Afriland Properties Plc

2013 ANNUAL REPORTS AND FINANCIAL STATEMENTS
AFRILAND PROPERTIES PLC

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DIRECTORS AND OTHER CORPORATE INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2013

BOARD OF DIRECTORS	Erelu Angela Adebayo	Chairman
	Mrs. Uzoamaka Oshogwe	Managing Director/CEO
	Ms. Olayinka Ogunsulire	Non-Executive Director
	Mr. Ike Ogbue	Non-Executive Director
	Mr. Samuel Nwanze	Non-Executive Director
SECRETARY	Mr. Obong Idiong	
REGISTERED OFFICE	223 Etim Inyang Crescent, Victoria Island, Lagos.	
WEBSITE	www.afrilandproperties.com	
AUDITORS	Ernst & Young (Chartered Accountants) 2A, Bayo Kuku Road Off Alfred Rewane Road Ikoyi, Lagos E-mail: services@ng.ey.com	
PRINCIPAL BANKER	United Bank for Africa Plc	
REGISTRAR	Africa Prudential Registrars Plc 220B, Ikorodu Road Palmgrove Lagos.	

COMPANY OVERVIEW

OUR VISION

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

OUR MISSION

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

ABOUT AFRILAND PLC

Afriland Properties Plc, formerly known as UBA Properties Limited 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.

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

Afriland Properties Plc was borne out of United Bank of Africa Plc's ("UBA") decision to evolve into a commercial bank, ring fenced from all other non-commercial banking activities. As a result of the restructuring, Afriland Properties Plc owns all the excess real estate assets of the bank with a view to being listed on the NSE in the near future. The total assets transferred to AFRILAND Properties Plc as at the effective date of January 3, 2013 was N2.496 billion, and this amount now forms part of the equity capital of the company.

Afriland Properties Plc's aim is to provide adequate infrastructural development as well as to fully optimize and commercialize its existing real estate portfolio. Afriland Properties Plc targets two (2) key customer segments: Residential and Commercial investors".

OUR CORE VALUES

Hardwork
- Passionate about extraordinary results
- Discipline
- Commitment to excellence

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

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

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

Synergy
- Collaborating with colleagues
- Leveraging group relationships

RESULTS AT A GLANCE

31 December	2013 N'000	2012 N'000
Operating income	595,445 ======	22,945 =====
Operating profit	363,605 ======	20,760 =====
Profit before taxation	424,747 ======	33,259 =====
Earnings per share	N0.28 ======	N0.03 =====

31 December	2013 N'000	2012 N'000	1 Jan. 2012 N'000
Total assets	4,234,168 ======	818,019 ======	562,345 =====
Total equity	2,827,325 ======	549,386 ======	516,127 =====

BOARD OF DIRECTORS

Erelu Angela Adebayo
Chairman

Erelu Angela Adebayo is the Chairman of Afriland Properties Plc. Born in the United Kingdom, she holds a BSc with honours in Social Science and an MBA, as well as an 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 managed a leading real estate company, Quintecca, from 1990 and sits on the board of so many companies amongst which include DN Meyer Plc and Dangote Foundation.

Erelu was the first lady of Ekiti State between 1999-2003. She holds traditional titles of Aare Erelu of Ado Ekiti and Erelu of Iyin Ekiti in Ekiti State.

Uzoamaka Oshogwe
Chief Executive Officer

Uzo Oshogwe is the Chief Executive Officer of Afriland Properties Plc.

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 and Banking.

Prior to joining Afriland Properties Plc, 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

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

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

BOARD OF DIRECTORS

Samuel Nwanze
Non-Executive Director

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

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

Ike Ogbue
Non-Executive Director

Ike Ogbue, 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.

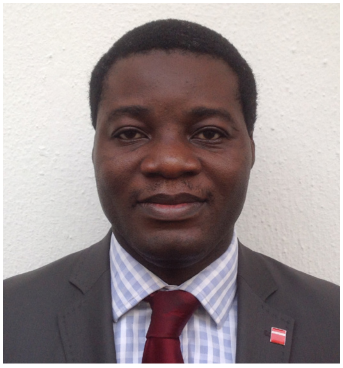
In Nigeria, he has established an architectural and project-management practice. His practice has produced designs and executed projects in London, and across West Africa, from a boutique hotel in Liberia through a retail mall in Ghana, right up to a hospital, and a medical clinic here in Nigeria. He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

EXECUTIVE MANAGEMENT

Dennis Stokell
Director, Projects & Facilities Management

Dennis is the Director, Projects & Facilities Management. He is a trained Electrical Engineer with over thirty years experience. Dennis' experiences range from mechanical/ electrical and civil engineering in different facets of industrial, commercial, residential and retail complexes/estates and Project Managed refurbishment, refit & installation/ maintenance contracts.

Dennis started his working experience in South Africa. Prior to joining Afriland Properties, Dennis has worked in several other capacities in Nigeria and South Africa including Victoria Garden City (VGC) in Lagos where he served as the facilities manager.



Oluwasegun Adesanya
Chief Financial Officer

Oluwasegun Adesanya is the Chief Financial Officer at Afriland Properties Plc. He is a KPMG trained chartered accountant and finance professional. Prior to joining Afriland Properties, he worked at Asset & Resource Management Company Limited (ARM) where he was Vice President, Financial Reporting, with responsibility for managing the process for financial forecasting, budgets, consolidation and reporting.

At KPMG Professional Services, he was a team member of the Audit and Business Advisory Division where he led various assurance engagements within the Nigerian Financial Services Industry. Oluwasegun Adesanya holds a B.Sc. in Finance from the University of Lagos in 2001.

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).

EXECUTIVE MANAGEMENT

Obong Idiong
Company Secretary

Obong Idiong is the Company Secretary/Legal Adviser. A legal practitioner with over 12 years of experience in the Banking and Financial Industry and commercial practice, Obong is a member of the Nigerian Bar Association as well as the Society of Corporate Governance of Nigeria.

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

Bolanle Ibitola
Head, Human Resources

Bolanle is a HR Practitioner with core competences in Employee Relations, Training & Development, Recruitment & Selection, Performance Management, Compensation & Benefits, Strategy & Systems. She is also an accredited member of the CIPD, UK.

She possesses a Masters degree in Human Resources Management from the Middlesex University Business School and a degree in English Language & Literature from the University of Lagos.

STATEMENTS AND OPERATIONS

CHAIRMAN'S STATEMENT

Distinguished Shareholders,

On behalf of the Board of Afriland Properties Plc, it is my pleasure to welcome you to the first Annual General Meeting of Afriland Properties Plc and to present to you the annual reports and the financial statements of the Company for the year ended 31 December 2013. The results we are considering today are for our operations as a full-fledged entity sequel to the scheme of arrangement and spin off exercise in January 2013.

I wish to thank you for your continued support and cooperation with the Board and Management of the Company during the financial year. The support has greatly encouraged the Board and Management to continue to make giant strides in operational excellence and business performance despite the challenging economic climate.

The Local Economy
Nigeria has rebased its GDP calculation thus placing it as the largest economy in Africa. Data from the National Bureau of Statistics (NBS) indicate that real GDP grew 6.87% in 2013, compared to 6.58% in 2012. A review of the country's performance reveals that the oil sector continued on its free fall path in terms of contribution to the GDP while the non-oil sector (buoyed by the Agricultural sector) continues to support the economy. Without a doubt, the Government's effort to diversify the economy, supported by agro-friendly policy amendments and structural changes yielded some results in 2013. In terms of contribution to GDP, the agricultural sector was the dominant contributor accounting for 21.97% followed by wholesale & retail trade (20.1%), crude petroleum and natural gas (14.4%) and telecommunication and post (8.68%).

Nigeria achieved and sustained single digit inflation rate in 2013, with the trough been recorded in October at 7.80%. This downtrend was a departure from the status quo experienced since 2007. The Central Bank of Nigeria (CBN) continued with its tight monetary policy stance in the year, maintaining its benchmark rate at 12% throughout the year. The tight monetary stance and a relatively stable exchange rate regime accounted for moderation in price levels in the economy as the country recorded single digit inflation rate throughout the year.

The capital market continued its rally as the All-Share Index (ASI) increased by 47.2 per cent from 28,078.81 on December 31, 2012 to 41,329.19 on December 31, 2013. Market Capitalization increased by 47.4 per cent from N8.97 trillion to N13.23 trillion during the same period. Improved earnings and investor confidence in macroeconomic management contributed to the rise in stock prices.

The real estate sector has followed an upward trajectory since 2002; the sector's performance was better in 2013, contributing 8.01% to the GDP. The sector is expected to continue this growth in 2014 now that the Primary Mortgage Institutions (PMIs) re-capitalization has been concluded coupled with the take-off of the Nigeria Mortgage Refinance Corporation (NMRC) with an initial $300 million grant from the World Bank. This underscores the determination of the President Goodluck Jonathan's agenda to practically transform the sector for the benefit of Nigerians. One of the objectives of the NMRC is to raise the number of completed mortgages from the current 20,000 housing units to 200,000 units in three years. These will see other sectors such as development; manufacturing, design, services and construction do more businesses in the years ahead, thereby increasing the industry's contribution to the nation's economy.

Global Environment
For the first time, 2013 saw what seems to be the beginning of economic turn-around and sustainable recovery for most developed economies affected by the financial crisis of 2008, albeit at a cautious pace; growth is projected to accelerate in 2014. The US is recording increasing growth while the Eurozone is showing economic improvement although unemployment in the Euro area remains high.

Indeed, the world economy experienced delicate and timid recovery in 2013 but not without a few stutters. For example, the initial global growth forecast of 3.50% was eventually reviewed downwards to 3.20% by mid-year, then further down to 2.90% by Q4 2013. It is believed that economic activities were hampered by anticipated tapering of the US quantitative easing; which never happened in the year. Overall, according to the World Bank's global Economic Prospects report, the developed economies almost matched the predicted growth of 1.25%, with a showing of 1.20%, while Sub-Saharan Africa achieved 5.0% (projection: 5.20%). The weaker than forecast growth rate for 2013 for the Sub-Saharan Africa reflected both a more adverse external environment—characterized by rising financing costs, less dynamic emerging markets, and less favourable commodity prices—and diverse domestic factors, including slower investment and weakening consumer confidence in some cases, and adverse supply developments in others. These factors notwithstanding, the continent is forecast to experience growth rates of 6% and above in 2014, as possible temporary declines in international commodity prices are not expected to affect growth in the continent.

Activities during the year
I am pleased to inform you that the merger between Afriland Properties Plc and Heirs Real Estate Limited, where our Company was the acquiring company, has been approved by the Securities and Exchange Commission. The business combination, amongst others, affords Afriland Properties Plc to lock into captive and external deal flow arising from network and track record of the acquired company, For example, the redevelopment of the Falomo Shopping Mall is one of such deals arising from the business combination. It is expected that the merger will also provide additional revenue streams with no duplication of functions and higher operating efficiency.

Furthermore, in compliance with the directive of the Financial Reporting Council of Nigeria (FRCN) requesting all public interest entities to report their financial statements using the International Financial Reporting Standard (IFRS), I am glad to declare that we have fulfilled our obligation in line with the directive.

Financial Performance and dividend
The Company achieved a profit before tax (PBT) of N424.75 million for the financial year ended 31 December 2013. This represents an increase of 1,177% from the position of N33.26 million for the year ended 31 December 2012. Profit after tax (PAT) attributable to the Company was N281.94 million, which is 747% above the position of N33.26 million for the year ended 31 December 2012.

The massive upturn in performance compared with the preceding year is mainly attributable to the increased level of activities arising from the spin off from UBA Plc.

In light of this performance, the Board of Directors is proposing the sum of N100 million as dividend payment for the year ended 31 December 2013; this translates to 10 kobo per ordinary share. We hereby request for your consideration and approval. We will continue to strike a good balance between our obligations of rewarding shareholders and the need to retain earnings to finance future reinvestments in to our operations.

Outlook for 2014
The outlook for the Nigerian Economy remains positive with an expected growth rate 7.27% in the year. It is expected that the non-oil sector growth will continue to drive the economy even as oil sector growth continues to wane. A fiscal strait-jacket is proposed in 2014 budget, however, deviations are expected in the light of electioneering and populism.

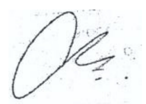
It is expected that the investment by the new power sector players will be a notable driver in the real estate sector as they invest in improved facilities. There are also opportunities for successful foreign franchises in the food sector with demands for real estate facilities. Furthermore, increased urbanization, demand for housing, retail and office spaces are expected to drive growth and make the sector flourish even more.

The company has put strategy in place to provide clear direction for the deployment of its resources; both human and capital. The Company's vision is to create long-term and sustainable value for our stakeholders in our chosen markets. In order to realise this long-term objectives, the Company is making every effort to identify and take advantage of every investment opportunity that will complement its long-term strategic objectives. We will continue to look out for these investment opportunities that will help in creating value for our stakeholders.

Conclusion
Ladies and Gentlemen, on behalf of the Board, I use this opportunity to appreciate the Management team led by Mrs. Uzoamaka Oshogwe and all our committed employees, for their hard work and dedication in ensuring that our great Company delivers commendable results in spite of the challenging business climate and stiff competition.

I also commend my fellow colleagues on the Board for the dedication demonstrated in the performance of their supervisory responsibilities

Finally, let me, on behalf of the Board of Directors, thank you, our distinguished shareholders, for the dedication and support given to the Board and Management of the Company in this past year. We look forward to 2014 with a high degree of confidence, in both our Company and the Nigerian economy.



Erelu Angela Adebayo

Chairman, Board of Directors

STATEMENTS AND OPERATIONS

CEO'S REPORT

Distinguished Shareholders,

I welcome you to the first Annual General Meeting of Afriland Properties Plc since our official spin-off. This provides a forum to appraise our performances in 2013 and see what we were able to achieve. I wish to thank the shareholders for their support; a resourceful board and also appreciate the determination of our staff to serve our clients diligently; these, combined has resulted in the performance we are celebrating today. As mentioned by our Chairman, I also want to use this opportunity to congratulate all of us on the approval of the HRE-Afriland merger. I want to say a big thank you for your participation at the Court Ordered Meeting (COM) in December 20, 2013 for the merger; this was Afriland's first outing with you, our Shareholders, which was a success.

Afriland Properties Plc since its official spin-off worked towards achieving its business goals and objectives, mainly in areas such as:

- Project/construction supervision and management;
- Facilities management of various properties for clients;
- Real estate development by optimizing our properties through attracting new tenants, retaining existing tenants as well as upgrading the properties in prime areas with a view of attracting better offers;
- Sale and/or development of idle bare land in our portfolio; and
- Breaking into new grounds in the real estate development space.

In achieving the above, we did not lose sight of our commitment to deliver value to our clients and returns to Shareholders. Your Management's philosophy and long term focus is echoed by our emphasis on various building blocks which we believe will be the primary drivers for growth.

These are:

1. People
Developing the skills and abilities of our team is core to our strategy to empower our people to achieve their personal ambition, have a good sense of well-being at work and deliver great experiences to our clients.

2. Governance Structure
We are committed to safeguarding the interests of our stakeholders and recognise the importance of good corporate governance; we established a dedicated governance structure to drive, measure and manage collaboration among our divisions. This is to ensure protection of our clients' and shareholders' interests.

3. Social Responsibility
Through our Corporate Social activities, we are taking greater responsibilities not just for our staff and our clients but also for the larger environment.

In summary our philosophy is based on our catch phrase: execution perfected, excellence delivered; this is to drive long-term financial performance. So what was our performance?

Performance
Our annual report and accounts prepared in conformity with International Financial Reporting Standards presents the operating results of the Company for the year ended December 31, 2013. 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.

Afriland achieved strong financial and operating results in FY 2013 as evidenced by various key performance indicators.

Financial performance
The Company achieved revenue of N909.6 billion for the financial year ended 31 December 2013. The revenue stream of the Company comprises fees and commissions, contract income, rental income. Furthermore, we earned revenue from the disposal of non-core assets as well the net gain from the valuation of existing properties.

STATEMENTS AND OPERATIONS

The Company achieved a profit before tax (PBT) of N424.75 million for the financial year ended 31 December 2013. This represents an increase of 1,177% from the position of N33.26 million for the year ended 31 December 2012. Profit after tax (PAT) attributable to the Company was N281.94 million, which is 747% above the position of N33.26 million for the year ended 31 December 2012.

Financial Position
The Company's total assets stood at N4.234 billion as at 31 December 2013 showing a significant increase of 417% from N818.019 million as at 31 December 2012. Furthermore, the shareholders' funds rose from N549.386 million to N2.827 billion representing an increase of 414%. The increase in total assets and shareholders' funds are attributable to the spun off assets and profits realized from operations during the year.

Outlook
The 2014 financial year promises to be very positive as we are well on track to again deliver on all our set objectives. Our key target is to grow our revenues above the N1 billion mark with the impact on increased profitability during the year. We intend to achieve these by focusing on maximizing and monetizing our real estate portfolio through optimized rentals and disposals, continued provision of excellent facilities and project management services. The Company will also be known for leveraging new competencies, capabilities and experiences with well-defined and standardized processes as well as continuous improvements.

Lastly, we shall establish the Company brand as a dominant real estate player through the landmark flagship development of the Falomo Shopping Mall in FY 2014.

Closing
In closing, I would like to thank the Board of Directors, the management and staff for their commitment 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.

U Oshogwe.

Uzoamaka Oshogwe
Managing Director/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.

During the year ended December 31, 2013, Afriland complied with the provisions of the Code of Corporate Governance issued by the Securities & Exchange Commission (SEC) and all extant laws and regulations bordering on governance.

1. Overview

The Company has 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 has a direct correlation with the Company's performance and its commitment to all stakeholders.

With the transformation of the Company from a private limited company to a public limited company during the year in question, the Board approved the following governance policies:

• Board Governance and Board Committees 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.

• Executive Management Committee Charter:
This Charter is responsible for directing the affairs of the Executive Management team 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 Committee members.

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

2. Board Of Directors

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.

2.1 Board Structure

The Board of Directors consists of five members made up of one Executive Director and 4 Non-Executive Directors. 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.

2.2 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 not involved in the day-to day operations of the Company and is not a member of any sub-committee of the Board.

The Chief Executive Officer is responsible for the day-to-day running of the Company and implementation of the Board's strategy and policy. The Chief Executive Officer is assisted by the Executive Management team.

2.3 Non-Executive Directors

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

In choosing Directors and in accordance with the Company's Board Charter, the Company sought 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, Project Development, Project Management and Facilities Management.

2.4 Proceedings and frequency of meetings
The Board meets at least once every quarter or as frequently as the Board's attention may be required on any situation which may arise. Sufficient notices with clear agenda/reports 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 15 of the Annual Reports.

2.5 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.

2.6 Reporting and Control
The Board is responsible for and ensures proper financial reporting as well as establishment of strong internal control procedures.

2.7 Membership of the Board
During the year under review, a number of changes took place at the Board level. Mr. Emmanuel Nnorom and Mr. Kennedy Uzoka resigned from the Board on 2nd January, 2013. Erelu Angela Adebayo, Ms. Olayinka Ogunsulire, Mr. Ike Ogbue and Mr. Samuel Nwanze were appointed to the Board on 2nd January, 2013

Consequent upon the foregoing, the Board of Directors of the Company comprised the following as at the end of the year:

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

2.8 Board Meeting Attendance
The table below shows the frequency of meetings of the Board and members attendance:

Directors	No. of Meetings Held	Date of Held	No of meetings attended
Erelu Angela Adebayo	5	28th February, 2013 13th May, 2013 25th September, 2013 16th December, 2013 20th December, 2013	5
Mrs. Uzoamaka Oshogwe	5	28th February, 2013 13th May, 2013 25th September, 2013 16th December, 2013 20th December, 2013	5
Mr. Samuel Nwanze	5	28th February, 2013 13th May, 2013 25th September, 2013 16th December, 2013 20th December, 2013	5
Ms. Olayinka Ogunsulire	5	28th February, 2013 13th May, 2013 25th September, 2013 16th December, 2013 20th December, 2013	5
Mr. Ike Ogbue	5	28th February, 2013 13th May, 2013 25th September, 2013 16th December, 2013 20th December, 2013	3

2.9 Board Committees

The Board Committees of the Company comprise 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:

2.9.1 Risk & Governance Committee

The Risk and Governance Committee (RGC) is tasked with the following terms of reference:

- Establish procedures for the nomination of Directors
- Advise and recommend to the Board the composition of the Board.
- Approve recruitments, promotions, redeployments and disengagements for the Company 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 of the Company and subsidiary Boards.
- Advise the Board on corporate governance standards and policies.
- Review and approve all human resources and governance 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 requirement
- Review Audit exception reports, fraud loses and make recommendations for control measures
- Ensure that risk assessments are performed on a continual basis
- Monitor and assess the integrity of the overall risk management framework of the Company

2.9.2 Membership of the Committee comprises of three non-executive directors as follows:

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

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

Directors	No. of Meetings Held	Date of Held	No of meetings attended
Ms. Olayinka Ogunsulire	3	13th May, 2013 25th September, 2013 13th December, 2013	3
Mr. Samuel Nwanze	3	13th May, 2013 25th September, 2013 13th December, 2013	3
Mr. Ike Ogbue	3	13th May, 2013 25th September, 2013 13th December, 2013	2

2.9.3 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 of three non-executive directors as follows:

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

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

Directors	No. of Meetings Held	Date of Held	No of meetings attended
Mr. Samuel Nwanze	5	27th March, 2013 13th May, 2013 13th June, 2013 25th September, 2013 13th December, 2013	5
Mrs. Uzoamaka Oshogwe	5	27th March, 2013 13th May, 2013 13th June, 2013 25th September, 2013 13th December, 2013	5
Ms. Olayinka Ogunsulire	5	27th March, 2013 13th May, 2013 13th June, 2013 25th September, 2013 13th December, 2013	5
Mr. Ike Ogbue	5	27th March, 2013 13th May, 2013 13th June, 2013 25th September, 2013 13th December, 2013	2

2.9.4 Statutory Audit Committee

In compliance with the provisions of the Companies and Allied Matters Act (CAMA) and the SEC Code, preparations are in progress for the introduction of the Statutory Audit Committee. The Committee will be constituted at this Annual General Meeting of the Company.

3. The Company Secretary

The Company Secretary ensures adequate dissemination of information among Board members and between the Board and the management of the company. In furtherance of Board and Committee meetings, the Company Secretary undertakes the preparation of the necessary papers and other documents requisite for the success in deliberations. The Company Secretary is responsible for the induction of new Directors and the provision of ongoing training for the Non Executive Directors. The Company Secretary is a source through which the shareholders of the Company access information on the Company.

The office of the Company Secretary ensures that the Company complies with the relevant regulatory laws including the Investment and Securities Act, the SEC Rules and Regulations, the Securities and Exchange Commission (SEC) Code of Corporate Governance, the Companies an Allied Matters Act and, the Nigeria Stock Exchange Rules and Regulations.

The procedure for the appointment and removal of the Company Secretary is a matter for the Board.

4. Shareholders

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

It is the responsibility of the shareholders to approve the appointment of Directors and to grant other approvals that are required by law or the Articles of Association of the Company.

With the establishment of a Statutory Audit Committee in line with section 359 of the CAMA and the SEC Code, the shareholders will through its representatives assume responsibility for the integrity of the Company's audited accounts. Its role will include ensuring that the audit and risk management policies of the Company adhere to the appropriate legal standards. The committee will among other functions provide oversight to the activities of the Company's internal and External Audit.

5. Whistle Blowing Policy

The Company in observance of sound corporate governance principles and in adherence with the SEC Code has an established Whistle Blowing Policy. This Policy provides a confidential avenue for reporting cases of fraud and other forms of misconduct which are inimical to the Company's ethos. The Company has a dedicated phone number and an e-mail address through which complaints/ reports can be received. The email address is whistleblowing@afrilandproperties.com

REPORT OF THE DIRECTORS

The directors have the 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 2013.

Legal form
Afriland Properties Plc, formerly known as UBA Properties Limited 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.

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

Afriland Properties Plc was borne out of United Bank of Africa Plc's ("UBA") decision to evolve into a commercial bank ring fenced from all other non-commercial banking activities. As a result of the restructuring, Afriland Properties Plc owns all the excess real estate assets of the bank with a view to being listed on the NSE in the near future. UBA transferred all its excess real estate assets to Afriland Properties Plc via the execution of instruments transferring the assets to Afriland. The total assets transferred to Afriland Properties Plc as at the effective date of 3 January 2013 was N2.496 billion, and this amount now forms part of the equity capital of the company.

Afriland Properties Plc's aim is to provide adequate infrastructural development as well as to fully optimize and commercialize its existing real estate portfolio. Afriland Properties Plc targets two (2) key customer segments: Residential and Commercial investors.

Principal activity
The principal activity of the Company is real estate investment and development as well as offering 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
Following the directives of the Regulator, Financial Reporting Council of Nigeria the Company changed its accounting policy from Nigerian Statements of Accounting Standard (SAS) to International Financial Reporting Standards (IFRS) in 2013.

Dividend
The Directors have recommended the payment of a dividend of 10 kobo per share amounting to N100 million (2012: Nil) on the issued share capital of 1,000,000,000 shares of 50 kobo each for the year ended 31 December 2013. Withholding tax at the applicable rate will be deducted at the time of payment.

Results for the year

	2013 N'000	2012 N'000
Net operating income	595,445	22,945
	=======	======
Profit before taxation	424,747	33,259
Taxation	(142,808)	-
	-------------	-----------
Profit after taxation	281,939	33,259
	=======	======

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 (2012: Nil).

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

Director	**Position**	**Date of appointment**
Erelu Angela Adebayo	Chairman	2 January 2013
Mrs. Uzo Oshogwe	Managing Director/CEO	12 March 2012
Ms. Olayinka Ogunsulire	Non-Executive Director	2 January 2013
Mr. Ike Ogbue	Non-Executive Director	2 January 2013
Mr. Samuel Nwanze	Non-Executive Director	2 January 2013

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:

REPORT OF THE DIRECTORS

	Ordinary shares of 50 kobo each			
	31/12/2013		31/12/2012	
	Direct Holding	Indirect Holding	Direct Holding	Indirect Holding
Erelu Angela Adebayo	4,963	-	4,963	-
Mrs. Uzo Oshogwe	6,710	-	6,710	-
Ms. Olayinka Ogunsulire	226	-	226	-
Mr. Ike Ogbue	-	-	-	-
Mr. Samuel Nwanze	7,575	-	7,575	-

Directors' interest in contracts
None of the Directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 of any discloseable interest in contracts with which the Company is involved as at 31 December 2013 (2012: Nil).

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 31 December 2013.

	2013		2012	
	Numbers of Shares	%	Numbers of Shares	%
ED & M Investment Limited	93,621,197	9.36	-	-
UBA Staff Investment Trust Scheme	75,141,638	7.51	-	-
Oceanic Date Ltd	71,471,056	7.15	-	-
UBA Assets Management Limited	-	-	9,999,998	99.99

Shareholding range analysis
The shareholding range analysis as at 31 December 2013 is shown below:

Range		No. of Holders	Holders %	Holders Cum.	Units	Units %	Units Cum
1	- 10,000	277,145	98.62	277,145	130,051,440	13.01	130,051,440
10,001	- 50,000	3,100	1.10	280,245	64,956,381	6.50	195,007,821
50,001	- 100,000	389	0.14	280,634	28,044,372	2.80	223,052,193
100,001	- 500,000	283	0.10	280,917	56,246,867	5.62	279,299,060
500,001	- 5,000,000	85	0.03	281,002	131,062,039	13.11	410,361,099
5,000,001	- 50,000,000	25	0.01	281,027	375,511,224	37.55	785,872,323
50,000,001	- 200,000,000	3	0.00	281,030	214,127,677	21.41	1,000,000,000
		281,030	100		1,000,000,000	100	

Charitable contributions and donations
The Company made contribution to charities of N8,580,756 during the year ended 31 December 2013 (2012: Nil).

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
The merger exercise between the Company and Heirs Real Estate Limited (HRE) was formally approved by the Securities and Exchange Commission (SEC) on 10 March 2014. This was sequel to the court ordered extra-ordinary general meeting held on 20 December 2013 where the shareholders approved the merger of the two entities, with Afriland Properties Plc being the acquiring company. The merger has no impact on the financial statements for the year ended 31 December 2013 as presented. The enlarged entity has its authorized share capital increased to 1,350,000,000 shares of 50 kobo each and this shall be reflected on future financial statements with the net assets of the acquired company.

REPORT OF THE DIRECTORS

As stated in Note 30, 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 requirement of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Auditors
Ernst & Young were appointed as auditors on 18 December 2013 and 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

COMPANY SECRETARY
30 April 2014
FRC/2013/NBA/00000004696

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:

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013. 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.

Director

30 April 2014

Director

30 April 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AFRILAND PROPERTIES PLC

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AFRILAND PROPERTIES PLC

Report on the financial statements

We have audited the accompanying financial statements of Afriland Properties Plc, which comprise the statement of financial position as at 31 December 2013, 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 the notes comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these 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 determines necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Afriland Properties Plc as at 31 December 2013 and its financial performance and its 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
AFRILAND PROPERTIES PLC - Continued

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;

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.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 876663

Yusuf Aliu, FCA/FRC/2012/ICAN/00000000138

For: Ernst &Young
Chartered Accountants
Lagos, Nigeria

30 April 2014

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 N'000	2012 N'000
Contract income	5	124,859	-
Fees and commission	6	210,874	14,856
Rental income		255,546	8,089
Service charge income		4,166	-
		--------------	-----------
Operating income		595,445	22,945
Other operating income	7	27	207
Administrative expenses	8	(484,886)	(2,392)
Profit on disposal of investment properties		168,868	-
Net gain from fair value adjustments on investment properties	13	84,151	-
		-------------	-----------
Operating profit		363,605	20,760
Interest income	9	61,142	12,499
		------------	-----------
Profit before taxation		424,747	33,259
Income tax expense	10	(142,808)	-
		------------	-----------
Profit after taxation		281,939	33,259
Other Comprehensive Income			
Other comprehensive income that will not subsequently be reclassified to profit or loss		-	-
		----------	--------
Other comprehensive income for the year, net of tax		-	-
		------------	-----------
Total comprehensive income for the year, net of tax		281,939	33,259
		======	=====
Earnings per share:			
Basic/ diluted earnings per share (Naira)	11	N0.28	N0.03

See notes to the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Notes	2013 **N'000**	2012 **N'000**	1 Jan. 2012 **N'000**
ASSETS				
Non-current assets				
Property, plant and equipment	12	21,486	1	1,396
Investment properties	13	2,554,729	-	-
Prepayment	14	15,600	-	-
		2,591,815	**1**	**1,396**
Current assets				
Trade and other receivables	15	331,799	778	-
Advance to contractors	16	34,650	-	-
Prepayments	17	6,497	-	-
Called-up share capital	18	-	500,000	500,000
Cash and short-term deposits	19	1,269,407	317,240	60,949
		1,642,353	**818,018**	**560,949**
Total Assets		**4,234,168**	**818,019**	**562,345**
Equity and liabilities				
Equity				
Issued share capital	20	500,000	500,000	500,000
Share premium	20	1,996,000	-	-
Retained earnings	21	331,325	49,386	16,127
Total Equity		**2,827,325**	**549,386**	**516,127**
Non-current liabilities				
Deferred tax liability	24	63,853	-	-
		63,853	**-**	**-**

STATEMENT OF FINANCIAL POSITION Continued

AS AT 31 DECEMBER 2013

	Notes	2013 N'000	2012 N'000	1 Jan. 2012 N'000
Current liabilities				
Trade and other payables	22	991,234	268,633	46,218
Deferred income	23	272,801	-	-
Income tax payable	24	78,955	-	-
		1,342,990	**268,633**	**46,218**
Total Liabilities		**1,406,843**	**268,633**	**46,218**
Total Equity and Liabilities		**4,234,168**	**818,019**	**562,345**

Signed on behalf of the Board of Directors on 30 April 2014 by:

Chairman
FRC/2014/IODN/00000007796

Managing Director
FRC/2013/IODN/00000004689

Chief Financial Officer

FRC/2013/ICAN/00000002755

See notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Total N'000
As at 1 January 2013	**500,000**	**-**	**49,386**	**549,386**
Additions during the year	-	1,996,000	-	2,496,000
Profit for the year	-	-	281,939	281,939
Other comprehensive income	-	-	-	
At 31 December 2013	**500,000**	**1,996,000**	**331,325**	**2,827,325**
As at 1 January 2012	500,000	-	16,127	516,127
Profit for the year	-	-	33,259	33,259
Other comprehensive income	-	-	-	-
At 31 December 2012	**500,000**	**-**	**49,386**	**549,386**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 N'000	2012 N'000
Operating activities			
Cash receipts from customers		636,154	23,152
Payment to suppliers/ employees		86,061	220,640
VAT Paid		-	-
Income tax paid		-	-
Net cash flows from operating activities	**26**	**722,215**	**243,792**
Investing activities			
Purchase of property, plant and equipment	12	(25,480)	-
Purchase of investment properties	13	(10,772)	-
Proceeds from disposal of investing properties (net)		205,062	-
Interest income	9	61,142	12,499
Net cash flows from investing activities		**229,952**	**12,499**
Net increase in cash and cash equivalents		952,167	256,291
Cash and cash equivalents at 1 January		317,240	60,949
Cash and cash equivalents at 31 December	**19**	**1,269,407**	**317,240**

See notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Afriland Properties Plc, formerly known as UBA properties Limited 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 Standard Board (IASB) and in accordance with Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004. This is the Company's first financial statements prepared in accordance with IFRS therefore; IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 4. This note includes reconciliations of equity and profit or loss for comparative periods reported under previous GAAP (Nigerian GAAP) to those reported for this year under IFRS.

The financial statements were authorised for issue by the directors on 30 April 2014.

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 direct method. Interest received is presented within investing cash flows; interest paid is presented within operating 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.

d. BASIS OF MEASUREMENT

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

• Investment properties are measured at fair value.

e. USE OF ESTIMATES AND JUDGEMENTS

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

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

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed below:

TAXES

Uncertainties exist with respect to the amount and timing of future taxable income. Given the differences in the interpretation of the underlying principles of taxable income, differences arising between the actual results and the assumptions made could necessitate future adjustment to tax income and expenses already recorded. The Company establishes provisions based on reasonable estimates.

Deferred taxes are recognised for all unused tax losses to the extent that it is probable that taxable profit will be availableagainst which the losses can be utilised. Significant management judgements is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Further details of taxes are disclosed in Note 10.

FOR THE YEAR ENDED 31 DECEMBER 2013

PROPERTY, PLANT AND EQUIPMENT

Judgments are utilised in determining the depreciation rates and useful lives of these assets at the end of the period. Further details of property, plant and equipment are disclosed in Note 12.

INVESTMENT PROPERTIES

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

EXTERNAL

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

INTERNAL

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

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

Further details of fair value of investment properties are disclosed in Note 33.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all periods presented in these financial statements and in preparing an opening IFRS statement of financial position as at 1 January 2012 for purposes of the transition to IFRSs.

The accounting policies have been applied consistently by Company.

a. 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.

b. FOREIGN CURRENCY

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rate. Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, as well as unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Unrealized exchange differences on non-monetary financial assets (investments in equity instruments) are a component of the change in their entire fair value. For a non-monetary financial asset held for trading and for non-monetary financial assets designated at fair value through profit or loss, unrealized exchange differences are recognized in profit or loss. For non-monetary financial investments available-for-sale, unrealized exchange differences are recorded in other comprehensive income until the asset is sold or becomes impaired. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented net in the profit or loss within finance costs and finance income respectively, unless they are capitalised.

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 financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

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

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

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

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

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

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

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

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

Leasehold investment properties represent properties acquired under government consent for 99 years.

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. Leasehold properties are depreciated over their useful lives, unless the lease period is shorter, in which case the lease period is used. 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:

- Plant and machinery – 5 to 7 years
- Motor vehicles - 4 to 6 years
- Furniture, fittings and equipment 3 to 5 years
- Computer equipment 3 to 5 years

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

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

e. OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

f. CASH AND CASH EQUIVALENTS

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

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

g. TRADE 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.
Pre-payments are carried at cost less any accumulated impairment losses.

h. 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.

i. PROVISIONS

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

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

j. 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.

k. BASIC/ DILUTED EARNINGS PER SHARE

The Company presents basic/ diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the number of ordinary shares outstanding as at year-end.

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

l. 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.

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.

m. DEFERRED INCOME

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

n. 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.

Sales of properties are recognised when title has passed and the significant risks and rewards of ownership have been transferred.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Interest is recognised using the effective interest method as set out in IAS 39.

a. Construction contracts

The Company principally operates fixed price contracts. If the outcome of such a contract can be reliably measured, revenue associated with the construction contract is recognised by reference to the stage of completion of the contract activity at year end (percentage of completion method).

The stage of completion of a contract may be determined in a variety of ways. The Company uses the method that measures reliably the work performed. Depending on the nature of the contract, the methods may include:

(a) the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs;

(b) surveys of work performed; or
(c) completion of a physical proportion of the contract work.

Progress payments and advances received from customers often do not reflect the work performed. When payments are received in excess of work done, the payments are recognized as deferred income in the statement of financial position.

The outcome of a construction contract can be estimated reliably when: (i) the total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) both the contract costs to complete the contract and the stage of contract completion at the end of the reporting period can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction contract cannot be estimated reliably (especially during the early stages of a contract): (i) revenue shall be recognised only to the extent of contract costs incurred that it is probable will be recoverable; and (ii) contract costs shall be recognised as an expense in the period in which they are incurred. An expected loss on the construction contract shall be recognised as an expense immediately.

Contract revenue
Contract revenue comprise the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments (to the extent that it is probable that they will result in revenue and they are capable of being reliably measured).

Contract revenue is measured at the fair value of the consideration received or receivable.

Contract cost
Contract costs comprise costs that relate directly to the specific contract, that are attributable to contract activity in general and can be allocated to the contract. The costs that relate directly to a specific contract include site labour costs, including site supervision, costs of materials used in construction, depreciation of plant and equipment used on the contract, costs of design and technical assistance that is directly related to the contract etc.

It further includes such other costs as are specifically chargeable to the customer under the terms of the contract. These costs may be reduced by any incidental income that is not included in contract revenue, for example income from the sale of surplus materials.

The Company's contracts are typically negotiated for the construction of a single asset or a group of assets which are closely interrelated or interdependent in terms of their design, technology and function. In certain circumstances, the percentage of completion method is applied to the separately identifiable components of a single contract or to a group of contract together in order to reflect the substance of a contract or a group of contracts.

b. Sale of property
Revenue 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.

c. Rental income
Rental income from operating leases is recognized on a straight-line basis over the lease term. When the Company provides incentives to its tenants, the cost of incentives is recognized over the lease term, on a straight-line basis, as a reduction of rental income.

d. Service fee
Revenue from services rendered (such as project management, project directorate) is recognised in profit or loss 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.

e. 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.

o. **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 balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. 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.

p. **FINANCIAL INSTRUMENTS**

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial instruments are initially measured at fair value plus transaction costs, except for financial instruments recorded at fair value through profit or loss.

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.

Derecognition of financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a company of similar financial assets) is derecognised when:

a) The rights to receive cash flows from the asset have expired or
b) The Company retains the right 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:

The Company has transferred substantially all the risks and rewards of the asset or 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 right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset.

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 company 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. Individually significant financial assets are tested for impairment on an individual basis.

All impairment losses for items measured at amortised cost are recognised in the profit and 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 and loss.

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

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

Financial liabilities
Financial liabilities are classified as financial liabilities at fair value through profit or loss or loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. Afriland Properties Plc financial liabilities are trade and other payables and loans and borrowings.

Subsequent measurement
The measurement of financial liabilities depends on their classification.

Financial liabilities at amortised cost:
The Company's financial liabilities comprise mainly of trade and other payables which are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as though the EIR amortisation process.
Financial liabilities are classified as current liabilities if payment is due within 12 months. Otherwise, they are presented as non-current liabilities.

Derecognition 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 derecognition 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.

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

• Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
• Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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.

s. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations have been issued at the reporting date but are not yet effective for the year ended 31 December 2013, and have not been applied in preparing these financial statements:

The Company plans to adopt the standards below on their respective effective dates. Management is in the process of assessing the impact of the standards on the Company.

Standard	Content	Effective year
IFRS 9	Financial instruments	no effective date
IFRS 10	Investment entities amendment	1-Jan-18
IAS 32	Offsetting financial assets and financial liabilities – amendments to IAS 32	1-Jan-14
IFRIC 21	Levies	1-Jan-14
IAS 39	Novation of Derivatives and continuation of hedge accounting - Amendments to IAS 39	1-Jan-14
IAS 36	Disclosure requirements for recoverable amount of impaired assets amendment	1-Jan-14
IAS 19	Defined benefits plans – Employee contributions amendment	1-Jan-14
Improvements to IFRS (2010-2012 cycle)		1-Jul-14
Improvements to IFRS (2011-2013 cycle)		1-Jul-14

IFRS 9 Financial Instruments
IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2018. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets and the 1 January 2015 effective date of IFRS 9 was removed. The adoption of the first phase of IFRS 9 will not have an impact on classification and measurements of the Company's financial assets and financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Company, since none of the entities in the Company would qualify to be an investment entity under IFRS 10.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to impact the Company.

IFRIC Interpretation 21 Levies (IFRIC 21)
IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Company does not expect that IFRIC 21 will have material financial impact in future financial statements.

IAS 36 Impairment of assets - Amendments to IAS 36
The amendments relate to the disclosure in respect of fair value less costs of disposal. The amendments are intended to clarify the IASB's original intentions when amendments were made to IAS 36 as a result of the issuance of IFRS 13 Fair Value Measurement. The amendments also require additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal and the discount rates that have been used when the recoverable amount. The Company does not expect this amendment to have an impact.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The Company has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

IAS 19 Employee benefits (Amendments)
With Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 Employee Benefits) the IASB has amended the requirements in IAS 19 for contributions from employees or third parties that are linked to service:

• If the amount of the contributions is independent of the number of years of service, contributions may be recognised as a reduction in the service cost in the period in which the related service is rendered (note: this is an allowed but not required method).
• If the amount of the contributions depends on the number of years of service, those contributions must be attributed to periods of service using the same attribution method as used for the gross benefit in accordance with paragraph 70 of IAS 19.

The amendments are intended to provide relief in that entities are allowed to deduct contributions from service cost in the period in which the service is rendered. This was common practice prior to the 2011 amendments to IAS 19. In those cases the impact of retrospective application would be minimal. The amendments are to be applied retrospectively. There is no impact of this amendment on the Company.

4.1 Reconciliation of statement of financial position as at 1 January 2012

	Notes	Local GAAP N'000	Re-measurements N'000	IFRS N'000
				1 January 2012
Non-current assets				
Property, plant and equipment	A	2,793	(1,397)	1,396
		2,793	(1,397)	1,396
Current assets				
Called-up share capital		500,000	-	500,000
Cash and short-term deposit		60,949	-	60,949
		560,949	-	560,949
Total assets		563,743	(1,397)	562,345
Equity				
Share capital		500,000	-	500,000
Retained earnings	A	17,524	(1,397)	16,127
Total equity		517,524	(1,397)	516,127
Current liabilities				
Trade and other payables		46,218	-	46,218
Income tax payable		-	-	-
Total Current Liabilities		46,218	-	46,218
Total Equity and Liabilities		563,742	(1,397)	562,345

4.2 Reconciliation of statement of financial position as at 31 December 2012

	Notes	Local GAAP N'000	Re-measurements N'000	IFRS N'000
Non-current assets				
Property, plant and equipment	A	2,793	(2,792)	1
		2,793	(2,792)	
1				
Current assets				
Trade and other receivables		778	-	778
Called-up share capital		500,000	-	500,000
Cash and short-term deposit		317,240	-	317,240
		818,018	-	818,018
Total assets		**820,811**	**(2,792)**	**818,019**
Equity				
Share capital		500,000	-	
500,000				
Retained earnings	A	52,178	(2,792)	49,386
Total equity		**552,178**	**(2,792)**	**549,386**
Current liabilities				
Trade and other payables		268,633	-	268,633
Income tax payable		-	-	-
Total Current Liabilities		**268,633**	**-**	**268,633**
Total Equity and Liabilities		**820,811**	**(2,792)**	**818,019**

4.3 Reconciliation of total profit or loss for the year ended 31 December 2012

	Notes	L0CAL GAAP N'000	RE-MEASUREMENT N'000	IFRS N'000
Fees and commission		14,856	-	14,856
Rental income		8,089	-	8,089
Net operating income		22,945	-	22,945
Other operating income		207	-	207
Administrative expenses	A	(997)	(1,395)	(2,392)
Operating profit		22,155	(1,395)	20,760
Interest income		12,499	-	12,499
Profit before taxation		34,654	(1,395)	33,259
Income tax expense		-	-	-
Profit for the year		34,654	(1,395)	33,259

Material adjustments to the statement of cash flows for 2012
There are no material differences between the statement of cash flows presented under IFRSs and the statement of cash flows presented under previous GAAP.

4.4 Note to the Reconciliations

A. Property, Plant and Machinery

Under the local GAAP, there was no provision for depreciation on the Company's assets capitalised. The depreciation provisions have been calculated and credited to the Company's property, plant and equipment as at 1 January 2012 (transition date) and 31 December 2012. The depreciation provision of N1,395,000 for 31 December 2012 has been recognised in administrative expenses in 31 December 2012 while the provision of N1,397,000 for 1 January 2012 (transition date) was made to the retained earnings.

		2013 N'000	2012 N'000
5.	**Contract income**		
	Recognised in profit or loss	124,859	-
	Deferred income	53,511	-
		------------	-----------
	Contract profit	178,370	-
		=======	======

Contract income represents revenue derived from the execution of facelifts for a customer's offices. The income is for supervision and it is earned over a period of time.

		2013 N'000	2012 N'000
6.	**Fees and commission**		
	Facility management fee income	49,848	-
	Agency fee income	23,734	-
	Project directorate fee income	72,381	-
	Project management fee income	62,197	-
	APG fee income	2,714	14,856
		-----------	----------
		210,874	14,856
		======	=====
7.	**Other operating income**	27	207
		====	====

Other operating income was derived from non-core business activities during the year.

		2013 N'000	2012 N'000
8.	**Administrative expenses**		
	Staff costs	220,577	-
	Depreciation	3,995	1,395
	Other administrative expenses (Note 8a)	260,314	997
		------------	----------
		484,886	2,392
		=======	=====

		2013 N'000	2012 N'000
8a.	**Other administrative expenses**		
	Advertising and publicity	1,514	-
	Audit fee	5,250	525
	Bank charges	70	9
	Consultancy and professional fees	19,587	208
	Development fund	3	-
	Directors emoluments	11,570	100
	Donations	8,581	-
	Employee car allowance	5,200	-
	Entertainment	546	1
	General	-	154
	Information system	3,002	-
	Insurance	277	-
	ITF levy	2,206	-
	Merger expenses	55,792	-
	NITDA levy	4,290	-
	NSITF levy	2,206	-
	Office expenses	3,840	-
	Printing and stationeries	513	-
	Repairs and maintenance	17,065	-
	Security expenses	3,301	-
	Taxes – Others	2,119	-
	Technical service fees	110,526	-
	Travel and transport	2,856	-
		260,314	997
9.	**Interest income**		
	Interest income on bank placements	61,142	12,499
10.	**Income tax expense**		
10a.	**Profit or loss**		
	Current income tax:		
	Company income tax	32,625	-
	Education tax	6,525	-
	Capital gains tax	16,887	-
	Under provision in prior year	22,918	-
	Current year income tax charge (Note 24)	78,955	-
	Deferred tax:		
	Relating to origination of temporary difference (Note 24)	63,853	-
	Total income tax expense reported in profit or loss	142,808	-

10b. Reconciliation of effective tax rate

	2013 N'000	2012 N'000
Profit before taxation	424,747	33,259
	=======	======
Tax at Nigeria statutory income tax of 30%	127,424	9,978
Disallowable expenses	(29,705)	(9,978)
Impact of capital allowance	(1,241)	-
	------------	----------
	96,478	-
Impact of Education tax	6,525	-
Capital gains tax	16,887	-
Under provision in prior year	22,918	-
	------------	-----------
	142,808	-
	======	======

11. Basic/ diluted earnings loss per share

Basic earnings per share amount is calculated by dividing net profit for the year attributable to ordinary equity holders by the number of ordinary shares outstanding as at balance sheet date.

Diluted earnings per share amount is calculated by dividing net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the diluted year.

The following reflects the income and share data used in the basic loss per share computations

	2013 N'000	2012 N'000
Net profit attributable to ordinary equity holders	281,939	33,259
	======	======
	Number '000	Number '000
Number of ordinary shares for basic earnings per share	1,000,000	1,000,000
	========	========
Basic/ diluted earnings per share (Naira)	N0.28	N0.03

12. Property, Plant and equipment

	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 2012	-	1,156	-	1,637	2,793
Additions	-	-	-	-	-
At 31 December 2012	-	1,156	-	1,637	2,793
Additions	2,657	3,881	18,145	797	25,480
Retirement	-	-	-	(1,333)	(1,333)
At 31 December 2013	2,657	5,037	18,145	1,101	26,940
Accumulated depreciation:					
At 1 January 2012	-	578	-	819	1,397
Depreciation charge for the year	-	577	-	818	1,395
At 31 December 2012	-	1,155	-	1,637	2,792
Depreciation charge for the year	1,329	235	2,282	149	3,995
Retirement	-	-	-	(1,333)	(1,333)
At 31 December 2013	1,329	1,390	2,282	453	5,454
Net book value:					
At 31 December 2013	1,328	3,647	15,863	648	21,486
At 31 December 2012	-	1	-	-	1
At 1 January 2012	-	578	-	818	1,396

	2013 N'000	2012 N'000
13. Investment properties		
At 1 January	-	-
Acquisitions arising from UBA Spin-off (Note 13a)	2,496,000	-
Other acquisitions of properties	10,772	-
Disposals	(36,194)	-
Net gain from fair value adjustments (Note 13b)	84,151	-
At 31 December	2,554,729	-

13a. This represents the net book value of the excess real estate assets of UBA transferred to Afriland Properties Plc at the time of spin-off. The title documents for the properties however have not been perfected. The Directors are of the opinion that the fair values of the investment properties are not less than the costs.

13b. The Company's investment properties were revalued at 31 December 2013 by in-house professionals who are qualified valuers and hold recognised relevant professional qualifications and have recent experience in the locations and categories of the investment properties valued.

	2013 N'000	2012 N'000	1 January 2012 N'000
14. Prepayments (non-current)			
Prepaid employee car allowance	15,600	-	-

The prepaid employee car allowance represents the unamortised portion of 5 years car allowance granted to the employees. The balance is expected to be written off over 4 years.

	2013 N'000	2012 N'000	1 January 2012 N'000
At 1 January	-	-	-
Addition during the year	26,000	-	-
	26,000	-	-
Charged to profit or loss (Note 8a)	(5,200)	-	-
Balance due within the year (Note 17)	(5,200)	-	-
At 31 December	15,600	-	-

		2013 N'000	2012 N'000	1 January 2012 N'000
15.	**Trade and other receivables**			
	Trade receivables	192,245	-	-
	Rent receivables	56,920	-	-
	Due from related parties (Note 25)	39,874	-	-
	Withholding tax receivable	33,898	-	-
	Staff debtors	-	683	-
	Sundry debtors	8,862	95	-
		331,799	778	-

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

		2013 N'000	2012 N'000	1 January 2012 N'000
16.	**Advance to contractors**	34,650	-	-

The advance to contractors represents payments made in respect of a project for one of the Company's clients towards year-end for which no significant work has been carried out as at balance sheet date.

		2013 N'000	2012 N'000	1 January 2012 N'000
17.	**Prepayments (current)**			
	Health insurance	469	-	-
	Motor vehicles insurance	496	-	-
	Generator set maintenance	88	-	-
	Software licence fees	244	-	-
	Employee car allowance (Note 14)	5,200	-	-
		6,497	-	-
18.	**Called-up share capital**	-	500,000	500,000

This represents called-up share capital unpaid as at balance sheet date. There is no unpaid called-up share capital as at 31 December 2013.

		2013 N'000	2012 N'000	1 January 2012 N'000
19.	**Cash and short-term deposits**			
	Cash at bank	31,382	22,004	60,949
	Short-term deposits	1,238,025	295,236	-
		1,269,407	317,240	60,949

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash at bank and short-term deposits.

		2012 N'000	2012 N'000	1 January 2012 N'000
20.	**Issued share capital and share premium**			
20a.	**Issued share capital**			
	Authorised and issued:			
	At 1 January	500,000	500,000	500,000
	Addition during the year	-	-	-
	At 31 December	500,000	500,000	500,000

During the year, the unpaid called-up share capital of the Company were issued to the existing shareholders of UBA on a pro-rata basis in exchange for the excess amount of the net book value of investment properties transferred from UBA to the Company.

		2012 N'000	2012 N'000	1 January 2012 N'000
20b.	**Share premium**			
	At 1 January	-	-	-
	Issued in the year	1,996,000	-	-
	At 31 December	1,996,000	-	-

Share premium represents the excess amount of the net book value of investment properties transferred from UBA to Afriland Properties Plc in exchange for 1 billion ordinary shares of the Company with nominal value of N0.50 per share. The amount form part of the non-distributable reserves of the Company which can be used only for the purposes specified under Companies and Allied Matters Act, CAP C20, LFN 2004.

21. Retained earnings

Retained earnings represent the carried forward recognised income net of expenses plus current year result attributable to equity holders.

	2013 N'000	2012 N'000
At 1 January	49,386	16,127
Profit for the year	281,939	33,259
At 31 December	331,325	49,386

22. Trade and other payables

	2013 N'000	2012 N'000	1 January 2012 N'000
Trade payables	311,247	160,651	22,367
Accruals (Note 25)	123,426	1,294	2,352
Due to related parties (Note 25)	12,398	-	-
Rentals received for third parties	394,631	68,425	-
Service charge payable	22,854	31,885	21,499
Value Added Tax	57,911	6,027	-
Withholding Tax	35,423	-	-
Sundry payable	24,224	-	-
Other payables	9,120	351	-
	991,234	268,633	46,218

23. Deferred income

	2013 N'000	2012 N'000	1 January 2012 N'000
Contracts obtained	197,577	-	-
Service charge received in advance	586	-	-
Rents received in advance	74,638	-	-
	272,801	-	-

24. Taxation

24a. Current tax payable

	2013 N'000	2012 N'000	1 January 2012 N'000
At 1 January	-	-	-
Charge for the year (Note 10)	78,955	-	-
Payments during the year	-	-	-
At 31 December	78,955	-	-

24b. Deferred tax liability

	2013 N'000	2012 N'000	1 January 2012 N'000
At 1 January	-	-	-
Charge for the year (Note 10)	63,853	-	-
At 31 December	63,853	-	-

Deferred tax relates to the following:

	2013 N'000	2012 N'000	1 January 2012 N'000
Accelerated depreciation for tax purpose	63,853	-	-

25. Related party transactions

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

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

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

	2013 N'000	2012 N'000
Due from related parties	39,874	-
Due to related parties	(12,398)	-
	27,476	-

Trading transactions

	2013 N'000	2012 N'000
Due from related parties		
Transnational Hotels and Tourism Services Ltd	30,256	-
Avon HMO Ltd	3,423	-
Ten Oil Limited	6,195	-
	39,874	-
Due to related parties		
Transnational Hotels and Tourism Services Ltd	3,817	-
Tony Elumelu Foundation	8,581	-
	12,398	-

Nature, terms and conditions of transactions with related parties
There is a common shareholder across the Companies but there is no record of any impairment of receivables relating to amounts owed by each party in either year.

Technical service fee
The Company has a technical service fee agreement with Heirs Holding Limited which is based on 5% of the profit before tax and minimum of N100 million per annum net of taxes. The amount for the year ended 31 December 2013 is N100 million (2012: Nil).

	2013 N'000	2012 N'000
Compensation of the Directors of the Company		
Short term employment benefits	9,820	-
Fees paid for meetings attended	4,500	100
Other emoluments	7,070	-
Total compensation paid to the Directors	21,390	100
Highest paid Director	9,820	100

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

	2013 Number	2012 Number	1 January 2012 Number
Up to N2,200,000	-	-	-
N2,200,001 – N10,200,000	4	-	-
N10,200,001 and above	-	-	-
	4	-	-

26. Operating activities

	2013 N'000	2012 N'000
Profit before taxation	424,747	33,259
Income tax expense	(142,808)	-
	281,939	33,259
Adjustment for:		
Depreciation of property, plant and equipment	3,995	1,395
Profit on disposal of investment properties	(168,868)	-
Interest income	(61,142)	(12,499)
Net gain from fair value adjustments on investment Properties	(84,151)	-
	(28,227)	22,155
Increase in trade and other receivables	(331,021)	(778)
Increase in deferred income	272,801	-
Increase in prepayments	(22,097)	-
Increase in advance to contractors	(34,650)	-
Increase in trade and other payables	722,601	222,415
Increase in income taxation	78,955	-
Increase in deferred tax liability	63,853	-
	750,442	221,637
Net cash inflow from Operating activities	722,215	243,792

27. Information relating to employees

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

	2013 Numbers	2012 Numbers
Executive office	2	-
Project management office	1	-
Facilities management and projects	20	-
Technical consultancy	5	-
Business development	3	-
Other business support	10	-
	38	-

	2013 N'000	2012 N'000
Salaries and wages including staff bonuses	209,384	-
Contributions to pension scheme	11,193	-
	220,577	-

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

N	N	2013 Numbers	2012 Numbers
420,001 –	900,000	3	-
900,001 –	2,000,000	6	-
2,000,001 –	4,000,000	7	-
4,000,001 –	6,000,000	7	-
6,000,001 –	8,000,000	11	-
Above 8,000,001		4	-
		38	

28. Litigation and claims

There is a contingent liability in respect of a legal action against the Company for amount of N22 million (2012: Nil million) for which no provision has been made. The claimant's claim is that the Company failed to restore its property to its original state before it was handed over. The suit is at the case management conference stage and the Directors are of the opinion that no significant liability will arise therefrom.

29. Capital commitments

The Company had no capital commitment as at 31 December 2013 (2012: Nil).

30. Events after the reporting period

The SEC approval letter registering the Scheme Shares in respect of the merger proposed between Afriland Properties Plc and Heirs Real Estate Limited was obtained on 10 March 2014.

Apart from the above, there were no other events after the reporting period which could have a relevant impact on the financial statements of the Company that had not been adequately provided for or disclosed in the financial statements.

31. Financial instrument's risk management objectives and policies

The Company is exposed to market risk (including interest rate risk 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. The financial instruments held by the Company that are affected by market risk are principally the cash equivalent financial instruments.

Interest rate risk
Interest rate risk is the risk that the 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's exposure to the risk of changes in market interest rates relates primarily to the Company's cash equivalent financial instruments which are substantially independent of changes in market interest rates because the instruments have been priced with fixed rates that re-price infrequently.

The analysis below describes reasonably possible movements in interest rates with all other variables held constant, showing the impact on profit before tax.

In thousands of Naira

As at 31 December 2013	Carrying amount	< 3 months	Impact of +400bp	Impact of -400bp
Short term deposits	1,238,025	1,238,025	4,638	(4,638)

In thousands of Naira

As at 31 December 2012	Carrying amount	< 3 months	Impact of +400bp	Impact of -400bp
Short term deposits	295,236	295,236	535	(535)

Real estate risk
The Company has identified the following risks associated with the real estate portfolio:

- The cost of the development schemes may increase if there are delays in the planning process. The Company uses advisers who are experts in the specific planning requirements in the scheme's location in order to reduce the risks that may arise in the planning process.

- A major tenant may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property (see also credit risk below). To reduce this risk, the Company reviews the financial status of all prospective tenants and decides on the appropriate level of security required via rental deposits or guarantees.

- The exposure of the fair values of the portfolio to market and occupier fundamentals.

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.

Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset. 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 minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

Impairment analysis and ageing analysis

In thousands of Naira

As at 31 December 2013	Carrying amount	Past due but not impaired		Fully performing
		Between 1 and 3 months	Between 3 and 6 months	
Financial assets				
Short term deposits	1,238,025	1,238,025	-	1,238,025
Trade receivables	192,245	192,245	-	192,245
Rent receivables	56,920	3,970	52,950	56,920
Due from related parties	39,874	39,874	-	39,874
Sundry debtors	8,862	8,862	-	8,862
Advance to contractors	34,650	34,650	-	34,650

In thousands of Naira

As at 31 December 2012	Carrying amount	Past due but not impaired		Fully performing
		Between 1 and 3 months	Between 3 and 6 months	
Financial assets				
Short term deposits	295,236	295,236	-	295,236
Staff debtors	683	683	-	683
Sundry debtors	95	95	-	95

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 2013	Carrying amount	On demand	Between 2 months and 1 year	Between 1 and 5 years
Financial liabilities				
Due to related parties	12,398	12,398	-	-
Trade payables	311,247	311,247	-	-
Rentals received for third parties	394,631	394,631	-	-
Service charge payable	22,854	-	22,854	-
Accruals and other payables	250,104	-	250,104	-

In thousands of Naira

As at 31 December 2012	Carrying amount	On demand	Between 2 months and 1 year	Between 1 and 5 years
Financial liabilities				
Trade payables	160,651	160,651	-	-
Rentals received for third parties	68,425	68,425	-	-
Service charge payable	31,885	-	31,885	-
Accruals and other payables	7,672	-	7,672	-

In thousands of Naira

As at 1 January 2012	Carrying amount	On demand	Between 2 months and 1 year	Between 1 and 5 years
Financial liabilities				
Trade payables	22,367	22,367	-	-
Rentals received for third parties	21,499	-	21,499	-
Service charge payable	2,325	-	2,325	-

32. Fair values

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

In thousands of Naira

As at 31 December 2013	Carrying amount	Fair value
Financial assets		
Trade and other receivables	331,799	331,799
Advance to contractors	34,650	34,650
Cash and short term deposits	1,269,407	1,269,407
Financial liabilities		
Trade and other payables	991,234	991,234

In thousands of Naira

As at 31 December 2012	Carrying amount	Fair value
Financial assets		
Trade and other receivables	778	778
Cash and short term deposits	317,240	317,240
Financial liabilities		
Trade and other payables	268,633	268,633

In thousands of Naira

As at 1 January 2012	Carrying amount	Fair value
Financial assets		
Cash and short term deposits	60,949	60,949
Financial liabilities		
Trade and other payables	46,218	46,218

33. Fair value measurement

Fair value hierarchy for financial instruments measured at fair value as at 31 December 2013:

In thousands of Naira

As at 31 December 2013	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investment properties	2,554,729	-	-	2,554,729

There was no transfer between the Levels during the year as the investment properties were acquired during the year.

Description of valuation techniques used and key inputs to valuation on investment properties:
Open market valuation method was used by internal professionals; 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

34. Capital management

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

The policies for managing capital are to increase shareholders' value by maximizing profits and cash. The policy is to set budgets and forecasts into the short and medium term that the Company ensures are achievable. The process for managing capital are reviews of the financial data to ensure that the Company is tracking the targets sets and to reforecast as necessary based on the most up to date information while maintaining a sustainable generation of free cash flow in operations to fund steady growth.

The Company's operations during the year were funded through proprietary funds – there were no borrowings as at year ended 31 December 2013 (2012: Nil).

35. Segment information

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	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Revenue:										
Derived from external customers	236,903	14,856	72,381	-	536,493	8,089	63,856	12,706	909,633	35,651
Inter-segment	-	-	-	-	-	-	-	-	-	-
Total revenue	**236,903**	**14,856**	**72,381**	**-**	**536,493**	**8,089**	**63,856**	**12,706**	**909,633**	**35,651**
Expenses:										
Depreciation and amortization	1,079	377	317	-	2,357	824	242	194	3,995	1,395
Other operating expenses	82,393	-	17,329	-	325,258	208	55,911	789	480,891	997
Total expenses	**83,472**	**377**	**17,646**	**-**	**327,615**	**1,032**	**56,153**	**983**	**484,886**	**2,392**
Profit before taxation	**153,431**	**14,479**	**54,735**	**-**	**208,878**	**7,057**	**7,703**	**11,723**	**424,747**	**33,259**
Assets and liabilities:										
Total tangible assets	592,807	132,973	358,945	-	2,941,678	71,980	340,738	613,066	4,234,168	818,019
Intangible assets	-	-	-	-	-	-	-	-	--	-
Total assets	**592,807**	**132,973**	**358,945**	**-**	**2,941,678**	**71,980**	**340,738**	**613,066**	**4,234,168**	**818,019**
Total liabilities	**284,586**	**31,885**	**22,220**	**-**	**874,185**	**68,425**	**225,852**	**168,323**	**1,406,843**	**268,633**
Net assets	**308,221**	**101,088**	**336,725**	**-**	**2,067,493**	**3,555**	**114,886**	**444,743**	**2,827,325**	**549,386**

STATEMENT OF VALUE ADDED

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 N'000		2012 N'000	
Net operating income	595,445		22,945	
Cost of services - Local	(260,314)		(997)	
	------------		------------	
	335,131		21,948	
Other operating income	27		207	
Interest income	61,142		12,499	
Profit on disposal of investment properties	168,868		-	
Net gain from fair value adjustments on Investment properties	84,151		-	
	------------		------------	
Value added	649,319		34,654	
	======		======	
Applied as follows:				
		%		%
To employees:				
- as salaries and labour related expenses	220,577	34	-	-
To Government:				
- as company taxes	78,955	12	-	-
Retained for the company's future:				
- for assets replacement (Depreciation)	3,995	1	1,395	4
- deferred taxation	63,853	10	-	-
- profit for the year	281,939	43	33,259	96
	------------	-----	---------------	-----
	649,319	100	34,654	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.

FOUR-YEAR FINANCIAL SUMMARY

	IFRS			LOCAL GAAP
	31 December		1 January	31 December
	2013	2012	2012	2010
	N'000	N'000	N'000	N'000
Statement of financial position				
Assets and liabilities:				
Property, plant and equipment	21,486	1	1,396	2,793
Investment properties	2,554,729	-	-	-
Prepayment (non-current)	15,600	-	-	-
Net current assets/ (liabilities)	299,363	449,385	514,731	(2,793)
Deferred tax liability	(63,853)	-	-	-
	2,827,325	549,386	516,127	-
Shareholders' fund				
Issued share capital	500,000	500,000	500,000	-
Share premium	1,996,000	-	-	-
Retained earnings	331,325	49,386	16,127	-
	2,827,325	549,386	516,127	-
	IFRS			LOCAL GAAP
Net operating income	595,445	22,945	13,698	-
Profit before taxation	424,747	33,259	17,524	-
Taxation	(142,808)	-	-	-
Profit after taxation	281,939	33,259	17,524	-
Basic/ Diluted Earnings per share (Naira)	N0.28	N0.03	N0.02	-

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the First Annual General Meeting ("AGM") of Afriland Properties Plc (the "Company") will hold on Friday, June 13, 2014 at the Banquet Hall, Lagoon Restaurant, Ozumba Mbadiwe Street, Victoria Island, Lagos at 10.00 am to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the year ended December 31, 2013 together with the Reports of the Directors and Auditors thereon;

2. To declare dividend;

3. To elect Directors;

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

5. To elect members of the Audit Committee

SPECIAL BUSINESS

6. To Consider and if thought fit, pass the following as special resolutions:

   a) That the content of Article 11 being the maximum number of Directors be and is hereby deleted;

   b) That the content of Article 12 being the retirement of Directors by rotation shall be substituted as follows:

   "That the Company may from time to time in a General Meeting increase or reduce the number of Directors, and upon any resolution for an increase may appoint the additional Director or Directors necessary to carry the same into effect, and may also determine in what rotation such increased or reduced number are to retire from office. Any Director so appointed hereafter to the office of Managing Director/Chief Executive Officer or an Executive Director shall not while the agreement relating to such appointment remains in force be subject to retirement by rotation but shall (subject to the same provisions of any such agreement as aforesaid) be subject to the same provisions as to resignation and removal as the other directors of the Company".

   c) That the following Articles on "Proceedings of Directors" be and are hereby inserted in the Articles of Association as Articles of the Company and the subsequent Articles renumbered accordingly:

   "The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit".

   "The quorum necessary for the transaction of business of the Directors shall be two-thirds of the total number of Directors".

   "Each Director shall have one vote at meetings of Directors. Questions and resolutions at meetings shall be decided or passed by a majority of votes. In the case of equality of votes, the Chairman of the Board shall have a second or casting vote".

   "A Director is deemed to be present at a meeting of Directors if he participates by telephone or other electronic means and all Directors participating in the meeting are able to hear each other"

   "A resolution in writing signed or affixed by all directors for the time being entitled to receive notice of a meeting of the Directors shall be as valid and effectual as if it has been passed at a meeting of the Directors duly convened and held and may consist of one single document executed by all the Directors or several copies of the document in like form executed in counterpart by each Director"

NOTICE OF ANNUAL GENERAL MEETING

d) That the content of Article 13 being the quorum at directors' meeting be and is hereby deleted and the subsequent Articles renumbered accordingly".

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. For the appointment to be valid, a completed and duly stamped proxy form must be deposited at the office of the Company's Registrars, Africa Prudential Registrars Plc, No. 220B Ikorodu Road, Palmgrove, Lagos not later than 48 hours before the time fixed for the meeting. A proxy need not be a member of the Company.

2. **CLOSURE OF REGISTER**
   The Register of Members and Transfer Books will be closed from Tuesday, May 27, 2014 to Friday, May 30, 2014 both days inclusive.

3. **DIVIDEND WARRANTS**
   If the dividend recommended by Directors is approved, dividend warrants will be posted on Wednesday, June 18, 2014 to all shareholders whose names appear in the Company's Register of Members at the close of business on Monday, May 26, 2014.

4. **AUDIT COMMITTEE**
   In Accordance With Section 359(5) of The Companies And Allied Matters Act, CAP C20, LFN, 2004, any member may nominate a shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the AGM.

Dated this 15th day of May 2014

By Order of the Board

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

Africa Prudential Registrars Plc

RC NO: 649007

SHAREHOLDER E-SERVICE APPLICATION FORM

(*= Compulsory fields)

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

E-SHARE REGISTRATION ACTIVATION MANDATE *(Please tick the box below ☑)*

Please take this as authority to activate my account(s) on your 3iOP e-Share Registration Portal where I will be able to view and manage my investment portfolio online with ease. ☐

BANK DETAILS FOR E-DIVIDEND MANDATE

Please take this as authority to credit my/our under-mentioned account with any dividend payment(s)/ lost/misplaced/stale/unclaimed dividend warrants due on my/our shareholding in the aforementioned company(ies).

17. *ACCOUNT NAME:

18. *BANK ACCOUNT NUMBER:

Must be NUBAN

19. *BANK:

20. *AGE OF ACCOUNT:

Must be confirmed by the bank

*BANK'S AUTHORISED SIGNATURE & STAMP

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

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

CLIENTELE

1. ABBEY MORTGAGE BANK PLC ☐
2. AFRILAND PROPERTIES PLC ☐
3. A & G INSURANCE PLC ☐
4. ARM PROPERTIES PLC ☐
5. A.R.M LIFE PLC ☐
6. ADAMAWA STATE GOVERNMENT BOND ☐
7. BECO PETROLEUM PRODUCTS PLC ☐
8. BENUE STATE GOVERNMENT BOND ☐
9. CAP PLC ☐
10. CAPPA AND D'ALBERTO PLC ☐
11. CEMENT COY OF NORTHERN NIG. PLC ☐
12. CSCS PLC ☐
13. CHAMPION BREWERIES PLC ☐
14. COMPUTER WAREHOUSE GROUP PLC ☐
15. EBONYI STATE GOVERNMENT BOND ☐
16. GOLDEN CAPITAL PLC ☐
17. INFINITY TRUST MORTGAGE BANK PLC ☐
18. INTERNATIONAL BREWERIES PLC ☐
19. INVESTMENT & ALLIED ASSURANCE PLC ☐
20. JAIZ BANK PLC ☐
21. KADUNA STATE GOVERNMENT BOND ☐
22. NEM INSURANCE PLC ☐
23. OMOLUABI SAVINGS AND LOANS PLC ☐
24. PERSONAL TRUST & SAVINGS LTD ☐
25. P.S MANDRIDES PLC ☐
26. PORTLAND PAINTS & PRODUCTS NIG. PLC ☐
27. PREMIER BREWERIES PLC ☐
28. RESORT SAVINGS & LOANS PLC ☐
29. ROADS NIGERIA PLC ☐
30. SCOA NIGERIA PLC ☐
31. TARABA STATE GOVERNMENT BOND ☐
32. TRANSCORP PLC ☐
33. TOWER BOND ☐
34. THE LA CASERA COMPANY - CORPORATE BOND ☐
35. UAC NIGERIA PLC ☐
36. UBA BALANCED FUND ☐
37. UBA BOND FUND ☐
38. UBA CAPITAL PLC ☐
39. UBA EQUITY FUND ☐
40. UBA MONEY MARKET FUND ☐
41. UNITED BANK FOR AFRICA PLC ☐
42. UNIC INSURANCE PLC ☐
43. UAC PROPERTY DEVELOPMENT COMPANY PLC ☐
44. UTC NIGERIA PLC ☐
45. WEST AFRICAN GLASS IND PLC ☐

OTHERS: ____________________________

____

LAGOS: 220B, Ikorodu Road, Palmgrove, Lagos. Tel: 07080606400 | **ABUJA**: 11, Lafia Close, Area 8, Garki, Abuja. Tel: 09-2900873
PORT-HARCOURT: Plot 137, Olu-Obasanjo Road (2nd floor), Port Harcourt, Rivers State. Tel: 084 -303457
E-MAIL: info@africaprudentialregistrars.com | **WEBSITE**: www.africaprudentialregistrars.com

Africa Prudential Registrars

Afriland Properties Plc

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, 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 Friday, June 13, 2014 or at any adjournment thereof.

Dated this 15th day of May 2014

Shareholder's Signature: ______________________________

NOTES:

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. For the appointment to be valid, a completed and duly stamped proxy form must be deposited at the office of the Company's Registrars, Africa Prudential Registrars Plc, No. 220B Ikorodu Road, Palmgrove, Lagos not later than 48 hours before the time fixed for the meeting. A proxy need not be a member of the Company.

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DIVIDEND WARRANTS: If the dividend recommended by Directors is approved, dividend warrants will be posted on Wednesday, June 18, 2014 to all shareholders whose names appear in the Company's Register of Members at the close of business on Monday, May 26, 2014.

AUDIT COMMITTEE: In Accordance With Section 359(5) of The Companies And Allied Matters Act, CAP C20, LFN, 2004, any member may nominate a shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the AGM.

This proxy is solicited on behalf of the Board of Directors and is to be used at 1st Annual General Meeting to be held on Friday, June 13, 2014.

	ORDINARY BUSINESS	For	Against	Abstain
1	To receive and adopt the Audited Financial Statements for the year ended December 31, 2013 together with the Reports of the Directors and Auditors thereon			
2	To declare dividend			
3	To elect Directors			
4	To authorize the Directors to fix the remuneration of the Auditors			
5	To elect members of the Audit Committee			
	SPECIAL BUSINESS			
6	To Consider and if thought fit, pass the following as special resolutions: a) That the content of Article 11 being the maximum number of Directors be and is hereby deleted; b) That the content of Article 12 being the retirement of Directors by rotation shall be substituted as follows: "That the Company may from time to time in a General Meeting increase or reduce the number of Directors, and upon any resolution for an increase may appoint the additional Director or Directors necessary to carry the same into effect, and may also determine in what rotation such increased or reduced number are to retire from office. Any Director so appointed hereafter to the office of Managing Director/Chief Executive Officer or an Executive Director shall not while the agreement relating to such appointment remains in force be subject to retirement by rotation but shall (subject to the same provisions of any such agreement as aforesaid) be subject to the same provisions as to resignation and removal as the other directors of the Company". c) That the following Articles on "Proceedings of Directors" be and are hereby inserted in the Articles of Association as Articles of the Company and the subsequent Articles renumbered accordingly: "The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit". "The quorum necessary for the transaction of business of the Directors shall be two-thirds of the total number of Directors". "Each Director shall have one vote at meetings of Directors. Questions and resolutions at meetings shall be decided or passed by a majority of votes. In the case of equality of votes, the Chairman of the Board shall have a second or casting vote". "A Director is deemed to be present at a meeting of Directors if he participates by telephone or other electronic means and all Directors participating in the meeting are able to hear each other" "A resolution in writing signed or affixed by all directors for the time being entitled to receive notice of a meeting of the Directors shall be as valid and effectual as if it has been passed at a meeting of the Directors duly convened and held and may consist of one single document executed by all the Directors or several copies of the document in like form executed in counterpart by each Director" d) That the content of Article 13 being the quorum at directors' meeting be and is hereby deleted and the subsequent Articles renumbered accordingly".			

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

ADMISSION CARD

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

ANNUAL GENERAL MEETING
AFRILAND PROPERTIES PLC (RC 684746)

Please admit the shareholder named on this card or his duly appointed proxy to the annual general meeting of the company to be held at the Banquet Hall, Lagoon Restaurant, Ozumba Mbadiwe Street, Victoria Island, Lagos at 10.00 am on Friday, June 13, 2014.

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.

Afriland Properties Plc

www.afrilandproperties.com