



## LEKKI GARDENS ESTATE LTD



### DataPro Limited

Ground Floor, Foresight House

163-165 Broad Street

By Marina Water Front

☎ 234-1-4605395, 4605396

Email: [info@datapronigeria.net](mailto:info@datapronigeria.net)

[dataprong@gmail.com](mailto:dataprong@gmail.com)

Website: [www.datapronigeria.net](http://www.datapronigeria.net)

October, 2021

# LEKKI GARDENS ESTATE LTD

This report is provided by **DataPro** subject to the terms & condition stipulated in our **Terms of Engagement**

## CORPORATE RATING REPORT

### References

Abiodun Adeseyoju, FCA.  
Abimbola Adeseyoju  
Oladele Adeoye

### EVALUATION

**VALID TILL: October, 2022**

Long-term Rating: **BBB+**

Short term Rating **A1**

Previous Rating: **N/A**

Rating Outlook: **Stable**

Trend: **UP**

Currency: **Naira**

### EXECUTIVE SUMMARY

	2020 N'000	2019 N'000	2018 N'000	2017 N'000	2016 N'000
Turnover	20,900,305	19,578,832	17,051,960	17,989,315	16,118,404
Pre Tax Profit	2,096,970	2,094,828	1,726,727	824,755	(280,848)
Equity	30,583,749	4,246,956	2,426,743	1,338,823	(24,651)
Fixed Asset	19,316,101	548,255	674,223	813,793	1,110,750
Total Asset	156,416,195	130,373,737	114,041,070	114,930,619	119,555,661
Short-term Debt	119,322,084	104,591,922	110,424,504	112,670,848	118,052,089

### RATING EXPLANATION

The Short-Term Rating of **A1** indicates **Good Credit Quality** and Satisfactory Capacity for timely payment of financial commitments.

The Long-Term Rating of **BBB+** indicates **Slight Risk**. It shows Fair Financial Strength, Operating Performance and Business Profile when compared to the standard established by **DataPro**. This Company, in our opinion, has the ability to meet its ongoing obligations, but its financial strength is vulnerable to adverse changes in economic conditions.

*This report does not represent an offer to trade in securities. It is a reference source and not a substitute for your own judgment. As far as we are aware, this report is based on reliable data and information, but we have not verified this or obtained an independent verification to this effect. We provide no guarantee with respect to accuracy or completeness of the data relied upon, and therefore the conclusions derived from the data. This report has been prepared at the request of, and for the purpose of, our client only and neither we nor any of our employees accept any responsibility on any ground whatsoever, including liability in negligence, to any other person. Finally, DataPro and its employees accept no liability whatsoever for any direct or consequential loss of any kind arising from the use of this document in any way whatsoever.*

DataPro @ 2021

- SUMMARY**
- Rating **BBB+**
- Report Type: Corporate Rating
- Client: Lekki Gardens Estate Ltd
- Date Compiled: 11-Oct-2021

## RATING SYNOPSIS

The Rating took into consideration all relevant qualitative and quantitative factors to arrive at the assigned risk indicator.

The qualitative information used was based on industry and market intelligence including public information.

The quantitative information was obtained from the Company's audited and management accounts.

The risk factors were assessed using the Company's Capitalization, Earnings Profile, Liquidity, Corporate Governance, Regulatory Compliance and Sustainability of subject's current healthy profile in the medium to long term period.

Overall, the following were observed:

### Strengths:

- Experienced Management Team
- Strong Brand Presence
- Good Profitability
- Good Liquidity

### Weakness:

### SUMMARY

#### • Rating

**BBB+**

#### • Report Type:

Corporate  
Rating

#### • Client:

Lekki Gardens  
Estate Ltd

#### • Date Compiled

11-Oct-2021

## BACKGROUND

**Lekki Gardens Estate Limited ("The Company")** was incorporated 23<sup>rd</sup> August, 2012. The Company commenced operation in Nigeria on the same date.

**Lekki Gardens Estate Limited** is an indigenous real estate company that is into the acquisition and development of land and property across the residential, commercial and retail sectors of the Nigerian real estate industry.

The Company is the fastest growing independent real estate company in Nigeria providing innovative real estate solutions in the areas of property development, facility management and sale of real estate products and services with special skills in service delivery.

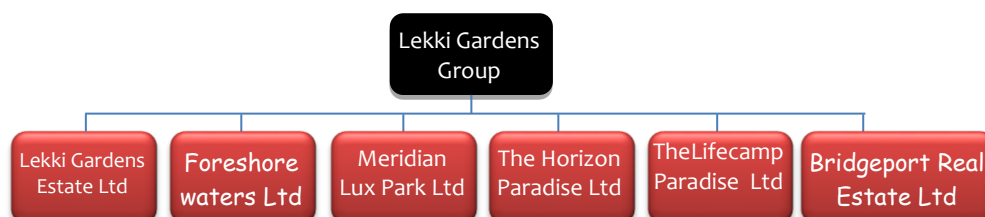
The size of the Company's Landbank is circa 50 hectares of undeveloped land with a value of ~~N44b~~. The total value of under developed Landbank is about ~~N50b~~. The company has successfully delivered over 10,219 housing units and currently has 42 on-going projects.

The Company has a diverse Real Estate Portfolio comprising of affordable and luxury housing. These currently span three States (Lagos, Ogun and Rivers) in Nigeria including the Federal Capital Territories, Abuja.

The Company is one of the Legal Entities and Special Purpose Vehicles within the Lekki Gardens Group. Other Entities of the Group include **Foreshore waters Ltd, Meridian Lux Park Ltd, The Horizon Paradise Ltd, The Lifecamp Paradise Ltd and Bridgeport Real Estate Development Company Ltd.**

The Corporate Structure of the Group is as presented.

### LEKKI GARDENS CORPORATE ORGANOGRAM



**Source:** Lekki Gardens Estate Ltd

## SUMMARY

### • Rating

**BBB+**

### • Report Type:

Corporate  
Rating

### • Client:

Lekki Gardens  
Estate Ltd

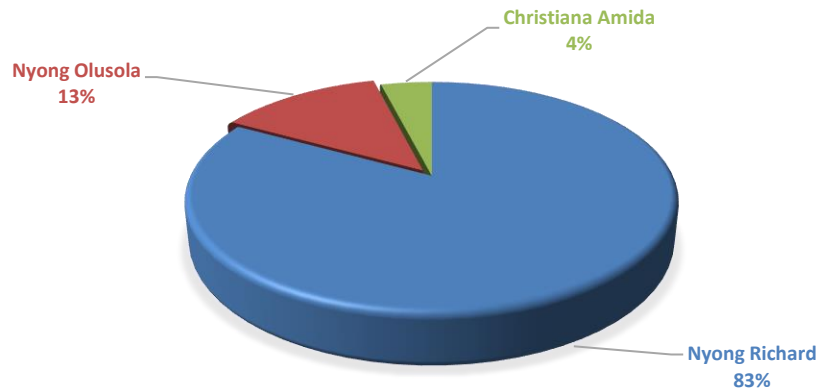
### • Date Compiled

11-Oct-2021



The ownership of the Company is divided among **Nyong Richard**, **Nyong Olusola** and **Christiana Amida**. The Shareholding is as distributed:

### ANALYSIS OF SHAREHOLDING STRUCTURE



Source: Lekki Gardens Estate Ltd

### DIRECTORS PROFILE

The following served as Directors during the year under review; **Hon Gbenga Oduwaiye-Chairman**, **Mr. Richard Nyong-Managing Director**, **Mrs. Olusola Nyong**, **Eng Kemi Adenaike**, **Dr Christiana Amida**, **Mrs. Emily Atebe**

The Directors' profiles are as follow.

- Name:** Hon. Gbenga Oduwaiye

**Position:** Chairman

**Experience (Years):**

**Education:**
  - B. Sc (Accounting)- University of Ibadan
  - Institute of Chartered Accountants of Nigeria

**Job Experience:**
  - Chairman, Foreign Affairs Committee, Federal House of Representatives
- Name:** Mr. Richard Nyong

**Position:** Chief Executive Officer/ Managing Director

**Experience (Years):** Over 20 years

**Education:**
  - B. Sc (Economics)- University of Port Harcourt
  - Fellow, Institute for Government, Research, Leadership and Technology
  - Ph.D (Honoris Causa) - European American University, Ghana

**Job Experience:**
  - Lekki Gardens Estate Ltd.

### SUMMARY

#### • Rating

**BBB+**

#### • Report Type:

Corporate  
Rating

#### • Client:

Lekki Gardens  
Estate Ltd

#### • Date Compiled

11-Oct-2021

## SUMMARY

### • Rating

**BBB+**

### • Report Type:

Corporate  
Rating

### • Client:

Lekki Gardens  
Estate Ltd

### • Date Compiled

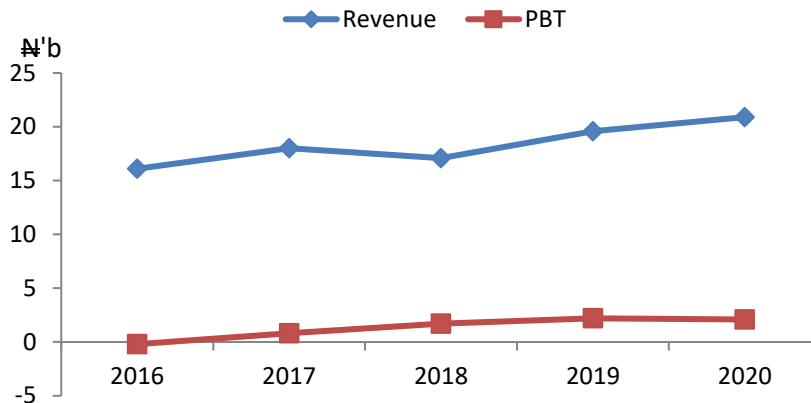
11-Oct-2021

- 3. Name:** Eng. Kemi Adenaike  
**Position:** Non-Executive Director  
**Experience (Years):** 12 years  
**Education:**
  - B. Sc (Civil Engineering) - University of Lagos
  - MBA - University of Lagos
- 4. Name:** Mrs. Olusola Nyong  
**Position:** Non-Executive Director  
**Experience (Years):** 10 years  
**Education:**
  - B. Sc (Accounting)- University of Lagos
  - Fellow - Institute of Chartered Accountants of Nigeria
  - M.Sc. (Finance) - University of Lagos**Job Experience:**
  - Guaranty Trust Bank Plc
  - Lekki Gardens Estate Ltd
  - Diamond Bank Plc
- 5. Name:** Dr. Christiana Amida  
**Position:** Executive Director  
**Experience (Years):** 15 years  
**Education:**
  - B. Sc (Economics)- University of Calabar
  - Masters (International Law and Diplomacy) - University of Lagos
  - Ph.D (Real Estate Management and Leadership) - European-American University, Ghana**Job Experience:**
  - Lekki Gardens Estate Limited
- 6. Name:** Mrs. Emily Atebe  
**Position:** Executive Director  
**Experience (Years):** 26 years  
**Education:**
  - B. Sc (Accounting) - University of Lagos
  - MBA (Finance) - University of Lagos
  - Lagos Business School
  - International Institute for Management and Development, Lausanne Switzerland**Job Experience:**
  - FBNQuest Merchant Bank
  - FBN Capital
  - Custodian & Allied Insurance
  - Virgin Nigeria Airways
  - Ecobank Nigeria

## FINANCIAL PERFORMANCE

### EARNINGS AND PROFITABILITY PROFILE

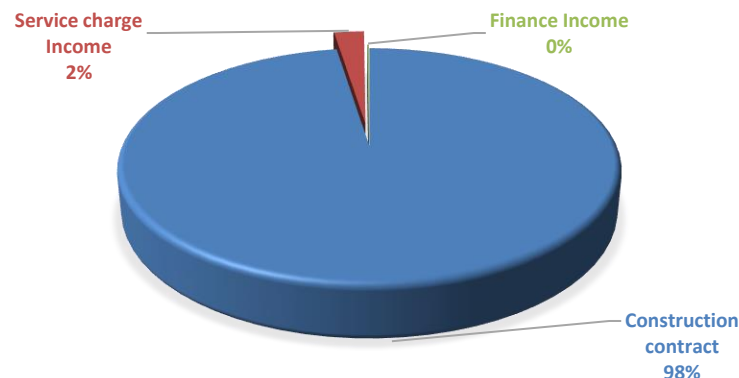
#### REVENUE GROWTH (2016 – 2020)



Source: Lekki Gardens Estate Ltd

Revenue from Construction Contracts constituted the primary source of the Company's Revenue during the year. The Company realized Revenue of ₦20.9b from this activity during the year 2020 as against ₦19.6b (Yr.19). Other sources of income include Service Charge of ₦542m and Finance Income ₦26m for the year. The breakdown of these sources to the Company's Gross Earnings is as presented.

#### COMPOSITION OF GROSS EARNING



Source: Lekki Gardens Estate Ltd

Cost of Sales representing direct expenditure relating to construction was ₦15.8b (Yr.20) and ₦15.5b (Yr.19). The Company Gross Profit Margin from construction activities rose from 21% (Yr.19) to 25% (Yr.20). This was due to the positive difference in the growth rate of Cost and Revenue during the year under review.

DataPro @ 2021

**SUMMARY**  
• Rating  
**BBB+**

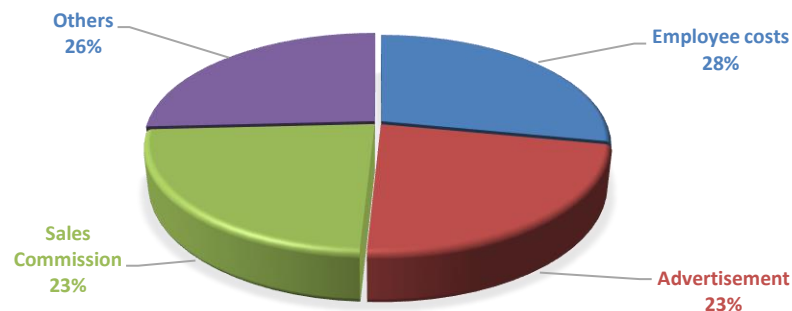
• Report Type:  
Corporate  
Rating

• Client:  
Lekki Gardens  
Estate Ltd

• Date Compiled  
11-Oct-2021

The Company's Total Operating Expenses increased during the year under review by 70%. This was largely influenced by the significant increase in Advertisement and Employee costs which grew by 40% and 89% respectively.

#### COMPOSITION OF TOTAL EXPENSES (2020)



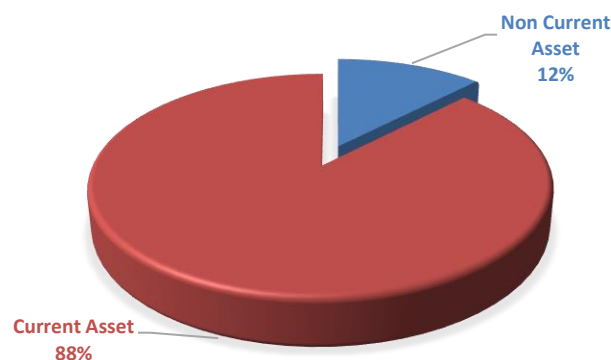
Source: Lekki Gardens Estate Ltd

The Company could not sustain the gains of the Gross Profit Margin during the year under review. This was largely due to the significant rise in Operating Cost. Consequently, Profit Before Tax remained relatively same at ₦2.1b in the year 2020 and 2019.

#### CAPITALIZATION

Total Assets of the Company grew by 20% in the year 2020. It increased from ₦130.3b (Yr. 19) to ₦156.4b (Yr. 20). The growth was supported by significant increases in both Current and Non-Current Assets.

#### BREAKDOWN OF THE TOTAL ASSET



Source: Lekki Gardens Estate Ltd

During the year 2020, a total of ₦1.5b and ₦13.5b was transferred from Deposit for Shares Account to Share Capital and Share Premium respectively. Consequently, the Company's Share Capital increased from ₦1.0b (Yr.19) to ₦2.5b (Yr.20). The Company revalued its Land which

### SUMMARY

#### Rating

**BBB+**

#### Report Type:

Corporate  
Rating

#### Client:

Lekki Gardens  
Estate Ltd

#### Date Compiled

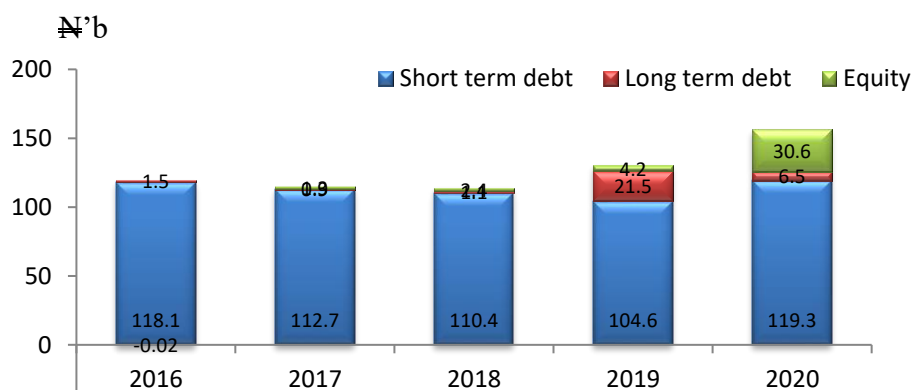
11-Oct-2021



resulted in Revaluation Surplus of ~~₦~~9.9b during the year under review. Retained Earnings also grew on account of the Company's good profitability. Therefore, Equity went up from ~~₦~~4.2b (Yr.19) to ~~₦~~30.6b (Yr. 20).

The funding of operation from Equity improved during the year under review. It went up from 3% (Yr. 19) to 20% (Yr. 20). This was majorly due to the growth in Equity which outpaced the increase in Total Assets.

### FUNDING OF OPERATION



Source: Lekki Gardens Estate Ltd

### ASSET UTILITY

Total Assets stood at ~~₦~~156b in the year under review. It comprised of Current and Non-Current Assets. However, Current Assets constituted 88% of the Total Assets. It increased by 6% from ~~₦~~129b (Yr. 19) to ~~₦~~137b (Yr. 20). The Current Assets are largely concentrated in Work-in-progress on Land, Building and Infrastructures. This accounted for 85% of total Current Assets.

Non-Current Assets constituted 12% of the Total Asset. It grew from ~~₦~~548m (Yr. 19) to ~~₦~~19b (Yr. 20). This increase was due to an addition of Land and Building valued at ~~₦~~18.8b to Non-Current Assets in the year 2020. This Land and Building was recognized in the Company's book as Investment Property. However, Property Plant and Equipment dipped marginally from ~~₦~~530m (Yr. 19) to ~~₦~~505m (Yr. 20)

## SUMMARY

### Rating

**BBB+**

### Report Type:

Corporate  
Rating

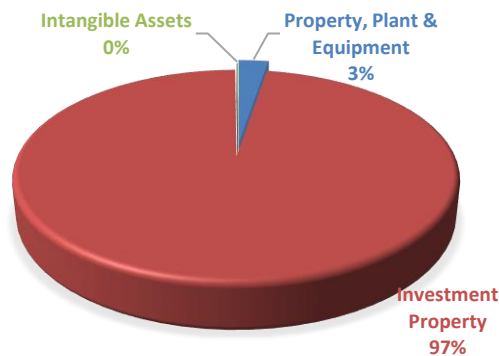
### Client:

Lekki Gardens  
Estate Ltd

### Date Compiled

11-Oct-2021

### COMPOSITION OF NON-CURRENT ASSETS



Source: Lekki Gardens Real Estate Ltd

### SUMMARY

#### • Rating

**BBB+**

#### • Report Type:

Corporate  
Rating

#### • Client:

Lekki Gardens  
Estate Ltd

#### • Date Compiled

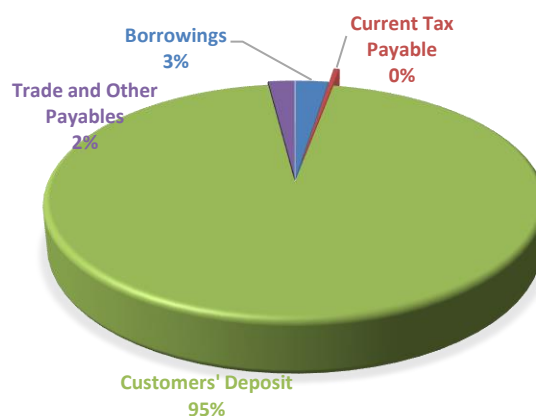
11-Oct-2021

Ability of the Company to effectively utilize Assets to generate Revenue moved from 15% (Yr. 19) to 13% (Yr. 20). Profit to Total Assets stood at 1% during the year 2020 as against 2% (Yr.19).

### • LIQUIDITY

Total Liabilities amounted to ₦125.8b (Yr. 20) as against ₦126.1b (Yr. 19). However, Current Liability accounted for 95% of the Total Liabilities in the year 2020. The Company's Current Liabilities grew from ₦104b (Yr. 19) to ₦119b (Yr. 20). The growth can be traced to every component of Current liability. The component of Current Liabilities is as presented:

### COMPOSITION OF CURRENT LIABILITIES



Source: Lekki Gardens Real Estate Ltd

The Company procured an Interest Bearing Borrowings of ₦3b comprising of Project Finance (₦1b) and Bridge Finance (₦2b). Other components of Current Liabilities include Customers' Deposits, Current Tax Payable, Trade and Other Payables. However, Customers' Deposit accounted for 95% of the Total Current Liabilities. This component of Current Liabilities increased by 6% from ₦102b (Yr. 19) to ₦113b (Yr. 20).

## SUMMARY

### • Rating

**BBB+**

### • Report Type: Corporate Rating

### • Client: Lekki Gardens Estate Ltd

### • Date Compiled 11-Oct-2021

The Company generated Cashflow of ₦980m from its operation during the year under review. The Liquidity Ratio declined from 124% (Yr. 19) to 115% (Yr. 20).

The Company Long Term Liabilities comprised of Deposit for Shares and Deferred Tax. As a result of the transfer made from Deposit for Shares to enhance Capitalization, Non-Current Liabilities went down from ₦21.5b (Yr. 19) to ₦6.5b (Yr. 20). The Company did not procure Non-Current Interest Bearing Borrowings.

## CORPORATE GOVERNANCE & RISK MANAGEMENT

The Company directs its affairs through the Board of Directors which consists of Three (3) Executives and Three (3) Non-Executives members.

The Board of Directors is responsible for the overall risk management of the Company. The Company follows a policy of reviewing the risk arising from its business transactions with its insurers on an annual basis. There is also a continuous Assets Risk Control Programme carried out in conjunction with the Company's Insurance Brokers.

## RISK FACTORS

In the course of our review, we observed the following significant risks.

### • LEGAL RISK

This is the risk that the Company will be exposed to legal actions that may lead to paying of significant fees.

### • REPUTATIONAL RISK

This is the risk that the Company may be exposed to reputational damage of its brand which may lead to loss of business.

### • CREDIT RISK

This is the risk arising from the inability of counterparties to honor their obligations as at when due.

Based on our review, less than 4% of the Company's Current Assets is exposed to third party. Also, the Company has a Counterparty Policy

which helps provide a framework for the Company's Credit Risk Management

- **LIQUIDITY RISK**

Based on our review, *Lekki Gardens Estate Ltd* maintained a current ratio of 115% (Yr. 20) as against 124% (Yr. 19). Likewise, the Company's Borrowing constituted 3% of the total liabilities.

## CONCLUSION

The Rating of the Company is supported by its Good Liquidity, Good Profitability, Experienced Management Team and Strong Brand Presence.

Consequently, we assigned a Rating of "**BBB+**"

### SUMMARY

- **Rating**

**BBB+**

- **Report Type:**

Corporate  
Rating

- **Client:**

Lekki Gardens  
Estate Ltd

- **Date Compiled**

11-Oct-2021

## Financial Position as at

	Dec, 2020 N'000	Δ%	Dec, 2019 N'000	Δ%	Dec, 2018 N'000
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Property and Equipment	505,331	(4.71)	530,302	(18.84)	653,370
Investment property	18,787,165		-		-
Intangible assets	23,605	31.48	17,953	(13.91)	20,853
	<b>19,316,101</b>	<b>3,423.20</b>	<b>548,255</b>	<b>(18.68)</b>	<b>674,223</b>
<b>Current Assets</b>					
Inventories	6,016,318	(67.40)	18,453,609	#VALUE!	-
Construction contracts	117,118,582	8.21	108,231,024	(3.36)	111,999,036
Trade and other receivables	4,644,694	#DIV/0!		(100.00)	454,224
Prepayments and advances	440,175	2,269.33	18,578	213.61	5,924
Other financial assets	2,114,747		-		-
Cash and cash equivalent	676,557	116.69	3,122,270	243.99	907,664
	<b>137,100,094</b>	<b>5.60</b>	<b>129,825,481</b>	<b>14.52</b>	<b>113,366,848</b>
<b>Total Assets</b>	<b>156,416,195</b>	<b>19.98</b>	<b>130,373,736</b>	<b>14.32</b>	<b>114,041,071</b>
<b>Liabilities</b>					
Deferred tax liabilities	280,375	(8.04)	304,872		338,231
Deposit for shares	6,229,987	(70.65)	21,229,987		851,592
Borrowings	3,000,000				-
Current income tax liability	542,892	10.25	492,404	18.73	414,724
Customer's deposits	113,389,889	11.10	102,060,542	(6.31)	108,931,945
Trade and Other Payables	2,389,304	17.18	2,038,975	89.17	1,077,835
<b>Total Liabilities</b>	<b>125,832,447</b>	<b>(0.23)</b>	<b>126,126,780</b>	<b>13.00</b>	<b>111,614,327</b>
<b>Share and reserves</b>					
Share capital	2,500,000	150.00	1,000,000	66.67	600,000
Share premium	13,500,000				
Revaluation Reserve	9,855,156				
Retains earning	4,728,592	45.63	3,246,956	77.75	1,826,744
<b>Shareholders; funds</b>	<b>30,583,748</b>	<b>620.13</b>	<b>4,246,956</b>	<b>75.01</b>	<b>2,426,744</b>
<b>Profit &amp; Loss Account</b>					
Total revenue	20,900,305	6.75	19,578,832	14.82	17,051,960
Profit before income tax	2,096,970	0.10	2,094,828	21.32	1,726,727

### SUMMARY

#### • Rating

**BBB+**


#### • Report Type: Corporate Rating

#### • Client:

Lekki Gardens  
Estate Ltd

#### • Date Compiled 11-Oct-2021



Signed:   
Name: **Oladele Adeoye**  
Designation: Chief Rating Officer  
Date: 11th October, 2021

For and on behalf of:  
**DataPro Limited**  
Ground Floor, Foresight House  
By Marina Water Front  
163/165 Broad Street, Lagos Island, Lagos.  
Tel: 234-1-4605395, 4605396  
Cell: 0805-530-3677  
Email: [info@datapronigeria.net](mailto:info@datapronigeria.net), dataprong@gmail.com  
Website: [www.datapronigeria.net](http://www.datapronigeria.net)

## SUMMARY

- Rating

**BBB+**

- Report Type:

Corporate  
Rating

- Client:

Lekki Gardens  
Estate Ltd

- Date Compiled

11-Oct-2021

©

**DataPro 2021**  
All right reserved.

*This report is provided for your internal business use only and may not be reproduced or re-distributed in any manner whether mechanical or without the permission of DataPro.*

*Whilst DataPro attempts to ensure that the information provided is accurate and complete, however due to the immense quantity of detailed matter used in compiling the information and the fact that some of the data are supplied from sources not controlled by DataPro, we will not be responsible for any omission therefrom.*

## USER GUIDE

**DataPro's** credit rating is an opinion of an issuer's overall creditworthiness and its capacity to meet its financial commitment.

Our **short-term** ratings have a time horizon of less than 12 months in line with industry standards reflecting risk characteristics. The ratings place greater emphasis on the liquidity to meet financial commitment in a timely manner.

The long-term risk indicator is divided into 8 bands ranging from AAA through DD. Each band could be modified by + or -. With + representing slightly less risk than -. Such suffixes are not added to the 'AAA' long -term rating category and to categories below 'CCC'. Or to short-term rating older than A1+.

### SUMMARY

- **Rating**

**BBB+**

- **Report Type:**  
Corporate  
Rating

- **Client:**  
Lekki Gardens  
Estate Ltd

- **Date Compiled**  
11-Oct-2021

### LONG-TERM RATING

#### Investment Grade

Indicator	Meaning	Explanation
AAA	Lowest Risk	(Superior) Assigned to companies which have superior financial strength, operating performances and profile when compared to the standards established by <i>DataPro Limited</i> . These companies, in our opinion, have an Excellent ability to meet their ongoing obligations.
AA	Lower Risk	(Excellent) Assigned to companies which have excellent financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These companies, in our opinion, have a very strong ability to meet their ongoing obligations.
A	Low Risk	(Very Good) Assigned to companies which have very good financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These companies, in our opinion, have a strong ability to meet their ongoing obligation.
BBB	Slight Risk	(Fair) Assigned to companies which have fair financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These companies, in our opinion, have an ability to meet their current obligations, but their financial strength is vulnerable to adverse changes in economic conditions.

- SUMMARY**
- **Rating**  
**BBB+**
  - **Report Type:**  
Corporate  
Rating
  - **Client:**  
Lekki Gardens  
Estate Ltd
  - **Date Compiled**  
11-Oct-2021

### Non-Investment Grade

Indicator	Meaning	Explanation
BB	Moderate Risk	(Marginal) Assigned to companies which have marginal financial strength, operating performance and profile when compared to the standards established by DataPro Limited. These companies, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
B	High Risk	(Weak) Assigned to companies which have, weak financial strength, operating performance and profile when compared to the standard established by DataPro Limited. These companies, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
CCC	Higher Risk	(Poor) Assigned to companies, which have poor financial strength, operating performance and profile when compared to the standards established DataPro Limited. These companies, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.
DD	Highest Risk	(Very Poor) Assigned to companies, which have very poor financial strength, operating performance and profile when compared to the standards established by DataPro Limited. These companies, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.

### SHORT-TERM RATING

Indicator	Meaning	Explanation
A1+	Highest credit quality	Indicates the strongest capacity for timely payment of financial commitments. May have an added "+" to denote any exceptionally strong credit feature.

## SUMMARY

# BBB+

### • Rating

### • Report Type:

Corporate  
Rating

### • Client:

Lekki Gardens  
Estate Ltd

### • Date Compiled

11-Oct-2021

A1	Good credit quality	A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.
A2	Fair credit quality	The capacity for timely payment of financial commitments is adequate. However, near term adverse changes could result in reduction to non investment grade.
B	Speculative	Minimal capacity for timely payment of financial commitments, plus vulnerability to near term adverse changes in financial and economic conditions.
C	High default risk	Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon a sustained, favorable business and economic environment.

Indicates an entity that has defaulted on all its financial obligations.