



DataPro



CORPORATE RATING REPORT

COCEPTIVE SERVICES LIMITED

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December, 2022

COCEPTIVE SERVICES LIMITED

Long-Term Rating:

BBB⁺

Short Term Rating: A1

Rating Outlook: Evolving

Trend: UP

Currency: Naira

Date Issued: 22 Dec., 2022

Valid Till: 21 Dec., 2023

Reference:

Abiodun Adeseyoju, FCA.
Abimbola Adeseyoju
Oladele Adeoye

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EXECUTIVE SUMMARY

	2021 ₦000	2020 ₦000	2019 ₦000	2018 ₦000
Turnover	7,797,198	7,229,850	6,146,137	1,193,347
Pre-Tax-Profit	2,854,031	2,404,937	2,062,433	238,871
Shareholders Fund	5,975,394	3,720,077	1,819,544	189,708
Prop. Plant & Equip	7,022,389	4,603,700	2,978,348	1,356,967
Long Term Debt	150,000	150,000	150,000	150,000

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.

RATING SYNOPSIS

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

The qualitative information used were based on industry and market intelligence including public information. The quantitative information were 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 its current healthy profile in the medium to long term period.

Overall, the following were observed:

Positive Rating Factors:

- Good Revenue Profile
- Experienced Management Team
- Good Liquidity Profile

Negative Rating Factor:

- Concentration of Operation

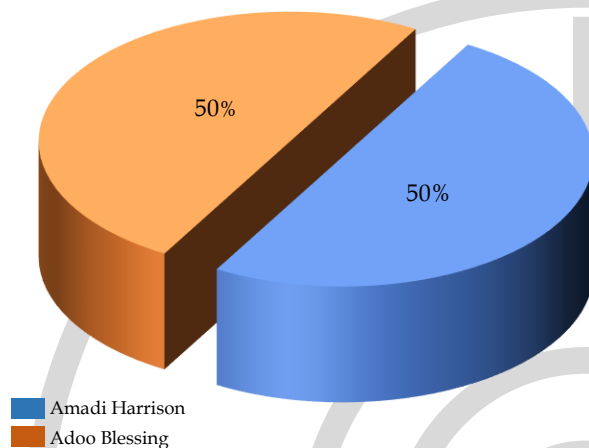
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BACKGROUND

Coceptive Services Limited ("The Company") was incorporated on the 28th of August, 2018. It commenced operation in the same year.

The Company focuses on the acquisition, development, sales, and management of

ANALYSIS OF SHAREHOLDING STRUCTURE



Source: Coceptive Services Ltd

serviced residential properties in the luxury, premium and classic segments of the real estate market in Nigeria. It operates from its headquarters located in Lekki, Lagos State, Nigeria.

The operation of the Company is largely concentrated in Lagos State. The staff strength was 30 as at the year ended 2021. The Company is beneficially owned by *Adoo Blessing and Harrison Amadi*. Its Shares are evenly distributed between the two Shareholders.

DIRECTORS' PROFILE

The following served as directors during the year under review; *Olaniyi Jesuremilekun - Chairman; Claris Momoh - Managing Director; Emmanuella Momoh; Blessing Adoo and Harrison Amadi*

The Directors' profile is as follows.

- Name:** Olaniyi Jesuremilekun
Position: Chairman
Profession: Entrepreneur
Years of Experience: 26 years
Education:
 - B. Sc - University of Calabar
 - MBA - University of Calabar
 - Msc - University of Glamorgan, United Kingdom**Job Experience:**
 - TAAL Nigeria Limited
 - Alan and Grants
 - Property Gate Development and Investment Plc
 - Property Gate Development and Investment Plc**Year of Board Membership:**2022
- Name:** Claris Momoh
Position: Managing Director
Profession: Entrepreneur

Years of Experience: 10 years
Education:

- Ma. in Business Management
- Ba. in Business Administration

Job Experience:

- Raedial Homes Limited
- Stanbic IBTC Pension
- Beeclarified
- Genesis Group
- Sport Direct

Year of Board Membership:2022

3. **Name:** Emmanuella Momoh
Position: Non-Executive Director
Profession: Entrepreneur
Years of Experience: 10 years
Education:

- Bsc in Economics
- MBA in Finance

Job Experience:

- First Bank
- Union Bank Plc

Year of Board Membership:2022

4. **Name:** Harrison Amadi
Position: Non-Executive Director
Profession: Engineer
Years of Experience: 12 Years
Education:

- Diploma in Electrical Engineering
- B.Eng. in Electrical Engineering

Job Experience:

- Sheaxzyd Electrical Engineering Company
- Boldstep Group Of Companies
- Solopet Electrical Engineering Services
- Joe Enterprise

Year of Board Membership:2018

5. **Name:** Blessing Adoo
Position: Executive Director
Profession: Human Resource Professional
Years of Experience: 10 years
Education:

- Ma in Business Management
- Ba. in Business Administration

Job Experience:

- Chateau Royal Real Estate Limited
- Pulse Africa

Year of Board Membership:2018

SECTORAL REVIEW

According to the *National Bureau of Statistics*, Nigeria's Gross Domestic Product grew by 3.54 per cent in the second quarter of 2022 on a year-on-year basis. This performance is higher when compared with the second quarter of 2021.

The Non-Oil sectors continued to drive the growth in GDP. This was due to the poor performance of the Oil Sector occasioned by pipeline vandalism and theft. The specific sectors contributing to the GDP growth are: Telecommunication, Trade, Financial and Insurance. Others include: Transportation, Agriculture and Manufacturing.

With the significant recovery since the fourth quarter of 2020, the growth outlook for the real estate sector and hospitality remains positive. The sector is set to continue expanding with the expectation that the worst of the Covid-19 pandemic has passed especially in the wake of the receipt of the various batches of vaccines.

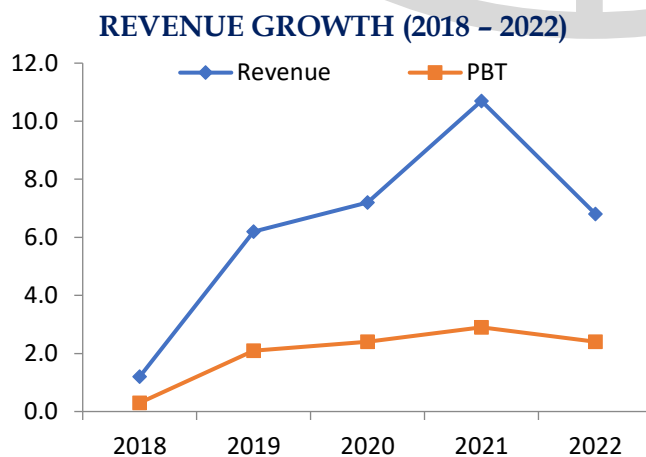
The Covid-19 pandemic was one of the biggest tipping points in the demand for industrial spaces, commercial real estate, retail stores, office spaces and the hospitality sector in the history of the Nigerian real estate market. The sector experienced some shock with the impact of the pandemic radically altering the industry's expectations.

Despite several challenges, Nigeria's real estate sector is set to continue expanding. The sector is set to benefit from the high rural to urban rate of migration, which has increased demand for residential and retail real estate. Furthermore, the continuous urbanization of the economy is bound to drive demand for commercial real estate. In the medium to long term, the fundamental case for real estate investment remains strong, especially given Nigeria's apparent infrastructure deficit, relative to its rapid urbanization.

The market is expected to record significant long-term growth in view of housing shortage creating demand.

FINANCIAL PERFORMANCE

• EARNINGS PROFILE



Source: Coceptive Services Ltd

The Company was able to grow sales volume in two (2) out of its three (3) Revenue sources from 2018 to 2021. These lines of Income are Serviced Plots, Affordable Homes and Premium Homes.

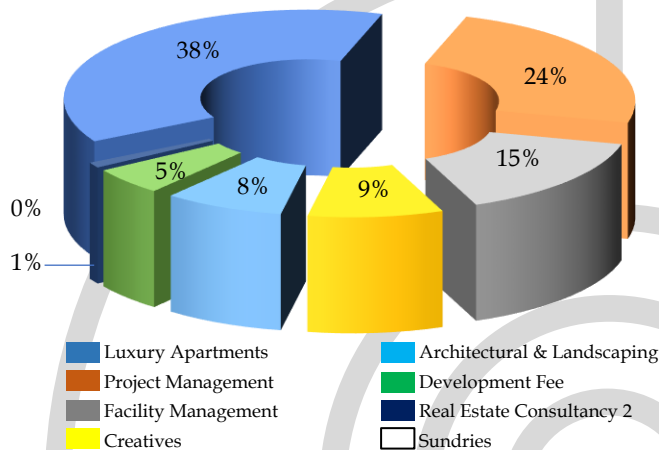
Total Earnings grew by 8% from ₦7.2b (Yr.20) to ₦7.8b (Yr.21). In the period ended October 2022,

Revenue of the Company already amounted to ₦6.8b.

Sale of Luxury Apartment contributed majorly to Total Earnings during the year 2021.

The Company recorded sundry incomes which included interest received on fund placements. This amounted to ₦46m (Yr.21) as against ₦42m (Yr.20).

ANALYSIS OF PRODUCT CONTRIBUTION OF TOTAL EARNINGS



Source: Coceptive Services Ltd

Cost of Sales grew marginally from ₦3.8b (Yr. 20) to ₦3.9b (Yr.21). The Cost components were Land, Deed, Survey, Procurement and Title Documentation. Other elements of Cost for the period under review were related to Direct Labour, Subcontractors and Contractors.

The Company benefitted from the limited growth of its Cost of Sales during the year under review. Consequently, Gross Profit Margin improved from 46% (Yr.20) to 50% (Yr.21).

The Operating Expenditure was largely concentrated in Personnel Cost. This class of Expenses grew by 25% and contributed 45% of Total Expenditure during the year under Review. Other Components of Operating Expenses included Depreciation charges across all segments of Property, Plants and Equipment. The growth in this segment was flat indicating no additions to Assets that are of permanent nature during the year. On account of significant increases in Personnel and Other Operating Expenses, Total Operation Cost rose from ₦0.9b (Yr. 20) to ₦1.1b (Yr.21).

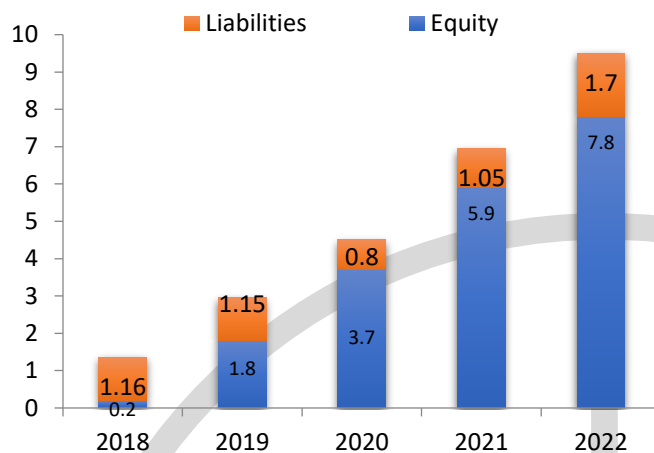
The growth in Revenue was strong enough to accommodate increase in Cost of Operations. Therefore, Pre-Tax Profit improved by 19% from ₦2.4b (Yr. 20) to ₦2.9b (Yr. 21). Consequently, Net Profit Margin increased from 33% (Yr.20) to 37% (Yr.21). The Pre-tax Profit recorded in the period ended October 2022 amounted to ₦2.4b and a Profit margin of 36%.

• **CAPITALIZATION**

The Company’s Shareholders’ Funds continued to increase on the basis of profit retention. It grew by 61% from ₦3.7b (Yr. 20) to ₦5.9b (Yr. 21). As at 30th October, 2022 Shareholders’ Fund stood at ₦7.8b.

Total Assets comprised of Current and Non-Current Assets. The value at the year ended 2021 was ₦7b. This was 38% more than the value deployed to operation in the year 2020. As at 30th October 2022, Total Assets value was ₦9.7b.

FUNDING OF OPERATIONS



Source: Coceptive Services Ltd

Total Liabilities rose from ₦0.8b (Yr.20) to ₦1.05b (Yr.21). Short term obligation constituted 85% of Total Liabilities.

The Company had no Interest-Bearing Liabilities. The Long Term Liability in its book relates to Directors Loan for Capital injection of ₦150m obtained since commencement of business. Extent of funding using Equity was 80% (Yr. 20) and 85% (Yr. 21). Other sources of funding such as Deposits and payable to clients accounted for less than 15% during the year under review.

• ASSET UTILITY

Total Assets deployed to operation amounted to ₦7b (Yr.21). This was a significant increase compared with ₦4.6b (Yr.20). In the period ended October 2022, Total Assets had increased to ₦9.7b.

BREAKDOWN OF TOTAL ASSETS (2020 - 2022)

Item	2021		2020	
	₦	%	₦	%
Non-Current Assets	521,175,600	18	584,383,300	13
Current Assets	6,501,213,846	92	4,019,317,052	87
Total Assets	7,022,389,446	100	4,603,700,352	100

Source: Coceptive Services Limited

The growth in Total Assets is largely supported by the combinations of Inventory and Trade Receivables. These two items contributed significantly to the Current Assets of the Company which in turn accounted for 92% of the total

Assets.

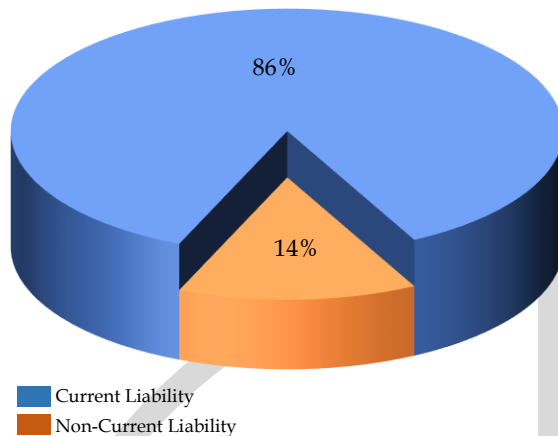
Property, Plants & Equipment made up the Non-Current portion of Total Assets. The proportion of Non-Current to Total Assets was very minimal at 18%.

The Company's ability to utilize Assets for profit generation dipped from 52% (Yr. 20) to 41% (Yr.21). Also, ability to effectively generate Revenue using Assets fell from 157% (Yr. 20) to 111% (Yr. 21). Despite the decline, this efficiency level is above the performance of its peers and compared well with our benchmarks.

• LIQUIDITY

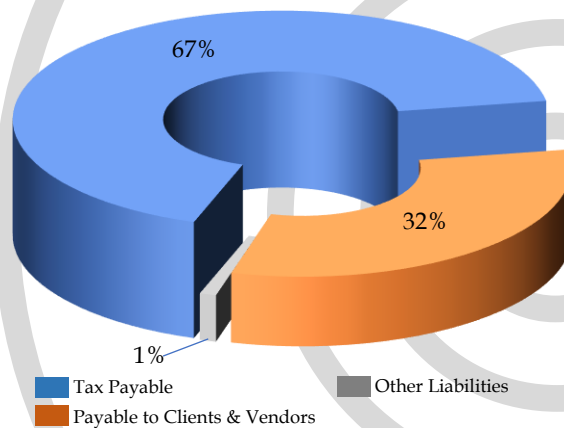
Total Liabilities comprised of obligations that were Current and Non-Current in nature. It scaled up to ₦1.04b (Yr.21) from ₦0.8b (Yr.20) and further went up to ₦1.7b

COMPOSITION OF TOTAL LIABILITIES (2021)



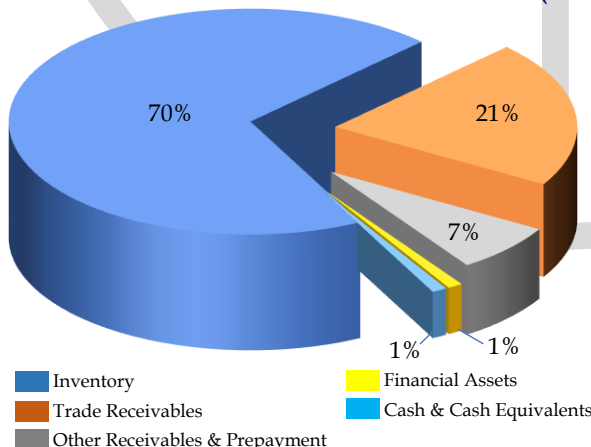
Source: Coceptive Services Ltd

COMPOSITION OF CURRENT LIABILITY (2021)



Source: Coceptive Services Ltd

COMPOSITION OF CURRENT ASSETS (2021)



Source: Coceptive Services Ltd

in the period ended October 2022. The growths were largely supported by increases in the components of Current Liabilities.

The Current portion of the Company's Liabilities was ₦4.05b. It constituted 86% of the Total Liabilities. Obligations to Clients and Vendors as well as Taxes are its components and the reasons for its continuous growth.

The Current Assets of the Company accounted for 91% of its Total Assets. This is largely dominated by Inventories. The components of Inventories were: Prime Homes, Luxury Apartments & Residence, Service Plots and Lands amounting to ₦4.5b (Yr.21). The value of short-term Assets as at the year ended 2021 was ₦6.5b as against ₦4b (Yr.20). Other items of Current Assets included: Cash, Financial Assets, Trade Receivables, as well as Prepayments

The Company generated negative cash flow of about ₦15m (Yr.21) from its operations. This was influenced by huge investments in Inventory. The Company's ability to settle short term obligations using liquid assets was a healthy ratio of 725% in the year 2021.

CORPORATE GOVERNANCE & RISK MANAGEMENT

The affairs of the Company are directed by its Board of Directors which consists of three (2) Executive and two (3) Non-Executives Directors.

The Company recognizes its operations could be challenged by Strategic; Liquidity, Credit, Financial, Compliance & Regulatory and Operational Risks. Details of its Risk Management are contained in the Annual Report.

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.

In the course of our review, we did not come across any action that could lead to legal risk.

- **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.

In the course of our review, there was no negative public information or adverse press report against the Company or its Board of Directors.

- **CREDIT RISK**

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

Based on our review, the Company's Total receivables for the year 2021 was ₦1.3b translating to 18% of its Total Assets. Therefore, inability of its trading partners to pay as at when due may affect the Company's profitability or operation.

- **REGULATORY RISK**

This is the risk that the Company will not be able to operate as a result of inability to comply with regulatory demand.

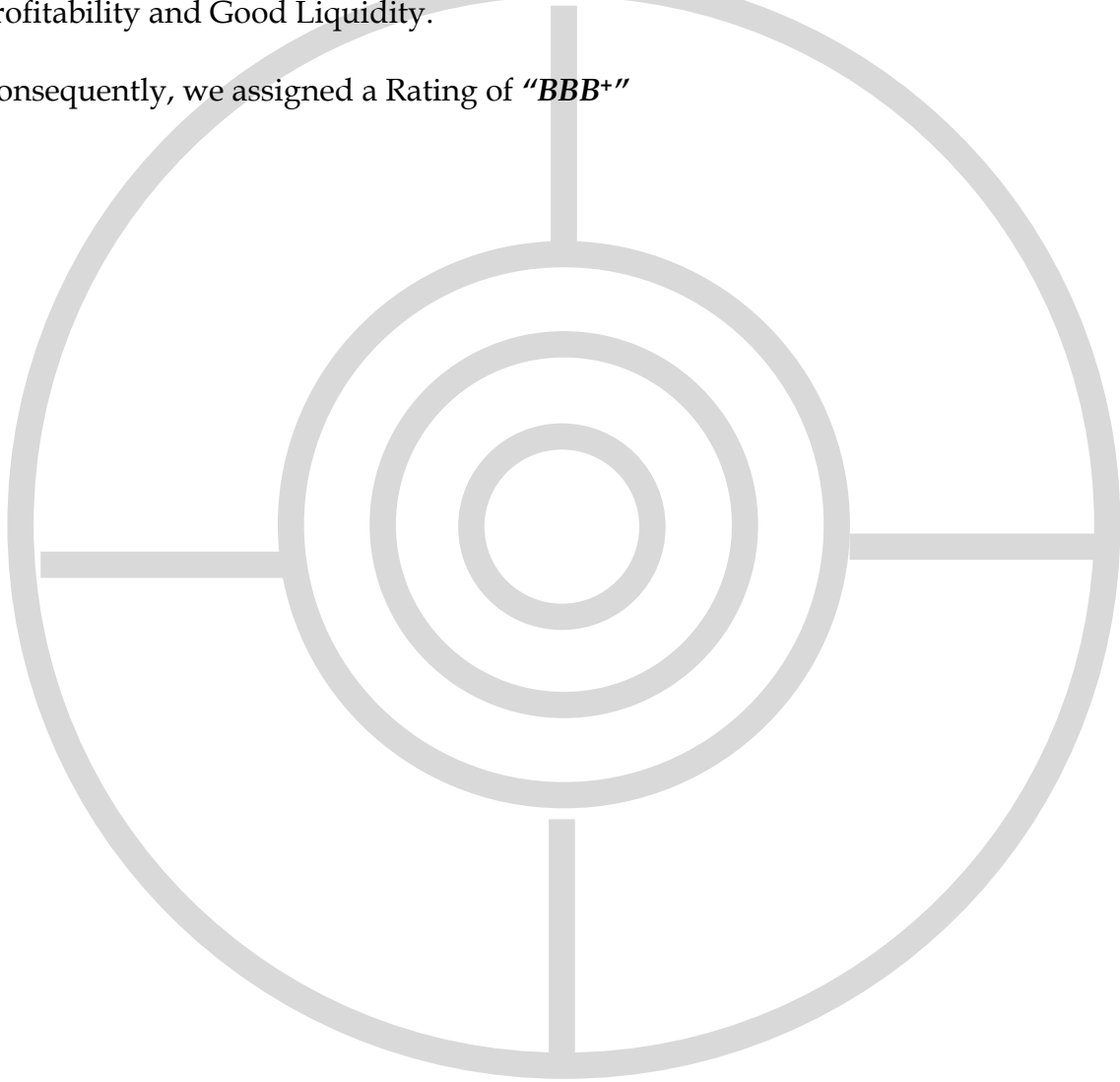
The Company operates within the industry that has now come under the scrutiny of the Government in the State of its operation. This was due to incessant building

collapse experience within the state in recent times. Therefore, adverse regulatory action from the State Government can impair the Company operation and its capacity to generate Revenue.

CONCLUSION

The Rating of the Company is supported by its strong Revenue Profile, Good Profitability and Good Liquidity.

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



FINANCES

Financial Position as at

	Dec., 2021		Dec., 2020		Dec., 2019
	₹	Δ%	₹	Δ%	₹
Non Current Assets					
Property, Plant and Equipment	521,175,600	(10.82)	584,383,300	(2.76)	601,000,000
	521,175,600	(10.82)	584,383,300	(2.76)	601,000,000
Current Assets					
Cash and cash equivalents	44,235,765	(25.64)	59,490,701	65.84	35,872,901
Financial Assets	91,173,254	29.99	70,139,490	192.81	23,954,213
Trade Receivables	1,330,877,315	6.92	1,244,716,636	86.50	667,424,803
Other Receivables & Prepayment	461,588,531	9.86	420,170,224	22.39	343,299,155
Inventory	4,573,338,980	105.56	2,224,800,000	70.25	1,306,797,200
	6,501,213,845	61.75	4,019,317,051	69.07	2,377,348,272
Total Assets	7,022,389,445	52.54	4,603,700,351	54.57	2,978,348,272
EQUITY & LIABILITIES					
Share capital	1,000,000	-	1,000,000	-	1,000,000
Long Term Liability	150,000,000	-	150,000,000	-	150,000,000
Retained Earnings	5,974,394,361	60.64	3,719,077,326	104.51	1,818,544,679
Total Equity	6,125,394,361	58.28	3,870,077,326	96.50	1,969,544,679
Current Liabilities					
Trade & Other payables	298,280,527	30.13	229,218,243	(60.22)	576,206,921
Current Tax Payable	598,714,558	18.70	504,404,783	16.60	432,596,673
Total current liabilities	896,995,085	22.27	733,623,026	(27.28)	1,008,803,594
Total Equity & Liabilities	7,022,389,446	52.54	4,603,700,352	54.57	2,978,348,273
Revenue	7,797,198,750	7.85	7,229,850,300	17.63	6,146,137,117
Financial & Other Income	45,994,040	2.15	45,027,729	68.48	26,725,746
	7,843,192,790	7.81	7,274,878,029	17.85	6,172,862,863
Direct Cost	(3,863,336,296)	(1.82)	(3,934,989,561)	19.49	(3,293,230,786)
Gross Profit	3,979,856,494	19.16	3,339,888,468	15.98	2,879,632,077
Administrative Expenses	(1,115,587,060)	20.62	(924,877,465)	13.18	(817,198,873)
Operating Profit/(loss) before Interest	2,864,269,434	18.60	2,415,011,003	17.10	2,062,433,204
Finance Cost	(10,237,841)	1.63	(10,073,573)	18.56	(8,496,535)
Operating Profit/(loss) before Tax	2,854,031,593	18.67	2,404,937,430	17.09	2,053,936,669
Taxation	(598,714,558)	18.70	(504,404,783)	16.60	(432,596,673)
Net Profit/(loss) after tax	2,255,317,035	18.67	1,900,532,647	17.22	1,621,339,996

Signed: 
Name: Oladele Adeoye
Designation: Chief Rating Officer
Date: 22nd December, 2022

For and on behalf of:
DataPro Limited
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USER GUIDE

DataPro's credit rating is an opinion of an issuer's/issues 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+.

LONG-TERM RATING

Investment Grade

Indicator	Meaning	Explanation
AAA	Lowest Risk.	<i>(Superior)</i> 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 a Excellent ability to meet their ongoing obligations.
AA	Lower Risk	<i>(Excellent)</i> 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	<i>(Very Good)</i> 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	<i>(Fair)</i> 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.

Non-Investment Grade

Indicator Meaning Explanation

BB	Moderate Risk	<i>(Marginal)</i> Assigned to companies which have, marginal 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 obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
B	High Risk	<i>(Weak)</i> Assigned to companies which have, weak financial strength, operating performance and profile when compared to the standard established by <i>DataPro Limited</i> . 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	<i>(Poor)</i> Assigned to companies, which have poor financial strength, operating performance and profile when compared to the standards established <i>DataPro Limited</i> . 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	<i>(Very Poor)</i> Assigned to companies, which have very poor financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . 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.
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.