

GROUP MANAGING DIRECTOR/CEO'S REPORT

Distinguished Shareholders

Board Chairman & Esteemed Directors of Odu'a Investment Company Limited

Chairmen & Directors of Subsidiaries & Associate companies of Odu'a Investment Company Limited

My colleagues; the Management Team of Odu'a Investment Company Limited, and the Heads of Odu'a Investment Company Limited's Subsidiaries

Gentlemen of the Press

Ladies and Gentlemen

I would like to welcome you all to the 42nd Annual General Meeting (AGM) of Odu'a Investment Company to present to you the Annual Report and Financial Statements for the year ended 31st December 2023.



OPERATING ENVIRONMENT

The year 2023 saw the global economy continue on a path of recovery. This recovery was driven in part by growth in the United States, and a relative normalisation of consumption in China. Global Inflation also trended downwards in 2023 which was positive news for Central Banks across the globe who have fought inflationary pressures over the last two years. The Russia-Ukraine war continued through the year, though with fewer consequences for global commodities prices than in the previous year. The Israeli-Hamas hostilities which escalated in October 2023, did not have a significant impact on the global economy in 2023 as the US and her Western allies have managed to contain its adverse impact from scaling across the Middle East and the Arabian Gulf. Global inflation eased from 8.1% in 2022 to an estimated 5.7% in 2023, allowing Central banks to ease their monetary policy stands, even though many remained hawkish.

The global banking industry and financial markets were fairly stable all through 2023. The S&P 500 was up about 24% in 2023, a significant improvement over 2022's nearly 20% drop. While both the Nasdaq 100 and the Nikkei rose by 54% and 28% respectively in 2023, beating the S&P 500 in a bumper year for the US stock market driven in part by strong underlying growth. The FTSE 100 rose by a mere 3.8% in the year.

Crude oil sold for prices between \$70 and \$100 through the year, oscillating throughout the year, even as the OPEC Reference Basket (ORB) Price

started and ended around \$80. Global crude oil production hit an average of 102 million barrels per day, while production in the United States averaged 22 million barrels per day leading to a significant increase in its crude oil exports. Soybean prices fell to \$598 per metric tonne in 2023 from \$675 in 2022, and Corn prices dropped 21% to \$252 per metric tonne from \$319 per metric tonne in 2022. Wheat prices fell to \$258 from \$382 per metric tonne in 2022.

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The International Monetary Fund, reported real GDP growth of 3.1% in 2023, lower than 3.5% in 2022. The US economy grew 2.5%, higher than the 1.9% growth recorded in 2022, while Germany's real GDP declined by 0.3%. GDP in Advanced economies declined with growth dropping to 1.6% in 2023 compared to 2.6% in 2022. France, Italy, Spain and the United Kingdom grew 0.8%, 0.7%, 2.4%, 0.5% respectively. All slowing by at least 50% over 2022. Sub-Saharan African economies grew by an aggregate 3.3% in 2023, higher than the global GDP but lower than the 4.0% growth recorded in 2022.

Nigeria's 2023 Real GDP growth fell to 2.74% from 3.1% in 2022. The major factors that impacted growth included inflation, heightened spate of kidnapping and insecurity that affected Agricultural output, naira devaluation and a general slowdown in investments between Q1 and Q3 2023 due to the General Elections and attendant transition of administrations at Abuja and several State capitals as investments did not rebound till Q4 2023. Quarterly GDP grew steadily through the year by 2.31% in Q1 2023, 2.51% in Q2 2023, 2.54% in Q3 2023, and 3.46% in Q4 2023. Average oil production rose steadily between Q2 2023 and Q4 2023 reaching a high of 1.55 million barrels per day in Q4 2023, the highest quarterly average since Q3 2021.

In 2023, the removal of the petrol subsidy led to prices rising sharply from an average of N260 per litre in January 2023 to N672 per litre in December 2023, and the floating of the Naira saw the dollar rise from N448/ US\$ in December 2022 to N899/ US\$ by December 2023 in the official window while parallel market trended at N1,215/ US\$. Consequently, the headline inflation rate reached 28.92% in December 2023, compared to 28.20% in November 2023, and 21.34% in December 2022.

The CBN Monetary Policy Committee (MPC) raised rates three (3) times in 2023, as it tried to curb inflation, and protect the currency. The Committee raised the Monetary Policy Rate (MPR) by 225 basis points between January 2023 and July 2023 when the MPR rose from 16.5% to 18.75%. The Cash Reserve Ratio (CRR) and Liquidity Ratio for Commercial Banks were retained at 32.5% and 30% respectively.

The new administration of President Bola Ahmed Tinubu is pursuing a market-driven approach to resolving the underlying problems of the economy, in a bid to attract long-term investments into the country. It will be a long and difficult road for the economy but investments in infrastructure including roads, rail, power, healthcare and education are expected to provide opportunities for growth.

FINANCIAL PERFORMANCE

It is against the above challenging conditions that Odu'a Investment Company Ltd grew its revenue by 7% from N3.68 billion in 2022 to N3.95 billion in 2023. Profit Before Tax for 2023 which includes Revaluation Gains was N1.96 billion compared to N4.08 billion in 2022.

Of note however is that in real terms after stripping off Revaluation Gains arising from our Investment Properties portfolio, OICL Profit Before Tax for 2023 actually increased by 62% to N1.772 billion from N1.092 billion in 2022

In the light of above and considering our continued quest to deepen our investment footprint, the Board is pleased to **propose a dividend payment of N428 million** to our esteemed shareholders (the same amount paid for 2022). ***It is pertinent to note that this is the 10th consecutive year that the Company will be paying dividends to shareholders and the cumulative amount paid this past decade amounted to N3.11 billion.***

OPERATIONAL HIGHLIGHTS

HOSPITALITY BUSINESS

Construction is going according to plan at the Premier Hotel, Ibadan. The redeveloped hotel will move from 87 to over 150 rooms and suites with modern conferencing, and other world-class facilities. The plan with our partner is to

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ensure that a section of the Hotel is re-opened for business within Half 1 of 2025. We also expect to see significant progress on the redevelopment of our other two hotel assets – Lagos Airport Hotel, Ikeja and Lafia Hotel, Ibadan in 2024 and 2025.

REAL ESTATE

Wemabod Limited obtained an "A- Rating" from Agosto & Co in 2023. Wemabod will leverage this corporate rating to tap the market for the funding required to develop its portfolio of projects. In the course of the year, Wemabod organised investment roadshows to Canada, the United States and the United Kingdom to market its portfolio of projects to the diaspora market. Wemabod Limited made significant progress on the redevelopment of Unity House, Marina, and its new Sugarland Lekki Project, while managing Odu'a Investment's existing joint venture projects, including the Westlink Clinton's Court, Iyaganku GRA, Ibadan, and the Westlink Iconic Villa, Alakia, Ibadan. Phase 1 of the latter comprising 167 households were commissioned in February 2023. The Group also developed a new pipeline of premium residential redevelopment projects at Bodija and Iyaganku GRAs in Ibadan and Ikeja GRA, Lagos in the year. Some of these commenced in 2023 and are expected to be completed in 2025.

AGRICULTURE AND AGRIBUSINESS

South West Agricultural Company Limited (SWAgCo), working with Odu'a Investment Company Limited continues to seek viable joint venture partnerships for the development of the Group's nearly 40,000 hectares land assets. We are positive that we will have major breakthroughs in this area in the near term.

OIL AND GAS, AND POWER

Efforts have been significantly stepped up by BITA Exploration and Production Ltd to raise the funding required to implement the Field Development Plan for the BITA Marginal Field which Odu'a Investment jointly owns with our partner, Pioneer Global Energy Resources. We expect that once funding and regulatory requirements are met; we will be able to achieve **"First Oil"** within Q1 of 2025.

In 2023, electricity was added to the concurrent list, with States now able to regulate and get directly involved in electricity generation, transmission and distribution. While the regulatory environment is still evolving, Odu'a Investment is actively engaged with different partners to harvest the catalytic impact of liberalisation of the power sector to participate across the electricity value chain with a view to making the desired socio-economic on the South West geo-political zone.

CREDIT RATING

For the first time ever, Odu'a Investment got an **"A" Rating** with a Stable Outlook from Agosto & Co in Q4 of 2023. This reputable Credit Agency attributed the favourable rating to **"... the Company's good operating cashflows supported by its diversified income streams and portfolio of subsidiaries and associates, adequate working capital upheld by its lean operating structure and low leverage on account of its strong equity funding buffer"**

CONCLUSION & VALEDICTORY

2023 was a challenging year for many Nigerian businesses, while there has been government decisiveness in dealing with fuel subsidy and foreign exchange availability, these have put further pressure on prices and operating margins for businesses. We believe that the outlook for the business over the next 12 months is positive, and we will continue to keep an eye on the costing and pricing of our products and services to maintain economic margins. We expect significant progress to be made in our Real estate, Hospitality, Agriculture and Energy portfolios.

I will officially be retiring on 31st May, 2023. This will make it Ten (10) years (i.e. 2 Terms of 5 years) since I joined Odu'a Investment Group as Group Managing Director/CEO. During this period, the business has gone through

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some trying times during which shareholders acceded to the recommendation of Management to institute the Corporate Governance reforms of Odu'a Investment through KPMG. That work which took place in 2019/2020 produced a framework approved by shareholders and entrenched in the Shareholders' Agreement and the Memorandum of the company to depoliticize the structure of running the company, entrench merit, competence and accountability in the recruitment, selection and appointments into the Board, Management and Staff of the company amongst others.

As a result of this and the relentless execution of the Board and Management created 5-Year Strategy tagged **SRC – 2025** (Sweat, Revive, Create), the company and its subsidiaries are now repositioned as going concerns, undergoing a culture change and transformation initiative, unshackled from the **"Asset Rich; Cash Poor"** syndrome and set on an irreversible trajectory of Growth, Profitability and Sustainability.

As a Group, we also witnessed remarkable success in our financial performance, corporate governance, risks management, talent attraction and recorded modest successes in portfolio rebalancing and asset optimisation across the Real Estate, Hospitality, Financial Services, Agriculture, and Energy sectors. It has indeed been a great honour to serve the Shareholders, the Board and all other stakeholders. As the curtain closes on this chapter, I believe that the next chapter of Odu'a Investment will deliver accelerated growth and social impact to further enhance this legacy for future generations under the leadership of Mr Abdulrahman Yinusa – our incoming GMD/CEO.

I will like to appreciate all our highly esteemed stakeholders for the opportunity given me to serve and your unwavering support over the years. I will also like to thank the Board of Directors of Odu'a Investment Company Limited and all our subsidiary companies for their support as well as their strong and incisive leadership.

Our staff are our greatest assets, I will therefore like to deeply appreciate the Management and staff of Odu'a Investment Company Limited, and its subsidiaries, and encourage them to keep up and surpass the gallant strides achieved over the last decade.

Finally, I am eternally grateful to our shareholders (current and past Executive Governors of our Six South West States from 2014 to date) for the opportunity afforded me and the confidence demonstrated to entrust the management of our common legacy to me. Throughout, you were a solid pillar of support for the Group. The confidence you reposed in us will continue to be rewarded with the transformation of the company and the delivery of your mandate for Odu'a Investment to be the engine room for the economic development of the South West. And in this time of transition, probably more than ever, your visionary efforts to reposition the business over the years have yielded the fruit of stability, continuity, profitability and growth.

Thank you very much and all the Glory to Almighty God.



Adewale Raji
Group Managing Director/CEO