Purple Real Estate Income PLC Annual Report

31 DECEMBER 2022

Creating

Affordable and Memorable Lifestyle Experiences Designed for Outsized Returns

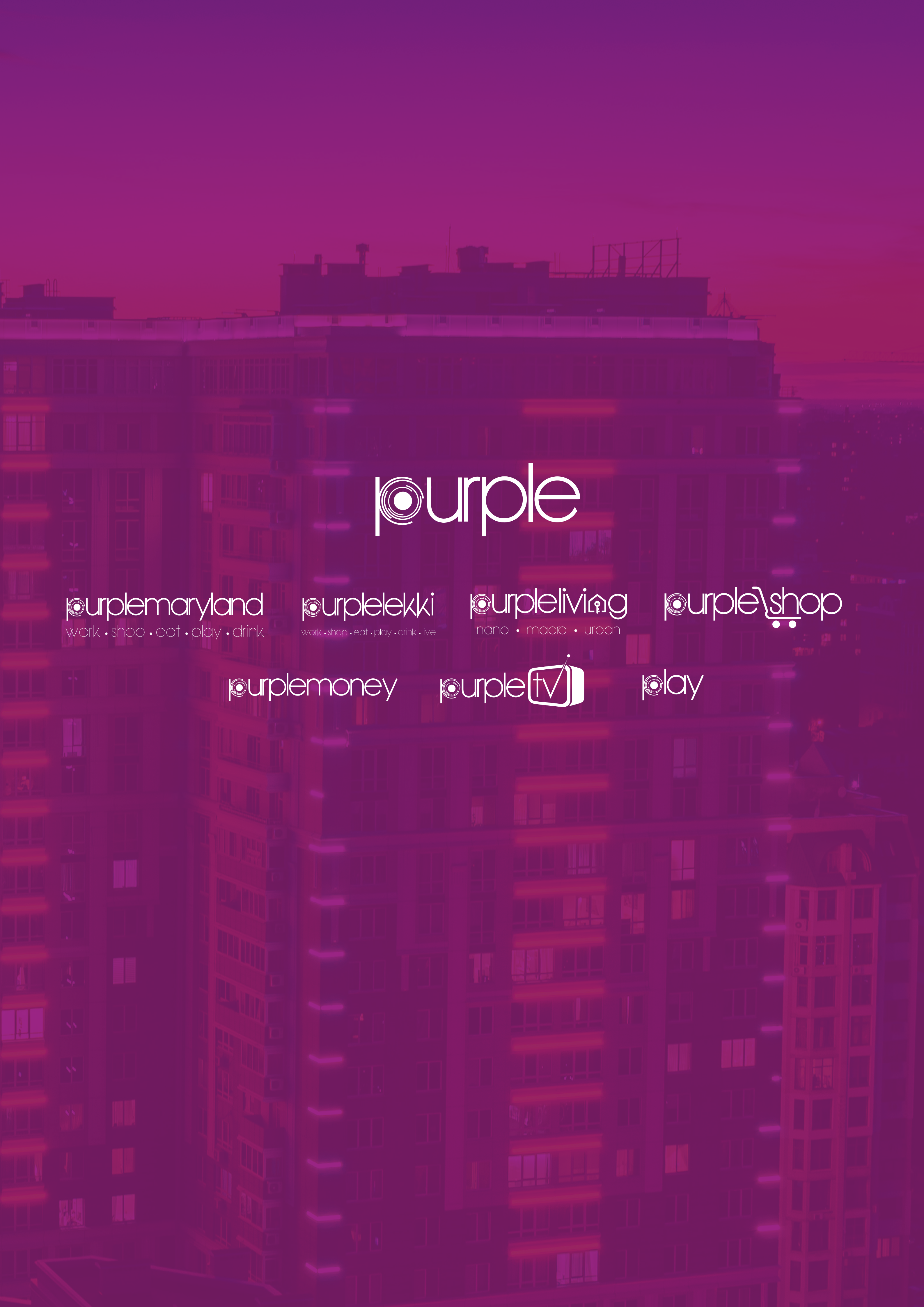

purple
purplemaryland
work • shop • eat • play • drink
purplelekki
work • shop • eat • play • drink • live
purpleliving
nano • macro • urban
purpleshop
purplemoney
purpletv
play

Table of Content

Corporate Information

Who We Are

We are Purple! We are creating affordable lifestyle experiences for our consumers through our principal investments in superior mixed-use facilities and services.

Our lifestyle services spans through real estate, retail, e-commerce, media and advertising, entertainment and family fun, financial services amongst others, all focused on driving our mission to create lifestyle experiences for our consumers with convenience, affordability and finesse.

Our new focus is clear, working with our range and network of partners, we are creating lasting experiences for people across all income levels by investing in lifestyle infrastructure and value creation.

We are creating the ultimate lifestyle experience for our consumers with convenience, affordability and finesse; leveraging our market knowledgelexpertise as well as network to attract, invest and deliver positive alpha returns to our investors. Our lifestyle portfolio of developments include PurpleMaryland, PurpleLekki, PurpleLiving, Redworth Terraces and Bishopsgate Residences.

Mission

We are creating affordable lifestyle experiences for our consumers through our principal investments in superior mixed-use facilities and services.

Core Values

As a company, we have a **PACT** to ensure organizational excellence across all our business endevors; we do this through:

Persistence

We stay focused on our goals in spite of obstacles.

Audacity

We Are willing to take bold and calculated risks.

Collaboration

We understand that to go further, we have to go together.

Transparency

We are visible, accessible and direct in our business dealngs.

Corporate Information

Board of Directors


Mrs. Jumoke Akinwunmi
Chairman


Mr. Olaide Agboola
Managing Director/CEO


Mr. Obinna Onunkwo
Executive Director

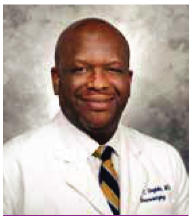

Oluseyi Sowale
Executive Director

Mrs. Fiona Ahimie
Independent Director

Mrs. Osareme Archibong
Independent Director


Mr. Muhtar Bakare
Independent Director


Mr. Bosun Omoniyi
Non Executive Director


Prof. Hilary Onyiuke
Non Executive Director


Mr. Adedoyin Afun
Independent Director


Sir Pharm Nnamdi Obi
Non Executive Director

** Appointed on 12 February 2022

*** Appointed on 6 June 2022

Registered Office

10, Da Silva Street
Off Chris Madueke Drive
Admiralty Way, Lekki Phase 1,
Lagos

Business Office

10, Da Silva Street
Off Chris Madueke Drive
Admiralty Way, Lekki Phase 1,
Lagos.

Independent Auditor

KPMG Professional Services
KPMG Tower,
Bishop Aboyade Cole Street,
Victoria Island, Lagos.

Company Secretary

Bloomfield Law Practice
15, Agodogba Avenue
Parkview, Ikoyi, Lagos.

Property Valuer

Jide Taiwo and Co
FRC/2014/NIESV/00000008842

Principal Bankers

- Stanbic IBTC Bank Plc
- Keystone Bank Limited
- Purple Microfinance Bank
- FCMB Limited
- Zenith Bank PLC
- Jaiz Bank PLC

Company Registration No

RC 1185154

Tax Identification No

22514221-0001


If Prices Bring
You Down
purple shop
Will Lift You Up
BUY NOW
PAY LATER
Crystal UHD
Galaxy
S21 5G
www.purple.shop

Statement from the Board

It gives us great honour to address you, our stakeholders, at the end of yet another interesting and challenging test for our industry globally and especially in Nigeria. Every pre-election year is filled with questions and doubts, coupled with a wide variety and depth of macroeconomic circumstances, this year again tested the capacity and resolve of the Nigerian public and businesses, including ours. In spite of this, Purple has emerged a profit making public company, another major milestone in the purple journey. Our core values were put to the test as persistence, audacity, collaboration, and transparency became increasingly important in scaling these ongoing challenges and preparing the company for operations in the public eye.

2022 Review

The country continued its protracted battle against inflation which rose from 2021s peaks. Inflation was reported to close at 21.3% in December 2022, which is an increase of over 5% from December 2021 figures. The cost of living has escalated significantly as illustrated by the consumer price index (all items) recording an increase of cir 1.7% as at December 2022 compared with last year taking the figure to 18.85%.
The Central Bank of Nigeria has enacted numerous policies to curtail this, with one of the most frequent measures being the sustained increase in lending rates. In 2022 alone, Interest rates have been increased 4 times culminating in a total increase of over 5% within the period.
Production of Oil has seen significant drop-offs as output dropped to an average of 1.365m barrels per day over the course of the last year, down from 1.77 million barrels in 2020 and 1.6 million barrels in 2021. This has been in part brought on in part by pipeline vandalism with the NNPC reporting estimating a $4b loss to oil thieves in 2021 alone and similar figures also being reported into 2022. Overall the effects of theft and vandalism have led to an estimated 48% decline in production from 2.4 million barrels at its 2020 peak to an all-time low of level of about 1.2 million barrels per day recorded in Q3 2022. Petrol Subsidies have also contributed to the issues inhibiting the oil sector as government spending has been estimated at around N500B monthly on average in 2022.

With oil production not at optimum levels, the Country's highest FX revenue generator has not been operating to its fullest potential. The latter part of the year has seen oil prices dropping further, piling further pressure on the exchange rate and by extension the wider economy. This situation has been exacerbated in 2022 by the effects of the global energy crisis triggered by the Russia – Ukraine conflict. The ripple effects of this conflict have been felt significantly as brutally illustrated by the exponential increase in domestic cost of energy provision which skyrocketed to unprecedented levels, with diesel prices exceeding N850 / litre in Q2 of 2022.
However the country still maintained positive growth for the year 2022, albeit at a slower pace than anticipated. The country recorded GDP growth of 3.1% against the budgeted 3.4% which is still quite encouraging given the circumstances and the real world impacts we all felt.
Furthermore this figure is less driven by the oil industry, with the oil sector contributing only 4.2% towards GDP in December 2022, down from an average of 8.3% in 2020 and 7.2% in 2021. The government's response to the wider economic situation seems to be yielding some promising outcomes as the promotion of non oil sectors like agriculture, mining, and tourism, have registered in 2022's GDP figures. These efforts have laid the foundation for a sustainable and resilient economy that is less vulnerable to external shocks. This is a positive sign that bodes well for the country at large.

The real estate market in Nigeria displayed in 2022 performing well in spite of all the macroeconomic issues highlighted above as well as preexisting issues like the infrastructure deficit, limited options in terms of access to finance amongst others. The real estate sector was not left out of the ripple effect of massive inflation, with the cost of building materials appreciating by about 26% across 15 observed building materials in 2022, according to Northcourt. The rapid increase is closely linked to FX pressures due to the high reliance on importation for a lot of real estate projects. This trend may continue until Nigerian manufacturers improve capacity which will make our industry more sustainable.
However, despite these challenges, we remain optimistic about the future of the Nigerian economy and real estate industry. We are confident that we will see the inevitable resurgence of business activity at a fast pace following the usual preelection hesitation, as the elected government will look to implement new policies to show progress and incentivize the investment market and stimulate growth.

Statement from the Board

Strategy

Last year we presented a 3 pronged approach refining our products, operational as well as financial and organizational strategies.

Financial & Structural

Purple put plans in motion to become the first SEC licensed Nigerian REICO in 2022. The adoption of this structure was a key strategic decision with the intention to give the company the basis to consistently raise significant large amounts of domestic capital to expand its real estate portfolio.
The REICO structure was one that really appealed to us as it provides a safe, transparent platform for investors to access high yield assets and for ourselves, the opportunity to welcome aligned longer term Naira based, institutional investors, which also complements our strategy to cycle out FX funding within our balance sheet. The distribution guidelines for REICOs also provide us with the mechanism to improve yields for investors through blended yields via the incorporation of more development assets rather than the typical approach of acquiring only operational assets.
In line with this, the company has successfully acquired an asset management license and have also been granted both the Fund Manager and Property Manager License from the Securities and Exchange Commission. Purple will continue its strategic and expansionary equity capital drive in 2023 and beyond.

Operational Strategy

The company has gone through key integrations and restructuring, consolidating our business footprints into a more flexible organization. Following the merger the company with our Property Development Arm PREDCO, Purple became a publicly listed company having declared regular dividends over the past three years. Working within our larger tech team, we are delivering our flagship real estate investment fintech, Fractions, amongst other products which will bring our traditional business lines to a new, easily accessible platform.

Products

We have continued to see recovery from the global pandemic in the real estate sector, especially for assets that provide a well thought out mixed use approach combining retail with other elements like entertainment, hospitality, residential and office. These combinations create buzzing multi faceted ecosystems / communities with individual components that can feed each other on an ongoing basis and this is in part the driving force behind our mixed use assets like Purple Maryland and Purple Lekki. These assets create one stop community centres where users can work, shop, eat, play, drink and live all within an organized singular location.
Our technology platforms were recently deployed, giving the team vital insights and as our tech division finetunes its various product offerings. Looking to the future, it is clear that technology will play an increasingly important role in the Nigerian economy and our focus on tech will undoubtedly help in cementing our place within that future.

Performance

Asset / Product Performance

PurpleMaryland maintained its high occupancy rate at cir 96% as tenant confidence remained high. A new supermarket anchor, Marketsquare was introduced and has been well received by the public. Our strategy of building and growing with a strong group of homegrown tenants has continued to reap benefits, keeping attrition levels low at this centre. Our commitment to working with these businesses has ensured that both ourselves and the tenants can continue to thrive.
PurpleLekki Made significant progress on the development side as the building reached the approached the 7th floor. We have been encouraged by the reception of this project as the retail section, currently sits at 96% occupancy with numerous tenants signed up and paying deposits. PurpleLekki is poised to open sectionally in 2023 with the retail portion expected to welcome customers by Q3.

Statement from the Board

FRONT VIEW

REAR VIEW

Our Purple Urban project also made giant strides this year as the lowrise blocks reached the 2nd floor stage towards the end of 2022.

Financial Performance

The company posted Gross earnings of N20.4 billion, up by 385.4% (FY 2021: N 4.2 billion) the key drivers of these earnings were

- Revenue from the sale of trading property under development[This amount represents the income earned from sales of purple nano apartments, project lowrise and Maryland macros by Lekki Retailtainment Limited, Purple Urban Limited and Purple Retail Estate Income Plc respectively during the period.] (22.7%) which grew year-on-year by 242.6% to N4.6 billion (FY 2021: N1.4 billion; 32.2% of gross earnings). The major driver of this was the sale of our Nano apartments.
- Fair value gains on investment property[Investment property comprises the land and building of Maryland Shopping Mall, the On-going all-new state of the art mixed property under construction at Lekki Retailtainment Limited, the investment property comprising the land and building of Purple Urban Limited and the 2,317 sqm of bare land situated at No. 350, Ikorodu Road, by Idiroko bus stop, Maryland.] (69.2% of gross earnings) of N 14.1 billion (FY 2021: N 1.0 billion; 24.0%). This was a result of revaluation changes in the fair value (FV) of investment properties with the contribution in excess of N 13.0 billion coming from the Purple Lekki Project

Profit after tax of N 13.1 billion, was recorded this year, up by 895.9% from N 1.3 billion in FY 2021, resulting in a return on average assets of 36.2% (FY 2021: 6.1%) and return on average equity of 82.4% (FY 2021: 16.9%).

Total assets grew by 73.5% to N45.8 billion (FY 2021: N 26.4 billion) Current assets increased by 11.9% to N 10.2 billion (FY 2021: N.1 billion) driven largely by an increase in accounts receivables which was up by 1610.4% to N 2.7 billion (FY 2021: N 159.7 million).

Shareholders' funds increased to N22.8 billion from N9.0 billion due to a 218.9% increase in retained earnings to N 19.0 billion (FY 2021: N6.0 billion).

Total liabilities grew by 32.5% to N 23.1 billion (FY 2021: N 17.4 billion), driven by a 28.5% increase in total borrowings to N 20.0 billion (FY 2021: N 5.6 billion).

Corporate Governance

The company remains dedicated to ensuring good corporate governance permeates through the organization. The Board of PREIP met every quarter in the year 2022 as required by the Board Charter. The Board committees continue to engage in high level interventions to ensure the company follows a well thought through approach. The Board has been stable throughout the year, with no additions to its composition. All directors have been instrumental in guiding the company through the tough times experienced this year.

Statement from the Board

Gender Diversity

Purple is proud to be a woman led business, with a significant part of our board and management team being women. The board is committed to improving diversity and will continue to strive to ensure all voices are represented and heard within our company. This diversity has helped as the company grows bringing vital fresh perspectives to our company and culture.

Dividend

An interim dividend of 6 Kobo per share amounting to N185.5m was declared and paid during the year. This figure is an increase of about 30% from the previous year. We are keen to continue delivering value to our shareholders

Sustainability

The company has continued to embrace eco-friendly construction and initiatives as the wider World gradually works towards a more carbon neutral future. We remain committed to this as we incorporate ever more Green initiatives into our developments, Like Purple Maryland which become optimized for a solar energy test run. Our Purple Lekki Development has also been undertaken with IFC Edge certification incorporated. Preserving the environment is an essential responsibility of all businesses in our industry.

Statement from the Board

Conclusion

In 2022, Purple Group continued to make operational and financial progress in support of our differentiated strategies. Operationally, the business consistently tweaked its structures to adapt and address various macroeconomic shocks. Underscoring increased resilience of the business, we recorded very strong financial performance despite economic headwinds and increased cost of building materials, power generation and political uncertainty.

During the period, we expanded our investment in technology through, Purple Proptech Limited, which is aimed at democratizing real estate ownership and investment. The company's investment-tech products had a decent outing in the capital market onboarding over 1,200 first time retail equity investors. This platform along with other useful tech developments continue to be refined under our Fractions Brand, which is poised to launch in 2023.

We also made significant progress on our Purple Lekki and Urban developments. Purple Lekki in particular took huge leaps towards completion as the team sets course for delivery of the retail portion of this landmark mixed-use asset. We expect to complete Purple Lekki, the first IFC EDGE certified mixed used building in Nigeria, and the single largest land mass size building in Nigeria by mid-year 2023. Real estate will continue to play a significant role in the economy, and we look to be at the forefront of that role with a firm footing to facilitate significant growth and higher returns for all our stakeholders. Emphasis will be placed on both debt and equity capital structure in 2023 culminating in equity capital towards 2023.

Directors' Report

For the year ended 31 December 2022

The Directors present their annual report on the affairs of Purple Real Estate Income Plc ("the Company") and its subsidiaries ("the Group"), together with the independent auditor's report for the year ended 31 December 2022.

Legal form

Purple Real Estate Income Plc ("the Company"), (formerly known as Purple CRE SPV Limited) was incorporated as a private limited liability company in Nigeria on 16 April 2014. The change of the Company's name from Purple CRE SPV Limited to Purple Real Estate Income Limited ("PREIL") was approved on 26 September 2019. The Company became a Public Limited Company (PLC) entity on 17 June 2022 after its registration with the Corporate Affairs Commission (CAC). The Group also had an Initial Public Offer (IPO) in December 2022, the results of the IPO are still being awaited as at the reporting date.

On 31 March 2022, PREIL merged with its subsidiary, Purple Real Estate Development Company ("PREDCO"), through a Scheme of Merger. Following board resolution, PREIL registered as a Real Estate Investment Company (REICO) with the Securities and Exchange Commission ("SEC") Nigeria in order to convert it to a Public Liability Company (PLC). The Group offers its services to private, public and corporate clients through a number of products. These products include purchase, lease, development and management of estate properties to generate rental income and other services such as, demolition, renovation and refurbishment of buildings, property and facility management.

Principal activity

(i) The principal activities of the Purple Real Estate Income Plc includes acquisition and execution of investment opportunities in all sectors of the economy, to act as property developer in the development of commercial real estate with the aim of outright sale or lease of properties to meet the needs of individuals and corporate bodies, and to engage in all associated undertakings including the demolition, renovation and refurbishment of buildings, property and facility management. The group provide more primary activities. These activities are undertaken by the subsidiaries. The activities are detailed in ii-vi below.

(ii) The principal activities of Maryland Mall Limited include purchase, lease, development and management of estate properties (basically, the Maryland shopping mall) to generate income. The group owns 100% of the ordinary share capital.

(iii) The principal activity of Lekki Retailtainment Limited include purchase, lease, development and management of estate properties for outright sale and to generate real estate income. The group owns 100% of the ordinary share capital.

(iv) The principal activities of the company include carrying on activities relating to the provision of electronic commerce services to Vendors; selling, transporting, promoting, marketing, supplying, and dealing in any manner, in all types of goods produced or offered for sale by the vendors. The group owns 49% of the ordinary share capital while the 51% is owned by Emerging Africa Company Limited.

During the period, the Company increased its investment in the shares of Purple Proptech Limited through and additional deposit for shares of N39.4m.

(v) The principal activity of Purple Urban Limited include to carry on business as agents for real estate, housing, land and property dealers and to advertise and assist for sale or purchase of properties. The group owns 100% of the ordinary share capital.

(vi) The principal activity of Purple Asset Managers Limited (formerly "Alternative Capital Partners Limited") include making equity and quasi-equity investments in select real estate, hospitality, fast moving consumer goods, infrastructure, oil & gas sectors, as well as corporate institutions. The group owns 100% of the ordinary share capital.

Operating results

The following is a summary of the Group operating results:

In thousands of naira	Group 31 December 2022	Group 31 December 2021	Company 31 December 2022	Company 31 December 2021
Gross earnings	20,383,462	4,198,933	864,526	277,948
Revenue from sale of trading properties under development	4,632,232	1,352,156	179,000	-
Cost of sales - trading properties under development	(3,122,005)	(745,890)	(166,914)	-
Profit on trading properties	1,510,227	606,266	12,086	-
Rental income	557,471	577,895	-	-
Revenue from services to tenants	713,363	750,667	-	-
Expenses on services to tenants	(249,951)	(100,203)	-	-
Other property operating expenses	(88,726)	(45,171)	-	-
Net rental income	932,157	1,183,188	-	-
Fair value gain on investment properties	14,095,694	1,009,610	53,888	-
Other income	384,702	508,605	631,638	277,948
Total Operating Income	16,922,780	3,307,669	697,612	277,948
Total operating expenses	(2,194,328)	(1,791,798)	(746,777)	(15,830)
Profit before minimum tax	14,728,452	1,515,871	(49,165)	262,118
Minimum tax	(1,700)	(3,061)	(1,700)	(102)
Profit before taxation	14,726,752	1,512,810	(50,865)	262,016
Income tax expense	(1,639,083)	(198,698)	(8,754)	(13)
Profit for the year	13,087,669	1,314,112	(59,619)	262,003
Other comprehensive Income	-	-	-	-
Total Comprehensive profit for the year	13,087,669	1,314,112	(59,619)	262,003
Profit for the period is attributable to:				
Equity holders of the Company	13,129,042	1,319,309	(59,619)	262,003
Non-controlling interest	(41,373)	(5,197)	-	-
Profit for the period	**13,087,669**	**1,314,112**	**(59,619)**	**262,003**

Dividend

An interim dividend of 6 Kobo per share amounting to N185.5m was declared and paid during the year. No final dividend has been proposed (2021: N142.3m).

Directors and their Interests

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

Name	**Role**
Olajumoke Akinwunmi	Chairman
Olutola Mobolurin*	Chairman
Olayide Agboola	Managing Director/CEO
Obinna Onunkwo	Executive Director
Oluseyi Sowale	Executive Director
Fiona Ahimie**	Independent Director
Osareme Archibong***	Independent Director
Muhtar Bakare	Independent Director
Adedoyin Afun	Independent Director
Sir (Pharm) Nnamdi Obi	Non Executive Director
Olatunbosun Omoniyi	Non Executive Director
Hilary Onyiuke	Non Executive Director

**Resigned on 12 February 2022*

***Appointed on 12 February 2022*

****Appointed on 6 June 2022*

Analysis of Shareholdings

The shareholding structure of the Company as at the year end was as follows:

		2022		2021
Shareholders		**No. of Ordinary shares of 50 kobo each**		**No. of Ordinary shares of 50 kobo each**
Purple Retail Limited	79%	3,242,666,581	94%	2,431,999,872
Gauthier Investments Limited	10%	422,613,868	0%	-
Purple Capital Holdings Limited	3%	143,863,765	0%	-
Embassy Pharmaceutical And Chemicals Limited	2%	84,687,444	0%	-
Other Shareholders	6%	229,055,175	6%	155,940,032
Purple Retail Managers Limited	0%	-	0%	128
	100%	4,122,886,833	100%	2,587,940,032

As required to be disclosed under section 303 of the Companies and Allied Matters Act (CAMA), 2020, there are no direct and indirect shareholding of Directors in the Company as at 31 December 2022.

Directors interest in contracts

None of the Directors has notified the Group for the purpose of section 303 of the Companies and Allied Matters Act (CAMA), 2020, of their direct or indirect interest in contracts or proposed contracts with the Group during the period.

Investment property

Information relating to changes in investment property is disclosed in Note 11 to these financial statements.

Charitable donations

The Group did not make any donation during the period under review (2021: Nil).

Property and equipment

Information relating to changes in property and equipment is given in Note 12 to the financial statements. In the Directors' opinion, the realisable value of the Group's property and equipment is not less than the value shown in the financial statements.

Board Meetings

In compliance with the Companies and Allied Matters Act, 2020 (CAMA), the Board meets quarterly. Additional meetings are convened as the need arises. In the period ended 31 December 2022, the Board held four (4) meeting, details of attendance are provided below:

	Meeting Held		**1**	**2**	**3**	**4**
S/N	**Names of Directors**		30-Apr-22	29-Jul-22	28-Oct-22	16-Dec-22
1	Mrs. Olajumoke Akinwunmi		Yes	Yes	Yes	No
2	Mr. Olayide Agboola		Yes	Yes	Yes	Yes
3	Mr. Muhtar Bakare		Yes	Yes	Yes	Yes
4	Ms. Seyi Sowale		Yes	Yes	Yes	Yes
5	Prof Hilary Onyiuke		Yes	Yes	Yes	Yes
6	Mr. Obinna Onunkwo		Yes	Yes	Yes	Yes
7	Mr. Oluwatunbosun Omoniyi		Yes	Yes	Yes	Yes
8	Mrs Fiona Ahimie		Yes	Yes	Yes	Yes
9	Sir (Pharm.) Nnamdi Obi		Yes	Yes	No	Yes
10	Mr. Adedoyin Afun		Yes	Yes	No	No
11	Mrs. Osareme Archibong		No	Yes	Yes	Yes
12	Mobolurin Olutola		Yes	No	No	No
	In Attendance	Yes				
	Not in attendance	No				

Human resources

Employment of disabled persons

The Group had no disabled person in its employment. However, applications for employment from disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned, In the event of members of staff becoming disabled, efforts will be made to ensure that, as far as possible, their employment with the Group continues and that appropriate training are arranged to ensure that they fit into the Group's working environment.

Health, safety and welfare at work

The Group places high premium on the health, safety and welfare of its contractors in their place of work. In order to protect other persons against risks to health and safety hazards arising out of or in connection with the activities at work, the Group has adopted comprehensive safety policies and procedures and set up safety committees within the Group, which review safety facilities on a regular basis and make recommendations.

Employee consultation and training

The Group places considerable value on the involvement of its employees and is in the practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Group. In line with this, formal and informal channels of communication are employed in keeping the staff abreast of various factors affecting the performance of the Group. The Group organizes training for its employees. These are complemented with on-the-job training.

Events after the reporting period

There were no events after the reporting period which could have a material effect on the financial position of the Company as at 31 December 2022 and its financial performance for the period ended which have not been adequately provided for or disclosed.

Independent 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 401 (2) of the Companies and Allied Matters Act (CAMA), 2020 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

Ebelechukwu Stephanie Ikpeoyi
FRC/2022/PRO/NBA/004/877580
For: Bloomfield Law Practice
Company Secretary
16 March, 2023

Statement of Directors' responsibilities in relation to the annual consolidated and separate financial statements for the year ended 31 December 2022

The Directors accept responsibility for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in a manner required by the Companies and Allied Matters Act (CAMA), 2020 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 of Nigeria 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.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mrs. Olajumoke Akinwunmi	Mr. Olayide Agboola
Chairman	Executive Director
FRC/2022/PRO/DIR/003/147084	FRC/2013/IODN/00000003519
16 March, 2023	16 March, 2023

Report of the Board Audit Committee

To the Shareholders of **Purple Real Estate Income Plc**

In compliance with the provisions of Section 404(7) of the Companies and Allied Matters Act (CAMA), 2020, the members of the Statutory Audit Committee of Purple Real Estate Income Plc report on the consolidated and separate financial statements for the year ended 31 December 2022 as follows:

- We confirm that the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices;
- We have reviewed the scope and planning of audit requirements;
- We have reviewed the findings on management matters in conjunction with the external auditor and departmental responses thereon;
- We have kept under review the effectiveness of the company's system of accounting and internal control;
- We have made recommendations to the board with regard to the appointment, removal and remuneration of the external auditors of the company; and
- We have authorise the internal auditor to carry out investigations into any activities of the company which may be of interest or concern to the committee

SIGNED ON BEHALF OF THE COMMITTEE BY:

Fiona Ahimie
Chairman, Board Audit Committee
FRC/2013/IODN/00000003519
16 March, 2023

Members of the Board Audit Committee are:

Fiona Ahimie	Board Representative	Chairman
Mukthar Bakare	Board Representative	Member
Olatunbosun Ominiyi	Shareholders Representative	Member
Prof. Hillary Onyiuke	Shareholders Representative	Member
Adedoyin Afun	Shareholders Representative	Member

Statement of Corporate Responsibility for the annual Consolidated and Separate Financial Statements for the Year Ended 31 December 2022

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Chief Executive Officer and Chief Financial Officer, hereby certify the audited consolidated and separate financial statements for the year ended 31 December 2022 as follows:

a) That we have reviewed the audited consolidated and separate financial statements for the year ended 31 December 2022.

b) That the audited consolidated and separate financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.

c) That the consolidated and separate audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Group and Company as of and for, the year ended 31 December 2022.

d) That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Group and Company is made known to the officer by other officers of the companies, during the period end in which the audited consolidated and separate financial statements report is being prepared.

e) That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses.

f) That we have discussed the following information to the Company's auditors:

(i) there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Group and Company's ability to record, process, summarise and report financial data, and have identified for the company's auditors any material weaknesses in internal controls, and

(ii) there is no fraud that involves management or other employees who have a significant role in the Group and Company's internal control.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. Olayide Agboola	Ms. Oluseyi Sowale
Chief Executive Officer	Chief Financial Officer
FRC/2013/IODN/00000003519	FRC/2020/006/00000021622
16 March, 2023	16 March, 2023

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

Telephone 234 (1) 271 8955
234 (1) 271 8599
Internet home.kpmg/ng

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Purple Real Estate Income PLC**

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Purple Real Estate Income PLC ("the Company") and its subsidiaries (together, "the Group"), which comprise:

- the consolidated and separate statements of financial position as at 31 December 2022;
- the consolidated and separate statements of profit or loss and other comprehensive income;
- the consolidated statement of changes in equity;
- the separate statement of changes in equity;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Company and its subsidiaries as at 31 December 2022, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 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 consolidated and separate Financial Statements* section of our report. We are independent of the Group and Company in accordance with International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated and separate 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter applies to both the audit of the consolidated and separate financial statements

Valuation of investment properties
The Group and Company own a portfolio of investment properties comprising commercial properties, shopping malls, serviced residential apartments and parcels of land. These investment properties are stated at their fair values based on independent external valuations.

We focused on the valuation of investment properties due to the size of the balance and the significant judgement required in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied.

The valuation for each property is based on the fair market value opinion of a professional valuation specialist engaged by management. The determination of the fair value involves estimation of outcomes that are inherently uncertain and judgment is required. The valuation includes certain judgements and assumptions in determining the fair value of the investment properties comprising the:

- determination of appropriateness of cashflow forecasts;
- assessment of cashflow parameters such as growth rates, rental revenue, vacancy rates and expense ratios;
- determination of the property's initial and exit yield which are used to determine the capitalization rate and terminal growth rate applied on the cashflows respectively; and
- determination of the market value of similar properties

Based on the significance of the above, investment properties have been considered a key audit matter.

How the matter was addressed in our audit
Our procedures included the following:

- We evaluated the appropriateness of management specialist's valuation methodology by comparing to acceptable industry standards.
- We challenged the assumptions used by management experts in the computation of the fair value of the properties, this includes using property specific information and external data to independently develop a range of estimates and compared to the management specialist estimate.
- For properties valued using the market approach, we obtained comparative price analysis of recent transactions supporting the fair market value determined for the investment properties.
- We challenged the reasonableness of the fair value by comparing management's valuation to independent market information for similar properties in the same location.
- We assessed that the classification and disclosures in the consolidated and separate financial statements were in line with the relevant accounting standards.

Refer to significant accounting policies and related disclosures in Note 4(M), Note 11 and Note 26.1.1 of the consolidated and separate financial statements.

Other Information
The Directors are responsible for the other information. The other information comprises the Corporate Information, Directors' Report, Statement of Directors' Responsibilities, Report of the Board Audit Committee, Statement of Corporate Responsibility and Other National Disclosures, but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

Better Your Living

with purpleliving

nano • macro • urban

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 Consolidated and Separate Financial Statements

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 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 consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 Group and 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 Group and 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 consolidated and separate 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 Group and Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020.

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.

iii. The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of.

Signed:

Obaloje

Oseme Obaloje
FRC/2013/ICAN/00000004803
For: KPMG Professional Services
Chartered Accountants
31 March 2023
Lagos, Nigeria

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2022

In thousands of naira	**Notes**	**Group 31 Dec 2022**	**Group 31 Dec 2021**	**Company 31 Dec 2022**	**Company 31 Dec 2021**
Revenue from sale of trading properties under development	5	4,632,232	1,352,156	179,000	-
Cost of sales - trading properties under development	15(b)	(3,122,005)	(745,890)	(166,914)	-
Profit on trading properties		**1,510,227**	**606,266**	**12,086**	**-**
Rental income	5	557,471	577,895	-	-
Revenue from services to tenants	5	713,363	750,667	-	-
Expenses on services to tenants	5	(249,951)	(100,203)	-	-
Other property operating expenses	5	(88,726)	(45,171)	-	-
Net rental income		**932,157**	**1,183,188**	**-**	**-**
Other income	6(a)	421,827	214,146	675,913	483,206
Fair value gain on investment properties	6(b)	14,095,694	1,009,610	53,888	-
Impairment (loss)/ write-back on financial assets	10	(37,125)	294,459	(44,275)	(205,258)
Total other income		**14,480,396**	**1,518,215**	**685,526**	**277,948**
Operating income		**16,922,780**	**3,307,669**	**697,612**	**277,948**
Finance cost	7	(744,158)	(711,628)	-	-
Personnel expenses	8	(598,318)	(310,612)	(597,876)	-
Operating expenses	9	(851,852)	(769,558)	(148,901)	(15,830)
Total expenses		**(2,194,328)**	**(1,791,798)**	**(746,777)**	**(15,830)**
Profit/(loss) before minimum taxation		14,728,452	1,515,871	(49,165)	262,118
Minimum tax	22	(1,700)	(3,061)	(1,700)	(102)
Profit before taxation		14,726,752	1,512,810	(50,865)	262,016
Income tax expense	22	(1,639,083)	(198,698)	(8,754)	(13)
Profit/(loss) for the year		**13,087,669**	**1,314,112**	**(59,619)**	**262,003**
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the year		**13,087,669**	**1,314,112**	**(59,619)**	**262,003**
Profit/(loss) for the period is attributable to:					-
Equity holders of the Company		13,129,042	1,319,309	(59,619)	262,003
Non-controlling interest	20(f)	(41,373)	(5,197)	-	-
Profit/(loss) for the year		**13,087,669**	**1,314,112**	**(59,619)**	**262,003**
Total comprehensive income/(loss) attributable to:					
Equity holders of the Company		13,129,042	1,319,309	(59,619)	262,003
Non-controlling interest	20(f)	(41,373)	(5,197)	-	-
Total comprehensive income/(loss) for the year		**13,087,669**	**1,314,112**	**(59,619)**	**262,003**

The accompanying notes form an integral part of these consolidated and separate financial statements

Consolidated and Separate Statement of Financial Position
As at

In thousands of naira	**Notes**	**Group 31 Dec 2022**	**Group 31 Dec 2021**	**Company 31 Dec 2022**	**Company 31 Dec 2021**
ASSETS					
Non-current assets					
Completed investment property	11(a)	12,000,000	11,095,300	-	-
Investment property under development	11(b)	23,250,352	5,934,340	698,903	-
Property and equipment	12	134,310	135,766	62,077	-
Intangible assets and goodwill	13	128,302	127,898	48,581	-
Investment in subsidiary	14	-	-	2,581,255	2,631,871
Financial assets at fair value through profit or loss (Equity investment)	18	115,400	-	115,400	-
Total non-current asset		**35,628,364**	**17,293,304**	**3,506,216**	**2,631,871**
Current assets					
Trading properties under development	15	6,621,763	6,843,346	1,354,382	-
Trade receivables and contract assets	16	2,731,194	159,681	7,367,281	4,011,989
Other assets	17	153,343	79,799	139,456	-
Financial assets at fair value through profit or loss	18	161,953	77,469	161,953	77,469
Cash and cash equivalents	19	541,111	1,964,370	81,105	8,749
Total current assets		**10,209,364**	**9,124,665**	**9,104,177**	4,098,207
Total assets		**45,837,728**	**26,417,969**	**12,610,393**	**6,730,078**
EQUITY					
Share capital	20	2,061,443	1,293,970	2,061,443	1,293,970
Share premium	20(b)	1,834,183	625,628	1,834,183	625,628
Preference shares	20(c)	10	10	-	-
Retained earnings	20(d)	18,994,892	5,956,968	360,368	575,485
Prepaid share capital reserves	20(e)	-	1,125,378	-	1,125,378
Common control acqusition deficit	26.2.6	(94,408)	-	(30,028)	-
Equity attributable to equity holders of the parent company		**22,796,120**	**9,001,954**	**4,225,966**	**3,620,461**
Non-controlling interest	20(f)	(46,060)	(4,687)	-	-
Total equity		**22,750,060**	**8,997,267**	**4,225,966**	**3,620,461**
LIABILITIES					
Non-current liabilities					
Long term borrowings	21(c)	10,319,485	8,284,485	5,055,022	3,027,884
Deferred tax liabilities	22(e)	1,182,302	-	8,754	-
Total non current liabilities		11,501,787	8,284,485	5,063,776	3,027,884
Current liabilities					
Current tax liabilities	22(d)	851,137	356,654	210,369	6,860
Short term borrowings	21(c)	9,696,816	7,291,265	2,671,332	-
Contract liabilities	24	51,651	281,865	-	-
Other liabilities	23	986,277	1,206,433	438,950	74,873
Total current liabilities		11,585,881	9,136,217	3,320,651	81,733
Total liabilities		23,087,668	17,420,702	8,384,427	3,109,617
Total equity and liabilities		**45,837,728**	**26,417,969**	**12,610,393**	**6,730,078**

These financial statements were approved by the Board of Directors on 16 March 2023 and signed on its behalf by the directors listed below:

Mrs. Olajumoke Akinwunmi
Chairman
FRC/2022/PRO/DIR/003/147084

Mr. Olayide Agboola
Managing Director/CEO
FRC/2013/IODN/00000003519

Additionally certified by:

Ms. Oluseyi Sowale
Executive Director, Finance
FRC/2020/006/00000021622

The accompanying notes form an integral part of these consolidated and separate financial statements

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

Group

In thousands of naira	Note	Share capital	Preference shares	Share premium	Fair value reserves	Prepaid share capital reserves	Common control acqusition deficits	Retained earnings	Non-controlling interest	Total equity
Balance as at 1 January 2022	20	1,293,970	10	625,628	-	1,125,378	-	5,956,968	(4,687)	8,997,267
Profit for the period		-	-	-	-	-	-	13,129,042	(41,373)	13,087,669
Other comprehensive income for the period		-	-	-	-	-	-	-	-	-
Total comprehensive income		**-**	**-**	**-**	**-**	**-**		**13,129,042**	**(41,373)**	**13,087,669**
Transactions with owners of the Company										
Contribution and distributions										
Issue of additional shares		409,207	-	716,171	-	(1,125,378)	-	-	-	-
Proceeds on additional share issued		358,266	-	492,384	-		-	-		850,650
Common control acqusition deficit							(94,408)	94,408	-	-
Dividend to equity holders		-		-	-	-		(185,526)	-	(185,526)
Total contributions /(distributions)		**767,473**	**-**	**1,208,555**	**-**	**(1,125,378)**	**(94,408)**	**(91,118)**	**-**	**665,124**
										-
Balance at 31 December 2022		**2,061,443**	**10**	**1,834,183**	**-**	**-**	**(94,408)**	**18,994,892**	**(46,060)**	**22,750,060**
		-								

For the year ended 31 December 2021

In thousands of naira	Note	Share capital	Preference shares	Share premium	Fair value reserves	Prepaid share capital reserves	Common control acqusition deficit	Retained earnings	Non-controlling interest	Total equity
Balance as at 1 January 2021	20	19,000	-	1,374,993	8,135	503,603	-	4,637,669	-	6,543,400
Loss for the year		-	-	-	-	-	-	1,319,309	(5,197)	1,314,112
Other comprehensive income	18(d)	-	-	-	(8,135)	-	-	-	-	(8,135)
Total comprehensive income		**-**	**-**	**-**	**(8,135)**	**-**	**-**	**1,319,309**	**(5,197)**	**1,305,977**
Transactions with owners of the Company										
Contribution and distributions										
Proceeds from issue of additional shares		1,274,970	-	(749,365)	-	-	-	-	-	525,605
Recognition of preference shares			10					(10)	-	-
Deposit for shares		-	-	-	-	621,775	-	-	-	621,775
Total contributions		**1,274,970**	**10**	**(749,365)**	**-**	**621,775**	**-**	**(10)**	**-**	**1,147,380**
Changes in ownership interests										
Acquisition of subsidiary with non-controlling interest		-		-	-	-	-	-	510	510
Total transaction with owners		**1,274,970**	**10**	**(749,365)**	**-**	**621,775**	**-**	**(10)**	**510**	**1,147,890**
Balance at 31 December 2021		**1,293,970**	**10**	**625,628**	**-**	**1,125,378**	**-**	**5,956,968**	**(4,687)**	**8,997,267**

The accompanying notes form an integral part of these consolidated and separate financial statements

Separate Statement of Changes in Equity

For the year ended 31 December 2022

Company

In thousands of naira	Note	Share capital	Share premium	Prepaid share capital reserves	Common control acqusition deficit	Retained earnings	Total equity
Balance as at 1 January 2022	20	1,293,970	625,628	1,125,378	-	575,486	3,620,462
Loss for the year		-	-	-	-	(59,619)	(59,619)
Total comprehensive income		**-**	**-**	**-**		**(59,619)**	**(59,619)**
Transactions with owners of the Company							
Contributions and distribution							
Issue of additional shares		409,207	716,171	(1,125,378)	-	-	-
Proceeds on share issue		358,266	492,384	-	-	-	850,650
Common control acquisition deficit		-	-	-	(30,028)	30,028	-
Dividend to equity holders		-	-	-	-	(185,526)	(185,526)
Total contributions and (distributions)		**767,473**	**1,208,555**	**(1,125,378)**	**(30,028)**	**(155,498)**	**665,124**
Balance at 31 December 2022		**2,061,443**	**1,834,183**	**-**	**(30,028)**	**360,369**	**4,225,967**

For the year ended 31 December 2021

In thousands of naira	Note	Share capital	Share premium	Prepaid share capital reserves	Common control acqusition deficit	Retained earnings	Total equity
Balance as at 1 January 2021	18	19,000	1,374,993	503,603	-	455,820	2,353,416
Profit for the year		-	-	-	-	262,003	262,003
Total comprehensive income		**-**	**-**	**-**	**-**	**262,003**	**262,003**
Transactions with owners of the Company							
Contributions and distribution							
Additional Share Capital		1,274,970	(749,365)		-	-	525,605
Deposit for shares		-	-	621,775	-	-	621,775
Dividend to equity holders		-	-	-	-	(142,337)	(142,337)
Total contributions and (distributions)		**1,274,970**	**(749,365)**	**621,775**	**-**	**(142,337)**	**1,005,043**
Balance at 31 December 2021		**1,293,970**	**625,628**	**1,125,378**	**-**	**575,486**	**3,620,462**

The accompanying notes an integral part of these consolidated and separate financial statements

Consolidated and Separate Statement of Cash Flows
For the year ended 31 December 2022

In thousands of naira	**Notes**	**Group 31 Dec 2022**	**Group 31 Dec 2021**	**Company 31 Dec 2022**	**Company 31 Dec 2021**
Cash flows from operating activities					
Profit/(loss) for the year		**13,087,669**	**1,314,112**	**(59,619)**	**262,003**
Minimum and income tax expense		1,640,783	201,759	10,454	115
Profit/ (loss) before tax		**14,728,452**	**1,515,871**	**(49,165)**	**262,118**
Adjustments for:					
Fair value changes in Investment property	6(b)	(14,095,694)	(1,009,610)	(53,888)	-
Interest expense	21(b)	722,811	669,275	223,251	189,901
Impairment loss/(writeback)	10	37,125	(294,459)	44,275	205,258
Fair value changes on FVTPL	14	(5,165)	(3,092)	(5,165)	(4,906)
Foreign exchange loss	21(b)	21,347	42,353	-	-
Depreciation for property and equipment	12	53,982	37,824	15,973	-
Net cash flow from operating activities before changes in operating assets and liabilities		1,462,858	958,162	175,281	652,371
Changes in:					
Account receivable	33(b)	(2,202,271)	54,048	(3,386,439)	-
Trading properties under development	33(f)	837,455	(4,990,028)	(1,354,382)	-
Other assets	33(e)	(111,213)	1,808,900	(139,456)	(4,075,884)
Other liabilities	33(d)& 6(a)	(450,370)	(210,603)	364,077	7,762
Net cash used in operating activities		**(1,252,865)**	**(2,379,521)**	**(4,340,919)**	**(3,415,751)**
Cash flows from investing activities					
Acquisition of property and equipment	12	(34,016)	(83,263)	(28,979)	-
Acquisition of intangible assets	13	(21,958)	(61,698)	(3,034)	-
Acquisition of investment securities	18	(188,665)	-	(188,665)	(29,781)
Cash acquired under common control acquisition transaction	26.2.6	-	-	9,985	-
Disposal of investment securities	18	-	108,135	-	-
Investments in subsidiaries	14	-	-	(39,382)	
Expenditure on investment property under development	33(a)	(3,090,922)	(3,343,969)	-	-
Dividend received	33(g)	-	-	-	142,337
Interest received	6	327,298	-	38,285	-
Net cash generated from/ (used in) investing activities		**(3,008,263)**	**(3,380,795)**	**(211,790)**	**112,556**
Cash flows from financing activities					
Proceed from borrowings	21(b)	5,591,972	8,653,680	5,575,329	3,000,000
Proceeds from deposits for shares	20(e)	850,650	621,775	850,650	621,775
Repayment of borrowings	21(b)	(1,593,170)	(1,593,170)	(1,174,700)	-
Interest paid	21(b)	(917,041)	(728,041)	(437,810)	(169,517)
Dividend Paid	33(g)	(185,526)	-	(185,526)	(142,337)
Net cash generated from financing activities		**3,746,885**	**6,954,244**	**4,627,943**	**3,309,921**
Net (decrease)/increase in cash and cash equivalents		(1,437,044)	1,193,928	75,234	6,726
Cash and cash equivalents at beginning of the year		1,986,675	792,718	8,749	2,023
Effects of exchange movements on cash held		70	29	-	-
Cash and cash equivalents at end	19	**549,701**	**1,986,675**	**83,983**	**8,749**

The accompanying notes form an integral part of these consolidated and separate financial statements

Notes to the consolidated and separate financial statements
For the year ended 31 December 2022

1 Reporting entity

Purple Real Estate Income Plc ("the Company"), (formerly known as Purple CRE SPV Limited) was incorporated as a private limited liability company in Nigeria on 16 April 2014. The change of the Company's name from Purple CRE SPV Limited to Purple Real Estate Income Limited ("PREIL") was approved on 26 September 2019. The Company became a public listed entity on 17 June 2022. On 31 March 2022, PREIL merged with its subsidiary, Purple Real Estate Development Company ("PREDCO"), through a Scheme of Merger. Following board resolution, PREIL registered as a as a Real Estate Investment Company (REICO) with the Securities and Exchange Commission ("SEC") Nigeria in order to convert it to a Public Liability Company (PLC).
The consolidated and separate financial statements for the year ended 31 December 2022 comprise the Company and its subsidiary (together referred to as "the Group").

2 Basis of preparation

(a) Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria Act, 2011. The accounting policies have been consistently applied to the period presented. Details of the Group's accounting policies are included in note 4.

The consolidated financial statements were authorized for issue by the Board of Directors on 16 March 2023.

(b) Basis of measurement

These consolidated and separate financial statements have been prepared on the historical cost basis except completed investment property, investment property under development, investment securities and unquoted equity which have been stated at fair value.

(c) Functional and presentation currency

These consolidated and separate financial statements are presented in Naira, which is the Group's functional currency. Except where indicated, financial information presented in Naira has been rounded to the nearest thousand.

(d) Use of estimates and judgments

In preparing the consolidated and separate financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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. Judgments made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in the note 26 to the account.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(i.) Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 26.2.1 - Consideration of significant financing component in a contract;
- Note 26.2.2 - Principal versus agent considerations – services to tenants
- Note 26.2.3 - Classification of property
- Note 26.2.4 - Determining the timing of revenue recognition on trading property under development
- Note 26.2.5 - Consolidation - Determination of control over investees.
- Note 26.2.6 - Business Combination - common control transaction
- Note 26.2.7 - Foreign exchange rate

(ii.) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting into material adjustment as at the year ended 31 December 2022 is included in the following notes:

- Note 26.1.1 - Valuation of investment property.
- Note 26.1.2 - Estimation of net realisable value for trading property
- Note 26.1.3 - Measurement of progress when revenue is recognised over time.
- Note 26.1.4 - Recoverability of deferred taxes.
- Note 26.1.4 - ECL impairment for expected credit losses of trade receivables and contract assets.

Notes to the consolidated and separate financial statements
For the year ended 31 December 2022

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

· Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

· Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

· Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(e) Going concern basis of accounting

The Group made a profit after tax of N13.09 billion for the year ended 31 December 2022 (2021: N1.31 billion), while the Company made a loss of N0.06 billion for the year ended 31 December 2022 (2021: Profit of N0.26 billion). As at that date, the Group's current liabilities exceeded its current assets by N1.38 billion (2021: N0.01 billion). This is mainly arising from the maturing obligations of the Group from its borrowings and banking facilities, representing 42% of total liabilities, which are due within the next twelve months as disclosed in Note 21(c) of these consolidated and separate financial statements.
The Group is currently renegotiating the terms of the borrowings with the lenders. Furthermore, as described in Note 25(b) the Group is working on the liquidity gap arising from this through the debt refinancing programme, debt to equity conversion and right issues programme consideration for 2023.

Management believes that the repayment of the facilities will be met out of operating cash flows and the immediate and significant mitigating actions taken by management to reduce costs and optimise the Group's cash flow and liquidity. Among these are the following mitigating actions: reducing capital and investment expenditure through postponing or pausing projects and change activity; deferring or cancelling discretionary spend; freezing non-essential recruitment; and reducing marketing spend. Management further anticipates that any additional cash flow needs will be met from additional shares capital raised through rights issues, refinancing and conversion of short-term borrowings to long term debt. Management is confident that the activities will be finalised before end of December 2023 and that the proceeds will be sufficient to meet any additional cash flow needs. Based on these factors, management has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Based on the above, the directors have a reasonable expectation that the Group and Company will continue in operational existence for the foreseeable future and as such realise its assets and settle its liabilities in the normal course of business. Accordingly, these consolidated and separate financial statements have been prepared based on accounting polices applicable to a going concern.

3 Standards and interpretations but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

Standards not yet effective	Effective Date	Summary of the requirements
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024	Amendments to IFRS 16 Leases requires a seller-lessee impacts how a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendment also requires the seller-lessee to include variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. The amendments confirm the following. • On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. • After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments

Amendments to IAS 8: Definition of Accounting Estimates	1 January 2023	This amendment provides clarifications to companies on how to distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendment introduces a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarifies the following: •an entity develops an accounting estimate to achieve the objective set out by an accounting policy. •developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) and choosing the inputs to be used when applying the chosen measurement technique. •a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. •a change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.C50The definition of accounting policies remains unchanged. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the Company applies the amendments. The amendment is not expected to have any significant impact on the Company.
Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023	The amendment clarifies that the initial recognition exemption does not apply to transactions that give rise to equal and offsetting temporary differences such as leases and decommissioning obligations. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition rising from these transactions. The standard is effective for annual periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If an entity previously accounted for deferred tax on these transactions using the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability. The amendment is not expected to have any significant impact on the Company.
Amendments to IAS 1: Classification of liabilities as current or non-current	1 January 2024	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement. The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option, which could either be recognised as either equity or liability separately from the liability component under IAS 32 Financial Instruments: Presentation The standard is effective for annual periods beginning on or after 1 January 2023. Early adoption is permitted. The amendment is not expected to have any significant impact on the Company.

4 Significant accounting policies

Unless otherwise stated, the Company and its subsidiaries (together referred to as "the Group") have consistently applied the following accounting policies to all periods presented in these consolidated and separated financial statements.

Notes to the consolidated and separate financial statements
For the year ended 31 December 2022

(a) Basis of consolidation

(i) Business combinations

The Group applies IFRS 3 Business Combinations in accounting for business combinations.

Business combinations are accounted for using the acquisition method as at the acquisition date, that is, when control is transferred to the Group. Consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.

Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred. The Consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition.

The Group measures goodwill at the acquisition date as the total of:
- the fair value of the consideration transferred, which is generally measured at fair value; plus
- the recognized amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Other contingent consideration is measured at fair value at each reporting date and subsequent changes in fair value of the contingent consideration are recognised in profit or loss.

When the acquisition of subsidiaries does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

In the separate financial statements of the Company, investments in subsidiaries are accounted for at cost.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the investee entity and has the ability to affect those returns through its power over the entity.

The group consolidates the annual financial statements of investees which it controls. The annual financial statements of the investee are consolidated from the date on which the group acquires control up to the date that control ceases. Control is assessed on a continuous basis.

The proportion of comprehensive income and changes in equity allocated to the group and non-controlling interests are determined on the basis of the group's present ownership interest in the subsidiary.

Investments in subsidiaries are accounted for at cost less accumulated impairment losses (where applicable) in the separate financial statements. The carrying amounts of these investments are reviewed annually and impaired when necessary.

The Group reassesses whether it has control and if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. Those resulting from a lending relationship) become substantive and lead to the Group having power over an investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

The accounting policies of subsidiaries have been changed where necessary to align with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Loss of control

A disposal arises where the group loses control of a subsidiary. Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary.

Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale asset depending on the level of influence retained.

(iv) Transfer under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or business are ultimately controlled by the same person or parties both before and after the combination, and that control is not transitory. The Group applied the book value accounting method by adding the assets and liabilities acquired.

The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognized directly in a capital reserve account in equity called common control acquisition reserves.

Notes to the consolidated and separate financial statements
For the year ended 31 December 2022

(v) Non-controlling interests

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

NCI is subsequently measured at the initial recognised amount plus the share of profit and other comprehensive income attributable to the non-controlling shareholders.

The Group measures non-controlling interest at its proportionate share of the recognised amount of the identifiable net assets, at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Adjustments to non-controlling interest are based on a proportionate amount of the net assets of the subsidiary.

No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

(vi) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains or losses or incomes and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investee are eliminated against the investment to the extent of the Group’s interest in the entity.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency transactions

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at each reporting date are translated to the functional currency at exchange rates as at the reporting date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year using the rates prevalent at the beginning, adjusted for effective interest and payments during the year, and the amortised cost in the functional currency at the year end using the rates prevalent at the year end.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

The Group translates and records its foreign currency transactions and balances based on the exchange rate at which the future cash flows represented by the transactions or balances could have been settled, if those cash flows had occurred at the reporting date. The Nigerian Autonomous Foreign Exchange (NAFEX) rate has been used for the translation of foreign currency balances as this remains the main source of foreign currencies for the Company's transactions.

Foreign currency differences on non-monetary items are accounted for based on the classification of the underlying items. Foreign exchange gains and losses on equities (debt) classified as fair value through OCI (FVOCI) financial assets are recognised in the FVOCI reserve in OCI (profit or loss) whereas the exchange differences on equities and debt that are classified as held at fair value through profit or loss are reported as part of the fair value gain in the statement of comprehensive income.

Notes to the consolidated and separate financial statements
For the year ended 31 December 2022

(c) Revenue

i) Revenue from rental income

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property. In addition, the Group subleases investment property acquired under head leases with lease terms exceeding 12 months at commencement. Subleases are classified as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying investment property. All the Group's subleases are classified as operating leases.

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

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option.

ii) Revenue from services to tenants

For investment property held primarily to earn rental income, the Group enters as a lessor into lease agreements that fall within the scope of IFRS 16. These agreements include certain services offered to tenants (i.e., customers) including common area maintenance services (such as cleaning, security, adverts, car parking, utilities etc.). The consideration charged to tenants for these services includes fees charged based on a percentage of the rental income and reimbursement of certain expenses incurred. These services are specified in the lease agreements and separately invoiced.

The Group has determined that these services constitute distinct non-lease components (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15. The Group allocates the consideration in the contract to the separate lease and revenue (non-lease) components on a relative stand-alone selling price basis.

In respect of the revenue component, these services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Group. The Group applies the time elapsed method to measure progress.
The consideration charged to tenants for these services is based on a percentage of the rental income. The variable consideration only relates to the non-lease component and is allocated to each distinct period of service (i.e., each day) as it meets the variable consideration allocation exception criteria.

The Group arranges for third parties to provide certain of these services to its tenants. The Group concluded that it acts as a principal in relation to these services as it controls the specified services before transferring them to the customer. Therefore, the Group records revenue on a gross basis.

iii) Revenue from sale of trading property

i) Completed inventory property

The sale of completed property constitutes a single performance obligation and the Group has determined that this is satisfied at the point in time when control transfers. For unconditional exchange of contracts, this generally occurs when legal title transfers to the customer. For conditional exchanges, this generally occurs when all significant conditions are satisfied. Payments are received when legal title transfers which is usually within six months from the date when contracts are signed.

ii) Inventory property under development

The Group considers whether there are promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. For contracts relating to the sale of property under development, the Group is responsible for the overall management of the project and identifies various goods and services to be provided, including design work, procurement of materials, site preparation and foundation pouring, framing and plastering, mechanical and electrical work, installation of fixtures (e.g., windows, doors, cabinetry, etc.) and finishing work. The Group accounts for these items as a single performance obligation because it provides a significant service of integrating the goods and services (the inputs) into the completed property (the combined output) which the customer has contracted to buy.

For contracts that meet the over time revenue recognition criteria, the Group's performance is measured using an input method, by reference to the costs incurred to the satisfaction of a performance obligation (e.g., resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the completion of the property. The Group excludes the effect of any costs incurred that do not contribute to the Group's performance in transferring control of goods or services to the customer (such as unexpected amounts of wasted materials, labour or other resources) and adjusts the input method for any costs incurred that are not proportionate to the Group's progress in satisfying the performance obligation (such as uninstalled materials).

iv) Fee income

Fee income is recognised when the Group acts in the capacity of an agent rather than as the principal in a transaction. The revenue recognised is the net amount of commission made by the Group.

Notes to the consolidated and separate financial statements
For the year ended 31 December 2022

(d) Other income

Other income represents income generated from sources other than rental deposits and income directly related to the Group's operations. It includes foreign

i) Interest income

Interest income is recognised as it accrues in the Statement of Profit or Loss, represents mainly income from placement of funds.
Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes interest on financial assets.

(e) Other operating expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows, depletion of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.
Expenses are recognized on an accrual bases regardless of the time of spending cash. Expenses are recognized in the income statement when a decrease in future economic benefit related to a decrease in an assets or an increase of a liability has arisen that can be measured reliably.

Expenses are measured at historical cost. Assets are recorded at the amount of cash or cash equivalents paid or their fair value of consideration given. Liabilities are recorded at the amount of proceeds received in exchange for the obligation. Only the portion of cost of a previous period that is related to the income earned during the reporting period is recognized as an expense. Expenses that are not related to the income earned during the reporting period, but expected to generate future economic benefits, are recorded in the financial statement as assets. Expense incurred by the Group during the year under review are depreciation expenses, audit fees, training, professional fees, insurance cost, repairs and maintenance etc.

(f) Taxation

Income tax expense

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

(i) Current tax
Current tax is the expected tax payable on taxable income for the year determined in accordance with Companies Income Tax Act (CITA) using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits. This represents 2.5% of assessable profit in accordance with the provision of the Education Tax (Amendment) 2004.
- National Information Technology Development Agency levy is computed on profit before tax
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year)

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

(ii) Minimum tax
Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss. The Company is subject to the Finance Act (amendments made to Companies Income Tax Act (CITA)). Minimum tax is determined as 0.5% of gross turnover of the Company less franked investment income. Where the minimum tax charge is higher than the Company Income Tax {CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as minimum tax.
The Group offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realised.

(iii) Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax is provided for using the liability method, which represents taxation at the current rate of corporate tax on all timing differences between the accounting values and their corresponding tax values.

A deferred tax is recognised only to the extent that it is probable that future taxable profits will be available against which the amount will be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the consolidated and separate financial statements
For the year ended 31 December 2022

(g) Dividends

Dividends are recognised as liability and deduction in equity in the period they are declared. Dividend paid is recognised gross of withholding tax (WHT) with the corresponding WHT remitted to tax authorities.

(h) Share capital, preference shares and share premium

The Group has two classes of shares, ordinary shares and preference shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve. The use of the share premium account is governed by S.120(3) of the Companies and Allied Matters Act of Nigeria. All ordinary shares rank equally with regard to the Group's residual assets. Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Group.

The holders of preference shares are entitled to receive dividend as declared from time to time before the ordinary shareholders. The shares rank higher than the ordinary shares with regard to the Group's residual assets.
Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(i) Prepaid share capital reserves

Prepaid capital reserves warehouses prepayments for shares that are yet to be issued to shareholders. There is no possibility of this prepayment being reversed or refunded and the Company has an obligation to deliver these shares.

(j) Earnings per Share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group 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) Related parties

Related parties include the holding company and other group entities. Directors, their close family members and any employee who are able to exert a significant influence on the operating policies of the Group are also considered to be related parties. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

(l) Financial instruments

(i) Recognition and initial measurement

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

A financial asset or financial liability is measured initially at fair value plus, for an item not at Fair value through Profit/Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
– the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
– the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

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

Business model assessment
The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:
– the stated policies and objectives for the portfolio and the operation of those policies in practice.
– how the performance of the portfolio is evaluated and reported to the Group’s management;
– how managers of the business are compensated.
– the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

Notes to the consolidated and separate financial statements
For the year ended 31 December 2022

Assessment of whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as profit margin.

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

Reclassifications
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Financial liabilities

The Group classifies its financial liabilities as measured at amortised cost.

(iii) Derecognition

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

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

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

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iv) Modifications of financial assets and financial liabilities
Financial assets
If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:
– fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
– other fees are included in profit or loss as part of the gain or loss on derecognition.

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

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

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

(v) Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a Group of similar transactions such as in the Group's trading activity.

Notes to the consolidated and separate financial statements
For the year ended 31 December 2022

(vi) Fair value measurement

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

When one is available, the Group 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 Group 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 best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price. The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

(vii) Impairment

The Group recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:
– financial assets that are debt instruments;
– Cash equivalent
– Trade receivables, contract assets and other financial assets
The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:
– debt investment securities that are determined to have low credit risk at the reporting date; and
– other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. This Lifetime ECL is measured using the simplified approach. The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as '12 months ECL financial instruments'. Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Lifetime ECL not-credit financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:
– financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive) and
– financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Lifetime ECL credit impaired financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
– significant financial difficulty of the borrower or issuer;
– a breach of contract such as a default or past due event;
– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
– it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
– the disappearance of an active market for a security because of financial difficulties.

Notes to the consolidated and separate financial statements
For the year ended 31 December 2022

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets

Write off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

(viii) Non-derivative financial assets

All financial assets are recognized in the consolidated and separate statement of financial position and measured in accordance with their assigned IFRS 9 category.

The Group allocates financial assets to the following categories; amortised cost, fair value through other comprehensive income (FVOCI and fair value through profit or loss (FVTPL).

Management determines the classification of its financial assets at initial recognition. All financial assets are initially recognized at fair value. Transaction costs are included in the amounts initially recognized except for financial assets at fair value through profit or loss, where transaction costs are recognized immediately in statement of profit or loss.

Subsequent to initial measurement, financial instruments are measured either at fair value or amortized cost, depending on their classification.

The Group derecognises a financial assets when the contractual rights to the cash flow 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. Any interest in transferred assets that is created or retained by the Group is recognised as a separate asset or liability.
The Group's non-derivative financial assets are loans and advances, account receivables, other receivables and cash and cash equivalents which are measured at amortised cost

Cash and cash equivalents comprise cash on hand; cash balances with banks and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of statement of cash flows.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Account receivable comprises of receivables on service charge and utilities, receivables on customers lease rental etc. Account receivables are stated at cost less impairment.

Other receivables comprise balances due from the Group's related party and other components within the Purple group. Other receivables are carried at amortised cost less accumulated impairment losses. The Group recognises receivables from related parties when they are originated. Inter-Group receivables are measured at amortised cost less accumulated amortisation and impairment losses. The inter-Group balances do not attract any interest charges and repayments are made upon request.

(ix) Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

The Group's non-derivative financial liabilities are borrowings and other liabilities.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

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

Notes to the consolidated and separate financial statements
For the year ended 31 December 2022

(m) Investment property

Investment property comprises completed property and property under development or re-development that is held, or to be held, to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

For the Group, investment property comprises principally of malls, residential properties, offices and retail property that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

(i) Recognition and measurement

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and (only in case of investment property held under a lease) initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise, including the corresponding tax effect.

(ii) Transfer to/from investment properties

Transfers are made to (or from) investment property only when there is evidence of a change in use (such as commencement of development or inception of an operating lease to another party).

For a transfer from investment property to inventories, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an inventory property becomes an investment property, the difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

The Group considers as evidence the commencement of development with a view to sale (for a transfer from investment property to inventories) or inception of an operating lease to another party (for a transfer from inventories to investment property).

(iii) Subsequent costs

The cost of replacing a part of an investment property 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 Group and its cost can be measured reliably.

The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of investment property are recognised in profit or loss as incurred.

(iv) Derecognition

Investment property is derecognised either when it has been disposed of (i.e., at the date the recipient obtains control of the investment property in accordance with the requirements for determining when a performance obligation is satisfied in IFRS 15) or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration to be included in the gain or loss arising from the derecognition of investment property, the Group considers the effects of variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any) in accordance with the requirements for determining the transaction price in IFRS 15.

Notes to the consolidated and separate financial statements
For the year ended 31 December 2022

(n) Trading property

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

Principally, this is residential property that the Group develops and intends to sell before, or on completion of, development.

Cost incurred in bringing each property to its present location and condition includes:

• Freehold and leasehold rights for land
• Amounts paid to contractors for development
• Planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, development overheads and other related costs

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs necessary to make the sale.

When a trading property is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of inventory property recognised in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

(o) Borrowings

Borrowings are repayable based on the agreement terms between the Group and its lenders. The Group's borrowings form an integral part of its cash inflow from financing activities and have been recognized as such for the purpose of the statement of cash flows. Borrowings are financial liabilities which are measured initially at fair value and subsequently at amortized cost using the effective interest method.

Borrowing cost

Borrowing costs are recognized, as an expense, in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset when it is probable that they will result in future economic benefits to the entity and that the costs can be measured reliably.

Borrowing costs that are capitalised as part of investment property are interest expense incurred on borrowings obtained specifically for the construction of the investment property.

Capitalisation of borrowing cost commences when expenditure for the investment property is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the investment property for its intended use are in progress. Capitalisation ceases when the activities necessary to prepare the investment property for its intended use are substantially complete.

(p) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located and;
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

Any gain or losses on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of profit or loss.

(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 Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the statement of profit or loss on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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). A non-current asset or disposal group is not depreciated while it is classified as held for sale.

Notes to the consolidated and separate financial statements
For the year ended 31 December 2022

The estimated useful lives for the current and comparative period are as follows:

Plant and Machinery	3 years
Computer and office equipment	4 years
Motor vehicle	4 years
Furniture and fittings	5 years

The depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Work in progress

Capital work in progress, which represents property and equipment under construction, is not depreciated. Upon completion, the cost attributable to each asset is transferred to the relevant asset category.

(v) Derecognition

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

(vi) Impairment

Non-financial assets

The carrying amount of the Group's non-financial assets, other than inventories 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. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. The recoverable amount of an asset or cash-generating unit 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.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. 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 if there has been a change in the estimates used to determine the recoverable amount. 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.

(q) Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer when that right is conditioned on something other than the passage of time, for example, billings require certification by the customer. Upon receipt of such certification from a customer, the amount recognised as contract assets is reclassified to trade receivables. Contract assets are subject to impairment assessment on the same basis as financial assets that are within the scope of IFRS 9 – refer to "Impairment" in Note K (VII) and 26.1.4.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customer).

Unlike the method used to recognise contract revenue related to sale of completed property, the amounts billed to the customer for the sale of a property under development are based on achievement of the various milestones established in the contract. The amounts recognised as revenue for a given period do not necessarily coincide with the amounts billed to and certified by the customer.

In the case of contracts in which the goods or services transferred to the customer exceed the related amount billed to and certified by the customer, the difference is recognised (as a contract asset) and presented in the statement of financial position under "Contract assets", whereas in contracts in which the goods or services transferred are lower than the amount billed to and certified by the customer (i.e., when a payment is due or a payment is received before the Group transfers the remaining goods or services), the difference is recognised (as a contract liability) and presented in the statement of financial position under "Contract liabilities".

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

(r) Provisions and contingent liabilities

(i) Provisions

A provision is recognised if, as a result of a past event, the Group 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 the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(ii) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

(s) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.
The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.
Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand- alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received under operating leases as income on a straight- line basis over the lease term as part of 'other revenue'.

Lease payment

Payment made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(t) Interest income and finance cost

i) Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

– the gross carrying amount of the financial asset; or
– the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

ii) Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

iii) Calculation of interest income

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired).

(u) Other liabilities

Accrued items and other liabilities are carried at amortized cost. Other liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument and subsequently measured at amortized cost.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

(v) Cash and cash equivalent

Cash and cash equivalents comprises of cash at bank and short-term deposits with an original maturity of three months or less in the consolidated and separate statements of financial position which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(w) Other receivables

Other receivables are recognized at amortized cost. However, other receivables with no repayment plan are measured at cost and short duration receivables with no stated interest rate are measured at their original invoice amount. Appropriate allowance for estimated irrecoverable amounts are recognized in the profit or loss account where there is objective evidence that the asset is impaired.

(x) Prepayments

Prepayments include costs paid in relation to subsequent financial periods and are measured at cost less amortization for the period. The Group recognises prepaid expense in the accounting year in which it is paid.

(y) Intangible assets

Recognition and measurement

Software acquired by the Group is stated at cost less accumulated amortization and accumulated impairment losses. Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalized costs of internally developed software include all costs directly attributable to developing the software and are amortized over its useful life. Internally developed software is stated at capitalized cost less accumulated amortization and any accumulated impairment losses.

Subsequent costs

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortization

Amortization is recognised in the income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset. Software has a finite useful life, the estimated useful life of software is five to three years. Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate .

Work in progress

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

De-recognition

An intangible item is derecognized 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 intangible asset (calculated as the difference between the net disposal proceeds and the carrying amount of the intangible asset) is included in the statement of profit or loss in the year the intangible asset is derecognized.

(z) Employee benefits

Short-term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group 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.

(aa) Statement of cashflows

The consolidated and separate statements of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes and other non-cash items, have been eliminated for the purpose of preparing the statement. Finance cost paid is also included in financing activities while finance income received is included in investing activities.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

5 Revenue

In thousands of naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Revenue from sale of trading properties under development (See (iv) below)	4,632,232	1,352,156	179,000	-
Cost of sales - trading properties under development (See note 15 for details)	(3,122,005)	(745,890)	(166,914)	-
Profit on trading properties	**1,510,227**	**606,266**	**12,086**	**-**
Revenue from services charge and utility (See (ii) below)	713,363	750,667	-	-
Rental income (See (i) below)	557,471	577,895	-	-
Expenses on services to tenants	(249,951)	(100,203)	-	-
Other property operating expenses	(88,726)	(45,171)	-	-
Net rental income	**932,157**	**1,183,188**	**-**	**-**

(i) This amount represents the rental income earned at Maryland mall during the year.
(ii) This amount represents the income earned from service charge and utilities at Maryland mall during the year.
(iii) This amount represents the income earned from advertising and car park at Maryland mall during the year.
(iv) This amount represents the income earned from sales of purple nano apartments, project lowrise and Maryland macros by Lekki Retailtainment Limited, Purple Urban Limited and Purple Retail Estate Income Plc respectively during the year.
(v) This amount represents the cost of sales incurred on purple nano apartments, project lowrise and Maryland macros by Lekki Retailtainment Limited, Purple Urban Limited and Purple Retail Estate Income Plc respectively during the year.

6 Other income

(a)

In thousands of naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Interest income - placement	327,298	1,296	38,285	-
Dividend income	-	-	-	442,337
Other income (see i below)	94,529	62,850	175,108	40,869
Income from outsourced services	-	150,000	335,611	-
Fee income	-	-	126,909	-
	421,827	214,146	675,913	483,206

(i) Other income represents the interest income received on balances in bank, net of foreign exchange gain and losses on transactions and reversals of provisions no longer required.

(ii) The fee income represents fees earned from agency and development fees charged by PREIP on services carried out for Lekki Retailtainment Limited, Maryland Mall Limited and Urban Limited.

(b)

In thousands of naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Fair value gain on investment properties (see note 11)	14,095,694	1,009,610	53,888	-

7 Finance cost

In thousands of naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Interest expense on borrowings	722,811	669,275	-	-
Foreign exchange loss	21,347	42,353	-	-
	744,158	711,628	-	-

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

8 Personnel expenses

In thousands of naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Salaries	463,749	237,847	463,749	-
Allowances and other staff cost	134,569	72,765	134,127	-
	598,318	310,612	597,876	-

(i) This amount mainly represent expenses on staff of Purple Real Estate Income Plc (PREIP). PREIP seconds staff to other companies within the Group and receives outsourced service fee. The Group has a shared service agreement which forms the basis of sharing the expenses on staff with other Companies within the Group. The group amount of personnel cost for the year ended 31 December 2022 amounted to N598m (2021: 310.6m)

(ii) The number of full time persons employed by the Group as at year end was as follows:

Number	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Categories				
Management	11	11	11	-
Senior staff	19	11	19	-
Junior staff	25	26	25	-
	55	48	55	-

(iii) Employees of the Company, whose duties were wholly or mainly discharged in Nigeria, received annual remuneration (including pension contribution) in the following ranges:

Number	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Below N1,000,000	12	14	12	-
N1,000,001 - N2,000,000	13	12	13	-
N2,000,001 - N3,000,000	7	5	7	-
Above N3,000,000	23	17	23	-
	55	48	55	-

9 Operating Expenses

In thousands of naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Depreciation of property and equipment	53,981	39,001	20,884	-
Amortisation of intangible assets	3,044	-	1,361	-
Diesel expense	9,794	55,116	9,794	-
Advertisement and public relation	64,196	38,459	4,675	-
Cleaning expenses	2,457	20,838	2,456	-
Entertainment	9,959	8,460	7,030	-
Auditors' remuneration*	51,000	31,180	15,000	5,440
Directors fees (See note 9(ii) below)	9,450	6,643	2,500	1,625
Courier and postage	-	3,597	-	-
Trademark and branding	-	38	-	-
Outsourced services	-	64,261	-	-
Bank charges	9,848	4,776	2,941	1,262
Exchange loss	-	635	-	-
Business travel and accommodation	5,521	9,912	3,576	-
Printing and stationery	2,628	1,514	1,412	-

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

In thousands of naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Transport and miscellaneous	6,554	5,810	722	1,238
Gift and souvenir	6,380	14,377	237	-
Utility expenses	580	200,697	580	-
Fumigation expenses	1,891	3,764	-	-
Professional expenses	75,875	81,470	23,012	3,649
Telephone expenses	19,176	20,710	2,824	-
Office, marketing and business development expenses	11,879	25,602	-	-
Repairs and maintenance cost	3,170	79,090	2,547	
Security expenses	14,839	15,282	2,114	
Fines and penalty	19,036	-	-	-
Other expenses (see note (i) below)	470,594	38,326	45,236	2,616
	851,852	769,558	148,901	15,830

The auditor remuneration amount relates to the conduct of both interim and year end audit in the 2022 financial year. The auditor did not earn any other fee from non-audit services during the year.

(i) Analysis of other expenses are as follows:

In thousands of naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Generator expenses	977		977	
Management/operational fees	2,480	526	-	
WHT expenses	-	2,616	-	2,616
VAT expenses	39,007	-	2,191	-
Insurance cost	10,261	15,997	10,261	
Subscriptions, media and rates	17,386	9,471	4,535	
Merger expenses	16,899	-	16,899	
Vehicles running expenses	12,388	9,716	10,373	
	470,594	38,326	45,236	2,616

(ii) **Directors' remuneration**

In thousands of naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Fees and sitting allowances	9,450	6,643	2,500	1,625
Fees disclosed above include amounts paid to:				
The chairman	1,500	1,500	1,000	1,000
The highest paid director	1500	1,500	1,000	1,000

10 Impairment loss/(writeback) on financial assets

In thousands of naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Cash and cash equivalents	(13,715)	22,305	2,878	-
Account receivables and contract assets	420,082	(70,930)	31,147	-
WHT receivables	-	25,186	-	-
Impairment of investment in subsidiary (see note 14)	-	-	-	108,759
Other assets	(369,242)	(271,020)	10,250	96,499
	37,125	(294,459)	44,275	205,258

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

11 Investment property

Investment property comprises the land and building of Maryland Shopping Mall, the On-going all-new state of the art mixed property under construction at Lekki Retailtainment Limited and the 2,317 sqm of bare land situated at No. 350, Ikorodu Road, by Idiroko bus stop, Maryland.

As at the year end, the Group's investment properties were recognised at fair value. All gains or losses are unrealised. Changes in fair values are recognised in profit or loss account and included in 'fair value changes in investment property. The Investment property under construction was carried at fair value as at 31 December 2022

The movement on the account during the year was as follows:

Group
31-Dec-22

In thousands of naira	Land	Building	Building WIP	Total
Balance as at 01 January	3,641,175	10,680,617	2,707,848	17,029,640
Capital expenditure on property	-	-	3,090,922	3,090,922
Reclassification from trading properties	-	-	1,034,096	1,034,096
Fair value remeasurement adjustment (see note 6(b))	53,888	904,700	13,137,106	14,095,694
Balance as at 31 December	**3,695,063**	**11,585,317**	**19,969,972**	**35,250,352**

31 December 2021

In thousands of naira	Land	Building	Building WIP	Total
Balance as at 01 January (as restated)	3,340,709	8,110,215	1,017,860	12,468,784
Capital expenditure on property	134,985	1,726,273	1,689,988	3,551,246
Fair value remeasurement adjustment (see note 6(b))	165,481	844,129	-	1,009,610
Balance as at 31 December	**3,641,175**	**10,680,617**	**2,707,848**	**17,029,640**

Company
31-Dec-22

In thousands of naira	Land	Building	Building WIP	Total
Balance as at 1 January	-	-	-	-
Acquired through common control transaction	645,015	-	-	645,015
Capital expenditure on property	-	-	-	-
Fair value remeasurement adjustment (see note 6(b))	53,888	-	-	53,888
Balance as at 31 December	**698,903**	**-**	**-**	**698,903**

(a) **Completed Investment Property**

Subsidiary	Category	Description	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Maryland Mall Limited	Land and Building	This represents fair value of of 7,700 sqm of land and a corner piece modern shopping mall situated at No. 350, Ikorodu Road, by Idiroko bus stop, Maryland.	12,000,000	11,095,300	-	-
			12,000,000	**11,095,300**	-	-

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

(b) **Investment Property Under Development**

Subsidiary	Category	Description	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Lekki Retailtainment Limited	Land and Building WIP	This represents fair value of 5,000 sqm of land and a state of the art mixed property use situated at Freedom way, Ikate Elegushi area of lekki. This property include 50 units of residential properties used as investment properties.	22,371,449	5,270,493	-	-
Purple Asset Manager Limited	Three (3)Units of residential properties	This represents fair value of 3 units of residential properties in the property situated at Freedom way, Ikate Elegushi area of lekki.	180,000	-	-	-
Purple Real Estate Income Plc	Land	This represents the cost of 2,317 sqm of bare land situated at No. 350, Ikorodu Road, by Idiroko bus stop, Maryland. This land has been classified as investment property because it is held for an undetermined future use and therefore considered to be held for capital appreciation.	698,903	663,847	698,903	-
			23,250,352	**5,934,340**	698,903	-
			35,250,352	**17,029,640**	**698,903**	**-**

(c) **Reconciliation of carrying**

In thousands of Naira	**31 Dec 2022**	**31 Dec 2021**
Balance at the beginning of the year	17,029,640	12,468,784
Additions	3,090,922	3,551,246
Reclassification from trading properties	1,034,096	-
Fair value remeasurement	14,095,694	1,009,610
Balance as at end of the year	35,250,352	17,029,640

(d) **Measurement of fair values**

Fair value hierarchy of the investment properties are as follows:

In thousands of Naira	**31 Dec 2022**	**31 Dec 2021**
Level 1	-	-
Level 2	-	-
Level 3	35,250,352	17,029,640
	35,250,352	17,029,640

(e) The investment properties have been used to secure some borrowings used for the development of these properties. See Note 21 for details.

(f) Rental income and expenses recognised in profit or loss:

In thousands of naira	31-Dec-22	31-Dec-21
Rental income	557,471	577,895
Service charge and utility income	713,363	750,667
Maintenance	(338,677)	(145,374)
	932,157	**1,183,188**

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

11 Investment property

(g) The investment property as at 31 December 2022, was valued by Moses Adeyemi (ANIVS) of Jide Taiwo and Co with FRC number FRC/2014/NIESV/00000008842, a registered firm of estate surveyors and valuers in Nigeria. The fair value determined by the valuer is supported by market evidence and represents the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion, in accordance with the Nigerian Valuation Standards (2017) on the basis of market value. Valuations are performed on an annual basis and disclosed in the financial statements at every reporting period.

The fair value measurement for the investment properties has been categorised as a Level 3 fair value based on the use of significant unobservable inputs in the valuation technique used.

The following table shows the valuation technique used in measuring the fair value of investment property currently valued at N35.25 billion as at 31 December 2022 (2021: N17 billion), as well as the significant unobservable inputs used.

Investment properties Location	Fair value 2022 (N'000)	Fair value 2021 (N'000)	Valuation technique	Key unobservable input	Range (Weighted) 2022	Range (Weighted) 2021
Mall Building and Land 350/360, Ikorodu road, Maryland. Lagos Level 3	12,000,000	11,095,300	Discounted Cashflow Method (DCF)	- Estimated annual rental value	752-1,168m (947m)	752-1,168m (947m)
				'- Rental growth p.a	5%	5%
				'-Long term vacancy rate	3%	3%
				'- capitalisation rate	9%	9%
				'- Exit yield	12%	12%
				'- Initial yield	10%	10%
Undeveloped Land 350/360, Ikorodu road, Maryland. Lagos Level 3	698,903	663,847	Market comparable approach	Price per sqm	300	285
Residential property Plot 10, Ikate Elegushi, Bella Vista, Lekki Peninsula. Lagos Level 3	180,000	-	Market comparable approach	Price per unit	60,000	-
Mixed property Plot 10, Ikate Elegushi, Bella Vista, Lekki Peninsula. Lagos Level 3	22,371,449	5,270,493	In 2021 this property was recognised at cost. However in 2022, the combination of DCF and Market comparable was adopted. The 2022 adopted approach was premised on the attainment of substantial completion of the property under development, irrevocable signed contractual agreements, project commencement date of July 2023. Discounted Cashflow Method (DCF) for the commercial segment and; Market comparable approach for the r+A14esidential component	- Estimated annual rental value	880-2,665m (2,105m)	N/A
				- rental growth p.a	2.5 - 5% (4%)	
				-Long term vacancy rate	2.5%	
				- capitalisation rate	7.5%	
				- Exit yield	9%	
				- Initial yield	9%	
				- Price per property Unit	60,000	

Key assumptions used in DCF calculations

The calculation of the fair value using DCF for the investment properties owned by the group is most sensitive to the following assumptions:

- rental income
- Discount rates and
- Growth rates used to extrapolate cashflows during the forecast period

Rental income growth - Rental income for Maryland Mall valuation is based on the average income received from the property in the five years preceeding the beginning of the forecast period while for the Lekki Mall under development, the rental income was based on the signed rental agreement which was expected to commence in July 2023 with conservative increase to represent the escalating factors set aside in the agreement. These are increased over the budgeted period for anticipated efficiency improvements. An average increase of 5% and 4% was adopted for the completed Maryland mall and the under development Lekki Mall respectively.

Discount rates - Discount rate also called the capitalisation rate represents the current market assessment of the risks specific to the real estate industry taking into consideration the returns on similar properties in the industry, the time value of money and individual risks of the underlying assets that have not been incorporated into the cash flow estimates. The discount rate is based on the reported industry average return on commercial real estate properties in Lagos Nigeria. the Industry average yield ranges between 7.5% - 11%.

Growth rates used to extrapolate cashflows during the forecast period is based on the industry performance and average performance of the property completed and already in use while for the under development property, it is based on expected escalation factors in the executed rental agreements.

	Effect on fair value			Effect on fair value		
	31-Dec-22			31-Dec-21		
	Sensitivity used	Completed investment property (N'000)	Investment property under development (N'000)	Sensitivity used	Completed investment property (N'000)	Investment property under development (N'000)*
Increase in estimated rental value	1%	401,000	1,091,700	1%	360,900	-
Rental growth per annum	1%	273,000	1,137,093	1%	251,160	-
Increase in long term vacancy rate	1%	(47,000)	(27,493)	1%	(43,240)	-
Increase in discount rate or yield	1%	(240,000)	(313,811)	1%	(204,000)	-

* 2021 was measured at cost, hence the sensitivity analysis are not available

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

12 Property and equipment

Group
31 December 2022

In thousands of naira	Furniture and fittings	Computer and office equipment	Motor vehicle	Plant and Machinery	Total
Cost					
Balance at 1 January 2022	108,762	495,623	64,741	208,487	877,613
Transfers from intangible assets	-	18,510	-	-	18,510
Additions	3,265	17,314	13,437	-	34,016
Balance at 31 December 2022	112,027	531,447	78,178	208,487	930,139
Accumulated depreciation					
Balance at 1 January 2022	49,197	471,795	26,056	194,799	741,847
Charge for the year	19,925	14,924	14,180	4,953	53,982
Balance at 31 December 2022	69,122	486,719	40,236	199,752	795,829
Carrying amounts					
At 31 December 2022	42,905	44,728	37,942	8,735	134,310
At 31 December 2021	59,565	23,828	38,685	13,688	135,766

Group
31 December 2021

In thousands of naira	Furniture and fittings	Computer and office equipment	Motor vehicle	Plant and Machinery	Total
Cost					
Balance at 1 January 2021	100,479	479,573	22,200	192,098	794,350
Additions	8,283	16,050	42,541	16,389	83,263
Balance at 31 December 2021	108,762	495,623	64,741	208,487	877,613
Depreciation					
Balance at 1 January 2021	27,929	461,797	22,200	192,097	704,023
Charge for the year	21,268	9,998	3,856	2,702	37,824
Balance at 31 December 2021	49,197	471,795	26,056	194,799	741,847
Carrying amounts					
At 31 December 2021	59,565	23,828	38,685	13,688	135,766
At 31 December 2020	72,550	17,776	-	1	90,327

- There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (2021: Nil)
- There was no item of property and equipment that has been pledged as security for borrowings as at period end (2021: Nil)
- The Group had no capital commitments as at the date of the statement of financial position (2021: Nil).
- There were no impairment losses on any class of property and equipment during the period (2021: Nil).
- All items of PPE are non current.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

12 Property and equipment

Company
31 December 2022

In thousands of naira	**Furniture and fittings**	**Computer and office equipment**	**Motor vehicle**	**Plant and Machinery**	**Total**
Cost					
Balance at 1 January 2022	-	-	-	-	-
Acquired through common control transaction	4,047	17,610	55,313	8,173	85,143
Additions during the year	446	15,096	13,437	-	28,979
Balance at 31 December 2022	4,493	32,706	68,750	8,173	114,122
Accumulated depreciation					
Balance at 1 January 2022	-	-	-	-	-
Accumulated depreciation acquired through common control	1,895	8,474	21,999	3,704	36,072
Charge for the year	513	4,233	10,078	1,149	15,973
Balance at 31 December 2022	2,408	12,707	32,077	4,853	52,045
Carrying amounts					
At 31 December 2022	2,085	19,999	36,673	3,320	62,077
At 31 December 2021	-	-	-	-	-

Company
31 December 2021

In thousands of naira	**Furniture and fittings**	**Computer and office equipment**	**Motor vehicle**	**Plant and Machinery**	**Total**
Cost					
Balance at 1 January 2021	-	-	-	-	-
Additions	-	-	-	-	-
Balance at 31 December 2021	-	-	-	-	-
Depreciation					
Balance at 1 January 2021	-	-	-	-	-
Charge for the year	-	-	-	-	-
Balance at 31 December 2021	-	-	-	-	-
Carrying amounts					
At 31 December 2021	-	-	-	-	-
At 31 December 2020	-	-	-	-	-

- There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (2021: Nil)
- There was no item of property and equipment that has been pledged as security for borrowings as at period end (2021: Nil)
- The Group had no capital commitments as at the date of the statement of financial position (2021: Nil).
- There were no impairment losses on any class of property and equipment during the period (2021: Nil).
- All items of PPE are non current.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

13 Intangible Assets

Intangible assets include development costs, the website for the e-commerce platform of Purple Proptech Limited and Goodwill on acquisition of Purple Asset Managers Limited (Formerly ("Alternative Capital Partners Limited") by Purple Real Estate Income Plc.

Group

In thousands of naira	**Goodwill**	**Computer Software**	**Total**
Cost			
Balance at 1 January 2022	45,000	84,078	129,078
Transfer to PPE	-	(18,510)	(18,510)
Additions	-	21,958	21,958
Balance at 31 December 2022	45,000	87,526	132,526
Balance at 1 January 2021	-	25,980	25,980
Additions	45,000	58,098	103,098
Balance at 31 December 2021	45,000	84,078	129,078
Accumulated amortization and impairment			
Balance at 1 January 2022	-	(1,180)	(1,180)
Charge for the year	-	(3,044)	(3,044)
Balance at 31 December 2022	-	(4,224)	(4,224)
Balance at 1 January 2021	-	-	-
Charge for the year	-	(1,180)	(1,180)
Balance at 31 December 2021	-	(1,180)	(1,180)
Carrying amounts			
At 31 December 2022	45,000	83,302	128,302
At 31 December 2021	45,000	82,898	127,898

The goodwill was assessed for impairment. Bassed on the assessment, the goodwill was not impaired.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

Company

In thousands of naira	**Goodwill**	**Computer Software**	**Total**
Cost			
Balance at 1 January 2022	-	-	-
Aquired through common control transaction	45,000	2,410	47,410
Additions	-	3,034	3,034
Balance at 31 December 2022	45,000	5,444	50,444
Balance at 1 January 2021	-	-	-
Additions	-	-	-
Balance at 31 December 2021	-	-	-
Accumulated amortization and impairment			
Balance at 1 January 2022	-	-	-
Aquired through common control transaction	-	(653)	(653)
Charge for the year	-	(1,210)	(1,210)
Impairment of software development cost	-	-	-
Balance at 31 December 2022	-	(1,863)	(1,863)
Balance at 1 January 2021	-	-	-
Charge for the year	-	-	-
Balance at 31 December 2021	-	-	-
Carrying amounts			
At 31 December 2022	45,000	3,581	48,581
At 31 December 2021	-	-	-
At 1 January 2021	-	-	-

The goodwill was assessed for impairment. Bassed on the assessment, the goodwill was not impaired.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

14 Investment in subsidiaries

(a) Company

In thousands of Naira	Ownership Interest	31-Dec-22	31-Dec-21
Maryland Mall Limited (See (i) below)	100.00%	2,258,716	2,258,716
Purple Real Estate Development Company Limited (See (ii) below)	-	-	240,486
Lekki Retailtainment Limited (See (iii) below)	100.00%	123,500	123,500
Purple Proptech Limited (See (iv) below)	100.00%	157,308	117,928
Purple Urban Limited (See (v) below)	49.00%	490	-
Purple Asset Managers (See vi) below)	100.00%	150,000	-
Gross investment in subsidiaries		2,690,014	2,740,630
Impairment allowance over investment in subsidiaries		(108,759)	(108,759)
Net investment in subsidiaries		2,581,255	2,631,871

(i) The principal activities of Maryland Mall Limited include purchase, lease, development and management of estate properties (basically, the Maryland shopping mall) to generate income.

(ii) Purple Real Estate Development Company (PREDCO) was a Group entity with two subsidiaries namely (Purple Urban Limited and Purple Asset Managers Limited ("formerly Alternative Capital Partners Limited"). Upon the merger of PREDCO, into PREIP, its two subsidiaries became direct subsidiaries of PREIP.

(iii) The principal activity of Lekki Retailtainment Limited include purchase, lease, development and management of estate properties for outright sale and to generate real estate income.

(iv) The principal activities of the company include carrying on activities relating to the provision of electronic commerce services to Vendors; selling, transporting, promoting, marketing, supplying, and dealing in any manner, in all types of goods produced or offered for sale by the vendors.
During the year, the Company increased its investment in the shares of Purple Proptech Limited through and additional purchase of shares at N39.4m.

(v) The principal activity of Purple Urban Limited include to carry on business as agents for real estate, housing, land and property dealers and to advertise and assist for sale or purchase of properties.

(vi) The principal activity of Purple Asset Managers Limited include making equity and quasi-equity investments in select real estate, hospitality.

(b) Condensed results of consolidated entities

31 December 2022

In thousands of Naira	Group	Elimination entries	Purple Real Estate Income Limited (Parent)	Lekki Retailtainmen t Limited (Subsidiary)	Maryland Mall Limited (subsidiary)	Purple Urban Limited (subsidiary)	Purple Asset Manager Limited (Subsidiary)	Purple Proptech Limited (subsidiary)
Condensed statement of profit or loss								
Total operating income/(loss)	2,442,384	(216,925)	12,086	1,396,593	1,270,834	(20,778)	-	574
Fair value gain on investment properties	14,095,694	13,079,076	53,888	28,030	904,700	-	30,000	
Other income	421,827	(13,379,640)	675,913	13,107,106	1,242	17,206	-	-
Finance cost	(744,158)	(3,316)	-	-	(740,842)		-	-
Operating expenses	(851,852)	68,039	(148,901)	(21,452)	(696,368)	(9,336)	(400)	(43,434)
Personnel expenses	(598,318)	(442)	(597,876)	-	-	-	-	-
Impairment writeback/(loss)	(37,125)	286,015	(44,275)	(421,622)	204,231	(60,690)	-	(784)
Profit/(Loss) before taxation	14,728,452	(167,193)	(49,165)	14,088,655	943,797	(73,598)	29,600	(43,644)
Taxation	(1,640,783)	-	(10,454)	(1,630,283)	(47)	-	-	-
Profit for the year after taxation	13,087,669	(167,193)	(59,619)	12,458,372	943,750	(73,598)	29,600	(43,644)

In thousands of Naira	Group	Elimination entries	Purple Real Estate Income Limited (Parent)	Lekki Retailtainmen t Limited (Subsidiary)	Maryland Mall Limited (subsidiary)	Purple Urban Limited (subsidiary)	Purple Asset Manager Limited (Subsidiary)	Purple Proptech Limited (subsidiary)
Condensed statement of financial position								
Assets								
Investment property	35,250,352	1	698,903	22,371,448	12,000,000	-	180,000	-
Property and equipment	134,310	-	62,077	-	64,282	-	-	7,951
Intangible assets and goodwill	128,302	-	48,581	-	-	-	-	79,721
Investment in subsidiary	-	(2,581,255)	2,581,255	-	-	-	-	-
Trading properties	6,621,763	-	1,354,382	-	-	5,267,381	-	-
Account receivable	2,731,194	(8,735,319)	7,367,281	2,131,385	1,495,689	451,114	1,942	19,102
Other asset	153,343	-	139,456	-	12,245	-	-	1,642
Investment securities	277,353	-	277,353	-	-	-	-	-
Cash and cash equivalents	541,111	-	81,105	126,463	3,560	28,740	299,067	2,176
Total assets	45,837,728	(11,316,573)	12,610,393	24,629,296	13,575,776	5,747,235	481,009	110,592
Equity and Liabilities								
Ordinary Share capital	2,061,443	(13,000)	2,061,443	1,000	10,000	1,000	-	1,000
Preference Share capital	10	-	-	-	10	-	-	-
Share premium	1,834,183	(1,906,764)	1,834,183	-	1,906,764	-	-	-
Accumulated Surplus/(deficit)	18,994,892	481,222	360,368	12,740,460	5,620,292	(84,388)	29,600	(152,662)
Fair value reserves	-	(278,808)	-	122,500	-	-	-	156,308
Prepaid share capital reserves	-	(150,000)	-	-	-	-	150,000	-
Common control acquisition deficit	(94,408)	(64,380)	(30,028)	-	-	-	-	-
Non-controlling interest	(46,060)	(46,060)	-	-	-	-	-	-
Borrowing	20,016,301	-	7,726,354	1,712,821	5,312,664	5,264,463	-	-
Current tax liabilities	851,137	(1)	210,369	635,742	5,027	-	-	-
Deferred tax liabilities	1,182,302	-	8,754	1,173,548	-	-	-	-
Deferred revenue-deposits from customers	51,651	51,651	-	-	-	-	-	-
Other Liabilities	986,277	(9,390,432)	438,950	8,243,225	721,019	566,160	301,409	105,946
Total equity and liabilities	45,837,728	(11,316,572)	12,610,393	24,629,296	13,575,776	5,747,235	481,009	110,592

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

Condensed results of consolidated entities
31 December 2021

In thousands of Naira	Group	Elimination entries	Purple Real Estate Income Limited (Parent)	Lekki Retailtainment Limited (Subsidiary)	Maryland Mall Limited (subsidiary)	PREDCO Limited (Subsidiary)	Purple Asset Manager Limited (Subsidiary)	Purple Proptech Limited (subsidiary)
Condensed statement of profit or loss								
Total operating income	1,789,454	(867,456)	483,205	620,697	1,183,188	371,785	-	(1,965)
Other income	214,146	214,146	-	-	-	-	-	-
Fair value loss on investment properties	1,009,610	-	-	376,340	633,270	-	-	-
Finance cost	(711,628)	-	-	-	(711,628)	-	-	-
Operating expenses	(769,558)	103,203	(15,829)	(6,858)	(370,872)	(381,174)	-	(98,028)
Personnel expenses	(310,612)	-	-	-	(310,612)	-	-	-
Impairment loss/writeback	294,459	355,848	(205,258)	(416)	(14,708)	158,993	-	-
Loss before taxation	1,515,871	(194,259)	262,118	989,763	408,638	149,604	-	(99,993)
Taxation	(201,759)	-	(115)	(178,999)	(2,979)	(19,666)	-	-
Loss for the year after taxation	1,314,112	(194,259)	262,003	810,764	405,659	129,938	-	(99,993)

31 December 2021

In thousands of Naira	Group	Elimination entries	Purple Real Estate Income Limited (Parent)	Lekki Retailtainment Limited (Subsidiary)	Maryland Mall Limited (subsidiary)	PREDCO Limited (Subsidiary)	Purple Asset Manager Limited (Subsidiary)	Purple Proptech Limited (subsidiary)
Condensed statement of financial position								
Assets								
Investment property	17,029,640	-	-	5,270,493	11,095,300	663,847	-	-
Property and equipment	135,766	-	-	-	73,331	50,778	-	11,657
Intangible assets	127,898	45,000	-	-	18,510	3,974	-	60,414
Investment in subsidiary	-	(2,631,871)	2,631,871	-	-	-	-	-
Trading properties	6,843,346	-	-	1,977,736	-	4,865,610	-	-
Account receivable	159,681	-	-	-	108,975	50,706	-	-
Other asset	79,799	(4,739,993)	4,011,989	-	707,333	99,664	-	806
Investment securities	77,469	-	77,469	-	-	-	-	-
Cash and cash equivalents	1,964,370	-	8,749	793,273	392,138	769,745	-	465
Total assets	26,417,969	(7,326,864)	6,730,078	8,041,502	12,395,587	6,504,324	-	73,342
Equity and Liabilities								
Ordinary Share capital	1,293,970	(13,000)	1,293,970	1,000	10,000	1,000	-	1,000
Preference Share capital	-	(10)	-	-	10	-	-	-
Share premium	625,628	(2,056,764)	625,628	-	1,906,764	150,000	-	-
Accumulated surplus	5,956,978	(315,371)	575,485	623,253	4,931,709	133,992	-	7,910
Fair value reserves	-	-	-	-	-	-	-	-
Deposit for shares	1,125,378	-	1,125,378	-	-	-	-	-
Non-controlling interest	(4,687)	(4,687)	-	-	-	-	-	-
Borrowing	15,575,749	-	3,027,884	1,715,579	5,052,526	5,779,761	-	-
Current tax liabilities	356,654	2,959	6,860	114,754	85,952	146,129	-	-
Deferred revenue-deposits from customers	281,865	-		281,865	-	-	-	-
Other Liabilities	1,206,434	(4,939,991)	74,873	5,305,051	408,626	293,442	-	64,432
Total equity and liabilities	26,417,969	(7,326,864)	6,730,078	8,041,502	12,395,587	6,504,324	-	73,342

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

15 Trading properties under development

Trading properties under development represents the cost incurred on properties earmarked for sales in respect of Lekki Retailtainment Limited's multi-purpose development project, Maryland Macro and Project lowrise as at 31 December 2022. The cost is split between land and building as follows:

In thousands of Naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Land (See (i) below)	4,954,931	4,033,230	-	-
Building (work-in-progress) (See (ii) below)	1,666,832	2,810,116	1,354,382	-
	6,621,763	6,843,346	1,354,382	-

(b) The movement in trading properties during the year is as follows:

In thousands of naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Balance, beginning of the year	6,843,346	1,192,425	-	-
Cost capitalized	3,038,768	1,452,195	495,015	-
Interest capitalized on borrowings	895,750	660,893	-	-
Transfer to cost of sales	(3,122,005)	(745,890)	(166,914)	-
Acquired through common control transaction	-	-	1,026,281	-
Reclassification to investment property (See note 11a)	(1,034,096)	-	-	-
Acquisition of Land	-	4,283,723	-	-
Balance at the end of the year	6,621,763	6,843,346	1,354,382	-

	In thousands of Naira			Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
	Category		**Description**				
(i)	Land		This represents the cost of 10,200 sqm of land situated at Freedom way, Ikate Elegushi area of lekki, purchased by the Lekki Retailtainment Limited for the purpose of developing a residential estate known as Purple Lekki.	-	444,394	-	-
			This represents the cost of 4,124 sqm of bare land situated at No. 350, Ikorodu Road, by Idiroko bus stop, Maryland. This property was purchased by former Purple Real Estate Development Company.	1,354,382	1,026,281	1,354,382	-
			This represents the cost of 14,000sqm of bare land situated at Bella Estate, Ikate Elegushi area of Lekki. This property was purchased by Purple Urban Limited.	3,600,549	3,839,329	-	-
				4,954,931	**5,310,004**	**1,354,382**	
(ii)	Building (work-in-progress)	Lekki Retailtainment Limited	This represents the cost of an on-going all-new state of the art mixed property partly on eight floors called Purple Lekki, which is located at Freedom way, Ikate Elegushi area of lekki and is being developed by Lekki Retailtainment Limited.	-	1,533,342	-	-
		Purple Urban	This represents the cost of an on-going all-new state of the art residential property called Lekki Lowrise and Highrise, which is located at Freedom way, Ikate Elegushi area of lekki and is being developed by Purple Urban Limited.	1,666,832	-		
				1,666,832	**1,533,342**	**-**	**-**
				6,621,763	**6,843,346**	**1,354,382**	**-**

16 Trade receivables and contract assets

In thousands of Naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Financial assets:				
Receivables on service charge and utilities	35,892	75,406	-	-
Receivables on customers lease rental	105,080	40,457	-	-
Account/Fee Receivable	17,010	30,180	-	-
Receivables on adverts	49,523	32,916	-	-
Overseas company set up cost	5,467	-	5,467	-
Bishopsgate project receivables	10,170	-	10,170	-
Receivables from residential offtakers	180,000	-	-	-
Receivables from Lekki offtakers	18,418	-	-	-
Contract Asset Lekki offtakers	2,880,550	-	-	-
Receivable on project Nano fit-out	8,869	-	-	-
Due from Purple Capital Partners (see(i) below)	4,400	-	-	-
Due from Purple Retail Limited (see(i) below)	-	199,166	-	196,706
Due from Lekki Retailtainment Limited	-	-	6,697,530	4,010,664
Due from Purple Proptech Limited	-	-	64,589	-
Due from Purple Real Estate Development Limited	-	-	-	30,859
Due from Purple Asset Managers Limited	-	-	299,067	
Due from Purple Urban Limited	16,362	-	547,845	-
Due from EAC	510	-	-	-
	3,332,251	378,125	7,624,668	4,238,229
Impairment allowance on financial assets (See note 16 (a))	(601,057)	(180,975)	(257,387)	(226,240)
Total - financial assets	2,731,194	159,681	7,367,281	4,011,989
Non-financial assets:				
WHT Receivables	25,186	25,186	-	-
Impairment allowance on non financial assets	(25,186)	(25,186)	-	-
Total - Non financial assets	-	-	-	-
Account receivables (financial and non financial assets)	**2,731,194**	**159,681**	**7,367,281**	**4,011,989**

(a) Movement in impairment allowance on account receivables

31-Dec-22

	12 months ECL	**Lifetime ECL**	**Total**	**12 months ECL**	**Lifetime ECL**	**Total**
Balance at 1 January	180,975	25,186	206,161	226,240	-	226,240
Impairment loss on financial assets	420,082	-	420,082	31,147	-	31,147
	601,057	25,186	626,243	257,387	-	257,387
Impairment loss on non-financial assets (see note 10)	-	-	-	-	-	-
Balance at 31 December	601,057	25,186	626,243	257,387	-	257,387

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

31-Dec-21

	12 months ECL	Lifetime ECL	Total	12 months ECL	Lifetime ECL	Total
Balance at 1 January	7,008	83,200	90,208	129,798	-	129,798
Impairment acquired (See note 16 (b))	-	(83,200)	(83,200)	-	-	-
Impairment loss on financial assets (see note 10)	173,967	-	173,967	96,442	-	96,442
	180,975	-	180,975	226,240	-	226,240
Impairment loss on non-financial assets (see note 10)	-	25,186	25,186	-	-	-
Balance at 31 December	180,975	25,186	206,161	226,240	-	226,240

17 Other asset

In thousands of Naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Deposit for investments in Purple Money Microfinance Bank	125,000	-	125,000	-
Prepayments	38,593	42,130	24,706	-
	163,593	42,130	149,706	-
Impairment allowance on other receivables (see (ii) below)	(10,250)	-	(10,250)	-
	153,343	42,130	139,456	-

(i) Amount represents receivables relating to the non-interest bearing facility granted to sister company - Purple Capital Partners and Parent Company - Purple Retail Limited.

(ii) The table below shows the movement in impairment allowance

In thousands of Naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Opening Balance	-	432,517	-	129,798
Impairment acquired on business combination transaction	379,492	-	-	-
Impairment charge/(write-back) (see note 10(i))	(369,242)	(271,020)	10,250	(129,798)
Closing balance	10,250	-	10,250	-

18 Financial assets at fair value through profit or loss

In thousands of Naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
(i) *Equity security*				
Investment in unquoted equities: TK Tech Africa Limited (see note ii for details)	115,400	-	115,400	-
(ii) *Assets under management*				
Investment in Silvercrest Capital Management Fund (See i below for details)	73,265	-	73,265	-
Investment in V8 Capital Partners Limited	88,688	77,469	88,688	77,469
	161,953	77,469	161,953	77,469
Closing balance	277,353	77,469	277,353	77,469

Movement analysis of investment securities

In thousands of Naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Balance as beginning of year	77,469	150,929	77,469	42,794
Foreign exchange gain on investment valuation	6,054	4,894	6,054	4,894
Disposal of investments	-	(108,135)	-	-
Additions	188,665	29,781	188,665	29,781
Fair value gains	5,165	-	5,165	-
Balance as at end of period/year	277,353	77,469	277,353	77,469

(i) Silvercrest Capital Management (SCCM) is an experienced Funds Manager which invests through a diversified portfolio consisting of Vanilla, Structured and Synthetic Financial Instruments. The strategy is an Absolute Return Investment designed to outperform traditional equity and Fixed Income-based Investments in terms of Annualized Returns. The balance represents the group's valuation of the share of net assets of the fund under management by SilverCrest Management. They are measured at fair value through profit or loss. The share of net asset represents the fair value of the investments.

(ii) TK Tech is a technology company that is focused on using blockchain technology to digitize assets, create alternative asset classes and transform financial market transactions in Africa. TK Tech has a subsidiary, Digix Technologies Limited (“Digix”), of which it owns 90% of the total equity and also intends to expand into different jurisdictions across Africa. The balance represents the amount invested for 7.4% of the Company ordinary share value. The investment was done in May 2022 and the cost invested was determine to be approximate the fair value as at 31 December 2022.

19 Cash and cash equivalents

(a) *In thousands of Naira*	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Cash in hand	9	-	9	-
Balances with banks	393,581	78,126	82,904	8,749
Placements	156,111	1,858,549	1,070	-
Money market funds	-	50,000	-	-
Cash and cash equivalent for cash flow statement	549,701	1,986,675	83,983	8,749
Impairment allowance on cash equivalents	(8,590)	(22,305)	(2,878)	-
Net cash equivalents	541,111	1,964,370	81,105	8,749

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

Investments in Money market funds are made for varying periods of between one month and three months depending on the immediate cash requirements of the Group. The carrying amounts disclosed above reasonably approximate the fair value at the reporting date.

(b) Movement in impairment allowance on cash equivalents

	12 months ECL Allowance			
	Group		**Company**	
In thousands of Naira	31-Dec-22	31-Dec-21	**31-Dec-22**	**31-Dec-21**
Balance at beginning of period/year	22,305	-	-	-
Net measurement of loss allowance (see note 9)	(13,715)	22,305	2,878	-
Balance at end of period/year	8,590	22,305	2,878	-

20 Share capital and share premium

(a) The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Group.
The authorised ordinary shares amounts to 4,122,886,833 ordinary shares of N0.50 each. Amounts in excess of N0.50 per share is recognised in share premium as at 31 December 2022.

The Company had an opening balance of 2,587,940,000 ordinary share capital of N0.50 each owned by Purple retail limited and 76 other shareholders. During the period, additional shares 1,534,946,801 at 50Kobo/share was issued. The new shares were issued at a par value of 50Kobo per share but the shares were paid for at a premium of N225 per share (see note (20b)).

In thousands of Naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Issued and fully-paid:				
4,122,886,833 ordinary shares of N0.50 each (2021: 2,587,940,032 ordinary shares at N0.50 each)	2,061,443	1,293,970	2,061,443	1,293,970

In addition to the ordinary share capital above, a preference share valued at N10,000 was issued to Vantage Limited as part of the borrowings agreement for loans made available to the group through Maryland Mall Limited. The preference shares would be liquidated on final settlement of he loan and the payment of the final dividend.

(b) Share premium

The cost of the bonus issue amounting to N 1,273,751,735 was taken out of share premium during the year. Furthermore the 2,436,562 new shares issued to the 42 new shareholders were paid for at a price of N225 per share which resulted in an additional share premium of N524,386,404. (see note (20a))

In thousands of Naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Balance, beginning of the year	625,628	1,374,993	625,628	1,374,993
Transfer to share capital	-	(1,273,752)		(1,273,752)
Additions to share premium	1,208,555	524,387	1,208,555	524,387
Balance, end of the year	1,834,183	625,628	1,834,183	625,628

(c) Retained earnings

In thousands of Naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Balance, beginning of the year	5,956,968	4,637,669	575,485	455,819
Profit/(loss) for the year	13,087,669	1,314,112	(59,619)	262,003
Dividend declared from retained earnings	(185,526)	-	(185,526)	(142,337)
Recognition of preference shares	-	(10)		
Loss for the year attributable to and transferred to NCI (see (f) below)	41,373	5,197	-	-
Transfer to common control acquisition deficit	94,408	-	30,028	-
Balance, end of the year	18,994,892	5,956,968	360,368	575,485

Retained earnings represents undistributed profits attributable to shareholders

(d) Fair value reserves

In thousands of Naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Balance beginning of year	-	8,135	-	-
Derecognition of fair value gains on managed funds	-	(8,135)	-	-
Balance end of year	-	-	-	-

(e) Prepaid share capital reserves

In thousands of Naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Balance beginning of year	1,125,378	503,603	1,125,378	503,603
Deposit for shares	-	621,775	-	621,775
Transfer to share capital	(1,125,378)	-	(1,125,378)	-
Balance end of year	-	1,125,378	-	1,125,378

(f) Non-controlling interest

In thousands of Naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Balance, beginning of the period/year	(4,687)	-	-	-
Transfer of non-controlling interest to equity	-	510	-	-
Loss during the year attributable to non-controlling interest (See note (i) below)	(41,373)	(5,197)	-	-
Balance end of year	(46,060)	(4,687)	-	-

	Analysis of NCI in Purple Urban Limited (Direct Subsidiary)	Group 31-Dec-22	Group 31-Dec-21
(i)	NCI Percentage	51%	51%
	Non-current assets	5,267,381	4,414,807
	Current assets	440,354	836,104
	Non-current liabilities	(5,264,463)	(5,256,602)
	Current liabilities	(566,160)	(4,100)
	Net liabilities	(122,888)	(9,791)

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

Net liabilities attributable to NCI	(62,673)	(4,993)
Revenue	834,006	21,952
Loss as at	(81,123)	(10,191)
OCI	-	-
Total comprehensive income	(81,123)	(10,191)
Loss allocated to NCI	(41,373)	(5,197)
OCI allocated to NCI	-	-

(g) Common control acquisition deficit: See details in note 26.2.5

21 Borrowing

In thousands of naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Vantage Capital Loan (see note (i) below)	5,312,664	5,052,526	-	-
Lucid/Astra (see note (ii) below)	1,957,442	1,332,718	244,622	-
CardinalStone Partners/Citihomes Finance Company (see note (iii) below)	-	906,021	-	-
Bank of Industry Loan (see note (iv) below)	5,055,022	3,027,884	5,055,022	3,027,884
Sukuk Bond (see note (v) below)	5,264,463	5,256,601	-	-
Nova Commercial Paper (see note (vi) below	2,426,710	-	2,426,710	-
	20,016,301	15,575,750	7,726,354	3,027,884

	Counterparty	Type	Purpose	Interest rate	Security	Currency	Maturity date	Restructured/new/existing/matured	Updates
i)	Vantage Capital	Term loan	To refinance the debt facilities incurred by Maryland Mall Limited from the construction of the Maryland Mall.	11.50%	Secured with a legal mortgage on the Group's asset, Maryland Mall building.	USD	2-Nov-22	Matured but not settled. Undergoing renegotiation	As at 31 December 2022, the total exposure to the lender was $16.2m (N7.5 billion). This amount included a contingent final dividend payable based on the lending agreement. As at the reporting date, the dividend payable amount was determined to be $6.8m and has not been recognised in the financial statements as all the conditions precedent for the dividend has not been met. The condition precedent for the final dividend is the final settlement of the loan or sale of the property. The loan is currently been renegotiated with the lenders for an extension and new repayment plans.
ii)	Lucid/Astra	Term loan	Facilitate construction of Investment Property (Lekki Mall)	25%	Unsecured	USD	8-Oct-23	Restructured 07 October 2022	Outstanding principal and interest as at 07 October 2022 was rolled forward for an additional one year tenor at an interest rate of 25%.
iii)	Cardinalstone Partners/Citihomes Finance Company	Term loan	Facilitate construction of Investment Property (Lekki Mall)	17%	Secured against the net issuance of equity of PurpleHoldco and the sale of residential units in the Lekki mall.	NGN	28-Feb-21	Matured	Not applicable
iv)	Bank of Industry	Term loan	Construction of state of the art mixed property (Purple Lekki) by Lekki Retailtainment Limited.	8%	Secured by bank guarantee of the loan and accruing interest on a continuous basis by Keystone bank.	NGN	29-Jul-28	Existing	Not applicable
v	Sukuk Bond	Bond	Facilitate completion of WIP Investment Property by Purple Urban Limited.	18%	Secured with a legal mortgage on the Group's asset, Purple Urban Land.	NGN	1-Mar-26	Existing	Not applicable
vi	Nova Commercial Paper	Commercial paper	Facilitate completion of WIP Investment Property by Lekki Retailtainment Limited.	17%	Secured with a legal mortgage on the Group's asset, Purple Real Estate Income Plc Land.	NGN	24-Feb-23	New	Not applicable

(b) The movement in borrowings during the year is as follows:

In thousands of naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Balance, beginning of the year	15,575,750	8,106,021	3,027,884	-
Additions	5,591,972	8,653,680	5,575,329	3,000,000
Exchange loss (see note 7)	21,347	42,353	-	-
Interest accrued	722,811	669,275	223,251	189,901
Interest capitalised as borrowing cost	614,632	425,632	512,400	7,500
Interest repayments during the year	(917,041)	(728,041)	(437,810)	(169,517)
Principal repayment of borrowing	(1,593,170)	(1,593,170)	(1,174,700)	-
Balance end of year	20,016,301	15,575,750	7,726,354	3,027,884

(c) The borrowings have been classified as follows:

In thousands of naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Long term borrowings				
Bank of Industry Loan	5,055,022	3,027,884	5,055,022	3,027,884
Sukuk Bond	5,264,463	5,256,601	-	-
	10,319,485	8,284,485	5,055,022	3,027,884

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

In thousands of naira	Group 30-Jun-22	Group 31-Dec-21	Company 30-Jun-22	Company 31-Dec-21
Short term borrowings				
Vantage Capital Loan	5,312,664	5,052,526	-	-
Lucid/Astra	1,957,442	1,332,718	244,622	-
Cardinalstone Partners/CitiHomes Finance Company	-	906,021	-	-
Nova Commercial Paper	2,426,710	-	2,426,710	-
	9,696,816	7,291,265	2,671,332	-
	20,016,301	15,575,750	7,726,354	3,027,884

22 Taxation

(a) Tax expense

In thousands of naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
i *Minimum Tax*				
Minimum Tax	1,700	3,061	1,700	102
ii *Current Tax*				
Income tax expense	420,926	180,841	-	-
Tertiary education tax	35,079	17,767	-	-
NITDA	25	-	-	-
Nigerian police trust fund levy	751	90	-	13
	456,781	198,698	-	13
Income tax expenses	458,481	201,759	1,700	115
Originating temporary differences	1,182,302	-	8,754	-
Income tax expense	1,639,083	198,698	8,754	13
Total tax expense	1,640,783	201,759	10,454	115

(b) Reconciliation of effective tax rate

In thousands of naira	GROUP				COMPANY			
		31-Dec-22		31-Dec-21		31-Dec-22		31-Dec-21
Profit before minimum tax and income tax	%	14,728,452	%	1,515,871	%	(49,165)	%	262,118
Income tax using the statutory tax rate	30%	4,418,536	30%	454,761	30%	(14,750)	30%	78,635
Adjusted for:								
Non-deductible expenses	3%	481,900	19%	285,955	(30%)	14,750	(30%)	(78,635)
Tax exempt income	(26%)	(3,805,645)	(52%)	(785,493)	0%	-	0%	-
Tertiary education tax	0%	35,079	1%	17,767	0%	-	0%	-
Nigerian Police Trust Fund Levy	0%	751	0%	-	0%	-	0%	-
NITDA Levy	0%	25	0%	-	0%	-	0%	-
Current year tax losses for which no deferred tax is recognised	0%	421,622	13%	201,096	0%	-	0%	-
Current year temporary differences for which no deferred tax is recognised	0%	86,815	2%	24,612	(18%)	8,754	0%	-
Minimum tax	0%	1,700	0%	3,061	(3%)	1,700	0%	-
	0%	1,640,783	13%	201,759	(21%)	10,454	0%	-

(d) Current tax liabilities

The movement on this account during the period was as follows:

In thousands of naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Balance, beginning of the year	356,654	154,895	6,860	6,745
Acquired tax liability	36,002	-	201,809	-
Charge for the year				
- Income tax for the year	458,481	201,759	1,700	115
	851,137	356,654	210,369	6,860

(e) Deferred tax liabilities

The movement on this account during the period was as follows:

In thousands of naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Balance, beginning of the year	-	-	-	-
Charge for the year				
- Deferred tax charge for the year	1,182,302	-	8,754	-
	1,182,302	-	8,754	-

(ii) The movement in deferred tax liability is attributable to:

In thousands of Naira	Group **31-Dec-22**	Group **31-Dec-21**	Company **31-Dec-22**	Company **31-Dec-21**
Charge to other comprehensive income	-	-	-	-
Charge to profit or loss	1,182,302	-	-	-
	1,182,302	**-**	**-**	**-**

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

(iii) The movement in net deferred tax liability is attributable to:

In thousands of Naira	**31-Dec-21**	**Recognised in profit or loss**	**Recognised in OCI**	**31-Dec-22**
Property and equipment	-	(126,487)	-	(126,487)
Investment property	-	1,310,710	-	1,310,710
	-	**1,184,223**	**-**	**1,184,223**

23 Other liabilities

In thousands of naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Financial liabilities:				
Sundry creditors	18,331	36,347	-	-
Unearned income	81,425	134,150	-	-
Fees and Account payable	190,806	521,370	55,361	-
Dividend payable	-	-	-	3,398
Payable to related companies (see (i) below)	324,892	254,454	194,604	178,394
Accrued audit fees	54,825	39,588	16,125	12,502
	670,279	985,909	266,090	194,294
Non-financial liabilities:				
VAT payable	57,685	120,708	22,012	
Withholding Tax Payable	258,313	99,816	150,848	22,012
	315,998	220,524	172,860	22,012
TOTAL	986,277	1,206,433	438,950	216,307

(i) Payable to related companies mainly relates to amount payable to Purple Capital Partners Limited and Purple Retail Managers Limited N420.8m (2021: N254.4m) in respect of the multi-purpose property under construction in Lekki Retailtainment Limited.

24 Contract liabilities

In thousands of Naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Deposits for customers (see (i) below)	51,651	281,865	-	-
	51,651	281,865	-	-

(i) Deposits for customers represents advance instalments received from clients for purchased homes in Purple Lekki. Rental deposits are recognized as liabilities until the Group performs its promised obligations stated in the agreements with the customers after which revenue is recognized.

25 Financial instruments: financial risk management.

The Group has exposure to the following risks from its use of financial instruments:

– Credit risk
– Liquidity risk
– Market risk

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors have the overall responsibility for the establishment and oversight of the Group's risk management framework, including implementation and monitoring of these policies. The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(a) **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s trade and other receivables as well as cash and cash equivalents.

Inputs, assumptions and techniques used in estimating impairment

See accounting policy in Note 3

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:
– the remaining lifetime probability of default (PD) as at the reporting date; with
– the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure.

The Group uses three criteria for determining whether there has been a significant increase in credit risk:
– quantitative test based on movement in PD;
– qualitative indicators; and
– a backstop of 90 days past due.

Determining whether credit risk has increased significantly

The Group assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the counterparty/issuer, and the geographical region.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group’s credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list. Such qualitative factors are based on its expert judgment and relevant historical experiences.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 90 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Group determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

Definition of default

The Group considers a financial asset to be in default when:
– the counterparty/issuer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
– the counterparty/issuer is more than 90 days past due on any material credit obligation to the Group or
– it is becoming probable that the counterparty/issuer will restructure the asset as a result of bankruptcy due to the counterparty's/issuer's inability to pay its credit obligations.

In assessing whether a issuer/counterparty is in default, the Group considers indicators that are:
– qualitative: e.g. breaches of covenant;
– quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Measurement of ECL
The key inputs into the measurement of ECL are the term structure of the following variables:
– probability of default (PD);
– loss given default (LGD); and
– exposure at default (EAD).

PD is the is the likelihood over a specified period, usually one year, that a borrower will not be able to make scheduled repayments. Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by credit risk grading. For some portfolios, information purchased from external credit reference agencies is also used.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date by credit quality was as follows:

Group
31 December 2022

In thousands of naira	Note	**Carrying Amount (Gross)**	**12 months ECL Allowance**	**Lifetime ECL Allowance**	**Carrying Amount (Net)**
Cash and cash equivalents	19	549,701	(8,590)	-	541,111
Account receivables*	16	3,332,251	-	(601,057)	2,731,194
Other asset	17	163,593	-	(10,250)	153,343
Financial assets at fair value through profit or loss	18	277,353	-		277,353
		4,322,898	(8,590)	(611,307)	3,703,001

Group
31 December 2021

In thousands of naira	Note	**Carrying amount (Gross)**	**12 months ECL Allowance**	**Lifetime ECL Allowance**	**Carrying amount (Net)**
Cash and cash equivalents	19	1,986,675	(22,305)	-	1,964,370
Account receivables*	16	178,959	-	(19,278)	159,681
Financial assets at fair value through p	18	77,469	-	-	77,469
Other asset	17	241,296	-	(161,497)	79,799
		2,484,399	(22,305)	(180,775)	2,281,319

**Amounts reported exclude non financial assets*

Cash and Cash equivalents
The Group held cash and cash equivalents of N549 million as at 31 December 2022. The cash and cash equivalents consist of N129 million call deposit with Keystone bank, 25.9 million call deposits in EAC and Money Market funds, N33.9 million cash in Stanbic IBTC Bank Plc, N33m in FCMB, N12.4 million in First Bank and N299 million cash in Purple Money Microfinance Bank Limited. The credit risk relating to the amount in Purple Money Microfinance Bank is considered low due to the high credit quality of the related party.

Account receivables
The Group's account receivable comprises of receivables on service charge and utilities, receivables on customers lease rental and receivables on adverts. The credit risk relating to this receivables is considered low due to the high credit quality of the counter parties.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has a clear focus on ensuring sufficient access to capital to finance growth and to refinance maturing debt obligations. As part of the liquidity management process, the Group has a robust funding arrangement with its parent Group, its bankers; Stanbic IBTC Bank Plc and Purple Money Microfinance Bank Limited which can be utilised to meet its liquidity requirements. The Group also has good relationship with The Bank of Industry with possible refinancing window when the need arises.

The payment terms to its vendors are favourable to the Group in order to help provide sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Group

31 December 2022 *In thousands of naira*	Note	Carrying amount ₦'000	Contractual cash flows ₦'000	6 months or less ₦'000	6-12 months ₦'000	Over 1 year ₦'000
Financial liabilities						
Other liabilities	23	670,279	783,196	305,485	45,999	431,712
Borrowing	21	20,016,301	20,577,340	2,045,999	2,597,235	15,934,106
Total financial liabilities		20,686,580	21,360,536	2,351,484	2,643,234	16,365,818

31 December 2021 *In thousands of naira*	Note	Carrying amount ₦'000	Contractual cash flows ₦'000	6 months or less ₦'000	6-12 months ₦'000	Over 1 year ₦'000
Financial liabilities						
Other liabilities	23	985,909	783,196	305,485	45,999	431,712
Borrowings	21	15,575,750	16,552,450	1,045,999	1,572,345	13,934,106
		16,561,659	17,335,646	1,351,484	1,618,344	14,365,818

The Group aims to maintain the level of its cash and cash equivalents and other highly liquid financial instruments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables). The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. The Group also participates in a financing arrangement with the principal purpose of facilitating efficient payment processing of supplier invoices and provision of short term liquidity.

Company

31 December 2022 *In thousands of naira*	Note	Carrying amount ₦'000	Contractual cash flows ₦'000	6 months or less ₦'000	6-12 months ₦'000	Over 1 year ₦'000
Financial Liabilities						
Other liabilities	23	438,950	356,287	156,350	89,375	110,562
Borrowings	21	7,726,354	9,359,285	-	258,000	9,101,285
		438,950	9,715,572	156,350	347,375	9,211,847

31 December 2021 *In thousands of naira*	Note	Carrying amount ₦'000	Contractual cash flows ₦'000	6 months or less ₦'000	6-12 months ₦'000	Over 1 year ₦'000
Financial Liabilities						
Other liabilities	23	74,873	74,873	4,600	-	70,273
Borrowings	21	3,027,884	3,895,225	425,585	1,025,495	2,444,145
		3,102,757	3,970,098	430,185	1,025,495	2,514,418

The Group monitors its risk of shortage of funds by ensuring planning is done too avoid such and using liquidity planning tool. Its objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits, loans, commercial paper, bonds and other debt instruments. Its policy is that its borrowing are maturing along the development of the cashflow from the properties. While some of the Group's debt have matured in the current year and have been extended or renegotiated with new terms, repayment and maturity dates. With the extension, some of the group loans will mature in less than one year at 31 December 2022. The group assessed the concentration of risk with respect to refinancing its debt and concluded it to be medium. The Group has access to a sufficient variety of sources of funding and any debt maturing within 12 months can be rolled over with the existing lenders.

The Group is aware of its liquidity deficit arising from higher commitment than available current assets to meet them. Management has proactively executed an initial public offer (IPO) in which the proceed is expected to be used to settle the foreign borrowings, improve working capital and complete ongoing property under development. It is hoped that with this conversion of debt to equity, the Group will have a better liquidity ratio and return on assets. In addition to the IPO, the Group is already in a discussion with tier 1 financial institutions to refinance the short term exposures with favourable long term debt for sustainability. This include raising fresh long term debt, issuance of right issues to existing shareholders and renegotiation with vendors. Also, cash released from developing projects and trading properties are to be put back into development while keeping track of maturing financial liabilities.

(c) **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rate, equity prices and interest rates will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return on risk.

(i) **Currency risk**

The Group is currently exposed to significant foreign currency risk related to the fluctuation of foreign exchange rates. This is so because its revenues, capital expenditures are principally based in Naira and its assets and liabilities denominated in foreign currency are not appropriately matched. A significant change in the exchange rates between the Naira (N) (functional and presentation currency) relative to the US dollar would have effect on the Group's results of operations, financial position and cash flows.

The table below summaries the Group's financial instruments at carrying amount, categorised by currency:

In thousands of naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
	USD N'000	USD N'000	USD N'000	USD N'000
Financial assets				
Cash and cash equivalents	858	515	-	-
	858	551	-	-
Financial liabilities				
Borrowings	(5,312,664)	(5,052,526)	-	-
Net exposure	(5,311,806)	(5,051,975)	-	-

The sensitivity analyses set out below show the impact of a 5% increase and decrease in the value of both derivative and non derivative instruments based on the exposure to currency risk at the reporting date. For each sensitivity scenario, the impact of change in a single factor is shown, with other assumptions or variables held constant.

In thousands of Naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Increase in currency rate by 5%	(265,590)	(252,599)	-	-
Decrease in currency rate by 5%	265,590	252,599	-	-

The following significant exchange rates were applied:

	Year end rate Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
	₦	₦		
USD $ 1	461.50	424.11	-	-

(ii) **Interest rate risk**

The management of interest rate risk against interest rate gaps limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standards and non-standards interest rate scenarios.

Analysis of the Group's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position was as follows:

In thousands of Naira	Note	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Interest bearing assets:					
Placements	19	156,111	1,858,549	1,070	-
Money Market funds	19	-	50,000	-	-
		156,111	1,908,549	1,070	-
Interest bearing liabilities:					
Borrowings	21	20,016,301	15,575,750	7,726,354	3,027,884
Net interest bearing assets		(19,860,190)	(13,667,201)	(7,725,284)	(3,027,884)

Sensitivity of net projected interest income

In thousands of Naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Increase in interest rate by 1%	(198,602)	(136,672)	(77,253)	(30,279)
Decrease in interest rate by 1%	198,602	136,672	77,253	30,279

(d) Capital Management

For the purpose of the Group's capital management, capital includes issued capital, share premium, preference shares and all other equity reserves attributable to the equity holders of the Parent. The group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial convenants.

To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. The primary objective of the Group's capital management is to ensure that it remains within its quantitative banking convenants and maintains a strong credit rating. No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 31 December 2021.

The Group monitors capital primarily using a loan- to-value ratio, which is calculated as the amount of outstanding debt divided by the valuation of the investment property portfolio. The group's policy is to keep its average loan-to-value ratio lower than acceptable range. Banking convenants vary accordingly to each loan agreement, but typically require that the loan-to-value ratio does not exceed the acceptable limit.

In order to achieve this overall objective, the Group's management, among other things, aims to ensure that it meets its financial convenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial convenant would permit the Bank to immediately call loans and borrowings. During the current year, the group amend its convenant with lenders by the way of extension and renegotiation but did not default on any of its obligation under its loan agreements.

	31-Dec-22	**31-Dec-21**
Carrying amount of interest-bearing loans and borrowings	20,016,301	15,575,750
External valuation of completed investment property	12,000,000	11,095,300
External valuation of investment property under development	23,250,352	5,934,340
	35,250,352	17,029,640
Loan-to-value ratio	**57%**	**91%**

Notes to the consolidated and separate financial statements

For the year ended 31 December 2022

26 Use of estimates and judgments

These disclosures supplement the commentary in financial risk management. Key sources of estimation uncertainty are as disclosed below:

26.1 Estimates and assumptions

The key assumptions concerning future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

26.1.1 Valuation of investment property

Investment property is measured at fair value in line with the Group's accounting policy disclosed in note 11. The Group's investment property 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 property valued. For all investment property, their current use equates to the highest and best use. 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;
- assess property valuation movements when compared to the prior year valuation report.

Further details of the judgements and assumptions made in the valuation of investment property are disclosed in note 11.

26.1.2 Estimation of net realisable value for trading property

At year end, the Group holds trading property with a carrying value of N6.6 biliion (2021: N6.8billion). Trading properties are stated at the lower of cost and net realisable value (NRV). NRV for completed trading property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for properties in the same geographical market serving the same real estate segment.

NRV in respect of trading property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction, estimated costs to complete construction and an estimate of the time value of money to the date of completion.

26.1.3 Measurement of progress when revenue is recognised over time

For those contracts involving the sale of property under development that meet the over time criteria of revenue recognition, the Group’s performance is measured using an input method, by reference to the inputs towards satisfying the performance obligation relative to the total expected inputs to satisfy the performance obligation, i.e., the completion of the property. The Group generally uses the costs incurred method as a measure of progress for its contracts because it best depicts the Group’s performance.

Under this method of measuring progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. When costs are incurred, but do not contribute to the progress in satisfying the performance obligation (such as unexpected amounts of wasted materials, labour or other resources), the Group excludes the effect of those costs. Also, the Group adjusts the input method for any cost incurred that are not proportionate to the Group’s progress in satisfying the performance obligation. Further details on revenue are disclosed in Note 5.

26.1.4 *Recoverability of deferred tax assets*

Deferred tax assets are recognised for temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Further details on deferred taxes are disclosed in Note 22.

26.1.5 *ECL impairment for expected credit losses of trade receivables and contract assets*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which customers operate.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period for individual and corporate customers respectively.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivable and contract assets for which no loss allowance is recognised because of collateral.

26.2 *Judgements*

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

26.2.1 *Consideration of significant financing component in a contract*

For some contracts involving the sale of property, the Group is entitled to receive an initial deposit. The Group concluded that this is not considered a significant financing component because it is for reasons other than the provision of financing to the Group.

The initial deposits are used to protect the Group from the other party failing to adequately complete some or all of its obligations under the contract where customers do not have an established credit history or have a history of late payments.

26.2.2 *Principal versus agent considerations – services to tenants*

The Group arranges for certain services provided to tenants of investment property included in the contract the Group enters into as a lessor, to be provided by third parties. The Group has determined that it controls the services before they are transferred to tenants, because it has the ability to direct the use of these services and obtain the benefits from them.

In making this determination, the Group has considered that it is primarily responsible for fulfilling the promise to provide these specified services because it directly deals with tenants' complaints and it is primarily responsible for the quality or suitability of the services. In addition, the Group has discretion in establishing the price that it charges to the tenants for the specified services.

Therefore, the Group has concluded that it is the principal in these contracts. In addition, the Group has concluded that it transfers control of these services over time, as services are rendered by the third-party service providers, because this is when tenants receive and, at the same time, consume the benefits from these services.

26.2.3 *Classification of property*

The Group determines whether a property is classified as investment property or trading property (inventory). Investment property comprises land that is not for sale in the ordinary course of business, but are held primarily to earn capital appreciation. Trading properties comprises properties that are held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

Management has classified the land bank (Segment F) held by Purple Real Estate Income Plc as investment property because it is held for an undetermined future and is subject to capital appreciation.

26.2.4 Determining the timing of revenue recognition on trading property under development

The Group applied judgment in meeting the following criteria under its revenue recognition policy on trading property under development:

• A clause that restricts the Group from redirecting the properties to another customer is included in the contract letter to justify a practical limitation on the Group's ability to readily direct the asset to another customer.

•Deposits made is non-refundable unless the Group fails to pay as promised.

• A clause that gives the Group an enforceable right to payment for the percentage completed if the contract were to be terminated at the instance of the customer is included in the contract. This is considered in the light of legal practices and processes in determining whether the Group can enforce payment when construction is yet to complete.

•The Group is entitled to retain any progress payments received from the customer in case of termination. The Group also has further rights to compensation from the customer for any additional payments necessary to compensate the Group for the performance to date.

26.2.5 Determination of control over investees

Although the Group owns 49% of Purple Urban Limited (a direct subsidiary consolidated), management has determined that the Group controls this entity.The Group controls Purple Urban Limited by virtue of an agreement with its other shareholder via a declaration of Trust deed.

The Group also has more than half of the voting power in the investee and can exercise their rights to influence decision making of the entity.

26.2.6 **Business combination - common control transaction**

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the asset.

When the acquisition does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

A business combination is a "common control combination" if the combining entities are ultimately controlled by the same party both before and after the combination; and common control is not transitory. A business combination involving entities or businesses under common control are outside the scope of IFRS 3: *Business Combinations* , and there is no specific IFRS guidance.

Accordingly, directors has applied its judgement to develop an accounting policy that is relevant and reliable, where there is no specifically applicable standard or interpretation in accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* . In making this judgement, the directors consider the requirements of IFRS dealing with similar and related issues and the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the framework. The directors also consider the most recent pronouncements of other standard setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the IFRS Framework or any other IFRS or interpretation.

In accounting for the common control transaction, management has decided to adopt the book value accounting on the basis that the investment has simply been moved from one part of the group to another. The chosen accounting policy shall be applied consistently to all common control transactions. In applying book value accounting, an adjustment may be required in equity to reflect any difference between the consideration paid and the capital of the acquiree. Management has decided to reflect the adjustment in a capital account called “common control acquisition deficit”.

(a) **Merger of Purple Real Estate Development Company Limted**

On 31st March 2022, Purple Retail Estate Income Plc (formerly "Purple Real Estate Income Limited") combined the operations of Purple Real Estate Development Company ("PREDCO") with that of its opertaions. The shares of PREDCO were previously owned by PREIP. The Merger was executed based on a share sales agreement detailed in the Scheme of Merger after holding a court ordered meeting of the shareholders. The scheme of Merger inidcates of a 100% acquisition of the shares of PREDCO at no consideration. This was done as PREDCO and PREIP have the same ultimate benficial owner (Purple Retail Limited) and PREDCO has always being a subsidiary of PREIP, thus under common control.

In determining the merger date, the date in which the transaction was agreed to by both parties i.e. 31 March 2022 was adopted and the financial statements of PREDCO as at 31 March 2022 was used in determining the net asset at acquisition date.

The business combination has been accounted for, from the perspective of the ultimate controlling entity Purple Retail Limited. The book value of the assets and liabilities was considered on the basis that the acquisition is a common control transaction and the investments simply moved from one part of the group to another. In applying book value accounting, an adjustment has been made in equity (common control deficit) to reflect the difference of ₦30million between the deficit of nets assets over the Company's investment while a deficit of N94m was also recognised by the group.

(b) Determination of common control acquisition deficit

In thousands of naira	**Company**	**Group**
Identified Net assets as at 1 January 2022	535,158	340,957
(Loss)/profit for period ending 31 March 2022	(75,290)	99,531
Investments in subsidiaries held by PREDCO	(195,490)	(195,490)
Net assets as at 31 March 2022	**264,378**	**244,998**
Carrying amount of Investment in PREDCO as at 31 March 2022	240,486	240,486
Receivables from PREDCO as at 31 March 2022	53,920	53,920
Goodwill to be recognised at the group	-	45,000
Total value of PREIP investments in PREDCO	**294,406**	**339,406**
Common control acquisition deficit	**(30,028)**	**(94,408)**

(c) Merger expenses: See note (9) for expenses incurred in relation to the merger process

(d) As at the date of the merger, PREDCO had a cash and cash equivalent balance of N9.985 million.

26.2.7 **Foreign exchange rate**

The Group translates and records its foreign currency transactions and balances based on the exchange rate at which the future cash flows represented by the transactions or balances could have been settled, if those cash flows had occurred at the reporting date. The Nigerian Autonomous Foreign Exchange (NAFEX) rate has been used for the translation of foreign currency balances as this remains the main source of foreign currencies for the Company's transactions. For transactions where the rate at determined based on the parties involved in the transaction, the rates agreed with the parties are considered to be the appropriate rate.

Notes to the consolidated and separate financial statements
For the year ended 31 December 2022

27 Accounting classification and fair values

The following tables show the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(a) 31 December 2022

	Notes	**Carrying amount**				**Fair value**			
In thousands of Nigerian Naira		Amortised cost	Financial assets through profit/loss	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets:									
Cash and cash equivalents	19	393,581	-	-	393,581	-	393,581	-	393,581
Financial assets at fair value through profit or loss	18	-	277,353	-	277,353	-	277,353	-	277,353
Account receivable and contract assets	16	3,332,251	-	-	3,332,251	-	3,332,251	-	3,332,251
Other receivable	17	163,593	-	-	163,593	-	163,593	-	163,593
		3,889,425	277,353	-	4,166,778	-	4,166,778	-	4,166,778
Financial liabilities:									
Other liabilities	23	-		670,279	670,279	-	670,279	-	670,279
Borrowings	21	-		20,016,301	20,016,301	-	20,016,301	-	20,016,301
		-		20,686,580	20,686,580	-	20,686,580	-	20,686,580

31 December 2021

	Notes	**Carrying amount**				**Fair value**			
In thousands of Nigerian Naira		Amortised cost	Financial assets through profit/loss	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value:									
Cash and cash equivalents	19	78,126	-	-	78,126	-	78,126	-	78,126
Financial assets at fair value through profit or loss	18	-	77,469	-	77,469	-	77,469	-	77,469
Account receivable and contract assets	16	378,125	-	-	378,125	-	378,125	-	378,125
Other receivable	17	42,130	-	-	42,130	-	42,130	-	42,130
		498,381	77,469	-	575,850	-	575,850	-	575,850
Financial liabilities not measured at fair value:									
Other liabilities	23	-		985,909	985,909	-	985,909	-	985,909
Borrowings	21	-		15,575,750	15,575,750	-	15,575,750	-	15,575,750
		-		16,561,659	16,561,659	-	16,561,659	-	16,561,659

28 Non-controlling interest

Non-controlling interest is attributable to:

In thousands of Naira	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
EAC Trustees Limited	(510)	(510)	-	-
Purple Urban Limited	(510)	(510)	-	-

Notes to the consolidated and separate financial statements
For the year ended 31 December 2022

29 Contingencies

(a) **Pending litigation and claims**

As at 31 December 2022, there were no known pending claims and litigations against the Group arising in the normal course of business (2021: Nil).

(b) **Guarantee and contingent liabilities**

As at 31 December 2022, the total exposure to the lender is $16.2m (N7.5 billion). This amount include a contingent final dividend payable based on the lending agreement. As at the reporting date, the dividend payable amount was determined to be $6.8m and has not been recognised in the financial statements as all the conditions precedent for the dividend has not been met. (see note 21 for details).

The loan is currently been renegotiated with the lenders for an extension and new repayment plans. There were no other known guarantees and contingent liabilities as at the period end (2021: Nil).

(c) **Financial commitments**

As at 31 December 2022, the Group agreed construction contracts with third parties and is consequently committed to future capital expenditure in respect of investment property under development of N1.34billion.

The directors are of the opinion that all known liabilities and commitments, which are relevant in assessing the state of affairs of the Group, have been taken into consideration in the preparation of these financial statements.

30 Group entities

Significant subsidiaries

	Nature of business	**Financial period end**	**Investment in Subsidiaries**	**Investment in Subsidiaries**	**Ownership interest**	**Ownership interest**
In thousands of Naira			**31-Dec-2022**	**31-Dec-2021**	**31-Dec-2022**	**31-Dec-2021**
Maryland Mall Limited	Real estate management and development	31 December	2,258,716	2,258,716	100.00%	100.00%
Lekki Retailtainment Limited	Real estate management and development	31 December	123,500	123,500	100.00%	100.00%
Purple Urban Limited	Real estate management and development	31 December	490	490	49.00%	49.00%
Purple Asset Managers Limited	Equity investment in choice entities	31 December	150,000	195,000	100.00%	100.00%
Purple Proptech Limited	E-commerce (Technology Platform)	31 December	157,308	117,928	100.00%	100.00%

31 Related parties

Parent and controlling party

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. From the Group's perspective, this definition includes key management personnel which are directors and the following entities Below. All related parties transactions have been identified and shown in notes 17, 21 and 23 of this financial statements.

Purple Retail Limited (British Virgin Island)	Direct Parent Company
Purple Capital Holdings Limited (Mauritius)	Indirect Parent Company
Purple Retail Managers Limited (Mauritius)	Indirect Parent Company
Lucid house Limited (Mauritius)	Ultimate Parent Company
Maryland Mall Limited	Subsidiary company
Lekki Retailtainment Limited	Subsidiary company
Purple Capital Partners Limited	Sister company
Purple Money Microfinance Bank Limited	Sister company
Purple Urban Limited	Subsidiary company
Purple Proptech Limited	Subsidiary company
Purple Asset Managers Limited	Subsidiary company
Lucid/Astra	Sister company

32 Events after the reporting period

There were no subsequent events which could have a material effect on the financial position of the Group as at 31 December 2022 or the profit for the year then ended on that date, that have not been adequately provided for or disclosed in the financial statements.

33 Reconciliation of statement of cash flow

(a) Investment property

In thousands of naira	Note	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Balance at start of the year	11	17,029,640	12,468,784	-	-
Balance at end of the year	11	(35,250,352)	(17,029,640)	-	-
Reclassification from trading prop	11	1,034,096	-	-	-
Fair value changes in investment	6(b)	14,095,694	1,009,610	-	-
Net cash outflow		(3,090,922)	(3,343,969)	-	-

(b) Account receivable

In thousands of naira	Note	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Balance at start of the period	16	159,681	167,985	4,011,989	-
Balance at end of the period	16	(2,731,194)	(159,681)	(7,367,281)	-
Impairment allowance - WHT	9	-	25,186	-	-
Adjusting for other assets acquired under common control		-	-		-
Impairment allowance - Account Receivable	9	-	(70,930)	31,147	-
Net cash outflow		(2,202,271)	54,048	(3,386,439)	-

(c) Investment securities

In thousands of naira	Note	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Balance at start of the year	18	(77,469)	(150,929)	77,469	42,794
Balance at end of the year	18	(277,353)	(77,469)	277,353	77,469
Fair value changes	18	6,054	34,675	6,054	34,675
Net cash outflow		(193,830)	108,135	(193,830)	-

(d) Other liabilities

In thousands of naira	Note	Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Balance at start of the year	23	(1,488,298)	(1,698,901)	(74,873)	(67,111)
Balance at end of the year	23	1,037,928	1,488,298	438,950	74,873
Net cash outflow		(450,370)	(210,603)	364,077	7,762

(e) Other assets

In thousands of naira		Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Balance at start of the year	17	42,130	2,050,196	-	337,591
Balance at end of the year	17	(153,343)	(241,296)	(139,456)	(830,446)
Change in other assets		(111,213)	1,808,900	(139,456)	(492,855)
				-	-

(f) Trading properties under development

In thousands of naira		Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Balance at start of the year	15	6,843,346	1,192,425	-	-
Cost of transferred assets to investment properties		1,059,038	660,893	-	-
Net cash outflow		837,455	4,990,028	1,354,382	-
Balance at end of the period	15	6,621,763	6,843,346	1,354,382	-

(g) Dividend Paid

In thousands of naira		Group 31-Dec-22	Group 31-Dec-21	Company 31-Dec-22	Company 31-Dec-21
Dividend received from PREDCO		-	142,337	-	142,337
Dividend received from PREDCO and LRL		-	300,000	-	300,000
Dividend paid to shareholders	20(c)	(185,526)	-	(185,526)	(142,337)

OTHER NATIONAL DISCLOSURES

Other National Disclosures
Value Added Statement

Group

In thousands of naira	**31-Dec-22**	**%**	**31-Dec-22**	**%**
Gross earnings	20,383,462	132%	4,198,933	189%
Bought-in-materials and services - local	(4,910,852)	-32%	(1,971,434)	-89%
	15,472,610	100%	2,227,499	100%
Distribution of Value added:				
To Government:				
Taxation	1,640,783	11%	201,759	9%
To providers of finance				
Interest expense	744,158	5%	711,628	32%
Retained in the Business:				
To augment reserves	13,087,669	85%	1,314,112	59%
Value added	15,472,610	100%	2,227,499	100%

Other National Disclosures
Value Added Statement
For the year ended 31 December 2022

Company

In thousands of naira	**31-Dec-22**	**%**	**31-Dec-21**	**%**
Gross earnings	864,526	(1758%)	277,948	106%
Bought-in-materials and services - local	(913,691)	1858%	(15,830)	-6%
	(49,165)	100%	262,118	100%
Distribution of Value eroded:				
To Government:				
Taxation	10,454	-21%	115	0%
To providers of finance				
Interest expense	-	0%	-	0%
Retained in the Business:				
To augment reserves	(59,619)	121%	262,003	100%
Value (eroded)/ added	(49,165)	100%	262,118	100%

Financial Summary
Group

In thousands of naira	**31-Dec-22**	**31-Dec-21**	**31-Dec-20**	**31-Dec-19**	**31-Dec-18**
ASSETS					
Non-current assets					
Completed investment property	12,000,000	11,095,300	12,468,784	11,490,000	12,194,246
Investment property under development	23,250,352	5,934,340	-	-	-
Property and equipment	134,310	135,766	90,327	155,190	220,097
Intangible assets and goodwill	128,302	127,898	22,380	3,600	3,600
Financial assets at fair value through profit or loss (Equity investment)	115,400	-	-	-	-
Total non current assets	**35,628,364**	**17,293,304**	**12,581,491**	**11,648,790**	**12,417,943**
Current assets					
Trading properties under development	6,621,763	6,843,346	1,192,425	-	-
Trade receivables and contract assets	2,731,194	159,681	167,985	149,260	183,610
Other asset	153,343	79,799	1,617,679	1,368,164	1,631,733
Financial assets at fair value through profit or loss	161,953	77,469	150,929	-	-
Cash and cash equivalents	541,111	1,964,370	792,718	2,547	58,452
Total current assets	**10,209,364**	**9,124,665**	**3,921,736**	**1,519,971**	**1,873,795**
Total assets	**45,837,728**	**26,417,969**	**16,503,227**	**13,168,761**	**14,291,738**
Share capital	2,061,443	1,293,970	19,000	19,000	19,000
Preference shares capital	10	10	-	-	-
Share premium	1,834,183	625,628	1,374,993	1,374,993	1,374,993
Accumulated surplus/(deficit)	18,994,892	5,956,968	4,637,669	6,489,678	7,408,855
Fair value reserves	-	-	8,135	-	-
Prepaid share capital	-	1,125,378	503,603	-	-
Common control acquisition reserves	(94,408)	-	-	-	-
Equity attributable to equity holders of the parent company	**22,796,120**	**9,001,954**	**6,543,400**	**7,883,671**	**8,802,848**
Non-controlling interest	(46,060)	(4,687)	10	10	253,172
Total equity	**22,750,060**	**8,997,267**	**6,543,410**	**7,883,681**	**9,056,020**
LIABILITIES					
Non current liabilities					
Long term borrowings	10,319,485	8,284,485	8,106,021	4,797,768	4,830,422
Deferred tax liabilities	1,182,302	-	-	-	-
Total non current liabilities	**11,501,787**	**8,284,485**	**8,106,021**	**4,797,768**	**4,830,422**
Current liabilities					
Current tax liabilities	851,137	356,654	154,895	6,745	6,745
Short term borrowings	9,696,816	7,291,265	-	-	-
Deferred revenue-deposits from customers	51,651	281,865	-	-	-
Other Liabilities	986,277	1,206,433	1,698,901	480,567	398,551
Total current liabilities	**11,585,881**	**9,136,217**	**1,853,796**	**487,312**	**405,296**
Total liabilities	**23,087,668**	**17,420,702**	**9,959,817**	**5,285,080**	**5,235,718**
Total equity and liabilities	**45,837,728**	**26,417,969**	**16,503,227**	**13,168,761**	**14,291,738**
	-	-	-	-	-

Income statement

In thousands of naira	**31-Dec-22**	**31-Dec-21**	**31-Dec-20**	**31-Dec-19**	**31-Dec-18**
Total income	20,383,462	4,198,933	472,087	514,829	562,170
Total expense	(5,655,010)	(2,683,062)	(1,404,501)	(1,100,998)	(611,309)
Profit/(loss) before taxation	**14,728,452**	**1,515,871**	**(932,414)**	**(586,169)**	**(49,139)**
Tax expense	(1,640,783)	(201,759)	(34,463)	-	(3,373)
Profit/(loss) after taxation	**13,087,669**	**1,314,112**	**(966,877)**	**(586,169)**	**(52,512)**
Other comprehensive income	-	-	4,068	-	-
Total comprehensive income/(loss) for the year	**13,087,669**	**1,314,112**	**(962,809)**	**(586,169)**	**(52,512)**

Financial Summary

Company

In thousands of naira	**31-Dec-22**	**31-Dec-21**	**31-Dec-20**	**31-Dec-19**	**31-Dec-18**
ASSETS					
Non-current assets					
Investment property under development	698,903	-	-	-	-
Property and equipment	62,077	-	-	-	-
Intangible assets and goodwill	48,581	-	-	-	-
Investment in subsidiary	2,581,255	2,631,871	2,044,863	1,917,764	1,360,416
Financial assets at fair value through profit or loss	115,400	-	-	-	-
	3,506,216	**2,631,871**	**2,044,863**	**1,917,764**	**1,360,416**
Current assets					
Trading properties under development	1,354,382	-	-	-	-
Trade receivables and contract assets	7,367,281	4,011,989	-	-	-
Other assets	139,456	-	337,591	-	-
Financial assets at fair value through profit o	161,953	77,469	42,794	-	-
Cash and cash equivalents	81,105	8,749	2,023	-	-
Total non-current assets	**9,104,177**	**4,098,207**	**382,408**	**-**	**-**
Total assets	**12,610,393**	**6,730,078**	**2,427,271**	**1,917,764**	**1,360,416**
EQUITY					
Share capital	2,061,443	1,293,970	19,000	19,000	19,000
Share premium	1,834,183	625,628	1,374,993	1,374,993	1,374,993
Accumulated surplus	360,368	575,485	455,819	501,026	(51,822)
Deposit for shares	-	1,125,378	503,603	-	-
Common Control acqusition reserves	(30,028)	-	-	-	-
Total equity	**4,225,966**	**3,620,461**	**2,353,415**	**1,895,019**	**1,342,171**
LIABILITIES					
Non-current liabilities					
Long term borrowings	5,055,022	3,027,884	-	-	-
Deferred tax liabilities	8,754	-	-	-	-
Total current liabilities	**5,063,776**	**3,027,884**	**-**	**-**	**-**
Current liabilities					
Tax liabilities	210,369	6,860	6,745	6,745	6,745
Other Liabilities	438,950	74,873	67,111	16,000	11,500
Borrowings	2,671,332	-	-	-	-
Total non-current liabilities	**3,320,651**	**81,733**	**73,856**	**22,745**	**18,245**
Total liabilities	**8,384,427**	**3,109,617**	**73,856**	**22,745**	**18,245**
Total equity and liabilities	**12,610,393**	**6,730,078**	**2,427,271**	**1,917,764**	**1,360,416**

In thousands of naira	**31-Dec-22**	**31-Dec-21**	**31-Dec-20**	**31-Dec-19**	**31-Dec-18**
Total income	864,526	277,948	8,740	-	-
Total expense	(913,691)	(15,830)	(135,693)	(3,500)	(3,500)
Profit/(loss) before taxation	(49,165)	262,118	(126,953)	(3,500)	(3,500)
Tax expense (minimum tax and income tax)	(10,454)	(115)	-	-	(6,745)
Profit/(loss) for the year after taxation	**(59,619)**	**262,003**	**(126,953)**	**(3,500)**	**(10,245)**
Total comprehensive (loss)/ income for the year	**(59,619)**	**262,003**	**(126,953)**	**(3,500)**	**(10,245)**

purple