AFRILAND PROPERTIES

2017 ANNUAL REPORT and FINANCIAL STATEMENTS

AFRILAND PROPERTIES PLC
RC:684746

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DIRECTORS AND OTHER CORPORATE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017

BOARD OF DIRECTORS	Erelu Angela Adebayo	Chairman
	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 Plc 220B, Ikorodu Road Palmgrove Lagos.	

COMPANY OVERVIEW

OUR PURPOSE

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

WHO WE ARE

Afriland Properties Plc is a property management, investment and development company, offering end-to-end services along the real estate value chain, from management to joint-venture investments. With a portfolio size of over N10 billion and one of the largest land banks in Nigeria, Afriland is pioneering the opportunities presented by an institutional approach to real estate, serving niche markets throughout Africa.

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

OUR CORE VALUES

Enterprise

- Passion
- Ingenuity
- Tenacity

Having the willingness and determination to do whatever it takes to get the job done. In a competitive business environment, what sets us apart is our individual and collective responsibility to take ownership of our deliverables and lead innovative initiatives.

Execution

- Hard work
- Results-Driven
- Accountability

A burning desire to always see things through to completion in a timely, efficient and effective manner. We believe in hard work and seeing through ideas from conception all through to achieving excellent results.

Excellence

- Responsiveness
- Diligence
- Distinction

Delivering in an outstanding manner, consistently. Excellence is a mantra embedded in the heart of every employee. We go several steps beyond the norm to deliver measurable value to our stakeholders.

RESULTS AT A GLANCE

31 December	2017 N'000	2016 N'000
Operating profit	**997,311**	**925,004**
Profit before taxation	1,056,423	540,359
Taxation	**(35,563)**	**(233,397)**
Profit after taxation	**1,020,860**	**306,962**
Earnings per share	**N0.74**	**N0.25**

31 December	2017 N'000	2016 N'000
Total assets	19,794,517	16,774,599
Total equity	7,188,396	5,865,933

BOARD OF DIRECTORS

Erelu Angela Adebayo
Chairman

Erelu Angela Adebayo is the Chairman of Afriland Properties Plc. 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 sits on the board of several companies including DN Meyer Plc, Dangote Foundation and The Nigerian Stock Exchange.

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.

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

Uzoamaka Oshogwe
Chief Executive Officer

Uzoamaka Oshogwe is the Managing Director of Afriland Properties Plc, and joined the company when it was still known as UBA Properties.

She holds a BSc in Chemistry (1989) from Ambrose Alli University, Edo State and an MSc Information Systems Design (1996) from the University of Westminster, London. She has over 20 years' working experience, mainly in Information Technology, Banking and Real Estate.

Prior to joining UBA, she worked for over a decade as an IT Specialist at Accenture UK based at several clients' sites, including Jones LaSalle Europe, a financial and professional services firm specializing in real estate services and investment management.

Olayinka Ogunsulire
Non-Executive Director

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

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

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

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

BOARD OF DIRECTORS

Samuel Nwanze
Non-Executive Director

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

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

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

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.

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

Emmanuel Nnorom
Non-Executive Director

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

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

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

EXECUTIVE MANAGEMENT

Henry Omoike
Head, Business Development

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

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

Obiorah Ozugha
Chief Financial Officer

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

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

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

Bassey Eka
Head, Projects Design

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

He has over 20 years post-qualification practical and active industry experience. He joined the erstwhile UBA Properties in 2006, and in the process, has headed branch expansions in the Northern part of Nigeria, the whole of Nigeria and also expansion and set up of UBA subsidiaries in 15 of the 18 African countries where UBA is currently operational.

EXECUTIVE MANAGEMENT

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.

EXECUTIVE MANAGEMENT

Obong Idiong
Company Secretary

Obong Idiong is the Company Secretary/Legal Adviser. A legal practitioner with over 14 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 Banking 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.

CHAIRMAN'S STATEMENT

Distinguished Shareholders,

Members of the Board of Directors, Ladies and Gentlemen, welcome to the fifth Annual General Meeting of our Company. I am delighted to present an overview of our 2017 macroeconomic environment, a review of our achievements and the operating results for the year as well as an outlook of 2018.

The Global Environment
The recovery in the global economy which commenced in 2016 gathered steam in 2017. Despite rising geopolitical tension and protectionism, a growth surge was witnessed in 2017 driven by firmer domestic demand, continuous growth, increased wages, high stock prices and low interest rates in advance economies together with improved performance in other large emerging market economies supported by rebound in prices of commodities. As a result of the strong growth witnessed, the global economy rose to 3.3% in 2017 up from 2.7% in 2016.

The increase in commodities prices in 2017 provided relief to some battered developing economies such that their economies had exited recession.

Growth in Sub-Saharan Africa rebounded to 2.4% in 2017, after slowing sharply to 1.3% in 2016. This rise reflects a modest recovery in Angola, Nigeria and South Africa all supported by improvement in commodity price, favorable global financing condition and slowing inflation that helped to lift household demand.

The Local Economy
The state of the Nigerian economy and the business environment in 2017 remains challenging, although marginal improvement was witnessed over the previous year's performance. In the course of the year, economic activities were weak as key macro-economic indicators remained unsteady. Key variables driving low performance includes; low oil output production, rising inflation and unemployment, foreign exchange volatility and scarcity and raising political tension in the land.

To mitigate against unfavorable impact of the factors highlighted above, the Federal Government of Nigeria introduced some deliberate policies such as the Economic Recovery and Growth Plan with a view to stabilizing the macro-economic environment.

To curb the volatility experienced in the foreign exchange market, the Central Bank of Nigeria reviewed the currency market regime and thereafter introduced the multiple window approach which fixed rates for retail FX demands.

In order to restore growth, the Federal Government was able to pacify youths from the Niger Delta Region and the resultants effect is the rise in domestic crude production from about 1.2mb/d in 2016 to 2mb/d in 2017.

As part of effort to reform the business climate in Nigeria, the Presidential Enabling Business Environment Council was inaugurated in April 2017 with the mandate to move Nigeria upward in the World Bank ease of doing business index.

CHAIRMAN'S STATEMENT (Contd.)

The real estate sector in Nigeria in 2017 contributed 0.5% to the total GDP. The performance recorded is influenced by the recovery made in the economy in the 3rd and 4th quarter of 2017. There was a lull in the mid to high end market of the real estate industry in 2017. However, a turnaround is expected in the 1st quarter of 2018 as demand for prime properties are set to increase.

Financial Performance and Dividend

Our Company recorded growth during the 2017 financial year with revenue growing by 11% from N1.1 billion in 2016 to N1.3 billion in 2017. The increase in growth is attributable to the development and disposal of properties in the year. The profit before tax increased by 95.5% to N1.06 billion in 2017 from N540 million in 2016. Profit after tax grew by 233% from N307 million in 2016 to N1.02 billion in 2017.

Total assets as at 31 December, 2017 stood at N19.8 billion which represents a 17.9% increase over the N16.8 billion recorded in 2016.

Given this performance, the Board of Directors is proposing the sum of N137.39 million as dividend payment for the year ended 31 December 2017. This translates to 10 kobo per ordinary share. We hereby request your consideration and approval of this dividend proposal.

Activities during the year

While we faced challenges in the operating environment, the company commenced and completed a number of projects in 2017. Our flagship project for the development and disposal of residential building was a success. We have also successfully completed the Egbeda-Idimu lockup shops. The renovation of Raymond House to a world-class office space progressed significantly in 2017 and barring any unforeseen circumstances, the project will be completed in March 2018. As at 31 December 2017, the company had over 80 clients' projects at various stages of completion. The company is also progressing in discussions with the Lagos State Government on the Falomo Shopping Mall.

Outlook for 2018

The recovery recorded in the Nigerian economy in 2017 is expected to be solidified in 2018. This will be driven by the spill- over effect of the upsurge in oil output as observed in 2017. The growth in other sectors of the economy especially the service and manufacturing sector remains weak, therefore making the overall growth outlook vulnerable to the whims of oil output. Projected GDP for 2018 is 2.5% growth rate while inflation will settle at 12.2%.

The outlook for the Nigerian real estate market in 2018 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, developer 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.

CHAIRMAN'S STATEMENT (Contd.)

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

CEO'S REPORT

Dear Shareholders,

It is my pleasure to deliver this Annual Report at the 5th Annual General meeting of Afriland Properties Plc.

Our 2017 Annual Report contains detailed information about the activities of the Company in what was a challenging year for business in Nigeria. We will also intimate our valued stakeholders of our plans for the 2018 financial year.

I would like to use this opportunity to thank our esteemed Shareholders for their support; committed Board of Directors for their resourcefulness, our customers for their patronage in the year and a dedicated staff.

In 2017, your Company sustained its business goals and objectives which includes:

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

The state of the Nigerian economy and business climate in 2017 was very challenging. In the course of the year, economic activities were weak as key macro-economic indicators remained unsteady and below projections. Key variables that drove performance included, low oil output production, rising inflation and unemployment rate, foreign exchange volatility and scarcity as well as raising political tension in the land. The above captured succinctly the environment in which the Company operated in 2017.

The Nigerian economy, however, recovered in the second half of 2017 by exiting recession. The recovery is primarily from a rebound in the price of crude oil in the international market and stability in production output as well as other cumulative policies put in place by the Government.

The recovery impacted on the real estate sector as GDP in 2017 was -3.5% against -6.9% in 2016. It is expected that this trajectory will continue in 2018.

In 2018, the operating environment may not change significantly from the position in 2017. However, the Board and Management of the Company are confident that the strategies initiated, will yield positive results and improve your Company's performances in the coming years. We are closely monitoring various policy measures being taken by the Government to further sustain the gains made in 2017.

The fundamentals of our business are strong as follows:

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 purpose, which is to Improve lives by investing in the development, management and maintenance of world-class Real Estate offerings across Africa.

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

CEO'S REPORT (Contd.)

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

2017 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, 2017.

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.

On this backdrop, Afriland achieved commendable financial and operating results in FY 2017 as evidenced by various key performance indicators shown below.

Financial Performance (Revenue, Profit)
The Company's revenue in 2017 is N1.3 billion, representing 11% increase over last year amount of N1.1 billion. Operating profit for the financial year ended 31 December 2017 is N0.997 billion against N0.925 billion in 2016. This represents a marginal increase of 2% over 2016. Contributing to total revenue of N1.3 billion in 2017 is gain from disposal of our inventory properties of N201million. This revenue stream is from our flagship project for the development and disposal of residential building.

The Company achieved a profit before tax (PBT) of N1.1billion for the 2017 financial year. This represents an increase of 95.5% from the achievement of N0.54 billion recorded in 2016 financial year. Profit after tax (PAT) attributable to the Company was N1.021 billion, which is 233% above the position of N0.306 billion for the year ended 31 December, 2016.

The significant increase in both PBT and PAT as achieved in 2017 over prior year is attributable to gains of N335m from valuation of financial assets in current period treated in other comprehensive income as against impairments of N123m and 286m recorded on financial assets and goodwill in 2016.These impairments were passed through the profit or loss in prior year.

Financial Position (Assets)
Total assets as at 31 December, 2017 stood at N19.8billion which represents a 17.9% increase over the N16.8billion recorded in 2016.

Also the Shareholders' funds rose from N5.9 billion in 2016 to N7.2 billion in 2017.This represents an increase of 22%. The increase in total assets and shareholders' funds are attributable to profit from operating activities as well as fair value gains attributable from the valuation of investment properties and financial assets at year-end in line with standard.

Key Business Achievements and Over-view
During the course of the year under review, we completed the construction works on Safe Sule residential building and Egbeda-Idimu lockup shops. We have progressed significantly with the renovation work on the Raymond House building. Work has also commenced on the Abule Egba and Alagbado lock-up shops. This will be completed in 2018.

CEO'S REPORT (Contd.)

Outlook for 2018

While we expect a challenging operating environment in 2018, we are poised to change the narratives in the Real Estate space by leveraging on quality services and innovation to deliver value to our stakeholders

Consequently, in 2018, we will complete the upgrade and renovation of the Raymond House building in Marina, Lagos State. This will ensure the optimization of future rental income from this property, In addition, this Iconic building will in the future be the Head Office of Afriland Properties Plc. We also plan to achieve significant milestone in the development of the under listed properties for residential and commercial purposes.

These include amongst others, our properties at:

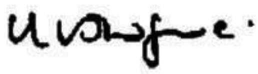
- Waziri Ibrahim, Victoria island, Lagos
- Ahmed Onibudo, Victoria Island, Lagos
- Lugard Avenue, Ikoyi, Lagos
- Club Road, Ikoyi, Lagos
- Abagana Street, Port Harcourt
- Akinloye Layout, Bodija, Ibadan

Finally, we will continue to explore the possibility of engaging credible organizations with a view to partnering with them on project(s) that will deliver value to shareholders.

Closing

Our esteemed and distinguished shareholders, I would like to thank you and the Board of Directors, the management and staff of the Company for their tremendous commitment, loyalty and support. We continually reiterate our resolve to achieve the Company's set goals and objectives, whilst focusing on our mission to be Africa's most sought-after real estate company that creates long term value for all stakeholders.

Thank you and God bless.



Uzoamaka Oshogwe
Chief Executive Officer

CORPORATE GOVERNANCE REPORT

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

During the year ended December 31, 2017, 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 other best corporate governance practices, the report of which forms part of this Annual Report.

The Board is of the opinion that the Company has in all material respects, complied with the requirements of the SEC Code and its own governance standards during the 2017 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 2017 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 Management Committee, the Finance & General Purpose Committee, the Nomination & Governance Committee and the Statutory Audit Committee.

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

CORPORATE GOVERNANCE REPORT (Contd.)

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

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

- **Board of Directors Appointment Procedure Policy**
  The purport of the Policy is to set out and implement a formal procedure for the selection and appointment of Non-Executive Directors of the Company. The Nominations and Governance Committee ("NGC") is saddled with the responsibility of identifying and assessing potential candidates in line with stipulated criteria in the policy

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 and day to day management of the Company. The Chief Executive Officer is assisted by the Executive Management Committee in managing the day-to-day operations of the Company. The Chairman is not involved in the day-to day operations of the Company and is not a member of any Committee of the Board.

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

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

CORPORATE GOVERNANCE REPORT (Contd.)

2.5 **Induction and Training of Directors**

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

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

2.6 **Proceedings and frequency of meetings**

The Board meets at least once every quarter or as frequently as the Board's attention may be required. Sufficient notices with clear agenda/report are usually given prior to convening such meetings. All Directors have access to the Company Secretary who is appointed and removed by the Board and is also responsible to the Board. The details of Directors' attendance of Board meetings are disclosed on page 20 of the Annual Reports.

2.7 **Delegation of Authority**

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

2.8 **Reporting and Internal Control**

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

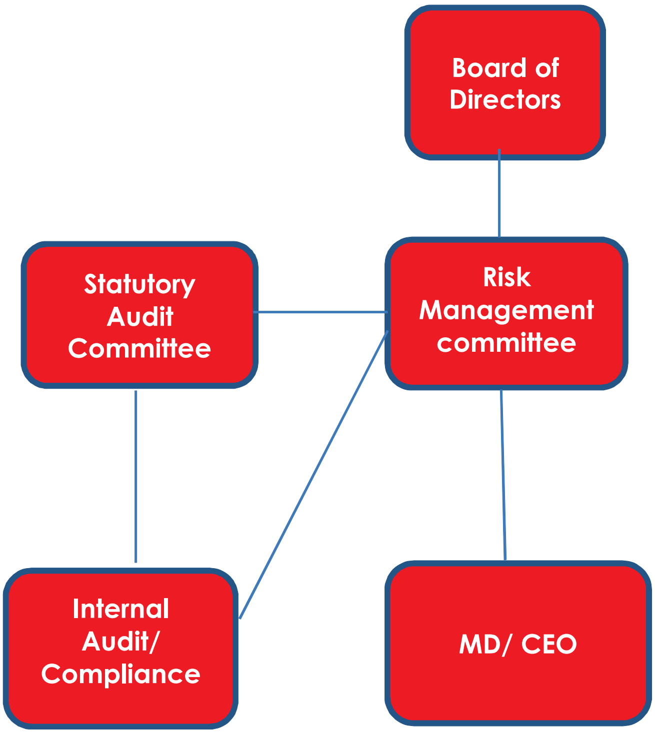
Furthermore, the Board continually places emphases on risk management as an essential tool of achieving the Company's objectives by approving a robust Enterprise Risk Management Policy and Internal Audit Policy Manual and adopting an approach of risk governance that balances the demands of entrepreneurship,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

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

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

CORPORATE GOVERNANCE REPORT (Cond.)

RISK GOVERNANCE STRUCTURE



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 2017 and members' attendance:

Directors	Date of Meetings Held	No of meetings attended	Date of meetings not attended
Erelu Angela Adebayo	24th February, 2017 25th April, 2017 26th July, 2017 25th October, 2017	4	N/A
Mrs. Uzoamaka Oshogwe	24th February, 2017 25th April, 2017 26th July, 2017 25th October, 2017	4	N/A
Mr. Samuel Nwanze	24th February, 2017 25th April, 2017 26th July, 2017 25th October, 2017	3	25th October, 2017

CORPORATE GOVERNANCE REPORT (Cond.)

Ms. Olayinka Ogunsulire	24th February, 2017 25th April, 2017 26th July, 2017 25th October, 2017	4	N/A
Mr. Ike Ogbue	24th February, 2017 25th April, 2017 26th July, 2017 25th October, 2017	2	24th February, 2017 26th July, 2017
Mr. Emmanuel Nnorom	24th February, 2017 25th April, 2017 26th July, 2017 25th October, 2017	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.

The Board Committees are as follows:

2.11.1 **Nominations & Governance Committee**

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

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

Membership of the Committee comprises four (4) non-executive directors as follows:

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

CORPORATE GOVERNANCE REPORT (Contd.)

The table below shows the frequency of meetings of the NGC in 2017 and members' attendance:

Directors	Date of Meetings Held	Number of meetings attended	Date of meetings not attended
Ms. Samuel Nwanze	23rd February, 2017 24th April, 2017 23rd October, 2017	2	23rd October, 2017
Ms. Olayinka Ogunsulire	23rd February, 2017 24th April, 2017 23rd October, 2017	3	23rd October, 2017
Mr. Ike Ogbue	23rd February, 2017 24th April, 2017 23rd October, 2017	1	23rd February, 2017 24th April, 2017
Mr. Emmanuel Nnorom	23rd February, 2017 24th April, 2017 23rd October, 2017	3	N/A

N/A means "Not Applicable"

2.11.2 Risk Management Committee

The Risk Management Committee (RMC) is tasked with the following terms of reference:

- Review and approval of the companies risk management policy including risk appetite and risk strategy;
- Review the adequacy and effectiveness of risk management and controls;
- Oversight of the Management's process for the identification of significant risks across the Company and the adequacy of prevention, detection and reporting mechanisms;
- Review of the Company's compliance level with applicable laws and regulatory requirements that may impact the Company's risk profile;
- Periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the company's risk profile;
- Review and recommend for approval of the Board risk management procedures and controls for new products and services;
- *Assist the Board of Directors in fulfilling its oversight responsibilities with regard to audit and control;*
- *Assure that an effective system of financial and internal controls are in place.*
- Review Audit exception reports, fraud losses and make recommendations for control measures.
- Ensure that risk assessments are performed on a continual basis.
- Monitor and assess the integrity of the overall risk management framework of the Company.

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

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

CORPORATE GOVERNANCE REPORT (Contd.)

The table below shows the frequency of meetings of the RMC in 2017 and members' attendance:

Directors	Date of Meetings Held	Number of meetings attended	Date of meetings not attended
Ms. Olayinka Ogunsulire	24th April, 2017 24th July, 2017 23rd October, 2017	3	N/A
Mrs Uzoamaka Oshogwe	24th April, 2017 24th July, 2017 23rd October, 2017	3	N/A
Mr. Samuel Nwanze	24th April, 2017 24th July, 2017 23rd October, 2017	2	23rd October, 2017
Mr. Ike Ogbue	24th April, 2017 24th July, 2017 23rd October, 2017	2	24th April, 2017
Mr. Emmanuel Nnorom	24th April, 2017 24th July, 2017 23rd October, 2017	3	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.

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

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

CORPORATE GOVERNANCE REPORT (Contd.)

The table below shows the frequency of meetings of the F&GPC in 2017 and members' attendance:

Directors	Date of Meetings Held	Number of meetings attended	Date of meetings not attended
Mr. Emmanuel Nnorom	23rd February, 2017 24th April, 2017 24th July, 2017 23rd October, 2017	4	N/A
Mrs. Uzoamaka Oshogwe	23rd February, 2017 24th April, 2017 24th July, 2017 23rd October, 2017	4	N/A
Mr. Samuel Nwanze	23rd February, 2017 24th April, 2017 24th July, 2017 23rd October, 2017	3	23rd October, 2017
Ms. Olayinka Ogunsulire	23rd February, 2017 24th April, 2017 24th July, 2017 23rd October, 2017	4	N/A
Mr. Ike Ogbue	23rd February, 2017 24th April, 2017 24th July, 2017 23rd October, 2017	2	23rd February, 2017 24th April, 2017

N/A means "Not Applicable"

2.11.4 Statutory Audit Committee

The Statutory Audit Committee (SAC) was set up in accordance with the provisions of the Companies and Allied Matters Act, CAP 20, 2004. It comprises of a mixture of Non-Executive Directors and ordinary shareholders elected at the fourth Annual General Meeting of the Company held on 28th March, 2017. Its terms of reference include the monitoring of processes designed to ensure compliance by the Company in all respects with legal and regulatory requirements, including disclosure, controls and procedures. It evaluates annually, the independence and performance of the External Auditors. The Committee also reviews with Management and the External Auditors, the annual audited financial statement before submission to the Board.

Membership of the Committee in 2017 comprises of following:

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

CORPORATE GOVERNANCE REPORT (Contd.)

The table below shows the frequency of meetings of the SAC in 2017 and members' attendance:

Directors	Date of Meetings Held	Number of meetings attended	Date of meetings not attended
Mr. Ayodeji Adigun	23rd February, 2017 24th April, 2017 24th July, 2017 23rd October, 2017	4	N/A
Alhaji Wahab A. Ajani	23rd February, 2017 24th April, 2017 24th July, 2017 23rd October, 2017	4	N/A
Mrs. Shopeju E. Adetutu	23rd February, 2017 24th April, 2017 24th July, 2017 23rd October, 2017	4	N/A
Mr. Samuel Nwanze	23rd February, 2017 24th April, 2017 24th July, 2017 23rd October, 2017	4	N/A
Ms. Olayinka Ogunsulire	23rd February, 2017 24th April, 2017 24th July, 2017 23rd October, 2017	4	N/A
Mr. Ike Ogbue	23rd February, 2017 24th April, 2017 24th July, 2017 23rd October, 2017	2	23rd February, 2017 24th April, 2017

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.

CORPORATE GOVERNANCE REPORT (Contd.)

Notice of meetings and all statutory notices and information are communicated to the shareholders regularly.

The Company's General Meetings provide shareholders with the platform to contribute to the administration of the Company. The Annual General Meetings (AGMs) are held in accessible locations and are open to shareholders or their proxies. The AGMs are conducted in a manner that facilitates shareholders' participation in accordance with relevant regulatory and statutory requirements.

The Company encourages shareholders to attend these meetings whilst ensuring that notices of meetings and other information required by shareholders to make informed decisions are dispatched in a timely manner. The office of the Company Secretary additionally affords shareholders channels of communication to the Board and the Management of the Company.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors have pleasure in presenting to the members of Afriland Properties Plc ("the Company") their report together with the audited financial statements for the year ended 31 December 2017.

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

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

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

Change in reporting framework
There have been no changes to the accounting policies adopted by the Company.

Results for the year

	2017 N'000	2016 N'000
Revenue	1,275,587	1,147,326
	========	========
Profit before taxation	1,056,423	540,359
Taxation	(35,563)	(233,397)
	-------------	-------------
Profit after taxation	1,020,860	306,962
	=======	=======

Dividend
The Directors recommend a final dividend of 10 kobo per share of the outstanding ordinary shares of 1,373,900,000 to be paid to the shareholders of the Company for the year ended December 31, 2017. This dividend shall become payable upon declaration by shareholders at the Annual General Meeting.

REPORT OF THE DIRECTORS (Contd.)
FOR THE YEAR ENDED 31 DECEMBER 2017

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 (2016: Nil).

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

Director	**Position**
Erelu Angela Adebayo	Chairman
Uzo Oshogwe	Managing Director/CEO
Olayinka Ogunsulire	Non-Executive 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 2017		**31 December 2016**	
	Direct Holding	**Indirect Holding**	**Direct Holding**	**Indirect Holding**
Erelu Angela Adebayo	5,459	-	4,963	-
Uzo Oshogwe	836,128	-	760,117	-
Olayinka Ogunsulire	248	-	226	-
Ike Ogbue	44,000	-	40,000	-
Samuel Nwanze	19,202	-	17,023	-
Emmanuel Nnorom	349,411	34,394	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 disclosable interest in contracts with which the Company is involved as at 31 December 2017 (2016: Nil).

REPORT OF THE DIRECTORS (Contd.)

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.

	2017		2016	
	Numbers of Shares	%	Numbers of Shares	%
ED & M Investment Limited	102,983,316	7.50	93,621,197	7.50
Ocean Date Limited	78,618,161	5.72	71,471,056	5.72
HH Capital Limited	78,185,694	5.69	71,077,904	5.69
Consolidated Trust Funds Limited	69,609,475	5.07	63,281,341	5.07

Shareholding range analysis

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

RANGE ANALYSIS AS AT 31 -12-2016								
Range			No. of Holders	Holders %	Holders Cum.	Units	Units %	Units Cum.
1	-	10,000	132,417 ,642	11%	132,417,642	278,006	98%	278,006
10,001	-	50,000	67,905,796	6%	200,323,438	3,249	1%	281,255
50,001	-	100,000	29,269,454	2%	229,592,892	409	0%	281,664
100,001	-	500,000	56,449,741	5%	286,042,633	283	0%	281,947
500,001	-	5,000,000	117,092,455	9%	403,135,088	82	0%	282,029
5,000,001	-	50,000,000	254,689,227	20%	657,824,315	22	0%	282,051
50,000,001	-	2,000,000,000	591,175,685	47%	1,249,000,000	9	0%	282,060
Grand Total			1,249,000,000	100%		282,060	100%	

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

Charitable contributions and donations

T'The Company made provision of N41,396,310 to support entrepreneurship activities for the year ended 31 December 2017. (2016:N15,076,163)

REPORT OF THE DIRECTORS (Contd.)

Employment and Employees

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

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

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

Events after the reporting date
As stated in Note 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/2013/NBA/00000004696
26 February, 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017. 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
16 February, 2018	16 February, 2018

AUDIT COMMITTEE REPORT

TO MEMBERS OF AFRILAND PROPERTIES

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

- The Audit Committee met in exercise of its statutory responsibilities in accordance with section 359(6) of CAMA;
- We have examined the auditor's report including the financial statements for the year ended 31st December, 2017;
- 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 16, 2018

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

AFRILAND PROPERTIES

BOARD EVALUATION REPORT

DCSL Corporate Services Limited
235 Ikorodu Road
Ilupeju
P. O. Box 965, Marina
Lagos, Nigeria

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RC NO. 352393

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Tel: +234 9 4614902-5

February 12th, 2018

REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE OF THE BOARD OF DIRECTORS OF AFRILAND PROPERTIES PLC. FOR THE YEAR ENDED 31 DECEMBER 2017

DCSL Corporate Services Limited was engaged by Afriland Properties Plc. to undertake an appraisal of its Board of Directors, for the year-ended 31st December 2017. Our appraisal entailed a review of the Company's corporate and statutory documents, the Minutes of Board and Committee meetings, policies in place and other ancillary documents made available to us. We also administered Questionnaires, Board and Peer Review Surveys to the Directors. The objective of our review was to ascertain the level of the Board's compliance with corporate governance practices, with particular reference to the provisions of the **Securities and Exchange Commission (SEC) Code of Corporate Governance 2011 (SEC Code),** relevant legislation and global best practices, and covered the following seven key corporate governance themes:

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

Following our detailed review of the documents made available during the appraisal exercise, we confirm that the Company has substantially complied with the provisions of the SEC Code of Corporate Governance and that the activities of the Board and the Company are to a large extent in compliance with corporate governance best practice. In our opinion, the Board has displayed substantial commitment to enhancing the Company's growth, formulating and monitoring the implementation of the Company's strategies and performing its oversight role satisfactorily.

The performance of the Board in the execution of its oversight function continues to improve and it has remained steadfast in its commitment to successfully steer the business in spite of the difficult economic realities.

We have brought to the attention of the Board those areas that require improvement and are satisfied that the Board has taken due note of these.

Yours faithfully,
For: DCSL Corporate Services Ltd

Bisi Adeyemi
Managing Director

DCSL
DCSL Corporate Services Limited

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

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF AFRILAND PROPERTIES PLC
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

EY

Opinion
We have audited the financial statements of Afriland Properties Plc which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Afriland Properties Plc as at 31 December 2017, 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.

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

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

EY

Key Audit Matter	How the matter was addressed in the audit
Goodwill impairment assessment The balance of goodwill on acquisition of Heirs Real Estate Limited in 2014 of ₦561.18 million is allocated to cash generating units ('CGUs') for the purpose of impairment testing. The goodwill impairment assessment involve judgement and estimate forecast future cash flows associated with utilization of the goodwill, the discount rates, the growth rate of revenue and costs to be applied in determining the value-in-use and future business performance. No impairment was recorded against goodwill in the current financial year (2016: N286.83 million). The disclosure of the impairment of goodwill is set out in Note 15.	Our audit procedures include, amongst other, the following: > We tested the accuracy of the underlying model to assess whether the processes are applied to the correct input data and the outputs are mapped accurately. > We evaluated management's future cash flow forecasts and the process by which they were determined and approved, including checking that the forecasts were consistent with the latest Board approved budgets and confirming the mathematical accuracy of the underlying calculations. > We also considered the accuracy of previous Management forecasts. > We obtained corroborating evidence regarding the carrying value of goodwill, and the related disclosures, through challenging: – key assumptions for growth rates in the cash flow forecasts by comparing them to historical results, and economic forecasts; and – the discount rates by independently estimating a range based on market data. > We performed sensitivity analysis around these assumptions to ascertain the extent of change that individually, or in combination, would be required for the goodwill to be impaired. > We reviewed the appropriateness of the disclosures provided in accordance with IAS 36 'Impairment of Assets.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

EY

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

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.

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.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF AFRILAND PROPERTIES PLC
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – Contd.

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

26 February, 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 N'000	2016 N'000
Fees and commission	4	610,323	582,883
Project development income	5	57,498	64,924
Rental income	6	407,248	499,519
		---------------	----------------
Net rental income		**1,075,069**	**1,147,326**
Sales of inventory properties (Build to sell)		400,000	-
Cost of sales - inventory properties		(199,482)	-
		-------------	-------------
Profit on sale of inventory properties		200,518	-
		---------------	---------------
Total revenue		**1,275,587**	**1,147,236**
		---------------	---------------
Other operating income	7	9,547	130,180
Administrative expenses	8	(639,158)	(725,236)
Profit on disposal of investment properties		68,388	121,220
Valuation gains from investment properties	13	282,947	251,514
		------------	-------------
Net gains on investment properties		351,335	372,734
		---------------	-------------
Operating profit		**997,311**	**925,004**
Finance income	9	935,857	558,093
Finance cost	9.1	(876,745)	(532,910)
Impairment loss on available-for-sale financial asset	16	-	(123,000)
Impairment loss on goodwill	15	-	(286,828)
		---------------	-------------
Profit before taxation		**1,056,423**	**540,359**
Income tax expense	10	(35,563)	(233,397)
		----------------	-------------
Profit for the year		**1,020,860**	**306,962**
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):			
Net gain on available-for-sale financial assets	**16**	**334,500**	**-**
		-----------	----------
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**334,500**	**-**
		-----------	----------
Other comprehensive income for the year, net of tax		**334,500**	**-**
		---------------	-------------
Total comprehensive income for the year, net of tax		**1,355,360**	**306,962**
		========	=======
Earnings per share:			
Basic earnings per share (Naira)	11	N0.74	N0.25
Diluted earnings per share (Naira)	11	N0.74	N0.22

See notes to the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	2017 N'000	2016 N'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	321,110	270,022
Investment properties	13	8,846,418	7,875,219
Intangible assets	15	564,046	562,669
Available-for-sale financial assets	16	1,081,500	747,000
Prepayment	17	3,408	4,650
		10,816,482	**9,459,560**
Current assets			
Inventory properties	14	79,029	-
Trade and other receivables	18	1,611,740	1,325,236
Other financial assets	19	6,543,809	5,588,346
Prepayments	20	7,223	12,439
Cash and short- term deposits	21	736,234	389,018
		8,978,035	**7,315,039**
Total assets		**19,794,517**	**16,774,599**
Equity and liabilities			
Equity			
Issued share capital	22	686,950	624,500
Share premium	22	2,944,271	3,039,618
Available-for-sale reserve		334,500	-
Retained earnings		3,222,675	2,201,815
Total equity		**7,188,396**	**5,865,933**
Non-current liabilities			
Deferred income	24	30,000	-
Deferred tax liabilities	25.2	553,637	628,297
Interest-bearing loans and borrowings	26.1	3,042,796	2,878,556
		3,626,433	**3,506,853**

STATEMENT OF FINANCIAL POSITION - Contd.

AS AT 31 DECEMBER 2017

	Notes	2017 N'000	2016 N'000
Current liabilities			
Trade and other payables	23	2,094,384	1,795,989
Interest-bearing loans and borrowings	26.2	6,290,303	4,970,914
Deferred income	24	433,894	457,420
Income tax payable	25.1	161,107	177,490
		8,979,688	**7,401,813**
Total liabilities		**12,606,121**	**10,908,666**
Total equity and liabilities		**19,794,517**	**16,774,599**

Signed on behalf of the Board of Directors on 16th February 2018 by:

Erelu Angela Adebayo
Chairman
FRC/2014/IODN/00000007796

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

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

See notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Issued share capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Available-for-sale reserve ₦'000	Total ₦'000
As at 1 January 2017	624,500	3,039,618	2,201,815	-	5,865,933
Issue of share capital (bonus issue)	62,450	(62,450)	-	-	-
Transaction costs	-	(32,897)	-	-	(32,897)
Profit for the year	-	-	1,020,860	-	1,020,860
Other comprehensive income for the year,net of tax	-	-	-	334,500	334,500
At 31 December 2017	**686,950**	**2,944,271**	**3,222,675**	**334,500**	**7,188,396**
As at 1 January 2016	624,500	3,039,618	2,394,453	-	6,058,571
Profit for the year	-	-	306,962	-	306,962
Cash dividend (Note 22.3)	-	-	(499,600)	-	(499,600)
At 31 December 2016	**624,500**	**3,039,618**	**2,201,815**	**-**	**5,865,933**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017	2016
		N'000	N'000
Profit before taxation		1,056,423	540,359
Adjustments to reconcile profit before tax to net cash flows:			
Amortisation of intangible assets	15	2,378	2,608
Depreciation of property, plant and equipment	12	16,000	13,193
Impairment of goodwill	15	-	286,828
Profit on disposal of investment properties		(68,388)	(121,220)
Write-off of investment properties		1,000	-
Impairment loss on available-for-sale financial asset	16	-	123,000
Dividend income	7	-	(55,148)
Finance income	9	(935,857)	(558,093)
Finance cost	9.1	876,745	532,910
Fair value gain on investment properties	13	(282,947)	(251,514)
Movement in deferred income		6,474	(29,166)
Withholding tax credit note utilised	25.1	(18,580)	(160,387)
Prepayment utilised		1,242	550
Working capital adjustments:			
Increase in inventory properties		(79,029)	-
Increase in trade and other receivables		(286,504)	(658,988)
Decrease/ (Increase) in prepayments		5,215	(4,151)
(Increase)/ Decrease in other financial assets		(955,462)	227,779
Increase in trade and other payables		298,393	483,379
		(362,897)	**371,940**
Income tax paid	25.1	(108,026)	(121,943)
Net cash flows (used in)/ generated from operating activities		**(470,923)**	**249,997**
Investing activities			
Purchase of property, plant and equipment	12	(67,088)	(2,271)
Purchase of intangible assets	15	(3,755)	-
Purchase of investment properties	13	(706,902)	(1,658,655)
Proceeds from disposal of investment properties (net)		86,038	161,420
Dividend received	7	-	55,148
Interest received	9	935,857	558,093
Net cash flow generated from/ (used in) investing activities		**244,150**	**(886,265)**
Financing activities			
Dividend paid	22.3	-	(499,600)
Transaction costs on bonus issue		(32,897)	-
Proceed from loans and borrowings	26.3	-	1,164,964
Repayments of loans and borrowings	26.3	(4,277,539)	-
Interest expense	9.1	(876,745)	(532,910)
Net cash flow (used in)/ generated from financing activities		**(5,187,181)**	**132,454**
Net decrease in cash and cash equivalents		(5,413,954)	(503,814)
Cash and cash equivalents at 1 January		266,135	769,949
Cash and cash equivalents at 31 December	21	**(5,147,819)**	**266,135**

See notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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.

NOTES TO THE FINANCIAL STATEMENTS - Contd.

e. Significant accounting judgments, estimates and assumptions - Continued

Judgements

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

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 gains/ (loss) on available-for-sale investments is disclosed in more detail in Note 16.

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

Investment properties

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

External

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

e. Significant accounting judgments, estimates and assumptions

Internal

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

- A willing buyer;
- A reasonable period within which to negotiate the sale taking into account the nature of the property and the state of the market;
- No account is to be taken of an additional bid by a special purchaser; and
- The properties shall be freely exposed to the market

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

3 Significant accounting policies

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

a. Goodwill

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

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

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

b. Operating segments

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

NOTES TO THE FINANCIAL STATEMENTS - Contd.

1. Facilities management
2. Project Development
3. Business Development
4. Others

3 Significant accounting policies

c. Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Company expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier. Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the reporting date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

The company makes use of internal and external valuation experts. All properties are valued by external valuers at least every five years. It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

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

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.
The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of leasehold land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - Contd.

c. Investment properties – Continued

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

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

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

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

d. Property, plant and equipment

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - Contd.

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

e. Intangible assets

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

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

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

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

Computer software - 3 years

f. Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand, unrestricted balances held with banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Cash and short- term deposits are carried at amortised cost in the statement of financial position.

g. Inventory properties

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - Contd.

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

The cost of inventory property recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

h. Share capital and reserves

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

Share issue costs

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

Dividend on ordinary shares

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

Cash dividend

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

i. Employee benefits

i. Post-employment benefits - Defined contribution plans

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

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

ii. Short-term benefits

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

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

j. 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.

k. **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.

Sale of completed property

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

Sales of property under development

Where property is under development and agreement has been reached to sell such property when construction is complete, the directors consider whether the contract comprises:

- A contract to construct a property

Or

- A contract for the sale of a completed property

Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage-of-completion method as construction progresses. Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer. If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage-of-completion method of revenue recognition is applied and revenue is recognised as work progresses. Continuous transfer of work in progress is applied when:

- The buyer controls the work in progress, typically when the land on which the development takes place is owned by the final customer, and
- All significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer as construction progresses, typically, when the buyer cannot put the incomplete property back to the Company

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

NOTES TO THE FINANCIAL STATEMENTS - Contd.

k. Revenue recognition - Continued

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.

l. Income tax expense

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

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

NOTES TO THE FINANCIAL STATEMENTS - Contd.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

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

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

m. Borrowing costs

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

n. Fair value measurement

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

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

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

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:

NOTES TO THE FINANCIAL STATEMENTS - Contd.

- 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.

o. Financial instruments

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

i). Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, 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 into 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 and other receivables

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - Contd.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in Other Comprehensive Income 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 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 group 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.

NOTES TO THE FINANCIAL STATEMENTS - Contd.

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 group 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.

i). 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.

NOTES TO THE FINANCIAL STATEMENTS - Contd.

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.

ii). 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.

p. Impairment of non-financial assets
The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to Other Comprehensive Income. For such properties, the impairment is recognised in Other Comprehensive Income up to the amount of any previous revaluation.

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

NOTES TO THE FINANCIAL STATEMENTS - Contd.

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

q. Leases

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

The company as a lessor

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

r. Standards issued but not yet effective

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

1. IFRS 15 - Revenue from Contracts with customers – 1 January 2018
2. IFRS 9 – Financial instruments – 1 January 2018
3. Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions – 1 January 2018
4. Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - 1 January 2018
5. Amendments to IAS 40: Transfers of Investment Property – 1 January 2018
6. IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration – 1 January 2018
7. IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
8. 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
9. IFRS 16 – Leases – 1 January 2019
10. Amendments to IFRS 10 and IAS 28: Sale of Contribution of Assets between an Investor and its Associate or Joint Venture – Effective date has been deferred indefinitely
11. IFRS 17 – Insurance Contracts – 1 January 2021
12. IFRS 1 – First Time Adoption of International Financial Reporting Standards – Deletion of Short-term exemptions for first-time adopters – 1 January 2018.

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

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five –steps model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity in exchange for transferring goods or services to a customer.

NOTES TO THE FINANCIAL STATEMENTS - Contd.

The new revenue standard supersede all current revenue recognition requirement under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on after 1 January 2018. Early adoption is permitted. The company plans to adopt the new standard on the required effective date using the full retrospective method. During 2017 the company performed a preliminary assessment of IFRS 15, which was continued with a more detailed analysis completed in 2017.

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

(a) Sale of Investment properties

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

(b) Facilities management services provided to the customer:

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

The company assessed that when IFRS 15 is adopted, the current reporting period would not be adjusted such that revenue from services would be re allocated.

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

(c) Project Development and Management

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

(d) Project directorate

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

NOTES TO THE FINANCIAL STATEMENTS - Contd.

(1) Variable Consideration

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

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

Principal Vs Agent Consideration

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

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

Presentation and disclosure requirements

The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increase the volume of disclosures required in the Company financial statements. Many of the disclosure requirement in IFRS 15 are new and the Company has assessed that the impact of some of these disclosures requirement will not be significant. In addition as required by IFRS 15 the Company will disaggregate revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flow are affected by economic factor. In 2018 the company will continue testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

In summary, the impact of IFRS 15 adopted is expected to be, as follows:
Impact on equity (increase/decrease) as of 31 December 2017 (1 January 2018)

	₦'000
Assets	
Trade and other Receivables	18,000

Total assets	18,000
	======
Retained earnings	18,000

	18,000
	======

NOTES TO THE FINANCIAL STATEMENTS - Contd.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2014) is permitted if the date of initial application is before 1 February 2015.

The company plans to adopt the new standard on the required effective date using the full retrospective method. During 2017 the Company performed a detailed impact assessment of all three aspects of IFRS 9. The assessment was based on available information and may be subject to changes arising from further reasonable and supportable information being made available in 2018 when the Company will adopt IFRS 9. Overall, the Company expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirement of IFRS 9. The company expects fluctuation in the loss allowance resulting in a negative impact on equity as discussed below.

Classification and Measurement

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

Available-for-Sale Equity

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

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

Loans as well as trade receivables

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

Impairment

IFRS 9 requires the Company to record expected credit losses on all its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The company will apply the simplified approach and record lifetime expected losses on all trade receivables. The company determine that, due to the unsecured nature of its receivables and the key macroeconomics variables, the loss allowances on receivable derived using loss rate model is N26,001,000 with corresponding related decrease in equity.

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

Assets	₦'000
Trade Receivable	26,001
Retained earnings	26,001

NOTES TO THE FINANCIAL STATEMENTS - Contd.

r. Standards issued but not yet effective – Continued

Amendments to IAS 40: Transfers of Investment Property

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. Since the Company's current practice is in line with the clarifications issued, the Company does not expect any effect on its financial statements.

IFRS 16 - Leases

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

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

In 2018, the Company will continue to assess the potential effect of IFRs 16 on its financial statements.

s. New standards and interpretations effective in the current year

The company applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1 January 2017. The company has not early adopted any standards, interpretations or amendments that have been issued but not yet effective.

Although these new standards and amendments applied for the first time in 2017, they did not have a material impact on the annual financial statements of the Company. The nature and the impact of each new standard or amendment is described below:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

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

NOTES TO THE FINANCIAL STATEMENTS - Contd.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
The amendments clarify that an entity needs to consider whether tax laws restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The company applied amendments retrospectively. However, their application has no effect on the Company's financial position and performance as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

Annual Improvements Cycle – 2014 – 2016
Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12
The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

As at 31 December 2017, the Company does not have any interest in any other entity, thus this amendments did not affect the Company's financial statements.

		2017 N'000	2016 N'000
4.	**Fees and commission**		
	Facility management	66,375	84,287
	Agency	53,972	61,146
	Project directorate	328,032	323,777
	Project management	161,944	113,673
		------------	------------
		610,323	582,883
		======	======

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

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

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

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

		2017 N'000	2016 N'000
5.	**Project development income**	57,498	64,924
		======	======

NOTES TO THE FINANCIAL STATEMENTS - Contd.

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.

		2017 N'000	2016 N'000
6.	**Rental income**	407,248	499,519
		=======	=======

There is no contingent rental income during the year ended 31 December 2017 (2016: 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;

	2017 N'000	2016 N'000
Within 1 year	230,658	208,157
After 1 year, but not more than 5 years	41,412	78,798
	------------	------------
	272,070	**286,955**
	======	======

7. Other operating income

Dividend income	-	55,148
Write-back of provision for charities	-	35,612
Sale of tiles and others	9,547	39,420
	----------	-------------
	9,547	**130,180**
	=====	=======

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.

		2017 N'000	2016 N'000
8.	**Administrative expenses**		
	Staff costs	274,195	366,418
	Depreciation (Note 12)	16,000	13,193
	Amortisation (Note 15)	2,378	2,608
	Other administrative expenses (Note 8.1)	345,585	343,017
	Write off of investment properties	1,000	-
		-------------	-------------
		639,158	725,236
		=======	=======

NOTES TO THE FINANCIAL STATEMENTS - Contd.

		2017 N'000	2016 N'000
8.1	**Other administrative expenses**		
	Advertising and publicity	21,987	10,969
	Annual General Meeting (AGM) expenses	48,170	86,294
	Audit fee	6,300	6,500
	Bad debts	22,717	-
	Bank charges	86	67
	Consultancy and professional fees	22,811	10,088
	Directors emoluments	10,850	17,650
	Donations	41,396	15,076
	Employee car allowance (Note 17)	6,627	5,350
	Entertainment	7,412	1,434
	Information system	10,454	7,075
	Insurance	283	170
	ITF levy	4,109	3,000
	Land use charge	4,624	19,425
	Newspapers and periodicals	46	105
	NSITF and NHF levy	4,480	5,759
	Printing and stationeries	1,463	1,754
	Provision for doubtful debt	3,360	6,195
	Rent and rates	245	171
	Repairs and maintenance	49,502	17,453
	Security expenses	11,539	11,743
	Statutory filing expenses	412	-
	Subscriptions	1,834	412
	Technical service fees	55,263	110,526
	Telephone and communication	1,695	2,550
	Travel and transport	6,880	1,137
	Training and development	1,040	2,114
		345,585	343,017

		2017 N'000	2016 N'000
9.	**Finance income**		
	Interest income on bank placements	58,420	24,198
	Interest income on staff loan	692	985
	Interest income on loan to Falomo Shopping Centre	876,745	532,910
		935,857	558,093
9.1	**Finance cost**		
	Interest expense on borrowings	876,745	532,910

NOTES TO THE FINANCIAL STATEMENTS - Contd.

	2017 N'000	2016 N'000
10. Income tax expense		
Profit or loss		
Current income tax:		
Company income tax	86,428	120,274
Education tax	16,756	10,777
Capital gains tax	7,039	12,122
Current year income tax	110,223	143,173
Adjustment for prior year over provision	-	(61,231)
Current year income tax charge (Note 25.1)	110,223	81,942
Deferred tax:		
Relating to origination of temporary difference (Note 25.2)	(74,660)	151,455
Total income tax expense reported in profit or loss	35,563	233,397

10.1 Reconciliation of effective tax rate

	2017 N'000	2016 N'000
Profit before taxation	1,056,423	540,359
Tax at Nigeria statutory income tax of 30%	316,927	162,108
Impact of disallowable expenses for tax purpose	39,815	36,900
Effect of lower tax rate on fair value gain on investment	(344,974)	(90,440)
Impact of tax credit carried forward	-	100,401
Tax impact of dividend above assessable profit	-	62,760
Impact of Education tax	16,756	10,777
Impact of Capital gains tax	7,039	12,122
Adjustment for prior year over provision	-	(61,231)
	35,563	233,397

10.2 Deferred tax expense

	2017 N'000	2016 N'000
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	12,241	53,163
Revaluation of investment properties to fair value	(85,893)	98,292
Impairment of other receivables	(1,008)	-
Deferred tax (credit)/ expense	(74,660)	151,455

NOTES TO THE FINANCIAL STATEMENTS - Contd.

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

	2017 N'000	2016 N'000
Profit for the year attributable to ordinary equity holders	1,020,860	306,962
	========	=======
	Number '000	Number '000
Weighted number of ordinary shares for basic earnings per share	1,373,900	1,249,000
	========	========
Weighted number of ordinary shares for diluted earnings per share	1,373,900	1,373,900
	========	========
Basic earnings per share (Naira)	N0.74	N0.25
Diluted earnings per share (Naira)	N0.74	N0.22

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

NOTES TO THE FINANCIAL STATEMENTS - Contd.

12. Property, plant and equipment

	Freehold Land N'000	Freehold Building N'000	Plant and Machinery N'000	Furniture, Fittings and Equipment N'000	Motor Vehicles N'000	Computer Equipment N'000	Total N'000
Cost:							
At 1 January 2016	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
Additions	-	-	5,009	1,179	59,110	1,790	67,088
At 31 December 2017	174,139	92,190	7,666	15,536	77,255	12,144	378,930
Accumulated depreciation:							
At 1 January 2016	-	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
Charge for the year	-	1,858	938	1,417	9,161	2,626	16,000
At 31 December 2017	-	5,396	3,595	14,406	25,054	9,369	57,820
Net book value:							
At 31 December 2017	174,139	86,794	4,071	1,130	52,201	2,775	321,110
At 31 December 2016	174,139	88,652	-	1,368	2,252	3,611	270,022

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

NOTES TO THE FINANCIAL STATEMENTS - Contd.

		2017 N'000	2016 N'000
13.	**Investment properties**		
	At 1 January	7,875,219	6,005,250
	Additions (subsequent expenditure)	984,820	1,658,655
	Disposals	(17,650)	(40,200)
	Transfers to inventory properties	(277,918)	-
	Write-off	(1,000)	-
	Fair value gain	282,947	251,514
	At 31 December	8,846,418	7,875,219

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 2017, 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.

13.1 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 34.

	2017 N'000	**2016 N'000**
Rental income derived from investment properties	240,359	499,519
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in admin expense)	-	(6,212)
Profit arising from investment properties carried at fair value	**240,359**	**493,307**

NOTES TO THE FINANCIAL STATEMENTS - Contd.

13.**Investment properties – Continued**

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 ₦5,000 – ₦45,000
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 ₦3,000 – ₦20,000
Bared lands.	The value of the landed property was arrive d 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.

	2017 N'000	2016 N'000
14. Inventory properties		
At 1 January	-	-
Transfer from investment properties	277,918	-
Additions (construction costs incurred)	-	-
Disposals (recognised in costs of sales)	(198,889)	-
Write-off	-	-
At 31 December	**79,029**	**-**

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

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

NOTES TO THE FINANCIAL STATEMENTS - Contd.

		Computer Goodwill N'000	Asset-in- Software N'000	Progress N'000	Total N'000
15.	Intangible assets				
	Cost:				
	At 1 January 2016	842,471	7,826	5,539	855,836
	Additions	-	-	-	-
	At 31 December 2016	842,471	7,826	5,539	855,836
	Additions	-	3,755	-	3,755
	Write- off **	-	-	(5,539)	(5,539)
	At 31 December 2017	842,471	11,581	-	854,052
	Amortization/impairment:				
	At 1 January 2016		-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
	Charge for the year	-	2,378		2,378
	Write- off **	-	-	(5,539)	(5,539)
	At 31 December 2017	281,289	8,717	-	290,006
	Net book value:				
	At 31 December 2017	561,182	2,864	-	564,046
	At 31 December 2016	561,182	1,487	-	562,669

** This represents the cost incurred in the development of an ERP which was later discontinued.

Carrying amount of goodwill allocated to each of the CGUs

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

	2017 N'000	2016 N'000
Facilities Management	107,770	107,770
Project Development	114,381	114,381
Business Development	327,045	327,045
Others	11,986	11,986
	561,182	561,182

NOTES TO THE FINANCIAL STATEMENTS - Contd.

15. **Intangible assets – Continued**

Facilities Management CGU

The recoverable amount of the facilities management CGU was N951 million as at 31 December 2017 (2016: N1.207 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 2018 – 2022 and is based on the trend of foreseeable growth in the business segment. It was concluded that the value in use is higher than the carrying value of the CGU. As a result of this analysis, management has concluded that there was no impairment as at 31 December 2017 (2016: Impairment loss of N61.98m).

Project Development CGU

The recoverable amount of the project management CGU is N1.484 billion as at 31 December 2017 (2016: N1.405 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 2018 – 2022 and is based on the trend of foreseeable growth in the business segment. It was concluded that the value in use is higher than the carrying value of the CGU. As a result of this analysis, management has concluded that there was no impairment as at 31 December 2017 (2016: Impairment loss of N72.18m).

Business Development CGU

The recoverable amount of the business development CGU, N3.600 billion as at 31 December 2017 (2016: N2.693 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 2018 – 2022 and is based on the trend of foreseeable growth in the business segment. It was concluded that the value in use is higher than the carrying value of the CGU. As a result of this analysis, management has concluded that there was no impairment as at 31 December 2017 (2016: Impairment loss of N138.32m).

15. **Intangible assets – Continued**

Others CGU

The recoverable amount of the other CGU, N207 million as at 31 December 2017 (2016: N171 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.

NOTES TO THE FINANCIAL STATEMENTS - Contd.

The revenue growth rate used in the cash flow projection was 10% for the years 2018 – 2022 and is based on the trend of foreseeable growth in the business segment. It was concluded that the value in use is higher than the carrying value of the CGU. As a result of this analysis, management has concluded that there was no impairment as at 31 December 2017 (2016: Impairment loss of N8.81m).

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - Contd.

16. 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.

	2017 N'000	2016 N'000
At 1 January	747,000	870,000
Additions	-	-
Impairment loss recognised in profit or loss	-	(123,000)
Fair value gain recognised in OCI	334,500	-
At 31 December	1,081,500	747,000
Available-for-sale at cost:		
At Cost (150 million units x N10.00)	1,500,000	1,500,000
Accumulated fair value loss	(418,500)	(753,000)
At Market value (150 million units x N7.21 (2016: N4.98))	1,081,500	747,000
Movement in fair value loss:		
At 1 January	(753,000)	(630,000)
Impairment loss for the year	-	(123,000)
Fair value gain for the year	334,500	-
At 31 December	(418,500)	(753,000)

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 fair value gain of N334.5 million (2016: impairment loss of N123 million) on available-for-sale investments in quoted equity shares for the year.

NOTES TO THE FINANCIAL STATEMENTS - Contd.

		2017	2016
17.	**Prepayments (non-current)**	N'000	N'000
	Prepaid employees' car allowance	3,408	4,650
		=====	======

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 2 years.

	2017	2016
	N'000	N'000
At 1 January	11,050	10,400
Addition during the year	412	6,000
	-----------	----------
	11,462	16,400
Charged to profit or loss (Note 8.1)	(6,627)	(5,350)
	---------	-----------
At 31 December	4,835	11,050
	=====	=====
Current (Note 20)	1,427	6,400
Non-current	3,408	4,650
	---------	----------
At 31 December	4,835	11,050
	=====	=====

18. Trade and other receivables

Trade receivables	1,527,303	1,291,430
Rent receivables	65,629	-
Due from related parties (Note 26)	-	22,391
Withholding tax receivable	14,583	2,135
Receivable from sale of tiles	-	3,037
Sundry debtors	4,225	6,243
	----------------	---------------
	1,611,740	1,325,236
	========	========

Trade receivables are non-interest bearing and are typically due within 30 days. The impairments on the receivables as at year-end based on the payment terms with the counter-parties is Nil (2016: NIL).

N731.503 million from the Trade receivables balance as at reporting date is due from a customer (2016: N801.221 million) while N712.169 million Rentals received for third parties (Note 23) is payable to the same customer (2016: N882.402 million).

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
2017	1,527,303	245,239	103,833	283,080	480,318	414,833
2016	1,291,430	348,686	18,855	895,607	28,282	-

NOTES TO THE FINANCIAL STATEMENTS - Contd.

		2017 N'000	2016 N'000
19.	**Other financial assets**		
	Advance to contractors (Note 19.1)	30,568	34,417
	Loan to staff (Note 19.2)	53,443	21,515
	Other receivables - Falomo Shopping Centre (Note 19.3)	6,459,798	5,532,414
		6,543,809	5,588,346

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

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

19.3 Other receivables - Falomo Shopping Centre Development Company Limited represents costs incurred on the development of the Falomo Shopping Mall. This include borrowing cost capitalised in the development of the project. The interest on the borrowed fund capitalised on the project as at 31 December 2017 amounted to N876.745 million (2016: N533 million).

The N6.5 billion (2016: 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 2016, 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 of claim (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.

		2017 N'000	2016 N'000
20.	**Prepayments (current)**		
	Health insurance	3,827	3,406
	Motor vehicles insurance	413	394
	Other Prepayments (Note 20a)	1,556	2,239
	Employee car allowance (Note 17)	1,427	6,400
		7,223	12,439

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

NOTES TO THE FINANCIAL STATEMENTS - Contd.

		2017	2016
21.	**Cash and cash equivalents**	N'000	N'000
	Cash at bank	39,056	16,718
	Short-term deposits	697,178	372,300
		-------------	------------
	Cash and short-term deposits	736,234	389,018
	Bank overdraft (Note 26.3)	(5,884,053)	(122,883)
		-----------------	-------------
	Cash and cash equivalents	(5,147,819)	266,135
		=========	=======

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.

		2017	2016
22.	**Share capital and share premium**	N'000	N'000
22.1	**Share capital**		
	Authorised share capital		
	1,373,900,000 (2016: 1,350,000,000) ordinary shares of 50k each	686,950	675,000
		=======	=======
	Issued and fully paid		
	1,373,900,000 (2016: 1,249,000,000) ordinary shares of 50k each	686,950	624,500
		=======	=======
22.2	**Share premium**		
	Share premium	2,944,271	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.

		2017	2016
22.3	**Dividend distribution made and proposed**	N'000	N'000
	Cash dividends on ordinary shares declared and paid:		
	Final dividend for 2017: Nil (2016: 40 kobo)	-	499,600
		======	======
	Proposed dividends on ordinary shares:		
	Final cash dividend for 2017: Nil (2016: Nil)	-	-
		======	======

NOTES TO THE FINANCIAL STATEMENTS - Contd.

23. Trade and other payables	2017 N'000	2016 N'000
Trade payables	156,549	15,001
Accruals (Note 23.1)	588,511	580,367
Rentals received for third parties	712,169	882,402
Service charge payable	52,127	17,433
Value Added Tax	74,756	26,821
Withholding Tax	103,570	103,506
Unclaimed dividend	135,122	79,729
Other payables	271,580	90,730
	2,094,384	1,795,989

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

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

23.1 Accruals	2017 N'000	2016 N'000
Audit fees	6,179	6,300
Technical service fee	115,789	115,789
Professional and consultancy fee on Falomo project	319,788	319,788
Directors' fee	14,508	12,588
Annual General Meeting (AGM)	70,000	85,746
Other accruals	62,247	40,156
	588,511	580,367

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

24. Deferred income	2017 N'000	2016 N'000
Deferred income (current)		
Contracts obtained (Note 24.1)	37,234	37,484
Service charge received in advance (Note 24.2)	3,249	2,656
Rents received in advance (Note 24.3)	339,181	364,100
Advance receipts for sales of properties (Note 24.4)	54,230	20,225
Management fee received in advance (Note 24.5)	-	32,955
	433,894	457,420

NOTES TO THE FINANCIAL STATEMENTS - Contd.

	Deferred income (non-current)		
	Rents received in advance (Note 24.3)	30,000	-
		30,000	-
		2017	2016
24.1	**Contracts obtained**	N'000	N'000
	At 1 January	37,484	138,060
	Deferred during the year	-	-
	Released to the statement of profit or loss	(250)	(100,576)
	At 31 December	37,234	37,484
	Current	37,234	37,484
	Non-current	-	-

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

		2017	2016
24.2	**Service charge received in advance**	N'000	N'000
	At 1 January	2,656	5,615
	Deferred during the year	593	-
	Released to the statement of profit or loss	-	(2,959)
	At 31 December	3,249	2,656
	Current	3,249	2,656
	Non-current	-	-

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

		2017	2016
24.3	**Rents received in advance**	N'000	N'000
	At 1 January	364,100	338,411
	Deferred during the year	266,014	431,403
	Released to the statement of profit or loss	(260,933)	(405,714)
	At 31 December	369,181	364,100
	Current	339.181	364,100
	Non-current	30,000	-

NOTES TO THE FINANCIAL STATEMENTS - Contd.

24.4 Advance receipts for sales of properties

At 1 January	20,225	4,500
Deferred during the year	36,230	15,725
Released to the statement of profit or loss	(2,225)	-
At 31 December	54,230	20,225
Current	54,230	20,225
Non-current	-	-

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

24.5 Management fee received in advance

	2017 N'000	2016 N'000
At 1 January	32,955	-
Deferred during the year	-	32,955
Released to the statement of profit or loss	(32,955)	-
At 31 December	-	32,955
Current	-	32,955
Non-current	-	-

This represents management fees received in advance from third party in prior year. The work was however completed during the year ended 31 December 2017.

25. Taxation

	2017 N'000	2016 N'000

25.1 **Current tax payable**

As at 1 January	177,490	377,878
Charge for the year (Note 10)	110,223	81,942
Payments during the year	(108,026)	(121,943)
Withholding tax utilised	(18,580)	(160,387)
At 31 December	161,107	177,490

25.2 **Deferred tax**

As at 1 January	628,297	476,842
(Credit)/ charge for the year (Note 10)	(74,660)	151,455
At 31 December	553,637	628,297

NOTES TO THE FINANCIAL STATEMENTS - Contd.

Deferred tax relates to the following:

Accelerated depreciation for tax purposes	70,372	58,131
Revaluation of investment properties to fair value	484,273	570,166
Impairment of other receivables	(1,008)	-
Deferred tax recognised in statement of financial position	553,637	628,297

		2017 N'000	2016 N'000
26	**Interest-bearing loans and borrowings**		
	Non-current (Note 26.1)	3,042,796	2,878,556
	Current (Note 26.2)	6,290,303	4,970,914
	Total interest-bearing loans and borrowings	**9,333,099**	**7,849,470**

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

	Interest rate %	Maturity	2017 N'000	2016 N'000
N11,500,000,000 bank loan	17	22 Apr 2026	2,042,796	2,878,556
N1,000,000,000 bank loan	19	22 July 2022	1,000,000	-
Total non-current interest-bearing loans and borrowings			3,042,796	2,878,556

26.2 **Interest-bearing loans and borrowings (Current)**

	Interest rate %	Maturity	2017 N'000	2016 N'000
N11,500,000,000 bank loan	17	22 Apr 2026	406,250	4,848,031
Bank overdraft			5,884,053	122,883
Total current interest-bearing loans and borrowings			6,290,303	4,970,914

26.3 **Borrowing details**

At 1 January	7,726,587	6,561,623
Addition during the year	-	1,164,964
Repayment	(4,277,539)	-
	3,449,046	7,726,587
Bank overdraft (Note 21)	5,884,053	122,883
At 31 December	**9,333,099**	**7,849,470**

NOTES TO THE FINANCIAL STATEMENTS - Contd.

The term-loans are obtained from United Bank of Africa Plc for 120 months with 24 months moratorium on the principal. The fixed interest rates applicable to the loan are 17% per annum and are secured with;

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

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

   The total estimated value of the properties is in excess of ₦3 billion

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

27. Related party transactions

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

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

There was no outstanding balance in respect of transactions that have been entered into with related parties as at 31 December 2017 (2016: N22.39 million).

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 N50 million per annum net of taxes (2016: N100 million). The amount for the year ended 31 December 2017 is N50 million (2016: N100 million).

Compensation of the key management personnel	2017 N'000	2016 N'000
Executive Director's salary	52,458	40,000
Fees paid for meetings attended	5,500	12,300
Other emoluments	5,350	5,350
Short term employment benefits	63,308	57,650
Post-employment benefits	1,360	1,360
Total compensation paid to the key management personnel	64,668	59,010
Highest paid Director	53,818	41,360

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

NOTES TO THE FINANCIAL STATEMENTS - Contd.

	2017 Number	2016 Number
Up to N2,200,000	-	-
N2,200,001 – N10,200,000	4	4
N10,200,001 and above	1	1
	------	------
	5	5
	===	===

28. Information relating to employees

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

	2017 Numbers	2016 Numbers
Executive office	2	2
Project management office	1	1
Facilities management and projects	23	20
Technical consultancy	5	5
Business development	4	4
Other business support	8	9
	------	------
	43	41
	===	===

	2017 '000	2016 '000
Salaries and wages including staff bonuses	255,950	279,639
Contributions to pension scheme	18,245	19,924
	-------------	------------
	274,195	299,563
	=======	======

(b) **E**mployees of the Company, other than Directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions) in the following ranges:

N – N	2017 Numbers	2016 Numbers
420,001 – 900,000	-	-
900,001 – 2,000,000	3	2
2,000,001 – 4,000,000	6	8
4,000,001 – 6,000,000	10	11
6,000,001 – 8,000,000	16	14
Above 8,000,001	8	6
	------	-----
	43	41
	===	===

NOTES TO THE FINANCIAL STATEMENTS - Contd.

29. Litigation and claims

There is a contingent liability in respect of a legal action against the Company for amount of N100 million (2016: N100 million) for which no provision has been made. The claimant's claim is for a purported breach of his fundamental human rights.

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

30. Capital commitments

The company had no capital commitment as at 31 December 2017 (2016: Nil).

31. 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.

32. Financial instrument's risk management objectives and policies

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

The company's senior management oversees the management of these risks. As such, the Company's senior management is supported by the Finance & 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.

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.

NOTES TO THE FINANCIAL STATEMENTS - Contd.

Equity price risk

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

At the reporting date, the exposure to listed equity securities at fair value was N1.081 billion (2016: N747 million). A decrease of 5% on the Nigerian Stock Exchange market index could have an impact of approximately N54.08 million (2016: N37.35 million) on the income or equity attributable to the Company, depending on whether the decline is significant or prolonged. An increase of 5% in the value of the listed securities would only impact equity, but would not have an effect on profit or loss.

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

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:

	2017 N'000	2016 N'000
Trade and other receivables (*)	1,597,157	1,323,102
Other financial assets	6,543,809	5,588,346
Cash and short-term deposits	736,234	389,018
	8,877,200	7,300,466

* Withholding Tax Receivable is excluded.

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

NOTES TO THE FINANCIAL STATEMENTS - Contd.

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

Impairment analysis and ageing analysis

In thousands of Naira

As at 31 December 2017	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	697,178	697,178	-	-	697,178
Trade receivables	1,527,303	245,239	386,913	480,318	414,833
Rent receivables	65,629	-	-	-	-
Sundry debtors	4,225	4,225	-	-	4,225
Receivable from sale of tiles	-	-	-	-	-

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
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

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.

NOTES TO THE FINANCIAL STATEMENTS - Contd.

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

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

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	882,402	882,402	-	-
Service charge payable	17,433	-	17,433	-
Accruals and other payables	750,826	18,888	731,938	-
Interest-bearing loans and borrowings	7,849,470	122,883	5,400,604	5,304,996

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

In thousands of Naira

As at 31 December 2017	**Carrying amount**	**Fair value**
Financial assets		
AFS financial assets	1,081,500	1,081,500
Financial liabilities		
Interest-bearing loans and borrowings	9,333,099	8,868,944

NOTES TO THE FINANCIAL STATEMENTS - Contd.

33. Fair values - Continued

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	7,849,470	4,028,670

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.

34. Fair value measurement

Fair value hierarchy for financial instruments measured at fair value as at 31 December 2017:

In thousands of Naira

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

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

NOTES TO THE FINANCIAL STATEMENTS - Contd.

There have been no transfers between the Levels during the year ended 31 December 2017 (2016: 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 32.

35. 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.

	2017 N'000	2016 N'000
Interest-bearing loans and borrowings (Note 26)	9,333,099	7,849,470
Trade and other payables (Note 23)	2,094,384	1,795,988
Less: cash and short-term deposits (Note 21)	(736,234)	(389,018)
Net debt	10,691,249	9,256,440
Total equity	**7,188,396**	**5,865,933**
Capital and net debt	**17,879,645**	**15,122,372**
Net Debt to equity (%)	59.8%	61.2%

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017 and 2016.

NOTES TO THE FINANCIAL STATEMENTS - Contd.

36. Segment information

The chief operating decision-maker has been identified as the Board of Directors of Afriland Properties Plc. The Board reviews the Company's internal reporting in order to assess performance and allocate resources. The directors have determined the operating segments based on these reports. The board considers the business from an industry perspective and has identified 4 operating segments.

i. Business Development

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

ii. Project Development

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

iii. Facility Management

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

iv. Other

Other operating segment consists of revenue from

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

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

NOTES TO THE FINANCIAL STATEMENTS - Contd.

36. 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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Income:										
Revenue	66,375	87,197	547,474	144,563	607,766	904,093	53,972	11,473	1,275,587	1,147,326
Other operating income	497	9,894	4,088	16,403	4,549	102,582	413	1,302	9,547	130,180
Net gain on investment properties	18,282	28,328	150,790	46,964	167,397	293,714	14,866	3,727	351,335	372,734
Finance Income	48,697	42,415	401,664	70,320	445,898	439,777	39,598	5,581	935,857	558,093
Total income	133,851	167,834	1,104,016	278,250	1,225,610	1,740,166	108,849	22,083	2,572,326	2,208,333
Expenses:										
Administrative expenses	(31,957)	(55,118)	(274,840)	(91,380)	(306,795)	(571,486)	(25,566)	(7,252)	(639,158)	(725,236)
Finance cost	(45,384)	(40,501)	(376,141)	(67,147)	(417,399)	(419,933)	(37,821)	(5,329)	(876,745)	(532,910)
Other cost	17,315	(31,147)	143,507	(51,638)	159,248	(322,944)	14,430	(4,098)	334,500	(409,828)
Total expenses	(60,026)	(126,766)	(507,474)	(210,164)	(564,946)	(1,314,363)	(49,957)	(16,680)	(1,181,403)	(1,667,974)
Profit before taxation	52,821	41,067	454,262	68,085	507,083	425,803	42,257	5,404	1,056,423	540,359
Income tax expenses	(1,778)	(17,738)	(15,292)	(29,408)	(17,070)	(183,917)	(1,423)	(2,334)	(35,563)	(233,397)
Profit after taxation	51,043	23,329	438,970	38,677	490,013	241,886	40,834	3,070	1,020,860	306,962
Assets and liabilities:										
Total tangible assets	961,523	1,551,439	8,269,102	2,531,296	9,230,626	11,802,110	769,219	326,619	19,230,470	16,211,930
Intangible assets	39,483	115,442	287,665	123,889	197,416	309,724	39,483	13,614	564,047	562,669
Total assets	1,001,006	1,666,881	8,556,767	2,655,185	9,428,042	12,111,834	808,702	340,698	19,794,517	16,774,599
Total liabilities	630,306	1,057,753	5,420,632	1,725,806	6,050,938	7,906,381	504,245	236,372	12,606,121	10,926,312
Net assets	359,420	609,728	3,091,010	936,379	3,450,430	4,215,453	287,536	104,372	7,188,396	5,865,933

NOTES TO THE FINANCIAL STATEMENTS - Contd.

36. Segment information – Continued

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

	2017 N'000	2016 N'000
Revenue		
Total revenue for reportable segments	1,275,587	1,147,326
Elimination of inter-segment revenue	-	-
Total Company Revenue	**1,275,587**	**1,147,326**
Profit or Loss		
Profit before taxation for reportable segments	1,056,423	540,359
Elimination of inter-segment profit or loss	-	-
Total Company Profit or Loss	**1,056,423**	**540,359**
Assets		
Total assets of reportable segment	19,794,517	16,774,599
Elimination of inter-segment assets	-	-
Total Company Assets	**19,794,517**	**16,774,599**
Liabilities		
Total liabilities of reportable segment	12,606,121	10,908,666
Elimination of inter-segment liabilities	-	-
Total Company Liabilities	**12,606,121**	**10,908,666**

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

	2017 N'000	2016 N'000
Revenue	1,275,587	1,147,326

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

Non- current operating assets in Nigeria	2017 N'000	2016 N'000
Total non-current assets	10,816,482	9,459,560

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

VALUE ADDED STATEMENT
FOR YEAR ENDED 31 DECEMBER 2017

	2017 N'000	%	2016 N'000	%
Net operating income	1,275,587		1,147,326	
Cost of services – Local	(1,223,330)		(875,927)	
	52,257		271,399	
Other operating income	9,547		130,180	
Finance income	935,857		558,093	
Profit on disposal of investment properties	68,388		121,220	
Valuation gains from investment properties	282,947		251,514	
Dimunition of investment in shares	-		(123,000)	
Impairment loss on goodwill	-		(286,828)	
Value added	**1,348,996**		**922,578**	
Applied as follows:				
To employees:				
- as salaries and labour related expenses	274,195	20	366,418	40
To Government:				
- as company taxes	110,223	8	81,942	9
Retained for the company's future:				
- for assets replacement (Depreciation and amortisation)	18,378	1	15,801	2
- deferred taxation	(74,660)	(6)	151,455	16
- profit for the year	1,020,860	77	306,962	33
	1,348,996	**100**	**922,578**	**100**

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

FIVE-YEAR FINANCIAL SUMMARY

	2017 '000	2016 '000	2015 N'000	2014 N'000	2013 N'000
Statement of financial position					
Assets and liabilities:					
Property, plant and equipment	321,110	270,022	280,945	275,680	21,486
Investment properties	8,846,418	7,875,219	6,005,250	3,467,980	2,554,729
Intangible assets	564,046	562,669	852,105	853,779	-
Available-for-sale financial assets	1,081,500	747,000	870,000	1,500,000	-
Prepayment (non-current)	3,408	4,650	5,200	10,400	15,600
Net current (liabilities)/ assets	(1,653)	(86,774)	1,042,693	910,114	299,363
Deferred income (non-current)	(30,000)	-	(71,733)	(67,648)	-
Deferred tax liabilities	(553,637)	(628,297)	(476,842)	(164,523)	(63,853)
Interest-bearing loans and borrowings (non-current)	(3,042,796)	(2,878,556)	(2,449,046)	(1,381,110)	-
	7,188,396	5,865,933	6,058,571	5,404,672	2,827,325
Shareholders' fund					
Issued share capital	686,950	624,500	624,500	624,500	500,000
Share premium	2,944,271	3,039,618	3,039,618	3,039,618	1,996,000
Available-for-sale reserve	334,500	-	-	-	-
Retained earnings	3,222,675	2,201,815	2,394,453	1,740,554	331,325
	7,188,396	5,865,933	6,058,571	5,404,672	2,827,325
Revenue	1,275,587	1,147,326	1,353,188	1,090,436	595,445
Profit before taxation	1,056,423	540,359	1,726,259	1,744,958	424,747
Income tax expense	(35,563)	(233,397)	(572,760)	(235,729)	(142,808)
Profit after taxation	1,020,860	306,962	1,153,499	1,509,229	281,939
Basic earnings per share (Naira)	N0.74	N0.25	N0.92	N1.21	N0.28
Diluted earnings per share (Naira)	N0.74	N0.22	N0.92	N1.21	N0.28

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the fifth Annual General Meeting ("AGM") of Afriland Properties Plc (the "Company") will hold on **Tuesday, March 27, 2018** at the **Banquet Hall, Lagoon Restaurant, Ozumba Mbadiwe Street, Victoria Island, Lagos**, at **2:00 p.m.** to transact the following business:

ORDINARY BUSINESS

1. To lay before the members, the Audited Financial Statements for the year ended 31 December 2017, together with the Reports of the Directors, Auditors and Audit Committee thereon.

2. To declare a dividend.

3. To re-elect two Directors retiring by rotation.

4. To authorize the Directors to fix the remuneration of the Auditors.

5. To elect members of the Statutory Audit Committee.

SPECIAL BUSINESS

6 To consider, and if thought fit, pass the following resolution:

6.1 To fix the remuneration of the Directors*.

7 To consider, and if thought fit, pass the following resolutions:

7.1 That the Directors be and are hereby authorized to raise and borrow money for the execution of the Company's projects, whether by way of commercial notes, bonds or any other method(s) they deem fit, ether locally or internationally, whether as a standalone transaction or by way of a programme, in such tranches, series or portions, and of such amount, coupon interest or interest rates, within such maturity periods, at such dates and time and on such terms and conditions, to be determined by the Directors to the extent permitted by laws and subject to obtaining the relevant regulatory approvals.

7.2 That the Directors be and are hereby authorized to appoint such professional advisers and undertake such other acts as may be necessary or incidental to, or required for, effecting the objectives set out above.

NOTICE OF ANNUAL GENERAL MEETING (Contd.)

Dated this 26th day of February, 2018

By Order of the Board

OBONG IDIONG
FRC/2013/NBA/00000004696
Company Secretary

* See notes 8.1 and 27 of the Audited Financial Statements.

NOTES

1. PROXY

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

2. CLOSURE OF REGISTER

The Register of Members and Transfer Books will be closed from Wednesday, March 7, 2018 to Tuesday, March 13, 2018 both days inclusive for the purpose of updating the Register of Members.

3. DIVIDEND

The Directors have recommended the declaration of a dividend of 10 kobo per share. If the dividend recommended by Directors is approved, dividend warrants will be posted on March 29, 2018 to all shareholders whose names appear in the Company's Register of Members at the close of business on Tuesday, March 6, 2018.

4. NOMINATION OF MEMBERS OF THE AUDIT COMMITTEE

Pursuant to Section 359(5) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, any member may nominate a shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the AGM. The Securities and Exchange Commission's, Code of Corporate Governance provides that members of the Audit Committee should have basic financial literacy and should be able to read financial statements. We therefore request that nominations be accompanied by a copy of the nominee's curriculum vitae.

NOTICE OF ANNUAL GENERAL MEETING (Contd.)

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 Erelu Angela Adebayo and Mr. Samuel Nwanze. The retiring Directors, being eligible, offer themselves for re-election. The biographical details of the Directors standing for re-election are provided in the Annual Report on the Company's website.

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

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

In addition, the electronic version of the Annual Report, 2017 is available online for viewing and download from our website at www.afrilandproperties.com

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

PROXY FORM

Proxy Form

Annual General Meeting of Afriland Properties Plc

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

(block capitals please)

or failing him/her, the Chairman of the meeting as my/our proxy to act and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, March 27, 2018 or at any adjournment thereof.

Dated this ______day of ________________ 2018

Shareholder's Signature:________________

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

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

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

This proxy is solicited on behalf of the Board of Directors and is to be used at the Annual General Meeting to be held on Tuesday, March 27, 2018.

Resolution		For	Against	Abstain
1	To lay before the members, the Audited Financial Statements for the year ended 31 December 2017, together with the Reports of the Directors, Auditors and Audit Committee thereon.			
2	To declare a dividend.			
3	To re-elect two Directors retiring by rotation*.			
4	To authorize the Directors to fix the remuneration of the Auditors.			
5	To elect members of the Statutory Audit Committee.			
6	To consider, and if thought fit, pass the following resolution:			
	To fix the remuneration of the Directors.			
7	To consider, and if thought fit, pass the following resolutions:			
	(i) That the Directors be and are hereby authorized to raise and borrow money for the execution of the Company's projects, whether by way of commercial notes, bonds or any other method(s) they deem fit, ether locally or internationally, whether as a standalone transaction or by way of a programme, in such tranches, series or portions, and of such amount, coupon interest or interest rates, within such maturity periods, at such dates and time and on such terms and conditions, to be determined by the Directors to the extent permitted by laws and subject to obtaining the relevant regulatory approvals.			
	(ii) That the Directors be and are hereby authorized to appoint such professional advisers and undertake such other acts as may be necessary or incidental to, or required for, effecting the objectives set out above.			

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

*Note: The Directors seeking re-election are (1) Erelu Angela Adebayo (2) Mr. Samuel Nwanze

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 Mbadiwe Street, Victoria Island, Lagos at 2:00 pm on Tuesday, March 27, 2018.

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.

E-DIVIDEND MANDATE FORM

Africa Prudential

Affix Current Passport

Write your name at the back of your passport photograph

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

E-DIVIDEND MANDATE ACTIVATION FORM

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

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

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

Bank Verification Number (BVN):

Bank Name:

Bank Account Number:

Account Opening Date: D D M M Y Y Y Y

SHAREHOLDER ACCOUNT INFORMATION

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

Address

City | State | Country

Previous Address (if any)

Clearing House Number (CHN) (if any): C

Name of Stockbroking Firm

Mobile Telephone 1

Mobile Telephone 2

E-mail Address

Signature: ____________ Signature: ____________
Joint/Company's Signatories

Company Seal*(if applicable)*

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

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

CLIENTELE	A/C No
1. AFRICA PRUDENTIAL PLC	
2. ABBEY MORTGAGE BANK PLC	
3. AFRILAND PROPERTIES PLC	
4. ALUMACO PLC	
5. A & G INSURANCE PLC	
6. A.R.M LIFE PLC	
7. ADAMAWA STATE GOVERNMENT BOND	
8. BECO PETROLEUM PRODUCTS PLC	
9. BUA GROUP	
10. BENUE STATE GOVERNMENT BOND	
11. CAP PLC	
12. CAPPA AND D'ALBERTO PLC	
13. CEMENT COY. OF NORTHERN NIG. PLC	
14. CSCS PLC	
15. CHAMPION BREWERIES PLC	
16. CWG PLC	
17. CORDROS MONEY MARKET FUND	
18. EBONYI STATE GOVERNMENT BOND	
19. GOLDEN CAPITAL PLC	
20. INFINITY TRUST MORTGAGE BANK PLC	
21. INVESTMENT & ALLIED ASSURANCE PLC	
22. JAIZ BANK PLC	
23. KADUNA STATE GOVERNMENT BOND	
24. LAGOS BUILDING INVESTMENT CO. PLC	
25. MED-VIEW AIRLINE PLC	
26. MIXTA REAL ESTATE PLC *(formerly ARM Properties Plc)*	
27. NEXANS KABLEMETAL NIG. PLC	
28. OMOLUABI MORTGAGE BANK PLC	
29. PERSONAL TRUST & SAVINGS LTD	
30. P.S MANDRIDES PLC	
31. PORTLAND PAINTS & PRODUCTS NIG. PLC	
32. PREMIER BREWERIES PLC	
33. RESORT SAVINGS & LOANS PLC	
34. ROADS NIGERIA PLC	
35. SCOA NIGERIA PLC	
36. TRANSCORP HOTELS PLC	
37. TRANSCORP PLC	
38. TOWER BOND	
39. THE LA CASERA CORPORATE BOND	
40. UACN PLC	
41. UNITED BANK FOR AFRICA PLC	
42. UNITED CAPITAL PLC	
43. UNITED CAPITAL BALANCED FUND	
44. UNITED CAPITAL BOND FUND	
45. UNITED CAPITAL EQUITY FUND	
46. UNITED CAPITAL MONEY MARKET FUND	
47. UNIC DIVERSIFIED HOLDINGS 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: cfc@africaprudential.com | www.africaprudential.com | @afriprud

SHAREHOLDERS' DATA UPDATE FORM

Africa Prudential

E-SERVICE/DATA UPDATE FORM

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

1. *SURNAME/COMPANY NAME
2. *FIRST NAME
3. OTHER NAME
4. *GENDER M F
5. E-MAIL
6. ALTERNATE E-MAIL
7. *DATE OF BIRTH D D M M Y Y Y Y
8. *MOBILE (1) (2)
9. *ADDRESS
10. OLD ADDRESS*(if any)*
11. *NATIONALITY
12. *OCCUPATION
13. *NEXT OF KIN NAME MOBILE
14. *MOTHER'S MAIDEN NAME
15. BANK NAME
16. A/C NO.
17. A/C NAME
18. A/C OPENING DATE D D M M Y Y Y Y
19. BANK VERIFICATION NO. (BVN)
20. NAME OF STOCKBROKING FIRM
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 Plc be liable for any damages , losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advice us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."

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

CLIENTELE	A/C No
1. AFRICA PRUDENTIAL PLC	
2. ABBEY MORTGAGE BANK PLC	
3. AFRILAND PROPERTIES PLC	
4. ALUMACO PLC	
5. A & G INSURANCE PLC	
6. A.R.M LIFE PLC	
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23. KADUNA STATE GOVERNMENT BOND	
24. LAGOS BUILDING INVESTMENT CO. PLC	
25. MED-VIEW AIRLINE PLC	
26. MIXTA REAL ESTATE PLC *(formerly ARM Properties Plc)*	
27. NEXANS KABLEMETAL NIG. PLC	
28. OMOLUABI MORTGAGE BANK PLC	
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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
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PORT-HARCOURT: Plot 137, Olu-Obasanjo Road (2nd Floor). Tel: 084-303457
E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

E-SHARE REGISTRATION APPLICATION FORM

Africa Prudential

e-SHARE REGISTRATION APPLICATION FORM

Dear Registrar,

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

*= Compulsory fields

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

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

CLIENTELE	A/C No
1. AFRICA PRUDENTIAL PLC	
2. ABBEY MORTGAGE BANK PLC	
3. AFRILAND PROPERTIES PLC	
4. ALUMACO PLC	
5. A & G INSURANCE PLC	
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49. UAC PROPERTY DEVELOPMENT COMPANY PLC	
50. UTC NIGERIA PLC	
51. WEST AFRICAN GLASS IND PLC	

OTHERS: ______________________

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 Plc be liable for any damages , losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advice us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."

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PORT-HARCOURT: Plot 137, Olu-Obasanjo Road (2nd Floor). Tel: 084-303457
E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

FULL DEMATERIALISATION FORM

Africa Prudential

FULL DEMATERIALIZATION FORM FOR MIGRATION

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

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

CERTIFICATE DETAILS

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

Dated this ________ day of ______ 20_____
Name:____________
Signature:____________
Joint (2) (if applicable): ____________
Joint (3) (if applicable): ____________

Company Seal

In the Presence of:

Name:____________ GSM NO:____________ 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

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: cfc@africaprudential.com | www.africaprudential.com | @afriprud

CORPORATE INFORMATION

Company Registration Number:	**RC: 684746**	
Registered Office	Afriland Properties Plc 223 Etim Inyang Crescent Victoria Island, Lagos	
Board of Directors	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	Ernst & 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 Plc 220B Ikorodu Road Palmgrove, Lagos	

ADDRESS

223, Etim Inyang Crescent,
Victoria Island, Lagos

WEBSITE

www.afrilandproperties.com

TELEPHONE

01-6310480-1

EMAIL

info@afrilandproperties.com

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PROPERTIES