

ANNUAL  
REPORT &  
ACCOUNTS

20  
16



# **UBN Property Company Plc**

Annual Report and Accounts  
31 December 2016

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## CORPORATE INFORMATION

**Company's Registration Number:** RC: 476267

### DIRECTORS:

Emeka Emuwa	<i>Chairman</i>
Oluwatosin Osikoya	<i>Managing Director</i>
Oyinkansade Adewale (Mrs.)	<i>Director</i>
Obiaku Nneze Akwiwu - Nwadike (Mrs.)	<i>Director</i>
Pearl Kanu (Mrs.) *	<i>Director</i>
Remi Kolarinwa	<i>Independent Director</i>
Ibrahim Kwargana	<i>Director</i>

*\* Resigned from the Board effective 30 July 2016*

### SECRETARY:

Somuyiwa A. Sonubi  
*FRC No: FRC/2013/NBA/00000002061*  
*Stallion Plaza*  
*36 Marina*  
*Lagos*

### REGISTERED OFFICE:

*Stallion Plaza*  
*36 Marina*  
*Lagos*

### AUDITOR:

KPMG Professional Services  
*KPMG Tower*  
*Bishop Aboyade Cole Street*  
*Victoria Island*  
*Lagos*

### REGISTRAR:

GTL Registrars Limited (*former Union Registrars Limited*)  
*274, Murtala Muhammed Way, Yaba, Lagos*

### ACTUARY:

HR Nigeria Limited  
*7th Floor, AICO Plaza,*  
*Afribank Street*  
*Victoria Island*  
*Lagos*  
*FRC/NAS/00000000738*

### ESTATE VALUER:

Bode Adedeji Partnership  
*15, Bishop Oluwole Street*  
*Victoria Island*  
*Lagos*  
*FRC/2013/NIGSV/00000001479*

### BANKER:

Union Bank of Nigeria Plc

## NOTICE OF SEVENTH ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the Seventh Annual General Meeting of UBN Property Company Plc will be held in The Auditorium, Stallion Plaza (9th Floor), 36 Marina, Lagos on Thursday 21st September, 2017 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 2016 together with the reports of the Directors, Auditor and Statutory Audit Committee thereon.
2. To approve the interim dividend declared for the financial year ended 31st December 2016.
3. To elect/re-elect Directors.
4. To authorise the Directors to fix the remuneration of the Auditor.
5. To elect members of the Statutory Audit Committee.

### SPECIAL BUSINESS

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

1. To approve the remuneration of the Directors for the financial year ending 31st December 2017.

### NOTES

#### a) PROXY

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, GTL Registrars Limited, 274 Murtala Muhammed Way, Yaba, Lagos not less than forty-eight (48) hours before the meeting.

#### 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 Exchange Commission requires members of the Statutory Audit Committee to have basic financial literacy.

#### c) CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members and Transfer Books of the Company will be closed from Monday, 4th September, to Friday, 8th September, 2017 (both days inclusive) for the purpose of preparing an up-to-date Register of Members.

#### d) RIGHT OF SHAREHOLDERS TO ASK QUESTIONS

It is the right of every shareholder to ask questions at the Annual General Meeting and in writing prior to the meeting. We therefore urge that such questions be submitted to the Company Secretary not later than two (2) weeks before the meeting.

### BY ORDER OF THE BOARD



**Somuyiwa Adedeji Sonubi**

FRC/2013/NBA/00000002061

Company Secretary

UBN Property Company Plc

Stallion Plaza

36 Marina

Lagos

Dated this 28th day of August, 2017



### Emeka Emuwa

Chairman

Mr. Emeka Emuwa joined the Board of UBN Property Company Plc in February 2013, following his appointment as the Chief Executive Officer of Union Bank of Nigeria Plc in November 2012. Prior to joining Union Bank, Emeka had a distinguished 25-year career at Citi, one of the world's leading financial institutions. While at Citi, he led the bank's franchises in several Francophone and Anglophone African countries before his appointment as the first Nigerian Country Officer and Managing Director of Citi in Nigeria in 2005 - a role he held until he his appointment as Chief Executive for Union Bank.

He is a Director of Africa Finance Corporation and a Fellow of the Chartered Institute of Bankers Nigeria. He is also the Chairman of the Nigeria Portugal Friendship and Business Association, and was formerly Chairman of Accion Microfinance Bank Nigeria and Junior Achievement Nigeria. He is also a former Director of the American Business Council. Emeka is a graduate of Finance from the University of Lagos and holds an MSc. in Management from Purdue University's Krannert School of Management.



### Oluwatosin Osikoya

Managing Director/  
Chief Executive Officer

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.



### Oyinkansade Adewale (Mrs.)

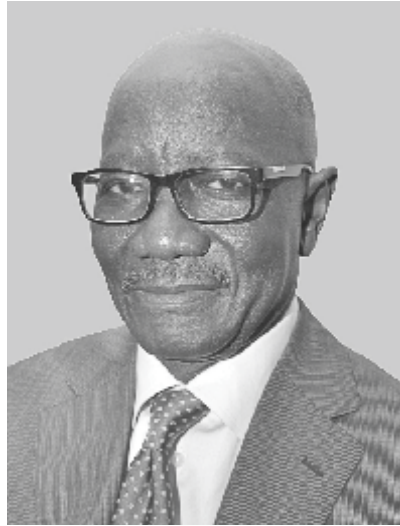
Non-Executive Director

Mrs. Oyinkan Adewale joined the Board in February 2013 following her appointment as Executive Director/Chief Financial Officer of Union Bank in October 2012. She is a chartered accountant and financial control expert with over 35 years of experience in the audit and financial sectors. She is a Fellow of the Institute of Chartered Accountants of Nigeria and has held several board and executive positions throughout her career. In 2009, the CBN appointed her as an Executive Director and Chief Financial Officer of Oceanic Bank Nigeria Limited with oversight of all the bank's 13 subsidiaries, the Risk Management Group, Finance Group and Strategic Planning. She also served as Integration Manager in the merger between Oceanic Bank and Ecobank Nigeria. Mrs. Adewale co-founded SIAO, a leading indigenous accounting firm in Nigeria and was pioneer Managing Director/Chief Operating Officer of Renaissance Group, Africa.



**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. She is the Founder/Chief Executive Officer of Trixibelle Limited and is currently Managing Director of Wren Regent Properties Limited, in charge of several high net worth property developments.



**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.



**Ibrahim Abubakar  
Kwargana**  
Non-Executive Director

Mr. Ibrahim Abubakar Kwargana joined the Board in August, 2012. He has been part of the executive management team of Union Bank since 2009 and is responsible for the bank's Public Sector Business. Mr. Kwargana has 35 years of experience which spans personnel administration, industrial relations, internal audit, banking operations, marketing and customer relationship management. He served as Deputy General Manager and Chief Auditor at First Bank of Nigeria Plc. He was also the General Manager, Operations and Resources, FBN (Merchant Bankers) Limited. At the Nigerian International Bank Limited (a subsidiary of the Citigroup) he held strategic roles as Deputy General Manager and Head of Branch Operations.

## CHAIRMAN'S STATEMENT

Distinguished shareholders, board of directors, ladies and gentlemen, I am pleased to welcome you to the 7th Annual General Meeting of UBN Property Company Plc ("the Company") and to present you with the annual report of your company for the year ended 31 December 2016.

### **The Global Economy**

2016 was marked with two key global events creating further uncertainty around future expectations: Brexit and the United States presidential election. In June 2016, Britain voted to leave the European Union. The decision caused a flurry of activity across the financial markets as the British Pound plunged and stocks crashed. Economic indicators have softened, with Q1 2017 growth in the UK falling to 0.3% quarter-on-quarter at a seasonally adjusted rate after 0.7% quarter-on-quarter in Q4 2016. Despite the slowdown, the UK economy has remained relatively robust. The underlying assumption of a severe negative impact on the UK economy stemming from Brexit has not changed. However, it seems that the fallout will be spread over a longer time horizon.

In the United States, the presidential election was the political highlight of 2016 as Donald Trump emerged as the 45th president elect of the United States. Statistics released by the US Bureau of Economic Analysis for Q1 2017 show that GDP growth stood at only 0.7%. This is the lowest level of GDP growth in three years. The United States economy is projected to expand at a faster pace in 2017 and 2018, with growth forecast at 2.3% and 2.5% respectively.

In Sub-Saharan Africa, a modest recovery is foreseen in 2017. Growth is projected to rise to 2.6% in 2017 and 3.5% in 2018, largely driven by specific factors in the largest economies, which faced challenging macroeconomic conditions in 2016. In South Africa, a modest recovery is expected, with growth forecast at 0.8% in 2017 as commodity prices rebound, drought conditions ease, and electricity capacity expands.

Looking ahead, global growth is expected to rise slightly from 3.5% to 3.6% and increase marginally to 3.8% by 2018, according to the IMF. This recovery in global activity is expected to be driven largely by emerging markets and developing economies such as Nigeria, Russia, South Africa, and parts of Latin America and the Middle East as growth rates normalise.

### **The Nigerian Economy**

In 2016, the Nigerian economy slipped into recession due to the adverse effects of disruptions to oil production, foreign currency shortages, lower power generation, and weak investor confidence; all culminating in a contracted economic growth of 1.5%.

The country struggled with rising inflation, hitting 18.6% in December from 9.62% in January 2016. This was caused by the fall in oil price which resulted in a shortage in foreign exchange, erosion of foreign reserves and a depreciation of the naira.

In June 2016, the Central Bank of Nigeria (CBN) introduced a flexible exchange rate which was expected to increase liquidity in the market by attracting dollar inflow, particularly from foreign investors. In December 2016, foreign exchange prices rose sharply, resulting in wider margins between the interbank market and the parallel market, which stood at N310/\$ and N460/\$ respectively. In 2017, the parallel market rate has begun to appreciate in response to improvements in the central bank's capacity to supply foreign exchange, the parallel market rate in May was N380/\$.

Gross external reserves shed approximately \$4bn to \$23.9 billion in October 2016 due to increasing demand for imported items and corresponding decrease in the foreign exchange earnings from the sale of crude oil. In November 2016, the price of oil surged after OPEC agreed to cut output. This is aimed at ending the huge glut of the world's most important commodity that has driven prices down from more than \$100 per barrel in mid-2014, to approximately \$50 today. In May 2017, external reserves rose to approximately \$30bn.

Holistically, 2017 promises to be a better year for the economy and the ongoing plans and strategies will effectively lift the country out of recession to an economically stable country as well as encourage investments in the country. On the domestic scene, the Nigerian economy has shown greater resilience in the first quarter of 2017, anchored on more focused macroeconomic policies and



improvements in oil prices. After contracting by 1.5% in 2016, output in Nigeria is projected to grow by 0.8% in 2017 as a result of a recovery in oil production, continued growth in agriculture, and higher public investment.

### **The Property Industry**

The real estate market was less vibrant in 2016 as a result of Nigeria's macroeconomic and socio-political challenges which led to the suspension of some planned real estate development projects, falling household income, and inflation of construction materials and labour cost. The sector has been greatly affected by the recession in the Nigerian economy due to collapse in oil prices, dollar shortages and weakening naira which has drastically reduced the demand for residential and commercial real estates.

In 2016, the sector experienced four consecutive quarters of negative growth. The real estate sector contracted by 7.37% in the third quarter of 2016, according to the National Bureau of Statistics.

The real estate industry was also affected by mortgage interest rates which range from 15% to 25% per annum excluding fees compared to some African countries like South Africa with lower mortgage interest rate. The economic instability, prices weakening and depreciation of naira discouraged international investors. While the economic recession had a greater impact on the upper end of the market, property values remained robust, especially in the mid-market segment.

The real estate sector is expected to grow at an average rate of 5.39% between 2017-2020 which will be influenced by the support of the private and public investment, agricultural evolution, favourable oil prices, increase in volume of oil production and targeted intervention by the Federal Government in the housing finance sector. To improve the real estate sector, the 2017 budget has been approved with the Federal Ministry of Power, Works and Housing, and has the highest capital share of N554bn.

Nigeria's population remains a major driver of growth for real estate with a population of almost 180 million and annual population growth rate of 2.8%. Other major growth drivers are rising urbanisation, increasing investments from local participants, and targeted intervention by the government in housing finance. The real estate industry currently represent 6.48% of the nation's GDP and improvements are expected before the end of 2017.

Looking ahead, recovery in the sector is expected towards the end of 2017 as the economy emerges from the current recession. The Government has prioritized infrastructure development which is expected to fuel real estate development and increase the value of real estate.

### **Update on Union Bank's Divestment**

As previously reported, the Company's majority shareholder, Union Bank of Nigeria Plc, in compliance with the CBN Regulation on the Scope of Banking Activities and Ancillary Matters, No. 3, 2010, had opted to divest from its non-banking subsidiaries, including UBN Property Company Plc. This process commenced in 2013 but divestment has been hampered by shareholder litigation. The two lawsuits instituted in this regard are ongoing and all shareholders will be kept informed as the process unfolds.

In conclusion, to my colleagues on the board and hard-working members of staff of this company, thank you for your dedication and support to this Company. I would also like to extend my deepest appreciation to our shareholders, for their commitment to the growth and well-being of UBN Property Company Plc.



**Emeka Emuwa**  
*Chairman*

## DIRECTORS' REPORT

For the year ended 31 December 2016

The Directors present their annual report on the affairs of UBN Property Company Plc ("the Company"), together with the audited financial statements and auditor's report for the year ended 31 December, 2016.

### Legal form and principal activity

The Company was incorporated in Nigeria under the Companies and Allied Matters Act as a limited liability company on 24 March, 2003 and has been in operation since then. On 11 February 2015, the Company was re-registered as a public company limited by liability. The address of its registered office is Stallion Plaza, 36, Marina, 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

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

<i>In thousands of naira</i>	31-Dec-16	31-Dec-15
Profit before tax	592,875	316,387
Minimum tax	(39,459)	(40,921)
Income tax expense	(48,990)	(105,579)
Profit after tax	504,426	169,887
Basic and diluted earnings per share (kobo)	9	3

### Analysis of Shareholding

The shareholding structure of the Company is as stated below:  
As at 31 December 2016

Range	No. of Holders	% of Total Holders	Units held	% of Total Holders
1- 50,000	66	25.98%	3,300,000	0.06%
50,001- 500,000	126	49.61%	21,220,452	0.38%
500,001- 5,000,000	20	7.87%	40,450,999	0.72%
5,000,001- 50,000,000	33	12.99%	814,172,000	14.47%
50,000,001- 500,000,000	7	2.76%	1,687,750,000	30.00%
500,000,001- 5,626,416,051	2	0.79%	3,059,522,600	54.38%
Grand total	254	100%	5,626,416,051	100%

As at 31 December 2015

Range	No. of Holders	% of Total Holders	Units held	% of Total Holders
1- 50,000	66	25.98%	3,300,000	0.06%
50,001- 500,000	126	49.61%	21,220,452	0.38%
500,001- 5,000,000	20	7.87%	40,450,999	0.72%
5,000,001- 50,000,000	33	12.99%	814,172,000	14.47%
50,000,001- 500,000,000	7	2.76%	1,687,750,000	30.00%
500,000,001- 5,626,416,051	2	0.79%	3,059,522,600	54.38%
Grand total	254	100%	5,626,416,051	100%

### Dividend

In 2016, an interim dividend of 15kobo per share was declared by the Board of Directors in respect of the financial year ended 31 December 2016. In 2015, the Board of Directors declared a dividend of 3kobo per share on the issued share capital of 5,626,416,051 shares of N1 each from the profits made between 1st April 2009 to 31 March 2014 when the Company enjoyed "pioneer" tax status and of N1.959billion as at 31 December 2013 of the profit reserved.

## Directors and their interests

The directors who held office during the year are as follows:

Emeka Emuwa	<i>Chairman</i>
Oluwatosin Osikoya	<i>Managing Director</i>
Oyinkansade Adewale (Mrs.)	<i>Director</i>
Obiaku Nneze Akwivu - Nwadike (Mrs.)	<i>Director</i>
Pearl Kanu (Mrs.)*	<i>Director</i>
Remi Kolarinwa	<i>Independent Director</i>
Ibrahim Kwargana	<i>Director</i>

\* Resigned from the Board effective 30 July 2016

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 section 275 and 276 of CAMA are as follows:

	No of ordinary shares held 31-Dec-16	No of ordinary shares held 31-Dec-15
Emeka Emuwa	Nil	Nil
Oluwatosin Osikoya	Nil	Nil
Oyinkansade Adewale (Mrs.)	Nil	Nil
Obiaku Nneze Akwivu - Nwadike (Mrs.)	50,000,000	50,000,000
Pearl Kanu (Mrs.)	Nil	Nil
Remi Kolarinwa	Nil	Nil
Ibrahim Abubakar Kwargana	Nil	Nil

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

## Contracts

In accordance with Section 277 of the Companies and Allied Matters Act of Nigeria, none of the directors has notified the Company of any declarable interests in contracts with the Company.

## 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 31 December 2016:

	2016		2015	
	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
Union Trustees Ltd	864,522,600	15.37	864,522,600	15.37
Union Homes Savings and Loans Plc	495,000,000	8.80	495,000,000	8.80
Ensure Insurance Plc	495,000,000	8.80	495,000,000	8.80

## Property and equipment

Information relating to changes in property and equipment is given in Note 15 to the financial statements.

## Donations and charitable gifts

There were no donations made during the year (2015: Nil).

## Employment of disabled persons

The Company had no disabled persons in its employment during the year. However, applications for employment by disabled 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 disabled, 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 disabled 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 when and where necessary with additional external training.

#### **Subsequent events**

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 2016, 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 18 months from the date of approval. This is 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 from the Company 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.

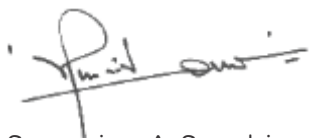
#### **Operational risk management**

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

#### **Auditors**

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors to the Company. In accordance with Section 357 (2) of the Companies and Allied Matters Act of Nigeria therefore, the auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

BY ORDER OF THE BOARD



**Somuyiwa A. Sonubi**

*Company Secretary*

*25 April 2017*

*FRC No: FRC/2013/NBA/00000002061*

## Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December 2016.

The Directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and Financial Reporting Council of Nigeria Act, 2011.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria, 2004 and for such internal controls 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.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the year ahead.

### SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

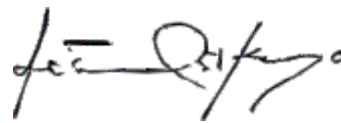


**Emeka Emuwa**

*Chairman*

*25 April 2017*

*FRC No: FRC/2013/CIBN/00000001774*



**Oluwatosin Osikoya**

*Managing Director*

*25 April 2017*

*FRC No: FRC/2013/NSE/00000002333*


## **UBN PROPERTY COMPANY PLC**

### **Report of the Statutory Audit Committee for the Year Ended 31 December 2016**

In compliance with Section 359(6) Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, we reviewed the financial statements of UBN Property Company Plc. for the year ended 31 December 2016 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 27 to the financial statements in accordance with requirements of the International Financial Reporting Standards (IFRS) and the Central Bank of Nigeria (CBN) directives as contained in the Prudential Guidelines for Deposit Money Banks in Nigeria and Circular on Disclosure of insider related credits in financial statements BSD/1/2004.

Dated April 27, 2017



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

#### **MEMBERS OF THE COMMITTEE\*\***

- 1 Kamarudeen Oladosu
- 2 Oyinkansade Adewale (Mrs.)
- 3 Remi Kolarinwa
- 4 Yakubu Concern

*\*\*The committee was constituted on 31 January 2017.*



**KPMG Professional Services**  
 KPMG Tower  
 Bianca Abovade Cole Street  
 Victoria Island  
 PMB 40014, Falomo  
 Lagos

Telephone 234 (1) 271 8955  
 234 (1) 271 8589  
 Internet www.kpmg.com/ng

**INDEPENDENT AUDITOR'S REPORT**

To the Shareholders 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"), which comprise the statement of financial position as at 31 December, 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 17 to 51.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 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)* together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other Information*

The Directors are responsible for the other information. The other information comprises the Directors' report, Statement of Directors' responsibilities, Report of the Statutory Audit Committee and Other national disclosure, but does not include the financial statements and our audit report thereon.

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

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 Registered in Nigeria No. BN 098022

**Partners**

Abiodun E. Baki	Abiodun O. Lanfani	Adedun A. Eshin	Adeola H. Atewere
Adekunle S. Ajayi	Ayobola O. Oromin	Ayodele A. Sowika	Ayodele H. Oluhinwa
Ayobami L. Salami	Chibuzor N. Anyanwachi	Seunoluwa C. Olu	Isidore M. Adesina
Joselyn O. Igeye	Kolade O. Ukanola	Mohammed M. Adams	Oladapo R. Oluwalade
Oladamilola S. Osoyede	Clarke J. James	Olumide O. Okunika	Ouseyinfolake S. Osoyede
Olufemi M. O. Awoyemi	Olufemi A. Olatunji	Opamika I. Ojo	Victor U. Uvwaka
<b>Associate Partners</b>			
Nneke C. Bunt	Temitope A. Ojo		





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 of financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 Nigeria and the Financial Reporting Council of Nigeria Act, 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 has 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 judgment and maintain professional skepticism throughout the audit. We also:

- \* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- \* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- \* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.





- \* Conclude on the appropriateness of 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 Board of 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.

#### Report on Other Legal and Regulatory Requirements

*Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004*

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Kabir Okunlola, FCA  
FRC/2012/CAN/00000000428  
For: KPMG Professional Services  
Chartered Accountants  
28 June 2017  
Lagos, Nigeria



## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

In thousands of Naira

	Notes	31-Dec-16	31-Dec-15
Revenue- sales of trading properties	6	1,029,000	125,000
Cost of sales- trading properties	7	(1,168,500)	(154,028)
<b>Loss from sale of trading properties</b>		<b>(139,500)</b>	<b>(29,028)</b>
Fair valuation gain on investment property	8	382,652	-
Investment income	9	386,540	367,105
Other income	10	162,443	156,722
<b>Other operating income</b>		<b>931,635</b>	<b>523,827</b>
Impairment writeback / (loss) on assets	11	11,671	(12,446)
Operating expenses	12	(210,931)	(165,966)
<b>Total expenses</b>		<b>(199,260)</b>	<b>(178,412)</b>
<b>Profit before minimum tax and income tax</b>		<b>592,875</b>	<b>316,387</b>
Minimum tax	22(i)	(39,459)	(40,921)
Income tax expense	22(i)	(48,990)	(105,579)
<b>Profit for the year</b>		<b>504,426</b>	<b>169,887</b>
<b>Other comprehensive income:</b>			
<b>Items that will never reclassified to profit or loss:</b>			
Remeasurements of defined benefit liability	21(i)	(10,338)	7,360
Related tax		3,101	(2,208)
		(7,237)	5,152
<b>Other comprehensive income for the year</b>		<b>(7,237)</b>	<b>5,152</b>
<b>Total comprehensive income for the year</b>		<b>497,189</b>	<b>175,039</b>
<b>Profit attributable to:</b>			
Owners of the company		504,426	169,887
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the company		497,189	175,039
Basic and diluted earnings per share (kobo)	26	9	3

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

## STATEMENT OF FINANCIAL POSITION

At 31 December 2016

In thousands of Naira

	Notes	31-Dec-16	31-Dec-15
<b>Non-current assets</b>			
Investment property	13	4,730,000	4,267,163
Property and equipment	14	19,681	8,890
<b>Total non-current assets</b>		<b>4,749,681</b>	<b>4,276,053</b>
<b>Current assets</b>			
Trading properties	15	835,672	2,020,045
Investment securities	16	2,870,544	-
Trade and other receivables	17	127,327	60,288
Cash and cash equivalents	18	1,490,931	3,552,593
<b>Total current assets</b>		<b>5,324,474</b>	<b>5,632,926</b>
<b>Current liabilities</b>			
Trade and other payables	19	2,111,570	1,510,422
Current income tax payable	22(ii)	164,852	145,124
<b>Total current liabilities</b>		<b>2,276,422</b>	<b>1,655,546</b>
<b>Net current assets</b>		<b>3,048,052</b>	<b>3,977,380</b>
<b>Non current liabilities</b>			
Employee retirement benefits	21	47,240	32,504
Deferred tax liabilities	23	150,629	105,499
<b>Total non-current liabilities</b>		<b>197,869</b>	<b>138,003</b>
<b>Net assets</b>		<b>7,599,864</b>	<b>8,115,430</b>
<b>EQUITY</b>			
Issued capital	25(i)(b)	5,626,416	5,626,416
Share premium	25(ii)	1,092,822	1,092,822
Fair valuation reserve	25(iii)	5,214	12,451
Retained earnings		875,412	1,383,741
<b>Total equity</b>		<b>7,599,864</b>	<b>8,115,430</b>

The financial statements were approved by the Board of Directors on 25 April 2017 and signed on its behalf by:



Emeka Emuwa (Chairman)

FRC No: FRC/2013/CIBN/0000001774



Oluwatosin Osikoya (Managing Director)

FRC No: FRC/2013/NSE/0000002333

Additionally certified by:



Grace Ntiashagwu (Chief Financial Officer)

FRC No: FRC/2013/ICAN/0000001484

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

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

*In thousands of Naira*

	Notes	31-Dec-16	31-Dec-15
<b>Operating activities</b>			
Profit/(loss) for the year		504,426	169,887
Add: taxation		88,449	146,500
		592,875	316,387
Adjustments for:			
Depreciation of property and equipment	14	8,373	9,598
Fair value gain on investment property	8	(382,652)	-
Unrealized foreign exchange gain	10	(2,098)	-
Investment income	9	(386,540)	(367,105)
Impairment on receivables	11	(11,671)	12,446
Impairment on trading properties	15	72,057	-
Increase in provision for gratuity	20(i)	9,085	8,556
Operating profit before changes in working capital and provisions		(100,571)	(20,118)
<i>Changes in working capital and provisions:</i>			
Trade and other receivables	20(ii)	(55,368)	997,190
Trading properties	15(ii)	1,112,316	149,811
Trade and other payables	20(iii)	(89,080)	360,052
		867,297	1,486,934
Employee benefit paid	21(i)	(4,687)	(301)
VAT paid	20(iii)	(8,161)	-
Income taxes paid	22(iii)	(20,490)	-
Investment income received	20(v)	256,974	298,533
Net cash flows from operating activities		1,090,933	1,785,166
<b>Investing activities</b>			
Acquisition of investment property	13	(80,185)	(62,163)
Acquisition of property and equipment	14	(19,164)	(471)
Acquisition of investment securities	20(iv)	(2,700,037)	-
Net cash flows from investing activities		(2,799,386)	(62,634)
<b>Financing activities</b>			
Dividend paid		(314,366)	-
Net cash flows from financing activities		(314,366)	-
Cash and cash equivalents at 1 January		3,484,021	1,761,489
Net (decrease)/increase in cash and cash equivalents		(2,022,819)	1,722,532
Effect of exchange rate fluctuations on cash held		(2,098)	-
<b>Cash and cash equivalents at 31 December</b>	18	1,463,300	3,484,021

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

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

*In thousands of Naira*

	Share capital	Share premium	Fair value reserves	Retained earnings	Total
Balance at 1 January 2016	5,626,416	1,092,822	12,451	1,383,741	8,115,430
Profit for the year	-	-	-	504,426	504,426
Other comprehensive income for the year					
Remeasurements of defined benefit liability	-	-	(7,237)	-	(7,237)
<b>Total comprehensive income</b>	-	-	(7,237)	504,426	497,189
Transactions with owners of the Company					
Dividends	-	-	-	(1,012,755)	(1,012,755)
<b>Balance at 31 December 2016</b>	<b>5,626,416</b>	<b>1,092,822</b>	<b>5,214</b>	<b>875,412</b>	<b>7,599,864</b>

	Share capital	Share premium	Fair value reserves	Retained earnings	Total
Balance at 1 January 2015	5,626,416	1,092,822	7,299	1,213,854	7,940,391
Profit for the year	-	-	-	169,887	169,887
Other comprehensive income for the year					
Remeasurements of defined benefit liability	-	-	5,152	-	5,152
<b>Total comprehensive income</b>	-	-	5,152	169,887	175,039
<b>Balance at 31 December 2015</b>	<b>5,626,416</b>	<b>1,092,822</b>	<b>12,451</b>	<b>1,383,741</b>	<b>8,115,430</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

### 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 24 March 2003. On 11 February 2015, the Company was re-registered as a public limited liability Company. The address of its registered office is 36 Marina, 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

#### (a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These financial statements comply with the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council Act of Nigeria 2011. The accounting policies have been consistently applied to all periods presented. The financial statements for the year ended 31 December 2016 were authorised for issue by the Company’s Board of Directors on 25 April, 2017.

#### (b) 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.

#### (c) Basis of measurement

These financial statements are prepared on the historical cost basis except for investment properties measured at fair value, financial asset and liability measured at amortised cost, employee benefit liabilities are recognised as the present value of the defined benefit obligation and trading properties are measured at lower of cost and net realisable value. Trade receivables, other assets, trade payable and other payable are measured at amortised cost.

#### (d) 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

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 5.

### 3 Changes in accounting policies

#### 3.1 Except as stated below, the Company has consistently applied the accounting policies set out in Note 3.2 to all periods presented in these financial statements.

The Company adopted the following amendments in the preparation of these financial statements, however, the amendments did not have any material impact on the financial statements.

- (i) *Disclosure initiative (Amendments to IAS 1)*  
The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to the order of notes, OCI of equity accounted investees and subtotals presented in the statement of financial position, and statement of profit or loss and other comprehensive income.

The Company has adopted the amendments in the preparation of this financial statements, however, the amendments did not have a material impact on the Company's financial statements.

- (ii) *Clarification of Acceptable methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)*

The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The change did not have any impact on the Company's financial statements.

### 3.2 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) **Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in statement of profit or loss in the period in which they arise except for Exchange differences related to the differences between fair value and amortised cost basis for available for sale securities.

(b) **Property and equipment**

(i) *Recognition and measurement*

Property 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 or equipment have different useful lives, they are accounted for as separate items (major components) of property 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.

(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 cost of items of property and equipment less their estimated residual values using the straight-line basis over their estimated lives. Leased assets are depreciated over the shorter of the lease term and their useful 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:

Office equipment	5 years
Furniture and fittings	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 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.

(c) **Investment property**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Land held under operating leases is classified and accounted for by the Company as investment property when the rest of the definition of investment property is met.

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 inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

**(d) Trading properties**

Trading properties (inventory) are shown at the lower of cost and net realisable value. 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 are measured at cost.

**(e) Financial instruments**

**(i) Initial recognition and measurement**

Financial instruments includes all financial assets and liabilities. These instruments are typically held for liquidity or investment purposes. All financial instruments are initially recognised at fair value plus directly attributable transaction costs, except those carried at fair value through profit or loss where transaction costs are recognised immediately in profit or loss.

Financial instruments are recognised (*derecognised*) on the date the Company commits to purchase (*sell*) the instruments (*trade date accounting*).

**(ii) Subsequent measurement**

Subsequent to initial recognition, financial instruments are measured either at fair value or amortised cost, depending on their classifications as follows:

**- Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale. Receivables arising from contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables. Financial assets classified as loans and receivables include cash and cash equivalents and trade and other receivables.

Loans and receivables financial assets are carried at amortised cost using the effective interest method less any impairment losses with changes in amortised cost recognised in the income statement.

**- Held to maturity financial assets**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has the intention and ability to hold until maturity. After initial measurement, held to maturity financial assets are measured at amortized cost, using the Effective Interest Rate, less impairment. The Effective Interest Rate amortization is included in 'interest income' in the income statement. Gains and losses are recognized in the income statement when the investments are derecognized or impaired, as well as through the amortization process.

**- Available-for-sale financial assets**

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to the need for liquidity or

changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Financial assets classified as available for sale includes equity instruments.

Available-for-sale financial assets are subsequently measured at fair value. Unrealised gains or losses are recognised directly in the fair value reserve until the financial asset is derecognised or impaired. When debt (*equity*) instruments are disposed of, the cumulative fair value adjustments in OCI are reclassified to profit or loss.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Company's right to receive payments is established.

#### - Financial liabilities at amortised cost

The Company classifies its financial liabilities as measured at amortised cost. Financial liabilities of the Company include trade and other payables.

#### (iii) *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 market or, in its absence, the most advantageous market for the asset or liability to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the entity 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 the fair value hierarchy as at the end of the reporting period during which the change has occurred.

#### (iv) *Offsetting financial instruments*

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

Income and expenses are presented on a net basis only when permitted by accounting standards, or for gains and losses arising from a group of similar transactions.

#### (v) *Derecognition*

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all risks and

rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized from the balance sheet. In transactions where the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognizes the asset if control over the asset is lost.

The rights and obligations retained in the transfer are recognized separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset

**(f) Impairment of assets**

**(i) *Financial assets carried at amortised cost***

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

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (*excluding future credit losses that have been incurred*) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (*that is, on the basis of the Company's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors*). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (*such as improved credit rating*), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the profit or loss.

**(ii) *Assets classified as available for sale***

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the balance sheet date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. Where an available-for-sale asset, which has

been remeasured to fair value directly through equity, is impaired, the impairment loss is recognised in profit or loss. If any loss on the financial asset was previously recognised directly in equity as a reduction in fair value, the cumulative net loss that had been recognised in equity is transferred to profit or loss and is recognised as part of the impairment loss. The amount of the loss recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

If, in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised in the income statement, where the instrument is a debt instrument, the impairment loss is reversed through profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through profit or loss but accounted for directly in equity.

(iii) *Impairment of other non-financial assets*

The carrying amounts of the Company's non-financial assets other than deferred tax assets, 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.

(g) **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. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(h) **Share capital**

Incremental costs directly attributable to the issue of equity instruments, net effect of any tax effects, are recognised as a deduction from equity.

(i) **Dividend on ordinary share**

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.

(j) **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.

(k) **Current and deferred tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In which case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**Current tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

The Company is subject to the Companies Income Tax Act (CITA). 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 (determined based on the sum of the highest of 0.25% of revenue of N500,000, 0.5% of gross profit, 0.25% of paid up share capital and 0.5% of net assets and 0.125% of revenue in excess of N500,000). Taxes based on taxable profit for the period are treated as current income tax in line with IAS 12; whereas taxes which is based on gross amounts is outside the scope of IAS 12 and therefore are not treated as current income tax. Where the minimum tax is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognized in the income tax expense line in the profit or loss and the excess amount is presented above income tax line as minimum tax.

**Deferred tax**

Deferred tax is recognised, using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (*and laws*) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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 tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value re-measurement of available-for-sale investments, which are charged or credited directly in other comprehensive income, is also credited or charged directly to other comprehensive income.

(l) **Employee benefits**

(i) *Post-employment 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 staff's salary in line with the provisions of the Pension Reform Act 2014.

#### **Defined benefit plans**

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognised past service costs and the fair value of any plan assets are deducted.

The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reduction in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

When the calculation above results in a benefit to the Company, the recognised asset is limited to the net total of any cumulative unrecognised actuarial losses and past service costs and the present value of any economic benefit available in the form of any refunds from the plan or reductions in future contribution to the plan. An economic benefit is available to the Company if it is realisable during the life of the plan or on settlement of the plan liabilities.

(ii) *Termination benefits*

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefit as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptance can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(iii) *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.

(iv) *Other long-term employee benefits*

The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.



(m) **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.

(n) **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payments is being made. Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment excluding taxes or duty.

*Sale of trading properties*

Revenue from the sale of trading properties is recognised by the entity;

- when the significant risks and rewards of ownership have been transferred to the buyer;
- all managerial responsibilities and control are completely devolved to the customer
- where the costs and income on sale can be measured reliably.
- all significant performance obligations have been met.

The risks and the rewards of ownership are transferred to the buyer when the title to the property is transferred.

*Rental Income*

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

*Service and management charge*

Revenue from services rendered (*such as project and development management*) is recognized in the statement of comprehensive income in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due.

*Investment income*

Investment income comprises interest income earned on short-term deposits and income earned on trading of securities including all realised and unrealised fair value changes, interest, dividends and foreign exchange differences. Investment income is accounted for on an accrual basis.

*Other income*

Other income represents income generated from sources other than rental income, sale of trading properties, services fees and dividend. It includes income realized from

legal fees charged by the company on the sale of real estate products to third party customers. Income is recognized when the right to receive income is established.

(o) **New standards and interpretations not yet adopted**

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not effective for the period under review. The Company is yet to carry out an assessment to determine the impact that the initial application of this amendment could have on its business; however the Company plans to adopt these standards at their respective effective dates.

(i) *Disclosure initiatives (Amendments to IAS 7)*

The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances arising from financing activities. The Company is yet to carry out an assessment to determine the impact that the initial application of this amendment could have on its business; however, the Company will adopt the amendments for the year ending 31 December 2017.

(ii) *IFRS 15 Revenue from Contracts with customers*

This standard will replace the existing revenue standards and their related interpretations. The standard sets out the requirements for recognising revenue that applies to all contracts with customers (*except for contracts that are within the scope of the standards on leases, insurance contracts or financial instruments*).

The core principle of the standard is that revenue recognised reflects the consideration to which the company expects to be entitled in exchange for the transfer of promised goods or services to the customer. The standard incorporates a five step analysis to determine the amount and timing of revenue recognition. The effective date is annual periods beginning on or after 1 January 2018. The impact on the annual financial statements has not yet been fully determined.

(iii) *IFRS 9 Financial Instruments*

This standard will replace the existing standard on the recognition and measurement of financial instruments and requires all financial assets to be classified and measured on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The accounting for financial assets differs in various other areas to existing requirements such as embedded derivatives and the recognition of fair value adjustments in OCI. All changes in the fair value of financial liabilities that are designated at fair value through profit or loss due to changes in own credit risk will be required to be recognised within OCI.

The standard has introduced a new expected-loss impairment model that will require more timely recognition of expected credit losses. This new model will apply to financial assets measured at either amortised cost or fair value through OCI, as well as loan commitments when there is present commitment to extend credit (*unless these are measured at fair value through profit or loss*). With the exception of purchased or originated credit impaired financial assets, expected credit losses are required to be measured through a loss allowance at an amount equal to either 12-month expected credit losses or full lifetime expected credit losses.

A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition as well as for certain contract assets or trade receivables. For all other financial instruments, expected credit losses are measured at an amount equal to 12-month expected credit losses. The standard will be applied retrospectively as far back is practicable. The impact on the annual financial statements has not yet been fully determined. The effective date is annual periods beginning on or after 1 January 2018.



(iv) *Transfers of Investment Property (Amendment to IAS 40)*

The IASB has amended the requirements of IAS 40 Investment Property on when a Company should transfer a property to, or from, investment property. The amendments state that a transfer is made when and only when there is a change in use - i.e. an asset ceases to meet the definition of investment property and there is evidence of a change in use. A change in management intention alone does not support a transfer. A company has a choice on transition to apply:

- a. the prospective approach - i.e. apply the amendments to transfers that occur after the date of initial application - and also reassess the classification of property assets held at that date; or
- b. the retrospective approach - i.e. apply the amendments retrospectively, but only if it does not involve the use of hindsight.

The Company is yet to carry out an assessment to determine the impact that the initial application of this amendment could have on its business; however, the Company will adopt the amendments for the year ending 31 December 2018.

(v) *IFRS 16 Leases.*

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as operating leases or finance leases as required by IAS 17 and introduces a single lessee accounting model. Applying that model, a lessee is required to recognise:

- a. assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
- b. depreciation of lease assets separately from interest on lease liabilities in the profit or loss. For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Company is yet to carry out an assessment to determine the impact that the initial application of IFRS 16 could have on its business; however, the Company will adopt the standard for the year ending 31 December 2019.

## 4 Financial Instruments 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.

## 4.1 Credit Risks

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 and deposits with banks and other financial institutions.

The Company has no significant concentration of credit risk as money market transactions are limited to financial institutions with good credit rating. 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:

In thousands of naira	Cash and cash equivalents		Other receivables (excluding prepayment & WHT)		Investment securities	
	Dec-16	Dec-15	Dec-16	Dec-15	Dec-16	Dec-15
	Carrying amount	1,490,931	3,552,593	55,145	3,425	2,870,544
Assets at amortised cost						
Neither past due nor impaired	1,490,931	3,552,593	55,145	3,425	2,870,544	-
Impaired	-	-	1,190,564	1,189,789	-	-
Gross amount	1,490,931	3,552,593	1,245,709	1,193,214	2,870,544	-
Allowance for impairment (Individual)	-	-	(1,190,564)	(1,189,789)	-	-
Carrying amount	1,490,931	3,552,593	55,145	3,425	2,870,544	-

## 4.2 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 financial institutions.

The Company monitors its risk to a shortage of funds by using a daily cash management process. This process considers the maturity of both the Company's financial investments and financial assets (e.g. *accounts receivable, other financial assets*) 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 including bank loans, and overdrafts over a broad spread of maturities.

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. The Gross nominal inflow / (outflow).

### *Residual contractual maturities of financial assets and liabilities*

31 December 2016	Note	Carrying amount	Gross				1 - 2 years
			nominal inflow	Less than 3 month	3 - 6 months	6 - 12 months	
<i>In thousands of naira</i>							
<i>Non-derivative assets:</i>							
Investment securities	16	2,870,544	3,022,700	-	3,022,700	-	-
Trade and other receivables	17	55,145	55,145	55,145	-	-	-
Cash and cash equivalents	18	1,490,931	1,490,931	1,490,931	-	-	-
Total assets held for managing liquidity risk		4,416,620	4,568,776	1,546,076	3,022,700	-	-
<i>Non-derivative liabilities</i>							
Trade and other payables	19	1,965,395	1,965,395	1,965,395	-	-	-
		1,965,395	1,965,395	1,965,395	-	-	-
Gap (asset - liabilities)		2,451,225	2,603,381	(419,319)	3,022,700	-	-
Cumulative liquidity gap			2,603,381	(419,319)	2,603,381	2,603,381	2,603,381

31 December 2015	Note	Carrying amount	Gross				1 - 2 years
			nominal inflow	Less than 3 month	3 - 6 months	6 - 12 months	
<i>In thousands of naira</i>							
<i>Non-derivative assets:</i>							
Cash and cash equivalents	18	3,552,593	3,552,593	3,552,593	-	-	-
Trade and other receivables	17	3,425	3,425	3,425	-	-	-
Total assets held for managing liquidity risk		3,556,018	3,556,018	3,556,018	-	-	-
<i>Non-derivative liabilities</i>							
Trade and other payables	19	1,309,986	1,309,986	1,309,986	-	-	-
		1,309,986	1,309,986	1,309,986	-	-	-
Gap (asset - liabilities)		2,246,032	2,246,032	2,246,032	-	-	-
Cumulative liquidity gap			2,246,032	2,246,032	2,246,032	2,246,032	2,246,032

### 4.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rate, interest rate and equity prices 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 money market instruments such as Treasury Bills and Term Deposits.

#### 4.3.1 Interest rate risk

Interest Rate risk is the risk of loss to interest income arising from changes in interest rates. The Company's exposure to the risk of changes in market interest rates arises primarily from the Company's investments in fixed interest securities. The Company's policy is to manage its interest cost using a mix of fixed and variable rate financial instruments to generate the desired interest rate profile and to manage its exposure to interest rate fluctuations.

The table below shows the analysis of the Company's sensitivity to impact of changes in interest rate on financial instruments which are exposed to interest rate risk as at 31 December 2016:

31 December 2016  
Sensitivity analysis

	Carrying Value	Interest rate shock			
		1%	2%	-1%	-2%
<i>In thousands of Naira</i>					
Cash and cash equivalents	1,476,425	14,764	29,529	(14,764)	(29,529)
Investment securities	2,870,544	28,705	57,411	(28,705)	(57,411)
	4,346,969	43,470	86,939	(43,470)	(86,939)

31 December 2015  
Sensitivity analysis

<i>In thousands of Naira</i>	Carrying Value	Interest rate shock			
		1%	2%	-1%	-2%
Cash and cash equivalents	3,510,217	35,102	70,204	(35,102)	(70,204)

#### 4.3.2 Exchange rate exposure

The Company is exposed to changes of current holdings and future cash flows denominated in other currencies. Instruments that are exposed to this risk include; foreign currency denominated bank balances.

The table below summarises the Company's exposure to foreign currency exchange rate risk as at 31 December 2016, and 31 December 2015.

Included in the table are the Company's assets and liabilities at carrying amounts, categorised by currency.

#### Foreign currency concentrations risk

The table below summaries the Company's assets and liabilities at carrying amount and the foreign currency amount reported in the local currency:

31 December 2016

<i>In thousands of naira</i>	Total	Naira	US Dollar	Euro
Cash and cash equivalents	1,490,931	1,485,627	1,720	3,584
Total financial assets	1,490,931	1,485,627	1,720	3,584

31 December 2015

<i>In thousands of naira</i>	Total	Naira	US Dollar	Euro
Cash and cash equivalents	3,552,593	3,549,374	947	2,272
Total financial assets	3,552,593	3,549,374	947	2,272

#### 4.4 Financial assets and liabilities

##### Accounting classification, measurement basis

The table below sets out the Company's classification of each class of financial assets and liabilities the fair value is consistently representative of the carrying amount.

	Note	Held-to- Maturity	Loans and receivables	Other financial liabilities	Total carrying amount
<b>31 December 2016</b>					
<i>In thousands of naira</i>					
Investment securities	16	2,870,544	-	-	2,870,544
Trade and other receivables (excluding prepayments)	17	-	55,145	-	55,145
Cash and cash equivalents	18	-	1,490,931	-	1,490,931
		2,870,544	1,546,076	-	4,416,620
Trade and other payables	19	-	-	1,965,395	1,965,395
		-	-	1,965,395	1,965,395
<b>31 December 2015</b>					
Cash and cash equivalents	18	-	3,552,593	-	3,552,593
Trade and other receivables (excluding prepayments)	17	-	3,425	-	3,425
		-	3,556,018	-	3,556,018
Trade and other payables	19	-	-	1,309,986	1,309,986
		-	-	1,309,986	1,309,986

The fair value of the financial assets and liabilities above approximates their carrying amount.

## 5 Use of estimates and judgments

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 supplement the commentary on financial risk management (see note 4).

### (i) 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 3.2(e).

#### - Investment property

Investment property is measured at fair value in line with the Company's accounting policy disclosed in note 3.2(c).

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-realizable value for trading properties
- Trading properties

Trading properties are stated at the lower of cost and net realizable 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.

- (ii) *Impairment*  
Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3(f).
- (iii) *Depreciation and carrying value of property and equipment*  
The estimation of the useful lives of assets is based on management's judgment. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.
- (iv) *Determination of impairment of property and equipment*  
Management is required to make judgments concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of physical deterioration, technological obsolescence.
- (v) *Income taxes*  
Significant estimates are required in determining the Company's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.
- (vi) *Valuation of financial instruments*  
The Company's accounting policy on fair value measurements is discussed under note 3.2(e)

The Company measures fair values using the following hierarchy of methods.

- (a) Level 1: Quoted market price in an active market for an identical instrument.
  - (b) Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
  - (c) Level 3: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Financial assets for which fair value could not be reliably determined and which have been carried at cost are included in this category.
- (vii) *Valuation of post-employment benefit obligation*  
The cost and the present value of gratuity plan and the long service award are determined periodically. The valuation involves making assumptions about discount rates, future salary increase and expected years in employment. The valuation of defined benefit obligations is highly sensitive to changes in the underlying assumptions. All assumptions are reviewed at each reporting date.

The valuation of the gratuity and long service awards scheme was carried out by HR Nigeria Limited (*Consultants Actuaries*) for each period reported in the financial

statement, using the Projected Unit Credit (PUC) method to establish the value of the accrued liabilities.

<b>6</b>	<b>Revenue-sales of trading properties</b>		<b>31-Dec-16</b>	<b>31-Dec-15</b>
	<i>In thousands of Naira</i>			
	Sales of trading properties		1,029,000	125,000
			1,029,000	125,000
<b>7</b>	<b>Cost of sales- trading properties</b>		<b>31-Dec-16</b>	<b>31-Dec-15</b>
	<i>In thousands of Naira</i>			
	Cost of trading properties sold		1,116,885	139,762
	Trading properties written down		51,615	14,266
			1,168,500	154,028
<b>8</b>	<b>Fair value gain on investment property</b>		<b>31-Dec-16</b>	<b>31-Dec-15</b>
	<i>In thousands of Naira</i>			
	Gain on fair valuation of investment property (see note 13)		382,652	-
<b>9</b>	<b>Investment income</b>		<b>31-Dec-16</b>	<b>31-Dec-15</b>
	<i>In thousands of Naira</i>			
	Investment income on treasury bills		170,507	-
	Interest income on placements		216,033	367,105
			386,540	367,105
<b>10</b>	<b>Other income</b>		<b>31-Dec-16</b>	<b>31-Dec-15</b>
	<i>In thousands of Naira</i>			
	FX revaluation gain		2,098	-
	Professional fees		-	4,383
	Estate agency and valuation service fee		2,760	11,487
	Property management fees		72,977	59,085
	Rental income		77,722	74,493
	Sundry income		6,886	7,274
			162,443	156,722
<b>11</b>	<b>Impairment writeback / (loss) on assets</b>		<b>31-Dec-16</b>	<b>31-Dec-15</b>
	<i>In thousands of Naira</i>			
	(Writebacks)/ loss on receivables		(11,671)	12,446
	Impairment of trading properties (Ikorodu land)		-	-
			(11,671)	12,446

<b>12 Operating expenses</b>		<b>31-Dec-16</b>	<b>31-Dec-15</b>
<i>In thousands of Naira</i>			
Staff costs (see note 24 (ii))		102,329	76,741
Depreciation		8,372	9,598
Professional fees		6,158	20,607
Auditor's remuneration		4,500	3,850
Directors' fees and sitting allowance		23,320	16,604
Interest and bank charges		6,079	787
Statutory fees and filing		21,904	3,270
Rent		8,767	9,626
Repairs and maintenance		3,327	13,074
Insurance		3,433	767
AGM expenses		4,208	-
Transportation		3,528	4,086
Industrial Training Fund levy		2,000	2,000
Telecommunication and rates		2,851	1,637
Other operating expenses		10,155	3,319
		<b>210,931</b>	<b>165,966</b>

<b>13 Investment property</b>				
<i>In thousands of Naira</i>				
Reconciliation of fair value				
	<b>Completed Investment Property</b>	<b>Investment Property Under Construction</b>		<b>Total</b>
Balance as at 01 January 2016	2,003,000	2,264,163		4,267,163
Expenditure / cost capitalised	50,110	30,075		80,185
Fair value gain/ (loss) (see note 8)	46,890	335,762		382,652
Balance as at 31 December 2016	<b>2,100,000</b>	<b>2,630,000</b>		<b>4,730,000</b>
	<b>Completed Investment Property</b>	<b>Investment Property Under Construction</b>		<b>Total</b>
Investment property				
Balance as at 01 January 2015	2,000,000	2,205,000		4,205,000
Expenditure / cost capitalised	3,000	59,163		62,163
Fair value gain/ (loss)	-	-		-
Balance as at 31 December 2015	<b>2,003,000</b>	<b>2,264,163</b>		<b>4,267,163</b>

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

- (i) The items of investment properties are valued as shown below:  
Investment properties location

<i>In thousands of Naira</i>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
Corner piece Office/Banking complex at Plot 97 Adeola Odeku/ Ahmadu Bello Way, Victoria Island Lagos.	2,100,000	2,003,000
12.81 hectares of land at Plot 332, Cadastral Zone C07, off Sunny Wale Estate Road Galadima Abuja	1,170,000	843,650
9600, square meters of land at plot 294, Cadastral Zone B04, P.O.W Mafemi Crescent Jabi District Abuja	740,000	730,000
3200 square meters fenced bare land, Block A5, plot 5,6 and 7 Olusegun Aina Street, Park View, Extension Ikoyi Lagos.	720,000	690,513
	<b>4,730,000</b>	<b>4,267,163</b>



(ii) *Measurement of fair value*

(a) 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/NIGSV/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 N4.73billion has been categorised as Level 3 based on the inputs into the valuation technique used.

(b) 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.

<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between key unobservable inputs and fair value measurement</b>
The investment method of valuation and Comparison method of valuation was employed in determining the current market value. In the investment method of valuation, the net rent expected from the lease of the subject property is capitalized with the appropriate yield. 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.	<ul style="list-style-type: none"><li>- Prices per square meter</li><li>- Rate of development in the area</li><li>- Quality of the building.</li><li>- Influx of people and/or businesses to the area</li></ul>	The estimated fair value would increase (decrease) if the rate of development in the area increases (decreases), quality of the building increases (decreases), influx of people and/or business to the area increases (decreases).

**14 Property and equipment***In thousand of Naira***31 December 2016**

	<b>Office Equipment</b>	<b>Motor Vehicles</b>	<b>Fixtures and Fittings</b>	<b>Total</b>
<b>Cost</b>				
Balance as at 1 January 2016	20,576	25,395	3,536	49,507
Acquisitions	664	18,500	-	19,164
Balance at 31 December 2016	21,239	43,895	3,536	68,670

**Depreciation and impairment**

Balance as at 1 January 2016	15,359	21,827	3,431	40,617
Depreciation charge for the year	3,094	5,259	19	8,373
Balance at 31 December 2016	18,453	27,086	3,450	48,990

**31 December 2015***In thousand of Naira*

	<b>Office Equipment</b>	<b>Motor Vehicles</b>	<b>Fixtures and Fittings</b>	<b>Total</b>
<b>Cost</b>				
Balance as at 1 January 2015	20,202	25,395	3,439	49,036
Acquisitions	374	-	97	471
Balance at 31 December 2015	20,576	25,395	3,536	49,507

**Depreciation and impairment**

Balance as at 1 January 2015	12,115	15,478	3,426	31,019
Depreciation charge for the year	3,244	6,349	5	9,598
Disposals	-	-	-	-
Balance at 31 December 2015	15,359	21,827	3,431	40,617

**Carrying amount**

At 31 December 2016	2,786	16,809	86	19,681
At 31 December 2015	5,217	3,568	105	8,890

- (i) No leased assets are included in the above property and equipment account (31 December 2015 : Nil)
- (ii) There was no impairment loss on any class of property and equipment during the year (31 December 2015 : Nil)
- (iii) There was no capitalized borrowing costs related to the acquisition of property and equipment (31 December 2015 : Nil)

**15 Trading properties**

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

*In thousands of Naira*

	<b>31-Dec-16</b>	<b>31-Dec-15</b>
Residential apartments (See (i) below)	521,500	1,689,999
Trading properties under development (See (ii) below)	314,172	330,046
	835,672	2,020,045

*In thousands of Naira*

<b>Category</b>	<b>Description</b>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
(i) Residential apartments	* This represents cost of 4 units apartments (2015: 13 units) at Mambilla Estate, Osborne Foreshore Phase I, Ikoyi, Lagos.	521,500	1,689,999
(ii) Trading properties under development	* This represents cost incurred to date on construction of residential apartments on a 3,155 square meters of land at No 13 Ilabere, Ikoyi Avenue Ikoyi Lagos.	314,172	310,700
	* This represents cost incurred to date on construction of residential apartments on a 461 square meters of land at No 14, Ogedengbe Street, Apapa, Lagos.	-	19,346
Total trading properties under development		314,172	330,046
		835,672	2,020,045

<i>In thousands of Naira</i>	<b>Completed</b>	<b>Under Construction</b>	<b>Total</b>
As at 1 January 2016	1,689,999	330,046	2,020,045
Additions	-	4,569	4,569
Disposals	(1,116,885)	-	(1,116,885)
Write down	(51,614)	(20,443)	(72,057)
As at 31 December 2016	521,500	314,172	835,672

<i>In thousands of Naira</i>	<b>Completed</b>	<b>Under Construction</b>	<b>Total</b>
As at 1 January 2015	1,843,131	325,295	2,168,426
Additions	896	4,751	5,647
Disposals	(139,762)	-	(139,762)
Write down	(14,266)	-	(14,266)
As at 31 December 2015	1,689,999	330,046	2,020,045

UBN Property Company Plc has joint operations with Union Bank of Nigeria Plc. With respect to this, the Company signed a Memorandum of Understanding (MOU) detailing the guiding principles. The joint operation is on trading properties located at Ilabere. The carrying value of these properties as at 31 December 2016 was N314.17m, (2015: N330.05m). The terms of the agreement are as follows;

- The value of the land shall represent the equity contribution for the Bank;
- The cost of putting the building together and any statutory payments required by law shall form the equity contribution of UPCP
- UPCP would market the properties developed after due consultation with the Bank;
- The prices would be determined by the property market situation which would be agreed;
- The minimum deposit to be paid by each prospective purchaser shall be on a case by case basis approved per project;
- All deposits and payments made in respect of the properties are to be lodged into a designated project account with the Union Bank Plc under the joint signatories of the approval personnel of the parties pending the delivery of the housing units or the serviced plots of land;
- When UPCP is the Project Manager, Consultant, Quantity Surveyor, Structural, Electrical/Mechanical Engineer, they shall be entitled to appropriate professional fees based on a pre approved scale by both parties;
- Each project shall have an agreed time frame for completion.

## 16 Investment securities

### (i) Held to Maturity Investment Securities

<i>In thousands of Naira</i>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
Federal Government of Nigeria Treasury bills	2,870,544	-

## 17 Trade and other receivables

<i>In thousands of Naira</i>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
<i>Trade and other receivables comprise:</i>		
<b>Financial assets:</b>		
Debtors	73,451	2,875
Due from related companies	-	-
Staff debtors	1,040	550
Receivables from CDL Asset Management Limited ( <i>see note (i) below</i> )	1,042,512	1,062,512
Reclassified from investment property ( <i>see note (ii) below</i> )	128,706	127,277
<i>Total - financial assets</i>	<i>1,245,709</i>	<i>1,193,214</i>
<b>Non-financial assets:</b>		
Prepayments	12,750	8,449
Withholding tax receivable	59,432	60,860
<i>Total - non financial assets</i>	<i>72,182</i>	<i>69,309</i>
Gross trade and other receivables	1,317,891	1,262,523
Less: Impairment allowance on other assets ( <i>see note (iii) below</i> )	(1,190,564)	(1,202,235)
	127,327	60,288

(i) The receivable from CDL Asset Management Limited represents UBN Property Company Plc outstanding fixed deposit with CDL Asset Management. The movement in this receivable represents recoverables during the year.

(ii) This amount represents the sum paid to the Ministry of Lagos State Waterfront for the allocation of a reclaimed land to the Company, which was reclassified from investment property because the Company may be required to make additional payment to the Ministry of Lands to obtain legal title to the land.

(iii) The movement in impairment allowance on other assets was as follows:

<i>In thousands of Naira</i>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
Balance, beginning of year	1,202,235	1,189,789
Charge for the year	20,775	12,446
Write off	-	-
Allowance no longer required	(32,446)	-
Balance, end of year	1,190,564	1,202,235

### (iv) Assets impaired

<i>In thousands of Naira</i>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
Receivables from CDL Asset Management Limited	1,042,512	1,062,512
Debtors	19,346	-
WHT receivable	-	12,446
Reclassified from other investment property	128,706	127,277
	1,190,564	1,202,235

The recoverability of these amounts are in doubt; therefore the balance has been fully impaired.

## 18 Cash and cash equivalents

<i>In thousands of Naira</i>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
<i>Cash and cash equivalents comprise:</i>		
Cash and bank balances	14,506	42,376
Money market placements	1,476,425	3,510,217
Cash and cash equivalents ( <i>statement of financial position</i> )	1,490,931	3,552,593
Interest receivable on placements	(27,631)	(68,572)
Cash and cash equivalents for cash flow purposes*	1,463,300	3,484,021

## 19 Trade and other payables

<i>In thousand of Naira</i>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
<i>Trade and other payables comprise:</i>		
<b>Financial liabilities:</b>		
Deposits for properties	239,209	235,700
Accrued expenses	169,719	163,373
Due to related companies (see note (a) below)	501,934	625,408
Trade payables	196,895	125,151
Dividend payable	698,389	-
Other liabilities and payables	159,249	160,354
Total - financial liabilities	1,965,395	1,309,986
<b>Non-financial liabilities:</b>		
Withholding tax and VAT payable	132,452	140,613
Deferred rental income	13,723	59,823
Total - non financial liabilities	146,175	200,436
Total - trade and other payables	2,111,570	1,510,422

(a) Amount due to related companies includes N422.2million (2015: N305.7million) which are funds received on behalf of Union Bank of Nigeria Plc for properties managed or sold by UBN Property Company Plc.

## 20 Statement of cashflow workings

### (i) Increase in provision for gratuity recognised in the profit or loss

<i>In thousand of Naira</i>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
Service cost ( <i>see note 21(i)</i> )	4,467	3,641
Interest cost ( <i>see note 21(i)</i> )	3,316	4,332
Net periodic benefit expense/ ( <i>income</i> ) ( <i>see note 21(ii)</i> )	1,302	583
	9,085	8,556

### (ii) Changes in trade and other receivables

<i>In thousand of Naira</i>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
Balance at the beginning of the year	60,288	1,126,050
( <i>Writeback</i> ) / Impairment on trading properties ( <i>see note 11</i> )	(11,671)	12,446
Cash inflow / ( <i>outflow</i> )	55,368	(1,065,762)
Balance at the end of the year	127,327	60,288

**(iii) Changes in trade and other payables**

<i>In thousand of Naira</i>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
Balance at the beginning of the year	1,510,422	1,150,369
Dividend payable (see note 19)	698,389	-
VAT paid	(8,161)	-
Cash inflow / (outflow)	(89,080)	360,052
Balance at the end of the year	2,111,570	1,510,422

**(iv) Changes in investment securities**

<i>In thousand of Naira</i>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
Balance at the beginning of the year	-	-
Earned discount on outstanding treasury bills	170,507	-
Purchase of investment securities ( <i>cash outflow</i> )	2,700,037	-
Balance at the end of the year	2,870,544	-

**(v) Investment income received**

<i>In thousand of Naira</i>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
Interest income on current year placements ( <i>see note 9</i> )	216,033	367,105
Interest inflow on prior year placements	68,572	-
Interest receivable on placements ( <i>see note 19</i> )	(27,631)	(68,572)
Cash inflow	256,974	298,533

**(vi) Dividend paid**

<i>In thousand of Naira</i>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
Dividend for the year (see Statement of changes in equity)	1,012,755	-
Dividend payable (see note 19)	698,389	-
Cash outflow	(314,366)	-

**21 Employee benefits**

<i>In thousand of Naira</i>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
Defined benefit obligation ( <i>see (i) below</i> )	43,203	29,769
Long service award ( <i>see (ii) below</i> )	4,037	2,735
	47,240	32,504

- (i) Defined benefit obligation  
 "The Company operates a defined benefit scheme where qualifying employees receive a lump sum payment based on the number of years served and gross salary in the year of retirement.

The actuarial valuation of the Company's gratuity liability as at 31 December 2016 was carried out by HR Nigeria Limited (*Consultants & Actuaries (FRC/NAS/00000000738)*). The valuation was done using the Projected Unit Cost Method."

The basis of determining the benefit due to an employee is as stated below:

- (a) 5 years of service: 70% of gross annual emolument on the year of exit.  
 (b) 6 years to 9 years of service: base of 70% of gross annual emolument and an additional 5% for each extra year after the 5th year.  
 (c) 10 years of service and above: base of 125% of gross annual emolument and an additional 10% for each extra year after the 10th year.

The movement in the liability is as shown below:

<i>In thousand of Naira</i>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
Balance at the beginning of the year	29,769	29,156
Service cost	4,467	3,641
Interest cost	3,316	4,332
Less: Benefits paid by the employer	(4,687)	-
Actuarial gains	10,338	(7,360)
	<b>43,203</b>	<b>29,769</b>

The principal actuarial assumptions used were as follows:

	<b>31-Dec-16</b>	<b>31-Dec-15</b>
Discount rate		
Inflation rate	16%	12%
Future salary increase	12%	9%
Average liability duration	13%	10%
	8.34 years	8.78 years

(ii) Long service award

The Company operates a long service award benefits and provides qualifying employees with a flat cash reward with Ex-Gratia (*expressed as a proportion of basic salary*).

The movement in the liability is as shown below:

<i>In thousand of Naira</i>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
Balance at the beginning of the year	2,735	2,453
Payment	-	(301)
Net periodic benefit expense	1,302	583
	<b>4,037</b>	<b>2,735</b>

The principal actuarial assumptions used were as follows:

	<b>31-Dec-16</b>	<b>31-Dec-15</b>
Discount rate		
Inflation rate	16%	12%
Future salary increase	12%	9%
Average liability duration	13%	10%
	6.23 years	7.36 years

## 22 Taxation

(i) *Current tax expense*

<i>In thousand of Naira</i>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
Minimum tax	39,459	40,921
Tertiary education tax	759	6,934
Deferred tax expense	48,231	98,645
Income tax expense	48,990	105,579
Total tax expense	<b>88,449</b>	<b>146,500</b>



## (ii) Reconciliation of effective tax rate

<i>In thousand of Naira</i>		<b>31-Dec-16</b>		<b>31-Dec-15</b>	
Profit/ (loss) before tax		592,875		316,387	
Tax credit using the Company's domestic tax rate	30%	177,863	30%	94,916	
Non-deductible expenses	0%	2,415	1%	3,729	
Non-taxable income	-22%	(132,046)	0%	-	
Minimum tax	7%	39,459	13%	40,921	
Tertiary education tax	0%	759	2%	6,934	
	15%	88,450	46%	146,500	

## (iii) Current income tax payable

<i>In thousand of Naira</i>		<b>31-Dec-16</b>		<b>31-Dec-15</b>	
Balance, beginning of the year		145,124		97,269	
Charge for the year		40,218		47,855	
Payments during the year		(20,490)		-	
Balance, at the end of year		164,852		145,124	

## 23 Deferred tax assets and 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:

<b>2016</b>	<b>Movement in deferred tax</b>	<b>Balance as 1 January</b>	<b>Recognised in profit or loss</b>	<b>Recognised in</b>	<b>Balance as at 31 December</b>
				<b>other comprehensive income</b>	
	Property, plant and equipment	(17,987)	(220)	-	(18,207)
	Provision for gratuity	(8,932)	(928)	(3,101)	(12,961)
	Long service award	(820)	(391)	-	(1,211)
	Unrelieved losses	(31,746)	11,505	-	(20,241)
	Investment properties	164,984	38,265	-	203,249
		105,499	48,231	(3,101)	150,629

<b>2015</b>	<b>Movement in deferred tax</b>	<b>Balance as 1 January</b>	<b>Recognised in profit or loss</b>	<b>Recognised in</b>	<b>Balance as at 31 December</b>
				<b>other comprehensive income</b>	
	Property, plant and equipment	(15,096)	(2,891)	-	(17,987)
	Provision for gratuity	(8,747)	(2,393)	2,208	(8,932)
	Long service award	(736)	(84)	-	(820)
	Unrelieved losses	(135,759)	104,013	-	(31,746)
	Investment properties	164,984	-	-	164,984
		4,646	98,645	2,208	105,499

(i) Deferred tax assets and liabilities are attributable to the following:

<i>In thousand of Naira</i>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
Assets:		
Property, plant and equipment	18,207	17,987
Provision for gratuity	12,961	8,932
Long service award	1,211	820
Unrelieved losses	20,241	31,746
Deferred tax assets	52,620	59,485
Liabilities:		
Investment properties	(203,249)	(164,984)
Deferred tax liabilities	(203,249)	(164,984)
Net Deferred tax(liabilities)/assets	(150,629)	(105,499)

## 24 Particulars of directors and employees

<i>In thousands of Naira</i>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
i) Directors' remuneration		
Fees and sitting allowances	2,320	1,780
Executive compensation	21,000	14,824
	23,320	16,604

Fees and other emoluments disclosed above include amounts paid to:

The chairman	-	-
The highest paid director	21,000	14,824

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

N650,000 - N1,000,000	2	2
N1,000,000 - N2,000,000	-	-
Above 2,000,000	-	-
	2	2

### ii) *Staff numbers and costs*

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

	<b>31-Dec-16</b>	<b>31-Dec-15</b>
N900,001 - N1,400,000	-	-
N1,400,000 and above	17	14
	17	14

<i>In thousand of Naira</i>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
Compensation for staff :		
Salaries and wages	78,904	57,808
Other staff cost	4,415	2,999
Retirement benefits:		
- Gratuity and long service award	9,085	8,556
- Pension cost	9,925	7,378
	102,329	76,741

## 25 Capital and reserves

### (i) Share capital

<i>in thousands of naira</i>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
(a) Authorised: 6,000,000,000 units of Ordinary shares of =N=1 each (2015: 6,000,000,000 units)	6,000,000	6,000,000
(b) Issued and fully-paid: 5,626,416,051 Ordinary shares of =N=1 each (2015: 5,626,416,051 ordinary shares of =N= 1 each)	5,626,416	5,626,416

### (ii) Share premium

<i>in thousands of naira</i>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
Balance, beginning of year	1,092,822	1,092,822
Balance, end of year	1,092,822	1,092,822

- (iii) Fair value reserve: The fair value reserve comprises the net cumulative change in fair value of available-for-sale investments until the investment is derecognised or impaired, and the remeasurement of employee retirement benefit recognised in the other comprehensive income.

## 26 Earnings per share

### (i) *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.

	<b>31-Dec-16</b>	<b>31-Dec-15</b>
Profit/ (loss) attributable to shareholders of the Company (N'000)	504,426	169,887
Weighted average number of ordinary shares in issue (N'000)	5,626,416	5,626,416
Basic earnings/ (loss) per share (kobo)	9	3

### (ii) *Diluted earnings per share*

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

## 27 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. The details of related-party transactions, outstanding balances at the year-end were as follows:

### (i) *Parent and ultimate controlling company*

The Company is a subsidiary of Union Bank of Nigeria Plc. There are other companies that are related to UBN Property Company Plc through common shareholdings.

### (ii) *Transactions with key management personnel*

The Company's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key

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

*Key management personnel compensation for the year comprises:*

	<b>31-Dec-16</b>	<b>31-Dec-15</b>
Directors' remuneration	N million	N million
Fees and allowances	2,320	1,780
Executive compensation	21,000	14,824
	<b>23,320</b>	<b>16,604</b>

(iii) Other related party transactions

Year end balances arising from related party transactions were as follows:

<i>In thousand of Naira</i>	<b>Dec. 2016</b>	<b>Dec. 2015</b>
(a) Bank Balances		
Placement with Union Bank of Nigeria Plc	1,476,425	3,510,217
Bank balance with Union Bank of Nigeria Plc	14,506	33,734
	<b>1,490,931</b>	<b>3,543,951</b>
(b) Payables to related parties		
Union Bank of Nigeria Plc (see note 19(a))	501,934	625,408
Dividend payable to Union Bank of Nigeria Plc	395,100	-
	<b>897,034</b>	<b>625,408</b>

<i>In thousand of Naira</i>	<b>Dec. 2016</b>	<b>Dec. 2015</b>
(c) Income from related parties:		
Professional fees-Project management fee	-	4,383
Management fee from Union Bank of Nigeria Plc	15,255	21,401
Rental income from Union Bank of Nigeria Plc	17,220	28,521
Interest income from deposits with Union Bank of Nigeria Plc	216,033	367,105
	<b>248,508</b>	<b>421,410</b>

## 28 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.

(i) The Company is a defendant in five (5) suits. The claimants' claims are for the sum of N755million. 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 five (5) suits against the Company, two (2) were brought against the Company by some of its minority shareholders with respect to the private placement done by the Company in 2006. Hence, the directors of the Company have suspended the divestment process until such time as the pending litigations are resolved. This matter is not expected to have any significant impact on the entity.

(ii) Summary of Claims Pending against UBN Property Company Plc with regard to its Private Placement Exercise:

- a). FHC/L/CP/778/2014 - Mr. Olumide Ogundero vs. UBN Property Company Limited, Corporate Affairs Commission & Union Bank of Nigeria Plc This petition was filed by Mr. Olumide Ogundero, a shareholder against **Union Bank of Nigeria Plc** ("Union Bank"), the Company and the Corporate Affairs Commission ("CAC"). The petitioner is requesting the Court to make orders directing the CAC to investigate the affairs of the Company, in respect of the private placement conducted in 2006 and to determine the validity of the shares held by Union Bank and its subsidiaries in the Company after the private placement. The petitioner is also seeking an order of interlocutory injunction restraining Union Bank from proceeding with its divestment from the Company pending the conclusion of the CAC's investigation. No adjustments have been included in the financial statements as the case was still pending in court as at the financial year end."
- b). FHC/L/CP/127/2016 - Marcel Eze & Anor vs. UBN Property Company Ltd & Anor. This petition was filed by Marcel Eze and Oliritz Nigeria Limited ("Oliritz") as **petitioners** against the Company and Union Bank of Nigeria Plc ("Union Bank"), claiming various declarations and orders arising from alleged oppressive and prejudicial conduct by the Company and Union Bank. The orders sought include a request for a perpetual injunction and an order compelling the defendants to render an account of the application of proceeds of the private placement undertaken by the Company. The monetary claims being sought are in the total sum of N752,000,000.00, being interest allegedly paid to Union Bank in 2009, 2012 and 2013 and N600,000,000.00 as compensation for loss of earnings suffered on their investment in the Company. No adjustments have been included in the financial statements as the case was still pending in court as at the financial year end."

## 29 Capital commitments

The Company had no outstanding capital commitments (2015: Nil ) as at the reporting date.

Other  
National  
Disclosures

## VALUE ADDED STATEMENT

For the year ended 31 December 2016

<i>In thousand of Naira</i>	<b>31-Dec-16</b>	<b>%</b>	<b>31-Dec-15</b>	<b>%</b>
Gross earnings	1,960,635		648,827	
Bought-in-materials and services				
-Local	(1,268,730)		(218,831)	
-Foreign	-		-	
Impairment writeback/loss on assets	11,671		(12,446)	
<b>Value added</b>	<b>703,576</b>	<b>100</b>	<b>417,550</b>	<b>100</b>
<b>Distribution of value added:</b>				
<b>To employees</b>				
Salaries, wages and benefits	102,329	15%	91,565	22%
<b>To government</b>				
Taxation	88,449	13%	146,500	35%
<b>Retained in the business:</b>				
Depreciation	8,372	1%	9,598	2%
Profit for the year	504,426	72%	169,887	41%
	<b>703,576</b>	<b>100%</b>	<b>417,550</b>	<b>100%</b>



## FINANCIAL SUMMARY

For the year ended 31 December 2016

In thousand of Naira	31 Dec 2016	31 Dec 2015	31 Dec 2014	31 Dec 2013	31 Dec 2012
<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>					
Total Income	592,875	648,827	1,180,783	2,172,492	1,768,472
Profit/(loss) before taxation	592,875	316,387	(393,907)	298,616	216,680
Taxation	(88,449)	(146,500)	(41,836)	-	2,212
Profit/(loss) after taxation	504,426	169,887	(435,743)	298,616	218,892
Other comprehensive income/(loss)	(7,237)	5,152	(275,391)	285,818	-
Total other comprehensive income/(loss)	497,189	175,039	(711,134)	584,434	218,892
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>Non-current assets</b>					
Property and equipment	19,681	8,890	18,017	21,987	26,185
Investment properties	4,730,000	4,267,163	4,205,000	4,485,000	3,803,870
Investment securities	-	-	-	1,085,818	800,000
	4,749,681	4,276,053	4,223,017	5,592,805	4,630,055
<b>Current assets</b>					
Trading properties	835,672	2,020,045	2,169,855	2,816,530	4,272,020
Investment securities	2,870,544	-	-	-	-
Trade and other receivables	127,327	60,288	1,069,923	77,934	108,209
Cash and cash equivalents	1,490,931	3,552,593	1,761,489	1,458,359	1,765,966
	-	-	-	-	-
	5,324,474	5,632,926	5,001,267	4,352,823	6,146,195
<b>Current liabilities</b>					
Bank overdraft	-	-	-	-	1,906
Trade and other payables	2,111,570	1,510,422	1,150,369	879,474	2,297,828
Current income tax payable	164,852	145,124	97,269	56,637	56,637
	2,276,422	1,655,546	1,247,638	936,111	2,356,371
<b>Net current assets</b>	3,048,052	3,977,380	3,753,629	3,416,712	3,789,824
<b>Total assets less current liabilities</b>	7,797,733	8,253,433	7,976,646	9,009,517	8,419,879
<b>Non-current liabilities</b>					
Employee retirement benefits	47,240	32,504	31,609	45,097	39,893
Deferred tax liabilities	150,629	105,499	4,646	503	503
	197,869	138,003	36,255	45,600	40,396
<b>Net assets</b>	7,599,864	8,115,430	7,940,391	8,963,917	8,379,483
<b>Capital &amp; reserves</b>					
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
Fair value reserve	5,214	12,451	10,427	285,818	-
Retained earnings	875,412	1,383,741	1,210,726	1,958,861	1,660,245
Shareholders' funds	7,599,864	8,115,430	7,940,391	8,963,917	8,379,483

**Affix  
Current  
Passport Photograph**

**E-DIVIDEND MANDATE ACTIVATION FORM**

**Only Clearing Banks are acceptable**

**Instruction**

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

The Registrar

**GTL REGISTRARS LIMITED**

274 Murtala Muhammed Way, Yaba, Lagos

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

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

**Shareholder Account Information**

Surname/Company Name	First Name	Other Names
<input type="text"/>	<input type="text"/>	<input type="text"/>

**Address**

City	State	Country
<input type="text"/>	<input type="text"/>	<input type="text"/>

**Previous Address (if any)**

**CSCS Clearing House Number**

**Mobile Number 1**

**Mobile Number 2**

**Email Address**

**Shareholder's Signature**

**Company Seal (If applicable)**

**2<sup>nd</sup> Signatory (Joint/Company Accounts)**

Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification: +234-(0)1-2917747, +234-(0)1-2793160-2.

Tick	Company Name	Shareholders Account No.
<input type="checkbox"/>	11 PLC	
<input type="checkbox"/>	Abplast Products PLC	
<input type="checkbox"/>	Aluminium Extrusion PLC	
<input type="checkbox"/>	Cashew Nut Processing Industries PLC	
<input type="checkbox"/>	Chellarams PLC	
<input type="checkbox"/>	Christlieb PLC	
<input type="checkbox"/>	DANA Group of Companies PLC Series 1 & 2	
<input type="checkbox"/>	DN Tyre & Rubber PLC	
<input type="checkbox"/>	Ecobank Transnational Incorporated (Naira)	
<input type="checkbox"/>	Ecobank Transnational Incorporated (USD)	
<input type="checkbox"/>	Ekiti State Bond Tranche 1 & 2	
<input type="checkbox"/>	EKOCORP PLC	
<input type="checkbox"/>	Ensure Insurance (erstwhile Union Assurance Company Limited)	
<input type="checkbox"/>	Eterna PLC	
<input type="checkbox"/>	FAN Milk PLC	
<input type="checkbox"/>	General Telecoms PLC	
<input type="checkbox"/>	GlaxoSmithKline Nigeria PLC	
<input type="checkbox"/>	Global Biofuel Nigeria Limited	
<input type="checkbox"/>	Great Nigeria Insurance PLC	
<input type="checkbox"/>	Ikeja Hotels PLC	
<input type="checkbox"/>	Impresit Bakolori PLC	
<input type="checkbox"/>	Industrial & General Insurance PLC	
<input type="checkbox"/>	IPWA PLC	
<input type="checkbox"/>	John Holts PLC	
<input type="checkbox"/>	Julius Berger Nigeria PLC	
<input type="checkbox"/>	Kajola Integrated & Investment Company PLC	
<input type="checkbox"/>	Lennard Nigeria PLC	
<input type="checkbox"/>	Local Contractors Receivables Bond Tranche 1, 2 & 3	
<input type="checkbox"/>	Meyer PLC	
<input type="checkbox"/>	Nestle Nigeria PLC	
<input type="checkbox"/>	Nigeria Cement Company PLC	
<input type="checkbox"/>	Nigeria Reinsurance	
<input type="checkbox"/>	Nigerian Enamelware Company PLC	
<input type="checkbox"/>	Nigerian Lamp & Industries	
<input type="checkbox"/>	Nigerian Wire & Cable PLC	
<input type="checkbox"/>	Okitipupa Oil Palm PLC	
<input type="checkbox"/>	Oluwa Glass Company	
<input type="checkbox"/>	Seven-Up Bottling Company PLC	
<input type="checkbox"/>	The Tourist Company of Nigeria PLC	
<input type="checkbox"/>	Tripple Gee & Company PLC	
<input type="checkbox"/>	UBA Fixed N20 Billion Bond Series 1 Bond	
<input type="checkbox"/>	UBN Property Company PLC	
<input type="checkbox"/>	Unilever Nigeria PLC	
<input type="checkbox"/>	Union Bank of Nigeria PLC	
<input type="checkbox"/>	Union Homes REITS	
<input type="checkbox"/>	Union Homes Savings & Loans PLC	
<input type="checkbox"/>	University Press PLC	
<input type="checkbox"/>	WEMA Bank PLC	

# PROXY FORM

## UBN PROPERTY COMPANY PLC - SEVENTH ANNUAL GENERAL MEETING

<p>I/We</p> <div style="border: 1px solid black; width: 150px; height: 50px; margin: 5px 0;"></div> <p>Being a member/members of UBN PROPERTY COMPANY PLC hereby appoint .....or failing him/her MR. EMEKA EMUWA or failing him MR. TOSIN OSIKOYA to be my/our proxy, to act and vote for me/us and on my/our behalf at the Seventh Annual General Meeting of the Company to be held in The Auditorium, Stallion Plaza (9th Floor), 36 Marina, Lagos on Thursday 21st September, 2017 at 11.00 a.m. and at any adjournment thereof in such manner as such Proxy shall think proper and if expedient, to demand a poll.</p> <p>As witness my/our hands this ..... day of .....2017</p> <p>Signed:</p> <p>.....</p> <p><b>NOTE:</b> A member entitled to attend and vote at the Seventh Annual General Meeting is entitled to appoint a proxy in its, his or her stead. All proxy forms should be deposited at the office of The Registrar, GTL Registrars Limited, 274 Murtala Muhammed Way, Yaba, Lagos not less than 48 hours before the time scheduled for holding the meeting. A proxy need not be a member of the Company.</p> <p>In the case of joint shareholders, any one of such may complete the form but the name of all joint shareholders must be stated.</p> <p>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.</p> <p>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.</p>	<p>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)</p>	<b>ORDINARY BUSINESS</b>		<b>FOR</b>	<b>AGAINST</b>
		<b>ORDINARY RESOLUTIONS:</b>			
		1.	To receive and adopt the Company's Audited Financial Statements for the financial year ended 31st December 2016 together with the reports of the Directors, Auditor and Statutory Audit Committee thereon.		
		2.	To approve the interim dividend declared for the financial year ended 31st December 2016.		
		3.	To elect/re-elect Directors.		
		4.	To authorise the Directors to fix the remuneration of the Auditor.		
		5.	To elect members of the Statutory Audit Committee.		
		<b>SPECIAL BUSINESS</b>			
		<b>ORDINARY RESOLUTION:</b>			
		To consider and if thought fit pass the following as an ordinary resolution:			
1.	To approve the remuneration of the Directors for the financial year ending 31st December, 2017.				

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 - SEVENTH ANNUAL GENERAL MEETING

PLEASE ADMIT ONLY THE SHAREHOLDER NAMED ON THIS CARD OR A DULY APPOINTED PROXY TO THE SEVENTH ANNUAL GENERAL MEETING HELD IN THE AUDITORIUM, STALLION PLAZA (9TH FLOOR), 36 MARINA, LAGOS ON THURSDAY 21ST SEPTEMBER, 2017 AT 11.00 A.M.

NAME OF SHAREHOLDER/PROXY.....SIGNATURE.....

ADDRESS.....

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



**UBN PROPERTY COMPANY PLC**  
3rd Floor, Stallion Plaza, 36 Marina, Lagos  
P.O.Box 3412 Marina, Lagos, Nigeria.  
**Tel:** 01-9032180-89  
**E-mail:** [ubnonline@unionbankng.com](mailto:ubnonline@unionbankng.com)  
**Website:** [www.ubnproperty.com](http://www.ubnproperty.com)