UBN PROPERTY COMPANY PLC.

(A subsidiary of Union Bank of Nigeria Plc)

2020 ANNUAL REPORT

UBN Property Company Plc
Annual Report - 31 December 2020

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Corporate Information

Company's Registration Number:	RC: 476267	
Directors:	Emeka Okonkwo*	Chairman
	Emeka Emuwa**	Chairman (Rtd)
	Oluwatosin Osikoya	Managing Director
	Obiaku Nneze Akwiwu - Nwadike (Mrs.)	Non-Executive Director
	Remi Kolarinwa	Independent Non-Executive Director
	Olajumoke Odulaja (Mrs.)***	Non-Executive Director
	Adekunle Sonola****	Non-Executive Director

** Appointed w.e.f. March 29th 2021*
*** Retired w.e.f. March 29th 2021*
**** Appointed w.e.f. March 29th 2021*
***** Retired w.e.f. March 29th 2021*

Registered Office:	163, Obafemi Awolowo Way Alausa, Ikeja Lagos
Company Secretary	Somuyiwa A. Sonubi FRC/2013/NBA/00000002061 Stallion Plaza 36 Marina Lagos
Registrar	CardinalStone Registrars Limited 335/337, Herbert Macaulay Way Sabo, Yaba Lagos
Estate Valuer	Bode Adedeji Partnership 15, Bishop Oluwole Street Victoria Island Lagos FRC/2013/NIESV/00000001479
Auditor	Ernst & Young UBA House 57 Marina, Lagos.
Banker	Union Bank of Nigeria Plc

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 11th Annual General Meeting of UBN Property Company Plc will be held in The Auditorium, Stallion Plaza (9th Floor), 36 Marina, Lagos on Tuesday 29th June 2021 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Company's Audited Financial Statements for the financial year ended 31st December 2020 together with the reports of the Directors, Auditor, Board Appraiser and Statutory Audit Committee thereon.
2. To declare a dividend for the financial year ended 31st December 2020.
3. To elect/re-elect Directors.
4. To authorise the Directors to fix the remuneration of the Auditor.
5. To disclose remuneration of the Managers of the Company.
6. To elect members of the Statutory Audit Committee.

NOTES

a) PROXY

In compliance with the public safety directives of the Federal Government of Nigeria and the Lagos State Government on mass/public gatherings on account of the COVID-19 Pandemic; and the Corporate Affairs Commission's (CAC) Guidelines on holding Annual General Meetings of Public Companies using Proxies, attendance at this meeting shall be by way of proxies. Shareholders are advised that the meeting will be streamed live (vide a link to be circulated by the Registrars) and, voting at the meeting shall be through the proxies whose names are provided below:

1.	Mr. Emeka Okonkwo	-	Chairman
2.	Mr. Oluwatosin Osikoya	-	Managing Director
3.	Mr. Kurfi Kasim Garba	-	Shareholder
4.	Mr. Chidi Agbapu	-	Shareholder
5.	Mr. Timothy Oyedele	-	Shareholder
6.	Mr. Philip Ofuokwu	-	Shareholder
7.	Mr. Abdul Bamidele	-	Shareholder

A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in its, his or her stead. A proxy need not be a member of the Company. A proxy form is supplied with this Notice. For completed proxy forms to be valid for the purpose of the meeting, they must be duly stamped by the Commissioner of Stamp Duties and deposited at the office of the Company Registrar, CardinalStone Registrars Limited, 335/337 Herbert Macaulay Way, Yaba, Lagos or sent to registrars@cardinalstone.com not less than forty-eight (48) hours before the meeting. The cost of stamping would be borne by the Company.

b) STATUTORY AUDIT COMMITTEE

Any member may nominate a shareholder for election as a member of the Statutory Audit Committee by giving notice in writing of such nomination, attaching the curriculum vitae of the nominee to the Company Secretary at least twenty-one (21) days before the Annual General Meeting.

Shareholders are enjoined to note that the Securities and Exchange Commission and the Financial Reporting Council of Nigeria require members of the Statutory Audit Committee to have basic financial literacy and an ability to read financial statements.

c) CLOSURE OF REGISTER

The Register of Members and Transfer Books of the Company shall be closed from 21st June 2021 to 25th June 2021 (both days inclusive), for the purpose of preparing an updated Register of Members.

d) PAYMENT OF DIVIDEND

If the dividend of N0.03 (three) Kobo per N1.00 ordinary share recommended by the Board of Directors is approved by members at the Annual General Meeting, the dividend payments will be made on 29th June 2021 to members whose names appear in the Register of Members at the close of business on 18th June 2021.

e) 2020 FINANCIAL STATEMENTS (WEB LINK)

Shareholders can access the 2020 Financial Statements on the Company's website by using the following link:
link: https://www.ubnproperty.com/financial-statement-2020.pdf

BY ORDER OF THE BOARD

Somuyiwa Adedeji Sonubi
Company Secretary
FRC/2013/NBA/00000002061
UBN Property Company Plc
163 Obafemi Awolowo Way, Ikeja
Lagos

Dated this 8th day of June 2021

Emeka Okonkwo
Chairman

Mr. Emeka Okonkwo joined the Board of Directors of UBN Property Company Plc on 29th March 2021. Mr. Emeka Okonkwo is Chief Executive Officer in Union Bank of Nigeria Plc.

Mr. Okonkwo's career in the banking industry commenced about 30 years ago as an officer in Citibank Nigeria. His career has spanned Corporate Finance, Credit Risk Management, Marketing, Treasury and Strategic Management in Citibank Nigeria and London.

In 2009, he was appointed to the Board of Citibank Nigeria as an Executive Director for Commercial Banking and Global Subsidiaries.

Prior to joining Union Bank, he was Director and Head of the Corporate and Investment Banking Division of Citibank Bangladesh, where he had responsibility for client relationships of corporate institutions, financial institutions, public sector and global subsidiaries in the country.

Mr. Okonkwo has a Bachelor's degree in Civil Engineering from the University of Nigeria, Nsukka, an M.Sc in Construction Management from the University of Lagos and an MBA from Warwick Business School, UK.

Oluwatosin Osikoya
Managing Director

Mr. Tosin Osikoya graduated with a B.Sc. (Hons) degree in Civil Engineering from Imperial College of Science and Technology (University of London) in 1983. Prior to joining the Company in 2012, he was the Executive Director of Fisko Construction Engineering Company Limited, where he was responsible for business development and project management.

He has at various times also worked as a Senior Business Analyst, Senior Contracts Engineer, Project Manager, Property Management Engineer and Facilities Engineer with the Shell Petroleum Development Company and Shell Trustees Nigeria Limited, both in Nigeria and the Netherlands.

His career spans over 32 years and commenced in 1984 when he joined Bouygues Nigeria Limited, working as a Construction Supervisor on many projects in Lagos including Elephant House on Broad Street, Lagos and the Mobil Offices in Apapa. He is an Associate Member of the Nigerian Society of Engineers.

Olajumoke Odulaja
Non-Executive Director

Olajumoke Odulaja joined the Board of UBN Property Company Plc on 29th March 2021. She joined Union Bank of Nigeria Plc in 2018 as the Chief Credit Officer, responsible for managing the aggregate risk in the Bank's loan portfolio. She was appointed Chief Risk Officer of the Bank in April 2020.

Prior to joining Union Bank, she worked at Stanbic IBTC and Standard Chartered banks, with 12 years spent in Managerial positions within various roles in Credit Management.

Her areas of expertise include Risk Management; Credit Evaluation and Underwriting; Credit Policies; Account Management and Monitoring; Loan Disbursement; Operational Risk; and Collections for Corporate, Commercial businesses, Small and Medium Enterprises (SMEs).

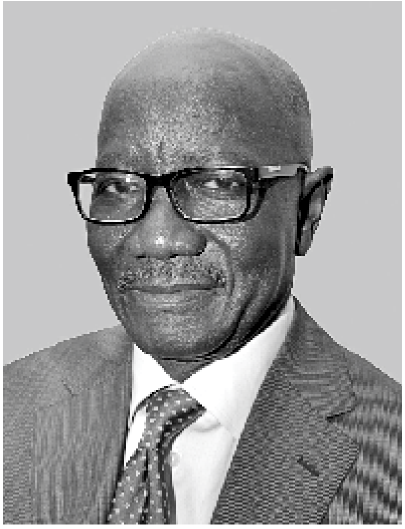
Olajumoke is a Fellow of the Institute of Chartered Accountants of Nigeria with a first degree in Economics from the University of Ilorin, and an MBA from Manchester Business School, United Kingdom.

Obiaku Nneze Akwiwu-Nwadike (Mrs.)

Non-Executive Director

Mrs. Obiaku Nneze Akwiwu-Nwadike joined the Board in December 2014 as a director representing minority shareholders on the Company's Board. She is a trained structural engineer, with a career spanning over 30 years, 14 of which have been in active service as a structural engineer, property developer and consultant in construction of luxury residential and multi-shop, plaza or mall properties.

She is a member of the Council of Registered Engineers of Nigeria and has worked in various capacities in the public and private sectors. She was Principal/ Assistant Chief Engineer at the Nigerian Ports Authority between 1984 and 1991, Wealth Adviser/ Regional Executive at BGL Plc till 2012.



Remi Kolarinwa

Independent Non-Executive Director

Mr. Remi Kolarinwa joined the Board in December 2014 as an Independent Non-Executive Director. He is an Economics graduate of the University of Toronto, Canada, with an MBA from York University, Toronto. He has had a career in banking spanning over 27 years, during which time he held leadership positions in retail, corporate, and investment banking and retired as the Deputy Managing Director of the defunct IBTC Chartered Bank.

He was also an Independent Non-Executive Director of Union Homes Savings and Loans Plc. He currently serves as the Chairman, Capiflex Management Limited, an investment management and financial advisory company, a Non- Executive Director of Sterling Bank Plc, USP Communications Limited, and Bancorp Finance Limited. He is a Fellow of the Chartered Institute of Stockbrokers.

CHAIRMAN'S STATEMENT

Distinguished Shareholders, Board of Directors, Colleagues, I am pleased to welcome you to the 11th Annual General Meeting of UBN Property Company Plc ('the Company') and to present you with the annual report of the Company for the year ended 31st December, 2020.

The Economy
The global economy GDP fell from 2.9% in 2019 to -4.3% in 2020 according to the World Bank, driven by the COVID-19 pandemic and the lockdown measures.

The pandemic disrupted economic activities across the globe with many economies contracting in 2020. However, with the easing of lockdown measures and the increasing rollout of vaccines globally, economic output is expected to expand by 4% in 2021, although this remains more than 5% below its pre-pandemic trend.

Nigeria's Gross Domestic Product (GDP) contracted by 1.9% in 2020 compared to a growth of 2.2% in 2019. The economy recorded its first contraction since Q3 2017 in Q2 2020 driven by the impact of the pandemic and the lockdown measures introduced at the beginning of the quarter. Nigeria slid into recession in Q3 2020, following a second contraction; however, the economy recovered in Q4 2020 by 0.11% due to the easing of lockdown measures.

The Property Industry
Performance in the Real Estate Sector declined in 2020 to -9.22% (from -2.36% recorded in 2019) notwithstanding a growth of 2.81% y/y in Q4 2020 following six consecutive quarters of negative growth since the last growth posted in Q1 2019 (0.93% y/y).

The lockdowns associated with the COVID-19 pandemic and the 'End SARS' protests led to reduced activities in the economy. Data from the Nigeria Bureau of Statistics suggests the Real Estate sector contributed 5.7% to real GDP in 2020 which is lower than 6.1% recorded in 2019.

The sector, like many other sectors of the economy, was greatly impacted by the unfavorable macroeconomic conditions of the country. Subdued activities in the Real Estate and Construction industries had a spillover effect on the Cement sector where growth slowed drastically on the back of weak private sector investments and low government spending.

On the fiscal side, the lockdown measures initially led to the closing of land administration services which complicated the consummation of land transactions. The Nigerian government secured $72million from the World Bank to develop a land information system expected to improve efficiencies in land purchases. The AfDB also committed to invest $25billion in Gabon, Mali, Nigeria, Senegal and Sudan.

Construction costs have increased due to challenges with the global supply chain. Most planned projects will likely be put on hold as the sector reconfigures into the form most fit for long-term viability.

2020 Financial Performance
Profit Before Tax achieved in 2020 was N243.1million against the N581.2million in 2019, representing a 58% drop in profits as a result of reduced investment income and reduced property management fees.

Dividend
Given this performance, the Board of Directors is proposing the sum of N168,792,481.53 as dividend payment for the year ended 31st December 2020 with shareholders being paid N0.03Kobo per N1.00 ordinary share subject to withholding tax. We hereby request your approval of this dividend proposal.

Board Changes
Effective from March 29th, 2021, Mr. Adekunle Sonola gave notice of his retirement from the Board. We thank him for his invaluable contributions to the Company and also wish him well in his future endeavours.

In December 2020, our erstwhile Chairman, Mr. Emeka Emuwa also announced his intention to retire from the Board, effective 31st March , 2021. Over the past 8 years, Mr. Emuwa worked tirelessly to position UBN Property Company Plc ("UPCP") for success while delivering profit and value to stakeholders, and we will certainly miss his astute leadership and oversight. On behalf of the Board, I thank him for his immense contributions to the Company and wish him all the best in his retirement.

On a final note, I am pleased to inform you that Mrs. Olajumoke Odulaja was appointed to the Board as a Non-Executive Director on March 29th, 2021. Please join me in welcoming her and wishing her a successful tenure.

Union Bank's Divestment
The ongoing divestment of Union Bank of Nigeria Plc's interest in UPCP has been suspended due to pending litigation instituted by some shareholders of UPCP and will be concluded as soon as the litigation is resolved.

Outlook for 2021
According to the IMF, the Nigerian Economy is expected to grow by 2.5% in 2021, a revised forecast from the earlier forecast of 1.5% in January, reflecting expectations of a vaccine-powered strengthening of activity in the year.

The decline in the Real Estate Sector was driven by the impact of the pandemic, including the mandatory social distancing protocols on construction sites; decline in office leasing due to employees working remotely from home; high interest rates; unavailability of foreign exchange for the importation of building materials; the looting and destruction of properties - an aftermath of the End SARS protest, etc.

However, the sector has shown some level of recovery following the easing of lockdown measures and we expect an increase in demand for real estate services as more businesses reopen and companies gradually return to the office. We also expect an increase in real estate investments due to the current low yield environment from capital market securities.

As the sector gradually recovers, we have positioned ourselves to take advantage of the emerging opportunities and we remain optimistic about delivering our objectives in 2021 whilst providing excellent services to all stakeholders in order to deliver maximum returns for shareholders.

Conclusion
I would like to thank the Management and Staff for their dedication to the Company despite the challenges faced in 2020.

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

Finally, I would like to express my profound gratitude once again to the erstwhile Chairman, Emeka Emuwa, for his admirable and laudable efforts in service of the Company over the years and wish him continued success in the next phase of his journey.

As we look to 2021 and beyond, I am confident that the Company will continue to drive and deliver value to all our stakeholders.

Emeka Okonkwo
Chairman

MANAGING DIRECTOR'S STATEMENT

Introduction

It is with great pleasure that I welcome you all to the Company's 11th Annual General Meeting (AGM) and present to you the annual reports and financial statements for the year ended 31st December 2020.

The outbreak of the COVID-19 pandemic was the defining event of 2020, heralding unprecedented headwinds that had a devastating impact on individuals and institutions globally. The impact of the pandemic as well as the associated lockdowns saw global Gross Domestic Product (GDP) contracting by an estimated 4.3% compared to a 2.9% growth in 2019, according to the World Bank.

Nigeria slipped into recession in the third quarter of the year, driven by the lockdown measures, oil price slump, as well as the #EndSars protests which saw the destruction of businesses across the country. Eventual easing of lockdown measures saw a recovery in the economy in Q4 2020. Nigeria's GDP contracted by 1.9% in 2020, compared to 2.3% in 2019.

Oil production declined to 1.6 million barrels per day in Q4 2020 from 1.7 million barrels per day in Q3 2020 as OPEC+ cut global supply to support the market. The Saudi Arabia-Russia price war drove volatility in oil prices, as prices fluctuated between $18/barrel and $64/barrel during the year. Inflationary pressures persisted in 2020, starting at 12.1% in January to a 33-month high of 15.8% in December. This spike was largely driven by an increase in the food sub-index which rose sharply by 19.6% in December compared to 14.7% recorded in 2019.

The performance of the Real Estate sector fluctuated in 2020, growing in Q1 by 1.1% and declining in Q2 and Q3 by 17.2% and 8.1% respectively due to the impact of the pandemic, limited liquidity and dampened purchasing power; the sector grew by 9.2% in Q4 2020 following the easing of lockdown measures. The sector's contribution to GDP grew from 5.2% in Q1 2020 to 6.4% in Q4 2020. In the full year, the sector recorded a share of 5.7% of total real GDP in 2020, down from 6.1% in 2019.

Developments in Property Industry

In 2020, activity in the property retail market picked up in the first half of the year following some relaxation of the Federal Government coronavirus response policies. There was also some disruption caused by the aftermath of the '#EndSARS' protests, which led to the destruction of shopping malls and high street retail outlets, stifling trading activity in many locations.

The yuletide season brought about renewed sales and activity in the market, with many businesses recording the highest footfalls and basket sizes since the onset of the COVID-19 pandemic earlier in the year.

Lockdown measures remained in place nationwide while retailers of essential goods were permitted to trade relatively uninterrupted in the year. Retailers in the experiential retail category such as cinemas, game houses, kid-focused entertainment centres, restaurants and bars, etc. were limited in their capacity to trade with a number of these retailers operating at barely 30% capacity. (Broll Research Intel)Retail vacancy levels declined in the second half of 2020 relative to the previous period with the market at 12% vacancy at the end of 2020 from 16.3% as at the end of H1 2020.

In the office property market, the pandemic negatively impacted footfall at prime grade buildings as well as drive considerations for operational and space optimisation by tenants.

2020 Financial Performance

The company recorded a revenue of N485.0 million, representing a 42% decline from N831.6 million in 2019. Investment Income declined by 59% to N254.3 million as against N619 million in 2019. This was as a result of the low-interest yield environment on Nigeria Treasury Bills (NTB)

Rental Income fees grew by 13% from N69 million in 2019 to N77.8 million in 2020 while Property Management Fees declined by 53% from N46.9 million in 2019 to N22.2 million in 2020. Other income dropped by 50% from N88.7 million in 2019 to N43.9 million in 2020.

Operating Expenses dropped by 51% to N118.6 million to N112.6 million in 2019 with personnel expenses reducing by 9% from N121.9 million to N111.2 million in 2020.

Total Assets stood at N9.7 billion as at 31 December 2020 compared to N9.4 billion recorded in 2019. Shareholders' Funds grew by 1% to N8.6 billion in 2020 from N8.5 billion in 2019.

The Company's PBT for the year dropped by 58% from N581.2 million in 2019 to N243.2 million in 2020 on the back of reduced investment income and property management fees.

Key Business Highlights
The completion of our residential estate in Parkview Estate Extension in Ikoyi, Lagos was delayed by the Covid-19 lockdown in 2020. However, work has recommenced on the site and is expected to be completed in H2 2021.

With declining economic activities, the CBN banned local investors (including your Company) from OMO (Open Market Operations) purchases of Nigeria Treasury Bills (NTB) in order to attract foreign investors. This led to a crash in yields of these instruments. The resulting drop led to a decline in investment income by 59%.

The Company sold two landed properties in Abuja and Okokomaiko, Lagos during the year. Also, the Company did not purchase additional properties in 2020 as industry projections remained flat across the retail and commercial real estate sectors.

Regulatory Compliance
In 2020, the Company met all statutory and regulatory obligations required for the operation of the Company as a PLC.

2021 Outlook
With demand for oil projected to rise by 6.9% in 2021 due to growing economic activities, we anticipate a recovery in the oil market as demand grows, bringing prices to an average range of $50-60pb.

Despite the challenging conditions in the country, we look to the future with optimism. We have implemented important measures aimed at positioning the Company on a path to growth and profitability. We have realigned our priorities and positioned your company to maximise the policy direction of government.

On behalf of my colleagues, I would like to appreciate our shareholders for their continued support and patience over the years.

I would also like to thank the outgoing Chairman, Mr. Emeka Emuwa for his relentless support of our Company and invaluable contributions over the years. We wish him well in his future endeavours.

Finally, I wish to appreciate the commitment of our Board of Directors even as we count on their continued support in 2021.

Thank you.

Oluwatosin Osikoya
Managing Director

Report of the Directors
Directors' report

The Directors present their annual report on the affairs of UBN Property Company Plc ("the Company"), together with the financial statements and auditor's report for the year ended 31st December 2020.

Legal Form and Principal Activity

The Company was incorporated in Nigeria under the Companies and Allied Matters Act as a Limited Liability Company on 24th March 2003 and has been in operation since then. On 11th February 2015, the Company was re-registered as a Public Limited Company. The address of its registered office is 163, Obafemi Awolowo Way, Alausa, Ikeja, Lagos, Nigeria.

Principal Activity

The principal activity of the Company is the development, sale and management of residential and office accommodation for corporate bodies and individuals.

Operating Results

The highlight of the Company's operating results for the year are as follows:

in thousands of Nigerian Naira	Note	**2020**	**2019**
Profit before minimum and income tax		247,542	581,232
Minimum tax		(4,378)	-
Income tax credit/(expense)		101,859	(21,652)
Profit after tax		345,023	559,580
Basic and diluted earnings per share (kobo)	29	6	10

Analysis of Shareholding
The shareholding structure of the Company is as stated below:

As at 31st December 2020

Range	No. of Holders	% of Total Holders	Units held	% of Total Holders
1,000 - 50,000	231	28.3%	6,776,336	0.1%
50,001- 500,000	336	41.2%	69,681,467	1.2%
500,001- 5,000,000	177	21.7%	346,604,222	6.2%
5,000,001-50,000,000	62	7.6%	1,220,699,086	21.7%
50,000,001-500,000,000	9	1.1%	1,787,654,940	31.8%
500,000,001- and above	1	0.1%	2,195,000,000	39.0%
Grand Total	816	100%	5,626,416,051	100%

As at 31st December 2019

Range	No. of Holders	% of Total Holders	Units held	% of Total Holders
1-50,000	228	27.9%	6,726,227	0.1%
50,001-500,000	336	41.2%	69,855,562	1.2%
500,001-5,000,000	179	21.9%	352,502,422	6.3%
5,000,001-50,000,000	63	7.7%	1,226,676,900	21.8%
50,000,001-500,000,000	9	1.1%	1,775,654,940	31.6%
500,000,001- and above	1	0.1%	2,195,000,000	39.0%
Grand Total	816	100%	5,626,416,051	100%

Report of the Directors
Directors' report

Proposed Dividend
The Directors, pursuant to the powers vested in it by the provisions of the Companies and Allied Matters Act 2020, propose a dividend of N0.03kobo per N1.00 ordinary share from the retained earnings account as at 31st December 2020 (31st December 2019: N0.05kobo per N1.00 ordinary share). This proposed dividend will be presented to shareholders for approval at the Annual General Meeting and is subject to withholding tax at the appropriate tax rate.

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

Emeka Okonkwo	Chairman
Emeka Emuwa	Chairman (Rtd)
Obiaku Nneze Akwiwu - Nwadike (Mrs)	Non-Executive Director
Remi Kolarinwa	Independent Non-Executive Director
Adekunle Sonola	Non-Executive Director
Oluwatosin Osikoya	Managing Director
Olajumoke Odulaja (Mrs.)	Non-Executive Director

The direct interest of Directors in the issued share capital of the Company as recorded in the register of Directors' shareholding and / or as notified by the Directors for the purposes of the provisions of CAMA are as follows:

	No of ordinary shares held	
	31-Dec-20	31-Dec-19
Emeka Emuwa	-	-
Obiaku Nneze Akwiwu - Nwadike (Mrs)	53,500,000	53,500,000
Remi Kolarinwa	-	-
Adekunle Sonola	-	-
Oluwatosin Osikoya	-	-

No director has notified the Company of any indirect interest in the Company's shares.

Directors' Interest in Contracts
In accordance with provision of the Companies and Allied Matters Act, 2020 none of the Directors has notified the Company of any declarable interests in contracts with the Company.

Directors' Retirements
The Director who retires by rotation and, being eligible, offers herself for re-election in accordance with Article 26 and 27 of the Company's Article of Association is Mrs. Obiaku Nweze Akwiwu-Nwadike

Significant Shareholdings
According to the register of members, no shareholder other than the under-mentioned held at least 5% of the issued capital of the Company as at 31st December 2020:

	2020		2019	
	No of shares	% Holding	No of shares	% Holding
Union Bank of Nigeria Plc	2,195,000,000	39.01%	2,195,000,000	39.01%
Allianz Nigeria Insurance Nigeria Plc	495,000,000	8.80%	495,000,000	8.80%
Greenwich Registrars and Data Solutions Limited	495,000,000	8.80%	495,000,000	8.80%

Property, Plant and Equipment
Information relating to changes in property and equipment is given in Note 16 to the financial statements.

Donations and Charitable Gifts
There were donations of N100,000 made during the year towards the construction of community's water borehole (2019: Nil).

Report of the Directors

Directors' report

Employment of Physically Challenged Persons

The Company had no physically challenged persons in its employment during the year. However, applications for employment by physically challenged persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming physically challenged, every effort will be made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that training, career development and promotion of physically challenged persons, as far as possible, are identical with that of other employees.

Health, Safety at Work and Welfare of Employees

The Company places a high premium on the health, safety and welfare of its employees in their place of work. Medical facilities are provided to employees and their immediate families at the Company's expense.

Employees' Involvement and Training

The Company places considerable value on the involvement of its employees in the affairs of the Company and has a policy of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company.

The Company places a lot of emphasis on employee development and training. Consequently, in-house training is complemented by additional external training where the need is assessed as required or necessary.

There were no subsequent events after reporting date which could have had material effect on the state of affairs of the Company as at 31st December 2020, which have not been adequately provided for or disclosed.

Divestment of Union Bank of Nigeria Plc's Interest in the Company

Union Bank of Nigeria Plc (the Parent Company) obtained approval from the Central Bank of Nigeria in May 2013 to carry out its plan of divesting from all its non-banking subsidiaries within eighteen (18) months from the date of approval. This was in accordance with the Central Bank of Nigeria's Regulation 3 (Regulation on the Scope of Banking Activities and Ancillary Matters, No. 3, 2010). The specified period for disposal of the Bank's interest in UBN Property Company Plc lapsed in November 2014.

The Parent Company is however restrained from proceeding with the divestment as a result of litigation instituted by some of the Company's shareholders in respect of the private placement conducted by the Company in 2006. Hence, the Directors of the Company have suspended the divestment process until such a time as the pending litigation is resolved. This matter is not expected to have any significant impact on the entity.

Operational Risk Management

Major sources of operational risk include operational process, IT security, dependence on key suppliers, fraud, human error, regulatory compliance, recruitment, training, retention of staff, and social environmental impact. The Company has strict operational procedures in place. With Compliance Risk Management monitored and reported to the Board of Directors.

Auditor

Messrs. Ernst & Young were appointed as auditor to the Company at the last Annual General Meeting for the first time, and having indicated their willingness to continue in office, will do so in compliance with the provision of the Companies and Allied Matters Act, 2020.

By Order of the Board

Somuyiwa A. Sonubi
FRC/2013/NBA/00000002061
Company Secretary

8th June 2021

Statement of Corporate Responsibility for the Financial Statements

In line with the provision of S. 405 of CAMA 2020, we have reviewed the audited financial statements of the Company for the year ended 31st December 2020 and based on our knowledge confirm as follows:

i The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading

ii The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for the period ended 31st December 2020.

iii The Company's internal controls have been designed to ensure that all material information relating to the Company is received and provided to the auditors in the course of the audit.

iv The Company's internal controls were evaluated within ninety (90) days of the financial reporting date and are effective as of 31st December 2020.

v That we have disclosed to the Company's Auditors and Statutory Audit Committee the following information:

a there are no significant deficiencies in the design or operation of the Company's internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have discussed with the auditors any weaknesses in internal controls observed in the cause of audit

b there is no fraud involving management or other employees which could have any significant role in the Company's internal control.

vi There are no significant changes in internal controls or in the other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.

Oluwatosin Osikoya
FRC/2013/NSE/00000002333
Managing Director

23 March 2021

Oluwagbega Adeoye
FRC/2013/ICAN/0000000206
Chief Financial Officer

23 March 2021

Statement of Directors' Responsibilities in Relation to the Preparation of the Financial Statements

The Companies and Allied Matters Act, 2020, 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 and other comprehensive income. The responsibilities include ensuring that the Company:

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the International Financial Reporting Standards, the relevant requirements of the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act, No. 6, 2011.

b) establishes adequate internal controls to safeguard its assets, to prevent, detect fraud and other irregularities;

c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, which 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 the International Financial Reporting Standards, the relevant requirements of the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act, No. 6, 2011.

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 and other comprehensive income. 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 from the date of the statement to indicate that the Company will not remain a going concern for at least twelve (12) months from the date of this statement.

Signed on behalf of the board of directors by:

Oluwatosin Osikoya
FRC/2013/NSE/00000002333
Managing Director

8th June 2021

Emeka Okonkwo
FRC/2021/003/00000023088
Chairman

8th June 2021

Statement on Corporate Governance

Corporate Governance practices in UBN Property Company Plc ("UPCP" or "the Company") are as codified in the Securities and Exchange Commission ("SEC") Code of Corporate Governance of 2011 and other relevant statutes. These provide guidance for the governance of the Company, compliance with regulatory requirements and form the basis of the core values upon which the Company is run. The codes and statutes are geared towards ensuring the accountability of the Board of Directors ("the Board") and Management to the stakeholders of the Company in particular and emphasize the need to meet and address the interests of a range of stakeholders, to promote the long-term sustainability of the Company.

UPCP is committed to the best corporate governance practices and believes that adherence and commitment to high governance principles and standards is the panacea for effective control and management of the Company. The principle of good corporate governance practices remains one of our core values and an important ingredient in creating, protecting, promoting and sustaining shareholders' interests, rights and values, as well as delivering excellent service to our customers. The Company is committed to the highest ethical standards and transparency in the conduct of its business.

In compliance with the requirements of the SEC Code of Corporate Governance, an annual board appraisal review is conducted by an independent consultant (DSCL Corporate Services Limited) appointed by the Company, whose report is submitted to the Board and presented to shareholders at the Company's Annual General Meeting (AGM)

Securities Trading Policy
To further demonstrate its commitment to transparency and ensure compliance with regulatory requirements, the Company has developed a Securities Trading Policy in line with the SEC Code of Corporate Governance. The Policy sets out the process by which directors, staff, shareholders, key management personnel, third party service providers or any other connected persons who, have direct or indirect access to the Company's insider information can deal in the Company's securities. It also prohibits the trading of the Company's securities during 'Closed Periods'. The policy is designed to ensure that its compliance is monitored on an ongoing basis.

Complaints' Management Policy
The Company's Complaints' Management Policy has been prepared pursuant to the Rules Relating to the Complaints' Management Framework of the Nigerian Capital Market issued by the SEC on 16th February 2015. The Policy applies strictly to the Company's shareholders and provides an avenue for them to make complaints regarding their shareholding and relationship with the Company.

The Complaints' Management Policy aims to promote and safeguard the interest of the Company's shareholders and investors, with its primary objective of ensuring that the activities of the Board and Management are in the best interest of the Company and its shareholders. The policy, jointly implemented by the Registrar and the Company Secretary, sets out the process and channels through which shareholders can submit their complaints, and the process for managing these complaints.

Whistle Blowing Procedures
In line with the Company's commitment, to instil the best corporate governance practices, the Company's anonymous whistle-blowing channel is independent and available through the following media:

- Whistle blower hotline: 01–2805791
- Email: Tip-offs@deloitte.com.ng

This is to uphold commitment to the highest standards of openness, integrity, accountability and ethical standards. There is a direct link to the web portal (https://tradeconnect.unionbankng.com/**WhistleBlower**/) on the Company's website and intranet to enable stakeholders, including members of staff, report all suspected breaches of the Company's Code of Corporate Governance.

Remuneration Policy for Directors and Senior Management

The Company's Remuneration Policy for directors and senior management is geared towards attracting, retaining and motivating the best talent and enables the Company achieve its financial, strategic and operational objectives. The policy sets out amongst others, the structure and components of the remuneration packages for Executive and Non-Executive Directors, and ensures that the remuneration packages comply with the SEC Code of Corporate Governance.

In line with the provisions of the extant regulations and codes of corporate governance, the remuneration of directors and senior management is set at levels, which are fair and competitive, and take into consideration the economic realities in the real estate services sector and the Company's financial performance.

Governance Structure

The following governance bodies are in place;

A. Board of Directors

The Board of Directors oversees the management of the Company, and comprises a Non-Executive Chairman, one Independent Non-Executive Director, two other Non-Executive Directors and the Managing Director as listed below:

		Feb	May	June	Sept	Dec
NAME		25/02/2020	21/05/2020	23/06/2020	30/09/2020	17/12/2020
Emeka Emuwa	Chairman	✓	✓	✓✓	✓	✓
Oluwatosin Osikoya	MD	✓	✓	✓✓	✓	✓
Remi Kolarinwa	NED	✓	✓	✓✓	✓	✓
Adekunle Sonola	NED	✓	✓	✓✓	✓	✓
Obiaku Nneze Akwiwu - Nwadike (Mrs)	NED	*AB*	✓	✓✓	✓	✓

Present ✓
Absent *AB*
AGM ✓✓

Responsibilities of the Board of Directors

The Board, the highest decision-making body approved by the shareholders, met five (5) times during the year to provide strategic direction, policies and leadership in attaining the objectives of the Company.

The Board monitors the activities of the Managing Director and the Senior Management staff and the accomplishment of set objectives through reports at its meetings. In performing its oversight function over the Company's business, the Board operates through the following Board Committees.

B. Standing Board Committees

The Board of Directors has two standing committees, which deal with specific operations of the Company, namely:

Statement of Corporate Governance

1. **Board Audit and Risk Management Committee**
   The Committee comprised of the following members:

- Obiaku Nneze Akwiwu - Nwadike (Mrs)
- Remi Kolarinwa
- Adekunle Sonola

Its responsibilities include the following, amongst others:

- Review and approve the annual audit plan and to ensure the Company's information security policies, business continuity management and disaster recovery plans are comprehensive and adequate;
- Define the Company's risk appetite, develop and periodically review the Company's risk management strategy;
- Ensure that an internal audit function is established to provide reasonable assurance to the Board on the effectiveness of the Company's system of internal controls;
- Oversee the Company's process and strategy for the identification of significant risks across the Company and the adequacy of prevention, detection and reporting mechanisms.
- Ensure the development of comprehensive internal audit, internal control and risk management frameworks for the Company;
- Obtain and review reports from the internal audit function in order to assess the strength, quality and effectiveness of internal controls, and monitor the status and implementation of any exceptions or recommendations for improvement raised by the most recent internal reviews of the Company's internal controls and control functions.

2. **Board Governance and Remuneration Committee**
   The Committee comprised of the following members:

- Obiaku Nneze Akwiwu - Nwadike (Mrs)
- Remi Kolarinwa
- Adekunle Sonola

Its responsibilities include the following, amongst others:

- Review and report to the Board annually on the broad key performance indicators set by Executive Management for Staff groups below the Executive Management level ("Staff") to achieve that year's business and financial goals.
- Review and report to the Board, on the annual performance evaluation of Staff conducted by management for the prior year's performance and the overall outcome of the annual performance evaluation process.
- Review and report to the Board annually, the overall training policy and program for Staff and any changes as they arise to achieve business and financial goals.
- Consider and review Staff compensation, welfare and industrial relations matters and make appropriate recommendations to the Board from time to time.
- Consider and recommend compensation increments for Staff for Board consideration and approval.
- Review and recommend for Board approval, any policies relating to Staff, and engagement of outsourced services, not otherwise contemplated herein, as may be deemed necessary.

- Review and advise the Board annually, on the strategy for and engagement of service providers of Support Staff, including the overall cost, performance and effectiveness of these firms in delivering cost-effective and high-quality service to the Company's customers.

3. Statutory Audit Committee
The Committee is constituted at the Company's Annual General Meeting (AGM) - It met five (5) times during the year. It consists of the following members:

		Feb	May	June	Sept	Dec
NAME		25/02/2020	21/05/2020	23/06/2020	29/09/2020	21/12/2020
Kamarudeen Oladosu, FCA	Chairman	✓	✓	✓✓	✓	✓
Remi Kolarinwa	Member	*AB*	✓	✓✓	✓	✓
Nornah Awoh	Member	✓	✓	✓✓	✓	✓
Adekunle Sonola	Member	✓	✓	✓✓	✓	✓

Present ✓
AGM ✓✓
Absent *AB*

The Statutory Audit Committee has responsibility for the following:

- Oversight responsibility for the Company's accounting and financial reporting functions.
- Oversight responsibility for the Company's accounting systems.
- Oversight responsibility for the Company's internal audit and control structures.
- Recommending the appointment, remuneration and removal of external auditors to the Board.
- Reviewing and recommending the audited financial statements to shareholders for approval.

Signed on behalf of the board of directors by:

Somuyiwa A. Sonubi
FRC/2013/NBA/00000002061
Company Secretary

8th June 2021

Report of the Statutory Audit Committee

In compliance with Companies and Allied Matters Act, 2020, we reviewed the financial statements of UBN Property Company Plc. for the year ended 31st December 2020 and hereby state as follows:

1 The scope and planning of the audit were adequate in our opinion;

2 The accounting and reporting policies of the Company conformed with the statutory requirements and agreed ethical practices;

3 The Internal Control and Internal Audit functions were operating effectively;

4 The External Auditor's findings as stated in the Management Letter are being dealt with satisfactorily by the management; and

5 Related Party Balances and Transactions have been disclosed in Note 31 to the Financial Statements in accordance with requirements of the International Financial Reporting Standards (IFRS).

Signed on behalf of the committee by:

Kamarudeen Oladosu, FCA
FRC/2013/CISN/00000005091
Chairman, Statutory Audit Committee

23 March 2021

MEMBERS OF THE COMMITTEE

1	Kamarudeen Oladosu, FCA	Chairman
2	Remi Kolarinwa	Member
3	Nornah Awoh	Member
4	Adekunle Sonola	Member

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Abuja, Nigeria

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7th June 2021

REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE OF THE BOARD OF DIRECTORS OF UBN PROPERTY COMPANY PLC FOR THE YEAR-ENDED DECEMBER 31, 2020

DCSL Corporate Services Limited (DCSL) was engaged as Independent External Consultants by UBN Property Company Plc ("UBN Property", "the Company") to carry out an evaluation of the performance of the Board of Directors, that of its Committees, the Board Chairman and Individual Directors for the year-ended 31st December , 2020 in line with the provision of **Principle 14.1 of the Nigerian Code of Corporate Governance, 2018** as well as global best practices on Corporate Governance. The appraisal entailed a review of the Company's corporate and statutory documents, minutes of Board and Committee meetings, policies and other ancillary documents made available to us and the administration of questionnaires to Directors.

The objective of the review was to ascertain the extent of compliance with corporate governance principles and the performance of the Board in general. The Company's corporate governance structures, policies and processes were benchmarked against the provisions of the Nigerian Code of Corporate Governance 2018 (NCCG), Securities and Exchange Commission's Corporate Governance Guidelines 2021 (SCGG), Companies and Allied Matters Act 2020 (CAMA) and international best practices. The evaluation covered the following key corporate governance themes:

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

The Board has the responsibility for putting in place adequate corporate governance structures and practices and approving policies that will ensure the Company carries on its business in accordance with its Memorandum and Articles of Association as well as in conformity with applicable laws, code guidelines and regulations to guarantee sustainability. Upon the conclusion of the performance evaluation of the Board, we confirm that the Board and Company substantially complied with the provisions of the NCCG and SCGG as well as best practice expectations on corporate governance.

Details of our key findings and recommendations are contained in our detailed Reports.

Yours faithfully,
For: DCSL Corporate Services Ltd

Bisi Adeyemi
Managing Director
FRC/2013/NBA/00000002716

Directors: • Abel Ajayi *(Chairman)* • Obi Ogbechi • Adeniyi Obe • Dr. Anino Emuwa • Adebisi Adeyemi *(Managing Director)*

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF UBN PROPERTY COMPANY PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of UBN Property Company Plc ("the Company") set out on pages **26 to 65**, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of UBN Property Company Plc as at 31 December 2020 and of its financial performance and cash flows for year then ended and have been prepared in accordance with the International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing the audit of Company. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Company. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key Audit Matters are those matters that, in our professional judgment, were most significant in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have nothing to report in this regard.

Other matter

The financial statements of UBN Property Company Plc for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 11 March 2020.

Other information

The Directors are responsible for the other information. The other information comprises the information included on the page **12-21 and page 67-68**. The other information comprises the Directors' Report, Statement of Corporate Responsibility for the Financial Statements, Statement of Directors' Responsibilities in Relation to the Financial Statements, Statement of Corporate Governance, Report of the Statutory Audit Committee, Value Added Statement and Five-Year Financial Summary as required by the provisions of the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act No. 6, 2011. The other information does not include the financial statements and our auditor's report thereon.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF UBN PROPERTY COMPANY PLC - Continued

Other information - Continued

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the relevant provisions of the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act, No. 6, 2011 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF UBN PROPERTY COMPANY PLC - Continued

Auditor's Responsibilities for the Audit of the Financial Statements - continued

• Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Companies and Allied Matters Act, 2020, 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, in so far as it appears from our examination of those books;
iii. the Company's statement of financial position, statement of profit or loss and other comprehensive income are in agreement with the books of account.

Babayomi Ajijola
FRC/2013/ICAN/00000001196
For: Ernst & Young
Lagos, Nigeria
25 March 2021

Financial statements:
Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2020

in thousands of Nigerian Naira	Note	2020	2019
Revenue from contract with customers			
Property management fees	7	22,238	46,939
Other operating income			
Rental income from investment property	8	77,859	69,000
Investment income	10	254,292	619,081
Other income	11	43,944	88,736
Fair value gain/(loss) on investment property	9	75,457	(122,574)
Write-back of impairment	12	11,203	130,419
Other operating income		462,755	784,662
Total income		**484,993**	**831,601**
Personnel expenses	13	(111,256)	(121,977)
Depreciation of property, plant and equipment	16	(12,574)	(8,732)
Amortisation of intangible assets	17	(975)	(1,031)
Operating expenses	14	(112,646)	(118,629)
Total expenses		**(237,451)**	**(250,369)**
Profit before minimum tax		**247,542**	**581,232**
Minimum tax	25.1	(4,378)	-
Profit before income tax		**243,164**	**581,232**
Income tax credit/(expense)	25.2	101,859	(21,652)
Profit after tax		**345,023**	**559,580**
Other comprehensive income for the year		**-**	**-**
Total comprehensive income for the year, net of tax		**345,023**	**559,580**
Basic and diluted earnings per share (kobo)	29	6	10

The accompanying notes to the financial statements are an integral part of these financial statements.

Statement of Financial Position

As at 31st December 2020 *in thousands of Nigerian Naira*	Note	31 December **2020**	31 December **2019**
Non-current assets			
Investment property	15	3,029,000	4,202,518
Property, plant and equipment	16	22,113	32,751
Intangible assets	17	817	1,792
		3,051,930	4,237,061
Current assets			
Trading properties	18	1,787,666	1,579,209
Investment securities	19	-	3,450,080
Trade and other receivables	20	19,798	89,534
Cash and cash equivalents	21	4,829,252	72,076
		6,636,716	5,190,899
Total assets		**9,688,646**	**9,427,960**
Non-current liabilities			
Deferred tax liabilities	26	175,196	280,438
		175,196	280,438
Current liabilities			
Trade and other payables	22	546,042	552,363
Current income tax payable	25.4	7,790	21,854
Provisions	23	35,000	-
Contract liabilities	24	352,018	64,407
		940,850	638,624
Equity			
Share capital	28.1	5,626,416	5,626,416
Share premium	28.1	1,092,822	1,092,822
Retained earnings		1,853,362	1,789,660
		8,572,600	8,508,898
Total liabilities and equity		**9,688,646**	**9,427,960**

The financial statements were approved by the Board of Directors on 23rd March 2021 and signed on its behalf by:

Emeka Emuwa *(Chairman)*
FRC/2013/CIBN/00000001774

Oluwatosin Osikoya *(Managing Director)*
FRC/2013/NSE/00000002333

Oluwagbenga Adeoye *(Chief Financial Officer)*
FRC/2013/ICAN/00000002063

The accompanying notes to the financial statements are an integral part of these financial statements.

Statement of Changes in Equity

in thousands of Nigerian Naira	Note	Share Capital	Share premium	Retained Earnings	Total Equity
As at 1 January 2020		5,626,416	1,092,822	1,789,660	8,508,898
Profit for the year		-	-	345,023	345,023
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year, net of tax		-	-	345,023	345,023
Transactions with owners of equity					
Dividends declared and paid		-	-	(281,321)	(281,321)
Total transactions with owners of equity		-	-	(281,321)	(281,321)
As at 31 December 2020		5,626,416	1,092,822	1,853,362	8,572,600
As at 1 January 2019		5,626,416	1,092,822	1,961,514	8,680,752
Profit for the year		-	-	559,580	559,580
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year, net of tax		-	-	559,580	559,580
Transactions with owners of equity					
Dividends declared and paid		-	-	(731,434)	(731,434)
Total transactions with owners of equity		-	-	(731,434)	(731,434)
As at 31 December 2019		5,626,416	1,092,822	1,789,660	8,508,898

The accompanying notes to the financial statements are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2020

in thousands of Nigerian Naira	Note	**2020**	**2019**
Cash flows from operating activities			
Profit before minimum and income tax		247,542	581,232
Adjustments to reconcile profit before tax to net cash flows			
Depreciation of property, plant and equipment	16	12,574	8,732
Amortization of intangible assets	17	975	1,031
Fair value (gain)/loss on investment property	9	(75,457)	122,574
Profit from sales of investment properties	11.1	(37,700)	-
Investment income	10	(254,292)	(619,081)
Provisions for litigation made for the year	23.1	35,000	-
Write-back of impairment	12	(11,203)	(1,713)
Impairment writeback on trading properties	12	-	(128,706)
Write-off of property and equipment		-	17
Operating profit before changes in working capital		(82,561	(35,914)
Changes in working capital			
Trade and other receivables	30.1	76,682	11,589
Trading properties	18.2	(208,457)	-
Contract liabilities	24	287,611	(15,624)
Trade and other payables	30.2	(6,321)	(92,836)
		66,954	(132,785)
Income tax paid	25.4	(19,098)	(30,325)
Net cash flows from/(used in) operating activities		47,856	(163,110)
Cash flows from investing activities			
Investment income received	30.4	254,292	5,190
Acquisition of investment property	15	-	(663,734)
Proceed from disposal of investment property	11.1	1,286,675	-
Purchases of property, plant and equipment	16	(1,936)	(20,820)
Purchase of intangible assets	17	-	(347)
Redemption of investment securities	30.3	3,451,610	1,626,536
Net cash flows from investing activities		4,990,641	946,825
Cash flows from financing activities			
Dividends paid	28.2	(281,321)	(731,434)
Net cash flows used in financing activities		(281,321)	(731,434)
Net increase in cash and cash equivalents		4,757,176	52,281
Cash and cash equivalents as at 1 January	21	72,076	19,795
Cash and cash equivalents as at 31 December	**21**	**4,829,252**	**72,076**

The accompanying notes to the financial statements are an integral part of these financial statements.

Notes to the Financial Statements

1 Reporting Entity

UBN Property Company Plc ('the Company') was incorporated in Nigeria under the Companies and Allied Matters Act as a limited liability company on 24th March 2003. On 11th February 2015, the Company was re-registered as a public limited liability Company. The address of its registered office is 163, Obafemi Awolowo Way, Alausa, Ikeja, Lagos, Nigeria.

The Company is involved in the development, sale and management of residential and office accommodation for corporate bodies and individuals. The Company is a subsidiary of Union Bank of Nigeria Plc.

2 Basis of Preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements comply with the requirements of Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act, 2011. The accounting policies have been consistently applied to all periods presented except as described in Note 3.1. The financial statements for the year ended 31 December 2020 were authorised for issue by the Company's Board of Directors on 23 March 2021.

2.2 Functional and presentation currency

These financial statements are presented in Nigerian Naira, which is the Company's functional and presentation currency. Except as indicated, financial information presented in Naira has been rounded to the nearest thousand.

2.3 Basis of measurement

These financial statements are prepared on the historical cost basis except for investment properties measured at fair value and trading properties measures at lower of cost and net realisable value.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Information about judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in note 6.

3 Summary of significant accounting policies

3.1 Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property, plant or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Notes to the Financial Statements - Continued

3 Summary of significant accounting policies - continued

(iii) Depreciation

Items of property and equipment are depreciated from the date they are available for use or, in respect of self constructed assets, from the date that the assets are completed and ready for use. Depreciation is calculated to write off the depreciable value of items of property and equipment less their estimated residual values using the straight-line basis over their estimated lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

Depreciation is recognised in profit or loss. The estimated useful lives for the current and comparative period are as follows:

Plant and machinery	5 years
Furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	4 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(iv) De-recognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

3.2 Intangible assets

i Recognition and measurement

Intangibles are carried at cost less accumulated amortisation and impairment losses. Subsequent expenditure of intangible assets are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates . All other expenditure is expensed as incurred.

ii Subsequent costs

The cost of replacing part of an item of software is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of Software are recognised in profit or loss as incurred.

iii Amortization

Amortization is recognized in the profit or loss on a straight line basis over the estimated useful life of the software, from the date that it is available for use since this most reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is five years.

The amortization methods, useful lives and residual values are reviewed at each financial year-end if appropriate.

iv De-recognition

Intangible assets are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is recognized.

Notes to the Financial Statements - Continued

3 Summary of significant accounting policies - continued

3.3 Investment property

Property that is held for long-term rental yield or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Land held under operating leases is classified and accounted for by the Company 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 with any change therein recognised in profit or loss. 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.

Valuations are performed as of the reporting date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements.

Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. The 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.

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. Investment properties are derecognised when they have been disposed.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to trading properties. A property's deemed cost for subsequent accounting as trading properties is its fair value at the date of change in use.

3.4 Trading properties

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

Cost includes:

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

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make sale. Trading properties under construction are treated as work-in-progress and measured at cost.

The cost of inventory property recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid."

Notes to the Financial Statements - Continued

3 Summary of significant accounting policies - continued

3.5 Financial instruments

3.5.1 Recognition and initial measurement

The Company initially recognises trade receivables and debt securities on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is measured initially at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.5.2 Classification

i Financial assets

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice.
- how the performance of the portfolio is evaluated and reported to the Company's management;
- how managers of the business are compensated.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment of whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk

3 Summary of significant accounting policies - continued

associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

3.5 Financial instruments

i Financial assets

Financial assets - Subsequent measurement and gains and losses
All financial assets are classified as measured at amotised cost. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss as derocognition is recognised in profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses
The Company classifies its financial liabilities as measured at amortised cost. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.5.3 Derecognition

Financial assets
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial liabilities
The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred as liabilities assumed) is recognised in profit or loss.

3.5.4 Modifications of financial assets and financial liabilities

Financial assets
If the terms of a financial asset are modified, then the Company evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

Notes to the Financial Statements - Continued

3 Summary of significant accounting policies - continued

3.5 Financial instruments
3.5.4 Modifications of financial assets and financial liabilities - continued

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If such a modification is carried out because of financial difficulties of the borrower/counterparty, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial liabilities
The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

3.5.5 Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.5.6 Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The company recognises transfers between levels of fair value hierarchy as at the end of the reporting period during which the change has occurred.

3.5.7 Impairment of financial assets
"The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:"

Notes to the Financial Statements - Continued

3 Summary of significant accounting policies - continued

3.5 Financial instruments
3.5.7 Impairment of financial assets

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.
"When determining whether the credit risk of a financial asset has increased significantly since initial recognition and
when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information."

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be B- or higher per Fitch rating or BBB+ or higher per Global credit rating. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of credit risk
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3 Summary of significant accounting policies - continued

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due. Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

3.6 Impairment of other non-financial assets

The carrying amounts of the Company's non-financial assets other than deferred tax assets, trading properties and investment property are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

3.7 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from the acquisition date, 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.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

3.8 Share capital

The ordinary share capital of the entity is classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity net of any tax effects.

3.9 Dividend on ordinary shares

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

3.10 Earnings per share

The Company presents basic and 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 weighted average number of ordinary shares outstanding during the period.

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.

3 Summary of significant accounting policies - continued

3.11 Taxation

Income tax

Income tax expense comprises current tax (company income tax, tertiary education tax National Information Technology Development Agency levy and Nigeria Police Trust Fund levy) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. The Company had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

3.11 Taxation

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits
- National Information Technology Development Agency levy is computed on profit before tax
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year)

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

The Company offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realised.

Minimum tax

A Company is subject to Minimum tax in a year where it has no taxable profit on which to base its tax liabilities on. Taxes based on taxable profit for the period are treated as income tax in line with IAS 12; whereas Minimum tax which is based on gross amount which is outside the scope of IAS 12 and are not presented as part of income tax expense in the profit or loss but rather presented above the income tax line as Minimum tax.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as minimum tax.

Deferred tax

Deferred tax is recognised in respect of 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:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

3 Summary of significant accounting policies - continued

3.11 Taxation
Deferred tax

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

3.12 Employee benefits

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amount. Obligations for contributions to defined contribution plans are recognised as personnel expenses in profit or loss in the periods during which related services are rendered. Currently employees and the Company contribute 10% and 12.5% respectively of the qualifying employee salary in line with the provisions of the Pension Reform Act 2014.

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

A liability 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.

Notes to the Financial Statements - Continued

3 Summary of significant accounting policies - continued

3.13 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.

I Restructuring

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

ii Onerous contract

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.

3.14 Revenue recognition

Revenue is recognised when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. a property) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. When (or as) a performance obligation is satisfied, the Company recognises revenue as the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some rent).

i Revenue- sales of trading properties:

This is the gross inflow received from the sale of properties which is the ordinary activity of UBN Property Company Plc (UPCP). UPCP's properties includes residential apartments and assets under construction. Revenue for a performance obligation is recognised at a point in time upon transfer of control of the promised good or service. Transfer of control is evaluated based on other evidences of performance of the customer such as physical enhancement of the property, physical possessions of the property etc. This is largely because the Company may retain legal title solely as protection against the customer's failure to pay, those rights of the Company would not preclude the customer from obtaining control of a property.

ii Property Management Fees

"Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Property Management fees are fees received for maintenance of property and on rent received on behalf of landlord. The company concluded that revenue from Properties Management is to be recognised over time; as service is being performed which automatically transfers transfers control."

iii Rental income

"The company is the lessor in operating leases. Rental income arising from operating leases on properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the income statement due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. "

3 Summary of significant accounting policies - continued

iv Investment income:

This comprises interest income earned on short-term deposits and treasury bills including all realised and unrealised fair value changes, interest and dividends. Investment income is accounted for on an accrual basis.

v Other income:

Other income includes gain on disposal of investment properties , foreign exchange gain, fee income and other sundry income etc. Income is recognized when the right to receive income is established. Income from the sale of investment properties is recognised by the entity when the control have been transferred to the customer, which is considered to occur when title passes to the customer, all managerial responsibilities and control are completely devolved to the customer and where the costs and income on sale can be measured reliably.

4 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

4.1 IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

* A specific adaptation for contracts with direct participation features (the variable fee approach)
* A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. IFRS 17 will have no impact on the Company, as it does not issue insurance contract.

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

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

These amendments will currently have no impact on the financial statements of the Company.

4 Standards issued but not yet effective - continued

4.3 Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

"In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification "

Right to defer settlement

The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date.

Existence at the end of the reporting period

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.

Management expectations

IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. That is, management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the financial statements are authorised for issuance.

Meaning of the term 'settlement'

The Board added two new paragraphs (paragraphs 76A and 76B) to IAS 1 to clarify what is meant by 'settlement' of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity.

In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or non-current.

The Company will apply this amendment when it becomes effective on 1 January 2023.

4.4 Amendments to IFRS 3 - Reference to the Conceptual Framework

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be+B148within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments will currently have no impact on the financial statements of the Company, and it is effective annual reporting periods beginning on or after 1 January 2022.

4 Standards issued but not yet effective - continued

4.5 Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments will currently have no impact on the financial statements of the Company, and it is effective annual reporting periods beginning on or after 1 January 2022.

4.6 Amendments to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments will currently have no impact on the financial statements of the Company, and it is effective annual reporting periods beginning on or after 1 January 2022.

4.7 Annual Improvements 2018-2020 cycle (issued in May 2020)

IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter

- The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

- An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

These amendments will currently have no impact on the financial statements of the Company.

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

- The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

- An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

These amendments will currently have no impact on the financial statements of the Company.

4 Standards issued but not yet effective - continued

IAS 41 Agriculture - Taxation in fair value measurements

- The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

- An entity applies the amendment to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted.

These amendments will currently have no impact on the financial statements of the Company.

5 Financial Risk Management

Introduction and Overview

The Company has exposure to the following risks from financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limit and control, and to monitor risks and adherence to limit. The risk management policies are reviewed regularly to reflect changes in the market condition and in the Company's activities.

5.1 Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit from its leasing activities, trade and other receivables, investment securities and deposits with banks and other financial institutions.

The Company has no sig+nificant concentration of credit risk as money market transactions are limited to financial institutions with good credit rating. For other counterparties that are small and medium enterprises and individuals who have no formal credit rating, the Company ensures that the primary source of repayment must be from an identifiable cash flow.

A financial asset is past due and in arrears when a counterparty has failed to make a payment when contractually due and contractual obligations are in arrears.

The Company's maximum exposure to credit risk is as follows:

31 December 2020	Note	Carrying Amount (Gross)	12 months ECL Allowance	Lifetime ECL Allowance	Carrying Amount (Net)
In thousands of naira					
Trade and other receivables	20	1,046,370	-	(1,042,512)	3,858
Cash and cash equivalents	21	4,829,252	-	-	4,829,252
		5,875,622	-	**(1,042,512)**	**4,833,110**

Notes to the Financial Statements - Continued

5 Financial Risk Management - Continued

31 December 2019	Note	Carrying Amount (Gross)	12 months ECL Allowance	Lifetime ECL Allowance	Carrying Amount (Net)
In thousands of naira					
Investment securities		3,451,610	(1,530)	-	3,450,080
Trade and other receivables	20	1,125,228	-	(1,052,185)	73,043
Cash and cash equivalents	21	72,076	-	-	72,076
		4,648,914	**(1,530)**	**(1,052,185)**	**3,595,199**

The Company's credit risk is concentrated in Nigeria. The Company's cash equivalents and investments are placed with Union Bank of Nigeria Plc.

5.2 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 and collateral needs without affecting either its daily operations or its financial condition. Sufficiency of liquidity is of critical importance to the company.

The Company monitors its risk to a shortage of funds by using a daily cash management process. This process considers the maturity of the assets (e.g. accounts receivable, investment securities) and projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding.

The following table shows the undiscounted cash flows on the Company's financial assets and liabilities and on the basis of their earliest possible contractual maturity.

Residual contractual maturities of financial assets and liabilities

31 December 2020	Note	Gross Carrying amount	Gross nominal amount	Less than 3 months	3-6 months	6-12 months
In thousands of naira						
Financial assets						
Trade and other receivables	20	1,046,370	1,046,370	1,046,370	-	-
Cash and cash equivalents	21	4,829,252	4,829,252	4,829,252	-	-
Total assets held for managing liquidity risk		**5,875,622**	**5,875,622**	**5,875,622**	-	-
Financial liabilities						
Trade and other payables	22	530,709	530,709	530,709	-	-
		530,709	530,709	530,709	-	-
Gap (asset - liabilities)		**5,344,914**	**5,344,914**	**5,344,914**	-	-

Notes to the Financial Statements - Continued

5 Financial Risk Management - **Continued**

31 December 2019	Note	Gross Carrying amount	Gross nominal amount	Less than 3 months	3-6 months	6-12 months
In thousands of naira						
Financial assets						
Investment securities	19	3,450,080	3,541,000	3,120,000	55,000	366,000
Trade and other receivables	20	1,125,228	1,125,228	1,125,228	-	-
Cash and cash equivalents	21	72,076	72,076	72,076	-	-
Total assets held for managing liquidity risk		4,647,384	4,738,304	4,317,304	55,000	366,000
Financial liabilities						
Trade and other payables		547,781	547,781	547,781	-	-
		547,781	547,781	547,781	-	-
Gap (asset - liabilities)		**4,099,603**	**4,190,523**	**3,769,523**	**55,000**	**366,000**

5.3 Market Risk

Market risk is the risk that changes in market prices, such as interest rate will adversely affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Market risk mainly arises from the Company's short-term deposits.

5.3.1 Interest rate risk

The Company is not exposured to interest rate rate risk as it only investment in fixed interest rate instruments.

5.3.2 Exchange rate exposure

The Company has no foreign exchange exposure as at 31 December 2020.

5.4 Capital risk management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital using a ratio of "adjusted net debt" to "total equity". For this purpose, adjusted net debt is defined as total liabilities, less cash and cash equivalents. Total equity comprises all components of equity.

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

In thousands of naira		**2020**	**2019**
Total liabilities		933,060	616,770
Less: Cash and cash equivalents		(4,829,252)	(72,076)
Adjusted net (cash)/debt	a	(3,896,192)	544,694
Total equity	b	(8,572,600)	(8,508,898)
Adjusted net debt to equity ratio	a/b	-	(0.06)

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

6 Use of Estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is disclosed below.

These disclosures complement the commentary on financial risk management (see note 5).

6.1 Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3.3.

- **Investment property**

  Investment property is measured at fair value in line with the Company's accounting policy disclosed in note 3.3.

  The Company's investment properties is valued at each reporting date by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued.

  Management reviews the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation processes and results are also held with the independent valuers to:

- verify all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior Year valuation report.

- **Estimation of net-realisable value for trading properties**

  Trading properties are stated at the lower of cost and net realisable value (NRV).

  NRV for trading property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Company, based on comparable transactions identified by the Company for properties in the same geographical market serving the same real estate segment.

6.2 Financial assets and liabilities

Accounting classification and measurement basis

The table below sets out the Company's classification of each class of financial assets and liabilities. The carrying amounts of the financial assets and liabilities is a reasonable approximation of their fair values

6.2 Financial assets and liabilities - Continued

31 December 2020	Note	Level	Carrying amount	At amortised cost	Fair value
In thousands of naira					
Trade and other receivables	20		3,858	3,858	3,858
Cash and cash equivalents	21		4,829,252	4,829,252	4,829,252
			4,833,110	4,833,110	4,833,110
Trade and other payables	22		530,709	530,709	530,709
			530,709	530,709	530,709

31 December 2019	Note	Level	Carrying amount	At amortised cost	Fair value
In thousands of naira					
Investment securities	19	2	3,450,080	3,450,080	3,450,290
Trade and other receivables	20		73,043	73,043	73,043
Cash and cash equivalents	21		72,076	72,076	72,076
			3,595,199	3,595,199	3,595,409
Trade and other payables	22		547,781	547,781	547,781
			547,781	547,781	547,781

7. Revenue from contract with customers

In thousands of naira	Note	**2020**	**2019**
Property management fees		22,238	46,939
		22,238	46,939

Property Management fees are fees received for maintenance of property and on rent received on behalf of landlord. They are all earned within Nigeria.

8. Other operating income

Rental income from investment property	77,859	69,000
	77,859	69,000

There is no contingent rental income during the year ended 31 December 2020 (2019: Nil).

8.1 Operating leases - Company as lessor

The company has entered into leases on its property portfolio. The commercial property leases typically have lease terms between 1 and 3 years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows;

Notes to the Financial Statements - Continued

8.1 Operating leases - Company as lessor - Continued

In thousands of naira	Note	2020	2019
Within 1 year		29,520	29,520
After 1 year, but not more than 3 years		59,040	59,040
		88,560	88,560

9. Fair value gain/(loss) on investment property

Fair value gain/(loss) on investment property	15	75,457	(122,574)
		75,457	(122,574)

10. Investment income

Investment income on treasury bills	30.4	249,583	613,891
Interest income on placements	30.4	4,709	5,190
		254,292	619,081

The income on treasury bills and placements is based on the effective interest rate during the reporting period.

11. Other income

Gains on disposal of Investment properties	11.1	37,700	-
Estate agency and valuation service fee		1,522	2,925
Profit on disposal of treasury bill			11,441
Professional fees income		2,947	2,833
Sundry income	11.2	1,775	71,537
		43,944	88,736

11.1 Gains on disposal of Investment properties

Sales of investment properties		1,304,000	-
Incidental selling expenses		(17,325)	-
Net sales proceeds of Investment properties		1,286,675	
Cost of sales- investment properties	15	(1,248,975)	-
		37,700	-

11.2 The sundry income includes recoveries and prior year write off of payable no longer required.

12 Write-back of impairment

In thousands of naira	Note	2020	2019
Non-financial assets			
Trading properties	12.1	-	128,706
Financial assets			
Investment securities	19.2	1,530	1,713
Trade and other receivable	20.2	9,673	-
		11,203	130,419

Notes to the Financial Statements - Continued

12.1 Amount represents the write back of the sum paid to Lagos State Ministry of Waterfront Infrastructure Development for the allocation of a plot of reclaimed land to the Company which had been previously impaired. This was impaired because the Company had not received the title deed to the land and may be required to make additional payment to the Ministry of Lands to obtain legal title to the land. The Company obtained the title deed to the land in prior year, hence the impairment was written back.

13. Personnel expenses

In thousands of naira	Note	**2020**	**2019**
Staff salaries		54,180	59,472
Other staff cost		47,624	47,220
Pension contribution		7,670	9,429
Staff training		1,781	5,856
		111,256	121,977

14. Operating expenses

Litigation claims		35,000	-
Directors' fees and sitting allowance		22,749	22,555
Professional fees		17,272	36,496
Auditor's remuneration		7,000	6,000
Rent and land use charge expense		6,471	3,363
Legal fees		4,756	7,024
Repairs and maintenance		3,924	6,419
Insurance		3,262	3,988
Annual General Meeting expense		2,871	3,693
Entertainment		2,040	2,560
Software maintainance		1,870	1,122
Transportation		1,568	2,735
Statutory fees and filing		1,309	1,255
Industrial Training Fund levy		1,280	2,000
Stationery and subscription		527	1,533
Security		350	1,378
Telecommunication and rates		162	86
Donation		100	-
Other		50	300
Interest and bank charges		84	2,051
Technical management fees		-	14,071
		112,646	118,629

The external auditors did not perform any non-audit services during the year ended 31st December 2020.

Notes to the Financial Statements - Continued

15. Investment Property

Investment property comprises commercial properties leased to third parties and properties held for capital appreciation. These properties are carried at fair value with changes recorded in profit or loss.

in thousands of Naira	Note	Completed Investment Property	Investment Property under Construction	Total
Balance as at 1 January 2020		2,168,043	2,034,475	4,202,518
Disposal		-	(1,248,975)	(1,248,975)
Fair value adjustment		96,357	(20,900)	75,457
Balance as at 31 December 2020		**2,264,400**	**764,600**	**3,029,000**
Balance as at 1 January 2019		2,194,204	2,842,657	5,036,861
Expenditure/cost capitalised		-	663,734	663,734
Reclassification from other receivables		-	75,000	75,000
Reclassification of Park view receivable previously impaired		-	128,706	128,706
Transfer to trading properties		-	(1,579,209)	(1,579,209)
Fair value adjustment		(26,161)	(96,413)	(122,574)
Balance as at 31 December 2019		**2,168,043**	**2,034,475**	**4,202,518**

15.1 Investment Property

As at *in thousands of Naira*	31 December 2020	31 December 2019
Corner piece Office/Banking complex at Plot 97 Adeola Odeku/ Ahmadu Bello Way, Victoria Island Lagos.	2,264,400	2,168,043
12.81 hectares of land at Plot 332, Cadastral Zone C07, Off Sunny Wale Estate Road, Abuja FCT	-	1,248,975
9,600 square meters of land at Plot 294, Cadastral Zone B04, P.O.W Mafemi Crescent, Abuja FCT	764,600	785,500
	3,029,000	**4,202,518**

Measurement of fair value

15.2 Fair value hierarchy

Investment property is stated at fair value and has been determined based on valuations performed by Bode Adedeji Partnership, Estate Surveyors, Valuers and Property Consultants (FRC/2013/NIESV/00000001479). They are industry specialists in valuing these types of investment properties.

The fair value is supported by market evidence and represents the amount that would be received to sell the properties in an orderly transaction between market participants at the measurement date in the principal market to which the Company has access at the date of valuation. Valuations are performed on an annual basis and the fair value gains and losses are reported in profit or loss.

The fair value measurement for the investment properties of N3.029billion has been categorised as Level 3 based on the inputs into the valuation technique used.

Notes to the Financial Statements - Continued

15.3 Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used:

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The cost method of valuation and comparison method of valuation was employed in determining the current market value.The cost method of valuation reflects the amount that would be required currently to replace the service capability of an asset. In the Comparison method of valuation, the fair values are determined by applying the direct market evidence. This valuation model reflects the current price on actual transaction for similar properties in the neighborhood in recent time. References were made to prices of land and comparable properties in the neighborhood. The data obtained were analysed and adjustment was made to reflect differences in site area and the actual location, quality of construction and off-site facilities.	"- Current rent - Outright sale price - Quality of construction - Level of sevice and infrastructure provided"	"The estimated fair value would increase (decrease) if: - the current rent increases (decreases), - the outright sale price increases (decreases), - the quality of construction increases (decreases) - the level of service and infrastructure provided increases (decreases)"

15.4 Maturity analysis for lease payment

The Company's lease are within a period of one to five years. The company did not recognise any contingent rent as income during the year (2019: Nil).

15.5 Future minimum lease payment

There are no future minimum lease payments as rent are received in advance by the Company.

15.6 Investment properties operating result

As at *in thousands of Naira*	Note	31 December **2020**	31 December **2019**
Rental income derived from investment properties	8	77,859	69,000
"Direct operating expenses (including repairs and maintenance) that did generate rental income "		(3,789)	(6,247)
Profit arising from investment properties carried at fair value		**74,070**	**62,753**

Notes to the Financial Statements - Continued

16 Property, plant and equipment

in thousands of Naira	Plant & Machinery	Fixtures & fittings	Office equipment	Motor vehicle	Total
Cost					
Balance as at 1 January 2019	20,635	646	6,427	23,650	51,358
Additions	-	-	4,545	16,275	20,820
Write-offs	-	-	(354)	-	(354)
Balance as at 31 December 2019	20,635	646	10,618	39,925	71,824
Additions	-	-	1,936	-	1,936
Disposal	-	-	-	(23,650)	(23,650)
Balance as at 31 December 2020	20,635	646	12,554	16,275	50,110
Accumulated Depreciation					
Balance as at 1 January 2019	8,071	530	4,114	17,963	30,678
Depreciation charge for the year	3,966	57	1,381	3,328	8,732
Write-offs	-	-	(337)	-	(337)
Balance as at 31 December 2019	12,037	587	5,158	21,291	39,073
Depreciation charge for the year	4,131	32	1,648	6,763	12,574
Disposal	-	-	-	(23,650)	(23,650)
Balance as at 31 December 2020	16,168	619	6,806	4,404	27,997
Carrying amount					
31 December 2020	**4,467**	**27**	**5,748**	**11,871**	**22,113**
31 December 2019	**8,598**	**59**	**5,460**	**18,634**	**32,751**

i All items of property, plant and equipment are non-current.

ii No leased assets are included in the above property, plant and equipment account (31 December 2019 : Nil).

iii. There was no impairment loss on any class of property, plant and equipment during the year (31 December 2019: Nil).

iv. There was no capitalized borrowing costs related to the acquisition of property, plant and equipment (31 December 2019 : Nil).

v. None of the property, plant and equipments were pledged as secrurity during the year (31 December 2019 : Nil).

17. Intangible Assets

in thousands of Naira	Purchased software	Work-in progress	Total
Cost			
Balance as at 1 January 2019	635	2,103	2,738
Additions	347	-	347
Reclassification	2,103	(2,103)	-
Balance as at 31 December 2019	3,085	-	3,085
Additions	-	-	-
Balance as at 31 December 2020	3,085	-	3,085
Accumulated Amortisation			
Balance as at 1 January 2019	262	-	262
Amortization charge for the year	1,031	-	1,031
Balance as at 31 December 2019	1,293	-	1,293
Amortization charge for the year	975		975
Balance as at 31 December 2020	2,268	-	2,268
Carrying amount			
31 December 2020	**817**		**817**
31 December 2019	**1,792**		**1,792**

18. Trading properties

This represents the cost of real estate apartments and land designated for resale.

As at *in thousands of Naira*	Note	**31 December 2020**	**31 December 2019**
Trading properties under construction			
Trading property - Park View estate		1,787,666	1,579,209
Trading property - Ikorodu	18.1	18,353	18,353
		1,806,019	1,597,562
Impairment allowance	18.3	(18,353)	(18,353)
		1,787,666	**1,579,209**

Notes to the Financial Statements - Continued

18.1 The carrying amount of trading properties under construction includes the value of Ikorodu property which has been fully impaired.

18.2 The movement in trading properties during the year was as follows:

As at *in thousands of Naira*	Note	**31 December 2020**	**31 December 2019**
Balance at the beginning of the year		1,597,562	18,353
Transfer from investment property		-	1,579,209
Expenditure/cost capitalised		208,457	-
Balance at the end of the year		**1,806,019**	**1,597,562**

18.3 The movement in impairment allowance on trading properties was as follows:

As at *in thousands of Naira*	Note	**31 December 2020**	**31 December 2019**
Balance at the beginning of the year		18,353	25,323
Write-off of Okokomaiko land		-	(6,970)
Balance at the end of the year		**18,353**	**18,353**

The impairment allowance is due to the write down of the trading properties to reflect its net realisable value.

19 Investment securities

19.1 Investment securities at amortised cost

As at *in thousands of Naira*	Note	**31 December 2020**	**31 December 2019**
Federal Government of Nigeria Treasury Bills		-	3,451,610
12 months ECL allowance		-	(1,530)
		-	**3,450,080**

19.2 Movement in impairment allowance on investment securities

Balance at the beginning of the year		1,530	3,243
12 month ECL allowance reversal/charge		(1,530)	(1,713)
Balance at the end of the year		-	**1,530**

Notes to the Financial Statements - Continued

20 Trade and other receivables

As at *in thousands of Naira*	Note	31 December 2020	31 December 2019
Financial assets:			
Trade debtors		3,650	82,085
Staff debtors		209	631
Receivables from CDL Asset Management Limited	(note 20.1)	1,042,512	1,042,512
Gross - financial assets		1,046,370	1,125,228
Less: Impairment allowance on financial assets	20.2	(1,042,512)	(1,052,185)
Total - financial assets		**3,858**	**73,043**
Non-financial assets:			
Prepayments		13,568	11,835
Bank road receivable		-	3,053
Withholding tax receivable		2,371	1,603
Total - non financial assets		**15,939**	**16,491**
Gross trade and other receivables		1,062,310	1,141,719
Less: Impairment allowance on financial assets	20.2	(1,042,512)	(1,052,185)
Total		**19,798**	**89,534**

20.1 The receivable from CDL Asset Management Limited represents the outstanding balance of the Company's investment with CDL Asset Management. This has been fully impaired.

20.2 The movement in impairment allowance on trade and other receivables was as follows:

As at *in thousands of Naira*	Note	31 December 2020	31 December 2019
Balance, beginning of year		1,052,185	1,193,616
Receivables written off during the year		-	(12,725)
Write back of impairment on Park view receivable		-	(128,706)
Write back of impairment on Trade debtors		(9,673)	-
Total		**1,042,512**	**1,052,185**

20.3 Impaired assets

	31 December 2020	31 December 2019
Receivables from CDL Asset Management Limited	1,042,512	1,042,512
Trade debtors	-	9,673
Total	**1,042,512**	**1,052,185**

Notes to the Financial Statements - Continued

21 Cash and cash equivalents

As at *in thousands of Naira*	Note	**31 December 2020**	**31 December 2019**
Cash and bank balances		14,005	7,493
Short-term placements		4,815,247	64,583
Total		**4,829,252**	**72,076**

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and short-term deposits included above.

22 Trade and other payables

As at *in thousands of Naira*	Note	**31 December 2020**	**31 December 2019**
Financial liabilities:			
Due to related companies	22.1	334,722	373,073
Trade payables		44,120	8,186
Dividend payable	22.2	48,389	32,813
Accrued expenses		20,583	24,678
Sundry creditors		69,960	74,182
Other liabilities and payables		12,933	34,849
		530,709	547,781
Non-financial liabilities:			
Withholding tax payable		13,017	1,268
PAYE and other statutory deductions		1,903	3,265
VAT payable		413	49
		15,333	4,582
		546,042	**552,363**

22.1 Amount due to related companies includes N106 million (2019: N211.3 million) which are funds received on behalf of Union Bank of Nigeria Plc for properties managed or sold by UBN Property Company Plc.

22.2 This represents dividend not yet claimed but payable to the shareholders through the registrars (Cardinalstone Registrars Limited).

23 Provision for claims

As at *in thousands of Naira*	Note	**31 December 2020**	**31 December 2019**
Litigation claims		35,000	-
		35,000	-

23.1 A provision has been recognised in respect of litigation cliams against the company. The provision has been recognised based on the fact that there is now a legal obligation on the part of the company to pay the judgement sum.

Notes to the Financial Statements - Continued

23 Provision for claims - Continued

Movement in provisons of litigations & cliams

in thousands of Naira	Note	31 December 2020	31 December 2019
Opening balance		-	-
Arising during the year		35,000	-
Utilised		-	-
Closing balance		35,000	-

24 Contract Liabilities

in thousands of Naira	Note	31 December 2020	31 December 2019
Deposit for properties		299,965	-
Deferred rental income		52,053	64,407
		352,018	64,407

24.1 Movement in contract liabilities

Contract liabilities consists of advance payments from customers and deferred revenue, mainly from rental income. Movements in contract liabilities for the year ended 31 December 2020 are as follows:

in thousands of Naira	Note	31 December 2020	31 December 2019
Opening balance		64,407	80,031
Deferred during the year		365,470	53,376
Released to income statement		(77,859)	(69,000)
Closing balance		352,018	64,407

25 Taxation

25.1 Minimum tax

The Company has applied the provisions of the Company Income Tax Act (CITA) that mandates a minimum tax assessment, where a tax payer does not have taxable profit which would generate an eventual tax liability when assessed to tax. The Company's minimum tax for the year was calculated as 0.25% of gross earnings in line with the provisions of Finance Act 2020 ("the Act"). The Company's assessment for the year ended 31st December 2020 resulted in a minimum tax charge of 4,378,000 (2019: Nil).

Notes to the Financial Statements - Continued

25 Taxation

in thousands of Naira	Note	31 December 2020	31 December 2019
25.2 Current income tax (credit)/expense			
Companies income tax		-	20,110
Tertiary education tax		-	1,716
Capital gains tax		3,370	-
Police trust fund		12	28
Charge for the year		3,382	21,854
Witholding tax notes utilised		-	(54,697)
		3,382	(32,843)
Deferred tax (reversal)/charge		(105,242)	54,495
		(101,859)	**21,652**

The Company has not been assessed for Excess Dividend Tax. This is pursuant to the provision of Finance Act 2020 which states that excess dividend tax will no longer apply to tax exempt income, franked investment income and retained earnings which have been subjected to tax.

in thousands of Naira	Note		31 December 2020		31 December 2019
25.3 Reconciliation of effective tax rate					
Profit before tax		%	247,542	%	581,232
Tax credit using the Company's domestic tax rate		30	74,263	30	174,370
Non-deductible expenses		11	27,218	6	33,651
Non-taxable income		-84	(206,721)	-32	(188,113)
Tertiary education tax		0	-	0	1,716
Police trust fund levy		0	12	0	28
Capital gains tax		1	3,370	0	-
		-41	**(101,859)**	**4**	**21,652**

25.4 Current income tax payable

	2020	2019
Balance, beginning of the year	21,854	97,867
Income tax charge for the year	3,382	21,854
Minimum tax	4,378	-
Withholding tax credit notes utilised	(2,726)	(67,542)
Payments during the year	(19,098)	(30,325)
	7,790	**21,854**

Notes to the Financial Statements - Continued

26 Deferred tax liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The movement in temporary differences recognised during the year is as follows:

2020

in thousands of Naira	**Opening balance**	**Recognised in profit/(loss)**	**Closing balance**
Property, plant and equipment	6,591	(1,760)	4,830
Impairment allowance (12 months ECL)	(459)	459	-
Other provision	(561)	58	(503)
Investment properties	274,867	(94,128)	180,739
Unutilised capital allowances	-	(7,801)	(7,801)
Unrelieved losses	-	(2,070)	(2,070)
	280,438	**(105,242)**	**175,196**

2019

in thousands of Naira	**Opening balance**	**Recognised in profit/(loss)**	**Closing balance**
Property, plant and equipment	3,722	2,869	6,591
Impairment allowance (12 months ECL)	(973)	514	(459)
Other provision	(713)	152	(561)
Investment properties	223,907	50,960	274,867
	225,943	54,495	280,438

27 Particulars of Directors and Employees

in thousands of Naira	Note	**31 December 2020**	**31 December 2019**
27.1 Directors' remuneration			
Fees and sitting allowances		3,570	3,000
Executive compensation		19,179	19,555
	14	**22,749**	**22,555**

Fees and other emoluments disclosed above include amounts paid to:

The chairman	-	-
The highest paid director	19,179	19,555

Notes to the Financial Statements - Continued

The number of directors who received fees and other emoluments (excluding pension contributions, certain benefits and reimbursable expenses) in the following ranges were:

in thousands of Naira	Note	31 December 2020	31 December 2019
N650,000 - N1,000,000		3	3
N1,000,000 - N2,000,000		-	-
Above 2,000,000		-	-
		3	**3**

27.2 Staff numbers and costs

The number of employees (excluding directors) who received emoluments in the following ranges were:

in thousands of Naira	Note	31 December 2020	31 December 2019
N1,400,000 - N2,400,000		8	7
N2,400,001 and above		5	8
		13	**15**
Compensation for staff:			
Salaries and wages		54,180	59,472
Other staff cost		49,405	53,076
Retirement benefits: Pension Cost		7,670	9,429
	13	**111,255**	**121,977**

28 Share Capital and Reserves

in thousands of Naira	Note	31 December 2020	31 December 2019
28.1 Share capital and Share premium			
i Authorised share capital			
6,000,000,000 units of Ordinary shares of =N=1 each (2019: 6,000,000,000 units of Ordinary shares of =N=1 each)		6,000,000	6,000,000
ii Issued and fully paid:			
5,626,416,051 Ordinary shares of =N=1 each (2019: 5,626,416,051) ordinary shares of =N= 1 each)		5,626,416	5,626,416

All shares rank equally. The holders of ordinary shares are entitled to receive dividends when declared and are entitled to one vote per share at meetings of the Company.

Notes to the Financial Statements - Continued

28.1 Share capital and Share premium

in thousands of Naira	Note	31 December 2020	31 December 2019
iii Share premium			
Share premium		1,092,822	1,092,822

28.2 Retained earnings

Opening balance	1,789,660	1,961,514
Retained profit for the year	345,023	559,580
Dividends declared and paid	(281,321)	(731,434)
	1,853,362	1,789,660

29 Basic and diluted earnings per share (kobo)

Basic earnings per share
Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2020	2019
Profit attributable to shareholders of the Company (N'000)	345,023	559,580
Weighted average number of ordinary shares in issue (N'000)	5,626,416	5,626,416
Basic earnings per share (kobo)	6	10

Diluted earnings per share
Diluted earnings per share equals basic earnings per share as there are no potential dilutive ordinary shares in issue.

30 Cashflow Workings

30.1 Changes in trade and other receivables

in thousands of Naira	Note	31 December 2020	31 December 2019
Balance at the beginning of the year		89,534	188,968
Withholding tax credit notes utilised		(2,726)	(12,845)
Reclassification of Parkview receivable	15	-	(75,000)
Write back of impairment of trade receivable	12	9,673	-
Cash inflow		(76,682)	(11,589)
Balance at the end of the year		**19,798**	**89,534**

Notes to the Financial Statements - Continued

30.2 Changes in trade and other payables

in thousands of Naira	Note	31 December 2020	31 December 2019
Balance at the beginning of the year		552,363	645,199
changes in trade and other payables		(6,321)	(92,836)
Balance at the end of the year		**546,042**	**552,363**

30.3 Changes in investment securities

Balance at the beginning of the year	3,450,080	4,461,012
Earned discount on outstanding treasury bills	-	613,891
(Redemption)/purchase of investment securities	(3,451,610)	(1,626,536)
12 months expected credit loss allowance	1,530	1,713
Balance at the end of the year	**-**	**3,450,080**

30.4 Investment income received

Interest income on placements	4,709	5,190
Investment income on treasury bills	249,583	613,891
Receivable earned discount on outstanding treasury bills	-	(613,891)
Cashflow	**254,292**	**5,190**

The income on treasury bills and placements is based on the effective interest rate during the reporting period.

31 Related Party Transactions

A number of transactions were entered into with related parties in the normal course of business. These include deposits, placements and property management transactions.

31.1 Parent and ultimate controlling company
Union Bank of Nigeria Plc is the parent and ultimate controlling company of the entity. There are other Companies that are related to UBN Property Company Plc through common shareholdings.

31.2 Transactions with key management personnel
The Company's key management personnel constitutes those individuals who have the authority and the responsibility for planning, directing and controlling the activities of UBN Property Company Plc, directly or indirectly, including any director (whether executive or non- executive). The key management personnel have been identified as the executive and non-executive directors of the Company.

Notes to the Financial Statements - Continued

Key management personnel compensation for the year comprises:

Directors' remuneration

in thousands of Naira	Note	**31 December 2020**	**31 December 2019**
Fees and allowances		3,570*	3,000
Executive compensation		19,179	19,555
		22,749	**22,555**

**2020 Fees and allowances includes sitting allowances paid to statutory audit committee members*

31.3 Other related party transactions

I Bank Balances

in thousands of Naira	Note	**31 December 2020**	**31 December 2019**
Placements with Union Bank of Nigeria Plc		4,815,247	64,583
Bank balances with Union Bank of Nigeria Plc		14,005	7,493
		4,829,252	**72,076**

ii Payables to related parties

Union Bank of Nigeria Plc	22	334,722	373,073

iii Income/expenses from/to related parties

Professional fees		2,947	2,833
Management fee from Union Bank of Nigeria Plc		20,154	22,687
Rental income from Union Bank of Nigeria Plc		29,520	29,520
Interest income from treasury bills with Union Bank of Nigeria Plc		249,583	613,891
Interest income from deposits with Union Bank of Nigeria Plc		4,709	5,190
		306,912	**674,121**
Interest and bank charges to Union Bank of Nigeria Plc		3,262	3,988
Technical management fees Union Bank of Nigeria Plc		-	14,071
		3,262	**18,059**

iv Investment securities

FGN Treasury bills (Held with Union Bank of Nigeria Plc)		-	**3,450,080**

32 Segment reporting

The chief operating decision-maker has been identified as the Board of Directors of UBN Property Plc. The Board reviews the Company's internal reporting in order to assess performance and allocate resources. The directors have determined the operating segments based on these reports. The board considers the business from an industry perspective and has identified one (1) operating segment.

33 Evaluation of the impact of COVID-19

The COVID-19 pandemic has caused disruptions to global economic and social activities during the year ended 31 December 2020. The Company has reviewed the current uncertainty as a result of this pandemic and 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.

The Company responded as appropriate by activating its Business Continuity Plans to ensure continuous service to its stakeholders. The Company has also assessed on a line-by-line basis the impact of Covid-19 on the amount presented on the statement of financial position and concluded that no further adjustment will be required in the interim financial statement. Whilst the Company continues to monitor the situation as more new information becomes available and necessary adjustment will be reflected in the appropriate period.

34 Contingent Liabilities, Litigation and Claims

Legal Risk

This is the risk that the Company would be exposed to legal actions arising from misinterpretation of contracts and from non-application of laws and regulations in day-to-day operations. To mitigate this risk, the Company's Legal and Compliance function ensures that operations are carried out within legal and regulatory guidelines.

As at 31 December, 2020, the Company is a defendant in three (3) suits. The claimants' claims are for the sum of N282million (2019: N247million) which comprises claims amount and the compounded interest. These litigations are being contested by the Company. The Directors having sought professional legal counsel are of the opinion that no significant liability will crystallize from these litigations. Of the three (3) suits against the Company, one (1) was brought against the Company by some of its minority shareholders with respect to the private placement done by the Company in 2006.

35 Capital Commitments

The Company had no outstanding capital commitments (2019: Nil) as at the reporting date.

36 Events after the reporting date

There were no subsequent events after reporting date which could have had material effect on the state of affairs of the Company as at 31 December 2020, which have not been adequately provided for or disclosed.

37 Prior year comparatives

Certain prior year corresponding figures on the statement of profit or loss and other comprehensive income have been reclassified in conformity with current year presentation format.

Other National Disclosures

Value added statement

in thousands of Nigerian Naira	**2020**	**%**	**2019**	**%**
Gross earnings	398,333	107	823,756	107
Bought in material and services	(37,190)	(10)	(186,506)	(24)
Impairment write back on assets	11,203	3	130,419	17
Total Value Added	**372,346**	100	**767,669**	100

Applied as follows:				
To pay employees				
- as salaries, wages and other benefits	111,256	30	121,977	16
To provide for Government				
- as company income tax	7,760	2	21,854	3
For future				
- as Depreciation of property, plant and equipments	12,574	3	8,732	1
- as amortisation of intangible assets	975	0	1,031	0
- as deferred taxation	(105,242)	(28)	54,495	7
- as profit for the year	345,023	93	559,580	73
	372,346	100	**767,669**	100

The value added statement represents the wealth created by the efforts of the company and its employees' efforts based on ordinary activities and the allocation of that wealth being created between employees, shareholders, government and that retained for the future creation of more wealth.

Five-year financial summary

As at *in thousands of Nigerian Naira*	**31 December 2020**	**31 December 2019**	**31 December 2018**	**31 December 2017**	**31 December 2016**
Investment property	3,029,000	4,202,518	5,036,861	4,951,080	4,730,000
Property, plant and equipment	22,113	32,751	20,679	30,070	19,681
Intangible assets	817	1,792	2,476	585	-
Trading properties	1,787,666	1,579,209	-	640,565	835,672
Investment securities	-	3,450,080	4,461,012	-	2,870,544
Trade and other receivables	19,798	89,534	188,968	178,346	127,327
Cash and cash equivalents	4,829,252	72,076	19,798	5,365,780	1,490,931
Total assets	9,688,646	9,427,960	9,729,794	11,166,426	10,074,155
Liabilities					
Deferred tax liabilities	175,196	280,438	228,317	267,227	197,869
Trade and other payables	546,042	552,363	722,858	2,032,734	2,111,570
Current income tax payable	7,790	21,854	97,867	253,354	164,852
Provisions	35,000	-			
Contract liabilities	352,018	64,407			
Total liabilities	1,116,046	919,062	1,049,042	2,553,315	2,474,291
Total net assets	**8,572,600**	**8,508,898**	**8,680,752**	**8,613,111**	**7,599,864**
Share capital	5,626,416	5,626,416	5,626,416	5,626,416	5,626,416
Share premium	1,092,822	1,092,822	1,092,822	1,092,822	1,092,822
Other reserves	-	-	-	5,214	5,214
Retained earnings	1,853,362	1,789,660	1,961,514	1,888,659	875,412
Shareholders' funds	**8,572,600**	**8,508,898**	**8,680,752**	**8,613,111**	**7,599,864**
Total income	484,993	831,601	1,770,726	2,018,348	6,520,354
Profit before tax	247,542	581,232	959,601	1,274,778	3,188,394
Profit after income tax	345,023	559,580	910,381	1,013,247	2,129,309

PROXY FORM
UBN PROPERTY COMPANY PLC
11TH ANNUAL GENERAL MEETING

I/We

Being a member/member of **UBN PROPERTY COMPANY PLC** hereby appoint ....or failing him/her **MR. EMEKA OKONKWO** or failing him **MR. OLUWATOSIN OSIKOYA** to be my/our proxy, to act and vote for me/us and on my/our behalf at the 11th Annual General Meeting of the Company to be held in The Auditorium, Stallion Plaza (9th Floor), 36 Marina, Lagos on Tuesday 29th June 2021 at 11 a.m. and at any adjournment thereof in such manner as such Proxy shall think proper and if expedient, to demand a poll.

As witness my/our hands this .... day of 2021

Signed:

....

NOTE:
A member entitled to attend and vote at the 11th Annual General Meeting is entitled to appoint a proxy in its, his or her stead. All completed proxy forms should be deposited at the office of **The Registrar, CardinalStone Registrars Limited, 335/337 Herbert Macaulay Way, Yaba, Lagos or forwarded by e-mail to registrars@cardinalstone.com** not less than forty-eight (48) hours before the time scheduled for holding the meeting. A proxy need not be a member of the Company.

In the case of joint shareholders, any one of such may complete the form but the name of all joint shareholders must be stated.

It is required by law under the Stamp Duties Act, Cap F8. Laws of the Federation of Nigeria, 2004 that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must bear stamp duty at the appropriate rate, not adhesive postage stamps.

If the shareholder is a corporation, this form must be under its common seal or under the hand of officers or an attorney duly authorized in that behalf.

I/We desire this proxy to be used in favour of/or against the resolution as indicated alongside (Strike out which-ever is not desired)

	ORDINARY BUSINESS	**FOR**	**AGAINST**
	ORDINARY RESOLUTIONS		
1.	To receive and adopt the Company's Audited Financial Statements for the financial year ended 31st December 2020 together with the reports of the Directors, Auditor, Board Appraiser and Statutory Audit Committee thereon.		
2.	To declare a dividend for the financial year ended 31st December 2020.		
3.	To elect/re-elect Directors.		
	(a) To elect the under-listed Directors who retire at this Annual General Meeting, being the first General Meeting since their appointment, be and are hereby elected: 1. Mr. Emeka Okonkwo 2. Mrs. Olajumoke Odulaja (b) To re-elect Mrs. Obiaku Akwiwu-Nwadike who retires at this meeting and is eligible for re-election		
4.	To authorise the Directors to fix the remuneration of the Auditor.		
5.	To disclose the remuneration of the Managers of the Company.		
6.	To elect members of the Statutory Audit Committee.		

Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion.

BEFORE POSTING THE ABOVE CARD, KINDLY TEAR OFF THIS PART AND RETAIN IT.

ADMISSION CARD
UBN PROPERTY COMPANY PLC – 11TH ANNUAL GENERAL MEETING

PLEASE ADMIT ONLY THE SHAREHOLDER NAMED ON THIS CARD OR ITS/HIS/HER DULY APPOINTED PROXY TO THE 11TH ANNUAL GENERAL MEETING OF UBN PROPERTY COMPANY PLC HELD IN THE AUDITORIUM, STALLION PLAZA (9TH FLOOR), 36 MARINA, LAGOS ON TUESDAY 29TH JUNE 2021 AT 11 A.M.

NAME OF SHAREHOLDER/PROXY.. SIGNATURE...

ADDRESS..

THIS CARD IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE REGISTRAR

Affix
Current
Passport Photograph

Write your name at the back of your passport photograph

CARDINALSTONE REGISTRARS

E-DIVIDEND MANDATE ACTIVATION FORM

Instruction:
Please complete all sections of this form to make it suitable for processing and return to the address below:

The Registrar,
CardinalStone Registrars Limited
335/337, Herbert Macaulay Way
Sabo, Yaba, Lagos
P.M.B 1007 Sabo, Yaba
Nigeria

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

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname/Company Name First Name Other Names

Address:

City State Country

Previous Address (if any)

CHN (if any)

Mobile Telephone 1 Mobile Telephone 2

Email Address

Signature (s)

Company Seal (If applicable)

Joint/Company's Signatories

This service costs ₦150.00 per approved mandate per company

TICK	NAME OF COMPANY	SHAREHOLDER'S ACCOUNT NO.
	ACORN PETROLEUM PLC	
	AFRIK PHARMACEUTICALS PLC	
	AG MORTGAGE BANK PLC	
	AG LEVENTIS PLC	
	BANKERS WAREHOUSE PLC	
	BETA GLASS PLC	
	CAPITAL HOTELS PLC	
	CARDINALSTONE FIXED INCOME ALPHA FUND	
	ELLAH LAKES PLC	
	EVANS MEDICALS PLC	
	FCMB BOND 1	
	FCMB BOND 2	
	FCMB BOND 3	
	FCMB GROUP PLC	
	FIDSON BOND	
	G.CAPPA PLC	
	GUINEA INSURANCE PLC	
	JOS INT. BREWERIES PLC	
	LAFARGE AFRICA PLC	
	LAFARGE BOND 1	
	LAFARGE BOND 2	
	LAPO BOND 1	
	LAPO BOND 2	
	LAW UNION & ROCK INS. PLC	
	LEGACY EQUITY FUND	
	LEGACY DEBT FUND	
	LEGACY MONEY MARKET FUND	
	LEGACY USD BOND FUND	
	LIVESTOCK FEEDS PLC	
	MORISON INDUSTRIES PLC	
	NAHCO BOND	
	NAHCO AVIANCE PLC	
	NEWPAK PLC	
	N.G.C PLC	
	NPF MICROFINANCE BANK PLC	
	OKOMU OIL PALM PLC	
	PREMIER PAINTS PLC	
	ROYAL EXCHANGE PLC	
	SKYE BANK PLC	
	TOTAL NIGERIA PLC	
	TRANS-NATIONWIDE EXP. PLC	
	UBN PROPERTY COMPANY PLC	
	UNION BANK OF NIGERIA PLC	
	WOMEN INVESTMENT FUND	

CARDINALSTONE REGISTRARS
Head Office: 335/337, Herbert Macaulay Way, Sabo, Yaba, Lagos.
Port Harcourt: FCMB Building 85, Aba Express Way by Garrison Junction, Port Harcourt, Rivers.
Abuja: FCMB Building 252, Herbert Macaulay Way, Central Business District, Abuja.
Website: www.cardinalstoneregistrars.com, **E-mail: registrars@cardinalstone.com**
Help Desk Telephone No./Contact Centre Information for Issue Resolution or Clarification: 01-7120090