



# ANNUAL REPORT & ACCOUNTS 2019



Fund Manager:



RC 956192

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## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 7<sup>th</sup> Annual General Meeting of the Unitholders of Union Homes Real Estate Investment Trust Fund will hold as follows:

**Date:** Wednesday, September 23, 2020  
**Venue:** The Ivory Victoria Island  
226A, Muri Okunola Street  
Victoria Island, Lagos  
**Time:** 11:00 a.m.

**The following businesses will be transacted at the meeting as Ordinary Business:**

1. To receive, consider and adopt the Audited Financial Statements for the year ended December 31, 2019 and the reports of the Fund Managers thereon.
2. To declare a dividend of N1:75k per unit of Union Homes Real Estate Investment Trust Fund.

**The Special Business of the day shall be:**

1. To authorize the Fund Manager and Trustee to fix the remuneration of the Auditors for the ensuing year.

Dated this 21<sup>st</sup> day of August 2020

**BY ORDER OF THE MANAGER**

**Charles Musa&Co**  
*Company Secretary*

**NOTES:**

**Proxies**

1. Only Unit holders are entitled to be represented at the Meeting. A Unit holder entitled to attend, and vote may appoint a proxy to attend and vote in his stead. A Proxy need not be a Unit holder.
2. Unitholders should note that in view of the COVID-19 pandemic and following the Government's restrictions on public gatherings, the approved mode of attendance at the meeting shall only be by proxy to ensure public health and safety. A Member entitled to attend and vote at the AGM is advised to select from the under listed proposed proxies:
  - Yemi Gbenro
  - Abimbola Ibrahim
  - Temitope Orehowere
3. All Proxy Forms should be assessed and stamped at the Stamp Duties Commission and should be deposited at the office of the Fund Manager, SFS Capital Nigeria Limited located at Plot 287, Ajose Adeogun Street, Victoria Island, Lagos or at the Office of the Registrar, GTL Registrars Ltd 274, Murtala Muhammed Way, Yaba, Lagos, Nigeria not later than 48 hours prior to the time for holding the meeting or adjourned meeting.

**Distribution**

If the distribution of N1:75k per unit proposed by the Fund Manager is approved at the Meeting, distribution will be payable on Wednesday, September 23, 2020 to unit holders whose names appear in the Register of Unit Holders at the close of business on Friday, 21 August, 2020. Unit holders who have completed the E- Mandate forms will receive a direct credit of the distribution into their bank accounts

**Closure of the Register**

The Register of Unit holders and Transfer Books of Union Homes Real Estate Investment trust Fund will be closed on Monday August 24, 2020 to Friday August 28, 2020 for the purpose of ascertaining the Unit holders that qualify for the proposed Distribution for the period ended December 31, 2019.

UNION HOMES REAL ESTATE INVESTMENT TRUST

## Notice of Annual General Meeting

### E-Dividend Mandate

Unit holders are kindly requested to update their records and advise GTL Registrars Limited of their updated records and relevant bank accounts for payment of their Dividend. Detachable forms in respect of mandate for e-dividend payment and unit holder's data update are attached to the Annual Report for convenience. The forms can also be downloaded from the Fund's website at [www.unionhomesreit.com/](http://www.unionhomesreit.com/) or from GTL Registrars Limited's website at [www.gtlregistrars.com](http://www.gtlregistrars.com)

Dated this 21<sup>st</sup> day of August 2020

**BY ORDER OF THE MANAGER**



**CHARLES MUSA & CO**

*Company Secretary*

1st Floor, Mandilas Building Annex,  
35 Simpson Street,  
Lagos Island, Lagos, Nigeria.



## Fund Manager, Professional Advisers Etc

<b>DIRECTORS OF THE FUND MANAGER:</b>	<p>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)</p>
<b>FUND MANAGER:</b>	<p>SFS Capital Nigeria Limited,          Plot 287, Ajose Adeogun,          Victoria Island,          Lagos.</p>
<b>TRUSTEE TO THE FUND:</b>	<p>United Capital Trustees Limited,          3<sup>rd</sup> &amp; 4<sup>th</sup> Floor, Afriland Towers,          97/105, Broad Street,          Lagos.</p>
<b>CUSTODIAN:</b>	<p>UBA Global Investor Services,          UBA House (11<sup>th</sup> Floor),          57, Marina, Lagos.</p>
<b>REGISTRAR:</b>	<p>Greenwich Registrars &amp; Data Solution,          274, Murtala Muhammed Way,          Alogomeji, Yaba,          Lagos.</p>
<b>AUDITORS:</b>	<p>Bakertilly,          (Chartered Accountants),          Kresta Laurel Complex (4<sup>th</sup> Floor),          376, Ikorodu Road,          Maryland,          Lagos.</p>
<b>BANKERS:</b>	<p>United Bank for Africa Plc          Polaris Bank Nigeria Limited          Sterling Bank          Wema Bank</p>

## 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.



**Ilodiana Patrick**  
**Director**

FRC/2013/ICAN/00000002177



**Gbenro Yemi**  
**Director**

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).



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

## Report of Fund Manager

FOR THE YEAR ENDED 31 DECEMBER, 2019

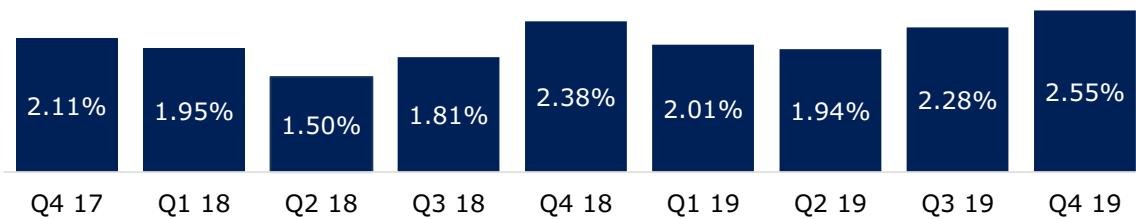
### ECONOMIC REVIEW

The Nigerian economy's growth trajectory remained positive throughout 2019, with ten consecutive quarters of growth from Q3 2017.

In the first half of 2019, there was slow momentum within the Nigerian economy, with Q1 growth at 2.01% and Q2 growth slowing to 1.94%. Growth in the first half of the year was driven by the non-oil sector, specifically Information and Communications Technology (ICT) and Construction sectors growing 11.81% and 7.9% respectively.

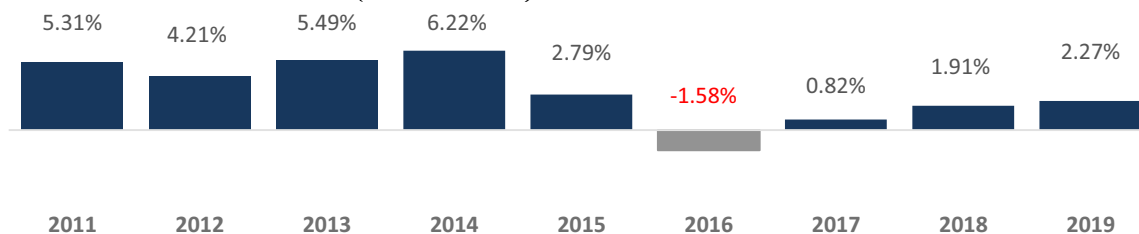
In the second half of 2019, economic performance in Q4 2019 was driven primarily by the Oil sector (which is only 8.78% of GDP), which grew 4.59% in 2019 compared to 0.97% in 2018. The performance of the sector was due to steady production which reached a three-year high of 2.04 million barrels per day in the Q3 2019.

### QUARTERLY GDP GROWTH (O4 2017 – O4 2019)



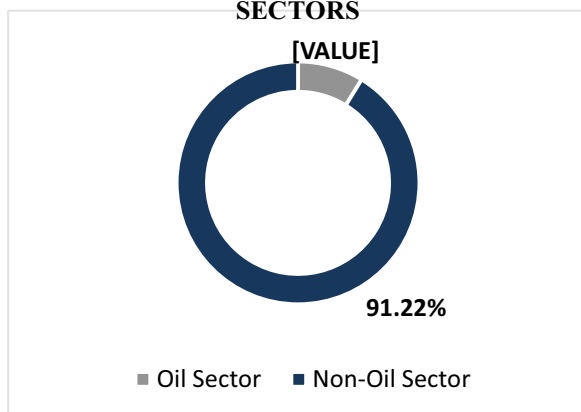
Source: National Bureau of Statistics (NBS), SFS Capital Research

### ANNUAL GDP GROWTH (2011 – 2019)

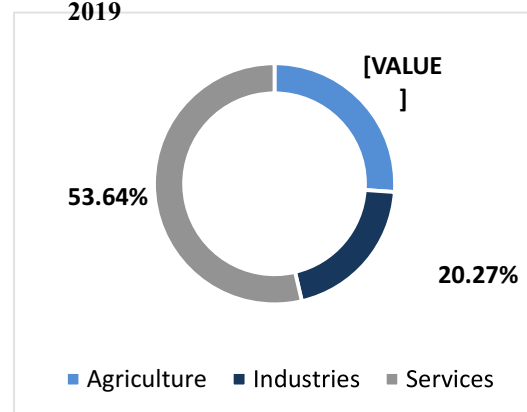


Source: National Bureau of Statistics (NBS), SFS Capital Research

### CONTRIBUTION OF OIL AND NON-OIL SECTORS



### CONTRIBUTION TO REAL GDP 2019



## Report of Fund Manager

FOR THE YEAR ENDED 31 DECEMBER, 2019

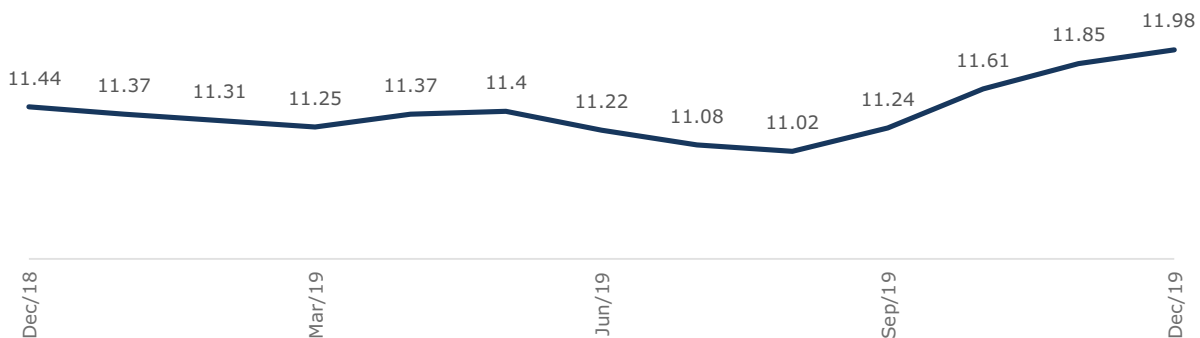
### NON-OIL SECTOR

The Non-Oil sector's contribution to GDP in Q4 2019 was 92.68% in contrast to 92.94% in 2018. The annual contribution however was 91.22%. There were developments across all the sub-sectors, driven mainly by the Information and Communication sector (telecommunications). Other drivers were Financial Institutions, Agriculture, Mining and Quarrying, Transportation and Storage, and Manufacturing. 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 8.78% of annual GDP in 2019. In Q4 2019, Nigeria recorded average daily oil production of 2.00 million barrels per day (mbpd), remaining above 2 mbpd throughout 2019. This output was 0.04mbpd lower than the daily average production recorded in Q3 2019 but 0.09mbpd higher than the daily average production in Q4 2018.

### INFLATION RATE % (DECEMBER 2018 – DECEMBER 2019)



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

Between January and December, headline inflation increased from 11.44% to 11.98%. The year started with headline inflation at 11.44% yoy in January, lowering to 11.25% in March. This slow-down occurred until August, before the rate gradually increased month on month to 11.98% in December. This was due to the impact of the land border closure which affected key commodities in December such as rice and turkey. The average inflation rate for 2019 was lower at 11.39% compared to 12.15% in 2018.

### 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 2019 into the economy and is one of the strategic instruments projected to support and stabilise the Naira against other currencies. On the back of falling FX reserves, together with the success of the I&E window, the average exchange rate of Naira to US dollar in 2019 was ₦361.93.

The Naira came under pressure in the third quarter of the year, due to a decrease in FX supply from FPIs "Foreign Portfolio Investors". Naira gradually appreciated from ₦365/USD in January to ₦360/USD in March. The naira remained stable until August, depreciating to ₦362/USD. The naira eventually depreciated further to ₦364/USD before the end of 2019.

There has been a substantial decrease in FX supply from FPIs at the I&E window in 2019 and liquidity was sourced mainly from local sources, including the CBN.

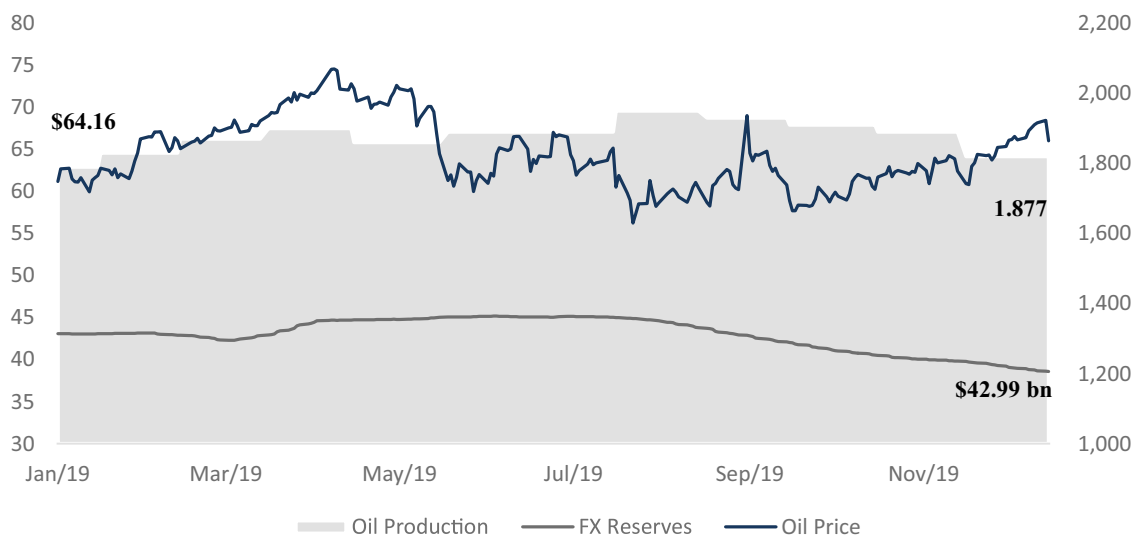
## Report of Fund Manager

FOR THE YEAR ENDED 31 DECEMBER, 2019

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



### NIGERIA CRUDE OIL PRODUCTION, BRENT PRICE & NIGERIA'S FX RESERVES (2018 – 2019)



Source: Bloomberg, 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

The price of Brent Crude Oil traded at an average of US\$64.16 per barrel in 2019, increasing 28% from an average of US\$54.68 per barrel in 2018. Brent prices reached an annual daily low of US\$55 per barrel in early January, rising to a daily high of US\$75 per barrel in late April. On the 16<sup>th</sup> of September 2019, the first full day of trading after an attack on key energy installations in Saudi Arabia, Brent oil prices increased by US\$9 per barrel. The price increases were relatively short lived, and prices returned to pre-attack levels by the end of the month because of Saudi Arabia's ability to bring production back online within weeks of the attack and global concerns about demand growth.

Crude oil production from major producers such as Saudi Arabia, Venezuela, and Iran declined in 2019. Total OPEC crude oil production averaged 29.8 million barrels per day in 2019, a decline from the 2018 average of 32 million barrels per day.

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.

### REAL ESTATE MARKET REVIEW

Land prices increased in Lagos with prime areas such as Victoria Island and Old Ikoyi increasing by 11.3% and 20% YoY. The price of land in Agungi increased by approximately 18.9%. The

## Report of Fund Manager

FOR THE YEAR ENDED 31 DECEMBER, 2019

Sangotedo area is currently the primary beneficiary of the current development in the Lagos Free Trade Zone and is projected to have increased in value by 21% in 2018. It has continued to grow in value with the completion of gated communities and medium sized retail stores.

To benefit from the current high demand for 1 bed apartments in Lekki Phase 1 and Victoria Island, landlords have begun to remodel larger houses, typically with 4 rooms and above, and leasing them out as studios and 1-beds. Affordable housing, student housing and rent-to-buy schemes with flexible payment terms are likewise in high demand as consumers pass through the tough economy (Northcourt Real Estate, 2020).

To develop, communal living, an arrangement where tenants stay in multi-room apartments are becoming more popular. They meet the convenience needs of young, single tenants. Co -living is growing fast due to developers not being able to respond to the demand for Studios, 1 and 2 Beds.

Vacancy rates for Yaba, Magodo II and Ikeja GRA in the last quarter of 2019, were 5%, 4%, and 10% respectively an increase from 2%, 1% and 4% respectively recorded in the first half of 2019. Surulere and Lekki Phase 1 had vacancy rates of 10% and 16%, a decline from 22% and 18% reflecting the conversions to from residential to commercial use (Northcourt Real Estate, 2020).

### Average Residential Vacancy Rates in Abuja and Lagos

Location	Vacancy Rate	Location	Vacancy Rate
<b>Abuja</b>		<b>Lagos</b>	
Gwarimpa	5%	Old Ikoyi	35%
Apo	15%	Lekki 1	16%
Utako	10%	Victoria Island	20%
Lugbe	8%	Oniru	13%
Katampe	30%	Yaba	5%
Wuse 2	8%	Surulere	10%
Jabi	8%	Ikeja GRA	10%
Maitama	5%	Magodo II	4%

Source: Northcourt Real Estate (2020)

Global investment in property technology has grown from \$1.4 billion in 2011 to \$13.7 billion in 2019. Developers are leveraging technology in the construction and management of buildings, to meet up with security and sustainability requirements as well as to reduce both costs and construction times.

Security has grown as a critical selector tool in the residential market. Secure gated communities are priced higher than estates perceived to be less so. Investment thinking in property is shifting as some expect the new administration to devalue the currency with the uncertainty around this delaying property purchasing decisions. Investors are opting to buy assets out of the country. Many are looking to sell local assets. On this backdrop is the migration of young and middle-aged professionals to Western economies, a fact not lost on the balance sheets of local agents. The residential real estate market is gradually picking up. Tenants pushed for better deals with Landlords making little or no reductions. Mini flats, 1 and 2 Bed flats remain favorites. (Northcourt Real Estate, 2020).



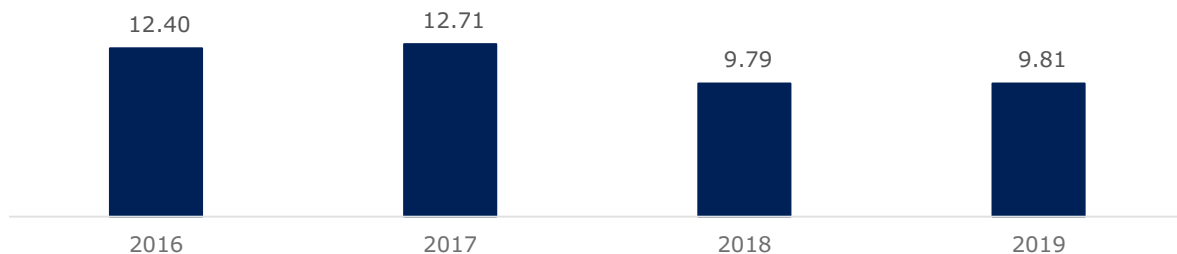
## Report of Fund Manager

FOR THE YEAR ENDED 31 DECEMBER, 2019

### FUND PERFORMANCE

Union Homes Real Estate Investment Trust (“UH REIT” or “the Fund”) recorded gross income of ₦553 million, a slight decrease of 1.55% from the year before. However, rental income increased by 44.81% to ₦381 million, with interest and sundry income being responsible for the drop in gross income. Operating expense increased by 5.28% driven by one-off expenses such as agency commission and legal expenses, as well as non-cash expense (depreciation). The average occupancy rate on the properties of the Fund increased from 56.11% to 94.22% in 2019. Occupancy improved significantly at two properties, Olive Apartment and Continental Apartment, to 75% and 100% respectively. Both were previously empty as at the end of 2018. The Net Asset Value (“NAV”) recorded an increase of 0.20% to close at ₦9.81 billion in 2019.

**Net Asset Value (₦'billion)**



In 2019, the Fund paid out dividend in the sum of ₦329 million (₦1.75 per share), representing an increase of 133% from the previous year. The Fund is proposing a dividend of ₦1.75 per share for the year ended December 2019 to be paid in 2020.

## Report of The Trustee

FOR THE YEAR ENDED 31 DECEMBER, 2019

The Trustees hereby present their Report on the affairs of the Union Homes Real Estate Investment Trust (“The REIT”) together with the Auditor’s Report and Financial Statements for the year ended 31st December, 2019.

### 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 (formerly UBA 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:

	2019 N’000	2018 N’000
Net Asset Value	9,810,935	9,789,579

Real Estate related investments Increase from ₦9,789,579 as at 31<sup>st</sup> December, 2018 to ₦9,810,935 as at 31<sup>st</sup> December 2019.

### Operating Results:

	2019 N’000	2018 N’000
Net Income (Before Tax)	366,094	384,160
Taxation	<u>(15,516)</u>	<u>(20,510)</u>
Net loss/income (After Tax)	<u>350,578</u>	<u>363,650</u>

### Taxation:

The Trust is domiciled in Nigeria. There is no income, estate, corporation, capital gains or other gains or taxes payable by the Trust. The Trust only incurs withholding taxes on Dividend and Rental Income and remits same to the appropriate tax authorities.

## Report of The Trustee

FOR THE YEAR ENDED 31 DECEMBER, 2019

### ADMINISTRATION OF THE SCHEME

#### Income Generation:

During the period under review, Net Income generated by the Fund was 3% lower in 2019 compared to the Year 2018. This was largely due to the recession in the Real Estate sector of the economy.

#### Properties Under Management:

During the year under review, repairs were carried out on two (2) key properties namely the Continental Apartment on Sinari Daranijo Street, Victoria Island, Lagos and the Jabbi Property in Abuja. The repairs have been completed and it is our expectation that this will generate additional income for the REIT.

#### 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 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 consistent distribution of dividends will further restore confidence of the Unitholders as well as enhance the investment grade Rating of the Fund in due course.

#### Compliance:

##### Asset Allocation Requirement

Compliance with the Asset Allocation requirement of the Fund (90% in Real Estate and Real Estate Related Investment and 10% in Liquid Asset investments) as at 31st December, 2019 was 87.3% in Real Estate Investments and 4.6% in Real Estate related investment, while 8.04% was invested in the Liquid Asset. The total Investments in Real Estate Assets was 91.96 slightly higher than the 90% required by the REIT's Trust Deed. We believe that the investments in real estate related asset during the year under review does not exceed 20% of the Fund's gross assets as stipulated in Clause 2 and Clause 2.3 of the Trust Deed.

**The Trustees are of the opinion that the Fund was fully in compliance with the provisions of the Trust Deed and investments & 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.

## Report of The Trustee

FOR THE YEAR ENDED 31 DECEMBER, 2019

### Parties to the Fund:

Fund Manager	-	SFS Capital Nigeria Limited
Trustees	-	United Capital Trustees Limited
Registrar	-	Greenwich Registrars & Data Solution
Auditors	-	Baker Tilly Nigeria
Custodian	-	UBA Global Investor Services

### BY ORDER OF THE TRUSTEES

United Capital Trustees Limited  
3<sup>rd</sup> & 4<sup>th</sup> Floor, Afriland Towers  
97/105, Broad Street,  
Lagos

12<sup>th</sup> March, 2020



**Tokunbo Ajayi**  
FRC/NBA/00000008349

UNION HOMES REAL ESTATE INVESTMENT TRUST

## 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/000 00002190

## Report of the Independent Auditors



4<sup>th</sup> Floor- Kresta Laurel Complex,  
376, Ikoroda Road,  
Maryland,

Lagos.

Tel: +234 (0) [703-505-1283](tel:703-505-1283) and 0903-161-3980

E-mail: [btlnlag@bakertillynigeria.com](mailto:btlnlag@bakertillynigeria.com)

Website: [www.bakertilly.ng](http://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

We have audited the financial statements of the Fund which comprise the statement of financial position as at 31 December 2019, 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 2019, 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.

#### ADVISORY - ASSURANCE - TAX

Bakertilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

## Report of the Independent Auditors

### 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.

### ADVISORY ASSURANCE TAX

Bakertilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities

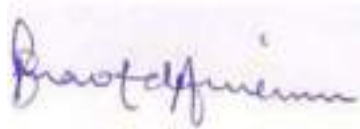


## Report of the Independent Auditors

### 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**  
**26 March, 2020**



### ADVISORY ASSURANCE TAX

**Bakertilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities**

## Statement of Comprehensive Income (Total Return)

FOR THE YEAR ENDED 31 DECEMBER, 2019

	Note	2019 ₦'000	2018 ₦'000
Investment income	3	552,901	561,606
<b><i>Deduct:</i></b>			
Operating expenses	4	(186,807)	(177,446)
Net income before taxation		366,094	384,160
Taxation	5	(15,516)	(20,510)
Net income after taxation	16	350,578	363,650
Net increase in unit holder's fund from investment activities		350,578	363,650
Earnings per share basic(₦)		1.86	1.93

The notes on pages 21 to 42 form an integral part of these financial statements.

## Statement of Financial Position

FOR THE YEAR ENDED 31 DECEMBER, 2019

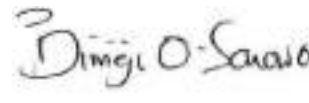
	Note	2019 N'000	2018 N'000
<b>Assets:</b>			
<i>Current Assets</i>			
Cash and cash equivalents	6	651,566	80,446
Financial assets at amortized cost	7	307,646	970,954
Other assets	8	6,721	6,721
Trade and other receivables	9	100,469	239,494
Property & equipment	10	50,218	33,173
<i>Total current assets</i>		1,116,620	1,330,788
<i>Non-Current Assets</i>			
Investment properties	11	9,920,294	9,637,916
<i>Total assets</i>		11,036,914	10,968,704
<b>Liabilities:</b>			
<i>Current Liabilities</i>			
Rent received in advance	12	210,231	112,522
Accruals and other payables	13	998,630	1,060,103
Provisions	14	-	-
<i>Total current liabilities</i>		1,208,861	1,172,625
<i>Non-Current Liabilities</i>			
Rent received in advance	12	17,118	6,500
<i>Total liabilities</i>		(1,225,979)	(1,179,125)
<b>Net assets</b>		<b>9,810,935</b>	<b>9,789,579</b>
<b>Equity and Reserves</b>			
Unit holders Equity	15	9,406,353	9,406,353
Retained earnings	16	404,582	383,226
<b>Unit holders' Fund</b>		<b>9,810,935</b>	<b>9,789,579</b>



.....  
**Patrick Iliodanya**  
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 21 to 42 form an integral part of these financial statements

## Statement of Changes in Equity

AS AT 31 DECEMBER, 2019

	Unit Equity ₦'000	General reserve ₦'000	Total ₦'000
<b>1 January, 2019</b>	9,406,353	383,226	9,789,579
Profit for the year	-	350,578	350,578
Dividend	-	(329,222)	(329,222)
Transfer from income statement	-	-	-
<b>31 December, 2019</b>	<b>9,406,353</b>	<b>404,582</b>	<b>9,810,935</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	-	363,650	363,650
<b>31 December, 2018</b>	<b>9,406,353</b>	<b>383,226</b>	<b>9,789,579</b>

The notes on pages 21 to 42 form an integral part of these financial statements

## Portfolio Statement

FOR THE YEAR ENDED 31 DECEMBER, 2019

	2019		2018	
	Market value	Percentage of portfolio	Market	Percentage of net assets
	₦'000	%	₦'000	%
Real estate	9,420,294	87.33	9,137,916	85.89
Real estate related	500,000	4.63	500,000	4.70
	<b>9,920,294</b>	<b>91.96</b>	<b>9,637,916</b>	<b>90.59</b>
Money market investments				
Cash and cash equivalent	651,566		80,446	
Financial assets held to maturity	307,646		970,954	
	<b>959,212</b>		<b>1,051,400</b>	
Unclaimed dividend	(92,241)		(50,584)	
	<b>866,971</b>	<b>8.04</b>	<b>1,000,816</b>	<b>9.41</b>
Total value of portfolio	<b>10,787,265</b>	<b>100</b>	<b>10,638,732</b>	<b>100</b>

The Fund is expected to invest a minimum of % 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, 2019, the Fund's investment in Real Estates and real estate related was about 92% of the Fund's total assets.

## Statement Cash Flow

FOR THE YEAR ENDED 31 DECEMBER, 2019

	Note	2019 ₦'000	2018 ₦'000
Operating profit before working capital changes	17.1	383,474	398,700
Working capital changes	17.ii	185,880	658,876
Income tax paid		(15,516)	(20,510)
<b>Net cash flow from operating activities</b>		<b>553,838</b>	<b>1,037,066</b>
<b>Cash flow from investing activities:</b>			
Development of investment in properties		(282,378)	(498,103)
Sale of property, plant and equipment		3,700	-
Disposal of investment properties		-	2,469,000
Purchases of PPE		(38,126)	(6,480)
Investment in money market		663,308	(56,278)
<b>Net cash flow from investing activities</b>		<b>346,504</b>	<b>1,908,139</b>
<b>Financing activities</b>			
Disposal of shares		-	(3,094,636)
Dividend paid		(329,222)	(187,515)
		(329,222)	(3,282,151)
Net increase in cash and cash equivalent		571,120	(336,946)
Cash and equivalents brought forward		80,446	417,392
<b>Cash and cash equivalent at the end of the year</b>	6	<b>651,566</b>	<b>80,446</b>

The notes on pages 21 to 42 form an integral part of these financial statements

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2019

### 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.



## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2019

### *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 2019. 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.

### **a) Amendments to IFRS 3 (Business Combination)**

IFRS 3 (Business Combinations) outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). In October 2018, after the post implementation review of IFRS 3, the IASB issued an amendment to IFRS 3 which centers majorly on the definition of a Business. **The effective date is on or after 1st January 2020.**

The considerations include:

- To be considered a business, an acquired set of activities and assets must include, at minimum, an input and a substantive process that together significantly contribute to the ability to create outputs:
- Narrows the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.
- Adds guidance and illustrative examples to help entities assess whether a substantive process has been acquired.
- Removes the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs: and
- Adds an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2019

### b) Amendment to IAS 1 and IAS 8

In October 2018, the IASB issued the definition of „material“. The amendments are intended to clarify, modify and ensure that the definition of „material“ is consistent across all IFRS. in IAS 1 (Presentation of Financial Statements) and IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the revised definition of „material“ is quoted below:

“An information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make based on those financial statements, which provide financial information about a specific reporting entity”.

The amendments laid emphasis on five (5) ways material information can be obscured. These include:

- If the language regarding a material item, transaction or other event is vague or unclear;
- If information regarding a material item, transaction or other event is scattered in different places in the financial statements;
- If dissimilar items, transactions or other events are inappropriately aggregated;
- If similar items, transactions or other events are inappropriately disaggregated; and
- If material information is hidden by immaterial information to the extent that it becomes unclear what information is material. **The amendments are effective for annual reporting periods beginning on or after 1st January 2020.**

### c) IFRS 17 - Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. It also requires similar principles for reinsurance contracts held and issued investment contracts with discretionary participation features. The standard brings a greater degree of comparability and transparency about an insurer's financial health and the profitability of new and in-force insurance business.

IFRS 17 introduces a general measurement model that measures groups of insurance contracts based on fulfilment cash flows (comprising probability-weighted current estimates of future cash flows and an explicit entity-specific adjustment for risk) and a contractual service margin. The premium allocation approach (PAA) is a simplified measurement model that may be applied when certain conditions are fulfilled. Under the PAA approach, the liability for remaining coverage will be initially recognized as the premiums, if any, received at initial recognition, minus any insurance acquisition cash flows. The general measurement model has specific modifications applicable to accounting for reinsurance contracts, direct participating contracts and investment contracts with discretionary participation features.

In June 2019, the IASB proposed targeted amendments to IFRS 17 which aim to ease implementation of the standard. **The amendments defer the effective date of the standards to reporting periods beginning on or after 1 January 2022.** This is a deferral of one year compared to the current data published in IFRS 17 of 1 January 2021 and is subject to public consultation, which will take place in the latter half of 2019.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 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.

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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2019

### 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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2019

### (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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2019

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.



## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2019

### (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

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2019

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



## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2019

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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2019

### *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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2019

### 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.

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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2019

	2019 ₦'000	2018 ₦'000
<b>3. Investment income</b>		
Rental income	381,393	263,367
Interest from deposits	160,657	225,606
Sundry income (note 3.1)	10,851	72,633
	<b>552,901</b>	<b>561,606</b>
Interest from deposits reduced substantially during the year because of a slump in the money market.		
<b>3.1 Sundry income</b>		
Dividend income	-	46,420
Legal fee	7,875	2,150
Provision write back	-	20,013
Scrap sales	2,976	4,050
	<b>10,851</b>	<b>72,633</b>
<b>4. Operating expenses</b>		
Management fee	98,598	98,787
Property maintenance expenses	27,982	25,582
Depreciation plant & machinery	17,380	14,540
Insurance fee	10,550	10,743
Custodian fees	9,860	9,878
Regulatory fee	3,260	3,260
Audit fee	3,000	3,000
Rating agency	-	2,500
Provision for AGM expenses	2,500	2,500
Trusteeship fee	2,500	2,500
Agency commission	5,118	1,145
Registrars fee	540	1,021
Legal charges	2,921	955
Independent Member sitting allowance	1,320	840
Advertisement and public relations	-	160
Bank charges	31	35
Valuation fees	720	-
Travel-Local	527	-
	<b>186,807</b>	<b>177,446</b>

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2019

	2019 N'000	2018 N'000
<b>5. Taxation</b>		
Withholding tax paid	15,516	20,510
<p>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.</p>		
<b>6. Cash and cash equivalents</b>		
Cash at bank	4,768	3,611
Short-term deposits	646,798	76,835
	<u>651,566</u>	<u>80,446</u>
<p>The details of short term deposits are:</p>		
	<b>Principal Amount N'000</b>	<b>Principal Amount N'000</b>
UBA Nominee	27,326	27,734
Polaris Bank Nigeria Limited	560,000	24,512
Wema bank	22,410	-
Sterling Bank Plc	37,062	24,589
	<u>646,798</u>	<u>76,835</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.

7. Financial assets at amortized cost Investment in treasury bills 2019	Discounted Value	Fair Value	Tenor
Federal Government Bond	307,646	334,768	18,250 days
	<u>307,646</u>	<u>334,768</u>	
<b>2018</b>	<b>N'000</b>	<b>N'000</b>	
Polaris Bank Nigeria Limited	77,671	90,000	341 days
Coronation Merchant Bank	893,283	1,031,404	363 days
	<u>970,954</u>	<u>1,121,404</u>	
<b>8. Other assets – prepayments</b>		<b>2019 N'000</b>	<b>2018 N'000</b>
Insurance – fire and special peril policy		6,721	6,721

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



UNION HOMES REAL ESTATE INVESTMENT TRUST

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## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2019

	2019 ₦'000	2018 ₦'000
Apartment in Savannah, Locke Macdonald, Victors Court and Sinari 9, Mike Akhigbe Way, Abuja Plot 3, Block A4, Olusegun Aina Street, Ikoyi 28A, Rumens Street, Ikoyi Amina Court, Abuja	4,354 267 490 1,280 330	4,354 267 490 1,280 330
	<b>6,721</b>	<b>6,721</b>
<b>9. Trade and other receivables</b>		
Rent receivable (note 9.1)	60,287	58,152
<b>Other receivables:</b>		
Interest receivable (note 9.2)	40,182	181,342
	<b>100,469</b>	<b>239,494</b>

### 9.1 Rent receivable

Rent receivable on properties as at 31 December, 2019 comprises of rent due on the following properties:

	2019 ₦'000	2018 ₦'000
McDonald Court, Block 4-6 McDonald Road Ikoyi, Lagos Amina Court Savannah Court Victors Court 9, Mike Akhigbe Way, Abuja Plot 3, Block A4, Olusegun Aina Street, Ikoyi 28A, Rumens Property Locke apartments	28,125 3,493 9,199 739 8,785 5,110 3,631 1,205	28,125 3,430 4,458 340 8,785 5,110 3,631 4,273
	<b>60,287</b>	<b>58,152</b>

### 9.2 Interest receivable

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

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2019

10. Property, plant and equipment	Plant and Machinery ₦'000	Household equipment ₦'000	Total ₦'000
<b>Cost</b>			
As at 1/1/2019	53,704	9,104	62,808
Additions	28,973	9,153	38,126
Disposal	(16,147)	-	(16,147)
As at 31/12/2019	66,530	18,257	84,787
<b>Depreciation</b>			
As at 1/1/2019	28,255	1,380	29,635
Charged for the year	14,842	2,539	17,381
Disposal	(12,447)	-	(12,447)
As at 31/12/2019	30,650	3,919	34,569
<b>Net book value</b>			
31 December, 2019	35,880	14,338	50,218
31 December, 2018	25,449	7,724	33,173
		<b>2019</b>	<b>2018</b>
		₦'000	₦'000
11. Investment properties			
Completed investment property			
At start of the period		9,637,916	11,608,813
Capital expenditure on property during the year		282,378	498,103
Disposal		-	(2,469,000)
At end of the period		9,920,294	9,637,916

This is detailed as follows:

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2019

### Movement in the year ended 31 December, 2019

	1/1/2019	Net Additions/ disposals	31/12/2019
	₦'000	₦'000	₦'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	333,186	84,304	417,490
1 Sinari Daranijo Street, Victoria Island	2,483,548	198,074	2,681,622
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
	<b>9,637,916</b>	<b>282,378</b>	<b>9,920,294</b>

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

	1/1/2018	Net Additional/ disposal	31/12/2018
	₦'000	₦'000	₦'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
	<b>11,608,813</b>	<b>(1,970,897)</b>	<b>9,637,916</b>

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.



## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2019

	2019 ₦'000	2018 ₦'000
<b>12. Rent received in advance</b>		
At 31 December	227,349	119,022
<i>Analysed into:</i>		
Current liability	210,231	112,522
Non-current liability	17,118	6,500
	227,349	119,022
<b>Movement in rent received in advance</b>		
Balance at beginning	119,022	111,178
Recognised as income during the year	(271,343)	(206,365)
Rent received during year	379,670	214,209
Balance at end	227,349	119,022

31 December, 2019 Property at	Type	Current Portion ₦'000	Non-current portion ₦'000	Expiry date
Locke Apartment at Lekki	Residential	13,251	-	13/11/2020
Rumens Road	Residential	30,891	2,068	31/05/2021
Victors Court	Residential	11,948	-	15/09/2020
Amina Court at Abuja	Residential	8,149	-	31/10/2020
Sapara Williams	Residential	43,362	-	31/07/2020
Olusegun Aina	Residential	6,351	-	-
Olive mast	Residential	2,100	15,050	06/01/2028
Mike Akhigbe	Residential	17,436	-	31/12/2020
Sinari Daranijo	Residential	56,659	-	07/07/2020
McDonald Court	Residential	20,084	-	30/09/0920
		210,231	17,118	

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2019

31 December, 2018	Type	Current Portion ₦'000	Non-current portion ₦'000	Expiry date
<b>Property at</b>				
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	35,896	6,500	31/7/2020
		<u>112,522</u>	<u>6,500</u>	

	2019 ₦'000	2018 ₦'000
<b>13. Accruals and other payables</b>		
Accruals (13.1)	727,746	850,209
Other payables (13.2.)	270,884	209,894
	<u>998,630</u>	<u>1,060,103</u>
<b>13.1 Accruals</b>		
Unearned income from share swap (13.1.1)	625,391	625,391
Accrued income	60,287	58,152
Accrued AGM expenses	2,588	790
Interest received in advance	36,479	162,876
Audit and other professional fees	3,001	3,000
	<u>727,746</u>	<u>850,209</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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2019

	2019 ₦'000	2018 ₦'000
<b>13.2 Other payables</b>		
Sundry customers	9,773	8,769
Management fees (note 13.3)	98,598	98,787
Trusteeship fee	2,500	2,500
Rating agency fee	2,500	2,500
Withholding tax	42,644	31,306
Cautions deposit	12,688	5,489
Unclaimed dividend payable	92,241	50,584
Other payable	80	80
Custodian fees	9,860	9,879
	270,884	209,894
	270,884	209,894
<b>13.3 Management fees</b>		
Provision for the year	98,598	98,787
Reimbursable from fund manager	-	-
	98,598	98,787
	98,598	98,787

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	₦2,500,000
Registrars fee	on transaction basis
Guarantors fee	0.5% of net assets
Custodian fees	0.10% of net assets

	₦'000	₦'000
<b>14. Property maintenance costs</b>		
a) <i>Expenses</i>		
At beginning	-	20,013
Incurred during the year/write back	-	(20,013)
Charge to income statement- Admin expenses	-	-
	-	-
	-	-
b) <i>Provision</i>		
Provision for the year (note 14.1)	-	-
At the end	-	-
	-	-
	-	-

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2019

- 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.

	2019 ₦'000	2018 ₦'000
<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	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.

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.

	12 Months Ended 31 Dec. 2019 ₦	12 Months ended 31 Dec.2018 ₦
<b>16. Retained earnings</b>		
At the beginning	383,226	207,091
Dividend paid	(329,222)	(187,515)
Transfer from income statement	350,578	363,650
	404,582	383,226
<b>17. Cashflow reconciliation</b>		
i) Operating profit before working capital changes		
Net income before tax	366,094	384,160
Depreciation	17,380	14,540
	383,474	398,700

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2019

	12 Months Ended 31 Dec. 2019 ₦	12 Months ended 31 Dec.2018 ₦
ii) Working capital changes		
Net decrease/(increase) in receivables and other assets	139,025	77,951
Net (decrease)/increase in other liabilities and provisions	97,709	(20,013)
Net increase in accruals and other payables	(61,473)	64,938
Net (decrease)/increase in rent received in advance (non-current)	10,619	(14,000)
<b><i>Net cash flow from operating activities</i></b>	<b>185,880</b>	<b>658,876</b>

### 18. Related party transactions

During 2019 financial year, there was no related party transaction recorded in the company.

#### ii) Management fee

Management fee payable for the year ended 31 December, 2019 in respect of this service is calculated at 1% of the net asset value of the Fund. This has been calculated to be ₦98,598,184 which represents 18% 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 26 March, 2020.

## Statement of Value Added

FOR THE YEAR ENDED 31 DECEMBER, 2019

	2019		2018	
	₦'000	%	₦'000	%
Gross earnings	537,385		541,096	
<b>Deduct:</b>				
Administrative overheads and payments for other services in Nigeria	(55,313)		(43,609)	
<b>Value added</b>	<b>482,072</b>	<b>100</b>	<b>497,487</b>	<b>100</b>
<b>Applied as follows:</b>				
Fund manager's remuneration	98,598	20	98,787	20
Government as taxes	15,516	3	20,510	4
<b>Retained earnings for future</b>				
Expansion, distribution and maintenance of assets				
Depreciation	17,380	4	14,540	3
Net income after taxation	350,578	73	363,650	73
<b>Value added</b>	<b>482,072</b>	<b>100</b>	<b>497,487</b>	<b>100</b>

## Financial Summary

FOR THE YEAR ENDED 31 DECEMBER, 2019

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
Cash and cash equivalents	651,566	80,446	417,392	269,809	1,715,476
Other assets	6,721	6,721	6,893	8,103	4,907
Trade and other receivables	100,469	239,494	318,286	344,568	159,031
Investment properties	9,920,294	9,637,916	11,608,813	11,157,027	10,677,873
Property, plant & equipment	50,218	33,173	41,233	50,554	-
Financial assets held to maturity	307,646	970,954	914,676	1,159,020	-
	<b>11,036,914</b>	<b>10,968,704</b>	<b>13,307,293</b>	<b>12,989,081</b>	<b>12,557,287</b>
<b>Liabilities</b>					
Rent received in advance	17,118	119,022	111,178	91,640	169,614
Payables to related parties	-	-	-	-	131,695
Accruals and other payables	1,208,861	1,060,103	468,022	459,357	183,383
Provisions	-	-	20,013	24,710	30,279
	<b>1,225,979</b>	<b>1,179,125</b>	<b>599,213</b>	<b>575,707</b>	<b>514,971</b>
<b>Equity</b>					
Unit holders equity	9,406,353	9,406,353	12,500,989	12,500,989	12,500,989
Retained earnings	404,582	383,226	207,091	(87,615)	(458,673)
	<b>9,810,935</b>	<b>9,789,579</b>	<b>12,708,080</b>	<b>12,413,374</b>	<b>12,042,316</b>
	<b>11,036,914</b>	<b>10,968,704</b>	<b>13,307,293</b>	<b>12,989,081</b>	<b>12,557,287</b>
<b>Profit and loss</b>					
Investment income	537,385	541,096	530,622	617,752	756,978
Profit/loss before taxation	366,094	363,650	324,998	394,998	526,798
Taxation	(15,516)	-	(30,292)	(23,940)	(3,115)
<b>Profit after taxation</b>	<b>350,578</b>	<b>363,650</b>	<b>294,706</b>	<b>371,058</b>	<b>523,683</b>
<b>Per share information</b>					
Basic earnings per share (₦)	1.87	1.93	1.18	1.48	2.09
Net assets per share (₦)	52.15	52.03	50.83	49.65	48.17



# Proxy Form

The 7<sup>th</sup> Annual General Meeting of Union Homes Real Estate Investment Trust Fund will hold on the 23<sup>rd</sup> September 2020 at The Ivory Victoria Island 226A, Muri Okunola Street, Victoria Island, Lagos

I/We ..... of .....

being holder(s) of Units in Union Home Real Estate Investment Trust Fund hereby appoint

1. Mr. Yemi Gbenro or
2. Mr. Abimbola Ibrahim or
3. Mrs. Temitope Orehowere

.....of ..... or failing him/her as my/our Proxy to vote for me/us and on my/our behalf at the 7<sup>th</sup> General Meeting of the Fund to be held on 23<sup>rd</sup> day of September 2020. and at every adjournment thereof.

1. Please sign this form and deposit it with the Registrar, Greenwich Registrars & Data Solution Limited, 274 Murtala Muhammed Way, Alagomeji, Yaba, Lagos, or via E-mail: proxy@gtlrgistrars.com not later than 48 hours before the commencement of the meeting. If executed by a corporation, this form should be sealed with its common seal.
2. For the appointment of the proxy to be valid for the purposes of the meeting, the Company has made arrangements to bear the cost of stamp duties on the instruments of proxy

As witness under my hand this.....day of.....2020

Signature of Unit Holder .....

Number of Units .....

CSCS Account Number .....

	ORDINARY BUSINESS	FOR	AGAINST
We desire this proxy to be used in favor of/ or against the resolution as indicated alongside strike out whichever is not desired.	1. To receive and consider the Audited Financial Statements for the year ended December 31, 2019 and the Report of the Manager thereon		
	2. To declare a Dividend		
	SPECIAL BUSINESS		
	1.To authorize the Fund Manager and the Trustee to fix the remuneration of the Auditors for the ensuing year		
Please indicate with an "X" in the appropriate box how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his / her discretion.			

Before posting the above card, tear off this part and retain it.

## ADMISSION CARD



### UNION HOMES REAL ESTATE INVESTMENT TRUST 7TH ANNUAL GENERAL MEETING

please admit the unit holder named on this card or his/her duly appointed to the 7th Annual General Meeting to be held at The Ivory Victoria Island Lagos.

Name of Unit holder proxy.....Signature.....

Address.....

**THIS CARD IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF REGISTRAR**





UNION HOMES REAL ESTATE INVESTMENT TRUST

**2019**  
**ANNUAL REPORT AND ACCOUNTS**  
FOR THE YEAR ENDED 31 DECEMBER, 2019

**Affix N50.00  
Postage Stamp  
Here**

**UNION HOMES REAL ESTATE INVESTMENTS TRUST**

2 Alhaji Kanike Street

Off Awolowo Road

Ikoyi

Lagos

[www.unionhomesreit.com](http://www.unionhomesreit.com)

Fund Manager:

**SFS**  
Capital

**SFS Capital Nigeria Ltd**  
Plot 287, Ajose Adeogun Street,  
Victoria Island, Lagos, Nigeria  
Tel: +234 (01) 2801400  
Website: [www.sfsnigeria.com](http://www.sfsnigeria.com)

RC 996192

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UNION HOMES REAL ESTATE INVESTMENT TRUST

# Application Form E-Dividend

Dear Unit Holder(s),

## UNIT HOLDERS' DATA UPDATE

In our request to update unit-holders data with the current technology in the Capital Market (i.e) e-Dividend, we require you to complete this form with the following information:

Tel: Nos: \_\_\_\_\_ CSCS A/C No: \_\_\_\_\_ STOCK BROKING FIRM \_\_\_\_\_

E-Mail Address: \_\_\_\_\_ Name of Bank \_\_\_\_\_

Branch of Bank \_\_\_\_\_ Bank Acct No. \_\_\_\_\_ Branch Code \_\_\_\_\_

No. of Units Held \_\_\_\_\_

NAME OF UNIT HOLDER

PRESENT/NEW ADDRESS

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

NAME OF COMPANY IN WHICH YOU HAVE SHARES

UNION HOMES REIT

<b>REGISTRARS USE</b>	
<b>NAME</b>	_____
<b>SIGNATURE</b>	_____
<b>DATE</b>	_____

Please notify our Registrars, Greenwich Registrars and Data Solution of any change in telephone, address and bank whenever it occurs.

yours faithfully

**UNION HOMES REIT**

Note: please be informed that filling and sending this form to our Registrar, Greenwich Registrars and Data Solution for processing, you have applied for the e-Dividend, thereby, authorizing UNION HOMES REIT to credit your account (in respect of dividends) electronically.

PLEASE COMPLETE AND RETURN TO  
GREENWICH REGISTRARS & DATA SOLUTION,  
274, MURITALA MUHAMMED WAY,  
ALAGOMEJI, YABA,  
LAGOS.

SIGNATURE/RIGHT THUMBPRINT OF UNIT HOLDER

\_\_\_\_\_

In the case of Corporate Unit holder, use company seal



**Affix N50.00  
Postage Stamp  
Here**

**Greenwich Registrars & Data Solution (GTL)**

274 Murtala Muhammed Way

Alogomeji, Yaba

Lagos

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