



**UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 SEPTEMBER 2020**

uacn property development company plc RC.321582

uac house: 1 – 5 odunlami street, p.o. box 156 lagos, nigeria.

e-mail: careline@updcplc.com, care line: +234 1 7389363, website: www.updcplc.com

Directors: B. Kasali (Chairman), F. B. Aiyesimoju (CEO), D. Nicol-Omeruah (Mrs.) (Deputy CEO), F. Fadahunsi (Mrs) (CFO), A.O. Awojobi, Prof O. A. Ansa, A. Ajumogobia (Mrs), K. Osilaja.

TABLE OF CONTENT

PAGE

Consolidated statement of comprehensive income

1

Consolidated statement of financial position

2

Consolidated statement of changes in equity

3

Consolidated statement of cash flows

4

Notes to the consolidated financial statements

5

Shareholding Structure/Free Float Status

17

UACN Property Development Company Plc
Unaudited Financial Statements
For the Period Ended 30 September 2020

**Consolidated Statement of Profit or Loss and Other
Comprehensive Income for the period ended 30 September 2020**

		The Group			
		3 months ended 30 Sept. '20 N'000	9 months ended 30 Sept. '20 N'000	3 months ended 30 Sept. '19 N'000	9 months ended 30 Sept. '19 N'000
	Notes				
Revenue	3	218,517	458,258	402,086	1,894,515
Cost of sales	5	(180,033)	(350,318)	(353,387)	(1,514,355)
Gross profit/(loss)		38,484	107,940	48,699	380,160
Loss on disposal of investment properties	12	(28,375)	(43,375)	(11,319)	(115,150)
Selling and distribution expenses	5	(31,969)	(44,111)	(23,285)	(70,787)
Administrative expenses	5	(336,649)	(503,297)	(358,799)	(602,074)
Other operating income	4	19,233	104,120	6,158	23,837
Other project losses/expenses		-	-	(1,848)	(1,848)
Operating profit/(loss)		(339,276)	(378,723)	(340,394)	(385,862)
Finance income	6	3,050	3,051	2,744	3,381
Finance cost	6	(563,032)	(1,304,261)	(640,080)	(2,212,251)
Net finance cost		(559,982)	(1,301,210)	(637,336)	(2,208,870)
Share of profit of associates		-	-	-	584,617
Share of profit of Joint Ventures		-	-	303	303
Guarantee on First Festival Mall loan	4 (i)	(775,920)	(775,920)	-	-
Loss before impairment		(1,675,178)	(2,455,853)	(977,427)	(2,009,812)
Impairment/(Reversal of Impairment) of receivable in JVs	6 (1)	-	-	185,927	185,927
Loss before taxation		(1,675,178)	(2,455,853)	(791,500)	(1,823,885)
Taxation	7	(61,567)	(62,454)	(1,947)	(122,921)
Loss from continuing operations		(1,736,745)	(2,518,307)	(793,447)	(1,946,806)
Discontinued operations					
Loss from discontinued operations	25	(61,879)	(114,752)	(16,069)	(142,950)
Impairment of assets of disposal group held for sale	25 (i)	1,071,795	(742,012)	(12,561,646)	(12,561,646)
Loss for the period		(1,798,624)	(3,375,071)	(13,371,162)	(14,651,402)
Loss attributable to:					
Equity holders of the parent		(1,795,344)	(3,368,989)	(13,370,759)	(14,643,826)
Non controlling interest		(3,280)	(6,082)	(403)	(7,576)
Total Loss		(1,798,624)	(3,375,071)	(13,371,162)	(14,651,402)
Total comprehensive loss attributable to:					
Equity holders of the parent		(1,795,344)	(3,368,989)	(13,370,759)	(14,643,826)
Non controlling interests		(3,280)	(6,082)	(403)	(7,576)
Total comprehensive loss		(1,798,624)	(3,375,071)	(13,371,162)	(14,651,402)
Earnings per share for loss attributable to the equity holders of the group:					
Basic Loss Per Share (Kobo)					
From continuing operations	9	(14)	(28)	(514)	(563)
From discontinued operations	9	(1)	(1)	(1)	(6)
From loss for the period		(15)	(29)	(515)	(569)
Diluted Loss Per Share (Kobo)					
From continuing operations	9	(14)	(28)	(514)	(563)
From discontinued operations	9	(1)	(1)	(1)	(6)
From loss for the period		(15)	(29)	(515)	(569)

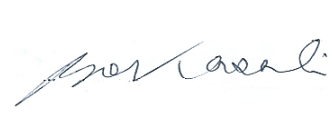
The summary of significant accounting policies and notes on pages 5 to 18 are an integral part of these financial statements.

UACN Property Development Company Plc
Unaudited Financial Statements
For the Period Ended 30 September 2020


Consolidated Statement of Financial Position
As at 30 September 2020

	Notes	The Group	
		30 Sept. 2020	31 Dec. 2019
		N'000	N'000
Assets			
Non-current assets			
Property, plant and equipment	9	33,428	22,852
Intangible assets	10	7,230	13,517
Investment properties	11	2,020,050	2,381,502
Investments in joint ventures	12	129,589	129,589
Investments in associates	13	-	-
Equity instrument at fair value through other	14	-	-
Investments in subsidiaries	15	-	-
		2,190,297	2,547,460
Current assets			
Inventories	16	5,582,168	5,721,126
Trade and other receivables	17	3,760,805	4,156,361
Cash at bank and in hand	18	942,889	1,261,622
		10,285,862	11,139,109
Assets of disposal group classified as held for sale/distribution to owners	25 (ii)	14,455,010	15,249,451
Total assets		26,931,169	28,936,020
Equity			
Share capital		9,279,985	1,299,198
Share premium		13,663,388	6,065,397
Revenue Reserve		(8,383,464)	(5,014,474)
Equity attributable to equity holders of the Company		14,559,909	2,350,121
Non controlling interest		(184,370)	(178,288)
Total equity		14,375,539	2,171,833
Liabilities			
Non-current liabilities			
Interest bearing Loans and Borrowings	19	4,267,298	4,263,957
Deferred taxation liabilities		72,537	72,537
Deferred revenue	21	3,560	4,736
		4,343,395	4,341,230
Current liabilities			
Trade and other payables	20	5,382,054	4,510,908
Current income tax liabilities		67,118	115,522
Interest bearing Loans and Borrowings	19	1,452,607	16,543,214
Dividend Payable		325,549	339,920
Deferred revenue	21	125,577	110,767
		7,352,905	21,620,331
Liabilities of disposal group classified as held for sale/distribution to owners	25	859,330	802,626
Total liabilities		12,555,630	26,764,187
Total equity and liabilities		26,931,169	28,936,020

The unaudited financial statements on pages 1 to 4 were approved and authorised for issue by the board of directors on 13 October 2020 and were signed on its behalf by:


 Babatunde Kasali
 Chairman
 FRC/2017/ICAN/00000016973


 Folasope Aiyesimaju
 Chief Executive Officer
 FRC/2019/IODN/00000019806


 Folakemi Fadahunsi
 Chief Financial Officer
 FRC/2018/ICAN/00000018017

The summary of significant accounting policies and notes on pages 5 to 18 are an integral part of these financial statements.

UACN Property Development Company Plc
Unaudited Financial Statements
For the Period Ended 30 September 2020

Consolidated Statement of Changes in Equity
For the Period Ended 30 September 2020

The Group
Attributable to owners of the Company

	Share Capital N'000	Share Premium N'000	Revenue Reserve N'000	Fair value reserve of financial assets at N'000	Total N'000	Non Controlling interest N'000	Total N'000
Balance at 1 January 2019	1,299,198	6,065,397	10,853,283	7,729	18,225,607	(170,700)	18,054,907
Loss for the period	-	-	(14,643,826)		(14,643,826)	(7,576)	(14,651,402)
Balance at 30 September 2019	1,299,198	6,065,397	(3,790,543)	7,729	3,581,781	(178,276)	3,403,505
Balance at 1 January 2020	1,299,198	6,065,397	(5,014,474)	-	2,350,121	(178,288)	2,171,833
Right Issue	7,980,787	7,597,991	-	-	15,578,778	-	15,578,778
Loss for the period	-	-	(3,368,989)	-	(3,368,989)	(6,082)	(3,375,071)
Balance at 30 September 2020	9,279,985	13,663,388	(8,383,464)	-	14,559,909	(184,370)	14,375,539

The summary of significant accounting policies and notes on pages 5 to 18 are an integral part of these financial statements.

Consolidated Statement of Cash Flows
For the Period Ended 30 September 2020

	The Group	
	2020 September N'000	2019 September N'000
Cash flow from operating activities (Note 22)	330,965	15,837,360
Company Income Tax paid	-	(61,073)
Capital Gains Tax Paid	(89,396)	(482,368)
VAT paid	(66,373)	(148,296)
Net Cash inflow from operating activities	175,196	15,145,623
Cash flow from investing activities		
Proceeds from sale of investment property	321,452	1,604,559
Purchase of property, plant & equipment	(31,741)	(1,655)
Purchase of intangible asset	(3,238)	-
Proceeds from sale of property, plant and equipment	19,567	10,155
Interest received	3,051	3,381
Net cash flow from investing activities	309,091	1,616,440
Cash flow from financing activities		
Proceed from right issue	210,033	-
Transaction costs on right issue	(374,024)	-
Proceeds from borrowings - Note 19 (ii)	-	-
Repayment of borrowings - Note 19 (ii)	-	(14,288,474)
Interest paid	(639,986)	(2,212,251)
Net cash flow from financing activities	(803,977)	(16,500,725)
Net increase/(decrease) in cash and cash equivalents	(319,690)	261,337
Net foreign exchange difference	957	(81)
Cash and cash equivalents at the beginning of the period	1,261,622	507,462
Cash and cash equivalents at the end of the period (Note 18)	942,889	768,718

The summary of significant accounting policies and notes on pages 5 to 18 are an integral part of these financial statements.

UACN Property Development Company Plc

Notes to the Unaudited Financial Statements

For the Period Ended 30 September 2020

1.1 General information

UAC Property Development Company Plc ('the Company') and its subsidiaries (together 'the Group') is a company incorporated in the Nigeria. The Group has business with activities in the following principal sectors: real estate and hotel management. The address of the registered office is 1-5 Odunlami Street, Lagos.

The company is a public limited company and is listed on the Nigerian Stock Exchange.

1.2 Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) **UACN Property Development Co Plc** maintains effective Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy is regularly reviewed and updated by the Board. The Company has made specific inquiries of all the directors and other insiders and is not aware of any infringement.

1.3 Management's Assessment of Internal Controls

The management of UACN Property Development Plc (UPDC) is responsible for establishing and maintaining adequate internal control over financial reporting. UPDC's internal control system was designed to provide reasonable assurance to the company's management and board of directors regarding the preparation and fair representation of published financial statements.

UPDC management assessed the effectiveness of the company's internal controls within the reporting period. Based on our assessment, we believe that as of 30 September 2020, the company's internal control is effective. We will continue to work on further strengthening this position.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with IAS 34. The financial statements have been prepared on a historical cost basis except for investment property, held for trading and available for sale financial instruments which are carried at fair value.

(All amounts are in Naira thousands unless otherwise stated)

2.2 Accounting Policies

The accounting policies adopted are consistent with those for the year ended 31 December, 2019.

2.3 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

2.4 Financial Risk Management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

This interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the company's annual financial statements as at 31 December 2019. There have been no changes in the risk management structure since year end or in any risk management policy.

UACN Property Development Company Plc
Notes to the Unaudited Financial Statements
For the Period Ended 30 September 2020

3. Segment Analysis

The chief operating decision-maker has been identified as the Executive Committee (Exco). Exco reviews the company's internal reporting in order to assess performance and allocate resources.

Nigeria is the Company's primary geographical segment as the operations of the Company are entirely carried out in Nigeria. As at September 30 2020, UPDC Plc operations comprised two main business segments which are Property development, sales/management and hospitality services. However, the latter has been classified as discontinued operation/ held for sale.

Property development, sales & management - UACN Property Development Plc's (UPDC) main business is the acquisition, development, sales and management of high quality serviced commercial and residential properties in the luxury, premium and classic segments of the real estate market in Nigeria. The company approaches property planning from the customers' perspective to create comfortable living/working environments.

Hospitality services - Festival Hotel, Conference Centre & Spa, the company's subsidiary is in the hospitality industry and leverages significantly on the success of its principal promoter UACN Property Development Company Plc. The hotel provides services such as sale of rooms, conference halls as well as food & beverages.

The following measures are reviewed by Exco:

- Revenue to third parties
- Earnings before interest and tax
- Profit before tax
- Net current assets
- Property, plant and equipment

	Property development sales & management	Hospitality services	Classified as Discontinued Operation/ Held for Sale	Total
30 September 2020	N'000	N'000	N'000	N'000
Total Revenue	458,258	287,852	(287,852)	458,258
Intergroup revenue	-	-	-	-
Revenue to third parties	458,258	287,852	(287,852)	458,258
Earnings before interest and tax	(376,377)	(114,752)	114,752	(378,723)
Loss before tax	(2,453,507)	(114,752)	114,752	(2,455,853)
Net current assets	2,932,957	(553,624)	553,624	2,932,957
Property, plant and equipment	33,428	11,907,937	(11,907,937)	33,428

	Property development sales & management	Hospitality services	Classified as Discontinued Operation/ Held for Sale	Total
30 September 2019	N'000	N'000	N'000	N'000
Total Revenue	1,894,515	984,334	(984,334)	1,894,515
Intergroup revenue	-	-	-	-
Revenue to third parties	1,894,515	984,334	(984,334)	1,894,515
Earnings before interest and tax	(385,862)	(142,950)	142,950	(385,862)
Loss before tax	(2,408,806)	(142,950)	142,950	(1,823,885)
Net current assets	(10,481,222)	(444,491)	444,491	(10,481,222)
Property, plant and equipment	22,852	11,907,937	(11,907,937)	22,852

Entity wide information	30 Sept. 2020	30 Sept. 2019
Analysis of revenue by category:	N'000	N'000
Sale of Property Stock	137,511	1,333,480
Share of James Pinnock Sale of Property Stock	45,390	263,160
Rental income & Management Fee on Rent	78,112	105,138
Project and Management Surcharge Income	197,245	192,737
	458,258	1,894,515

	30 Sept. 2020	30 Sept. 2019
Analysis of revenue by geographical location:	N'000	N'000
Nigeria	458,258	1,894,515

Revenue	30 Sept. 2020	30 Sept. 2019
	N'000	N'000
Revenue from contract with customers	380,145	1,789,377
Rental income & Management Fee on Rent	78,112	105,138
	458,257	1,894,515

Analysis of revenue by category
Sales of Goods - Sale of property stock
Rendering of services - Management fees and service charge surcharge
Rental Income

UACN Property Development Company Plc
Notes to the Unaudited Financial Statements
For the Period Ended 30 September 2020

4. Other Operating Income

	The Group	
	30 Sept. 2020 N'000	30 Sept. 2019 N'000
Investment income	6,840	-
Service charge received from Golden Tulip Hotel	-	8,993
Sales commission (paid)/received	20,300	(27,882)
(Loss)/gain on disposal of PPE	4,417	3,351
Exchange (loss)/gain	957	(81)
Recovery on facility management	36,414	33,542
Others	35,192	5,913
Total other income	104,120	23,837

4 (i). Guarantee on First Festival Mall loan

UPDC provided a Revenue Guarantee of \$2million (Two Million Dollars) only for a loan taken by First Festival Mall Ltd, a Joint Venture. The loan has fallen due and First Festival Mall Ltd. was not able to repay. As a result of this, the lender has called on the guarantee in May 2020. We have made a provision for this guarantee of \$2million (Two Million Dollars) only at the exchange rate as at 30 June 2020 (N1 - \$387.96). However we are in discussions with the lender to review the details of the guarantee in order to reach a mutually agreeable position on how it will be settled.

4 (i). Other Project Losses/ Expenses

	The Group	
	30 Sept. 2020 N'000	30 Sept. 2019 N'000
Losses on Projects *	-	1,848
	-	1,848

* Losses on projects are expenses incurred after project completion.

5 (i) Expenses by nature

	The Group	
	30 Sept. 2020 N'000	30 Sept. 2019 N'000
Change in inventories of finished goods and other direct costs of inventories	153,821	1,285,562
Direct operating expenses for Investment Properties/ Vacant Apartments	100,719	82,304
Personnel expenses	311,148	294,256
Depreciation & Amortization	15,543	21,361
Rents and Rates	6,608	9,328
Vehicles repairs, maintenance & fueling	110	1,193
Other repairs & maintenance	25,851	902
Legal expenses	114,456	40,483
Auditors' remuneration	14,963	9,975
Directors' emoluments	9,743	13,280
Information Technology	20,049	30,249
Insurance	8,140	9,649
Marketing, advertising & communication	10,822	3,804
Professional fees	89,402	259,130
Printing and stationery	2,079	369
UACN management fee (Note 24)	4,432	17,129
Other expenses	9,843	108,243
	897,726	2,187,216

5 (ii) Expenses by function

Cost of sales	350,318	1,514,355
Selling and distribution expenses	44,111	70,787
Administrative expenses	503,297	602,074
	897,726	2,187,216

6. Net Finance Income/(Cost)

	The Group	
	30 Sept. 2020 N'000	30 Sept. 2019 N'000
Finance Income	3,051	3,381
Interest on borrowings	(1,304,261)	(2,212,251)
Interest on bank overdraft	-	-
Finance Costs	(1,304,261)	(2,212,251)
Net Finance Cost	(1,301,210)	(2,208,870)

6 (i). Impairment/(Reversal of Impairment) of receivable in JVs

	The Group	
	30 Sept. 2020 N'000	30 Sept. 2019 N'000
Receivable in UPDC Metro City Ltd	-	(185,927)
	-	(185,927)

7. Taxation

	The Group	
	30 Sept. 2020 N'000	30 Sept. 2019 N'000
Current tax	55,413	15,418
Minimum tax charge for the period	7,041	107,503
Capital Gain tax	-	-
Income tax charge	62,454	122,921

Nigeria corporation tax is calculated at 30% (2019: 30%) of the estimated assessable profit for the year.

UACN Property Development Company Plc
Notes to the Unaudited Financial Statements
For the Period Ended 30 September 2020

8. Earnings Per Share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the company and held as treasury shares.

	The Group	
	30 Sept. 2020 N'000	30 Sept. 2019 N'000
Loss after tax for the year from discontinued operations	(114,752)	(142,950)
Loss attributable to ordinary equity shareholders (NGN'000)	(3,368,989)	(14,643,826)
Basic earnings per share (Kobo)	(29)	(569)
From discontinued operations	(1)	(6)
From continuing operations	(28)	(564)
Diluted earnings per share (Kobo)	(29)	(569)
From discontinued operations	(1)	(6)
From continuing operations	(28)	(564)

	The Group	
	30 Sept. 2020 Number ('000)	30 Sept. 2019 Number ('000)
Basic weighted average and Diluted weighted average number of shares	12,070,099	2,598,396
Absolute number of shares*	18,559,970	2,598,396

The company undertook a right issue of 15.96 billion at N1.00 per share on the basis of forty three (43) new ordinary share for every seven (7) ordinary share. This was approved by Securities and Exchange Commission (SEC) on 20th of April 2020. Consequently, additional 15.96 million ordinary shares were issued and listed on NSE platform.

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The group has no dilutive instruments.

9. Property, plant and equipment

The Group

	Motor vehicles	Plant and Machinery	Furniture & Fittings	Computer Equipment	Total
	N'000	N'000	N'000	N'000	N'000
Cost					
At 1 January 2019	163,385	78,724	57,675	57,631	357,416
Addition	-	-	-	1,834	1,834
Disposals	(52,525)	(48,951)	-	(1,421)	(102,897)
At 31 December 2019	110,860	29,773	57,675	58,044	256,354
At 1 January 2020	110,860	29,773	57,675	58,044	256,354
Addition	24,771	-	477	6,492	31,741
Disposals	(39,292)	-	(11,037)	(1,990)	(52,319)
At 30 September 2020	96,339	29,773	47,116	62,547	235,775
Accumulated depreciation and impairment					
At 1 January 2019	127,573	77,229	52,259	53,383	310,444
Charge for the period	10,654	1,495	3,312	2,640	18,102
Disposals	(44,828)	(48,951)	-	(1,268)	(95,047)
At 31 December 2019	93,399	29,774	55,571	54,755	233,499
At 1 January 2020	93,399	29,774	55,571	54,755	233,499
Charge for the period	3,414	-	876	1,728	6,018
Disposals	(24,342)	-	(10,918)	(1,908)	(37,168)
At 30 September 2020	72,471	29,774	45,529	54,574	202,348
Net book values					
At 30 September 2020	23,868	-	1,587	7,973	33,428
At 31 December 2019	17,461	-	2,104	3,290	22,855

No Property, Plant and Equipment was pledged as security for any liability as at 30 September 2020 (2019: Nil)

UACN Property Development Company Plc
Notes to the Unaudited Financial Statements
For the Period Ended 30 September 2020

10. Intangible assets

	The Group	
	Software	
Cost	N'000	
At 1 January 2019	292,358	
Additions	-	
At 31 December 2019	292,358	
At 1 January 2020	292,358	
Additions	3,239	
At 30 September 2020	295,597	
Amortisation		
At 1 January 2019	262,820	
Amortisation for the period	16,021	
At 31 December 2019	278,841	
At 1 January 2020	278,841	
Amortisation for the period	9,525	
At 30 September 2020	288,366	
Net book values		
At 30 September 2020	7,231	
At 31 December 2019	13,517	

No intangible asset was pledged as security for any liability as at 30 September 2020 (2019: Nil)

11. Investment properties

	The Group		
	Freehold building	Leasehold building	Total investment properties
Fair value	N'000	N'000	N'000
At 1 January 2019	272,300	3,926,000	4,198,300
Net loss from fair value adjustments on investment properties	(7,300)	64,502	57,202
Disposals	(75,000)	(1,799,000)	(1,874,000)
At 31 December 2019	190,000	2,191,502	2,381,502
At 1 January 2020	190,000	2,191,502	2,381,502
Disposals	-	(361,452)	(361,452)
At 30 September 2020	190,000	1,830,050	2,020,050

Schedule of net gain/ (loss) on disposal

	The Group	
	30 Sept. 2020	30 Sept. 2019
	N'000	N'000
Sales Proceed	321,452	1,604,560
Agency fees/incidental expenses	(3,375)	(65,709)
Net Sales Proceed	318,077	1,538,850
Carrying value of investment properties	(361,452)	(1,654,000)
	(43,375)	(115,150)

UACN Property Development Company Plc
Notes to the Unaudited Financial Statements
For the Period Ended 30 September 2020

12. Investments in associates and equity accounted joint ventures

The amounts recognised in the balance sheet are as follows:

	The Group	
	30 Sept. 2020 N'000	31 Dec. 2019 N'000
Associate	-	-
Joint ventures	129,589	129,589
	129,589	129,589

13 (i). Investments in Associate

Set out below is the associate of the group as at 1 January 2019 which has now been classified as Assets of disposal group classified as held for distribution to owners (see Note 25 (i)).

Nature of investment in associate:	Country of incorporation	30 Sept. 2020	31 Dec. 2019	30 Sept. 2020	31 Dec. 2019	Measurement method
		N'000	N'000	% ownership	% ownership	
UPDC REIT	Nigeria	-	-	61.8%	61.8%	Equity

The UPDC Real Estate Investment Trust (REIT) is a close-ended real estate investment trust which is listed on the Nigerian Stock Exchange. As at 30 September 2020, the fair value of each unit holders' contribution in UPDC REIT is ₦3.80.

The movement in the investment in associates during the year is stated below:

	The Group	
	30 Sept. 2020 N'000	31 Dec. 2019 N'000
At 1 January	-	20,017,860
Share of profit	-	584,617
Dividend received	-	(956,371)
Fair value loss	-	(12,638,216)
Reclassification to disposal group classified as held for sale/distribution to owners	-	(7,007,890)
	-	-

13 (ii). Investments in Joint Ventures

Investment in Joint Ventures	The Group		30 Sept. 2020	31 Dec. 2019
	N'000	N'000	% holding	% holding
UPDC Metro City Limited	-	-	60.0%	60.0%
First Festival Mall Limited	-	-	45.0%	45.0%
First Restoration Dev. Co. Limited	129,589	129,589	51.0%	40.0%
Transit Village Dev. Co. Ltd	-	-	40.0%	40.0%
	129,589	129,589		

The movement in the investment in joint ventures during the year is stated below:

	The Group	
	30 Sept. 2020 N'000	31 Dec. 2019 N'000
At 1 January	129,589	73,606
Reclassification of First Restoration Dev. Co. Limited	-	317,449
Impairment of investment in First Restoration Dev. Co. Ltd	-	(187,860)
Impairment of investment in Transit Village Dev. Co.	-	(73,606)
	129,589	129,589

14. Equity instrument at fair value through other comprehensive income

	The Group	
	30 Sept. 2020 N'000	31 Dec. 2019 N'000
Opening balance at 1 January	-	17,729
Impairment of available-for-sale financial assets	-	(17,729)
	-	-

This represents 6.7% holding in the ordinary share capital of UNICO CPFA Limited, a company incorporated and

UACN Property Development Company Plc
Notes to the Unaudited Financial Statements
For the Period Ended 30 September 2020

15. Investments in subsidiaries Principal investments	The Group		% Shareholding	
	30 Sept. 2020 N'000	31 Dec. 2019 N'000	30 Sept. 2020 %	31 Dec. 2019 %
<i>Festival Hotel, Conference Centre & Spa</i> 2,082,500,000 Shares of =N=1.00 each	2,082,500	2,082,500	94.7%	94.7%
<i>Manor Gardens</i> 53,810,000 Ordinary Shares of =N=1.00 each	53,810	53,810	67.5%	67.5%
	2,136,310	2,136,310		
Impairment of investments	(2,136,310)	(2,136,310)		
	-	-		

Investments in subsidiaries are measured at cost.

16 (i). Inventories	The Group	
	30 Sept. 2020 N'000	31 Dec. 2019 N'000
Non trade stock	5,222	5,267
Properties under construction - Note 16 (ii)	5,576,946	5,715,859
	5,582,169	5,721,126

All Inventory above are carried at lower of cost or net realisable value at all the periods reported.

16 (ii). Properties under construction	The Group	
	30 Sept. 2020 N'000	31 Dec. 2019 N'000
Cost		
Balance 1 January	5,715,859	8,275,383
Additions	7,454	76,488
Disposal	(142,600)	(1,450,851)
Impairment	-	(1,300,030)
Write back/Reallocation	(3,766)	114,869
Balance	5,576,946	5,715,859

17. Trade and other receivables	The Group	
	30 Sept. 2020 N'000	31 Dec. 2019 N'000
Trade receivables	757,771	674,753
Less: Provision for impairment of trade receivables	(536,144)	(536,144)
Net trade receivables	221,627	138,609
Receivables from group companies (Note 23)	2,241,999	2,543,957
Other receivables	1,278,302	1,452,458
Advances to staff	18,877	21,337
	3,760,805	4,156,361

Analysis of other receivables	30 Sept. 2020 N'000	31 Dec. 2019 N'000
Mobilization payments to contractors	740,788	740,788
Prepayments and accrued income	17,119	289,069
WHT Receivables	18,115	10,232
Unutilised WHT credit notes	96,908	53
VAT Receivables	152	130
Other Debtors	405,219	412,186
	1,278,302	1,452,458

UACN Property Development Company Plc
Notes to the Unaudited Financial Statements
For the Period Ended 30 September 2020

18. Cash and cash equivalents

	The Group	
	30 Sept. 2020	31 Dec. 2019
	N'000	N'000
Cash at bank and in hand	551,187	1,121,153
Short term investment	392,080	140,847
Less: Impairment of Short term investments	(378)	(378)
Cash and cash equivalents	942,889	1,261,622

19. Borrowings

	The Group	
	30 Sept. 2020	31 Dec. 2019
	N'000	N'000
Current borrowings		
UACN Bridge Finance	1,443,421	16,534,999
5-year bond	9,186	8,215
	1,452,607	16,543,214
Non-current borrowings		
5-year bond	4,267,298	4,263,957
	4,267,298	4,263,957
Total borrowings	5,719,905	20,807,171

Movement in total borrowing during the year is as follows:

	The Group	
	30 Sept. 2020	31 Dec. 2019
	N'000	N'000
Balance as at 1 January	20,807,171	18,558,213
Proceeds from borrowings	-	15,042,737
Interest accrued	1,304,261	2,616,205
Repayment of borrowings	-	(13,336,993)
Right issue conversion	(15,751,541)	-
Interest paid	(639,986)	(2,072,992)
Balance	5,719,905	20,807,171

UACN Property Development Company Plc
Notes to the Unaudited Financial Statements
For the Period Ended 30 September 2020

20. Trade and other payables

	The Group	
	30 Sept. 2020	31 Dec. 2019
	N'000	N'000
Trade payables	1,290,708	1,299,844
Contract liabilities - Note 20 (i).	1,700,068	1,855,305
Amounts owed to other related parties (Note 23)	214,225	129,827
	3,205,001	3,284,976
Provision for employee leave	-	-
VAT/WHT Payables	39,384	52,769
Other payables	507,708	428,958
Provisions/Accruals	1,629,961	744,205
Total	5,382,054	4,510,908

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider the carrying amount of trade and other payables to approximate its fair value due to their short term maturity period and no significant discounts is expected on payments of the obligations.

20 (i). Contract liabilities

	The Group	
	30 Sept. 2020	31 Dec. 2019
	N'000	N'000
Deposit by customers	1,700,068	1,855,305
	1,700,068	1,855,305

This represents advances received from customers in respect of sale of property stocks and facility management fees. This is a non-interest bearing liability.

21. Deferred revenue

Deferred revenue are rentals received in advance which are recognized in the income statement when earned.

	The Group	
	30 Sept. 2020	31 Dec. 2019
	N'000	N'000
Within one year	125,577	110,767
Greater than one year	3,560	4,736
	129,137	115,503

The Group as lessor enters into operating leases for its investment properties under non-cancellable basis, as the lessee does not have the power to cancel the contract without the permission of the lessor. The tenure of the lease arrangements vary from 1 year to 2 years. The group as lessor does not have any lease arrangements under finance lease basis it does not typically transfer substantially all the risks and rewards incidental to ownership of leased assets to the lessee. All leased assets under operating leases as classified as Investment Properties and faired valued annually based on the group's accounting policy and in line with the requirements of IAS 40".

22. Reconciliation of profit before tax to cash generated from operations

	The Group	
	30 Sept. 2020	30 Sept. 2019
	N'000	N'000
Loss before tax	(2,455,853)	(1,823,885)
<i>Adjustment for non cash items:</i>		
Depreciation	6,018	9,196
(Reversal of Impairment)/Impairment receivable in Joint Ventures	-	(185,927)
Amortization of intangible asset	9,525	12,016
Loss on disposal of investment properties	43,375	115,150
Profit on disposal of property, plant and equipment	(4,417)	(3,351)
Finance cost	1,304,261	2,212,251
Finance income	(3,051)	(3,381)
Exchange Loss	(957)	81
Share of profit of UPDC REIT	-	(584,617)
Share of (profit)/ loss of Joint Ventures	-	(303)
	(1,101,099)	(252,771)
Changes in working capital:		
(Increase)/decrease in inventories	138,958	993,134
Decrease/(increase) in receivables	395,556	610,144
Increase/(decrease) in payables	897,550	14,486,853
Net cash from/(used in) operations	330,965	15,837,360

UACN Property Development Company Plc
Notes to the Unaudited Financial Statements
For the Period Ended 30 September 2020

23. Related party transactions

The ultimate parent and controlling party of the company is UAC of Nigeria Plc incorporated in Nigeria. There are other companies that are related to UPDC through common shareholdings.

The following transactions were carried out with related parties:

(a) Sales of goods and services

		The Group	
		30 Sept. 2020	30 Sept. 2019
		N'000	N'000
	Relationship		
UAC of Nigeria Plc	Parent	33,387	59,163
MDS Logistics Plc	Fellow Subsidiary	2,176	7,493
Chemical & Allied Products Plc	Fellow Subsidiary	10,978	-

(b) Purchases of goods and services

		The Group	
		30 Sept. 2020	30 Sept. 2019
		N'000	N'000
	Relationship		
UAC of Nigeria Plc	Parent	11,039	26,205
Chemical & Allied Products Plc	Fellow Subsidiary	1,466	8,351

(c) Period-end balances arising from sales/purchases of goods/services

		The Group	
		30 Sept. 2020	31 Dec. 2019
		N'000	N'000
Receivable:			
Balance - Gross		6,213,723	6,515,681
Provision for expected credit losses		(3,971,724)	(3,971,724)
Balance as at 31 December		2,241,999	2,543,957

(c) Period-end balances arising from sales/purchases of goods/services

		The Group	
		30 Sept. 2020	31 Dec. 2019
		N'000	N'000
	Relationship		
Receivable:			
UPDC Metrocity Limited	Joint Venture	2,104,642	2,255,113
First Festival Mall Limited	Joint Venture	2,614,513	2,614,513
First Restoration Dev. Co. Limited	Joint Venture	-	70,050
Calabar Golf Estate Limited	Joint Venture	641,653	641,653
Pinnacle Apartment Dev. Ltd/ Imani and Sons	JV Partner	462,098	499,574
Galaxy Mall Current Account	Joint Venture	74,034	74,034
UPDC REIT	Associate	-	27,819
UAC of Nigeria Plc	Parent Company	-	16,143
Manor Gardens	Subsidiary	316,782	316,782
Impairment of Intercompany receivables - IFRS 9		(3,971,724)	(3,971,724)
		2,241,999	2,543,957

		The Group	
		30 Sept. 2020	31 Dec. 2019
		N'000	N'000
	Relationship		
Payable:			
UAC of Nigeria Plc.	Parent Company	31,970	-
Chemical and Allied Products Plc	Fellow Subsidiary	-	2,062
UPDC REIT	Associate	59,200	-
MDS Logistics Plc	Fellow Subsidiary	1,790	5,265
James Pinnock	Joint Operation	116,987	120,066
Portland Paints and Products Nig. Plc	Fellow Subsidiary	-	2,237
First Restoration Dev. Co. Limited	Joint Venture	4,264	-
Spring Waters Nig Ltd.	Fellow Subsidiary	15	15
Grand Cereals Limited	Fellow Subsidiary	-	182
		214,225	129,827

All trading balances will be settled in cash.

The related party transactions were carried out on commercial terms and conditions.

24. Management service agreement

The company has a Management Service Agreement with UAC of Nigeria Plc. This agreement provides that the Company pays an annual fee of 1% of its turnover to UACN for services received under the agreement. The services provided include Business Strategy and Financial Advisory, Treasury, Secretarial & Legal, Human Resources Management, Insurance, Pensions & Gratuity Administration, Medical etc. The amount charged in these financial statements is N4.4million (2019: N17.1million). This does not include share of James Pinnock sales (Company's joint operation)

UACN Property Development Company Plc
Notes to the Unaudited Financial Statements
For the Period Ended 30 September 2020

25. Disposal group held for sale and discontinued operations

Festival Hotel, Conference Centre & Spa

The Board decided to sell its investment in Festival Hotel, Conference Centre & Spa in 2017. Efforts are on going to improve the performance of the Hotel. Consequently, UHL has been classified as a disposal group held for sale and as a discontinued operation in accordance with IFRS 5

Exception to one year requirement:

IFRS 5 requires that except for certain exceptions, the sale of a non-current asset or disposal group is expected to qualify for recognition as a completed sale within one year from the date of classification. However, during the year, there were certain factors considered to be beyond the control of management which have invariably extended the sale period beyond one year. These factors include but are not limited to slow down in business activities in view of the upcoming elections. Management however, remains committed to concluding the sale within a reasonable time frame.

Analysis of the results of the discontinued operations is as follows:

	Festival Hotel	
	9 months 30 Sept. '20 N'000	9 months 30 Sept. '19 N'000
Revenue	287,852	984,334
Cost of sales	(88,429)	(331,402)
Gross profit	199,423	652,932
Selling and distribution expenses	(8,810)	(54,228)
Administrative expenses	(305,364)	(741,654)
Other operating income	-	-
Operating profit	(114,752)	(142,950)
Finance income	-	-
Loss before taxation from discontinued operations	(114,752)	(142,950)
Taxation	-	-
Loss from discontinued operations	(114,752)	(142,950)

Analysis of the results of the disposal group held for sale and distribution to owners is as follows:

	Festival Hotel	
	30 Sept. 2020 N'000	31 Dec. 2019 N'000
Assets		
Non-current assets:		
Property, plant and equipment	11,907,937	11,907,937
Intangible assets	4,726	4,726
	11,912,663	11,912,663
Current assets:		
Inventories	138,331	125,637
Trade and other receivables	106,949	147,611
Cash and short-term deposits	60,427	84,887
	305,706	358,135
Assets of disposal group classified as held for sale	12,218,369	12,270,798
Less: Impairment of assets of disposal group held for sale	(4,029,237)	(4,029,237)
Fair value of disposal group held for sale	8,189,132	8,241,561
Liabilities		
Current liabilities		
Trade and other payables	859,330	802,626
Liabilities of disposal group classified as held for sale	859,330	802,626

Festival Hotel owe UPDC Plc N14 billion of which there is an impairment of N6.9 billion in UPDC's book.

25 (i). Assets of disposal group classified as held for distribution to owners

UPDC Real Estate Investment Trust (UPDC REIT)

The Board on 2 September, 2019 decided to unbundle UPDC's interest in UPDC REIT to UPDC shareholders via allocation of REIT units directly to shareholders of UPDC in proportion to their post-Rights Issue holding in UPDC.

UPDC carried its interest in the REIT at N20.6bn (Group - UPDC's share of REIT's Net Asset Value) and N16.5bn (Company - UPDC's initial investment in in REIT). The REIT was listed at N10 per unit in July 2013 and traded at N3.80 per unit as at 30 September, 2020. Thus, UPDC's units in REIT is now valued at N6.3bn as indicated below.

	30 Sept. 2020	30 Sept. 2019
	N'000	N'000
Opening balance of Investment in UPDC REIT	7,007,890	20,602,477
Fair valuation at reporting date	(6,265,878)	(8,040,830)
Fair value loss*	742,012	12,561,646

*The fair value loss has been charged to the income statement.

25 (ii). Assets of disposal group classified as held for sale/distribution to owners

	30 Sept. 2020	31 Dec. 2019
	N'000	N'000
Fair value assets at Festival Hotel, Conference Centre & Spa	8,189,132	8,241,561
Fair value assets at UPDC REIT	6,265,878	7,007,890
Total	14,455,010	15,249,451

26. Additional Disclosures

i. Going concern

Right Issue:

The company undertook a right issue of 15.96 billion at N1.00 per share on the basis of forty three (43) new ordinary share for every seven (7) ordinary share. This was approved by Securities and Exchange Commission (SEC) on 20th of April 2020. Consequently, additional 15.96 million ordinary shares were issued and listed on NSE platform. (See Note 8.a).

Liquidity and funding risk:

There was a lockdown on movement in major states in Nigeria as a result of global outbreak of Corona virus disease (COVID-19) in Q1 2020. This impacted economic activities, including hampering site visits, which are usually required for the sale of property stock. The Company anticipated this limitation to site visits and commenced the implementation of the following initiatives:

- Engaging already existing customers in order to recover receivables as well as to close new sales.
- Partnering with mortgage companies in order to secure funding for both existing and new customers,
- Offering discounts on cash payments,
- Negotiating interest rates on interest bearing loans.
- Maintained essential operating expense run rate of Thirty Five Million Naira (N35,000,000) per month

The Company will continue to pursue these strategies in order to meet debt obligations in the near future. This will help ensure that the Company does not default in meeting its obligations

ii. Subsequent events

Balance sheet analysis:

- Property, Plant and Equipment: The Company's Property Plant and Equipment consists mainly Motor Vehicles, Furniture & Fittings and Computer Equipment. We do not envisage any negative impact on this class of asset.
- Intangible Assets: This class of asset includes software, which will not be negatively impacted by the effects of the pandemic.
- Investment Properties: There may be a slowdown in the sales of investment properties. This may result in disposal of investments properties at a discount during the course of the year.
- Investment in Joint Ventures: Inability to recover the full amount invested in the Joint Ventures
- Inventories: There may be a slowdown in sales of property stock. This may also necessitate disposal of inventories at a discount.
- Trade and Other Receivables: Expected credit loss may increase. The Company performs a quarterly analysis and review of the portfolio and the impact the spread may have on the Company. Any required adjustment will be reflected in the appropriate reporting period.
- Asset of disposal group classified as held for sale/distribution to owners: This includes UPDC Hotel
 - **UPDC Hotel Limited:** The hospitality sector has been negatively impacted by the pandemic and resultant social distancing requirements. All events and conferences booked at the Hotel have been either postponed or canceled. In line with the presidential stay home order, we have suspended operations until the lockdown is lifted. We have also taken aggressive cost management measures at the hotel, which includes keeping essential minimum number of staff only.
 - **UPDC REIT:** Any changes in the market price of the UPDC REIT units would impact on the value of this class of assets in the Company's books.
- Non-current liabilities: The Company's bond coupon will fall due in October. The Company has put measures in place to ensure that these obligations are met as and when due.
- Current liabilities: The Company has utilised the proceeds of the proposed Rights Issue to offset over 91% of the UACN bridge finance as at 31 December 2019.

27. Shareholding Structure/Free Float Status

Company Name:	UACN PROPERTY DEVELOPMENT CO PLC			
Board Listed:	MAIN BOARD			
Year End:	December			
Reporting Period:	Half Year Ended 30 June 2020			
Share Price at end of reporting period:	N0.99 (2019: N1.50)			
Description	30-Jun-20		30-Jun-19	
	Units	Percentage	Unit	Percentage
Issued Share Capital	18,559,969,936	100%	2,598,395,791	100%
Substantial Shareholdings (5% and above)				
UAC of Nigeria Plc	17,418,728,565	93.85%	1,667,187,500	64.16%
First Trustees Nig. Ltd			148,602,252	5.72%
Total Substantial Shareholdings	17,418,728,565	93.85%	1,815,789,752	69.88%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
Mr. Adekunle Olakitan Awojobi (Indirect - Representing FBN Trustees Nig. Ltd)	148,602,252	0.80%	-	-
Mr Babatunde Kasali (Direct)	37,000	0.00%	37,000	0.00%
Mr Folasope Aiyesimoju	-	-	-	-
Mrs Deborah Nicol-Omeruah	-	-	-	-
Prof. Okon A. Ansa (Direct)	86,151	0.00%	7,901	0.00%
Mrs Awuneba Ajumogobia (Direct)	6,687	0.00%	6,687	0.00%
Mrs Folakemi Fadahunsi	-	-	-	-
Mr Oyekunle Osilaja	-	-	-	-
Total Directors' Shareholdings	148,732,090	0.80%	51,588	0.00%
Other Influential Shareholdings				
FIRST PCN/CRUSADER PENSIONS-PFA MAIN	216,154,500	1.16%	1,682,022	0.06%
Total Other Influential Shareholdings	216,154,500	1.16%	1,682,022	0.06%
Free Float in Units and Percentage	776,354,781	4.19%	780,872,429	30.06%
Free Float in Value	₦ 768,591,238.19		₦ 1,171,308,643.50	

Declaration:

UPDC Plc, with a free float percentage of 4.19% as at 30 June 2020, is not compliant with the Nigerian Stock Exchange's free float requirements for companies listed on the Main Board. This shortfall in the free float percentage happened after the allotment of shares based on the just concluded Rights Issue, which resulted in UAC of Nigeria Plc. (UACN) holding 93.85% of the shares of UPDC.

However, UACN has announced that a binding agreement has been signed with Custodian Investment PLC for Custodian to purchase a 51 percent equity interest in UPDC. Upon completion of the sale, UPDC will cease to be a subsidiary of UAC and Custodian will have substantial shares in UPDC.