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**UNION HOMES REAL ESTATE INVESTMENT TRUST**

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER, 2018**

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**REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER, 2018**

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**FUND MANAGER, PROFESSIONAL ADVISERS ETC**

**Directors of the Fund Manager:** Dr Layi Fatona - (Chairman)  
Mr. Patrick Ilodiana - (Managing Director/CEO)  
Dr. Yemi Kale - (Non-Executive Director)  
Mr. Yemi Gbenro - (Non-Executive Director)  
Mr. Dimeji Sonowo - (Executive Director)

**Fund Manager:** SFS Capital Nigeria Limited,  
Plot 287, Ajose Adeogun,  
Victoria Island,  
Lagos.

**Trustee to the Fund:** United Capital Trustees Limited,  
UBA House, (12th Floor),  
57 Marina, Lagos.

**Custodian:** UBA Global Investor Services,  
UBA House (11<sup>th</sup> Floor),  
57, Marina, Lagos.

**Registrar:** GTL Registrars Limited,  
274, Murtala Muhammed Way,  
Alogomeji, Yaba,  
Lagos.

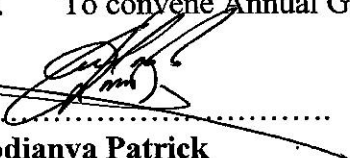
**Auditors:** Bakertilly,  
(Chartered Accountants),  
Kresta Laurel Complex (4<sup>th</sup> Floor),  
376, Ikorodu Road,  
Maryland,  
Lagos.


**Bankers:** United Bank for Africa Plc  
Polaris Bank Nigeria Limited  
Sterling Bank  
Coronation Bank

**STATEMENT OF FUND MANAGER'S RESPONSIBILITIES**

The responsibilities of the Manager to the Fund are as follows: -

1. To carry on and conduct the business of the Fund in a proper and efficient manner and in particular, to diligently carry out the purpose for which Units are issued.
2. To act with prudence in relation to all moneys and accounts kept for the purpose of the Fund.
3. To keep proper books of accounts and prepare financial statements for the Fund and therein make true and proper entries of all affairs.
4. To issue jointly with the Trustee, certificates evidencing the purchase of Units of the Fund.
5. To invest the portfolio pool in a manner consistent with the investment objective of the Fund and investment guidelines.
6. To pay out of the Fund all expenses incurred or to be met in connection with the management of the Fund.
7. To appoint, with the consent of the Trustee, the Auditor to the Fund.
8. To make periodic returns to the Securities and Exchange Commission as may be specified from time to time.
9. To periodically avail unit-holders with information relating to the performance of the Fund.
10. To convene Annual General Meeting of the Fund's unit-holders.

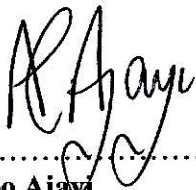
  
.....  
**Hodianya Patrick**  
Director  
FRC/2013/ICAN/00000002177

  
.....  
**Gbenro Yemi**  
Director  
FRC/2014/CIB/00000002190

## STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Trustee's responsibilities to the Fund are as follows: -

1. Represents the interest of investing public and therefore play an oversight role in the operations and investments of the REIT.
2. The Trustee is meant to monitor the activities of the Fund Manager on behalf of and in the interest of the Unit holders.
3. The Trustee is required to monitor the register of Unit holders.
4. The Trustee is required to ascertain the profitability rationale for investment decision-making of the Fund Manager.
5. The Trustee is required to approve all major investments from the REIT's funds.
6. The Trustee is required to ascertain that monthly and other periodic returns/reports relating to the REIT are forwarded by the Fund Manager to the Securities and Exchange Commission (SEC).
7. The Trustee is also required to report any breach of the existing Laws, Rules and Regulations or Terms of the Trust Deed to the Securities and Exchange Commission (SEC).



.....  
Tokunbo Ajayi  
FRC/NBA/00000008349

## REPORT OF FUND MANAGER FOR THE YEAR ENDED 31 DECEMBER, 2018

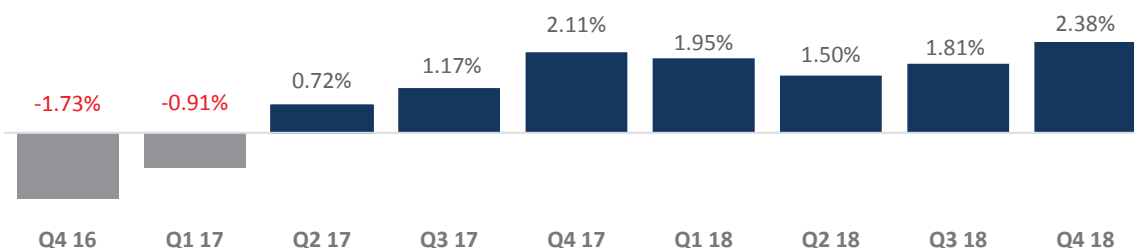
### ECONOMIC REVIEW

The Nigerian economy's growth trajectory remained positive throughout 2018, with seven consecutive quarters of growth from Q2 2017.

In the first half of 2018, there was slow momentum within the Nigerian economy, with Q1 growth at 1.95% and Q2 growth slowing to 1.50%. Growth in the half of the year was driven by the Information and Communications Technology (ICT) and Construction sectors growing 11.81% and 7.9% respectively.

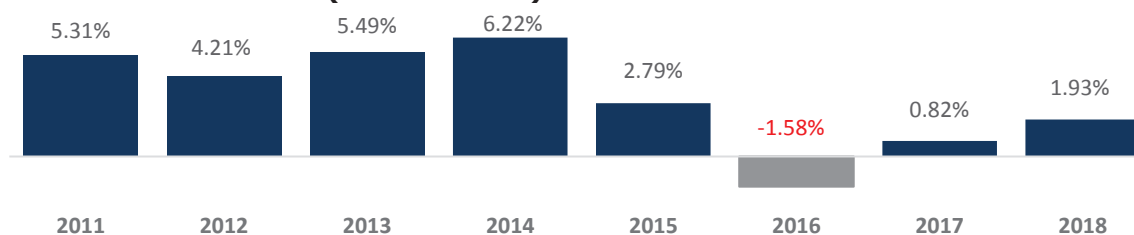
Q3 and Q4 2018 Gross Domestic Product (GDP) grew by 1.81% and 2.38% respectively, driven largely by the non-oil sector.

### QUARTERLY GDP GROWTH (Q4 2016 – Q4 2018)



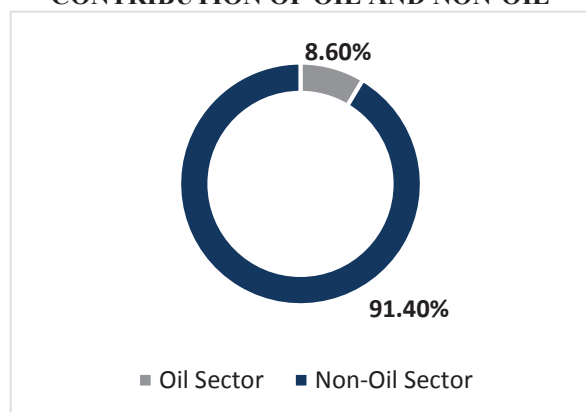
### ANNUAL GDP GROWTH (2011 – 2018)

Source: National Bureau of Statistics (NBS), SFS Capital

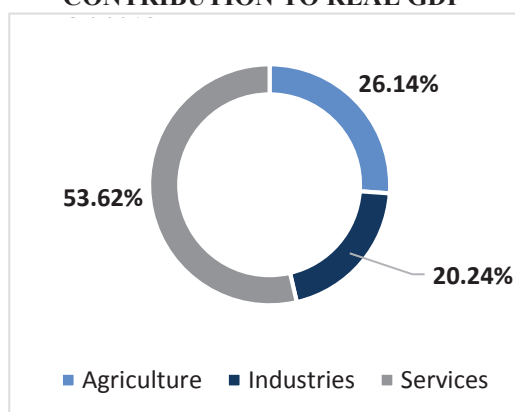


Source: National Bureau of Statistics (NBS), SFS Capital

### CONTRIBUTION OF OIL AND NON-OIL



### CONTRIBUTION TO REAL GDP



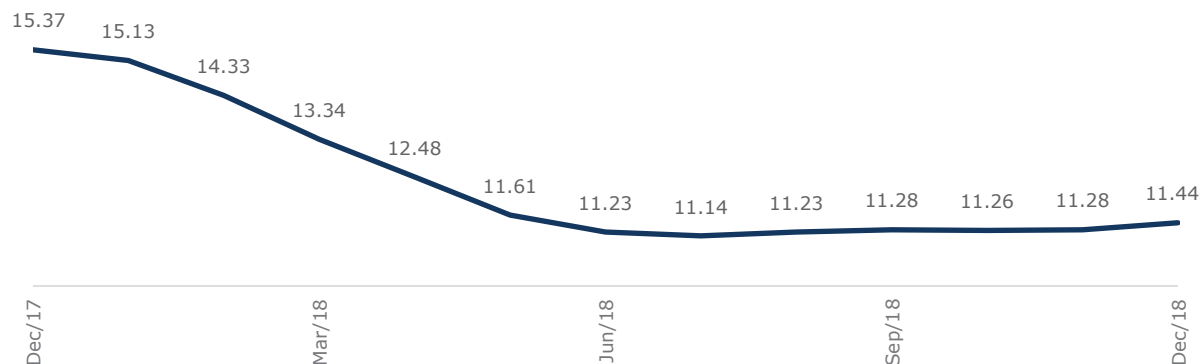
## NON-OIL SECTOR

The Non-Oil sector's contribution to GDP in 2018 was 91.40% in contrast to 91.33% in 2017. There were developments across all the sub-sectors, with Services and Agriculture spearheading the growth. Services sector output advanced by 3.8% year-on-year ("yoy"), derived from advances of 13.2% in information and communications technology as well as gains from undertakings in the transport sector, growing 9.5% yoy. Manufacturing sector also experienced advances of 2.4% yoy as a result of growth in food production, oil refining and textile production during the year. An improved exchange rate liquidity and higher fiscal spending were responsible for the growth as well as recovering crop production boosting the agricultural sector.

## OIL SECTOR

The oil sector contributed to 8.67% of annual GDP in 2018. Growth in the sector for the year was 1.14% in contrast to 4.69% recorded in 2017. The sector accounted for 7.06% of GDP in Q4 2018. Oil production experienced a drop from an average of 1.95 millions of barrels per day ("mbpd") in Q3 2018 to 1.91 mbpd in Q4 2018. Growth in the sector contracted by 1.6% yoy from Q4 2017 to Q4 2018.

## INFLATION RATE % (DECEMBER 2017 – DECEMBER 2018)



Source: National Bureau of Statistics (NBS), SFS Capital

Inflation rate declined significantly in response to monetary tightening and exchange rate stability. The headline inflation continued to fall from 2017. Between January and December, headline inflation reduced from 15.1% to 11.4%. The year started with headline inflation dropping to 15.13% yoy in January 2018 from a high of 18.72%. This slow-down occurred until July due to the base effect of Q3 2018 which was widely caused by the moderate month-on-month rise in headline inflation in Q3 2018 contrary to Q3 2017.

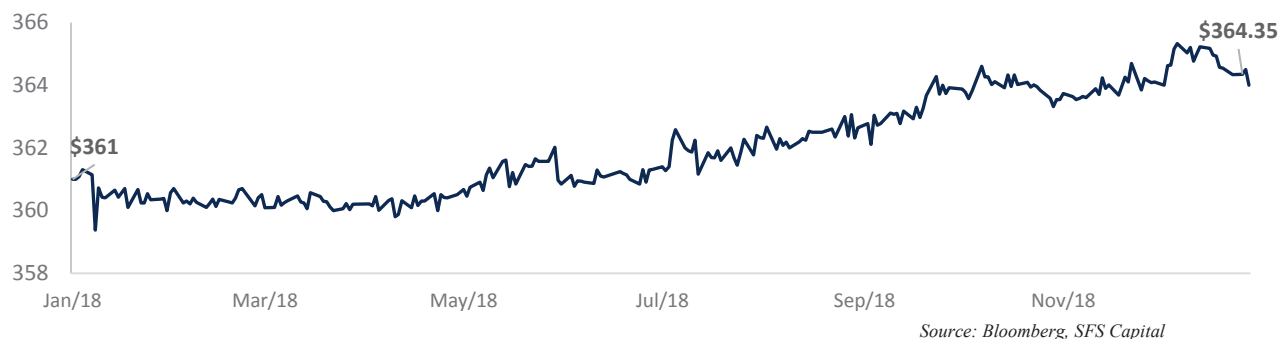
## I&E FX WINDOW

The Investor and Exporters' (I&E) FX window introduced in April 2017, has attracted nearly USD\$60 billion as at December 2018 into the economy and is one of the strategic instruments projected to support and stabilise the Naira against other currencies. On the back of stronger FX reserves, together with the success of the I&E window, the average exchange rate of Naira to US dollar in 2018 was ₦362.

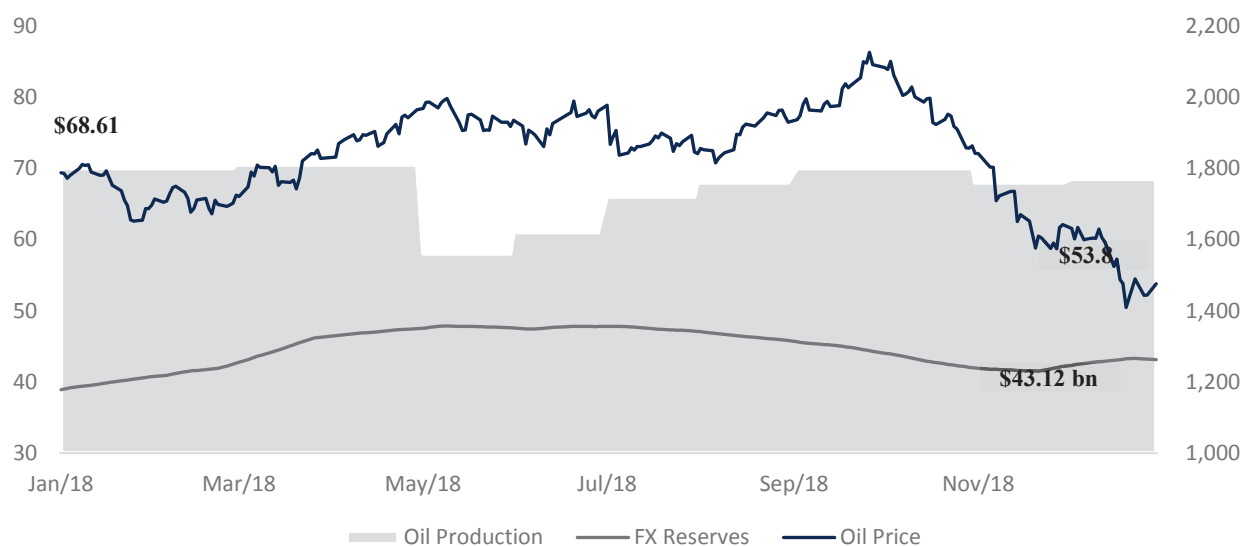
The Naira came under pressure in the second half of the year, due to Foreign Portfolio Investor ("FPI") outflows from the system. Naira gradually fell from ₦360/USD to ₦364/USD in the H2 2018, representing a depreciation of circa 1.1%.

The CBN remains the main supplier of liquidity at the window, therefore its long-term sustainability has been called into question.

## I&E FX WINDOW RATES (USD/NGN)



## NIGERIA CRUDE OIL PRODUCTION, BRENT PRICE & NIGERIA'S FX RESERVES (2017 – 2018)



The price of Brent Crude Oil traded at an average of US\$71.69 per barrel in 2018, rising 28% from an average of US\$54.68 per barrel in 2017. Prices dropped to a low of US\$50.47 per barrel in December 2018 after reaching an annual high of US\$86.29 in September 2018. Following the production cap of 1.65mbpd placed on Nigeria by the OPEC, and the relatively lower oil prices, Nigeria's foreign currency earnings will come under pressure. This has further implications for the country, as a drop in foreign currency earnings could hamper the CBN's ability to defend the Naira.

## FIXED INCOME MARKET REVIEW

In 2018, debt was mostly raised via Commercial Papers ("CP") than any other instrument - even bonds. In 2018, four issuers raised circa ₦197 billion through CP issuances. The growth in CPs is buoyed by higher risk aversion by banks as well as high lending rates. Also, the relatively lower rates on money market instruments in 2018, made for bolder fund raising outings by issuers.

There were 6 bond issuances in the year, raising a total of ₦65 billion. Flour Mills of Nigeria was the most active issuing CPs worth ₦8 billion as well as Bonds of ₦20 billion. There were no State Bond issuances in 2018 due to poor IGR making it difficult for them to access the bond market.

On the innovation front, the Federal Government of Nigeria issued the first ever Green bond in Africa, raising a total of ₦10.69 billion.

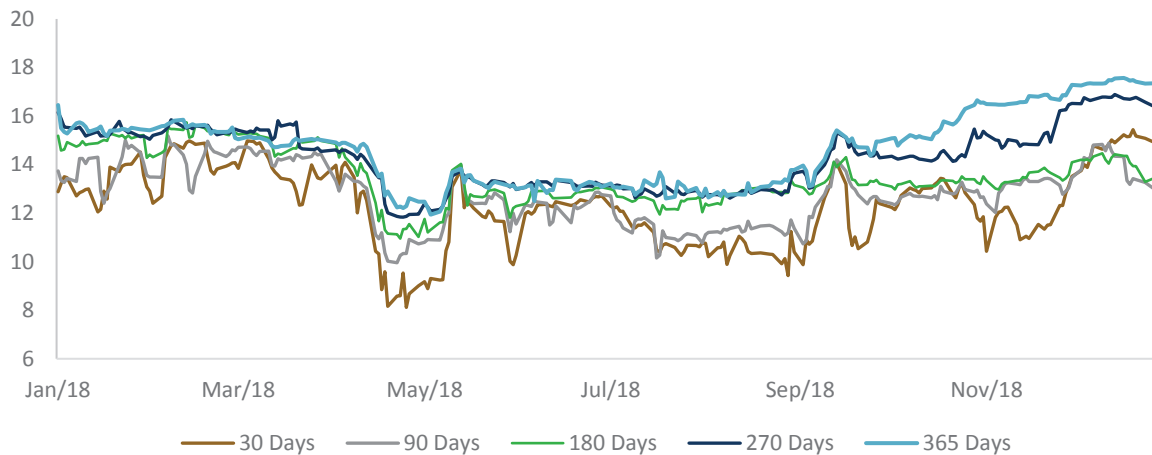


### NIGERIAN FEDERAL GOVERNMENT (FGN) BOND YIELDS



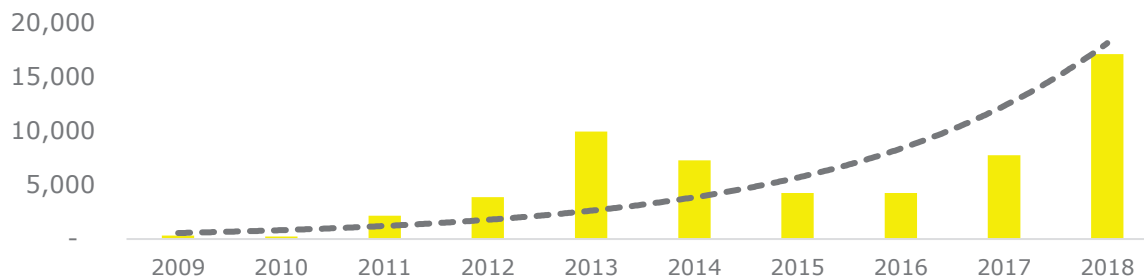
Source: Bloomberg, FMDQ, SFS Capital

### NIGERIA TREASURY BILL YIELDS



Source: Bloomberg, FMDQ, SFS Capital

### Value of OMO Auctions (₦'billions)



Open Market Operations (“OMO”) have been rising in significance overtime. OMO has become the CBN’s monetary policy tool of choice. This is evident in the fact that the Monetary Policy Rate (“MPR”) has remained at 14% for over 15 months, even in the face of high inflation.

The year 2018, was a record year for OMO sales, as the CBN moped-up over ₦17 trillion in circa 172 transactions. OMO activities began to ramp up in Q4 of the year. OMO yields across all tenors increased from an average of 11.77% in Q2 and Q3 to an average of 13.26% in Q4 2018. The increased OMO activity by the CBN was done to wrangle the heightened liquidity pressure in the system. The pressure from higher rates in the US and offshore investor outflows, which in turn put a strain on the external reserves drove the CBN to intervene significantly. This intervention led to relatively higher yields on the short-end of the yield curve.

As the end of 2018, rates on 30-Day, 90-Day, 180-Day and 270-Day and 365-Day T-Bills were at 12.25%, 12.81%, 13.53%, 14.33% and 14.66% respectively.

FGN bond yields began to rise in Q2 2018 due to foreign investors' withdrawing from Nigeria's fixed income market. At the end of the year, average yields on 3-Year, 5-Year, 10-Year and 20-Year FGN Bonds were 13.95%, 14.13%, 14.46% and 14.20% respectively. In Q1 2018, refinancing by the government supported decline in yields through to Q2 2018, with average yields on 5 year and 10 year bonds falling to 13.43% and 13.53% as at Q2 18 from 14.03% and 14.12% respectively in Q4 18.

The CBN will need to continue its current intervention in the market due to depreciation pressure on the Naira. Although the 2019 budget is lower than 2018, the revenue prospects of the nation (taking account of the productions cap and lower oil prices) will most likely lead to increased borrowing. Further argument for rates to remain elevated is informed by the nation's debt maturities. The maturity profile for 2019 stands at over ₦14 trillion, which includes Treasury Bills, OMO and Bonds. Therefore, we expect the CBN to maintain its tight liquidity stance in 2019.

## **REAL ESTATE MARKET REVIEW**

Savills put the 2017 value for global real estate at \$280.6Trn with the residential component accounting for a significant portion valued at \$220.6Trn. Sub Sharan Africa's residential real estate market is estimated at \$6.6Trn, unevenly distributed across its 1.12Bn inhabitants. With Nigeria's housing deficit expected to reach 20M by 2025, the World Bank approved a \$300M, 40-year loan for the financing of Nigeria's housing sector. Taking a closer look at the Nigeria real estate market, indications are that the residential market slowed. Few tenants changed their residences, renewing at current or slightly reduced rates.

Studio apartments, 1 Bed and 2 Bed flats near the city centre continued to enjoy demand and there's also a shift by some developers in favour of the category. The office market continued to struggle as high vacancy rates and flexible lease terms remained paramount in many lease negotiations. Still, there were new leases signed and pipeline developments made steady progress. Retail trends continue to support the growth of mid-sized shopping centres although vacancies in Grade A Malls have reduced on average with landlords demonstrating an understanding of the economy in their dealings with tenants.

High land costs, weak infrastructure and the absence of modern facilities continue to hamper the growth of Nigeria's industrial sector. These justify the current rentals, which range between \$3 - \$4 psm/month with an average yield of 7.5%. On the office markets front, there has been an increase in supply with developments predominantly owner-occupied. Nigeria became the fastest growing market in Africa for Airbnb in 2018. The platform allows property owners earn income on their residential assets, growing by over 200% in the last five years. Visitors and holiday makers can still get a good bargain from hotels as the worst days for the hospitality sector seem to be over. The sector grew by 8% YoY. International investors have taken positions, some of which include Hilton's Legend Hotel and Marriot's ongoing development (both in Ikeja) Lagos, and Hawthorne suites in Abuja.

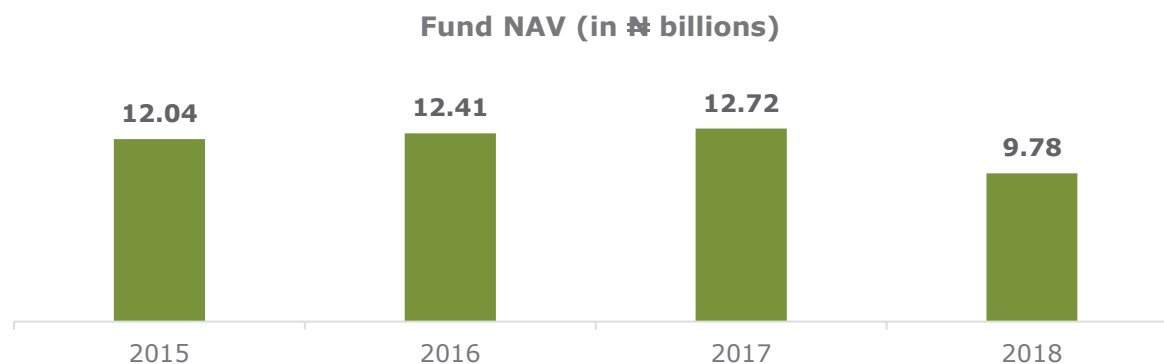
One in two Nigerians have limited or no access to the electricity grid, the majority of which are in rural communities. This has put the government under more pressure to deliver power projects and opportunities for startups to capture Nigeria's \$2Bn solar home system market.

On the regulatory dashboard, the most noteworthy was the change in the Lagos State Land Use Charge 2011. There were changes in the tax base, as properties would now be taxed based on market values as opposed to fair values in the past. The non-compliance penalty increased from \$278 to \$694 or alternatively, 3 months' imprisonment. Also the new IFRS 15 standards mandate that real estate companies may now recognize revenue over time as they satisfy performance obligations during the construction period of the development project as opposed

to the current recognition of revenue upon the transfer of risks and rewards to customers – which is practically upon completion of the project development and handover of real estate units to customers.

### FUND PERFORMANCE

Union Homes Real Estate Investment Trust (“UH REIT” or “the Fund”) recorded gross income of ₱561 million, a 5.81% increase from the year before. This increase was largely driven by the significant increase in rental income which came in at ₱263 million for 2018, representing a rise of 29.18% recorded in 2017. The Fund’s costs also dropped by 13.70% to ₱177 million in 2018. This was as a result of lower management fees.



For the year ended December 2017, the Fund paid out dividend for the first since 2014. The sum of ₱187 million (₱0.75 per share) was distributed to Fund holders. The Fund is proposing a dividend of ₱1.75 per share for the year ended December 2018.

**REPORT OF THE TRUSTEE  
FOR THE YEAR ENDED 31 DECEMBER, 2018**

The Trustee hereby present their Report on the affairs of the Union Homes Real Estate Investment Trust (The Fund) together with the Auditors' Report and Financial Statements for the year ended 31st December, 2018.

**Principal Activities & Business Review:**

The Fund opened for subscription on 19th August, 2008 and commenced investment activities on 3rd February, 2009. Registered as a Close-ended Investment Scheme and Real Estate Investment Trust (REIT) in Nigeria by the Securities and Exchange Commission under the Investment and Securities Act 2007, the Fund is governed by a Trust Deed with United Capital Trustees Limited. The Fund is established to provide Investors with long term capital appreciation and to optimize investors' returns by investing in a strategic mix of Real Estate properties and money market instruments as specified in Clause 3.1 of the Trust Deed and as spelt out in the Prospectus. The Fund is listed on the Floor of the Nigerian Stock Exchange and in line with international best practice, its assets are totally segregated from the assets of the Manager.

**Performance of the Union Homes Real Estate Investment Trust:**

The performance of the Fund as a function of its Net Asset Value is as follows:

	<b>2018</b>	<b>2017</b>
	<b>₦'000</b>	<b>₦'000</b>
Net Asset Value -	9,789,579	12,708,080

The Net Asset Value decreased from ₦12,708,080 as at 31 December, 2017 to ₦9,789,579 as at 31 December 2018 due to the SWAP of the properties during the year.

**Operating Results:**

	<b>2018</b>	<b>2017</b>
	<b>₦'000</b>	<b>₦'000</b>
Net loss/income (After Tax)	363,650	294,706

**ADMINISTRATION OF THE SCHEME:**

**Income Generation**

During the period under review, Net Income generated by the Fund increased from ₦294,706.00 in 2017 to ₦363,650.00 in year 2018 thus increasing value for the Unit-holders.

**UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)****Properties Under Management**

During the review period, two (2) key properties were vacant due to major repairs on them which decreased the REIT's income significantly as they were not occupied for two (2) years. The properties are currently under repair and it is expected that once the repairs are completed, they will generate additional income for the REIT. It is worthy of note that there were properties Swapped with the former Fund Manager (Union Homes Savings and Loans) in exchange for reduction of their unit holdings in the Fund during the period.

**Rating and Valuation:**

The Fund Manager is required to carry valuation of the REIT's properties every (2) two years and this was done as required. The Fund Manager has sought the consent of the Regulator for postponement of the Rating of the REIT to March 2020 and this is based on the Fund Manager's analysis of the Fund's position and the strategic three (3) years consecutive distribution of the Fund's profit to Unitholders. As Trustees to the Fund, we believe this will further restore confidence of Unitholders in the Fund as well as enhance the investment grade Rating for the Fund in due course.

**Compliance:****Asset Allocation Requirement**

Compliance with the Asset Allocation requirement of the Fund (90% in Real Estate related investment and 10% in Liquid Asset investments) as at 31st December, 2018 was 85.9% in Real Estate Investments and 4.7% in Real Estate related, while 9.41% was invested in the Liquid Asset. The REIT improved in the portfolio mix for the year 2018.

However, the Fund Manager was in violation of SEC Rule 450 (2) relating to ownership of a minimum of 5% of units of the Fund by its promoters. This was however earlier communicated to the Fund Manager with a copy to the Commission, following which the Fund Manager started procuring the necessary units in the Fund. We believe that before the end of second quarter of 2019, the Fund Manager would have complied fully with the provisions of SEC Rule 450 (2).

**The Trustees believe the Management of the Fund has not been in full compliance with the provisions of the Trust Deed and Investment and Securities Act (2007) due to the violation of SEC Rule 450 (2).**

**Auditors:**

Messrs. Baker Tilly Nigeria, Chartered Accountants, have indicated their willingness to continue in office and shall do so in accordance with Section 169(1) of the Investment and Securities Act, 2007.

**Parties to the Fund:**

Fund Manager	-	SFS Capital Nigeria Limited
Trustee	-	United Capital Trustees Limited
Registrar	-	GTL Registrars Limited
Auditors	-	Baker Tilly Nigeria
Custodian	-	UBA Global Investor Services

**BY ORDER OF THE TRUSTEE:**

United Capital Trustees Limited  
UBA House (12th Floor)  
57, Marina, Lagos

22 March, 2019



Tokunbo Ajayi  
FRC/NBA/00000008349

UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

**CERTIFICATION OF THE ACCOUNTS  
BY THE DIRECTORS OF THE FUND MANAGER**

We hereby certify the accounts and state that neither the Manager nor any other person acting on its behalf has: -

- Transferred units to another person for sale, resale or subsequent transfer to the manager for sale or resale;
- Acquired or disposed of investments for account of the Fund otherwise than through a process duly approved by the investment committee;
- Acquired units for a price higher than the prevailing bid price; or
- Disposed of units for a price lower than the prevailing offer price.



**Ilodiana Patrick**  
Director  
FRC/2013/ICAN/00000002177



**Gbenro Yemi**  
Director  
FRC/2014/CIB/00000002190

**UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)**

**REPORT OF THE INDEPENDENT AUDITOR  
TO THE MEMBERS OF  
UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)**

**Report on the Audit of the Financial Statements**

We have audited the financial statements of the Fund which comprise the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

**Opinion**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Union Homes Real Estates Investment Trust (REIT) as at 31 December 2018, its financial performance and its cash flows for the year then ended in accordance with the provisions of both the Companies and Allied Matters Act CAP C20 2004 and the Financial Reporting Council of Nigeria (FRCN) Act No.6 of 2011.

**Basis of 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 Financial Statements* section of our report. We are independent of the Company within the meaning of Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## **UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)**

### **Going Concern**

The Fund's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty.

### **Responsibilities of the Fund Manager's for the Financial Statements**

The Fund Manager is responsible for the preparation and fair presentation of these financial statements which are in compliance with the requirements of both the Financial Reporting Council of Nigeria Act, No. 6 of 2011 and the Companies and Allied Matters Act, Cap C20 LFN, 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria.

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)**

**Report on Other Legal and Regulatory Requirements**

The Companies and Allied Matters Act, CAP C20 LFN, 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that: -

- 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) proper books of account have been kept by the Fund; and
- iii) the Fund's statements of financial position and Comprehensive income are in agreement with the books of account.



.....  
**Mark E. Ariemuduigho**  
**FRC/2013/ICAN/00000002724**  
**on behalf of**  
**Bakertilly**  
**(Chartered Accountants)**



**Lagos, Nigeria**  
**22 March, 2019**

UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

STATEMENT OF COMPREHENSIVE INCOME (TOTAL RETURN)  
FOR THE YEAR ENDED 31 DECEMBER, 2018

	Note	2018 N'000	2017 N'000
Investment income	3	561,606	530,622
<i>Deduct:</i>			
Operating expenses	4	<u>(177,446)</u>	<u>(205,624)</u>
Net income before taxation		384,160	324,998
Taxation	5	<u>(20,510)</u>	<u>(30,292)</u>
Net income after taxation	16	363,650 =====	294,706 =====
Net increase in unit holder's fund from investment activities		363,650 =====	294,706 =====
Earnings per share basic(₦)		1.93 =====	1.18 =====


The notes on pages 22 to 44 form an integral part of these financial statements.

## UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

## STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER, 2018

Assets:	Note	2018	2017
<i>Current Assets</i>		N'000	N'000
Cash and cash equivalents	6	80,446	417,392
Financial assets held to maturity	7	970,954	914,676
Other assets	8	6,721	6,893
Trade and other receivables	9	239,494	318,286
Property & equipment	10	33,173	41,233
<i>Total current assets</i>		<u>1,330,788</u>	<u>1,698,480</u>
<i>Non-Current Assets</i>			
Investment properties	11	9,637,916	11,608,813
<i>Total assets</i>		<u>10,968,704</u>	<u>13,307,294</u>
<i>Liabilities:</i>			
<i>Current Liabilities</i>			
Rent received in advance	12	112,522	90,678
Accruals and other payables	13	1,060,103	468,022
Provisions	14	-	20,013
<i>Total current liabilities</i>		<u>1,172,625</u>	<u>578,713</u>
<i>Non-Current Liabilities</i>			
Rent received in advance	12	6,500	20,500
<i>Total liabilities</i>		<u>(1,179,125)</u>	<u>(599,213)</u>
<i>Net assets</i>		<u>9,789,579</u>	<u>12,708,080</u>
<i>Equity and Reserves</i>			
Unit holders Equity	15	9,406,353	12,500,989
Retained earnings	16	383,226	207,091
<i>Unit holders' Fund</i>		<u>9,789,579</u>	<u>12,708,080</u>

  
 .....  
 Patrick Ilodiana  
 Managing Director  
 FRC/2013/ICAN/00000002177

  
 .....  
 Yemi Gbenro  
 Director  
 FRC/2014/CIB/00000002190

  
 .....  
 Dimeji Sonowo  
 Executive Director  
 FRC/2013/ICAN/00000002089

The notes on pages 22 to 44 form an integral part of these financial statements

**STATEMENT OF CHANGES IN EQUITY  
(MOVEMENTS IN UNIT HOLDERS' FUND)  
FOR THE YEAR ENDED 31 DECEMBER, 2018**

	<b>Unit Equity N'000</b>	<b>General reserve N'000</b>	<b>Total N'000</b>
<b>1 January, 2018</b>	12,500,989	207,091	12,708,080
Units disposed off during the year	(3,094,636)	-	(3,094,636)
Dividend	-	(187,515)	(187,515)
Transfer from income statement	-	<u>363,650</u>	<u>363,650</u>
<b>31 December, 2018</b>	<b><u>9,406,353</u></b>	<b><u>383,226</u></b>	<b><u>9,789,579</u></b>
<b>1 January, 2017</b>	12,500,989	(87,615)	12,413,374
Transfer from income statement	-	294,706	294,706
<b>31 December, 2017</b>	<b><u>12,500,989</u></b>	<b><u>207,091</u></b>	<b><u>12,708,080</u></b>

The notes on pages 22 to 44 form an integral part of these financial statements

**PORTFOLIO STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER, 2018**

	<b>2018</b>		<b>2017</b>	
	<b>Market value</b>	<b>Percentage of portfolio</b>	<b>Market value</b>	
	<b>₹'000</b>	<b>%</b>	<b>₹'000</b>	
			<b>Percentage of net assets</b>	
			<b>%</b>	
Real estate	9,137,916	85.89	11,308,813	87.55
Real estate related	<u>500,000</u>	<u>4.70</u>	<u>300,000</u>	<u>2.32</u>
	9,637,916	90.59	11,608,813	89.87
	-----	-----	-----	-----
Money market investments				
Cash and cash equivalent	80,446		417,392	
Financial assets held to maturity	<u>970,934</u>		<u>914,676</u>	
	1,051,380		1,332,068	
Unclaimed dividend	(50,584)		(23,970)	
	-----		-----	
	1,000,796	9.41	1,308,098	10.13
	-----	-----	-----	-----
Total value of portfolio	<u>10,638,712</u>	100	<u>12,916,911</u>	100
	=====	=====	=====	=====

The Fund is expected to invest 90% of the Fund's total assets in Real Estates and Real Estates related assets, while the remaining 10% should be invested in money market.

As at 31 December, 2018, the Fund's investment in Real Estates was slightly above 90% of the Fund's total assets.

**UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 ₱'000	2017 ₱'000
Operating profit before working capital changes	17.1	398,700	339,234
Working capital changes	17.ii	658,875	50,998
Income tax paid		<u>(20,510)</u>	<u>(30,292)</u>
<b><i>Net cash flow from operating activities</i></b>		<b>1,037,066</b>	<b>359,940</b>
-----			
<b>Cash flow from investing activities:</b>			
Development of investment in properties		(498,103)	(454,077)
Disposal of investment properties		2,469,000	-
Purchases of PPE		(6,480)	(2,624)
Investment in Treasury bills		<u>(56,278)</u>	<u>244,344</u>
<b><i>Net cash flow from investing activities</i></b>		<b>1,908,139</b>	<b>(212,357)</b>
-----			
<b>Financing activities</b>			
Disposal of shares		(3,094,636)	-
Dividend paid		<u>(187,515)</u>	<u>-</u>
		(3,282,151)	-
-----			
Net increase in cash and cash equivalent		(336,946)	147,583
Cash and equivalents brought forward		417,392	269,809
<b>Cash and cash equivalent at the end of the year</b>	<b>6</b>	<b>80,446</b>	<b>417,392</b>
		=====	=====

The notes on pages 22 to 44 form an integral part of these financial statements

**UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER, 2018**

**1.0 General information**

***Reporting entity***

Union Homes Real Estate Investment Trust (REIT) was established on August 19, 2008 as a Unit Trust Scheme, registered and listed on the floor of the Nigerian Stock Exchange on 2 July, 2010. The Fund is managed by SFS Capital Nigeria Limited which is located at Plot 287, Ajose Adeogun Street, Victoria Island, Lagos.

The Union Homes REIT is an actively managed, close ended unit Trust scheme whose primary objective is to achieve long term capital appreciation of its assets by investing a maximum of 90% of the assets in Real Estate and Real Estate related investments. The Trust Deed provides for a maximum of 10% of the Fund's total assets to be invested in quality money market instruments to ensure liquidity.

The Fund is established to provide an opportunity for a large number of investors to share the ownership of a group of real estate assets through the medium of a Fund that buys, develops, manages and sells real estate assets.

**2.0 Accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of preparation**

***Statement of compliance***

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and with the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) as adopted by the Federal Republic of Nigeria.

***Functional and presentation currency***

The financial statements are presented in Nigeria Naira (₦) which is the Fund's functional and presentation currency.



**UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)**

***Use of estimates and judgments***

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and the future periods if the revision affects both current and future periods.

**Basis of measurement**

The financial statements have been prepared on the historical cost basis except for certain financial instruments measured at fair value through profit or loss.

**2.2 Standards issued but not yet effective**

The standards listed below have been issued but not yet effective up to the Fund’s financial year ended 31 December, 2018. The Fund intends to adopt these standards when they become effective. Management expects the adoption of these standards and amendments, in most cases, not to have any significant impact on the Fund’s financial position or performance in the period of initial application but additional disclosures may be required. In cases where it will have an impact, management shall assess the possible impact.

**New or Revised**

**Standards/Pronouncements    Effective date    Issues addressed**

Amendments to IFRS 9 (prepayment features)	On or after 01 January, 2019	The IASB published 'Prepayment Features with Negative Compensation (Amendments to IFRS 9)' to address the concerns about how IFRS 9 'Financial Instruments' classifies particular prepayable financial assets. In addition, the IASB clarified an aspect of the accounting for financial liabilities following a modification.
Amendments to IAS 28 (long-term interests)	On or after 01 January, 2019	The IASB published 'Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)' to clarify that an entity applies IFRS 9 'Financial Instruments' to long-term interests in an associate or joint venture that form part of the net in method is not applied.

**UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)**

Amendments to IAS 19 (plan amendments)	On or after 01 January, 2019	The IASB published 'Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)' to harmonise accounting practices and to provide more relevant information for decision-making. An entity applies the amendments to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019.
IFRIC 23- Uncertainty over Income Tax Treatments	On or after 01 January, 2019	IFRIC 23 'Uncertainty over Income Tax Treatments' was issued by the IASB on 7 June 2017 and is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted. The Interpretation specifically addresses whether an entity considers uncertain tax treatments separately or to tax treatments by tax authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates as well as how an entity considers changes in facts and circumstances.
IFRS 16- Leases	On or after 01 January, 2019	IFRS 16 'Leases' was issued by the IASB on 13 January 2016 and is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The standard requires lessees to recognise nearly all leases on the balance sheet which will reflect their right to use an assets for a period of time and the associated liability for payments whil the lessor's accounting largely remains unchanged.

**UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)**

The IASB issued 'Annual Improvements to IFRS Standards 2015–2017 Cycle,' which contains amendments to four International Financial Reporting Standards (IFRSs) as result of the IASB's annual improvements project.

The IASB makes amendments to the following standards: IFRS 3 and IFRS 11 - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. IAS 12 - The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits. IAS 23 - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

Annual Improvements to IFRS Standards 2015–2017 Cycle	On or after 01 January, 2019
---	------------------------------

**2.3 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are as set out below. These policies have been applied consistently to all years presented, unless otherwise stated.

i. ***Cash and cash equivalents***

Cash and cash equivalents include cash in hand and at bank, call deposits and short term highly liquid financial assets (including money market funds) with original maturities of less than or of three months, which are subject to insignificant risk of changes in their fair value, and are used by the Fund in the management of its short-term commitments.

ii. ***Investment properties***

Investment properties comprise of completed property and property under construction or re-development held to earn rental income or for capital appreciation or both. Investment property is measured initially at cost including transaction costs. Transaction costs include professional fees for legal services and other commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

## UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values are included in the income statement in the year in which they arise.

Fair values are determined individually, on a basis appropriate to the purpose for which the property is intended and with regard to recent market transactions for similar properties in the same location. In an active market, an independent valuer, holding a recognized and relevant professional qualification and with recent experience in the location and category of investment properties being valued, values the portfolio periodically in line with the Trust Deed.

The valuer, in addition to the qualifications above, should hold Financial Reporting Council (FRC) of Nigeria registration certificate in accordance with section 41 of the Financial Reporting Council of Nigeria Act, No.6 of 2011.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property is recognised in the income statement in the year of retirement or disposal.

Gains or losses on the disposal of investment property is determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period financial statements.

### iii. ***Property, Plant and Equipment***

The Fund does not hold any property, plant and equipment at present as it is against the position of the Securities and Exchange Commission (SEC). All properties, plant and equipment used for managing the Fund are owned by the Fund manager who is paid management fees. However, items of plant and machinery relating to investment property are accounted for separately and depreciated over its useful life span.

### iv) **Financial instruments**

#### (a) **Recognition and measurement**

Financial assets and financial liabilities are recognised in the statement of financial position when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Purchases and sales of financial instruments are measured on a trade-date basis.

Financial liabilities and equity instruments, issued by the company, are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets are derecognised when and only when:

- The contractual rights to the cash flows from the financial assets expire; or
- The company transfers the financial asset, including substantially all the risks and rewards of ownership of the asset.

## UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired. The difference between the carrying amount of a financial liability (or part thereof) extinguished or transferred to another party and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Investments made by the company which are classified as either held at fair value through profit or loss or available-for-sale, are measured at subsequent reporting dates at fair value.

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. The fair values of quoted investments and unit trusts in active markets are based on current market prices. Since actual market prices are available in determining fair values, no significant estimates or valuation models are applied in determining the fair value of quoted financial instruments.

### (b) **Fair value hierarchy**

Fair values are determined according to the following hierarchy based on the requirements in IFRS 7 'Financial Instruments: Disclosures':

– Level 1: quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.

– Level 2: valuation techniques using observable inputs: quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.

– Level 3: valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.

The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, a valuation technique is used.

### (c) **De-recognition of financial instruments**

Financial assets are derecognised when the contractual right to receive cash flows from the investments have expired or on trade date when they have been transferred and the Company has also transferred substantially all risks and rewards of ownership. Non-cash financial assets pledged, where the counterparty has the right to sell or re-pledge the assets to a third party, are classified as pledged assets.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expires.

## UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

### (d) **Financial assets**

Financial assets are classified into the following categories: financial assets at fair value through profit or loss; loans and receivables, held-to-maturity and available-for-sale financial assets. Management determines the classification of financial assets at initial recognition. This classification depends on the nature and purpose of the financial asset.

#### (i) *Financial assets at fair value through profit or loss*

This category has two components: those held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin, or a security is included in a portfolio in which a pattern of short-term profit taking exists or if so designated by management at inception as held at fair value through profit or loss.

Financial assets designated at fair value through profit or loss at inception are those that are:

- Held to match liabilities that are linked to changes in fair value of these assets. The designation of these assets at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising gains and losses on them on different bases; or
- Managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the company's key management personnel.

The company's investment strategy is to invest in equity and debt securities, and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

#### (ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured on initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reductions for impairment of financial assets. The carrying amount represents its fair value.

## UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

(iii) ***Available-for-sale***

Available-for-sale instruments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value on the statement of financial position.

(iv) ***Held-to-maturity***

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has both the positive intent and ability to hold to maturity. Were the company to sell more than an insignificant amount of held-to-maturity investments, the entire category would be tainted and reclassified as available-for-sale assets with the difference between amortised cost and fair value being accounted for in other comprehensive income (OCI). Held-to-maturity investments are carried at amortised cost, using the effective interest method, less any impairment losses.

(e) **Financial liabilities**

Financial liabilities are recognised initially at fair value, generally being their issue proceeds net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost and interest is recognised over the period of the borrowing using the effective interest method.

The company classifies certain liabilities at fair value through profit or loss, mainly to match the accounting classification of assets with similar risks. Such liabilities are accounted for at fair value with changes in fair value recognised in profit or loss.

(f) ***Gains and losses***

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in profit or loss. Interest income, calculated using the effective interest method, is recognised in profit or loss except for short term receivables where the recognition of interest would be immaterial. Dividends on available-for-sale equity instruments are recognised in the profit or loss when the company's right to receive payment is established.

(g) ***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate



## UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other

premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### (h) *Offsetting of financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or, realise the asset and settle the liability simultaneously.

### **Impairment of financial assets**

#### • **Assets carried at amortised cost**

At each reporting date, the company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it then includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment. If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.



## UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the

amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

- **Assets carried at fair value**

At each reporting date, the company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from comprehensive income and recognised in profit or loss.

Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not subsequently reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income. However, if in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

- v. ***Provisions***

A provision is recognized only if, as a result of a past event, the Fund 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. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

## UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

### vi. *Deferred income – rent received in advance*

Deferred income represents income collected but not earned as at the company's year end. This is primarily composed of rent received in advance on leased properties. Deferred income is recorded for all income related to the trade of the business in the next financial year.

### vii. *Borrowings – mortgage loan*

Borrowings, inclusive of transaction costs, are recognised initially at fair value. Borrowings are subsequently stated at amortised cost using the effective interest rate method; any difference between proceeds and the redemption value is recognised in the statement of other comprehensive income over the period of the borrowing using the effective interest rate method.

Borrowings are classified as current and non-current liabilities depending on the repayment period of the borrowing.

### viii. *Related party transactions*

Related party transactions are disclosed separately as to the type of relationship that exists and the outstanding balances necessary to understand their effects on the financial position and the mode of settlement.

### ix. *Taxes*

The Fund is not subjected to income and education taxes on its income by the concession given to the Fund. This concession was given and approved by the Federal Ministry of Finance in accordance with international best practice. This concession covers:

- Exemption from Companies Income Tax, although WHT will be imposed on dividend distribution to investors; any distribution below the prescribed threshold (i.e. 90%) will disqualify the REIT from tax exemption.
- Exemption from stamp duties to reduce transaction costs; and
- Exemption from Capital Gains Tax on the ground that income arising from sales or disposal will be ploughed back for the purchase of additional properties or distributed as dividend.

## UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

### **x. *Unit holders equities and reserves***

#### *Unit issue costs*

Incremental costs directly attributable to the issue of new units are shown in equity as a deduction.

#### *Distributions*

Distributions to the Fund's unit holders are recognised in equity in the period in which they are made or, if earlier, approved by the Fund's unit holders. Distributions for the year that are declared after the date of the statement of financial position are dealt with in the subsequent events note.

### **xi. *Foreign currency translation***

#### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

### **xii. *Revenue recognition***

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Fund and the revenue can be reliably measured. Revenue of the Fund comprises of:

#### ***Rental income:***

Rental income receivable from operating leases, less the Fund's initial direct costs of entering into the leases, is recognised on a straight-line basis over the term of the lease. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the income statement when they arise.

**UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)**

***Services rendered/service charge and expenses recoverable from tenants:***

Revenue associated with the rendering of services is recognised with reference to the stage of completion of the transaction at the end of the accounting period. Income arising from expenses recharged to tenants is recognised in the period in which the expense can be contractually recovered.

***Sale of completed property and Sale of property under development:***

Income is recognised when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales will be recognised only when all the significant conditions are satisfied.

**xiii. *Borrowing costs***

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Fund incurs in connection with the borrowing of funds.

**xiv. *Expenditure recognition***

Expenditures are recognised as they accrue during the course of the year. Analysis of expenses recognised in the income statement is presented as classification based on either their nature or their function within the Fund whichever provides information that is reliable and more relevant.

UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

	<b>2018</b>	<b>2017</b>
	<b>₹'000</b>	<b>₹'000</b>
<b>3. Investment income</b>		
Rental income	263,367	203,883
Interest from deposits	225,606	302,919
Sundry income (note 3.1)	<u>72,633</u>	<u>23,820</u>
	<u>561,606</u>	<u>530,622</u>
	=====	=====
<b>3.1 Sundry income</b>		
Dividend income	46,420	-
Legal fee	2,150	4,378
Provision write back	20,013	19,442
Scrap sales	<u>4,050</u>	<u>-</u>
	<u>72,633</u>	<u>23,820</u>
	=====	=====
<b>4. Operating expenses</b>		
Management fee	98,787	129,380
Property maintenance expenses	25,582	2,231
Depreciation plant & machinery	14,540	11,945
Insurance fee	10,743	11,956
Custodian fees	9,878	12,938
Regulatory fee	3,260	3,260
Audit fee	3,000	3,000
Rating agency	2,500	-
Provision for AGM expenses	2,500	-
Trusteeship fee	2,500	2,500
Agency commission	1,145	-
Registrars fee	1,021	261
Legal charges	955	3,670
Independent Member sitting allowance	840	840
Advertisement and public relations	160	434
Bank charges	35	56
Provision for property maintenance	-	20,013
Valuation fees	-	2,980
Website expenses	<u>-</u>	<u>160</u>
	<u>177,446</u>	<u>205,624</u>
	=====	=====

**UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)**

<b>5. Taxation</b>	<b>2018</b> <b>₦'000</b>	<b>2017</b> <b>₦'000</b>
Withholding tax paid	20,510	30,292
	=====	=====

This amount represents amount deducted from interest received from call deposits with banks which is deemed to be the final tax paid by the Fund.

<b>6. Cash and cash equivalents</b>	<b>2018</b> <b>₦'000</b>	<b>2017</b> <b>₦'000</b>
Cash in hand	-	-
Cash at bank	3,611	6,825
Short-term deposits	<u>76,835</u>	<u>410,567</u>
	<u>80,446</u>	<u>417,392</u>
	=====	=====

The details of short term deposits are:

	<b>Principal</b> <b>Amount</b> <b>₦'000</b>	<b>Principal</b> <b>Amount</b> <b>₦'000</b>
UBA Nominee	27,734	-
Polaris Bank Nigeria Limited	24,512	178,555
Sterling Bank Plc	<u>24,589</u>	<u>232,012</u>
	<u>76,835</u>	<u>410,567</u>
	=====	=====

Cash at bank earns interest at floating rates based on daily bank deposit rate. The short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Fund, and earn interest at the respective short-term deposit rates.

<b>7. Financial assets held to maturity</b>	<b>Discounted</b>	<b>Fair Value</b>	<b>Tenor</b>
<b>Investment in treasury bills</b>	<b>Value</b>		
<b>2018</b>			
Polaris Bank Nigeria Limited	77,671	90,000	341 days
Stanbic IBTC Bank	<u>893,283</u>	<u>1,031,404</u>	363 days
	<u>970,954</u>	<u>1,121,404</u>	
	=====	=====	
<b>2017</b>	<b>₦'000</b>	<b>₦'000</b>	
Skye Bank	886,926	1,000,000	364 days
Coronation Merchant Bank	<u>27,750</u>	<u>31,269</u>	265 days
	<u>914,676</u>	<u>1,031,269</u>	
	=====	=====	

<b>8. Other assets – prepayments</b>	<b>2018</b> <b>₦'000</b>	<b>2017</b> <b>₦'000</b>
Insurance – fire and special peril policy	6,721	6,893
	=====	=====

Insurances prepaid and the respective amounts are on the following investment properties.

## UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

	<b>2018</b>	<b>2017</b>
	<b>₦'000</b>	<b>₦'000</b>
Savannah apartments, Locke apartments		
Macdonald and Victoria Court	4,354	4,375
9, Mike Akhigbe Way, Abuja	267	267
Plot 3, Block A4, Olusegun Aina Street, Ikoyi	490	491
28A, Rumens Street, Ikoyi	1,280	1,429
Victors Court 2, Palace Road, Parkview, Ikoyi		-
Continental Court, Sinari Daranijo Street, Victoria Island		-
Amina Court, Abuja	<u>330</u>	<u>331</u>
	<u>6,721</u>	<u>6,893</u>
	=====	=====
<b>9. Trade and other receivables</b>		
Rent receivable (note 9.1)	58,152	159,049
<b>Other receivables:</b>		
Interest receivable (note 9.2)	181,342	158,994
Union Homes Suspense Account (note 9.3)	<u>-</u>	<u>243</u>
	<u>239,494</u>	<u>318,286</u>
	=====	=====
<b>9.1 Rent receivable</b>		
Rent receivable on properties as at 31 December, 2018 comprises of rent due on the following properties:		
	<b>2018</b>	<b>2017</b>
	<b>₦'000</b>	<b>₦'000</b>
McDonald Court, Block 4-6 McDonald		
Road Ikoyi, Lagos	28,125	28,125
Legacy properties	-	115,389
Amina Court	3,430	-
Savannah Court	4,458	-
Victors Court	340	-
9, Mike Akhigbe Way, Abuja	8,785	8,785
Plot 3, Block A4, Olusegun Aina Street, Ikoyi	5,110	1,386
28A, Rumens Property	3,631	4,000
Locke apartments	<u>4,273</u>	<u>1,364</u>
	<u>58,152</u>	<u>159,049</u>
	=====	=====
<b>9.2 Interest receivable</b>		
Interest receivable are accrued interests on deposits with Sterling Bank, Coronation Bank Plc and Skye Bank Plc. The deposits have maturity periods of between one day and twelve months.		
<b>9.3 Others</b>	<u>-</u>	<u>243</u>
	=====	=====

This balance represents amount receivable from Union Homes Plc in respect of expenses incurred on their behalf as fund managers.

UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

10. **Property, plant and equipment**

	<b>Plant and Machinery ₹'000</b>	<b>Household equipment ₹'000</b>	<b>Total ₹'000</b>
<b>Cost</b>			
As at 1/1/2018	53,704	2,624	56,328
Additions	<u>-</u>	<u>6,480</u>	<u>6,480</u>
As at 31/12/2018	53,704	9,104	62,808
	=====	=====	=====
<b>Depreciation</b>			
As at 1/1/2018	14,829	266	15,095
Charged for the year	<u>13,426</u>	<u>1,114</u>	<u>14,540</u>
As at 31/12/2018	28,255	1,380	29,635
	=====	=====	=====
<b>Net book value</b>			
31 December, 2018	25,449	7,724	33,173
	=====	=====	=====
31 December, 2017	38,875	2,358	41,233
	=====	=====	=====
	<b>2018</b>		<b>2017</b>
	<b>₹'000</b>		<b>₹'000</b>

11. **Investment properties**

Completed investment property		
At start of the period	11,608,813	11,157,027
Capital expenditure on property during the year	498,103	454,077
Disposal	<u>(2,469,000)</u>	<u>(2,291)</u>
At end of the period	9,637,916	11,608,813
	=====	=====

This is detailed as follows:



UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

**Movement in the year ended 31 December, 2018**

	1/1/2018 ₦'000	Net Additional/ disposal ₦'000	31/12/2018 ₦'000
Apartment at McDonald Court			
Block 4-6 McDonald Rd, Ikoyi Lagos	1,139,143	4,000	1,143,143
11A Sapara Williams Str. V/I Lagos	1,715,714	18,161	1,733,875
Plot 3, Block A4, Olusegun Aina Str. Ikoyi	455,900	-	455,900
9, Mike Akhigbe Way, Abuja	330,000	3,186	333,186
1 Sinari Daranijo Street, V/I	2,214,301	269,247	2,483,548
Victors Courts, No. 2, Palace Rd, Parkview	308,202	-	308,202
28a, Rumens Street, Ikoyi	1,699,952	3,509	1,703,461
Amina Court	310,900	-	310,900
Locke apartments	665,701	-	665,701
<b>Legacy Properties, Onipanu, Lagos</b>			
UHSL, 153, Ikororu Road	785,000	(785,000)	-
UHSL 32, Awolowo Road, Ikoyi	508,000	(508,000)	-
UHSL 64, Opebi Road, Ikeja	356,000	(356,000)	-
UHSL Plot 1479 Ogoaro crescent, Garki, Abuja	820,000	(820,000)	-
FGN Sukuk	300,000	-	300,000
FGN Sukuk2	-	200,000	200,000
	<u>11,608,813</u>	<u>(1,970,897)</u>	<u>9,637,916</u>

During the year, 61,892,715 units of shares of the fund were swapped for Legacy Properties owned by Union Homes Savings and Loan Plc at ₦49.91 per share. The property was valued at ₦3,044,635,750 as at the time of the transaction.

**Movement in the year ended 31 December, 2017**

	1/1/2017 ₦'000	Net Additions/ disposals ₦'000	31/12/2017 ₦'000
Apartment at McDonald Court			
Block 4-6 McDonald Road, Ikoyi Lagos	1,120,625	18,518	1,139,143
11A, Sapara Williams Street, V.I.	1,618,533	97,181	1,715,714
Plot 3, Block A4, Olusegun Aina Street, Ikoyi	452,625	3,274	455,899
9 Mike Akhigbe Way, Abuja	330,000	-	330,000
1 Sinari Daranijo Street, Victoria Island	2,200,000	14,302	2,214,302
Victors Courts 2, Palace Road, Parkview, Ikoyi	300,000	8,202	308,202
28a, Rumens Street, Ikoyi	1,702,243	(2,291)	1,699,952
Amina Court	310,900	-	310,900
Locke Apartments	653,101	12,600	665,701
<b>Legacy Properties, Onipanu Lagos:</b>			
UHSL Plc, 153 Ikorodu Road	785,000	-	785,000
UHSL Plc, 32 Awolowo Road, Ikoyi	508,000	-	508,000
UHSL Plc, 64, Opebi Road Ikeja	356,000	-	356,000
UHSL Plot 1479 Ogaaro, Crescent, Garki Abuja	820,000	-	820,000
FGN Sukuk	-	300,000	300,000
	<u>11,157,027</u>	<u>451,786</u>	<u>11,608,813</u>

UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

	2018 ₦'000	2017 ₦'000
12. <b>Rent received in advance</b>		
At 31 December	119,022	111,178
<i>Analysed into:</i>		
Current liability	112,522	90,678
Non-current liability	6,500	20,500
	<u>119,022</u>	<u>111,178</u>
<b>Movement in rent received in advance</b>		
Balance at beginning	111,178	91,640
Recognised as income during the year	(206,365)	(200,064)
Rent received during year	<u>214,209</u>	<u>219,602</u>
Balance at end	<u>119,022</u>	<u>111,178</u>

**31 December, 2017**

Property at	Type	Current Portion ₦'000	Non-current portion ₦'000	Expiry date
Locke Apartment at Lekki	Residential	20,723	-	20/11/2018
Rumens Road	Residential	22,299	10,000	31/3/2019
Victors Court	Residential	7,088	-	6/11/2018
Amina Court at Abuja	Residential	241	-	31/5/2018
Sapara Williams	Residential	21,517	10,500	14/5/2019
Olusegun Aina	Residential	3,620	-	31/7/2018
McDonald Court	Residential	<u>15,190</u>	<u>-</u>	30/9/2018
		<u>90,678</u>	<u>20,500</u>	

UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

31 December, 2018

Property at	Type	Current Portion ₦'000	Non-current portion ₦'000	Expiry date
Locke Apartment at Lekki	Residential	12,794	-	31/12/2019
Rumens Road	Residential	27,992	-	30/11/2019
Victors Court	Residential	14,655	-	06/11/2019
Olusegun Aina	Residential	3,195	-	31/07/2019
McDonald Court	Residential	17,990	-	30/09/2019
Savannah Court	Residential	<u>35,896</u>	<u>6,500</u>	31/7/2020
		<u>112,522</u>	<u>6,500</u>	

	2018 ₦'000	2017 ₦'000
<b>13. Accruals and other payables</b>		
Accruals (13.1)	850,209	272,559
Other payables (13.2.)	<u>209,894</u>	<u>195,463</u>
	<u>1,060,103</u>	<u>468,022</u>

	2018 ₦'000	2017 ₦'000
<b>13.1 Accruals</b>		
Unearned income from share swap (13.1.1)	625,391	-
Accrued income	58,152	159,049
Accrued AGM expenses	790	-
Interest received in advance	162,876	110,510
Audit and other professional fees	<u>3,000</u>	<u>3,000</u>
	<u>850,209</u>	<u>272,559</u>

13.1.1 This represent the excess of the amount earned on the swap transaction over the cost during the year. As at the time of this report, the shares involved in the swap deal had not been re-purchased.

UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

	<b>2018</b>	<b>2017</b>
	<b>₱'000</b>	<b>₱'000</b>
<b>13.2 Other payables</b>		
Sundry customers	8,769	29,238
Management fees (note 13.3)	98,787	129,178
Trusteeship fee	2,500	2,500
Rating agency fee	2,500	-
Withholding tax	31,306	15,900
Caution deposit	5,489	4,050
Unclaimed dividend payable	50,584	-
Other payable	80	1,680
Custodian fees	<u>9,879</u>	<u>12,917</u>
	<u>209,894</u>	<u>195,463</u>
	=====	=====

<b>13.3 Management fees</b>		
Provision for the year	98,787	129,380
Reimbursable from fund manager	<u>-</u>	<u>(202)</u>
	<u>98,787</u>	<u>129,178</u>
	=====	=====

Trusteeship and rating agency fees computed at rates specified in accordance with the Trust Deed provisions were made in these financial statements as follows:

Management fee	1% of net assets
Trustee fee	₱2,500,000 minimum
Rating agency fee	₱2,500,0000
Registrars fee	on transaction basis
Guarantors fee	0.5% of net assets
Custodian fees	0.10% of net assets

	<b>₱'000</b>	<b>₱'000</b>
<b>14. Property maintenance costs</b>		
a) <b>Expenses</b>		
At beginning	20,013	30,279
Incurred during the year/write back	<u>(20,013)</u>	<u>(37,770)</u>
Charge to income statement- Admin expenses	-	(7,491)
	=====	=====
b) <b>Provision</b>		
Provision for the year (note 14.1)	<u>-</u>	<u>24,710</u>
At the end	-	24,710
	=====	=====

**UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)**

- 14.1 Provision for the annual property maintenance fund is at 4% of the gross income earned in the year. This amount is set aside to meet incidental maintenance costs of the Fund's Property. At the end of 2018, this amount was longer set aside but would now be expended directly from the income as they occur.

	<b>2018</b>	<b>2017</b>
	<b>₦'000</b>	<b>₦'000</b>
<b>15. Unit holders equity</b>		
<i>Units offered for subscription:</i>		
970,873,787 units at ₦51.50 each	50,000,000	50,000,000
	=====	=====
<i>Units issued and fully paid up</i>		
188,127,066 units at ₦50 each (nominal value)	9,406,353	12,500,989
	=====	=====

On 19 August, 2008, the Fund offered 970,873,787 units of ₦50.00 each for subscription. Out of this offer, applications were received for 250,019,781 units. The Fund subsequently issued 250,019,781 units of ₦50 each at ₦51.50 each as these were fully subscribed for and paid for by their subscribers. The share premium on the units sold were used to offset the initial public offer expenses.

During the year, 61,892,715 units of shares of the fund were swapped for Legacy Properties owned by Union Homes Savings and Loan Plc at ₦49.91 per share. These properties are located at Ikorodu Road, Awolowo Road Ikoyi, Opebi Road Ikeja and Ogaaro Crescent Garki, Abuja at a value of ₦3,044,635,750 at the time of the transaction.

The properties were valued on 27/10/2016 at ₦1,312,500,000 by Ubosi Eleh & Co (Estate Surveyors & Valuers) with FRC Reg. No. FRC/2015/NIESV/00000013406. Jide Taiwo & Co (Estate Surveyors & Valuers) also valued the properties on 5 December, 2016 at ₦1,619,069,000. The Net book value as at the time of sale was ₦2,469,000,000. As at the date of this report, the shares have not been taken up.

	<b>12 Months Ended 31 Dec. 2018</b>	<b>12 Months ended 31 Dec.2017</b>
	<b>₦</b>	<b>₦</b>
<b>16. Retained earnings</b>		
At the beginning	207,091	(87,615)
Dividend paid	(187,515)	-
Transfer from income statement	363,650	294,706
	383,226	207,091
	=====	=====
<b>17. Cashflow reconciliation</b>		
i) Operating profit before working capital changes		
Net income before tax	384,160	324,998
Adjustments		
Depreciation	14,540	11,945
Investment properties write off	-	2,291
	398,700	339,234
	=====	=====

UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

	<b>12 Months Ended 31 Dec. 2018 ₱</b>	<b>12 Months ended 31 Dec.2017 ₱</b>
ii) Working capital changes		
Net decrease/(increase) in receivables and other assets	77,951	27,492
Net (decrease)/increase in other liabilities and provisions	(20,013)	(4,271)
Net increase in accruals and other payables	614,939	8,665
Net (decrease)/increase in rent received in advance (non-current)	<u>(14,000)</u>	<u>19,112</u>
<b><i>Net cash flow from operating activities</i></b>	<u>658,877</u>	<u>50,998</u>

18. **Related party transactions**

During 2018 financial year, there was no related party transaction recorded in the company.

ii) **Management fee**

Management fee payable for the year ended 31 December, 2018 in respect of this service is calculated at 1% of the net asset value of the Fund. This has been calculated to be ₱98,787,000 which represents 18.26% per annum of the gross income for the year.

19. **Comparative figure**

Certain prior year balances have been reclassified to conform with current year presentation.

20. **Going concern**

The financial statements are prepared on the basis of accounting policies applicable to going concern.

21. **Contingent Liabilities**

The fund manager is of the opinion that there are no known contingent liabilities as at the end of the period.

22. **Approval of Financial Statements**

These financial statements were approved by the Investment Committee of the company on 22 March, 2019.

UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

STATEMENT OF VALUE ADDED  
FOR THE YEAR ENDED 31 DECEMBER, 2018

	2018		2017	
	₦'000	%	₦'000	%
Gross earnings	541,096		530,622	
<b><i>Deduct:</i></b>				
Administrative overheads and payments for other services in Nigeria	<u>(43,609)</u>		<u>(64,299)</u>	
<b>Value added</b>	<u>497,487</u>	<u>100</u>	<u>466,323</u>	<u>100</u>
<b>Applied as follows:</b>				
Fund manager's remuneration	98,787	20	129,380	28
Government as taxes	20,510	4	30,292	6
<b>Retained earnings for future</b>				
Expansion, distribution and maintenance of assets				
Depreciation	14,540	3	11,945	3
Net income after taxation	<u>363,650</u>	<u>73</u>	<u>294,706</u>	<u>63</u>
<b>Value added</b>	<u>497,487</u>	<u>100</u>	<u>466,323</u>	<u>100</u>

## UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

## FINANCIAL SUMMARY

	31/12/2018	31/12/2017	31/12/2016	31/12/2015	31/12/2014
	₦'000	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents	80,446	417,392	269,809	1,715,476	2,694,705
Other assets	6,721	6,893	8,103	4,907	6,244
Trade and other receivables	239,494	318,286	344,568	159,031	225,409
Investment properties	9,637,916	11,608,813	11,157,027	10,677,873	9,719,625
Property, plant & equipment	33,173	41,233	50,554	-	-
Financial assets held to maturity	<u>970,954</u>	<u>914,676</u>	<u>1,159,020</u>	<u>-</u>	<u>-</u>
	10,968,704	13,307,293	12,989,081	12,557,287	12,645,983
	=====	=====	=====	=====	=====
<b>Liabilities</b>					
Rent received in advance	119,022	111,178	91,640	169,614	216,815
Payables to related parties	-	-	-	131,695	118,763
Accruals and other payables	1,060,103	468,022	459,357	183,383	770,140
Provisions	<u>-</u>	<u>20,013</u>	<u>24,710</u>	<u>30,279</u>	<u>21,631</u>
	1,179,125	599,213	575,707	514,971	1,127,349
	-----	-----	-----	-----	-----
<b>Equity</b>					
Unit holders equity	9,406,353	12,500,989	12,500,989	12,500,989	12,500,989
Retained earnings	<u>383,226</u>	<u>207,091</u>	<u>(87,615)</u>	<u>(458,673)</u>	<u>(982,355)</u>
	9,789,579	12,708,080	12,413,374	12,042,316	11,518,634
	=====	=====	=====	=====	=====
	10,968,704	13,307,293	12,989,081	12,557,287	12,645,983
	=====	=====	=====	=====	=====
<b>Profit and loss</b>					
Investment income	<u>541,096</u>	<u>530,622</u>	<u>617,752</u>	<u>756,978</u>	<u>880,297</u>
Profit/loss before taxation	363,650	324,998	394,998	526,798	(1,256,583)
Taxation	<u>-</u>	<u>(30,292)</u>	<u>(23,940)</u>	<u>(3,115)</u>	<u>(33,589)</u>
<b>Profit after taxation</b>	<u>363,650</u>	<u>294,706</u>	<u>371,058</u>	<u>523,683</u>	<u>(1,290,172)</u>
	=====	=====	=====	=====	=====
Per share information					
Basic earnings per share (₦)	1.93	1.18	1.48	2.09	(5.16)
Net assets per share (₦)	52.03	50.83	49.65	48.17	46.07
Dividend paid (₦)	-	-	-	-	2.13
	=====	=====	=====	=====	=====