



### Announcement of Proposed Rights Issue

Valued Investor,

UACN Property Development Company Plc ("UPDC") has further notified The Nigerian Stock Exchange (NSE) of the revised terms of its proposed Rights Issue which was first brought to the notice of the investing public and the regulators on Monday, September 30, 2019.

Following the above announcement, the revised terms of the Rights Issue as stated in the Securities and Exchange Commission (SEC) approved Rights Circular is now as follows: Marginal increase to Fifteen Billion Nine Hundred and Sixty-one Million Five Hundred and Seventy-four Thousand One Hundred and Forty-five (15,961,574,145) ordinary shares of 50 kobo each at **N1.00 per Share** on the basis of **43 new Ordinary Shares for every 7 Ordinary Shares** held as at the close of business on Monday, September 30, 2019. The previous quantum of Rights was Fifteen Billion Nine Hundred and Sixty-one Million Five Hundred and Sixty-three Thousand Two Hundred and Sixty (15,961,563,260) ordinary shares.

Acceptance of the Rights by shareholders opened Monday, February 10, 2020 and closes by Friday, March 13, 2020.

### Analyst Opinion

We note that the completion of the Rights Issue immediately increases the ordinary share capital in issue to **18,559,970,145 ordinary shares** (15,961,574,145 shares + 2,598,396,000 shares); albeit we expect the total equity to get a boost given the relative premium price of N1.00 when compared to the nominal price N0.50k. For the balance sheet, we expect to see a cleaner book as the relatively high related-company loan of about N16 billion should be cleared with the Rights proceed; thus, leaving the property company with about N4 billion third party loan. The reduction in finance costs, in addition to its new management team and the recent mark-to-market of the investment property, should translate to profitability going forward. Notwithstanding, with the ongoing unbundling exercise being undertaken by its parent company, UACN, we opine that investors look beyond the Rights Issue, and consider investing in the parent company (UACN) and/or the property FUND (UPDCREIT) given the expected overall positive effect of the restructuring exercise.

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