UNION HOMES
REAL ESTATE INVESTMENT TRUST

Annual Report & Account 2021

Fund Manager
SFS Capital

UNION HOMES REAL ESTATE INVESTMENT TRUST

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2021

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

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FUND MANAGER, PROFESSIONAL ADVISERS ETC

Directors of the Fund Manager:	Dr Layi Fatona - (Chairman) Mr. Patrick Ilodianya - (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, 3rd & 4th Floor, Afriland Towers, 97/105, Broad Street, Lagos.
Custodian:	UBA Global Investor Services, UBA House (11th Floor), 57, Marina, Lagos.
Registrar:	Greenwich Registrars & Data Solution, 274, Murtala Muhammed Way, Alogomeji, Yaba, Lagos.
Auditors:	Bakertilly, (Chartered Accountants), Kresta Laurel Complex (4th Floor), 376, Ikorodu Road, Maryland, Lagos.
Bankers:	United Bank for Africa Plc Polaris Bank Nigeria Limited

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.

....	....
Ilodianya Patrick	**Gbenro Yemi**
Director	**Director**
FRC/2013/ICAN/00000002177	**FRC/2014/CIB/00000002190**

STATEMENT OF TRUSTEES' 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 Trustees are meant to monitor the activities of the Fund Manager on behalf of and in the interest of the Unit holders.

3. The Trustees are required to monitor the register of Unit holders.

4. The Trustees are required to ascertain the profitability rationale for investment decision-making of the Fund Manager.

5. The Trustees are required to approve all major investments from the REIT's funds.

6. The Trustees are 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 Trustees are 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).

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Buky Ikeotuonye
FRC/2021 /003/00000024421

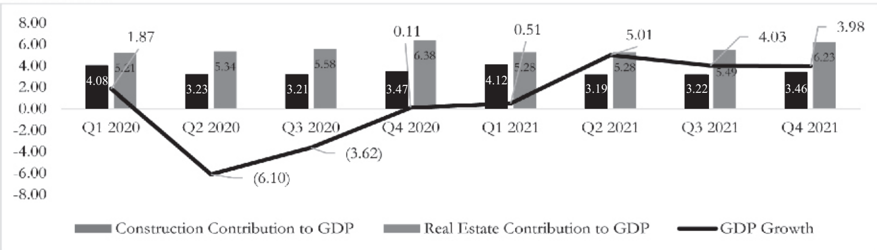
REPORT OF FUND MANAGER
FOR THE YEAR ENDED 31 DECEMBER, 2021

ECONOMIC REVIEW 2021

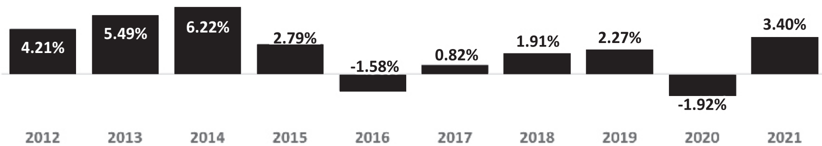
The Nigerian economy's growth trajectory went positive in 2021 growing by 3.98% (year-on-year) in real terms, showing sustained growth over the last five quarters since the recession in 2020 when output contracted by -6.10% and -3.62% in Q2 and Q3 of 2020 under the Covid pandemic.

The Q4 2021 growth rate was higher than the 0.11% growth rate recorded in Q4 2020 by 3.87% and lower than 4.03% recorded in Q3 2021 by 0.05%. Nevertheless, quarter on quarter, real GDP grew at 9.63% in Q4 2021 compared to Q3 2021, reflecting a higher economic activity than the preceding quarter.

Quarterly GDP Growth Figures for Nigeria's Economy, Construction and Real Estate Industries:

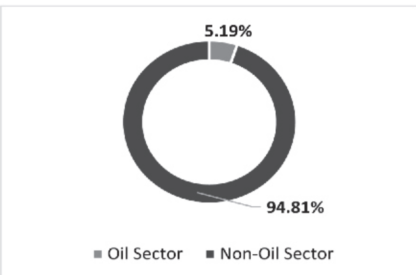


ANNUAL GDP GROWTH (2012 - 2021)

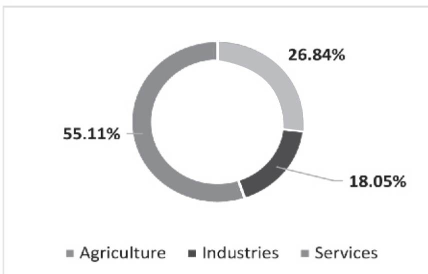


Source: National Bureau of Statistics

CONTRIBUTION OF OIL AND NON-OIL



CONTRIBUTION TO REAL GDP



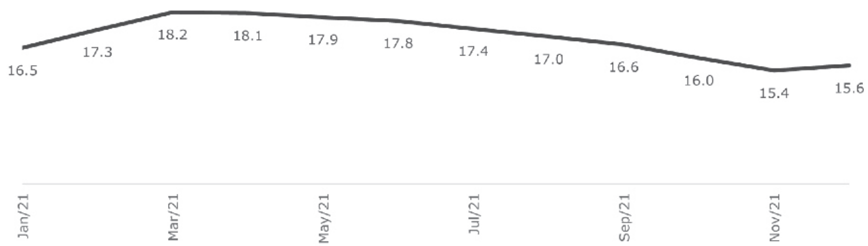
NON-OIL SECTOR

The Non-Oil sector contributed 94.81% to the nation's GDP in the fourth quarter of 2021, higher than the share recorded in the fourth quarter of 2020 which was 94.13%, and higher than the third quarter of 2021 recorded as 92.51%. The annual contribution in 2021 was 92.76%. This sector was driven in the fourth quarter of 2021 mainly by Agriculture (crop production); trade; Information and Communication (Telecommunication); and Financial and Insurance (Financial Institutions), accounting for positive GDP growth.

OIL SECTOR

The Oil sector contributed 5.19% to total real GDP in Q4 2021, down from figures recorded in the corresponding period of 2020 and down compared to the preceding quarter, where it contributed 5.87% and 7.49% respectively. Nevertheless, the sector contributed 7.24% to real GDP in 2021.

INFLATION RATE % (DECEMBER 2020 – DECEMBER 2021)



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

For the 8th consecutive month, headline inflation declined to 15.4% in November from its peak of 18.2% in March. The inflation rate was lowered due to reduced pressure on food prices. However, high food prices were the major cause of Nigeria's inflation in 2021.

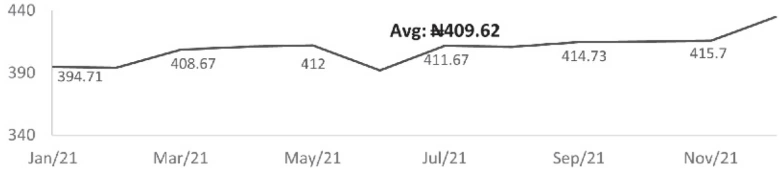
I&E FX WINDOW

The Investor and Exporters' (I&E) FX window introduced in April 2017, is one of the strategic instruments projected to support and stabilise the Naira against other currencies.
The Naira depreciated on the I&E FX Window by 4.1% to ₦410/US$ in Q1 2021 from ₦394/US$ in Q4 2020.

In May 2021, the CBN adopted the I&E Window rate as the official exchange rate. As a result, the performance of the Naira on the I&E Window showed some stability. However, reserves continued to decline.

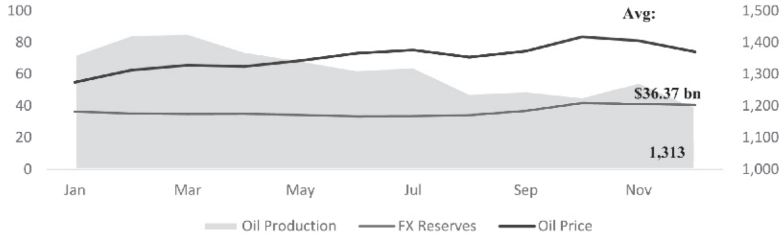
By December 2021, the I&E Window officially depreciated by 10.21%, closing the year with an exchange rate of ₦435.00 from ₦395.00 in January. This represented a loss in the value of the Naira.

I&E FX WINDOW RATES (USD/NGN)



Source: FMDQ, SFS Capital Research

NIGERIA'S FX RESERVES, BRENT PRICE & NIGERIA'S FX RESERVES (2020 – 2021)



Source: Central Bank of Nigeria, OPEC, SFS Capital Research
Oil Production – in thousands of barrels per day
FX Reserves – US$ Billion (bn)
Oil Price – Brent Crude US$ per barrel

Oil prices increased in 2021 as COVID-19 vaccination rates improved, loosening pandemic-related restrictions, and a growing economy resulted in global oil demand rising faster than supply. The price of Brent crude oil, a global benchmark, started the year at $50 per barrel and increased to a high of $86/b in late October before declining in the final weeks of the year.

FX reserves opened the year at $35.6 billion and increased to US$40.7bn in December. The increase was due to $3.35 billion Special Drawing Rights (SDRs) by the International Monetary Fund (IMF) in August 2021 and the $4 billion raised from the Federal Government's Eurobond in September.

2021 REAL ESTATE MARKET REVIEW AND 2022 OUTLOOK.

The real estate sector has been on a significant rise in both in volume and value of properties as the economy recovered from the 2020 recession with modest growth in 2021, following improved activities and demand in the residential, retail, hospitality, and industrial sub-sectors. The sector has witnessed steady growth since Q4 2020 after six consecutive quarters of contractions. In 2021 alone, the real estate sector grew by 1.77%, 3.85%, and 2.32% in Q1, Q2, and Q3 2021 respectively despite the rising cost of building materials.

However, key sectors such as the office and hospitality sectors remained subdued with offices recording vacancy levels of up to 36% for Grade B offices and the hospitality sector recording low occupancy levels of 55%. The rise of WFH (Work from Home) and Hybrid Work Style has continued to slow the demand for office spaces and caused a shift to co-working space demand and residential conversions.

In Nigeria, funding remains one of the major constraints to real estate development for property developers and prospective homeowners. Development challenges are exacerbated due to rapid urbanization, dilapidated infrastructure, and high poverty level compared to peer economies. Nevertheless, funding from private equity, REITs, banks and other financial institutions, mortgage, capital market issuances, and joint venture partnerships continues to lessen the funding gap.

As the nation moves to a pre-election year, the real estate sector traditionally is a significant beneficiary in pre-election expenditures as investors with more considerable investible cash allot a portion to the properties market. Thus, growth in the real estate sector is expected to range between 2.8% and 3.2%.

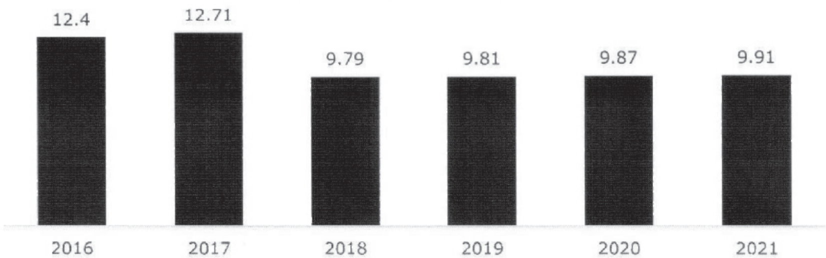
In 2022, increased investments are anticipated from both government and private investors which would be directed towards closing the infrastructure and housing deficits. In the residential space, we expect to see sustained demand for bigger and secured homes while we await competitive antagonism from office space property owners as the shift to coworking space continues. The rise of green construction, proptech and multi-use properties is expected to impact the real estate market in 2022.

FUND PERFORMANCE

The Union Homes Real Estate Investment Trust ("UHOMREIT" or "the Fund") generated gross revenue of ₦580.712mn in 2021 from ₦558.259million in 2020, representing a marginal increase of 4%.

Operating expenses decreased slightly by 0.5% in 2021. Net profit also increased by 5% to ₦397.712million from N377.158million recorded in the previous year. The NAV for the fund increased by 0.41% to ₦9.91billion at the end of 2021.

Net Asset Value (₦'billion)



The fund is proposing a dividend of ₦1.91 per share for the year ended December 2021 resulting in a dividend yield of 5.22%

Ilodianya Patrick
Director
FRC/2013/ICAN/00000002177

Gbenro Yemi
Director
FRC/2014/CIB/00000002190

REPORT OF THE TRUSTEE
FOR THE YEAR ENDED 31 DECEMBER, 2021

The Trustee hereby present their Report on the affairs of Union Homes Real Estate Investment Trust (The Fund) together with the Auditor's Report and Financial Statements for the year ended 31st December, 2021.

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 ("SEC") under the Investment and Securities Act 2007, it is governed by a Trust Deed with United Capital Trustees Limited as Trustee to the Fund. 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 practices. 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:

	2021	2020
	₦'000	₦'000
Net Asset Value	9,906,667	9,858,871

The Net Asset Value was increased from N 9,858,871(Restated) as at 31 December, 2020 to N 9,906,667 as at 31 December 2021.

Operating Results:

	2021	2020
	₦'000	₦'000
Net Income b/f Tax	402,484	379,160
Taxation	(4,772)	(2,002)
Net loss/income (After Tax)	397,712	377,158

ADMINISTRATION OF THE SCHEME

Income Generation:

During the period under review, Net Income before tax generated by the Fund was 6.15% higher in 2021 compared to 2020. The Fund Manager was able to maximize returns to the Unitholders by increase in its earnings per share from ₦2.01 in 2020 to ₦2.11 in 2021 which represents about 4.98% increase.

Rating and Valuation:

The Fund Manager is required to carry out valuation of the REIT's properties every (2) two years and this was done as required. The Fund Manager was able to conclude on the Rating of the REIT as stipulated by the SEC Rule.

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, 2021 was 90.93% in Real Estate and Real Estate Related Investments, while 9.07% was invested in Liquid Assets. The total Investments in Real Estate and Real Estate Related Assets was 90.93 which was slightly higher than the 90% requirement by the REIT's Trust Deed. We believe that the Fund Manager will re- balance their portfolio and align with the Trust Deed Asset Class.

The Trustee are of the opinion that the Management of the Fund has been in compliance with the provisions of the Trust Deed and the Investment and Securities Act, 2007.

Auditor: 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 -	Greenwich Registrars & Data Solutions
Auditors -	Baker Tilly Nigeria
Custodian -	UBA Global Investor Services

BY ORDER OF THE TRUSTEE
United Capital Trustees Limited
3rd & 4th Floor, Afriland Towers
97/105, Broad Street
Lagos

22nd March 2022

Buky Ikeotuonye
FRC/2021 /003/00000024421

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.

Ilodianya Patrick	**Gbenro Yemi**
Director	**Director**
FRC/2013/ICAN/00000002177	**FRC/2014/CIB/00000002190**

bakertilly

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Website: www.bakertilly.ng

REPORT OF THE INDEPENDENT AUDITOR

TO THE MEMBERS OF
UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

Report on the Audit of the Financial Statements

Opinion

To the directors of Union Homes Real Estates Investment Trust (REIT) We have audited the financial statements of Union Homes Real Estates Investment Trust (REIT) (the company) set out on Pages 15 to 41 which comprise the statement of financial position as at 31 December, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Union Homes Real Estates Investment Trust (REIT) as at 31 December, 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, 2020.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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 in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1 and 3) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled Union Homes Real Estates Investment Trust (REIT) financial statements for the year ended 31 December 2021, which includes the Directors' Report as required by the Companies and Allied Matters Act 2020 and the Detailed Income Statement, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act 2020, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

  Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act, 2020 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) in our opinion, proper books of account have been kept by the Company; and

iii) the Company's statements of financial position and profit or loss and other comprehensive income are in agreement with the books of account.

....

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

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

Lagos, Nigeria
23 March, 2022

STATEMENT OF COMPREHENSIVE INCOME (TOTAL RETURN) FOR THE YEAR ENDED 31 DECEMBER, 2021

	Note	2021 ₦'000	2020 ₦'000
Investment income	3	580,712	558,259
Deduct:			
Operating expenses	4	(178,228)	(179,099)
Net income before taxation		402,484	379,160
Taxation	5	(4,772)	(2,002)
Net income after taxation	16	397,712	377,158
Net increase in unit holder's fund from investment activities		397,712	377,158
Earnings per unit basic(₦)		2.11	2.01

The notes on pages 20 to 41 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2021

Assets:	Note	2021	2020
Current Assets		₦'000	₦'000
Cash and cash equivalents	6	738,356	148,731
Financial assets at amortized cost	7	539,456	813,101
Other assets	8	6,177	6,721
Trade and other receivables	9	99,110	64,819
Property & equipment	10	47,050	31,602
Total current assets		1,430,149	1,064,974
Non-Current Assets			
Investment properties	11	9,932,059	9,932,059
Total assets		11,362,208	10,997,033
Liabilities:			
Current Liabilities			
Rent received in advance	12	195,689	182,056
Accruals and other payables	13	1,248,953	943,156
Total current liabilities		1,444,642	1,125,212
Non-Current Liabilities			
Rent received in advance	12	10,899	12,950
Total liabilities		(1,455,541)	(1,138,162)
Net assets			
		9,906,667	**9,858,871**
Equity and Reserves			
Unit holders Equity	14	9,406,353	9,406,353
Retained earnings	15	500.314	452,518
Unit holders' Fund		**9,906,667**	**9,858,871**

Patrick Ilodianya	**Yemi Gbenro**	**Dimeji Sonowo**
Managing Director	**Director**	**Executive Director**
FRC/2013/ICAN/00000002177	**FRC/2014/CIB/00000002190**	**FRC/2013/ICAN/00000002089**

The notes on pages 20 to 41 form an integral part of these financial statements

PORTFOLIO STATEMENT

FOR THE YEAR ENDED 31 DECEMBER, 2021

	2021 Market value	2021 Percentage of portfolio	2020 Market	2020 Percentage of net assets
	₦'000	%	₦'000	%
Real estate	9,432,059	86.35	9,432,059	87.32
Real estate related	500,000	4.58	500,000	4.63
	9,932,059	90.93	9,932,059	91.95
Money market investments				
Cash and cash equivalent	738,356		148,731	
Financial assets held to maturity	539,456		813,101	
	1,277,812		961,832	
Unclaimed dividend	(286,482)		(92,241)	
	991,330	9.07	869,591	8.05
Total value of portfolio	10,923,389	100	10,801,650	100

The Fund is expected to invest a minimum of 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, 2021, the Fund's investment in Real Estates and real estate related was about 91% of the Fund's total assets.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 ₦'000	2020 ₦'000
Operating profit before working capital changes	16.1	416,772	399,362
Working capital changes	16.ii	283,632	(52,167)
Income tax paid		(4,772)	(2,002)
Net cash flow from operating activities		695,632	345,193
Cash flow from investing activities:			
Development of investment in properties		-	(11,765)
Purchases of PPE		(29,736)	(1,586)
Investment in money market		273,645	(505,455)
Net cash flow from investing activities		**243,909**	**(518,806)**
Financing activities			
Dividend paid		(349,916)	(329,222)
		(349,916)	(329,222)
Net increase/(decrease) in cash and cash equivalent		589,625	(502,835)
Cash and equivalents brought forward		148,731	651,566
Cash and cash equivalent at the end of the year	6	**738,356**	**148,731**

The notes on pages 20 to 41 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2021

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 minimum 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.

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 and interpretations issued/amended but not yet effective

The standards listed below have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2021. The Company has not applied the following new or amended standards in preparing these financial statements as it plans to adopt these standards at their respective effective dates. Insights on these new standards/amendments are provided below.

Amendments to IAS 1, Presentation of financial statements' on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.
Published	January 2021
Effective date	Annual periods beginning on or after 1 January 2022
A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1,	Amendments to IFRS 3,' Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and

IFRS 9, IAS 41 and IFRS 16	equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, ' Leases'. The Company is not early adopting these amendments and this amendment does not have any effect on the financial statements of the Company in 2021.
Published	May 2021
Effective date	Annual periods beginning on or after 1 January 2022
IFRS 17, 'Insurance contracts'	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. This amendment does not have any effect on the financial statements of the Company.
Published	May 2017
Effective date	Annual periods beginning on or after 1 January 2023

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 or for disposal.

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 is met.

Subsequent to initial recognition, investment properties are stated at cost less impairment losses. The investment properties are valued periodically and the amount on valuation stated as a way of note in the financial statements. Gains or losses arising from changes in the value are not recognized in the books until such investment properties are disposed of.

Investment property is de-recognized 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 recognized 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.
-

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.

(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.

(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 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.

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.

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.

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.

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.

Increase from money market investments

The Fund receives interest on money market instruments and this is recognized in the accounts when the amount is paid to the fund bank accounts. The Fund main investments in treasury bills and banks fixed deposit.

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.

		2021 ₦'000	2020 ₦'000
3.	**Investment income**		
	Rental income	477,467	456,929
	Interest from deposits	98,443	94,902
	Sundry income (note 3.1)	4,802	6,428
		580,712	558,259

Interest from deposits reduced substantially during the year because of a slump in the money market.

		2021 ₦'000	2020 ₦'000
3.1	**Sundry income**		
	Legal fee	-	6,428
	Scrap sales	4,802	-
		4,802	6,428

		2021 ₦'000	2020 ₦'000
4.	**Operating expenses**		
	Management fee	99,128	99,070
	Property maintenance expenses	26,053	22,055
	Depreciation plant & machinery	14,288	20,202
	Insurance fee	10,250	10,550
	Custodian fees	9,913	9,907
	Regulatory fee	3,035	3,113
	Audit fee	3,000	3,000
	Rating agency	2,500	2,500
	Provision for AGM expenses	2,500	2,500
	Trusteeship fee	2,500	2,500
	Agency commission	-	540
	Registrars fee	344	331
	Legal charges	2,022	1,734
	Independent Member sitting allowance	1,200	1,080
	Bank charges	20	17
	SEC Supervisory fee	1,075	-
	Travel-Local	401	-
		178,228	179,099

		2021	2020
5.	**Taxation**	**₦'000**	**₦'000**
	Withholding tax paid	4,772	2,002

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.

6. **Cash and cash equivalents**

	2021	2020
Cash at bank	4,417	7,281
Short-term deposits	733,939	141,450
	738,356	148,731

The **details of short term deposits are:**

	Principal Amount ₦'000	Principal Amount ₦'000
UBA Nominee	30,944	55,307
UBA Trustees	-	65,000
Polaris Bank Nigeria Limited	702,995	-
Sterling Bank Plc	-	21,143
	733,939	141,450

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.

7. **Financial assets at amortized cost Investment in treasury bills**	**Fair Value**	**Discounted**	**Tenor**
2020			
Medium Term Note	40,184	40,000	2,190 days
Federal Government Bond	772,917	615,530	17,520 days
	813,101	655,530	
2021			
Medium Term Note	40,340	40,000	1,825days
Fixed deposit	96,860	96,860	180days
Federal Government Bond	402,256	400,000	10,220days
	539,456	536,860	

		2021	2020
8.	**Other assets – prepayments**	**₦'000**	**₦'000**
	Insurance – fire and special peril policy	6,177	6,721

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

	2021	2020
	₦'000	₦'000
Apartment in Savannah, locke Macdonald, Victors Court and Sinari	3,877	4,308
Apartments in Olusegun Aina		
Amina and Mike Akhigbe	1,020	1,136
28A, Rumens Street, Ikoyi	1,280	1,280
Amina Court, Abuja	294	294
	6,177	6,721

9. **Trade and other receivables**

	2021	2020
Rent receivable (note 9.1)	64,067	64,476
Other receivables:		
Interest receivable (note 9.2)	35,043	343
	99,110	64,819

9.1 **Rent receivable**

Rent receivable on properties as at 31 December, 2021 comprises of rent due on the following properties:

	2021	2020
McDonald Court, Block 4-6 McDonald	₦'000	₦'000
Road Ikoyi, Lagos	27,702	29,177
Amina Court	5,580	4,042
Savannah Court	9,199	9,199
Victors Court	-	751
9, Mike Akhigbe Way, Abuja	9,403	8,921
Plot 3, Blokc A4, Olusegun Aina Street, Ikoyi	7,337	5,032
28A, Rumen Property	3,795	3,631
Locke apartments	1,051	3,723
	64,067	64,476

9.2 **Interest receivable**

Interest receivable are accrued interests on deposits with Polaris Bank Plc. The deposits have maturity periods of between one day and twelve months.

10. Property, plant and equipment

	Plant and Machinery ₦'000	Household equipment ₦'000	Total ₦'000
Cost			
As at 1/1/2021	66,530	19,843	86,373
Additions	28,682	1,054	29,736
Disposal	-	-	-
As at 31/12/2021	95,212	20,897	116,109
Depreciation			
As at 1/1/2021	47,160	7,611	54,771
Charged for the year	10,213	4,075	14,288
Disposal	-	-	-
As at 31/12/2021	57,373	11,686	69,059
Net book value			
31 December, 2021	37,839	9,211	47,050
31 December, 2020	19,370	12,232	31,602

11. Investment properties

	2021 ₦'000	2020 ₦'000
Completed investment property		
At start of the period	9,932,059	9,920,294
Capital expenditure on property during the year	-	11,765
Disposal	-	-
At end of the period	9,932,059	9,932,059

This is detailed as follows:

Movement in the year ended 31 December, 2021

	1/1/2020 ₦'000	Net Additions/ disposals ₦'000	31/12/2020 ₦'000
Apartment at McDonald Court			
Block 4-6 McDonald Road, Ikoyi Lagos	1,143,143	-	1,143,143
11A, Sapara Williams Street, V.I.	1,733,875	-	1,733,875
Plot 3, Block A4, Olusegun Aina Street, Ikoyi	455,900	-	455,900
9 Mike Akhigbe Way, Abuja	418,421	-	418,421
1 Sinari Daranijo Street, Victoria Island	2,692,455	-	2,692,455
Victors Courts 2, Palace Road, Parkview, Ikoyi	308,202	-	308,202
28a, Rumens Street, Ikoyi	1,703,461	-	1,703,461
Amina Court	310,900	-	310,900
Locke Apartments	665,701	-	665,701
FGN Sukuk	300,000	-	300,000
FGN Sukuk	200,000	-	200,000
	9,932,059	-	9,932,059

Movement in the year ended 31 December, 2020

	1/1/2021 ₦'000	Net Additional/ disposal ₦'000	31/12/2021 ₦'000
Apartment at McDonald Court			
Block 4-6 McDonald Rd, Ikoyi Lagos	1,143,143	-	1,143,143
11A Sapara Williams Str. V/I Lagos	1,733,875	-	1,733,875
Plot 3, Block A4, Olusegun Aina Str. Ikoyi	455,900	-	455,900
9, Mike Akhigbe Way, Abuja	417,490	932	418,421
1 Sinari Daranijo Street, V/I	2,681,622	10,833	2,692,455
Victors Courts, No. 2, Palace Rd, Parkview	308,202	-	308,202
28a, Rumens Street, Ikoyi	1,703,461	-	1,703,461
Amina Court	310,900	-	310,900
Locke apartments	665,701	-	665,701
FGN Sukuk	300,000	-	300,000
FGN Sukuk2	200,000	-	200,000
	9,920,294	11,765	9,932,059

		2021 ₦'000	2020 ₦'000
12.	**Rent received in advance**		
	At 31 December	206,588	182,506
	Analysed into:		
	Current liability	195,689	182,056
	Non-current liability	10,899	12,950
		206,588	195,006
	Movement in rent received in advance		
	Balance at beginning	195,006	227,349
	Recognised as income during the year	(383,861)	(394,261)
	Rent received during year	395,443	361,918
	Balance at end	206,588	195,006

31 December, 2021

Property at	Type	Current Portion ₦'000	Non-current portion ₦'000	Expiry date
Locke Apartment at Lekki	Residential	21,229	-	13/12/2022
Rumens Road	Residential	36,297	-	14/12/2022
Victors Court	Residential	5,438	-	31/10/2022
Amina Court at Abuja	Residential	2,251	-	31/10/2022
Sapara Williams	Residential	40,359	49	03/01/2023
Olusegun Aina	Residential	1,190	-	31/7/2022
Olive mast	Residential	2,095	10,850	06/01/2028
Mike Akhigbe	Residential	11,154	-	31/12/2022
Sinari Daranijo	Residential	56,658	-	07/07/2022
McDonald Court	Residential	19,018	-	30/7/2022
		195,689	10,899	

31 December, 2020

Property at	Type	Current Portion ₦'000	Non-current portion ₦'000	Expiry date
Locke Apartment at Lekki	Residential	11,969	-	30/11/2021
Rumens Road	Residential	30,134	-	15/11/2021
Victors Court	Residential	1,626	-	6/11/2021
Amina Court at Abuja	Residential	4,868	-	31/10/2021
Sapara Williams	Residential	39,169	-	8/12/2021
Olusegun Aina	Residential	5,693	-	31/7/2021
Olive mast	Residential	2,095	12,950	31/7/2021
Mike Akhigbe	Residential	9,234	-	31/12/2021
Sinari Daranijo	Residential	56,803	-	07/07/2021
McDonald Court	Residential	20,465	-	30/09/2021
		182,056	12,950	

			2021 ₦'000	2020 ₦'000
13.	**Accruals and other payables**			
	Accruals (13.1)		801,739	694,165
	Other payables (13.2.)		447,214	248,991
			1,248,953	943,156
13.1	**Accruals**			
	Unearned income from share swap	(13.1.1)	625,391	625,391
	Accrued income		64,067	64,476
	Accrued AGM expenses		1,990	998
	SEC Regulatory fee		1,075	-
	Interest to be received in advance		18,408	299
	Deferred income on Bond		87,807	-
	Audit and other professional fees		3,001	3,001
			801,739	694,165

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.

	2021 ₦'000	2020 ₦'000
13.2 Other payables		
Sundry customers	9,272	8,774
Management fees	99,128	99,070
Trusteeship fee	2,500	2,500
Rating agency fee	6,425	5,000
Withholding tax	16,696	16,821
Caution deposit	16,718	14,598
Unclaimed dividend payable	286,482	92,241
Other payable	80	80
Custodian fees	9,913	9,907
	447,214	248,991

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

	2021 ₦'000	2020 ₦'000
14. Unit holders equity		
Units offered for subscription:		
970,873,787 units at ₦51.50 each	50,000,000	50,000,000
Units issued and fully paid up		
188,127,066 units at ₦50 each (nominal value)	9,406,353	9,406,353

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.

In 2018, 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.

	12 Months Ended 31 Dec. 2021 ₦	Restated 12 Months ended 31 Dec. 2020 ₦	Audited 12 Months ended 31 Dec.2020 ₦
15. Retained earnings			
At the beginning	452,518	404,582	404,582
Dividend paid	(349,916)	(329,222)	(329,222)
Transfer from income statement	397,712	377,158	389,658
	500,314	452,518	465,018

During the year 2020 rental income paid for year 2021 was recognized in the accounts thereby over stating the revenue, this has however been corrected thereby resulting in the restatement of the 2020 retained earnings.

16. **Cashflow reconciliation**

	2021	2020
i) Operating profit before working capital changes		
Net income before tax	402,484	379,160
Depreciation	14,288	20,202
	416,772	399,362
ii) Working capital changes		
Net decrease/(increase) in receivables and other assets	(33,747)	35,650
Net (decrease)/increase in other liabilities and provisions	13,633	(28,175)
Net (decrease)/increase in accruals and other payables	305,797	(55,474)
Net (decrease)/increase in rent received in advance (non-current)	(2,051)	(4,168)
Net cash flow from operating activities	283,632	(52,167)

17. **Related party transactions**

During 2021 financial year, there was no related party transaction recorded in the company.

Management fee

Management fee payable for the year ended 31 December, 2021 in respect of this service is calculated at 1% of the net asset value of the Fund. This has been calculated to be ₦99,128,000 represents 17.07% per annum of the gross income for the year.

18. **Going concern**

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

19. **Contingent Liabilities**

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

20. **Approval of Financial Statements**

These financial statements were approved by the Investment Committee of the company on 23 March, 2022.

STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER, 2021

	2021 ₦'000	%	2020 ₦'000	%
Gross earnings	580,712		558,259	
Deduct:				
Administrative overheads and payments for other services in Nigeria	(64,812)		(47,327)	
Value added	515,900	100	510,932	100
Applied as follows:				
Fund manager's remuneration	99,128	19	99,070	19
Government as taxes	4,772	1	2,002	1
Retained earnings for future				
Expansion, distribution and maintenance of assets				
Depreciation	14,288	3	20,202	4
Net income after taxation	397,712	77	389,658	76
Value added	515,900	100	510,932	100

FINANCIAL SUMMARY

	2021 ₦'000	2020 ₦'000	2019 ₦'000	2018 ₦'000	2017 ₦'000
Cash and cash equivalents	738,356	148,731	651,566	80,446	417,392
Other assets	6,177	6,721	6,721	6,721	6,893
Trade and other receivables	99,110	64,819	100,469	239,494	318,286
Investment properties	9,932,059	9,932,059	9,920,294	9,637,916	11,608,813
Property, plant & equipment	47,050	31,602	50,218	33,173	41,233
Financial assets held to maturity	539,456	813,101	307,646	970,954	914,676
	11,362,208	10,997,033	11,036,914	10,968,704	13,307,293
Liabilities					
Rent received in advance	206,588	195,006	17,118	119,022	111,178
Accruals and other payables	1,248,953	943,156	1,208,861	1,060,103	468,022
Provisions	-	-	-	-	20,013
	1,455,541	1,138,162	1,225,979	1,179,125	599,213
Equity					
Unit holders equity	9,406,353	9,406,353	9,406,353	9,406,353	12,500,989
Retained earnings	500,314	452,518	404,582	383,226	207,091
	9,906,667	9,858,871	9,810,935	9,789,579	12,708,080
	11,362,208	10,997,033	11,036,914	10,968,704	13,307,293
Profit and loss					
Investment income	580,712	558,259	552,901	541,096	530,622
Profit/loss before taxation	402,484	379,160	366,094	363,650	324,998
Taxation	(4,772)	(2,002)	(15,516)	-	(30,292)
Profit after taxation	397,712	377,158	350,578	363,650	294,706
Per share information					
Basic earnings per share (₦)	2.11	2.01	1.86	1.93	1.18
Net assets per share (₦)	52.66	52.41	52.15	52.03	50.83

In 2018, 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.
As at the date of this report the shares have not been taken up.

Annual Report & Account 2021

Fund Manager

SFS Capital