes revenue from the sale of goods measured at the fair value of the consideration received or receivable, If revenue cannot be reliably measured, the Company defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under IFRS 15, and will be required to be estimated at contract inception and updated thereafter. In the current period, a trade discount of ₦18million was derived using expected value approach that would impact on the selling price under IFRS 15.

IFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The company expects that application of the constraints will result in more revenue deferred than under current IFRS.

Principal Vs Agent Consideration

From time to time the Company provides agency services in the management of third party properties by negotiating rent to be paid by tenants on behalf of landlord. Currently the Company accounts for the service as a separate deliverable of bundled sales and allocates consideration at a point in time.

Under IFRS, the Company assessed that allocation of price would be based on the selling price and therefore, allocation of the consideration and timing of revenue recognized in relation to the sales would not be affected.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

Presentation and disclosure requirements

The presentation requirements represent a significant change from current practice and significantly increase the volume of disclosures required in the Company financial statements. Many of the disclosure requirement in IFRS 15 are new and the Company has assessed that the impact of some of these disclosures requirement will not be significant.

In addition as required by IFRS 15 the Company will disaggregate revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flow are affected by economic factor.

In 2018 the company continues testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

In summary, IFRS 15 adopted does not have any significant impact on the Company financial statements quantitatively.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9.

The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2014) is permitted if the date of initial application is before 1 February 2015.

The company plans to adopt the new standard on the required effective date using the full retrospective method. During 2018 the Company performed a detailed impact assessment of all three aspects of IFRS 9.

The assessment was based on available information and may be subject to changes arising from further reasonable and supportable information being made available in 2018 when the Company will adopt IFRS 9.

Overall, the Company expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirement of IFRS 9. The company expects fluctuation in the loss allowance resulting in a negative impact on equity as discussed below.

Classification and Measurement

The company does not expect a material impact on its statement of financial position or equity on applying the classification and measurement requirement of IFRS 9.

Available-for-Sale Equity

The company expects to continue measuring at fair value all financial assets currently held on fair value. Quoted equity shares currently held as available-for-sale (AFS) with gains and losses recorded on OCI will continue to be fair valued through OCI.

The AFS reserve of N334, 500,000 which is currently presented as accumulated OCI, will not be reclassified to retained earnings as the Company does not have the intention of selling the equity on frequent basis.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

Loans as well as trade receivables
These financial assets are held to collect contractual cash flows and expected to give rise to cash flow representing solely payments of principal and interest. The company analyzed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortized cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

Impairment
IFRS 9 requires the Company to record expected credit losses on all its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The company will apply the simplified approach and record lifetime expected losses on all trade receivables. The company determine that, due to the unsecured nature of its receivables and the key macroeconomics variables, the loss allowances on receivable derived using loss rate model is N14,482,000 with corresponding related decrease in equity.

In summary the impact of IFRS 9 adoption is expected to be as follows:

Assets	₦'000
Trade Receivable	14,482
Retained earnings	14,482

Although these new standards and amendments applied for the first time in 2018, they did not have a material impact on the annual financial statements of the Company. The nature and the impact of each new standard or amendment is described below:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The amendments did not have any impact on the Company's financial statements.

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

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

IMPACT OF APPLICATION OF IFRS 9
The Company adopted IFRS 9 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 January 2018.

The cumulative effect of initially applying IFRS 9 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 39 and related Interpretations.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

	Adjustments	Company	1 January 2018
		N'000	N'000
Assets			
Trade and other			
Trade receivables		-	(8,882)
Lease receivables	(b)	-	(5,600)
Total assets		-	(14,482)
Liabilities		-	-
Deferred tax liabilities	(c)	-	-
Total liabilities		-	-
Total adjustment on Retained earnings	(b),(c)	-	(14,482)
		-	(14,482)

The nature of these adjustments are described below:

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

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

The classification and measurement requirements of IFRS 9 did not have a significant impact to the Company. The following are the changes in the classification of the Company's financial assets:
Trade and other receivables classified as Loans and receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at amortised cost beginning 1 January 2018.

Equity investments in listed companies previously classified as AFS financial assets are now classified and measured as Equity instruments designated at fair value through OCI. The Company elected to classify irrevocably its listed equity investments under this category as it intends to hold these investments for the foreseeable future. There were no impairment losses recognised in profit or loss for these investments in prior periods.

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

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

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

IAS 39 measurement category	IFRS 9 measurement category	Company N'000
Loans and receivables		
Trade receivables*	Amortised cost	1,518,660
Lease receivables	Amortised cost	60,029
Short Term deposits	Amortised cost	697,178
Staff loan receivables	Amortised cost	53,443
Available for sale		-
Listed equity investments	Fair value through OCI	1,081,500
		-

* The change in carrying amount is a result of additional impairment allowance. See the discussion on impairment below.

(b) Impairment

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

Upon adoption of IFRS 9 the Company recognised additional impairment on the Company's Trade and other receivables of N14 million which resulted in a decrease in Retained earnings of N14 million as at 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

The impact of transition to IFRS 9 on reserves and retained earnings is, as follows:

In N'000 of naira	***Reserves and retained earnings***
Retained earnings	***N'000***
Closing balance under IAS 39 (31 December 2017)	3,222,675
Reclassification adjustments in relation to adopting IFRS 9	
Impact of recognising credit risk for financial liabilities designated at FVPL in Own credit reserve	-
Recognition of IFRS 9 ECLs including those measured at FVOCI	(14,243)
Deferred tax in relation to the above	

Opening balance under IFRS 9 (1 January 2018)	3,208,432
	========

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

Company	**Allowance for impairment under IAS 39 as at 31 December 2017**	**Re-measurment**		**ECL under IFRS 9 as at 1 January 2018**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Loans and receivables under IAS 39/Financial assets at amortised cost under IFRS 9	-	14,482	-	14,482
Debt instruments at fair value through OCI	-	-	-	-
	------------	----------------	-----------	--------------
	-	14,482	-	14,482
	======	======	=====	=======

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

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

IMPACT OF APPLICATION OF IFRS 15 (MODIFIED RETROSPECTIVE)
IFRS 15 supersedes IAS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.
IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.
The Company adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 January 2018.
The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 18.

The effect of adopting IFRS 15 as at 1 January 2018 was, as follows:

The effect of adopting IFRS 15 is, as follows:

Impact on the statement of financial position (increase/(decrease)):

	Adjustments	1 January 2018
		N'000
Liabilities		
Contract liabilities (current)	(a)	3,412,463
Deferred revenue (current)	(a)	(3,412,463)
Total current liabilities		-
Total liabilities		-
Total equity and liabilities		-

The change did not have a material impact on Profit or loss, OCI and statement of cash flows for the period.
(a) Short term advances received from customers

The Company received service charge, income from sale of properties and rent for some rental properties in advance from customers for which they becomes due in one year. Before the adoption of IFRS 15, the Company presented this advance as Deferred revenue in the statement of financial position and no interest was accrued on the advances received.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

		2018	2017
		N'000	N'000
4.	**Fees and commission**		
	Facility management	50,346	66,375
	Agency	64,492	53,972
	Project directorate	337,979	328,032
	Project management	281,342	161,944
		------------	------------
		734,159	610,323
		======	=======

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

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.

For the year 31 December 2018

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

For the year 31 December 2017

Segments	**Fees & Commission**	**Project Development**	**Total**
	N'000	N'000	N'000
Major goods/service lines			
Facilities Management	66,375	-	66,375
Agency service	53,972	-	53,972
Project Design	-	161,944	161,944
Project Directorate	-	328,032	328,032
	-------------	-------------	-------------
Total	**120,347**	**489,976**	**610,323**
	=======	=======	=======

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

Performance obligations Tabular form

Revenue

The Company's typical performanceobligations include the following:

Performance Obligation		When Performance Obligation is Typically Satisfied	When Payment is Typically Due	How Standalone Selling Price is Typically Estimated
Facilities Management Services				
	SoftwareLicenses	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		in proportion to the stage of completeness of the transaction (over time	Within 60 days	Observable in contract document
Project Directorate				
		as service is rendered in proportion to the stage of completion by reference to surveys of work performed (over time)	Within 60 days	Observable in contract document
Agency Services				
	Software Updates	when customer accepts and pays for the property (point in time)	Upon acceptance of the property	Observable in contract document
Sales of Properties				
	Other Professional Services (except for education services)	when the title, risks and rewards for the sale of properties pass 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

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

Contract Assets and Contract Liabilities

Net contract assets (liabilities) consisted of the following at December 31:

	2018	Change	Change
Contract liabilities – current	**(3,412,463)**	**(3,412,463)**	**-100%**
Net contract assets (liabilities)	**(3,412,463)**	**(3,412,463)**	**-100%**

Trade accounts payable and 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 December 31, 2018 are as follows:

	2018 **N'000**
1-January	460,645
Effect of adoption of IFRS 15	
advance payments received from customers	3,667,086
Performance obligations recognised in the period	(661,038)
Reclassified to other payables	
Revenue recognized in the period from:	(54,230)
31-December	**3,412,463**

IFRS 15This Standard specifies the accounting for an individual contract with a customer. However, as a practical expedient, Afriland Properties Plc may apply this Standard to a portfolio of contracts (or performance obligations) with similar characteristics if the entity reasonably expects that the effects on the financial statements of applying this Standard to the portfolio would not differ materially from applying this Standard to the individual contracts (or performance obligations) within that portfolio. When accounting for a portfolio, the Company shall use estimates and assumptions that reflect the size and composition of the portfolio

As a practical expedient, Afriland Properties Plc need not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

As a practical expedient, Afriland Properties Plc may recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

As a practical expedient, an entity need not disclose the information in paragraph 120 for a performance obligation if either of the following conditions is met:
(a) the performance obligation is part of a contract that has an original expected duration of one year or less; or
(b) the entity recognises revenue from the satisfaction of the performance obligation in accordance with paragraph B16.

As a practical expedient, if Afriland Properties Plc has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date the Company may recognise revenue in the amount to which the entity has a right to invoice.

		2018 N'000	2017 N'000
5.	**Project development income**	**61,133**	57,498
		======	======

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.

		2018 N'000	2017 N'000
6.	**Rental income**	**494,238**	407,248
		=======	=======

There is no contingent rental income during the year ended 31 December 2018 (2017: 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;

	2018 N'000	2017 N'000
Within 1 year	172,164	230,658
After 1 year, but not more than 5 years	688,656	41,412
	------------	------------
	860,820	**272,070**
	=======	=======

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

		2018	2017
7.	**Other operating income**	N'000	N'000
	Proceeds from asset disposal	751	-
	Sale of tiles and others	3,989	9,547
		4,740	**9,547**

Other operating income was derived from non-core business activities like fees for stamping and sealing of architectural, structural, electrical & mechanical drawings, sales of tiles and others.

		2018	2017
8.	**Administrative expenses**	N'000	N'000
	Staff costs	445,831	274,195
	Depreciation (Note 12)	20,276	16,000
	Amortisation (Note 15)	2,500	2,378
	Other administrative expenses (Note 8.1)	336,746	345,585
	Write off of investment properties	-	1,000
		805,353	639,158

		2018	2017
8.1	**Other administrative expenses**		
	Advertising and publicity	58,281	49,619
	Annual General Meeting (AGM) expenses	67,275	48,170
	Audit fee	7,000	6,300
	Bad debts	34,247	26,077
	Bank charges	53	86
	Consultancy and professional fees	17,629	39,389
	Directors emoluments	20,510	17,477
	Donations	23,809	41,396
	Entertainment	16,029	7,412
	Information system	20,474	21,507
	Insurance	656	283
	ITF levy	2,863	4,109
	Land use charge	7,002	4,624
	Newspapers and periodicals	21	46
	NSITF and NHF levy	4,314	4,480
	Printing and stationeries	3,277	1,463
	Rent and rates	195	245
	Repairs and maintenance	28,939	49,502
	Security expenses	11,443	11,539
	Statutory filing expenses	317	412
	Subscriptions	918	1,834
	Telephone and communication	352	1,695
	Travel and transport	3,373	6,880
	Training and development	7,769	1,040
		336,746	345,585

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

9. Finance income

Interest income on bank placements	90,419	58,420
Interest income on staff loan	1,532	692
Interest income on loan to Falomo Shopping Centre	-	876,745
	91,951	935,857

9.1 Finance cost

Interest expense on borrowings	-	876,745

10. Income tax expense

Current income tax:

Company income tax	46,967	86,428
Education tax	8,064	16,756
Capital gains tax	4,050	7,039
Current year income tax	59,081	110,223
Current year income tax charge (Note 25.1)	59,081	110,223
Deferred tax:		
Relating to origination of temporary difference (Note 25.2)	173,933	(74,660)
Total income tax expense reported in profit or loss	233,014	35,563

10.1 Reconciliation of effective tax rate

	2018 N'000	2017 N'000
Profit before taxation	915,462	1,056,423
Tax at Nigeria statutory income tax of 30%	274,639	316,927
Impact of disallowable expenses for tax purpose	58,499	39,815
Effect of lower tax rate on fair value gain on investment	-	(344,974)
Impact of non- taxable income	(112,238)	-
Impact of Education tax	8,064	16,756
Impact of Capital gains tax	4,050	7,039
	233,014	35,563

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.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

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

	2018 N'000	2017 N'000
Profit for the year attributable to ordinary equity holders	915,462	1,020,860
	========	=======
	Number '000	Number '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 earnings per share (Naira)	N0.50	N0.74
Diluted earnings per share (Naira)	N0.50	N0.74

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

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

12. **Property, plant and equipment**

	Freehold Land N'000	Freehold Building N'000	Plant and Machinery N'000	Furniture, Fittings and Equipment N'000	Motor Vehicles N'000	Computer Equipment N'000	Total N'000
Cost:							
At 1 January 2017	174,139	92,190	2,657	14,357	18,145	10,354	311,842
Additions	-	-	5,009	1,179	59,110	1,790	67,088
At 31 December 2017	**174,139**	**92,190**	**7,666**	**15,536**	**77,255**	**12,144**	**378,930**
Additions	-	-	205	150,149	6,641	3,330	160,325
Write off	-	-	-	-	(8,555)	-	(8,555)
At 31 December 2018	**174,139**	**92,190**	**7,871**	**165,685**	**75,341**	**15,474**	**530,700**
Accumulated depreciation:							
At 1 January 2017	**-**	**3,538**	**2,657**	**12,989**	**15,893**	**6,743**	**41,820**
Charge for the year	-	1,858	938	1,417	9,161	2,626	16,000
At 31 December 2017	**-**	**5,396**	**3,595**	**14,406**	**25,054**	**9,369**	**57,820**
Charge for the year	-	1,858	1,025	796	14,524	2,072	20,276
Write off	-	-	-	-	(2,139)	-	(2,139)
At 31 December 2018	**-**	**7,254**	**4,620**	**15,202**	**37,439**	**11,441**	**75,957**
Net book value:							
At 31 December 2018	174,139	84,936	3,251	150,483	37,902	4,033	454,743
At 31 December 2017	174,139	86,794	4,071	1,130	52,201	2,775	321,110

Refer to Note 26.3 for details on the assets secured as at reporting date.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

		2018	2017
		N'000	N'000
13.	**Investment properties**		
	At 1 January	8,846,418	7,875,219
	Additions (subsequent expenditure)	1,310,514	984,820
	Disposals	(28,000)	(17,650)
	Transfers to/(from) inventory properties	34,637	(277,918)
	Write-off	-	(1,000)
	Fair value gain	287,446	282,947
		---------------	--------------
	At 31 December	**10,451,015**	**8,846,418**
		=========	========

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 2018, 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 32.

	2018	2017
	N'000	**N'000**
Rental income derived from investment properties	494,238	407,248
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in admin expense)	(901)	-
	------------	------------
Profit arising from investment properties carried at fair value	**493,337**	**407,248**
	=======	=======

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

13. Investment properties – Continued

Types of Investment propertiesValuation techniqueSignificant unobservable inputs
Office propertiesThe investment approach was used based on the income derivable from the property in arriving at the market value of the property.

The company's title document has been perfected.Estimated price per square meters adjusted for the nature, location and conditions of the investment properties.

The price range used per square metre are N5,000 – N45,000
Residential propertiesThe 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 are 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 company's title document has been perfected.The significant unobservable 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.

		2018	2017
		N'000	N'000
14.	**Inventory properties**		
	At 1 January	79,029	-
	Transfer from investment properties	(44,637)	277,918
	Disposals (recognised in costs of sales)	(4,797)	(198,889)
		----------	----------
	At 31 December	29,595	**79,029**
		======	======

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 transferred the value of landed properties from investment property, to inventory property.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

15 Intangible assets

	Goodwill	Computer software	Total
	₦'000	₦'000	₦'000
Costs			
At 1 January 2017	842,471	7,826	850,297
Additions	-	3,755	3,755
At 31 December 2017	842,471	11,581	854,052
Additions	-	4,842	4,842
At 31 December 2018	842,471	16,423	858,894
Amortisation			
At 1 January 2017	281,289	6,339	287,628
Charge for the year	-	2,378	2,378
At 31 December 2017	281,289	8,717	290,006
Charge for the year	-	2,500	2,500
Disposal/Retirement	-	-	-
At 31 December 2018	281,289	11,217	292,506
Net book value:			
At 31 December 2018	561,182	5,206	566,388
At 31 December 2017	561,182	2,864	564,046

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;

	2018	2017
	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 streams, such as agency services are treated as others.

15. Intangible assets – Continued

Facilities Management CGU

The recoverable amount of the facilities management CGU was N1.710 billion as at 31 December 2018 (2017: N951 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 2018 (2017: Impairment loss is Nil).

Project Development CGU

The recoverable amount of the project management CGU is N2.237 billion as at 31 December 2018 (2017: N1.484 million). 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 2018 (2017: Impairment loss is Nil).

Business Development CGU

The recoverable amount of the business development CGU, N6.493 billion as at 31 December 2018 (2017: N3.600 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 2018 (2017: Impairment loss is Nil).

Others CGU

The recoverable amount of the other CGU, N387 million as at 31 December 2018 (2017: N207 million). 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%.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

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 2018 (2017: Impairment loss is Nil).

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 the 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.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

16. 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.

	2018 N'000	2017 N'000
At 1 January	1,081,500	747,000
(Diminution)/gain during the year	(166,500)	334,500
At 31 December	915,000	1,081,500

Equity instrument measured at fair value through other comprehensive income:

	2018 N'000	2017 N'000
At Cost (150 million units x N10.00)	1,500,000	1,500,000
Accumulated fair value loss	(585,000)	(418,500)
At Market value (150 million units x N6.10 (2017: N7.21)	915,000	1,081,500
Movement in fair value loss:		
At 1 January	(418,500)	(753,000)
Fair value (loss)/gain for the year	(166,500)	334,500
At 31 December	(585,000)	(418,500)

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

		2018	2017
17.	**Prepayments (non-current)**	N'000	N'000
	Prepaid employees' car allowance	20,808	3,408
		====	=====

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.

		2018	2017
		N'000	N'000
At 1 January		10,631	11,050
Addition during the year		101,698	412
		-----------	----------
		112,329	11,462
Charged to profit or loss	-	(77,145)	(831)
		----------	-----------
At 31 December		**35,184**	**10,631**
		=====	=====
Current (Note 20)		14,376	7,223
Non-current		20,808	3,408
		-----------	----------
At 31 December		**35,184**	**10,631**
		=====	=====

		2018	2017
18.	**Trade and other receivables**		
	Trade receivables	1,043,611	1,527,303
	Impairment	(5,057)	-
		---------------	----------------
	Net trade receivables	**1,038,556**	**1,527,303**
	Rent receivables	367,844	65,629
	Withholding tax receivable	396,521	14,583
	Sundry debtors	35,002	4,225
		----------------	---------------
		1,837,923	**1,611,740**
		========	========

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 N5.05million (2017: N8.64million).

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**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
2018	1,038,554	178,321	121,452	185,354	301,213	252,214
2017	1,527,303	245,239	103,833	283,080	480,318	414,833

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

		2018	2017
19.	**Other assets**	N'000	N'000
	Advance to contractors (Note 19.1)	30,593	30,568
	Loan to staff (Note 19.2)	31,318	53,443
	Staff loan impairment	(169)	-
	Other receivables - Falomo Shopping Centre (Note 19.3)	7,647,910	6,459,798
		7,709,652	**6,543,809**

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

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

19.3 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 2018 amounted to N1.2 billion (2017: N876.7 million).

The N7.7 billion (2017: N6.5 billion) cost accumulated on Falomo Shopping Mall represent advance payment to contractors for the development of the Falomo Shopping Mall (the "Project"). 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 of (N1,214,596,764) at the claim date of March 2016 and compensation for loss of income (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.

		2018	2017
20.	**Prepayments (current)**	N'000	N'000
	Health insurance	4,228	3,827
	Motor vehicles insurance	865	413
	Other Prepayments (Note 20a)	1,956	1,556
	Employee car allowance	7,327	1,427
		14,376	7,223

20a. This represents prepaid maintenance expenses that relates to 2018.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

		2018	2017
21.	**Cash and cash equivalents**	N'000	N'000
	Cash at bank	142,037	39,056
	Short-term deposits	2,773,137	697,178
	Impairment of short term deposit	(650)	-
	Cash and short-term deposits	2,914,524	736,234
	Bank overdraft (Note 26.3)	(494)	(5,884,053)
	Cash and cash equivalents	2,914,030	(5,147,819)

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.

		2018	2017
22.	**Share capital and share premium**	N'000	N'000
22.1	**Share capital**		
	Authorised share capital		
	1,373,900,000 (2017: 1,350,000,000) ordinary shares of 50k each	686,950	686,950
	Issued and fully paid		
	1,373,900,000 (2017: 1,249,000,000) ordinary shares of 50k each	686,950	686,950
22.2	**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.

		2018	2017
22.3	**Dividend distribution made and proposed**	N'000	N'000
	Cash dividends on ordinary shares declared and paid:		
	Final dividend for 2018: Nil (2017: 10 kobo)	137,390	-
	Proposed dividends on ordinary shares:		
	Final cash dividend for 2018: Nil (2017: Nil)	-	-

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

23. Trade and other payables

	2018 N'000	2017 N'000
Trade payables	177,988	156,549
Accruals (Note 23.1)	489,078	588,511
Rentals received for third parties	217,168	712,169
Service charge payable	34,848	52,127
Value Added Tax	202,263	74,756
Withholding Tax	128,025	103,570
Unclaimed dividend	-	135,122
Rent payable	177,331	135,000
Other payables	357,166	139,829
Project account payable	328,899	-
	2,112,766	2,097,633

Rentals received for third parties represent rent collected on behalf of the third party while the Company is acting as an agent for rent collection purpose.

Other payables relates to statutory payables, professional fees due to consultants on UBA projects and other liabilities.

23.1 Accruals

	2018 N'000	**2017 N'000**
Audit fees	6,825	6,179
Professional and consultancy fee	361,367	435,577
Directors' fee	1,222	14,508
Annual General Meeting (AGM)	65,353	70,000
Other accruals	54,311	62,247
	489,078	588,511

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

24. Contract liabilities

	2018 N'000	**2017 N'000**
Deferred income (current)		
Contracts obtained (Note 24.1)	13,734	37,234
Rents received in advance (Note 24.2)	3,398,729	393,411
	3,412,463	430,645
Deferred Income Note 24.2	-	30,000

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

24. Contract liabilities – Continued

24.1 Contracts obtained	2018 N'000	2017 N'000
At 1 January	37,234	37,484
Deferred during the year	-	-
Released to the statement of profit or loss	(23,500)	(250)
At 31 December	**13,734**	**37,234**

Deferred contract income refers to the amount received in advance from third party project

24.2 Rents received in advance	2018 N'000	2017 N'000
At 1 January	369,181	364,100
Deferred during the year	3,667,086	357,478
Released to the statement of profit or loss	(637,538)	(260,933)
At 31 December	3,398,729	460,645
Current	3,398,729	430,645
Non-current	-	30,000

25. Taxation

25.1 Current tax payable	2018 N'000	2017 N'000
As at 1 January	161,107	177,490
Charge for the year (Note 10)	59,081	110,223
Payments during the year	(23,794)	(108,026)
Withholding tax utilised	(101,497)	(18,580)
At 31 December	94,897	161,107

25.2 Deferred tax	2018 N'000	2017 N'000
As at 1 January	553,637	628,297
Charge/credit for the year (Note 10)	173,933	(74,660)
At 31 December	727,570	553,637

Deferred tax relates to the following:

	2018 N'000	2017 N'000
Accelerated depreciation for tax purposes	93,148	70,372
Revaluation of investment properties to fair value	650,836	484,273
Impairment of other receivables	(16,414)	(1,008)
Deferred tax recognised in statement of financial position	727,570	553,637

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

		2018	2017
26	**Interest-bearing loans and borrowings**	N'000	N'000
	Non-current (Note 26.1)	9,184,913	3,042,796
	Current (Note 26.2)	1,828,943	6,290,303
	Total interest-bearing loans and borrowings	**11,013,856**	**9,333,099**

26.1 Interest-bearing loans and borrowings (Non-current)

	Interest rate %	Maturity	2018 N'000	2017 N'000
N11,500,000,000 bank loan	18	22 Apr 2026	9,184,913	2,042,796
N1,000,000,000 bank loan	18	22 July 2022	-	1,000,000
Total non-current interest-bearing loans and borrowings			9,184,913	3,042,796

26.2 Interest-bearing loans and borrowings (Current)

	Interest rate %	Maturity	2018 N'000	2017 N'000
N11,500,000,000 bank loan	18	22 Apr 2026	1,829,437	406,250
Bank overdraft			494	5,884,053
Total current interest-bearing loans and borrowings			1,828,943	6,290,303

26.3 Borrowing details

	2018	2017
At 1 January	3,449,046	7,726,587
Addition during the year	7,859,254	-
Repayment	(294,938)	(4,277,539)
	11,013,362	3,449,046
Bank overdraft (Note 21)	494	5,884,053
At 31 December	**11,013,856**	**9,333,099**

The term-loans are obtained from United Bank of Africa Plc for 120 months with 24 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 ₦3 billion

c). APG from contractors paid in advance

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

27. 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 2018 (2017: N22.39 million).

Compensation of the key management personnel	2018 N'000	2017 N'000
Executive Director's salary	52,458	52,458
Fees paid for meetings attended	7,050	5,500
Other emoluments	13,460	11,977
	----------	----------
Short term employment benefits	72,968	69,935
Post-employment benefits	1,360	1,360
	-----------	----------
Total compensation paid to the key management personnel	74,328	71,295
	======	=====
Highest paid Director	53,818	53,818
	======	=====

The number of Directors excluding the Chairman whose emoluments fell within the following ranges were:-

	2018 Number	2017 Number
Up to N2,200,000	-	-
N2,200,001 – N10,200,000	4	4
N10,200,001 and above	1	1
	------	------
	5	5
	===	===

28. Information relating to employees

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

	2018 Numbers	2017 Numbers
Executive office	2	2
Project management office	1	1
Facilities management and projects	23	23
Technical consultancy	5	5
Business development	4	4
Other business support	7	8
	42	43

	2018 '000	2017 '000
Salaries and wages including staff bonuses	433,539	255,950
Contributions to pension scheme	12,292	18,245
	445,831	274,195

(b) 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**	**2018** Numbers	**2017** Numbers
420,001 –	900,000	-	-
900,001 –	2,000,000	3	3
2,000,001 –	4,000,000	5	6
4,000,001 –	6,000,000	6	10
6,000,001 –	8,000,000	19	16
Above 8,000,001		9	8
		42	**43**

29. Litigation and claims

There is a contingent liability in respect of a legal action against the Company for amount of N100 million (2017: 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.

30. Capital commitments

The company had no capital commitment as at 31 December 2018 (2017: Nil).

31. 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 & 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 AFS 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, Risk & General-Purpose Committee (FRGPC) on a quarterly basis.

The company is not materially exposure to interest rate risk at the end of the reporting period.

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 N1.081 billion (2017: N747 million). A decrease of 5% on the Nigerian Stock Exchange market index could have an impact of approximately N54.08 million (2017: N37.35 million) on the income or equity attributable to the Company, depending on whether the decline is significant or prolonged. An increase of 5% in the value of the listed securities would only impact equity, but would not have an effect on profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

31.Financial instrument's risk management objectives and policies – Continued

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 Entitys and financial institutions, and other financial instruments.

Credit risk is monitored by the entity's Finance 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. The credit quality review process aims to allow the Entity assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

Trading relationships

The Entity's trading relationship and counterparties comprise Banks, Oil & Gas, Manufacturing and Individuals. For these relationships, the Entity's credit risk 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 Business Development unit subject to the Entity'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 and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

31. 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 trade receivables and contract assets using a provision matrix:

	Current	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-365 days	>365 days	Total
31-Dec-18	₦	₦	₦	₦	₦	₦	₦	₦	₦
Expected credit loss rate	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	100%	
Estimated total gross carrying amount at default	38,775,417	536,119,272	37,404,517	11,739,965	29,042,678	29,141,678	527,238,739	-	1,209,462,266
Expected credit loss	162,125	2,241,588	156,393	49,086	121,431	121,845	2,204,457	-	5,056,925
Expected credit loss rate	1.24%	1.30%	4.02%	4.02%	4.02%	4.02%	4.02%	100%	-
Estimated total gross carrying amount at default	194,401,653	19,190,541	76,118,601	29,191,929	43,208,977	-	-	-	362,111,701
Expected credit loss	2,417,298	250,340	3,062,485	1,174,481	1,738,430	-	-	-	8,643,034

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

In thousands of Naira	2018	2017
Balance as at 1 January 2018 under IAS 39	-	-
Adjustment upon application of IFRS 9	-	8,643,034
Balance as at 1 January 2018 / 1 January 2017– As restated	**8,643,034**	8,643,034
Provision for expected credit losses	5,056,925	-
Reversals	(3,586,109)	-
Balance at 31 December	5,056,925	8,643,034

31. Financial instrument's risk management objectives and policies – Continued

Credit risk - Continued

	Lease receivables									
	Days past due									
	Contract assets	Current	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-365 days	>365 days	Total
31-Dec-18	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
Expected credit loss rate		3.38%	3.38%	4.21%	4.60%	5.37%	5.37%	5.47%	100%	
Estimated total gross carrying amount at default	-	1,131,628	1,131,628	1,153,737	8,006,612	809,961	890,769	57,361,639	-	70,485,974
Expected credit loss	-	38,240	38,240	48,602	368,434	43,529	47,872	3,139,543	-	3,724,460
31-Dec-17										
Expected credit loss rate		6.82%	6.82%	7.65%	8.04%	8.81%	8.81%	8.91%	100%	
Estimated total gross	-									-
carrying amount at default	-	5,053,783	4,903,783	2,003,783	1,633,333	-	1,300,000	50,734,196	-	65,628,878
Expected credit loss	-	344,605	334,376	153,331	131,339	-	114,578	4,521,815	-	5,600,044

31. Financial instrument's risk management objectives and policies – Continued

Credit risk – Continued

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

	Afriland Properties Plc.	
In thousands of Naira	2018	2017
Balance as at 1 January 2018 under IAS 39	-	-
Adjustment upon application of IFRS 9	-	5,600,044
Balance as at 1 January– as restated	**5,600,044**	**5,600,044**
Provision for expected credit losses	3,724,460	-
Reversals	(1,875,584)	-
Balance at 31 December	3,724,460	5,600,044

Expected credit loss measurement - other financial assets

The Company applied the general approach in computing expected credit losses (ECL) for intercompany 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.

31. **Financial instrument's risk management objectives and policies – Continued**

Credit risk - Continued

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 3 Summary of significant accounting policies and in Note 2e 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 credit risk department verifies the accuracy of inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Company's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2017 and 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

31. Financial instrument's risk management objectives and policies – Continued

Credit risk - Continued

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.

Key drivers

EDTF 3	**ELC**						
	Scenario	**2019**	**2020**	**2021**	**2022**	**2023**	**Subsequent years**
GDP growth							
	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
Oil Price %							
	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
Exchange rate %							
	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
Inflation rate %							
	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

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

31. Financial instrument's risk management objectives and policies – Continued

Credit risk - Continued

1 January, 2018
ECL

	Scenario	2018	2019	2020	2021	2022	Subsequent years
GDP growth							
	Upturn	0.23	0.26	0.29	0.32	0.35	0.38
	Base	0.20	0.20	19.00	0.15	0.16	0.14
	Downturn	0.17	0.14	0.11	0.08	0.05	0.02
Oil Price %							
	Upturn	53.00	56.00	59.00	62.00	65.00	68.00
	Base	50.00	55.00	57.00	62.00	54.00	56.00
	Downturn	47.00	44.00	41.00	38.00	35.00	32.00
Exchange rate %							
	Upturn	185.00	180.00	175.00	170.00	165.00	160.00
	Base	190.00	199.50	209.48	219.95	230.95	242.49
	Downturn	195.00	204.75	214.99	225.74	237.02	248.87
Inflation rate %							
	Upturn	28.00	26.00	24.00	22.00	20.00	18.00
	Base	30.00	31.00	32.00	33.00	34.00	35.00
	Downturn	32.00	34.00	36.00	38.00	40.00	42.00

The following tables out line the impact of multiple scenarios on the allowance:

31-Dec-18

	Short-term deposits	Staff Loan receivables	Total
Upside(11%)	71,531	18,619	90,151
Base (80%)	520,225	135,417	655,643
Downturn(9%)	58,525	15,234	73,760
Total	650,28	169,272	819,554

31. Financial instrument's risk management objectives and policies – Continued

Credit risk - Continued

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 internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Impairment allowance for Staff loans			2018			2017
External grading system	*Stage 1 Individual*	*Stage 2 Individual*	*Stage 3 Individual*	*POCI*	*Total*	*Total*
	N	*N*	*N*	*N*	*N*	*N*
Standard grade	169,272	-	-	-	169,272	238,982
	-----------	-----	-----	-------	----------	----------
	169,272	-	-	-	169,272	238,982
	========	====	====	====	======	======

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

31. Financial instrument's risk management objectives and policies – Continued

Credit risk - Continued

Impairment allowance for short term deposits	2018					2017
External grading system	*Stage 1 Individual N*	*Stage 2 Individual N*	*Stage 3 Individual N*	*POCI N*	*Total N*	*Total N*
High grade	650,282	-	-	-	650,282.	-
Non- performing						
Individually impaired	-	-	-	-	-	-
	650,282	-	-	-	650,282	-

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 and Company loans. The Company's policy is that not more than 25% of borrowings should mature in the next 12-month period. Approximately 10% of the Company's debt will mature in less than one year at 31 December 2018 (2017: 11%) 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.

31. Financial instrument's risk management objectives and policies – Continued

Credit risk - Continued

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:

Afriland Properties Plc

Year ended 31 December 2018	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total days**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Interest-bearing loans and	1,828,943	-	-	9,184,913	-	11,013,856
Trade and other payables	2,112,766	-	-	-	-	2,112,766
	3,941,709	-	-	9,184,913	-	13,126,622

Year ended 31 December 2017	**On**	**Less than**	**3 to 12**	**1 to 5**	**> 5 years**	**Total**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Interest-bearing loans and	5,442,199	-	848,104	3,042,796	-	9,333,099
Trade and other payables	2,097,633	-	-	-	-	2,097,633
	7,539,832	-	848,104	3,042,796	-	11,430,732

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NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

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 throug h the use of bank deposits and possibly loans in the future.

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

In thousands of Naira

As at 31 December 2018	Carrying amount	On demand	Between 2 months and 1 year	Between 1 and 5 years
Financial liabilities				
Trade payables	177,988	177,988	-	-
Rentals received for third parties	217,168	217,168	-	-
Service charge payable	34,848	34,848	-	-
Accruals and other payables	1,175,143	1,682,596	-	-
Interest-bearing loans and borrowings	11,013,856	1,828,943	993,428	7,341,893

In thousands of Naira

As at 31 December 2017	Carrying amount	On demand	Between 2 months and 1 year	Between 1 and 5 years
Financial liabilities				
Trade payables	156,550	156,550	-	-
Rentals received for third parties	712,169	712,169	-	-
Service charge payable	52,127	52,127	-	-
Accruals and other payables	728,340	995,212	-	-
Interest-bearing loans and borrowings	9,333,099	5,884,053	848,104	4,320,228

32. Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments tha t are carried at fair value in the financial statements.

In thousands of Naira

As at 31 December 2018	**Carrying amount**	**Fair value**
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

32. Fair values - Continued

In thousands of Naira

As at 31 December 2017	Carrying amount	Fair value
Financial assets		
Equity instrument measured at fair value through OCI	1,081,500	1,081,500
Financial liabilities		
Interest-bearing loans and borrowings	9,333,099	8,868,944

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 sh ort-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.

32. Fair value measurement

Fair value hierarchy for financial instruments measured at fair value as at 31 December 2018:

In thousands of Naira

As at 31 December 2018	Total	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value				
Investment properties	10,132,032			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	10,549,701	-	10,549,701	

In thousands of Naira

As at 31 December 2017	Total	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value				
Investment properties	8,846,418			8,846,418
Equity instrument measured at fair value through OCI	1,081,500	1,081,500		
Liabilities for which fair value is disclosed				
Interest-bearing loans and borrowings	8,868,944	-	8,868,944	

There have been no transfers between the Levels during the year ended 31 December 2018 (2017: Nil). The fair values of the AFS financial assets are derived from quoted market prices in active m arkets. 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 disc losed on Note 32.

33. 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.

	2018 N'000	2017 N'000
Interest-bearing loans and borrowings (Note 26)	11,013,856	9,333,099
Trade and other payables (Note 23)	2,112,766	2,094,384
Less: cash and short-term deposits (Note 21)	(2,914,524)	(736,234)
Net debt	10,212,098	10,691,249
Total equity	7,552,472	**7,188,396**
Capital and net debt	**17,764,570**	**17,879,645**
Net Debt to equity (%)	57.5%	59.8%

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 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

35. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

35. Segment information – Continued

Segment information is presented in respect of the Company's business segments. The primary format, business segments, is based on the Company's management and internal reporting structure.

Business segments:

In thousands of Naira

	Facilities management		*Project development*		*Business Development*		*Others*		*Total*	
Income:	***2018***	***2017***	***2018***	***2017***	***2018***	***2017***	***2018***	***2017***	***2018***	***2017***
Revenue	*50,346*	*66,375*	*680,454*	*547,474*	*504,236*	*607,766*	*64,492*	*53,972*	*1,299,528*	*1,275,587*
Other operating	*190*	*497*	*2,370*	*4,088*	*1,943*	*4,549*	*237*	*413*	*4,740*	*9,547*
Net gain on	*12,984*	*18,282*	*162,298*	*150,790*	*133,084*	*167,397*	*16,230*	*14,866*	*324,596*	*351,335*
Finance Income	*63,962*	*48,697*	*799,523*	*401,664*	*655,609*	*445,898*	*79,952*	*39,598*	*1,599,046*	*935,857*
Total income	***127,481***	***133,851***	***1,644,645***	***1,104,016***	***1,294,873***	***1,225,610***	***160,911***	***108,849***	***3,227,910***	***2,572,326***
Expenses:										
Administrative	*(32,214)*	*(31,957)*	*(402,677)*	*(274,840*	*(330,195)*	*(306,795)*	*(40,268)*	*(25,566)*	*(805,353)*	*(639,158)*
Finance cost	*(60,284)*	*(45,384)*	*(753,548)*	*(376,141)*	*(617,909)*	*(417,399)*	*(75,355)*	*(37,821)*	*(1,507,095)*	*(876,745)*
Other cost	*(6,660)*	*17,315*	*(83,250)*	*143,507*	*(68,265)*	*159,248*	*(8,325)*	*14,430*	*(166,500)*	*334,500*
Total expenses	***(99,158)***	***(60,026)***	***(1,239,474)***	***(507,474)***	***(1,016,369)***	***-564,946***	***-123,947***	***-49,957***	***(2,478,948)***	***(1,181,403)***
Profit before	*34,983*	*52,821*	*488,421*	*454,262*	*346,769*	*507,083*	*45,289*	*42,257*	*915,462*	*1,056,423*
Income tax	*(9,321)*	*(1,778)*	*(116,507*	*(15,292)*	*(95,536)*	*(17,070)*	*(11,651)*	*(1,423)*	*(233,014)*	*-35,563*
Profit after taxation	*25,663*	*51,043*	*371,914*	*438,970*	*251,233*	*490,013*	*33,638*	*40,834*	*682,448*	*1,020,860*
Assets and										
Total tangible	*973,905*	*961,523*	*12,173,818*	*8,269,102*	*9,982,531*	*9,230,626*	*1,217,382*	*769,219*	*24,347,636*	*19,230,470*
Intangible assets	*22,656*	*39,483*	*283,194*	*287,665*	*232,219*	*197,416*	*28,319*	*39,483*	*566,388*	*564,047*
Total assets	*996,561*	*1,001,006*	*12,457,012*	*8,556,767*	*10,214,750*	*9,428,042*	*1,245,701*	*808,702*	*24,914,024*	*19,794,517*
Total liabilities	*694,462*	*630,306*	*8,680,776*	*5,420,632*	*7,118,236*	*6,050,938*	*868,078*	*504,245*	*17,361,552*	*12,606,121*
Net assets	*302,099*	*359,420*	*3,776,236*	*3,091,010*	*3,096,514*	*3,450,430*	*377,624*	*287,536*	*7,552,472*	*7,188,396*

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

35. Segment information – Continued

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities.

	2018 N'000	2017 N'000
Revenue		
Total revenue for reportable segments	1,299,528	1,275,587
Elimination of inter-segment revenue	-	-
Total Company Revenue	**1,299,528**	**1,275,587**
Profit or Loss		
Profit before taxation for reportable segments	915,462	1,056,423
Elimination of inter-segment profit or loss	-	-
Total Company Profit or Loss	**915,462**	**1,056,423**
Assets		
Total assets of reportable segment	24,914,024	19,794,517
Elimination of inter-segment assets	-	-
Total Company Assets	**24,914,024**	**19,794,517**
Liabilities		
Total liabilities of reportable segment	17,361,552	12,606,121
Elimination of inter-segment liabilities	-	-
Total Company Liabilities	**17,361,552**	**12,606,121**

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

	2018 N'000	2017 N'000
Revenue	**1,299,528**	**1,275,587**

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

Non- current operating assets in Nigeria	2018 N'000	2017 N'000
Total non-current assets	**12,407,954**	**10,816,482**

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

NOTES TO THE FINANCIAL STATEMENTS - (Contd.)

36. 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 2018

	2018 '000		2017 N'000	
Net operating income	1,299,528		1,275,587	
Cost of services – Local	(336,746)		(1,223,330)	
	962,782		52,257	
Other operating income	4,740		9,547	
Finance income	91,951		935,857	
Profit on disposal of investment properties	37,150		68,388	
Valuation gains from investment properties	287,446		282,947	
Value added	**1,384,069**		**1,348,996**	
Applied as follows:				
		%		%
To employees:				
- as salaries and labour related expenses	445,831	27	274,195	20
To Government:				
- as company taxes	59,081	10	110,223	8
Retained for the company's future:				
- for assets replacement (Depreciation and amortisation)	22,776	1	18,378	1
- deferred taxation	173,933	-	(74,660)	(6)
- profit for the year	682,448	62	1,020,860	77
	1,384,069	**100**	**1,348,996**	**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.

FIVE-YEAR FINANCIAL SUMMARY

	2018	2017	2016	2015	2014
	₦'000	₦'000	₦'000	₦'000	₦'000
Statement of financial position					
Assets and liabilities:					
Property, plant and equipment	454,743	321,110	270,022	280,945	275,680
Investment properties	10,451,015	8,846,418	7,875,219	6,005,250	3,467,980
Intangible assets	566,388	564,046	562,669	852,105	853,779
Available-for-sale financial assets	915,000	1,081,500	747,000	870,000	1,500,000
Prepayment (non-current)	20,808	3,408	4,650	5,200	10,400
Net current assets / (liabilities)	5,057,001	(1,653)	(86,774)	1,042,693	910,114
Deferred income (non-current)	-	(30,000)	-	(71,733)	(67,648)
Deferred tax liabilities	(727,570)	(553,637)	(628,297)	(476,842)	(164,523)
Interest-bearing loans and borrowings (non-current)	(9,184,913)	(3,042,796)	(2,878,556)	(2,449,046)	(1,381,110)
	7,552,472	7,188,396	5,865,933	6,058,571	5,404,672
Shareholders' fund					
Issued share capital	686,950	686,950	624,500	624,500	624,500
Share premium	2,944,271	2,944,271	3,039,618	3,039,618	3,039,618
Available-for-sale reserve	168,000	334,500	-	-	-
Retained earnings	3,753,251	3,222,675	2,201,815	2,394,453	1,740,554
	7,552,472	7,188,396	5,865,933	6,058,571	5,404,672
Revenue	1,299,528	1,275,587	1,147,326	1,353,188	1,090,436
Profit before taxation	915,462	1,056,423	540,359	1,726,259	1,744,958
Income tax expense	(233,014)	(35,563)	(233,397)	(572,760)	(235,729)
Profit after taxation	682,448	1,020,860	306,962	1,153,499	1,509,229
Basic earnings per share (Naira)	₦0.50	₦0.74	₦0.25	₦0.92	₦1.21
Diluted earnings per share (Naira)	₦0.50	₦0.74	₦0.22	₦0.92	₦1.21

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the sixth Annual General Meeting ("AGM") of Afriland Properties Plc (the "Company") will hold on **Tuesday, March 26, 2019** at **The Federal Palace Hotel, Victoria Island, Lagos**, at **10:00 a.m.** to transact the following business:

ORDINARY BUSINESS

1. To lay before the members, the Audited Financial Statements for the year ended 31 December 2018, together with the Reports of the Directors, Auditors and Audit Committee thereon.

2. To declare dividend.

3. To ratify the appointment of Mrs Agatha Obiekwugo as a Non-Executive Director of the Company.

4. To re-elect the following Directors retiring by rotation:
4.1 Mr. Emmanuel N. Nnorom
4.2 Ms. Olayinka Ogunsulire

5. To authorize the Directors to fix the remuneration of the Auditors for 2019 financial year.

6. To elect members of the Statutory Audit Committee.

SPECIAL BUSINESS

7. To consider, and if thought fit, pass the following as an ordinary resolution:

   "That the remuneration of the Non-Executive Directors be and is hereby fixed at the sum of N26,000,000 (Twenty-Six Million Naira only) for the year ending December 31, 2019. Such payments to be effective from January 1, 2019."

Dated this 25th day of February 2019

By Order of the Board

FUNMILOLA SULEIMAN
FRC/2019/NBA/00000019130
Company Secretary

NOTES

1. PROXY

A member entitled to attend and vote at the AGM is 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 to be valid, a completed and duly stamped proxy form must be deposited at the office of the Company's Registrars, Africa Prudential Plc, No. 220B Ikorodu Road, Palmgrove, Lagos not later than 48 hours before the time fixed for the meeting. A blank proxy form is attached to the Annual Report.

NOTICE OF ANNUAL GENERAL MEETING (Contd.)

2. CLOSURE OF REGISTER

The Register of Members and Transfer Books will be closed from Wednesday, March 6, 2019 to Tuesday, March 12, 2019 both days inclusive for the purpose of updating the Register of Members.

3. DIVIDEND

The Directors have recommended the declaration of a dividend of 5 kobo per share. If the dividend recommended by Directors is approved, dividend warrants will be posted on March 28, 2019 to all shareholders whose names appear in the Company's Register of Members at the close of business on Tuesday, March 5, 2019.

4. NOMINATION OF MEMBERS OF THE AUDIT COMMITTEE

Pursuant to Section 359(5) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 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. The Securities and Exchange Commission's, Code of Corporate Governance provides that members of the Audit Committee should have basic financial literacy and should be able to read financial statements. We therefore request that nominations be accompanied by a copy of the nominee's curriculum vitae.

5. E-DIVIDEND

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 expeditiously.

6. E-REPORT

In order to improve delivery of our Annual Report, we have inserted a detachable form to the Annual Report and hereby request Shareholders to complete and return the form to the Registrars for further processing.

In addition, the electronic version of the Annual Report, 2018 is available online for viewing and download from our website at www.afrilandproperties.com

7. UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES

Shareholders are hereby informed that a number of share certificates and dividend warrants have been returned to the Registrars as unclaimed. Any shareholder affected by this notice is advised to contact the Company's Registrars, Africa Prudential Plc, 220B Ikorodu Road, Palmgrove, Lagos to lay claim.

PROXY FORM

Proxy Form

Annual General Meeting of Afriland Properties Plc

I/We____
Being a member/members of Afriland Properties Plc, hereby appoint**
____
____
____

(block capitals please)

or failing him/her, the Chairman of the meeting as my/our proxy to act and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, March 26, 2019 or at any adjournment thereof.

Dated this ______day of ________________ 2019

Shareholder's Signature:________________

NOTE:
Please sign this proxy form and deliver or post it to reach the registered office of the Registrar, Africa Prudential Plc, No. 220B, Ikorodu Road, Palmgrove, Lagos, not later than 48 hours before the meeting and ensure that the proxy form is dated, signed and stamped by the Commissioner for Stamp Duties.

Provision has been made on this form for the Chairman of the meeting to act as your proxy, but if you wish, you may insert in the blank space on the form (marked)** the name of any person, whether a member of the Company or not, who will attend the meeting and vote on your behalf instead of the Chairman of the meeting.

If the shareholder is a Corporation, this form must be under its common seal or under the hand of a duly authorised officer or attorney.

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, March 26, 2019.

	Resolution	For	Against	Abstain
1	To lay before the members, the Audited Financial Statements for the year ended 31 December 2018, together with the Reports of the Directors, Auditors and Audit Committee thereon.			
2	To declare a dividend.			
3	To ratify the appointment of Mrs. Agatha Obiekwugo as a Non-Executive Director of the Company.			
4	To re-elect the following Directors retiring by rotation:			
	4.1 Mr. Emmanuel N. Nnorom			
	4.2 Ms. Olayinka Ogunsulire			
5	To authorize the Directors to fix the remuneration of the Auditors.			
6	To elect members of the Statutory Audit Committee.			
7	To consider, and if thought fit, pass the following as an ordinary resolution: "That the remuneration of the Non-Executive Directors be and is hereby fixed at the sum of N26,000,000 (Twenty-Six Million Naira only) for the year ending December 31, 2019. Such payments to be effective from January 1, 2019."			

Please indicate by marking "X" in the appropriate space, how you wish your votes to be cast on the resolutions set out above, unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.

ADMISSION CARD

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

ANNUAL GENERAL MEETING
Afriland Properties Plc (RC 684746)

Please admit the shareholder named on this card or his duly appointed proxy to the Annual General Meeting of the company to be held at the Balmoral Hall, Federal Palace Hotel, Ahmadu Bello Street, Victoria Island, Lagos at 10:00 am on Tuesday, March 26, 2019.

Name and address of Shareholder:____
____

Account number: ______________________ No. of shares held____________________ Shareholder's signature_____________________

Signature

Funmilola Suleiman
Company Secretary

Please tick appropriate box before Admission to the meeting

☐ *Proxy*

☐ *Shareholder*

This card is to be signed at the venue in the presence of the Registrar.

E-DIVIDEND MANDATE FORM

Africa Prudential
RC 649007

Affix Current Passport

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 ☐

Surname/Company's Name | First Name | Other Name

Address

City | State | Country

Previous Address (if any)

Clearing House Number (CHN) (if any) C | Name of Stockbroking Firm

Mobile Telephone 1 | Mobile Telephone 2

E-mail Address

Signature: | Signature: (Joint/Company's Signatories) | Company Seal (if applicable)

DISCLAIMER
"In no event shall Africa Prudential Plc be liable for any damages , losses or liabilities including without limitation, direct or indirect, special, inciden tal, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advice us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."

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

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

OTHERS:

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos. Tel: 07080606400
ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja. Tel: 09-2900873
PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2. Tel: 084-303457
E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

SHAREHOLDERS' DATA UPDATE FORM

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

Signature:

Signature:

Joint/Company's Signatories

Company Seal *(if applicable)*

DISCLAIMER

"In no event shall Africa Prudential Plc be liable for any damages , losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advice us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."

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

CLIENTELE

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

OTHERS:

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos. Tel: 07080606400
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E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

E-SHARE REGISTRATION APPLICATION FORM

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.:
7. SEX: MALE FEMALE
8. ALTERNATE MOBILE NO.:
9. *POSTAL ADDRESS:
10. CSCS CLEARING HOUSE NO.: C
11. NAME OF STOCKBROKER:

DECLARATION

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

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

Joint/Company's Signatories

DISCLAIMER

"In no event shall Africa Prudential Plc be liable for any damages , losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advice us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."

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

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

FULL DEMATERIALISATION FORM

Africa Prudential

FULL DEMATERIALIZATION FORM FOR MIGRATION

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

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

Affix recent passport photograph

USE GUM ONLY NO STAPLE PINS

SECTION A:

SHAREHOLDER'S FULL NAMES: ________
Surname *First Name* *Middle Name*

ADDRESS: ________

GSM NUMBER: ________ **E-MAIL:** ________

GENER: Male ☐ Female ☐ **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
1.		
2.		
3.		

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

S/N	CERTIFICATE NO. (IF ANY)	UNITS
4.		
5.		
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 to keep the company and /or the Registrar or other persons acting on their behalf fully indemnified against all actions, proceedings, Liabilities, claims, losses, damages, costs and 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.

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

Company Seal

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

CORPORATE INFORMATION

Company Registration Number:	**RC: 684746**
Registered Office	Afriland Properties Plc 223 Etim Inyang Crescent Victoria Island, Lagos
Board of Directors	

	Name	Position
	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

ADDRESS

223, Etim Inyang Crescent,
Victoria Island, Lagos

WEBSITE

www.afrilandproperties.com

TELEPHONE

01-6310480-1

EMAIL

info@afrilandproperties.com

AFRILAND PROPERTIES