AFRILAND
PROPERTIES

2016 Annual Report and Accounts

Ideas to Actualization

AFRILAND PROPERTIES PLC
RC:684746

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DIRECTORS AND OTHER CORPORATE INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2016

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	Uzoamaka Oshogwe	Chief Executive Officer
	Olayinka Ogunsulire	Independent Director
	Ike Ogbue	Non-Executive Director
	Samuel Nwanze	Non-Executive Director
	Emmanuel Nnorom	Non-Executive Director

SECRETARY Obong Idiong

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)
5th Floor, 21 Boyle Street
Onikan, Lagos.

REGISTRAR
Africa Prudential Registrars Plc
220B, Ikorodu Road
Palmgrove
Lagos.

VISION & MISSION STATEMENTS

Our Vision:

To be Africa's leading Real Estate Company that creates long term value for all stakeholders.

Our Mission

To deliver world class services and developments by leveraging global best practices, strategic partnerships, excellence and innovation.

Who We Are

Afriland Properties Plc. ("Afriland" or the "Company") was incorporated as a private limited liability Company on March 14, 2007 and is headquartered in Lagos, Nigeria with other satellite locations in Abuja, Port-Harcourt, Benin and Ibadan.

The Company is a Nigerian based property management, investment and development company offering end-to-end services along the real estate value chain; from management to joint venture investments. With 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.

Afriland was borne out of United Bank for Africa Plc's ("UBA") decision to evolve into a commercial bank ring fenced from all other non-commercial banking activities. As a result of the restructuring, the Company owns all the excess real estate assets of UBA, via the execution of instruments transferring such assets.

The Company aims is to provide adequate infrastructural development as well as to fully optimize and commercialize its existing real estate portfolio. Afriland targets two key customer segments; Residential and Commercial.

H.E.I.R.S

Hardwork

- Passionate about extraordinary results
- Discipline
- Commitment to excellence

Emotional Intelligence

- Self-awareness and emotional self-control
- Respect for others

Integrity

- Delivering on your promise
- Exceeding expectations
- Living the brand

Resilience

- Can do Spirit
- Breakthrough thinking
- Following-through to ensure results

Synergy

- Collaborating with colleagues
- Leveraging group relationships

31 December	2016 ₦'000	2015 ₦'000
Operating profit	**925,004**	**2,326,207**
	======	=====
Profit before taxation	**540,359**	**1,726,259**
Taxation	**(233,397)**	**(572,760)**
	--------------	---------------
Profit after taxation	**306,962**	**1,153,499**
	======	======
Earnings per share	**₦0.25**	**₦0.92**
	======	=====

31 December	2016 ₦'000	2015 ₦'000
Total assets	**16,774,599**	**15,274,185**
	======	======
Total equity	5,865,933	6,058,571
	======	======

Erelu Angela Adebayo
Chairman

Erelu Angela Adebayo is the Chairman of Afriland Properties Plc. Born in the United Kingdom, she holds a BSc with honours in Social Science, an MBA, as well as a MPhil (Cantab) in Land Economy from the University of Cambridge.

She has cut her niche in the banking and real estate sectors of the economy. She is currently a Director in a leading real estate company and sits on the board of several companies including DN Meyer Plc, and Dangote Foundation.

Erelu was the first lady of Ekiti State between 1999-2003. She is a traditional chieftaincy titles holder in Ekiti State, (Aare Erelu of Ado Ekiti and Erelu of Iyin Ekiti.

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.

Prior to joining UBA Properties, Uzo worked with UBA PLC, Ford Motors UK, J.Sainbury's UK and Accenture UK.

Olayinka Ogunsulire
Non-Executive Director

Olayinka Ogunsulire, who is regarded as one of the leading property development professionals in Nigeria, was the past Chief Executive Officer of Heirs Real Estate and 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.

Samuel Nwanze
Non-Executive Director

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

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

Ike Ogbue
Non-Executive Director

Ike Ogbue RIBA is a British-trained Architect, Designer and Project Manager with more than 25 years of practice in the profession.

In the UK, he worked for Kohn Pedersen Fox, Candy & Candy, Building Design Partnership, and Terry Farrell on projects in Dubai, Monaco and in cities across the UK and Europe, including high-end residential projects, mixed-use developments, offices, retail malls, and an 850-bed acute care facility.

In Nigeria, he has established an architectural and project-management practice. His practice has produced designs and executed projects in London, and across West Africa, from a boutique hotel in Liberia through a retail mall in Ghana, right up to a hospital, and a medical clinic here in Nigeria. He has also managed the design and construction of several corporate headquarters and hotels.

Emmanuel Nnorom
Non-Executive Director

Emmanuel is currently the President/CEO of Transnational Corporation of Nigeria Plc. Prior to joining Transcorp, he served as the President/COO of Heirs Holdings Group 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's Group 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.

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).

Mutiu Bakare
Chief Financial Officer

Mutiu Bakare is an astute finance professional with over 12 years' experience in Finance Management. He holds a B.sc in Accounting from the Obafemi Awolowo University , Ile Ife, Osun state, an MBA from the University of Leicester, UK and an M.Sc. in Finance and Investment from the University of Leeds, UK. He is a fellow of the Institute of Chartered Accountants of Nigeria.

Mutiu started his career in Finance with Akintola Williams Deloitte. He has also worked with KPMG Nigeria and recently with Shell Nigeria Closed Pension Fund Administrators Ltd.

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 18 African countries where UBA is currently operational.

Eneni 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 years' experience in Engineering, construction, and management.

Sunday Nwokeoji
Head, Technical Consultancy

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

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

Obong Idiong
Company Secretary

Obong Idiong is the Company Secretary/Legal Adviser. A legal practitioner with over 13 years of experience in the Banking and Financial Industry and commercial practice, Obong is a member of the Nigerian Bar Association as well as the Society of Corporate Governance of Nigeria.

He holds an LL.M degree in International Finance and Business Law from the University of Liverpool, an MBA from the Lagos State University, an LL.B from the University of Calabar, and a Bachelor of Law degree from the Nigerian Law School, Lagos.

Dearest Shareholders,

I am pleased to welcome you to the fourth Annual General Meeting of your Company to present to you, the annual reports and financial statements for the year ended 31 December, 2016.

On behalf of the Board of Directors, I am truly thankful for your support to the Board and Management of your Company throughout the financial year under review.

This report will focus on the operating environment during 2016, your Company's financial performance during the year as well as our activities and projections for 2017 fiscal year.

The Global Environment

The global economy in 2016 was largely affected by the presidential election in the US, the BREXIT vote resulting in Britain leaving the European Union and the slow recovery in oil prices. These events heightened policy uncertainty which depressed the world economic activities. Global growth was estimated to have fallen to 2.3 percent in 2016, the weakest performance since the global financial crisis, and this is expected to rise to 2.7 percent in 2017.

The continued failure of commodity prices to recover significantly and the global slowdown of economic growth made 2016 a tumultuous year for many African economies. Economic growth in Sub-Saharan Africa slowed further to 1.5 percent in 2016 from 3.1 percent in 2015. This was noted to be the worst performance in over 20 years. Low commodity prices, weak external demand, drought, and security problems continued to take a toll on activity in the region.

The Local Economy

2016 was a very challenging year for companies operating in the Nigerian economy. During the year, the economy went into recession. This was further complicated with high inflation, energy and other infrastructural challenges and escalating foreign exchange rates. The reduced crude oil price together with the disruptive activities of militants in the Niger Delta significantly affected the Nigerian economy as it is largely dependent on oil revenues. Most importantly, the economy witnessed a high supply gap in the foreign exchange market as demand for foreign currency outpaced supply. As a result of this gap, there was immense pressure on the Naira, resulting in volatility and uncertainty in the foreign exchange market.

In the capital market, the All-Share Index (ASI) closed the year lower at 26,782.93 from an opening figure of 28,642.15, representing a 6.49 per cent decline. Similarly, market capitalization for listed equities was down in value to close the year at N9.22 trillion from opening value of N9.85 trillion, representing 6.45 per cent loss. The downward trend was attributed to the gradual exit of foreign portfolio, fall in the price of crude, declining foreign reserves and dwindling Naira value on the foreign exchange market.

The performance of Nigeria's real estate sector in 2016 was largely affected by the events in the larger economy. The mid to high end market of the real estate industry remained stagnant during the year under review. This was due to shortage of corporate clients in the commercial office market as most companies are under pressure from falling revenues on the back of reducing consumer demand, weakening Naira and increasing operation cost. The prices of residential properties equally dropped due to decrease in demand for luxury residential rentals traditionally occupied by multinational companies.

The restrictions on access to foreign exchange had an unfavorable effect on the cost of goods and services in Nigeria. Most importantly, construction cost became very high during the year resulting in the suspension of many prime projects. This also affected foreign capital inflow as issues around foreign exchange liquidity and volatility have led to concerns about the ability to source Dollars to repatriate Naira denominated returns. This came with attendant negative impact on access to funding for property development and finance costs.

Financial Performance and Dividend

The Company's performance during the year was significantly affected by the events in the larger economy. The Company achieved an operating income of N0.92 billion for the financial year ended 31 December, 2016. This represents 60 percent reduction from what was achieved in 2015. The reduced income is attributable primarily to the decreased level (83%) of valuation gain as a result of the plummeting price of properties in Nigeria. The profit before tax (PBT) and profit after tax (PAT) are N0.54 billion and N0.31 billion respectively. These represent 69% and 74% reduction respectively when compared to prior year. However, your company continues to maintain a strong asset base with total assets growing by 10% to N16.77 billion from N15.27 billion in the prior year.

In the light of the Company's performance in 2016, the Board, unfortunately will not be recommending the payment of dividend for the year under review. However, the Board is proposing a bonus issue of 1 ordinary share for 10 ordinary shares held by shareholders. This is keeping with its three-year track record of declaring returns to shareholders since its first ever dividend payout in respect of 2014 financial year. We hereby request your consideration and approval of this bonus proposal. We will continue to strike a good balance between our obligations of rewarding shareholders and the need to retain earnings to finance future reinvestments in your Company's operations.

Activities during the year

In spite of the challenges in our operating environment, the Company continued its ongoing projects and commenced some new ones in 2016. The renovation of Raymond House into a world class business office significantly progressed in 2016, and is expected to be completed within the next twelve (12) months. Work is far advanced on our lock-up shops 'Afrishop' located at Egbeda-Idimu and Abule Egba. These are expected to be delivered by the third quarter of 2017. The Company had over 70 client projects at various stages of completion as at December, 2016. It is important to note that the Company has recorded some progress in discussions with the Lagos State government on the Falomo Shopping Mall.

Outlook for 2017

The decline in the prices of oil provides the Nigerian government with the opportunity to diversify the economy, reduce leakages in the oil and gas industry and pay more attention to other sectors of the economy outside the oil sector. If the government takes advantage of these opportunities, we expect the economy to grow. The outlook for the Nigerian real estate market in 2017 will be largely dependent on the overall performance of the economy as the demand, supply and price of property is 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

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

Conclusion

The Board would like to appreciate Mrs. Uzoamaka Oshogwe, her management team and all our hardworking and enterprising employees, for their dedication to duty and untiring efforts. 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.

In conclusion, I wish to thank you once again, distinguished shareholders, on behalf of the Board of Directors, for your support to the Board and Management of your Company over time. We look to the future with renewed confidence knowing that we have your backing and cooperation.

Erelu Angela Adebayo
Chairman, Board of Directors

Dear Shareholders,

It is with great pleasure that I welcome you all to the Annual General Meeting of our Company, Afriland Properties Plc. During this general meeting, we will evaluate our activities in 2016 and also intimate our highly valued stakeholders of our plans for the 2017 financial year.

All that we achieved in the year under review would not have been possible without our supportive shareholders, our loyal clients, who chose us over competitors, our dedicated staff members and a committed Board of Directors.

In 2016, your Company continued to work towards achieving its business goals and objectives, which include:

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

2016 witnessed a series of events that stalled the Nation's economic growth and made it a challenging year for companies operating within the economy. The decline in global oil prices which started two years back resulted in economic recession for the country. The economy was further worsened by severe exchange rate volatility, increased unemployment rate, high inflation and reduced accretion to the external reserve.

The difficult economic situation, coupled with huge deficit in capital flow, negatively impacted the performance of the real estate industry including your company, Afriland Properties Plc. The impact of this extremely challenging operating environment is reflected in the lower profit after taxation recorded by the Company for 2016 when compared to same period in 2015.

Although the operating environment has been challenging, the Board and Management of the Company are very confident that the strategic initiatives that are now being implemented are set to yield positive results and improve your Company's performance in the coming years. We remain cautiously optimistic about the various measures being undertaken to stimulate the economy and we are closely monitoring these policy measures to ensure that we take advantage of them for an improved performance in the year ahead.

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 our Company's identity and values.

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

2016 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, 2016.

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)
We recorded an operating profit of N0.92 Billion for the financial year ended December 31, 2016 as against N2.33 Billion in 2015. This represents about 60% reduction over 2015. The income stream of the Company includes fees, commission and rental income. We also earned income from the optimization of non-core assets and idle bare-lands.

The Company achieved a profit before tax (PBT) of N0.54 Billion for the financial year ended December 31, 2016. This is 69% lower when compared to N1.73 billion for the year ended December 31, 2015. Profit after tax (PAT) attributable to the Company was N0.31 billion, which is 74% below the position of N1.15 billion for the year ended 31 December, 2015. The reduction in profit over prior year resulted primarily from the lower property valuation gain achieved in 2016.

Financial Position (Assets)
The Company's total assets stood at N16.77 billion as at 31 December, 2016 showing an appreciable increase of 10% from N15.27 billion as at 31 December, 2015. The Shareholders' Funds reduced slightly to N5.86 billion from N6.06 billion representing a decrease of 3%. The decrease in Shareholders' Funds is attributable to interplay between the profit after tax (N0.30 billion) realized in 2016 and the dividend (N0.50 billion) paid during the year.

Key Business Achievements and Overview
During the year under review, we completed new construction and renovation projects nationwide; we progressed renovation work on the Raymond House building; we commenced construction work on Safe Sule residential building; we commenced work on Idimu, Alagbado and Abule-Egba lock-up shops. We also renovated and rented out many of our residential buildings.

Outlook for 2017
While we expect a challenging operating environment in 2017, we have every reason to feel positive about our prospects and we are confident that we will become the 'Go-To' real estate company for all our stakeholders. We also realize that in any economic downturn, there are opportunities. The opportunity here lies in our ability to be creative with our solutions in order to stay relevant and more importantly, profitable.

In the next 12 months, we will complete the upgrade and renovation of the newly acquired Raymond House in Marina, Lagos Sate. This will ensure an optimization of the future rental income from this property. We will also complete construction work on the first batch of our lock-up shops as well as Safe Sule residential project. We plan to develop some of our land and properties for residential and commercial purposes. These include our properties at:

- Waziri Ibrahim, Victoria Island, Lagos
- Ahmed Onibudo, Victoria Island, Lagos
- Lugard Avenue, Ikoyi, Lagos
- Club Road, Ikoyi, Lagos
- Abagana Street, Port Harcourt.
- Akinloye Layout, Bodija, Ibadan

In addition, we are currently in discussion with some tertiary institutions for the development of hostel facilities under BOT arrangements.

Closing

Our sincere and profound appreciation goes to our esteemed and distinguished shareholders, the Board of Directors, the management and staff for their extraordinary commitment, loyalty and support. We continually reiterate our determination to achieve the Company's vision to be Africa's leading Real Estate Company that creates long term value for all stakeholders.

Thank you .

UOshogwe

Uzoamaka Oshogwe
Chief Executive Officer

Afriland Properties Plc ("Afriland" or the "Company") is committed to upholding the highest standards of Corporate Governance through the adoption of a robust Corporate Governance framework, which ensures the promotion of effective governance through the strategic direction and oversight by the Board.

During the year ended December 31, 2016, 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 DCSL Corporate Services 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 international corporate governance best 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 charters during the 2016 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 2016 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 Risk and Governance Committee, the Finance and General Purpose Committee and the Statutory Audit Committee.

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

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

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

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 six (6) members made up of five (5) 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. 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 to Board meetings.

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

2.5 Induction and Training of Directors

The Company has a robust induction programme for newly appointed directors to familiarize the 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 Risk 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 on any situation which may arise. 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 Audit Committee and Risk & Governance Committee meetings.

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 an Internal Audit Policy Manual in place and also driving the continuous updates on such risk management systems to ensure the identification of new risk and ensuring effective risk control.

The Internal Audit function is headed by the Head, Business Assurance & 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.

2.9 Membership of the Board

The Board of Directors of the Company comprised the following as at the end of the year:

Erelu Angela Adebayo	- Chairman
Mrs. Uzoamaka Oshogwe	- Managing Director/CEO
Ms. Olayinka Ogunsulire	- Independent Director
Mr. Ike Ogbue	- Non Executive Director
Mr. Samuel Nwanze	- Non Executive Director
Mr. Emmanuel Nnorom	- Non Executive Director

2.10 Board Meeting Attendance

The table below shows the frequency of meetings of the Board in 2016 and members' attendance:

Directors	Date of Meetings Held	No of meetings attended	Date of meetings not attended
Erelu Angela Adebayo	10th March, 2016 14th June, 2016 14th October, 2016 19th December, 2016	4	N/A
Mrs. Uzoamaka Oshogwe	10th March, 2016 14th June, 2016 14th October, 2016 19th December, 2016	4	N/A
Mr. Samuel Nwanze	10th March, 2016 14th June, 2016 14th October, 2016 19th December, 2016	3	19th December, 2016
Ms. Olayinka Ogunsulire	10th March, 2016 14th June, 2016 14th October, 2016 19th December, 2016	4	N/A
Mr. Ike Ogbue	10th March, 2016 14th June, 2016 14th October, 2016 19th December, 2016	4	N/A
Mr. Emmanuel Nnorom	10th March, 2016 14th June, 2016 14th October, 2016 19th December, 2016	4	N/A

N/A means "Not Applicable"

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.

2.11.1 The Board Committees are as follows:

Risk & Governance Committee

The Risk and Governance Committee (RGC) 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.

- 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.

2.11.2 Membership of the Committee comprises four non-executive directors as follows:

Ms. Olayinka Ogunsulire - Chairman
Mr. Samuel Nwanze - Member
Mr. Ike Ogbue - Member
Mr. Emmanuel Nnorom - Member

The table below shows the frequency of meetings of the RGC in 2016 and members' attendance:

Directors	Date of Meetings Held	Number of meetings attended	Date of meetings not attended
Ms. Olayinka Ogunsulire	7th March, 2016 9th June, 2016 13th November, 2016 13th December, 2016	4	N/A
Mr. Samuel Nwanze	7th March, 2016 9th June, 2016 13th November, 2016 13th December, 2016	3	13th December, 2016
Mr. Ike Ogbue	7th March, 2016 9th June, 2016 13th November, 2016 13th December, 2016	4	N/A
Mr. Emmanuel Nnorom	7th March, 2016 9th June, 2016 13th November, 2016 13th December, 2016	4	N/A

N/A means "Not Applicable"

2.11.3 Finance & General Purpose Committee

The Finance & General Purpose Committee (F&GPC) is tasked with the following terms of reference:

- 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.

2.11.4 Membership of the Committee comprises four non-executive directors and the executive director as follows:

Mr. Samuel Nwanze - Chairman
Mrs. Uzoamaka Oshogwe -Member
Ms. Olayinka Ogunsulire - Member
Mr. Ike Ogbue - Member
Mr. Emmanuel Nnorom - Member

The table below shows the frequency of meetings of the F&GPC in 2016 and members' attendance:

Directors	Date of Meetings Held	Number of meetings attended	Date of meetings not attended
Mr. Samuel Nwanze	7th March, 2016 9th June, 2016 13th November, 2016 13th December, 2016	2	13th November, 2016 13th December, 2016
Mrs. Uzoamaka Oshogwe	7th March, 2016 9th June, 2016 13th November, 2016 13th December, 2016	4	N/A
Ms. Olayinka Ogunsulire	7th March, 2016 9th June, 2016 13th November, 2016 13th December, 2016	4	N/A
Mr. Ike Ogbue	7th March, 2016 9th June, 2016 13th November, 2016 13th December, 2016	4	N/A
Mr. Emmanuel Nnorom	7th March, 2016 9th June, 2016 13th November, 2016 13th December, 2016	4	N/A

N/A means "Not Applicable"

2.11.5 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 of a mixture of Non-Executive Directors and ordinary shareholders elected at the third Annual General Meeting of the Company held on 12th April, 2016. 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.

2.11.6 Membership of the Committee in 2016 comprises of following:

Mr. Ayodeji Adigun	-	Chairman
Alhaji Wahab A. Ajani	-	Member
Ms. Shopeju E. Adetutu	-	Member
Mr. Samuel Nwanze	-	Member
Ms. Olayinka Ogunsulire	-	Member
Mr. Ike Ogbue	-	Member

The table below shows the frequency of meetings of the SAC in 2016 and members' attendance:

Directors	Date of Meetings Held	Number of meetings attended	Date of meetings not attended
Mr. Ayodeji Adigun	7th March, 2016 9th June, 2016 13th November, 2016 13th December, 2016	4	N/A
Alhaji Wahab A. Ajani	7th March, 2016 9th June, 2016 13th November, 2016 13th December, 2016	4	N/A
Ms. Shopeju E. Adetutu	7th March, 2016 9th June, 2016 13th November, 2016 13th December, 2016	4	N/A
Mr. Samuel Nwanze	7th March, 2016 9th June, 2016 13th November, 2016 13th December, 2016	3	13th December, 2016
Ms. Olayinka Ogunsulire	7th March, 2016 9th June, 2016 13th November, 2016 13th December, 2016	4	N/A
Mr. Ike Ogbue	7th March, 2016 9th June, 2016 13th November, 2016 13th December, 2016	4	N/A

N/A means "Not Applicable"

3. THE EXECUTIVE MANAGEMENT COMMITTEE

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

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

4. SHAREHOLDERS RIGHTS

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

The Company's General Meetings provide shareholders 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.

FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors have pleasure in presenting to the members of Afriland Properties Plc ('Afriland" or "the Company") their report together with the audited financial statements for the year ended 31 December, 2016.

Legal form

Afriland was incorporated as a private limited liability Company on 14 March 2007. The Company 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 no changes to the accounting policies adopted by the Company.

Results for the year

	2016 N'000	2015 N'000
Operating income	1,147,326	1,353,188
	========	========
Profit before taxation	540,359	1,726,259
Taxation	(233,397)	(572,760)
	---------------	---------------
Profit after taxation	306,962	1,153,499
	========	========

Dividend - Cash

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2016 (2015: 40 kobo per share amounting to N499.6 million).

Dividend - Bonus

The directors have recommended a bonus issue of 1 new ordinary share for every 10 existing shares held by shareholders whose names appear in the Company's register of members as at 7 March 2017 (2015: Nil).

FOR THE YEAR ENDED 31 DECEMBER 2016

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 (2015: Nil).

Directors' interest in shares
The Directors who served during the year were as follows:

Director	Position
Erelu Angela Adebayo	Chairman
Uzo Oshogwe	Chief Executive Officer
Olayinka Ogunsulire	Independent Director
Ike Ogbue	Non-Executive Director
Samuel Nwanze	Non-Executive Director
Emmanuel Nnorom	Non-Executive Director

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 2016		31 December 2015	
	Direct Holding	Indirect Holding	Direct Holding	Indirect Holding
Erelu Angela Adebayo	4,963	-	4,963	-
Uzo Oshogwe	760,117	-	760,117	-
Olayinka Ogunsulire	226	-	226	-
Ike Ogbue	40,000	-	40,000	-
Samuel Nwanze	17,457	-	17,023	-
Emmanuel Nnorom	317,647	31,268	317,647	31,268

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 discloseable interest in contracts with which the Company is involved as at 31 December 2016 (2015: Nil).

FOR THE YEAR ENDED 31 DECEMBER 2016

Analysis of shareholding
According to the Register of Members, the following shareholders held more than 5% of the ordinary shares of the Company issued as at reporting date.

	2016		2015	
	Numbers of Shares	**%**	**Numbers of Shares**	**%**
ED & M Investment Limited	93,621,197	7.50	93,621,197	7.50
Oceanic Date Limited	71,471,056	5.72	71,471,056	5.72
HH Capital Limited	71, 077,904	5.69	53,126,484	4.25
Consolidated Trust Funds Limited	63,281,341	5.07	63,281,341	5.07

Shareholding range analysis

The shareholding range analysis as at 31 December 2016 is shown below:

Range	No. of Holders	Holders %	Holders Cum.	Unit	units %	Units Cum
1 - 10,000	278,006	98.56	278,006	132,417,642	10.60	132,417,642
10,001 - 50,000	3,249	1.15	281,255	67,905,796	5.44	200,323,438
50,001 - 100,000	409	0.15	281,664	29,269,454	2.34	229,592,892
100,001 - 500,000	283	0.10	281,947	56,449,741	4.52	286,042,633
500,001 - 5,000,000	82	0.03	282,029	117,092,455	9.37	403,135,088
5,000,001 - 50,000,000	22	0.01	282,051	254,689,227	20.39	657,824,315
50,000,001 – 2,000,000,000	9	0.00	282,060	591,175,685	47.33	1,249,000,000
	282,060	100		1,249,000,000	100	

Charitable contributions and donations
"The Company made provision of N15,076,163 for charities during the year ended 31 December, 2016 (2015:N8,571,208)"

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.

FOR THE YEAR ENDED 31 DECEMBER 2016

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 31, 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.

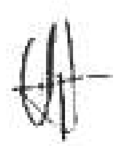
Format of financial statements

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



OBONG IDIONG
COMPANY SECRETARY
FRC/2014/NBA/00000004696

24 February, 2017

FOR THE YEAR ENDED 31 DECEMBER 2016

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 Standard 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 2015. 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.

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Erelu Angela Adebayo Chairman	Uzoamaka Oshogwe Managing Director/ CEO
FRC/2014/IODN/00000007796	FRC/2013/IODN/00000004689
24 February, 2017	24 February, 2017

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, 2015;
- 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.

AYODEJI ADIGUN
CHAIRMAN, AUDIT COMMITTEE

February 24, 2017

Members of the Audit Committee

1. Mr. Ayodeji Adigun	-	Chairman
2. Alhaji Wahab A. Ajani	-	Member
3. Ms. Shopeju E. Adetutu	-	Member
4. Mr. Samuel Nwanze	-	Member
5. Ms. Olayinka Ogunsulire	-	Member
6. Mr. Ike Ogbue	-	Member

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Central Business District
Abuja, Nigeria
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RC NO. 352393

March, 2017

REPORT OF THE EXTERNAL CONSULTANTS ON THE EVALUATION OF THE BOARD OF DIRECTORS OF AFRILAND PROPERTIES PLC. FOR THE YEAR ENDED 31 DECEMBER 2016

Section 15 of the **Securities and Exchange Commission (SEC) Code of Corporate Governance ("the Code")**, makes it mandatory for the Boards of public companies to conduct a yearly appraisal of the Board's performance, that of the Board Committees as well as individual Directors

To give effect to this provision, the Board of Afriland Properties Plc. engaged DCSL Corporate Services Limited as External Consultants to carry out an evaluation of the Board for the period ended 31st December 2016. The evaluation entailed a review of the Company's corporate and statutory documents, the Minutes of Board and Committee meetings, policies and other ancillary documents made available to us; the administration of questionnaires and interviews with members of the Board. To reach a conclusion on the performance of the Board, we benchmarked the Company's corporate governance structures, policies and processes against the provisions of the SEC Code as well as global Best Practices.

We considered seven key corporate governance indicators as follows:

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

Following our review of the corporate governance standards and processes, we are of the opinion that the Board has substantially complied with the provisions of the SEC Code as well as corporate governance best practices.

We also note that the Board has addressed previous recommendations regarding the process for appointing and onboarding of new Directors in line **Section 13.1 of the SEC Code** as well as defined the policy on the Remuneration of Non-Executive Directors.

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

Yours faithfully,
For: DCSL Corporate Services Ltd

Bisi Adeyemi
Managing Director

DCSL

Directors: • Abel Ajayi (Chairman) • Obi Ogbechi • Adeniyi Obe • Adebisi Adeyemi (Managing Director)

Opinion

We have audited the financial statements of Afriland Properties Plc which comprise the statement of financial position as at 31 December 2016, 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 present fairly, in all material respects, the financial position of Afriland Properties Plc as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, Financial Reporting Council of Nigeria Act No 6, 2011 and the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Federation of Accountants' Code of Ethics for Professional Accountants (IFAC Code) and other independence requirements applicable to performing audits of Afriland Properties Plc. We have fulfilled our other ethical responsibilities in accordance with the IFAC 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.

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors and Statement of Directors' Responsibilities as required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of these other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

EY

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 risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among 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.

EY

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

15 March, 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 ₦'000	2015 ₦'000
Fees and commission	4	582,883	667,596
Project development income	5	64,924	138,660
Rental income	6	499,519	546,932
Revenue		**1,147,326**	**1,353,188**
Other operating income	7	130,180	1,332
Administrative expenses	8	(725,236)	(652,635)
Profit on disposal of investment properties		121,220	83,525
Valuation gains from investment properties	13	251,514	1,540,797
Net gains on investment properties		372,734	1,624,322
Operating profit		**925,004**	**2,326,207**
Finance income	9	558,093	785,237
Finance cost	9.1	(532,910)	(755,185)
Impairment loss on available-for-sale financial asset	15	(123,000)	(630,000)
Impairment loss on goodwill	14	(286,828)	
Profit before taxation		540,359	**1,726,259**
Income tax expense	10	(233,397)	(572,760)
Profit for the year		**306,962**	**1,153,499**
Other comprehensive income:			
Other comprehensive income		**-**	**-**
Other comprehensive income for the year, net of tax		**-**	**-**
Total comprehensive income for the year, net of tax		**306,962**	**1,153,499**
Earnings per share:			
Basic/ diluted earnings per share (Naira)	11	₦0.25	₦0.92

See notes to the financial statements

AS AT 31 DECEMBER 2016

	Notes	2016 ₦'000	2015 ₦'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	270,022	280,944
Investment properties	13	7,875,219	6,005,250
Goodwill and other intangible assets	14	562,669	852,105
Available-for-sale financial assets	15	747,000	870,000
Prepayment	16	4,650	5,200
		9,459,560	**8,013,499**
Current assets			
Trade and other receivables	17	1,325,236	666,249
Other financial assets	18	5,588,346	5,816,124
Prepayments	19	12,439	8,288
Cash and cash equivalents	20	389,018	770,025
		7,315,039	**7,260,686**
Total assets		**16,774,599**	**15,274,185**
Equity and liabilities			
Equity			
Issued share capital	21	624,500	624,500
Share premium	21	3,039,618	3,039,618
Retained earnings		2,201,815	2,394,453
Total equity		**5,865,933**	**6,058,571**
Non-current liabilities			
Deferred income	23	-	71,733
Deferred tax liabilities	24.2	628,297	476,842
Interest-bearing loans and borrowings	25.1	2,878,556	2,449,046
		3,506,853	**2,997,621**

AS AT 31 DECEMBER 2016

	Notes	2016 N'000	2015 N'000
Current liabilities			
Trade and other payables	22	1,795,989	1,312,610
Interest-bearing loans and borrowings	25.2	4,970,914	4,112,653
Deferred income	23	457,420	414,853
Income tax payable	24.1	177,490	377,877
		7,401,813	**6,217,993**
Total liabilities		**10,908,666**	**9,215,614**
Total equity and liabilities		**16,774,599**	**15,274,185**

Signed on behalf of the Board of Directors on 24 February 2017 by:

Erelu Angela Adebayo
Chairman
FRC/2014/IODN/00000007796

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

Mutiu Bakare
Chief Financial Officer
FRC/2016/ICAN/00000014111

See notes to the financial statements.

FOR THE YEAR ENDED 31 DECEMBER 2016

	Issued capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Total ₦'000
As at 1 January 2016	**624,500**	**3,039,618**	**2,394,453**	**6,058,571**
Total comprehensive income for the year	-	-	306,962	306,962
Cash dividend (Note 21.3)	-	-	(499,600)	(499,600)
At 31 December 2016	**624,500**	**3,039,618**	**2,201,815**	**5,865,933**
As at 1 January 2015	**624,500**	**3,039,618**	**1,740,554**	**5,404,672**
Total comprehensive income for the year	-	-	1,153,499	1,153,499
Cash dividend (Note 21.3)	-	-	(499,600)	(499,600)
At 31 December 2015	**624,500**	**3,039,618**	**2,394,453**	**6,058,571**

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 ₦'000	2015 ₦'000
Profit before taxation		540,359	1,726,259
Adjustments to reconcile profit before tax to net cash flows:			
Amortisation	14	2,608	2,583
Depreciation of property, plant and equipment	12	13,193	12,855
Impairment of goodwill	14	286,828	-
Profit on disposal of investment properties		(121,220)	(83,525)
Write-off of investment properties		-	8,100
Impairment of available-for-sale investment	15	123,000	630,000
Finance income	9	(558,093)	(785,237)
Finance cost	9.1	532,910	755,185
Fair value gain on investment properties	13	(251,514)	(1,540,797)
Movement in deferred income	23	(29,166)	211,914
Withholding tax credit note utilised	24.1	(160,387)	-
Prepayment utilised	16	550	5,200
Working capital adjustments:			
Increase in trade and other receivables		(658,988)	(533,044)
(Increase)/Decrease in prepayments		(4,151)	326
Decrease/ (Increase) in other financial assets		227,779	(4,028,162)
Increase in trade and other payables		483,379	511,718
		427,088	**(3,106,626)**
Income tax paid	24	(121,943)	(51,929)
Net cash flows provided/ (used) in operating activities		**305,145**	**(3,158,555)**
Investing activities			
Purchase of property, plant and equipment	12	(2,271)	(18,119)
Purchase of intangible assets	14	-	(909)
Purchase of investment properties	13	(1,658,655)	(1,048,953)
Proceeds from disposal of investment properties (net)		161,420	127,905
Interest received	9	25,183	30,052
Net cash flow used investing activities		**(1,474,323)**	**(910,024)**
Financing activities			
Dividend paid	21.3	(499,600)	(499,600)
Proceed from long-term loan	25.3	1,164,964	5,180,513
Net cash flow from financing activities		**665,364**	**4,680,913**
Net (decrease)/increase in cash and cash equivalents		(503,814)	612,334
Cash and cash equivalents at 1 January		769,949	157,615
Cash and cash equivalents at 31 December	20	**266,135**	**769,949**

See notes to the financial statements.

FOR THE YEAR ENDED 31 DECEMBER 2016

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 by nature.

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 available for sale and therefore also measured at fair value.

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.

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:

Impairment of available-for-sale investments

The company records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Company evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost. The fair value loss is more than 6 months.

The impairment loss on available-for-sale investments is disclosed in more detail in Note 15.

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 continue 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 estimates 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.

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;
- 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.

The accounting policies have been applied consistently by the Company.

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.

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.

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 – 10 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 period.

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 cash equivalents are carried at amortised cost in the statement of financial position.

g. 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.

h. 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 2016. 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.

i. Deferred income

Deferred income comprises of contract income, service charge received in advance and rents in advance; these are recognised in the profit or loss when earned.

j. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, rebates and sales related taxes but including interest receivable on sales on extended credit and income from the provision of technical services and agreements. Revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

Project development income

Revenue from third party project supervision (such as branch offices facelift supervision) is recognised as revenue in proportion to the stage of completeness of the transaction at the reporting date.

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.

Fees and commission
Revenue from services rendered (such as project management, project directorate) is recognised as revenue in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

When the Company is acting as an agent, the commission rather than gross income is recorded as revenue.

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.

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, 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.

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.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Company's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

k. 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.

l. 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.

m. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group 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.

n. Financial instruments – initial recognition and subsequent measurement

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

i). Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables, or Available-For-Sale (AFS) financial assets, as appropriate. All financial assets are recognised initially at fair value plus, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in two categories:

- Loans and receivables
- Available-for-sale (AFS) financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at the amount expected to be received, less, when material, a discount to reduce the receivables to fair value.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. 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 effective interest rate method. The losses arising from impairment are recognised in profit or loss in finance costs for loans and in other operating expenses for receivables.

Trade receivables and prepayments

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.
Pre-payments are carried at cost less any amortization during the year.

Available-for-sale (AFS) financial assets
AFS financial assets of the Company include only equity investments. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is de-recognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs.

De-recognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is de-recognised (i.e. removed from the Company's statement of financial position) when:

a) the rights to receive cash flows from the asset have expired
or
The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or

b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses for items measured at amortised cost are recognised in the profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

Financial assets carried at amortised cost

For financial assets carried at amortised cost (such as trade receivables), the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

Impairment on available-for-sale investments

The Company assesses at each reporting date whether there is objective evidence that an investment in quoted shares is impaired. The objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Company evaluates, among other factors, historical share price movements and the duration or extent to which the fair value of an investment is less than its cost.

ii). Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables.

All financial liabilities are recognised initially at fair value net of directly attributable transaction costs.

Afriland Properties Plc financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement

Trade and other payables
Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings
This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR 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.

De-recognition of financial liabilities
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 a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

iii). Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

o. 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 the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI 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 Group 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 the statement of 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 31 December 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.

p. 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.

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

List of standard issued but not effective as at 31 December 2016.

1. Amendments to IAS 7: Disclosure initiative – 1 January 2017
2. Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses – 1 January 2017
3. IFRS 15 - Revenue from Contracts with customers – 1 January 2018
4. IFRS 9 – Financial instruments – 1 January 2018
5. Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions – 1 January 2018
6. Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - 1 January 2018
7. Amendments to IAS 40: Transfers of Investment Property – 1 January 2018
8. IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration – 1 January 2018
9. IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice – 1 January 2018
10. IFRS 16 – Leases – 1 January 2019

IAS 7 Disclosure Initiative – Amendments to IAS 7
The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods.

These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Company.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is 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.

The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

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.

Standards issued but not yet effective – Continued

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 adoption of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.

IAS 40 Transfers of Investment Property - Amendments to IAS 40
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date.

Retrospective application in accordance with IAS 8 is only permitted if that is possible without the use of hindsight.

The amendments will eliminate diversity in practice. Amendment to IAS 40 is effective for annual periods beginning on or after 1 January 2018, early application of the amendments is permitted and must be disclosed.

Application of this amendments will not impact on the entity's financial statements.

IFRS 16 - Leases
Effective for annual periods beginning on or after 1January 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.

This will not impact the Company's financial statements.

		2016 ₦'000	2015 ₦'000
4	**Fees and commission**		
	Facility management	84,287	43,544
	Agency	61,146	46,243
	Project directorate	323,777	360,490
	Project management	113,673	215,414
	Advance Payment Guarantee (APG)	-	1,905
		------------	-----------
		582,883	667,596
		======	======

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 properti es

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.

		2016 ₦'000	2015 ₦'000
5.	**Project development income**	64,924	138,660
		=====	======

Project development income represents revenue derived from the execution of facelifts for a customer's offices and the income for supervision of on going renovation of customers' project

		2016 ₦'000	2015 ₦'000
6	**Rental income**		
	Service charge	-	4,752
	Rental income	499,519	542,180
		------------	------------
		499,519	546,932
		======	======

There is no contingent rental income during the year ended 31 December 2016 (2015: 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;

	2016 ₦'000	2015 ₦'000
Within 1 year	208,157	189,533
After 1 year, but not more than 5 years	78,798	71,733
	------------	------------
	286,955	261,266
	======	======

		2016	2015
7.	**Other operating income**	₦'000	₦'000
	Dividend income	55,148	-
	Write-back of provision for charities	35,612	-
	Sale of tiles and others	39,420	1,332
		------------	--------
		130,180	**1,332**
		======	====

Other operating income was derived from non-core business activities like dividend on available-for-sale investment, write -back of provision for charities made in previous years not utilised, sales of tiles and others.

		2016	2015
8.	**Administrative expenses**	₦'000	₦'000
	Staff costs	366,418	303,149
	Depreciation (Note 12)	13,193	12,855
	Amortisation (Note 14)	2,608	2,583
	Other administrative expenses (Note 8.1)	343,017	325,948
	Write off of investment properties (Note 13)	-	8,100
		------------	------------
		725,236	652,635
		======	======

8.1	**Other administrative expenses**		
	Advertising and publicity	10,969	24,748
	Annual General Meeting (AGM) expenses	86,294	67,917
	Audit fee	6,500	6,300
	Bank charges	67	118
	Consultancy and professional fees	10,088	10,770
	Directors emoluments	17,650	16,444
	Donations	15,076	8,571
	Employee car allowance (Note 16)	5,350	5,200
	Entertainment	1,434	4,691
	Information system	7,075	5,106
	Insurance	170	971
	ITF levy	3,000	2,600
	Land use charge	19,425	3,984
	Newspapers and periodicals	105	21
	NSITF and NHF levy	5,759	4,056
	Printing and stationeries	1,754	330
	Rent and rates	171	1,557
	Repairs and maintenance	17,453	25,115
	Security expenses	11,743	11,386
	Subscriptions	412	489
	Provision for doubtful debt	6,195	-
	Technical service fees	110,526	110,526
	Telephone and communication	2,550	2,679
	Travel and transport	1,137	9,171
	Training and development	2,114	3,198
		------------	-----------
		343,017	325,948
		======	======

	2016 N'000	2015 N'000

9. Finance income

	2016 N'000	2015 N'000
Interest income on bank placements	24,198	25,568
Interest income on staff loan	985	4,484
Interest income on loan to Falomo Shopping Centre	532,910	755,185
	558,093	785,237

9.1 Finance cost

	2016 N'000	2015 N'000
Interest expense on borrowings	532,910	755,185

10. Income tax expense

	2016 N'000	2015 N'000
Profit or loss		
Current income tax:		
Company income tax	120,274	236,336
Education tax	10,777	15,752
Capital gains tax	12,122	8,353
Current year income tax	143,173	260,441
Adjustment for prior year over provision	(61,231)	-
Current year income tax charge (Note 24.1)	81,942	260,441
Deferred tax:		
Relating to origination of temporary difference (Note 24.2)	151,455	312,319
Total income tax expense reported in profit or loss	233,397	572,760

10.1 Reconciliation of effective tax rate

	2016 N'000	2015 N'000
Profit before taxation	540,359	1,726,259
Tax at Nigeria statutory income tax of 30%	162,108	517,877
Impact of disallowable expenses for tax purpose	36,900	198,633
Effect of lower tax rate on fair value gain on investment	(90,440)	(85,419)
Utilisation of previously unrecognised tax credits	100,401	(184,943)
Tax impact of dividend above assessable profit	62,760	102,507
Impact of Education tax	10,777	15,752
Impact of Capital gains tax	12,122	8,353
Adjustment for prior year over provision	(61,231)	-
	233,397	572,760

10. Income tax expense – Continued

10.2 Deferred tax expense

Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	53,163	(3,670)
Revaluation of investment properties to fair value	98,292	315,989
	-----------	-----------
Deferred tax expense	151,455	312,319
	======	======

11. Basic/ diluted earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

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

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

	2016 N'000	2015 N'000
Profit for the year attributable to ordinary equity holders	306,962	1,153,499
	======	========
	Number '000	Number '000
Weighted number of ordinary shares for basic earnings per share	1,249,000	1,249,000
	========	========
Basic/ diluted earnings per share (Naira)	N0.25	N0.92

There are no dilutive instruments in issue, thus dilutive and basic EPS are same.

12. **Property, plant and equipment**

	Freehold Land ₦'000	Freehold Building ₦'000	Plant and Machinery ₦'000	Furniture, Fittings and Equipment ₦'000	Motor Vehicles N'000	Computer Equipment N'000	Total N'000
Cost:							
At 1 January 2015	174,139	75,861	2,657	13,248	18,145	7,402	291,452
Additions	-	16,329	-	1,049	-	741	18,119
At 31 December 2015	**174,139**	**92,190**	**2,657**	**14,297**	**18,145**	**8,143**	**309,571**
Additions	-	-	-	60	-	2,211	2,271
At 31 December 2016	**174,139**	**92,190**	**2,657**	**14,357**	**18,145**	**10,354**	**311,842**
Accumulated depreciation:							
At 1 January 2015	-	129	2,657	4,580	6,828	1,578	15,772
Charge for the year	-	1,568	-	4,255	4,516	2,516	12,855
At 31 December 2015		**1,697**	**2,657**	**8,835**	**11,344**	**4,094**	**28,627**
Charge for the year	-	1,841	-	4,154	4,549	2,649	13,193
At 31 December 2016	**-**	**3,538**	**2,657**	**12,989**	**15,893**	**6,743**	**41,820**
Net book value:							
At 31 December 2016	174,139	88,652	-	1,368	2,252	3,611	270,022
At 31 December 2015	174,139	90,493	-	5,462	7,542	3,308	280,944

	2016	2015
	N'000	N'000
13. Investment properties		
At 1 January	6,005,250	3,467,980
Additions (subsequent expenditure)	1,658,655	1,048,953
Disposals	(40,200)	(44,380)
Write-off	-	(8,100)
Fair value gain	251,514	1,540,797
At 31 December	7,875,219	6,005,250

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 2016, the fair values of the properties are based on valuations performed by external professional, Opurum & Partners, 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. Investment properties – Continued

13.1 The company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties are in Note 33.

	2016 ₦'000	2015 ₦'000
Rental income derived from investment properties	499,519	546,932
Direct operating expenses (including repairs and maintenance) generating rental income (included in administrative expenses)	-	(10,489)
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in admin expense)	(6,212)	(7,617)
Profit arising from investment properties carried at fair value	493,307	528,826

Types of Investment properties	Valuation technique	Significant unobservable inputs
Office properties	The 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 N20,000 - N75,000
Residential properties	The depreciated replacement cost of the buildings/structure has been assessed by the contractors test method based on current building/construction cost indices taking into account the condition, age, qualities, features and characteristics of the buildings/structures.	Estimated price per square meters adjusted for the nature, location and conditions of the investment properties. The price range used per square metre are N10,000 – N55,000
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.

14. Intangible assets

	Goodwill N'000	Computer Software N'000	Asset-in-Progress N'000	Total N'000
Cost:				
At 1 January 2015	842,471	6,917	5,539	854,927
Additions	-	909	-	909
At 31 December 2015	842,471	7,826	5,539	855,836
Additions	-	-	-	-
At 31 December 2016	842,471	7,826	5,539	855,836
Amortization/impairment:				
At 1 January 2015	-	1,148	-	1,148
Charge for the year	-	2,583	-	2,583
At 31 December 2015	**-**	**3,731**	**-**	**3,731**
Charge for the year	-	2,608		2,608
Impairment	281,289	-	5,539	286,828
At 31 December 2016	**281,289**	**6,339**	**5,539**	**293,167**
Net book value:				
At 31 December 2016	561,182	1,487	-	562,669
At 31 December 2015	842,471	4,095	5,539	852,105

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

Carrying amount of goodwill allocated to each of the CGUs. These are operating and reportable segments:

	2016 N'000	2015 N'000
Facilities Management	107,770	169,757
Project Development	114,381	186,560
Business Development	327,045	465,361
Others	11,986	20,793
	561,182	842,471

14. Intangible assets – Continued

Facilities Management CGU

The recoverable amount of the facilities management CGU was N1.207 billion as at 31 December 2016 (2015: N1.573 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 2017 – 2021 and is based on the trend of foreseeable growth in the business segment. It was concluded that the value in use is below the carrying value of the CGU. As a result of this analysis, management has concluded that there was an impairment charged N61.98m as at 31 December 2016.

Project Development CGU

The recoverable amount of the project management CGU, N1.405 billion as at 31 December 2016 (2015: N1.487 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 2017 – 2021 and is based on the trend of foreseeable growth in the business segment. It was concluded that the value in use is below the carrying value of the CGU. As a result of this analysis, management has concluded that there was an impairment charged N72.18m as at 31 December 2016.

Business Development CGU

The recoverable amount of the business development CGU, N2.693 billion as at 31 December 2016 (2015: N4.636 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 2017 – 2021 and is based on the trend of foreseeable growth in the business segment. It was concluded that the value in use is below the carrying value of the CGU. As a result of this analysis, management has concluded that there was an impairment charged N138.32m as at 31 December 2016.

14. Intangible assets – Continued

Others CGU

The recoverable amount of the other CGU, N171 million as at 31 December 2016 (2015: N170 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 2017 – 2021 and is based on the trend of foreseeable growth in the business segment. It was concluded that the value in use is below the carrying value of the CGU. As a result of this analysis, management has concluded that there was an impairment charged N8.81m as at 31 December 2016.

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 of would result in further 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 further impairment in the business development, project development, other and facility management segments.

14. Intangible assets – Continued

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 further impairment in the business development, project development, other and facility management segments.

15. Available-for-sale financial assets

Available-for-sale financial assets represent 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.

	2016 N'000	2015 N'000
At 1 January	870,000	1,500,000
Additions	-	-
Fair value loss	(123,000)	(630,000)
At 31 December	747,000	870,000
Available-for-sale at cost:		
At Cost (150 million units x N10.00)	1,500,000	1,500,000
Accumulated fair value loss	(753,000)	(630,000)
At Market value (150 million units x N4.98 (2015: N5.80))	747,000	870,000
Movement in fair value loss:		
At 1 January	630,000	-
Fair value loss for the year	123,000	630,000
At 31 December	753,000	630,000

Impairment on available-for-sale investments

The company assesses at each reporting date whether there is objective evidence that an investment in quoted shares is impaired. The objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Company evaluates, among other factors, historical share price movements and the duration or extent to which the fair value of an investment is less than its cost.

Based on these criteria, the Company identify impairment of N123 million (2015: N630 million) on available-for-sale investments in quoted equity shares for the year.

16. Prepayments (non-current)

	2016 N'000	2015 N'000
Prepaid employees' car allowance	4,650	5,200
	=====	======

The prepaid employees' car allowance represents the unamortised portion of 5 years car allowance granted to the employees in 2013. The balance is expected to be amortised over 3 years.

	2016 N'000	2015 N'000
At 1 January	10,400	15,600
Addition during the year	6,000	-
	----------	----------
	16,400	15,600
Charged to profit or loss (Note 8.1)	(5,350)	(5,200)
	----------	---------
At 31 December	11,050	10,400
	=====	=====
Current (Note 19)	6,400	5,200
Non-current	4,650	5,200
	----------	----------
At 31 December	11,050	10,400
	=====	=====

17. Trade and other receivables

	2016	2015
Trade receivables	1,291,430	512,251
Due from related parties (Note 26)	22,391	19,395
Withholding tax receivable	2,135	119,010
Receivable from sale of tiles	3,037	7,222
Sundry debtors	6,243	8,371
	--------------	------------
	1,325,236	666,249
	========	======

Trade receivables are non-interest bearing and are typically due within 30 days. There are no impairments on the receivables as at year-end based on the payment terms with the counter-parties.

N801.57 million from the Trade receivables balance as at reporting date is due from a customer. While N882.4 million Rentals received for third parties (Note 22) is payable to the same customer. Both balances have been fully settled subsequent to year end.

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
2016	1,291,430	348,686	18,855	895,607	28,282	-
2015	512,251	136,580	6,605	358,402	10,664	-

		2016 N'000	2015 N'000
18.	**Other financial assets**		
	Advance to contractors (Note 18.1)	34,417	250,918
	Loan to staff (Note 18.2)	21,515	27,858
	Other receivables - Falomo Shopping Centre (Note 18.3)	5,532,414	5,537,348
		5,588,346	5,816,124

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

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

18.3 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 2016 amounted to N533 million (2015: N755 million).

The N5.5 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 to date (N3,978,940,818), interest on loan (N1,214,596,764) 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.

		2016 N'000	2015 N'000
19.	**Prepayments (current)**		
	Health insurance	3,406	2,775
	Motor vehicles insurance	394	313
	Other Prepayments	2,239	-
	Employee car allowance (Note 16)	6,400	5,200
		12,439	8,288

20. Cash and cash equivalents

	N'000	N'000
Cash at bank	16,718	12,984
Short-term deposits	372,300	757,041
Cash equivalents	389,018	770,025
Bank overdraft (Note 25.3)	(122,883)	(76)
Cash and cash equivalents	266,135	769,949

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.

21. Share capital and share premium

21.1 Share capital

	2016 N'000	2015 N'000
Authorised share capital		
1,350,000,000 ordinary shares of 50k each	675,000	675,000
Issued and fully paid		
1,249,000,000 ordinary shares of 50k each	624,500	624,500

21.2 Share premium

Share premium	3,039,618	3,039,618

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.

21.3 Dividend distribution made and proposed

	2016 N'000	2015 N'000
Cash dividends on ordinary shares declared and paid:		
Final dividend for 2015: Nil (2014: 40 kobo)	499,600	499,600
Proposed dividends on ordinary shares:		
Final cash dividend for 2016: Nil (2015: 40 kobo)	-	499,600

22. Trade and other payables

Trade payables	15,001	111,226
Accruals (Note 22.1)	580,367	518,843
Rentals received for third parties	882,402	466,775
Service charge payable	17,433	28,240
Value Added Tax	26,821	41,930
Withholding Tax	103,506	94,569
Unclaimed Dividend	68,759	-
Other payables	101,700	51,027
	1,795,989	1,312,610

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.

22.1 Accruals

	2016 N'000	2015 N'000
Audit fees	6,300	6,300
Technical service fee	115,789	55,263
Professional and consultancy fee on Falomo project	319,788	319,788
Directors' fee	12,588	11,500
Annual General Meeting (AGM)	85,746	60,000
Other accruals	40,156	65,992
	580,367	518,843

23. Deferred income

Deferred income (current)

Contracts obtained (Note 23.1)	37,484	138,060
Service charge received in advance (Note 23.2)	2,656	5,615
Rents received in advance (Note 23.3)	364,100	266,678
Advance receipts for sales of properties (Note 23.4)	20,225	4,500
Management fee received in advance (note 23.5)	32,955	-
	457,420	414,853

Deferred income (non-current)

Rents received in advance (Note 23.3)	-	71,733
	-	71,733

Deferred income – Continued

23.1 Deferred income on project supervision contracts

	2016 N'000	2015 N'000
At 1 January	138,060	72,818
Deferred during the year	-	88,938
Released to the statement of profit or loss	(100,576)	(23,696)
At 31 December	37,484	138,060
Current	37,484	138,060
Non-current	-	-

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

23.2 Service charge received in advance

	2016 N'000	2015 N'000
At 1 January	5,615	-
Deferred during the year	-	5,615
Released to the statement of profit or loss	(2,959)	-
At 31 December	2,656	5,615
Current	2,656	5,615
Non-current	-	-

Deferred service charge relates to service charge received in advance from the tenants.

23.3 Rents received in advance

	2016 N'000	2015 N'000
At 1 January	338,411	187,354
Deferred during the year	431,403	697,989
Released to the statement of profit or loss	(405,714)	(546,932)
At 31 December	364,100	338,411
Current	364,100	266,678
Non-current	-	71,733

23.4 Advance receipts for sales of properties

	2016	2015
At 1 January	4,500	14,500
Deferred during the year	15,725	4,500
Released to the statement of profit or loss	-	(14,500)
At 31 December	20,225	4,500
Current	20,225	4,500
Non-current	-	-

This represents advance payment received from third party for the purchase of investment properties.

Deferred income – Continued

23.5 Management fee received in advance	2016 N'000	2015 N'000
At 1 January	-	-
Deferred during the year	32,955	-
Released to the statement of profit or loss	-	-
	----------	--------
At 31 December	32,955	-
	=====	====
Current	32,955	-
Non-current	-	-

This represents management fees received in advance from third party for work not yet completed.

24. Taxation	2016 N'000	2015 N'000
24.1 Current tax payable		
As at 1 January	377,878	169,366
Charge for the year (Note 10)	81,942	260,441
Payments during the year	(121,943)	(51,929)
Withholding tax utilised	(160,387)	-
	------------	------------
At 31 December	177,490	377,877
	======	======
24.2 Deferred tax		
As at 1 January	476,842	164,523
Charge for the year (Note 10)	151,455	312,319
	------------	-----------
At 31 December	628,297	476,842
	======	======
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	58,131	4,968
Revaluation of investment properties to fair value	570,166	471,874
	------------	------------
Deferred tax recognised in statement of financial position	628,297	476,842
	======	======

		2016	2015
25	**Interest-bearing loans and borrowings**	N'000	N'000
	Non-current (Note 25.1)	2,878,556	2,449,046
	Current (Note 25.2)	4,970,914	4,112,653
	Total interest-bearing loans and borrowings	**7,849,470**	**6,561,699**

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

	Interest rate %	Maturity	2016 N'000	2015 N'000
N12,500,000,000 bank loan	18	15 Aug 2018	2,878,556	2,449,046
Total non-current interest-bearing loans and borrowings			2,878,556	2,449,046

25.2 Interest-bearing loans and borrowings (Current)

	Interest rate %	Maturity	2016 N'000	2015 N'000
N12,500,000,000 bank loan	18	15 Aug 2018	4,848,031	4,112,577
Bank overdraft			122,883	76
Total current interest-bearing loans and borrowings			4,970,914	4,112,653

25.3 Borrowing details

	2016	2015
At 1 January	6,561,623	1,381,110
Addition during the year	1,164,964	5,180,513
	7,726,587	6,561,623
Bank overdraft	122,883	76
At 31 December	**7,849,470**	**6,561,699**

The term-loans are obtained from United Bank of Africa Plc for 120 months with 12 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 or any other properties acceptable to the bank.
  i). Plot 1–6 Oniru Chieftaincy Family, Lekki, Lagos
  ii). 2, Adetokunbo Ademola Victoria Island, Lagos
  iii). 1662, Oyin Jolayemi Street, Victoria Island, Lagos
The total estimated value of the properties is in excess of N3 billion

c). APG from contractors paid in advance

d). 5% performance bond by each of the major contractors

25 Interest-bearing loans and borrowings – Continued

Change in presentation

(a) Nature of the reclassification

Bank overdraft. (This involves reclassification from bank overdraft to interest bearing loan and borrowing). This reclassification does not impact the bottom line, it is just a movement between two current liabilities accounts.

(b) The amount of each items reclassified is N76,000

(c) The reason for the reclassification

The reclassification relates to Bank overdraft. Bank overdraft should have been reported as part of interest-bearing loans and borrowings since that line exists in previous year. This has now been reclassified to Borrowings.

26. 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.

The key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Company. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Company.

The following table provides the summary of outstanding balances in respect of transactions that have been entered into with related parties for the relevant financial year.

	2016 N'000	2015 N'000
Due from related parties	22,391	19,395
	=====	======
Trading transactions		
Due from related parties		
Heirs Holdings Limited	22,391	19,395
	----------	---------
	22,391	**19,395**
	=====	=====

Nature, terms and conditions of transactions with related parties

The company enters into transactions with Heirs Holdings Limited which owns 3.84% of Afriland Properties Plc shareholding. The sales to and purchases from related parties are made at normal market prices. There is no record of any impairment of receivables relating to amounts owed by related during the year. Due from related party represent the fee outstanding for project supervision.

Technical service fee

The company has a technical service fee agreement with Heirs Holding Limited which is based on 5% of the profit before tax and minimum of N100 million per annum net of taxes. The amount for the year ended 31 December 2016 is N100 million (2015: N100 million).

26. Related party transactions - Continued

Compensation of the key management personnel	2016 N'000	2015 N'000
Executive Director's salary	40,000	40,000
Fees paid for meetings attended	12,300	10,413
Other emoluments	5,350	5,200
	----------	----------
Short term employment benefits	57,650	55,613
Post-employment benefits	1,360	1,360
	----------	----------
Total compensation paid to the key management personnel	59,010	56,973
	=====	=====
Highest paid Director	41,360	41,360
	=====	=====

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

	2016 Number	2015 Number
Up to N2,200,000	-	-
N2,200,001 – N10,200,000	4	4
N10,200,001 and above	1	1
	------	------
	5	5
	===	===

27. Information relating to employees

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

	2016 Numbers	2015 Numbers
Executive office	2	2
Project management office	1	1
Facilities management and projects	20	20
Technical consultancy	5	5
Business development	4	4
Other business support	9	9
	------	------
	41	41
	===	===

	2016 '000	2015 '000
Salaries and wages including staff bonuses	279,639	295,306
Contributions to pension scheme	19,924	20,124
	------------	------------
	299,563	315,430
	======	======

27. Information relating to employees – Continued

(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:

	2016 Numbers	2015 Numbers
N N		
420,001 – 900,000	-	-
900,001 – 2,000,000	2	2
2,000,001 – 4,000,000	8	7
4,000,001 – 6,000,000	11	11
6,000,001 – 8,000,000	14	14
Above 8,000,001	6	7
	------	-----
	41	41
	===	===

28. Litigation and claims

There is a contingent liability in respect of a legal action against the Company for amount of N100 million (2015: N122 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.

29. Capital commitments

The company had no capital commitment as at 31 December 2016 (2015: Nil).

30. 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.

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 & General Purpose Committee (F&GPC) that advises on financial risks and the appropriate financial risk governance framework for the Company. The F&GPC 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.

Financial instrument's risk management objectives and policies – Continued

Equity price risk
The company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The company manages the equity price risk by placing limits on individual and total equity instruments. The company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value was N747 million (2015: N870 million). A decrease of 5% on the Nigerian Stock Exchange market index could have an impact of approximately N37.35 million (N43.5 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.

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 & General Purpose Committee (F&GPC) on a quarterly basis.

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

Credit risk
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its rental activities and its project management and directorate activities, including deposits with banks and financial institutions. Credit risk is managed by requiring tenants to pay rentals in advance. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement.

The credit risk on liquid funds and non-derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets represents the Company's maximum exposure, which at the reporting date, was as follows:

	2016 N'000	2015 N'000
Trade and other receivables	1,323,102	547,239
Other financial assets	5,588,346	5,816,124
Cash and cash equivalents	389,018	770,025
	7,300,466	7,133,388

Financial instrument's risk management objectives and policies – Continued

Credit risk – Continued
The outstanding trade receivable are regularly monitored and it represents fees due from third party for an agency service of supervision. Credit terms are set with clients based on past experiences, payment history and reputations of the customers.

Tenant receivables
Tenants are assessed according to Company criteria prior to entering into lease arrangements. Rentals are collected in advance from rental units to limit exposures.

Credit risk related to financial instruments and cash deposit
Credit risk from balances with banks and financial institutions is managed in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparties. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance & General Purpose Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

Impairment analysis and ageing analysis

In thousands of Naira

As at 31 December 2016	Carrying amount	Neither past due nor impaired	Past due but not impaired		Fully performing
			Between 1 and 3 months	Between 3 and 6 months	
Financial assets					
Short term deposits	372,300	372,300	-	-	372,300
Trade receivables	1,291,430	723,201	142,057	426,172	1,291,430
Rent receivables	-	-	-	-	-
Due from related parties	22,391	-	-	22,391	22,391
Sundry debtors	6,243	-	-	6,243	6,243
Receivable from sale of tiles	3,037	3,037	-	-	3,037

In thousands of Naira

As at 31 December 2015	Carrying amount	Neither past due nor impaired	Past due but not impaired		Fully performing
			Between 1 and 3 months	Between 3 and 6 months	
Financial assets					
Short term deposits	757,041	757,041	-	-	757,041
Trade receivables	512,251	136,580	365,007	10,664	512,251
Rent receivables	-	-	-	-	-
Due from related parties	19,395	-	-	19,395	19,395
Sundry debtors	8,371	-	-	8,371	8,371
Receivable from sale of tiles	7,222	7,222	-	-	7,222

Financial instrument's risk management objectives and policies – 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 across Nigeria. Identified concentrations of credit risks are controlled and managed accordingly.

Liquidity Risk
Liquidity Risk is the risk that the Company will be unable to efficiently meet both expected and unexpected current and future cash flow as they fall due. The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and possibly loans in the future.

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

In thousands of Naira

As at 31 December 2016	Carrying amount	On demand	Between 2 months and 1 year	Between 1 and 5 years
Financial liabilities				
Trade payables	15,001	15,001	-	-
Rentals received for third parties	548,139	548,139	-	-
Service charge payable	17,433	-	17,433	-
Accruals and other payables	1,232,848	32,228	1,200,620	-
Interest-bearing loans and borrowings	7,726,585	154,532	695,393	6,876,660

In thousands of Naira

As at 31 December 2015	Carrying amount	On demand	Between 2 months and 1 year	Between 1 and 5 years
Financial liabilities				
Trade payables	111,226	111,226	-	-
Rentals received for third parties	466,775	466,775	-	-
Service charge payable	28,240	-	28,240	-
Accruals and other payables	734,609	52,764	681,845	-
Interest-bearing loans and borrowings	6,561,623	3,186,170	996,718	3,244,984

32. Fair values

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

In thousands of Naira

As at 31 December 2016	Carrying amount	Fair value
Financial assets		
AFS financial assets	747,000	747,000
Financial liabilities		
Interest-bearing loans and borrowings	7,726,585	4,028,670

In thousands of Naira

As at 31 December 2015	Carrying amount	Fair value
Financial assets		
AFS financial assets	870,000	870,000
Financial liabilities		
Interest-bearing loans and borrowings	6,561,623	6,613,298

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

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

33. Fair value measurement

Fair value hierarchy for financial instruments measured at fair value as at 31 December 2016:

In thousands of Naira

As at 31 December 2016	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	7,875,219			7,875,219
Available-for-sale investment – Quoted equity shares	747,000	747,000		
Liabilities for which fair value is disclosed				
Interest-bearing loans and borrowings	4,028,670	-	-	4,028,670

There have been no transfers between the Levels during the year.

In thousands of Naira

As at 31 December 2015	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	6,005,250			6,005,250
Available-for-sale investment – Quoted equity shares	870,000	870,000		
Liabilities for which fair value is disclosed				
Interest-bearing loans and borrowings	6,613,298	-	-	6,613,298

There have been no transfers between the Levels during 2016 (2015: Nil).

The fair values of the AFS financial assets are derived from quoted market prices in active markets.

The valuation techniques used and key inputs to valuation of investment properties have been disclosed on Note 13.

The valuation techniques used and key inputs used to calculate the fair value on interest-bearing loans and borrowings have been disclosed on Note 33.

34. Capital management

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

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

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

	2016 N'000	2015 N'000
Interest-bearing loans and borrowings (Note 25)	7,726,585	6,561,623
Trade and other payables (Note 22)	1,795,988	1,312,610
Less: cash and short-term deposits (Note 20)	(389,018)	(770,025)
Net debt	9,133,555	7,104,208
Total equity	**5,848,285**	**6,058,571**
Capital and net debt	**14,981,840**	**13,162,779**
Net Debt to equity (%)	60.9%	54.0%

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 period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2016 and 2015.

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.

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:	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Revenue	87,197	103,323	144,563	170,926	904,093	1,066,972	11,473	11,967	1,147,326	1,353,188
Other operating income	9,894	102	16,403	168	102,582	1,050	1,302	12	130,180	1,332
Net gain on investment properties	28,328	124,025	46,964	205,174	293,714	1,280,758	3,727	14,365	372,734	1,624,322
Finance Income	42,415	59,956	70,320	99,186	439,777	619,150	5,581	6,945	558,093	785,237
Total income	**167,834**	**287,406**	**278,250**	**475,454**	**1,740,166**	**2,967,930**	**22,083**	**33,289**	**2,208,333**	**3,764,079**
Expenses:										
Administrative expenses	(55,118)	(49,832)	(91,380)	(82,437)	(571,486)	(514,595)	(7,252)	(5,772)	(725,236)	(652,635)
Finance cost	(40,501)	(57,662)	(67,147)	(95,390)	(419,933)	(595,454)	(5,329)	(6,679)	(532,910)	(755,185)
Other cost	(31,147)	(48,104)	(51,638)	(79,578)	(322,944)	(496,747)	(4,098)	(5,572)	**(409,828)**	**(630,000)**
Total expenses	**(126,766)**	**(155,598)**	**(210,164)**	**(257,404)**	**(1,314,363)**	**(1,606,796)**	**(16,680)**	**(18,022)**	**(1,667,974)**	**(2,037,820)**
Profit before taxation	**41,067**	**131,808**	**68,085**	**218,050**	**425,803**	**1,361,134**	**5,404**	**15,267**	**540,359**	**1,726,259**
Income tax expenses	(17,738)	(43,733)	(29,408)	(72,347)	(183,917)	(451,614)	(2,334)	(5,065)	(233,397)	(572,760)
Profit after taxation	**23,329**	**88,075**	**38,677**	**145,702**	**241,886**	**909,520**	**3,070**	**10,201**	**306,962**	**1,153,499**
Assets and liabilities:										
Total tangible assets	1,551,439	1,370,098	2,531,296	2,235,422	11,802,110	10,528,118	326,619	288,442	**16,211,930**	**14,422,080**
Intangible assets	115,442	174,682	123,889	187,463	309,724	468,658	13,614	21,302	**562,669**	**852,105**
Total assets	**1,666,881**	**1,544,780**	**2,655,185**	**2,422,885**	**12,111,834**	**10,996,776**	**340,698**	**309,744**	**16,774,599**	**15,274,185**
Total liabilities	**1,057,753**	**878,227**	**1,725,806**	**1,427,950**	**7,906,381**	**6,725,185**	**236,372**	**184,252**	**10,926,312**	**9,215,614**
Net assets	**609,728**	**666,553**	**936,379**	**994,935**	**4,215,453**	**4,271,591**	**104,372**	**125,492**	**5,865,933**	**6,058,571**

35. Segment information – Continued

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

	2016 N'000	2015 N'000
Revenue		
Total revenue for reportable segments	2,208,333	3,764,079
Elimination of inter-segment revenue	-	-
Total Company Revenue	**2,208,333**	**3,764,079**
Profit or Loss		
Total profit or loss for reportable segments	540,359	1,726,259
Elimination of inter-segment profit or loss	-	-
Total Company Profit or Loss	**540,359**	**1,726,259**
Assets		
Total assets of reportable segment	16,774,599	15,274,185
Elimination of inter-segment assets	-	-
Total Company Assets	**16,774,599**	**15,274,185**
Liabilities		
Total liabilities of reportable segment	10,908,666	9,215,615
Elimination of inter-segment liabilities	-	-
Total Company Liabilities	**10,908,666**	**9,215,615**

35. Segment information – Continued

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

	2016	2015
	N'000	N'000
Revenue	2,208,333	3,764,079
	========	========

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

Non- current operating assets in Nigeria

	2016	2015
	N'000	N'000
Total non-current assets	9,459,560	8,013,499
	========	========

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

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 '000		2015 N'000	
Net operating income	1,147,326		1,353,188	
Cost of services – Local	(875,927)		(334,048)	
	------------		--------------	
	271,399		1,019,140	
Other operating income	130,180		1,332	
Finance income	558,093		785,237	
Profit on disposal of investment properties	121,220		83,525	
Valuation gains from investment properties	251,514		1,540,797	
Dimunition of investment in shares	(123,000)		(630,000)	
Impairment loss on goodwill	(286,828)			
	------------		---------------	
Value added	922,578		2,044,846	
	======		========	
Applied as follows:				
		%		%
To employees:				
- as salaries and labour related expenses	366,418	40	303,149	15
To Government:				
- as company taxes	81,942	9	260,441	13
Retained for the company's future:				
- for assets replacement				
(Depreciation and amortisation)	15,801	2	15,439	1
- deferred taxation	151,455	16	312,319	15
- profit for the year	306,962	33	1,153,499	56
	------------	------	---------------	-----
	922,578	100	2,044,846	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.

	2016	2015	2014	2013	2012
	₦'000	₦'000	₦'000	₦'000	₦'000
Statement of financial position					
Assets and liabilities:					
Property, plant and equipment	270,022	280,945	280,945	21,486	1
Investment properties	7,875,219	6,005,250	3,467,980	2,554,729	-
Goodwill and other intangible assets	562,669	852,105	853,779	-	-
Available-for-sale financial assets	747,000	870,000	1,500,000	-	-
Prepayment (non-current)	4,650	5,200	10,400	15,600	-
Net current (liabilities)/ assets	(86,774)	1,042,693	910,114	299,363	549,385
Deferred income	-	(71,733)	(67,648)	-	-
Deferred tax	(628,297)	(476,842)	(164,523)	(63,853)	-
Interest-bearing loans and borrowings	(2,878,556)	(2,449,046)	(1,381,110)	-	-
	5,865,933	6,058,571	5,404,672	2,827,325	549,386
Shareholders' fund					
Issued share capital	624,500	624,500	624,500	500,000	500,000
Share premium	3,039,618	3,039,618	3,039,618	1,996,000	-
Retained earnings	2,201,815	2,394,453	1,740,554	331,325	49,386
	5,865,933	6,058,571	5,404,672	2,827,325	549,386
Revenue	1,147,326	1,353,188	1,090,436	595,445	22,945
Profit before taxation	540,359	1,726,259	1,744,958	424,747	33,259
Income tax expense	(233,397)	(572,760)	(235,729)	(142,808)	-
Profit after taxation	306,962	1,153,499	1,509,229	281,939	33,259
Basic/ diluted earnings per share (Naira)	₦0.25	₦0.92	₦1.27	₦0.28	₦0.03

NOTICE IS HEREBY GIVEN that the fourth Annual General Meeting ("AGM") of Afriland Properties Plc (the "Company") will hold on Tuesday, March 28, 2017 at the Banquet Hall, Lagoon Restaurant, Ozumba Mbadiwe Street, 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 2016, together with the Reports of the Directors, Auditors and Audit Committee thereon;

2. To re-elect retiring Directors;

3. To authorize the Directors to fix the remuneration of the Auditors;

4. To elect members of the Statutory Audit Committee.

SPECIAL BUSINESS

5. To consider, and if thought fit, pass the following as special resolutions:

(i) That the authorized share capital of the Company be and is hereby increased from N675,000,000 to N686,950,000 by the creation or addition thereto of 23,900,000 ordinary shares of 50 Kobo each such that the newly created shares shall rank pari passu with the existing shares of the Company.

(ii) That Clause 6 of the Memorandum of Association of the Company be amended to read as follows:

"The share capital of the Company is N686,950,000 (Six Hundred and Eighty-Six Million, Nine Hundred and Fifty Thousand Naira) divided into 1,373,900,000 (One Billion, Three Hundred and Seventy-Three Million, Nine Hundred Thousand) ordinary shares of 50 Kobo each with power to increase the capital for the time being into several classes and attached thereto, any preferential, deferred, qualified or special rights, privileges or conditions."

6. That subject to the approval of resolution 5 and the regulatory authorities, the Company be and is hereby authorized to capitalize the sum of N62,450,000 from the balance standing to the credit of the share premium account of the Company as at 31 December 2016, and available for distribution, and appropriate same as bonus shares to the shareholders whose name appear in the Company's Registrar of Members as at 7 March 2017, in the proportion of 1 (one) ordinary share of 50k (fifty kobo) for every 10 (ten) ordinary shares of 50k (fifty kobo) each now held by them, and each of such bonus shares be credited as fully paid up.

(ii) That the bonus shares shall rank pari passu in all respects with the existing shares of the Company.

7. That the Board of Directors be and is hereby authorised to deal with the fractional shares, if any, resulting from the issuance of the bonus shares as they deem fit, and also to do all things necessary to give effect to the resolutions herein contained.

Dated this 2nd Day of March, 2017

By Order of the Board

OBONG IDIONG
FRC/2013/NBA/00000004696
Company Secretary
Afriland Properties Plc
223 Etim Inyang Crescent
Victoria Island, Lagos
Nigeria

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 Registrars Plc, No. 220B Ikorodu Road, Palmgrove, Lagos not later than 48 hours before the time fixed for the meeting.

2. CLOSURE OF REGISTER

The Register of Members and Transfer Books will be closed from Wednesday, March 8, 2017 to Tuesday, March 14, 2017 both days inclusive.

3. BONUS ISSUE

The Directors have recommended the declaration of a bonus issue of 1 ordinary share for every 10 ordinary shares held by shareholders. If the bonus issue recommended by Directors is approved, all shareholders whose names appear in the Company's Register of Members at the close of business on Tuesday, March 7, 2017 shall be credited with the bonus shares due to them.

4. AUDIT COMMITTEE

In accordance with 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. RE-ELECTION OF DIRECTORS

In accordance with the provisions of the Companies and Allied Matters Act, 2004, the Directors to retire by rotation at the fourth AGM are Mr. Emmanuel Nnorom and Ms. Yinka Ogunsulire. The retiring Directors, being eligible, offer themselves for re-election.

6. E-DIVIDEND

Notice is hereby given to all shareholders to open bank accounts, stockbroking accounts and CSCS accounts for the purpose of dividend. 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.

7. E-REPORT

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

In addition, the electronic version of the Annual Report, 2016 is available online for viewing and download from our website at www.afrilandproperties.com

Proxy Form

Annual General Meeting of Afriland Properties Plc

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 28, 2017.

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 28, 2016 or at any adjournment thereof.

Dated this ______day of ________________2017

Shareholder÷s Signature:_________________

NOTE:
Please sign this proxy form and deliver or post it to reach the registered office of the Registrar, Africa Prudential Registrars 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.

Please indicate by marking ôXõ 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.

	Resolution	For	Against	Abstain
1	To lay before the members, the Audited Financial Statements for the year ended 31 December 2016, together with the Reports of the Directors, Auditors and Audit Committee thereon;			
2	To re-elect retiring Directors *			
3	To authorize the Directors to fix the remuneration of the Auditors			
4	To elect members of the Statutory Audit Committee			
5	To consider, and if thought fit, pass the following as special resolutions: (i) That the authorized share capital of the Company be and is hereby increased from N675,000,000 to N686,950,000 by the creation or addition thereto of 23,900,000 ordinary shares of 50 Kobo each such that the newly created shares shall rank pari passu with the existing shares of the Company. (ii) That Clause 6 of the Memorandum of Association of the Company be amended to read as follows: "The share capital of the Company is N686,950,000 (Six Hundred and Eighty-Six Million, Nine Hundred and Fifty Thousand Naira) divided into 1,373,900,000 (One Billion, Three Hundred and Seventy-Three Million, Nine Hundred Thousand) ordinary shares of 50 Kobo each with power to increase the capital for the time being into several classes and attached thereto, any preferential, deferred, qualified or special rights, privileges or conditions."			
6	(i) That subject to the approval of Resolution 5 and the regulatory authorities, the Company be and is hereby authorized to capitalize the sum of N62,450,000 from the balance standing to the credit of the share premium account of the Company as at 31 December 2016, and available for distribution, and appropriate same as bonus shares to the shareholders whose name appear in the Company÷s Registrar of Members as at 7 March 2017, in the proportion of 1 (one) ordinary share of 50k (fifty kobo) for every 10 (ten) ordinary shares of 50k (fifty kobo) each now held by them, and each of such bonus shares be credited as fully paid up. (ii) That the bonus shares shall rank pari passu in all respects with the existing shares of the Company.			
7	That the Board of Directors be and is hereby authorised to deal with the fractional shares, if any, resulting from the issuance of the bonus shares as they deem fit, and also to do all things necessary to give effect to the resolutions herein contained.			

*Note : The Directors seeking re-election are (1) Olayinka Ogunsulire (2) Emmanuel Nnorom.

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 the Banquet Hall, Lagoon Restaurant, Ozumba Mbadigwe Street, Victoria Island, Lagos at 10:00 am on Tuesday, March 28, 2017.

Name and address of Shareholder :____
____

Account number : ______________________No. of shares held______________________ Shareholder÷s signature______________________

Signature

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

Obong Idiong
Company Secretary

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

Affix Current Passport

Write your name at the back of your passport photograph

(to be stamped by your banker)

ONLY CLEARING BANKS ARE ACCEPTABLE

Africa Prudential Registrars Plc

RC NO: 649007

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 Registrars 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: D D M M Y Y Y Y

SHAREHOLDER ACCOUNT INFORMATION

Surname/Companys 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/Companys Signatories

Company Seal(if applicable)

DISCLAIMER
"In no event shall Africa Prudential Registrars 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 shareholding

CLIENTELE	A/C No.
1. AFRICA PRUDENTIAL REGISTRARS 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. INTERNATIONAL BREWERIES PLC	
22. INVESTMENT & ALLIED ASSURANCE PLC	
23. JAIZ BANK PLC	
24. KADUNA STATE GOVERNMENT BOND	
25. LAGOS BUILDING INVESTMENT CO. PLC	
26. MED-VIEW AIRLINE PLC	
27. MIXTA REAL ESTATE PLC *(formerly ARM Properties Plc)*	
28. NEXANS KABLEMETAL NIG. PLC	
29. OMOLUABI MORTGAGE BANK PLC	
30. PERSONAL TRUST & SAVINGS LTD	
31. P.S MANDRIDES PLC	
32. PORTLAND PAINTS & PRODUCTS NIG. PLC	
33. PREMIER BREWERIES PLC	
34. RESORT SAVINGS & LOANS PLC	
35. ROADS NIGERIA PLC	
36. SCOA NIGERIA PLC	
37. TRANSCORP HOTELS PLC	
38. TRANSCORP PLC	
39. TOWER BOND	
40. THE LA CASERA CORPORATE BOND	
41. UACN PLC	
42. UBA BALANCED FUND	
43. UBA BOND FUND	
44. UBA EQUITY FUND	
45. UBA MONEY MARKET FUND	
46. UNITED BANK FOR AFRICA PLC	
47. UNITED CAPITAL PLC	
48. UNIC INSURANCE PLC	
49. UAC PROPERTY DEVELOPMENT COMPANY PLC	
50. UTC NIGERIA PLC	
51. 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: Plot 137, Olu-Obasanjo Road (2nd Floor). Tel: 084-303457
E-MAIL: info@africaprudentialregistrars.com | WEBSITE: www.africaprudentialregistrars.com
facebook.com/africaprudentialregistrarsplc twitter.com/APRPLC aprplc

Africa Prudential Registrars Plc

RC NO: 649007

E-SERVICE/DATA UPDATE FORM

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

1. *SURNAME/COMPANY NAME
2. *FIRST NAME
3. OTHER NAME
4. *GENDER M F
5. E-MAIL
6. ALTERNATE E-MAIL
7. *DATE OF BIRTH D D M M Y Y Y Y
8. *MOBILE (1) (2)
9. *ADDRESS
10. OLD ADDRESS*(if any)*
11. *NATIONALITY
12. *OCCUPATION
13. *NEXT OF KIN NAME MOBILE
14. *MOTHERS 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
20. 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 ____________________
for joint/corporate accounts only

DISCLAIMER
"In no event shall Africa Prudential Registrars 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 shareholding

CLIENTELE	A/C No.
1. AFRICA PRUDENTIAL REGISTRARS 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	
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33. PREMIER BREWERIES PLC	
34. RESORT SAVINGS & LOANS PLC	
35. ROADS NIGERIA PLC	
36. SCOA NIGERIA PLC	
37. TRANSCORP HOTELS PLC	
38. TRANSCORP PLC	
39. TOWER BOND	
40. THE LA CASERA CORPORATE BOND	
41. UACN PLC	
42. UBA BALANCED FUND	
43. UBA BOND FUND	
44. UBA EQUITY FUND	
45. UBA MONEY MARKET FUND	
46. UNITED BANK FOR AFRICA PLC	
47. UNITED CAPITAL PLC	
48. UNIC INSURANCE PLC	
49. UAC PROPERTY DEVELOPMENT COMPANY PLC	
50. UTC NIGERIA PLC	
51. 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: Plot 137, Olu-Obasanjo Road (2nd Floor). Tel: 084-303457
E-MAIL: info@africaprudentialregistrars.com | WEBSITE: www.africaprudentialregistrars.com
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Africa Prudential Registrars Plc

RC NO: 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. SPOUSE' NAME:
5. *MOTHER'S MAIDEN NAME:
6. *E-MAIL:
7. ALTERNATE E-MAIL:
8. *MOBILE No.:
9. SEX: MALE ☐ FEMALE ☐
10. PHONE No. (HOME):
11. *POSTAL ADDRESS:
12. CSCS CLEARING HOUSE No.:
13. NAME OF STOCKBROKER:
14. OCCUPATION:
15. NATIONALITY:
16. NEXT OF KIN:

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 : ____________________
for joint/corporate accounts only

DISCLAIMER

"In no event shall Africa Prudential Registrars 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 shareholding

CLIENTELE	A/C No.
1. AFRICA PRUDENTIAL REGISTRARS 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. INTERNATIONAL BREWERIES PLC	☐
22. INVESTMENT & ALLIED ASSURANCE PLC	☐
23. JAIZ BANK PLC	☐
24. KADUNA STATE GOVERNMENT BOND	☐
25. LAGOS BUILDING INVESTMENT CO. PLC	☐
26. MED-VIEW AIRLINE PLC	☐
27. MIXTA REAL ESTATE PLC *(formerly ARM Properties Plc)*	☐
28. NEXANS KABLEMETAL NIG. PLC	☐
29. OMOLUABI MORTGAGE BANK PLC	☐
30. PERSONAL TRUST & SAVINGS LTD	☐
31. P.S MANDRIDES PLC	☐
32. PORTLAND PAINTS & PRODUCTS NIG. PLC	☐
33. PREMIER BREWERIES PLC	☐
34. RESORT SAVINGS & LOANS PLC	☐
35. ROADS NIGERIA PLC	☐
36. SCOA NIGERIA PLC	☐
37. TRANSCORP HOTELS PLC	☐
38. TRANSCORP PLC	☐
39. TOWER BOND	☐
40. THE LA CASERA CORPORATE BOND	☐
41. UACN PLC	☐
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Africa Prudential Registrars Plc
RC NO: 649007

FULL DEMATERIALIZATION FORM FOR MIGRATION

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

Affix recent passport photograph

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

SECTION A:

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

ADDRESS: ______________________

GSM NUMBER: ______________ **E-MAIL:** ______________

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:** ______________ *Must be confirmed by bank*

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

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

Shareholder's Signature & Date

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

Thumb Print

CERTIFICATE DETAILS

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

Company Seal

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

I hereby request APR 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 APR 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 APR 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 APR Plc or their successors or assigns without cost, fee or reward.

CERTIFICATE DETAILS

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

Dated this ________ day of ______ 20_____

Name:______________________________

Signature:______________________________

Joint (2) (if applicable): ________________

Joint (3) (if applicable): ________________

Company Seal

In the Presence of:

Name:________________________ :________________________ **GSM NO** :________________________ **Signature**________________________

Address: ____

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

info@africaprudentialregistrars.com | Tel: +234 708 060 6400
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Company Registration Number:	**RC: 684746**	
Registered Office	Afriland Properties Plc 223 Etim Inyang Crescent Victoria Island, Lagos	
Board of Directors		
	Erelu Angela Adebayo	Chairman
	Mrs. Uzoamaka Oshogwe	MD/CEO
	Mrs. Olayinka Ogunsulire	Independent Director
	Mr. Samuel Nwanze	Director
	Mr. Ike Ogbue	Director
	Mr. Emmanuel Nnorom	Director
Auditors	Ernest & Young (Chartered Accountants) 2A, Bayo Kuku Road Off Alfred Rewane Road Ikoyi, Lagos	
Bankers	**United Bank for Africa Plc** UBA House 57 Marina Lagos	
Company Secretary	Mr. Obong Idiong 223 Etim Inyang Crescent Victoria Island, Lagos	
Registrars and Transfer Office	Africa Prudential Registrars Plc 220B Ikorodu Road Palmgrove, Lagos	

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