



# DataPro



## **CORPORATE RATING REPORT**

## **VERITASI HOMES & PROPERTIES LTD**

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By Marina Water Front  
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January, 2022

# VERITASI HOMES & PROPERTIES LTD

## Long-Term Rating:

**BBB**

Short Term Rating: A2

Rating Outlook: Stable

Trend: UP

Currency: Naira

Date Issued: 13 Jan., 2022

Valid Till: 12 Jan., 2023

## Reference:

Abiodun Adeseyoju, FCA.

Abimbola Adeseyoju

Oladele Adeoye

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

## EXECUTIVE SUMMARY

	2020 N'000	2019 N'000	2018 N'000	2017 N'000
Turnover	15,022,667	8,990,234	4,262,658	356,669
Pre Tax Profit	1,449,950	741,296	388,403	53,384
Equity	1,793,430	806,546	301,545	37,301
Fixed Asset	616,427	662,371	66,976	66,976
Total Asset	6,398,754	4,555,544	3,910,607	176,110
Short-term Debt	3,483,824	2,627,498	2,487,561	17,309

### Rating Explanation

The Short-Term Rating of **A2** indicates *Fair Credit Quality* and adequate 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 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 Liquidity
- Good Profitability

### Weaknesses:

- Concentration Risk

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## BACKGROUND

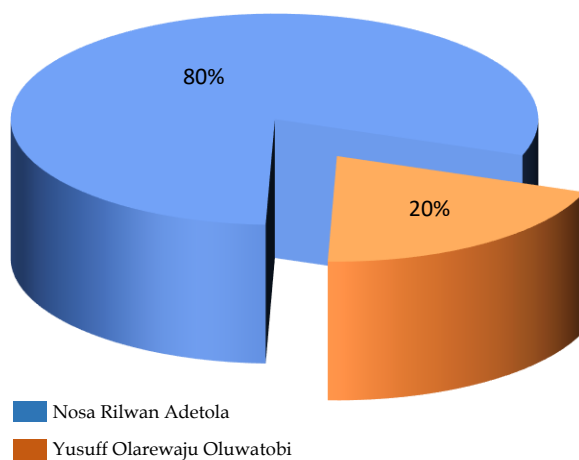
*Veritasi Homes & Properties Limited ("The Company")* was incorporated on the 11th of May, 2017. The Company began operations in July, 2017 as a Private Limited Liability Company.

The Company is principally engaged in the business of acquisition, development, sales and management of high quality serviced residential properties in the Luxury Premium and Classic segments of the Real Estate Market in Nigeria.

The product offerings of the Company include: Premium Homes, Serviced Plots, Affordable Homes, Survey, Building Construction, Estate Agency, Deed, Site Maintenance and Development.

The Company's products experience include: *Camberwall Phase 1 and 2* and *Camberwall Advantage Series 1-4*. The *Camberwall Phase 1 and 2* project is located in the *Abijo Lekki* corridor of *Lagos State, Nigeria*. It is a mix residential project comprising of 2 and 3 Bedrooms apartments and bungalows.

### ANALYSIS OF SHAREHOLDING STRUCTURE



Source: Veritasi Homes & Properties Ltd

However, *Camberwall Advantage* is an upscale Real Estate development project comprising of apartments and units of flat. The Camberwall Advantage is located in *Ikate Lagos, Nigeria*.

The Issued and Paid-up Capital of the Company is ₦1,000,000 (One Million Naira Only). Ownership of the Company is divided majorly between **Nola Rilwan Adetola** and **Yusuff Olarenwaju Oluwatobi**.

The Company carries out its activities majorly in Lagos, Nigeria through its 84 employees.

## DIRECTORS PROFILE

The Directors of the Company are: **Mr. Oluwaseun Asimiyu Alao**, **Mr. Nola Rilwan Adetola**-Managing Director/CEO, **Mr. Yusuff Olarenwaju Oluwatobi**, **Mrs. Abioye Idris** and **Mr. Joseph Ayoolanrewaju Kuyebi**

The Directors profiles are as follows.

1. **Name:** Oluwaseun Asimiyu Alao  
**Position:** Director  
**Profession:** Legal Practitioner  
**Experience (Years):** Over 5 years  
**Education:**
  - LL.B - Bachelor of Laws**Job Experience:**
  - O. A Alao Legal Practice ( Dec 2016 till Present)
  - Kunle Ogungba & Associate
  - Mike Igbokwe (SAN) &Co**Year of Board membership:** 2022
  
2. **Name:** Mr. Nola Rilwan Adetola  
**Position:** Chief Executive Officer  
**Profession:** Property Developer/Strategy consultant  
**Experience (Years):** 10 years  
**Education:**
  - B. Sc – Obafemi Awolowo University, Ile-Ife
  - School of business and finance, London
  - London School of Economics (LSE, UK)**Job Experience:**
  - Grenadines Homes
  - Nola Business Incubator**Year of Board membership:** 2017
  
3. **Name:** Mr. Yusuff Olarenwaju Oluwatobi  
**Profession:** Media consultant/Property Developer  
**Experience (Years):** 10 years in investment management and finance  
**Education:**
  - B. Sc – Obafemi Awolowo University, Ile-Ife
  - Certified Institute of marketing, UK
  - Lagos Business School**Job Experience:**
  - Copenhagen Business School
  - Ink Business Design
  - Zenera Consulting
  - AQME Vetures**Year of Board membership:** 2019
  
4. **Name:** Mrs. Abioye Idris  
**Position:** Director  
**Profession:** Financial Advisor

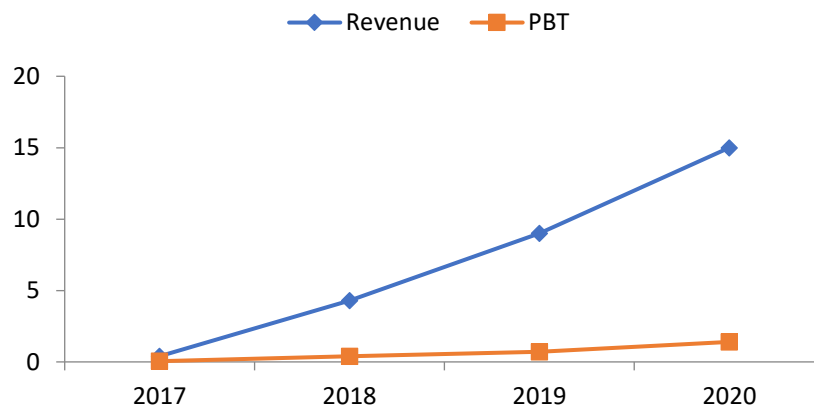
<b>Experience (Years):</b>	Over 20 years
<b>Education:</b>	<ul style="list-style-type: none"> <li>• Associate Member of the Institute of Chartered Accountants of England &amp; Wales</li> <li>• B.A Hons Degree in Accounting &amp; Finance</li> <li>• Cambridge Tutors College</li> </ul>
<b>Job Experience:</b>	<ul style="list-style-type: none"> <li>• Glamshire Investments Limited</li> <li>• Elixir Investment Partners Limited</li> <li>• BGL Limited</li> <li>• BGL Assets Management Limited</li> <li>• ARM Investment Managers</li> <li>• Vetiva Capital Management Limited</li> <li>• Weston kay Chartered Accountants, London</li> </ul>
<b>Year of Board membership:</b>	2022

<b>5. Name:</b>	Mr. Joseph Ayoolanrewaju Kuyebi
<b>Profession:</b>	Project Director/Technical Advisor
<b>Experience (Years):</b>	10 years
<b>Education:</b>	<ul style="list-style-type: none"> <li>•OND – Federal Polytechnic, Ilaro, Ogun State</li> <li>•HND – Federal Polytechnic, Ilaro, Ogun State</li> <li>•B.Sc – University of Lagos</li> </ul>
<b>Job Experience:</b>	•Geostruct Konsult Limited
<b>Year of Board membership:</b>	2021

## FINANCIAL PERFORMANCE

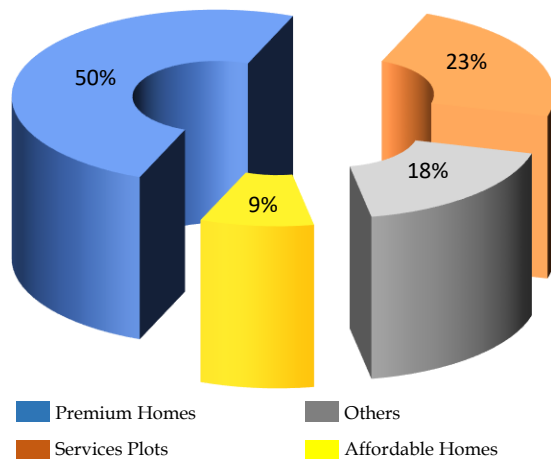
### • EARNINGS AND PROFITABILITY PROFILE

#### REVENUE GROWTH (2017 – 2020)



Source: Veritasi Homes & Properties Ltd

### COMPOSITION OF GROSS EARNING



Source: Veritasi Homes & Properties Ltd

The Company had three major sources of Revenue during the year 2020. These were Sale of Premium and Affordable Homes as well as Serviced Plots. Other sources of revenue included Developmental Fees, Survey, Building Construction, Realtor Fee, Deed, Site Maintenance and Site Development.

Sale of Premium Homes generated most of the Company's Revenue. The Company realized Revenue

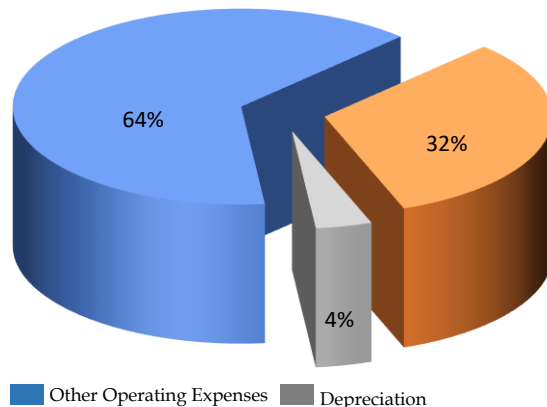
of ₦7.8b from this activity during the year 2020 as against ₦4.9b (Yr.19).

The growth in Revenue was supported by the surge in the number of properties sold in the year 2020. The Company sold 414 homes during the year 2020 as against 312 in the year 2019.

Finance and Other Income went up by 169% from ₦5.9m (Yr. 19) to ₦15.8m (Yr. 20). This represented Income earned from the investment of ₦300m set aside for the purchase of an estate. The money was invested at an interest rate of 12%.

Overall, Gross Revenue grew by 67% from ₦9b (Yr. 19) to ₦15b (Yr. 20). As at Third Quarter 2021, the Revenue of the Company already outpaced that of the year 2020.

### COMPOSITION OF TOTAL EXPENSES (2020)



Source: Veritasi Homes & Properties Ltd

Revenue at this period was ₦15.3b. The Direct Cost to Revenue Ratio remained the same at 81% for the year 2018, 2019 and 2020 respectively. Consequently, the Company recorded a Gross Profit Margin of 19% in the years 2019 and 2020.

The Company's Operating Expenses which is majorly administrative in nature rose by 34% to ₦1.3b. However, the significant increase in Revenue was able to

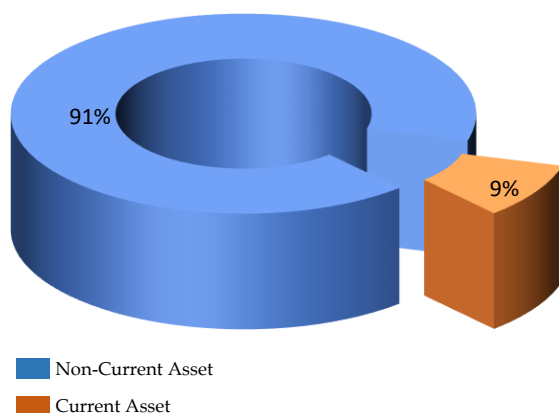
moderate the effect of the growth in Operating Expenses. Consequently, Operating Profit grew by 97% in the year 2020 to ₦1.5b.

In view of strong Revenue growth achieved by the Company in the year 2020, Pre-Tax Profit went up from ₦741m (Yr.19) to ₦1.4b (Yr.20). Therefore, all profitability indices increased during the year under review.



## • CAPITALIZATION

### BREAKDOWN OF THE TOTAL ASSET



Source: Veritasi Homes & Properties Ltd

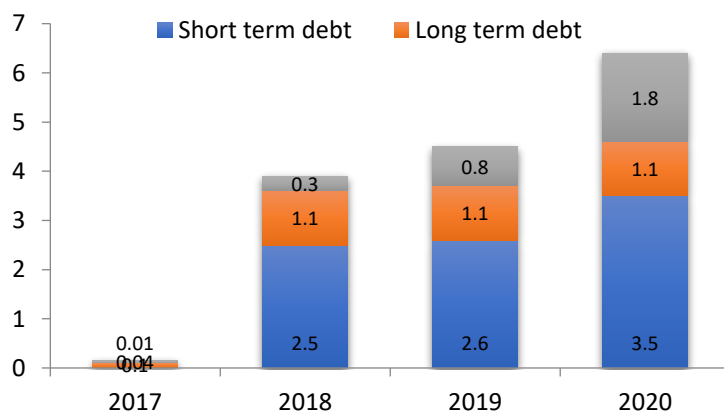
Total Assets of the Company grew by 40% in the year 2020. It increased from ₦4.5b (Yr. 19) to ₦6.4b (Yr. 20). The growth was mainly supported by the increase in Current Assets which grew by 12% from ₦3.9b (Yr. 19) to ₦5.8b (Yr. 20).

Total Non-Current Asset recorded a decline of 7% to ₦616m during the year ended 2020. This was largely due to Depreciation Charge and non-acquisition of Property, Plant and Equipment during the year under review.

The Company's Authorized Share Capital was ₦5m (Yr. 20) as against ₦1m (Yr. 19). However, Issued and Paid-up Capital remained ₦1m for the two years. The profitability of the Company allowed for the capitalization of nearly ₦1b during the year 2020. Consequently, Equity increased by 122% from ₦806m to ₦1.8b (Yr. 20). The Networth of the Company has grown further to ₦2.9b as at third Quarter 2021.

The Company did not have Interest Bearing Borrowings. Loans from Directors amounted to ₦1.0b. This represented Working Capital facility provided by the Directors to the Company since 2018. Deposit for shares made by Directors also remained unchanged at ₦121.5m in the years 2019 and 2020. These made up for Long Term Liabilities of the Company.

### FUNDING OF OPERATION



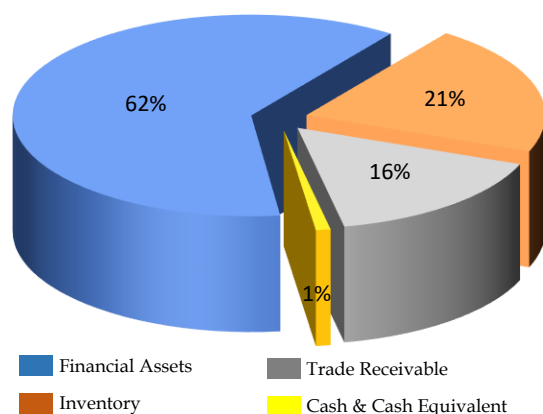
Source: Veritasi Homes & Properties Ltd

The rate of change in the Company's Equity surpassed that of Total Assets. Ability to grow profitability was solely responsible for the equity expansion. Consequently, Equity as a proportion of Total Asset steadily increased from 2018 to 2020. It went up from 18% (Yr. 19) to 28% (Yr. 20).

## • ASSET UTILITY

Total Assets stood at ~~N~~6.4b in the year under review. It comprised of Current and Non-Current Assets. However, Current Assets constituted 90% of the Total Assets.

### COMPOSITION OF CURRENCY ASSETS (2020)



Source: Veritasi Homes & Properties Ltd

It increased by 48% from ~~N~~3.9b (Yr. 19) to ~~N~~5.8b (Yr. 20). The growth recorded was largely due to increase in Inventory and Trade Receivables. The value of Cash and its Equivalents also increased during the year by 93% from ~~N~~101m (Yr. 19) to ~~N~~192m (Yr. 20).

The largest component of the Current Assets was Inventory which comprised of Premium Houses, Affordable Houses and Serviced Plots. It grew during the year from ~~N~~2.9b (Yr. 19) to ~~N~~3.1b

(Yr. 20).

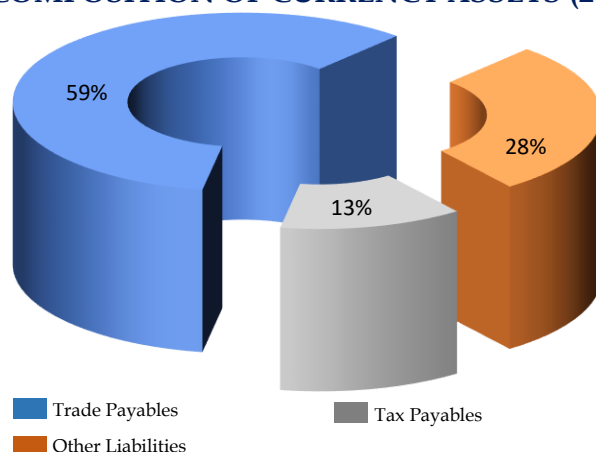
Non-Current Assets constituted 10% of the Total Asset. It went down by 7% from ~~N~~662 (Yr. 19) to ~~N~~616m (Yr. 20). This increase was due to a decrease in all its components during the year 2020.

Ability of the Company to effectively utilize Assets to generate Revenue has steadily improved over the last three years. This moved from 105% (Yr. 18) to 197% (Yr. 19) and subsequently 235% (Yr. 20). Profit to Total Assets stood at 23% during the year 2020. It improved from a negative of 16% in the year 2019.

## • LIQUIDITY

Total Liabilities amounted to ~~N~~4.6b (Yr. 20) as against ~~N~~3.7b (Yr. 19). The Company's Liabilities for the year 2020 were majorly current in nature. Current Assets included Trade Payable, Tax Payable and Other Liabilities. Payables to vendors and Clients' Account amounted to ~~N~~2b. These accounted for 59% of the Companies aggregate Current Liabilities.

### COMPOSITION OF CURRENCY ASSETS (2020)



Source: Veritasi Homes & Properties Ltd

Account amounted to ~~N~~2b. These accounted for 59% of the Companies aggregate Current Liabilities.

The Company Current Asset grew by 48% as against the 32% growth recorded in Current Liability. Consequently, Current Ratio improved from 148% (Yr. 19) to 166% (Yr. 20). Cash from operations during the year 2020 was a negative



balance of ₦407m (Yr. 20). This is attributable to the increase in Inventories and Receivables during the year 2020.

## 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 payment of such fine.

- **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, a significant amount of ₦2.4b (Yr. 20) representing 38% as against 18% (Yr. 19) of total assets are in the hands of third parties. However, the Company has a Counterparty Policy which helps provide a framework for the Company's Credit Risk Management

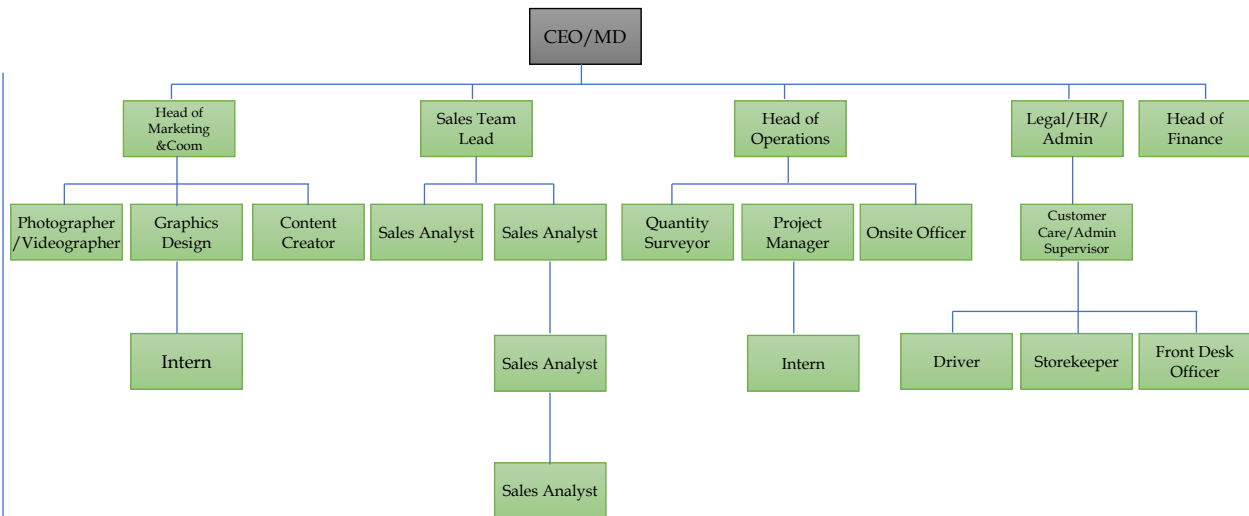
- **LIQUIDITY RISK**

Based on our review, *Veritasi Limited* maintained a Current Ratio of 166% (Yr. 20) as against 148% (Yr. 19).

## CORPORATE GOVERNANCE & RISK MANAGEMENT

The affairs of the Company are directed by its Five-Man Board of Directors which consists of the Chairman and Four (4) Executives.

## THE CORPORATE ORGANOGRAM



Source: Veritasi Homes & Properties Ltd

The Company recognizes that it has Market, Credit, Liquidity Foreign and Operational Risk. The Company has equally developed policies to mitigate the risk as documented in its Audited Accounts.

## CONCLUSION

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


Consequently, we assigned a Rating of **“BBB”**

## FINANCES

### Financial Position as at

	Dec, 2020 ₹'000	Δ%	Dec, 2019 ₹'000	Δ%	Dec, 2018 ₹'000
<b>ASSETS</b>					
Property and Equipment	616,426,756	(6.94)	662,371,140	888.97	66,975,678
Financial Assets	9,319,370	27.74	7,295,631	-	-
Trade Receivables	2,408,522,625	180.70	858,049,319	(17.21)	1,036,390,182
Other Receivables & Prepayments	52,527,504	27.72	41,125,690	0.27	41,016,473
Inventory	3,116,590,889	8.01	2,885,413,008	18.32	2,438,555,982
Cash and cash equivalent	195,367,314	92.88	101,289,120	(69.09)	327,668,432
	<b>6,398,754,458</b>	40.46	<b>4,555,543,908</b>	16.49	<b>3,910,606,747</b>
<b>Liabilities</b>					
Deposit for shares	121,500,000	-	121,500,000	-	121,500,000
Long term liabilities	1,000,000,000	-	1,000,000,000	-	1,000,000,000
Trade and other payables	3,020,759,088	26.33	2,391,202,182	1.18	2,363,402,157
Current Tax Payables	463,064,970	95.97	236,295,911	90.32	124,159,112
<b>Total Liabilities</b>	<b>4,605,324,058</b>	22.84	<b>3,748,998,093</b>	3.88	<b>3,609,061,269</b>
<b>Net Asset</b>	<b>1,793,430,400</b>	122.36	<b>806,545,815</b>	167.47	<b>301,545,478</b>
<b>Share and reserves</b>					
Share capital	1,000,000	-	1,000,000	-	1,000,000
Retains earning	1,792,430,400	122.51	805,545,815	168.03	300,545,479
<b>Shareholders funds</b>	<b>1,793,430,400</b>	122.36	<b>806,545,815</b>	167.47	<b>301,545,479</b>
<b>Profit &amp; Loss Account</b>					
Total revenue	15,022,666,616	67.10	8,990,233,679	110.91	4,262,657,926
Profit before income tax	1,449,949,555	95.60	741,296,247	90.86	388,403,471
Profit for the year	986,884,585	95.42	505,000,336	91.11	264,244,359
Trasfer to retained earnings	986,884,585	95.42	505,000,336	91.11	264,244,359

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**Signed:**   
**Name:** Oladele Adeoye  
**Designation:** Chief Rating Officer  
**Date:** 13th January, 2022

For and on behalf of:  
**DataPro Limited**  
Ground Floor, Foresight House  
By Marina Water Front  
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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 *DataPro Limited*. 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.