

**UPDC REAL ESTATE INVESTMENT TRUST**  
**UNAUDITED REPORTS FOR THE PERIOD ENDED 31 DECEMBER 2023**

**UPDC REAL ESTATE INVESTMENT TRUST  
UNAUDITED REPORTS FOR THE PERIOD ENDED 31 DECEMBER 2023**

**STATEMENT OF COMPREHENSIVE INCOME**

	Notes	31 December 2023 N'000	31 December 2022 N'000
Rental income	6	1,423,149	1,261,744
Interest income on deposit with banks	8	367,298	204,780
Interest income on assets measured at fair value through profit or loss	7	91,087	168,551
Fair value gain/(loss) on investment property	18	2,474,594	552,221
Net (loss)/gain on financial assets held for trading	9	669	(46,947)
Net profit/loss on investment in real estate development	10	-	22,438
<b>Revenue</b>		<b>4,356,797</b>	<b>2,162,787</b>
Impairment charge on receivables	17	(4,825)	65,415
Operating expenses	13	(563,221)	(551,344)
Profit/(loss) Profit before tax		<b>3,788,751</b>	1,676,858
Tax		-	-
<b>Profit/(loss) profit after tax</b>		<b>3,788,751</b>	1,676,858
<b>Increase/(decrease) in net assets attributable to unit holders</b>		<b>3,788,751</b>	1,676,858
Earnings/(Loss) per unit to unit holders of the Trust			
Earnings/(Loss) per unit - basic and diluted (Naira)	26	1.42	0.63

*The accompanying notes form an integral part of these financial statements.*

**UPDC REAL ESTATE INVESTMENT TRUST  
UNAUDITED REPORTS FOR THE PERIOD ENDED 31 DECEMBER 2023**

**STATEMENT OF FINANCIAL POSITION**

	Notes	31 December 2023 N'000	31 December 2022 N'000
<b>Assets:</b>			
Balances with banks	14	3,705,246	1,977,318
Financial assets held for trading	15	92,811	1,605,472
Other assets	17	7,585	54,829
Property and equipment	19	133,139	91,372
Right of use assets	16	32,943	17,351
Investment property	18	25,586,557	23,026,444
Total assets		<u>29,558,282</u>	<u>26,772,786</u>
<b>Liabilities:</b>			
Other liabilities	20	130,582	112,909
Rent received in advance	21	451,898	520,138
Lease liabilities	16	37,787	17,208
Total liabilities		<u>620,267</u>	<u>650,255</u>
Net assets attributable to unit holders of the Trust		<u>28,938,014</u>	<u>26,122,531</u>
<b>Represented by:</b>			
Units and reserves attributable to unit holders of the Trust			
Unit holders' contributions	22	26,682,695	26,682,695
Retained Profit/(loss)		2,255,319	(560,164)
		<u>28,938,014</u>	<u>26,122,531</u>

*The accompanying notes form an integral part of these financial statements.*

These financial statements were prepared by the Fund Manager, approved by the Trustees of the Fund on 14 March 2024 and signed on behalf of the Fund Manager by the directors listed below:

**Olawunmi Ehis-Uzenabor**  
(FRC/2021/003/00000023363)  
Director  
Stanbic IBTC Asset Management Limited

**Busola Jejelowo**  
(FRC/2023/PRO/DIR/003/022382)  
Chief Executive  
Stanbic IBTC Asset Management Limited

**Additionally certified by:**

**Olaleye Kolawole**  
FRC/2023/PRO/ICAN/001/598708  
Chief Financial Officer  
Stanbic IBTC Asset Management Limited

UPDC REAL ESTATE INVESTMENT TRUST  
 UNAUDITED REPORTS FOR THE PERIOD ENDED 31 DECEMBER 2023

STATEMENT OF CHANGES IN UNITS AND RESERVES

ATTRIBUTABLE TO UNIT HOLDERS OF THE TRUST

	Unitholders'	Retained	Total
	contributions	(loss)/earnings	
	N'000	N'000	N'000
<b>At 1 January 2022</b>	26,682,695	(1,753,665)	24,929,030
Comprehensive income			
Loss after tax	-	1,676,856	1,676,856
		1,676,856	1,676,856
Transactions with unit holders in their capacity as unit holders:			
Distribution paid to unit holders	-	(483,355)	(483,355)
	-	1,193,501	1,193,501
<b>At 31 December 2022</b>	<b>26,682,695</b>	<b>(560,164)</b>	<b>26,122,531</b>
Comprehensive income			
Profit after tax	-	3,788,751	3,788,751
		3,788,751	3,788,751
Transactions with unit holders in their capacity as unit holders:			
Distributions paid to unit holders	-	(973,268)	(973,268)
	-	2,815,483	2,815,483
<b>At 31 December 2023</b>	<b>26,682,695</b>	<b>2,255,319</b>	<b>28,938,014</b>

**UPDC REAL ESTATE INVESTMENT TRUST**  
**UNAUDITED REPORTS FOR THE PERIOD ENDED 31 DECEMBER 2023**

**STATEMENT OF CASH FLOWS**

	Notes	31 December 2023	31 December 2022
		N'000	N'000
<b>Cash flow from operating activities</b>			
Cash generated from operating activities	23	2,446,139	664,903
Interest received		452,288	355,523
<b>Net cash flow generated from operating activities</b>		<b>2,898,427</b>	<b>1,020,426</b>
<b>Cash flows from investing activities</b>			
Acquisition of investment property	18	(63,113)	(936,443)
Improvement of investment property	18	(22,406)	(57,780)
Purchase of property and equipment	19	(106,209)	(67,032)
<b>Net cash used in investing activities</b>		<b>(191,728)</b>	<b>(1,061,255)</b>
<b>Cash flows from financing activities</b>			
Principal element of lease payment	16	(5,502)	-
Distributions paid to unit holders		(973,268)	(483,355)
<b>Net cash flow used in financing activities</b>		<b>(978,770)</b>	<b>(483,355)</b>
Net increase in cash and cash equivalent for the period		<b>1,727,927</b>	<b>(524,184)</b>
Analysis of changes in cash and cash equivalents:			
Cash and cash equivalents at start of period		1,977,319	2,501,503
Net increase in cash and cash equivalent for the period		1,727,927	(524,184)
Cash and cash equivalents at end of period		<b>3,705,246</b>	<b>1,977,319</b>

*The accompanying notes form an integral part of these financial statements.*

Notes to the financial statements  
For the year ended 31 December 2023

	31 December 2023	31 December 2022
	N'000	N'000
<b>6 Rental Income</b>		
Rental Income	1,423,149	1,261,744
	<u>1,423,149</u>	<u>1,261,744</u>
<b>7 Interest income on assets measured at fair value through profit or loss</b>		
<b>Held for trading assets:</b>		
Bonds	31,816	57,607
Treasury bills	-	-
FGN Promissory notes	59,271	110,944
	<u>91,087</u>	<u>168,551</u>
<b>8 Interest income on deposit with banks</b>		
Interest earned on placements	359,838	197,189
Credit interest on bank balance	7,460	7,591
	<u>367,298</u>	<u>204,780</u>
Credit interest relates to interest earned on bank balances during the period		
<b>9 Net gain/(loss) on financial assets held for trading</b>		
Fair value loss on held for trading instruments	669	(46,947)
	<u>669</u>	<u>(46,947)</u>
<b>10 Net loss on investment in real estate development</b>		
Profit/(Loss) from investment in real estate development		22,438
	-	<u>22,438</u>
This is profit earned on joint venture real estate development during the period		

	31 December 2023	31 December 2022
	N'000	N'000
<b>13 Operating expenses</b>		
Fund manager's fee	114,317	116,144
Property maintenance expenses	134,994	117,155
Registrar's fees	16,464	38,558
Trustees' fees	4,300	4,300
Audit fees	27,671	10,200
Professional fees	26,658	23,142
Custodian fees	21,434	21,820
Printing, advert and travels	10,105	2,863
SEC fees	53,170	54,716
Property manager's fees	45,904	51,587
Insurance premium	28,355	18,392
Depreciation on property & equipment (see note 19)	64,443	52,952
Depreciation on right of use assets (Note 16)	4,931	826
Interest expense on lease	5,559	2,532
Withholding Tax Credit note write-off	-	-
Other operating expenses	4,915	36,157
	<u>563,220</u>	<u>551,344</u>
<b>14 Balances with banks</b>		
- Current account with banks in Nigeria		
Balances with banks	3,705,246	1,977,318
	<u>3,705,246</u>	<u>1,977,318</u>
Current	3,705,246	1,977,318
Non-Current	-	-
	<u>3,705,246</u>	<u>1,977,318</u>

Balances with banks represents call account balances and fixed deposits with commercial banks.

The bank deposits are short term in nature and can be withdrawn at short notice. No impairment losses are recognised on the balance as the fund manager concludes that the risk of default is low and there is no material significant increase in credit risk (SICR).

Included in this balance is an amount of 0.745Billion(2022:1.920Billion) which has a tenor of over 90days.

Notes to the financial statements  
For the year ended 31 December 2023

15 Financial assets held for trading	31 December 2023 N'000	31 December 2022 N'000		
Corporate bonds	-	151,664		
FGN bonds	92,811	198,767		
FGN promissory note	-	1,255,041		
	<u>92,811</u>	<u>1,605,472</u>		
Current	-	1,605,472		
Non-Current	92,811	-		
	<u>92,811</u>	<u>1,605,472</u>		
<hr/>				
16 Leases	31 December 2023 N'000	31 December 2022 N'000		
<b>i Right-of-use assets</b>				
Opening balance as at 1 January 2023	20,655	20,655		
Additions during the year	20,523	-		
Closing balance as at 31 December 2023	<u>41,178</u>	<u>20,655</u>		
Depreciation				
Opening balance as at 1 January 2023	3,304	2,478		
Charge for the year	4,931	826		
Closing balance as at 31 December 2023	<u>8,235</u>	<u>3,304</u>		
Net book value as at 31 December 2022	<u>32,943</u>	<u>17,351</u>		
<b>ii Lease liabilities</b>				
	31 December 2023 N'000	31 December 2022 N'000		
Opening balance as at 1 January 2023	17,208	14,676		
Additions	15,020	-		
Interest expense	5,559	2,532		
Payments made during the period	-	-		
Closing balance as at 31 December 2023	<u>37,787</u>	<u>17,208</u>		
Current lease liabilities	-	-		
Non-current lease liabilities	37,787	17,208		
	<u>37,787</u>	<u>17,208</u>		
<b>iii Amounts recognised in the statement of profit or loss</b>				
	31 December 2023 N'000	31 December 2022 N'000		
Depreciation charge of right-of-use assets	4,931	4,931		
Interest expense	5,559	2,532		
<b>iv Liquidity risk (maturity analysis of lease liabilities)</b>				
	0-3 months	3-12 months	1-2 years	Above 2 years
Lease liability				
2023	-	-	-	46,200
2022	-	-	-	46,200
<hr/>				
17 Other assets	31 December 2023 N'000	31 December 2022 N'000		
<b>Financial:</b>				
Rent receivables	102,018	116,082		
ECL provision	(94,433)	(89,608)		
	<u>7,585</u>	<u>26,474</u>		
<b>Non financial:</b>				
Prepaid expenses	-	28,355		
	-	28,355		
	<u>7,585</u>	<u>54,829</u>		
Current	7,585	54,829		
Non-Current	-	-		
	<u>7,585</u>	<u>54,829</u>		
<b>ECL provision</b>				
Opening Balance	(89,608)	(155,023)		
Impairment Charge for the year	(4,825)	65,415		
Closing Balance	<u>(94,433)</u>	<u>(89,608)</u>		
<hr/>				
18 Investment property	31 December 2023	31 December 2022		
Beginning balance	23,026,444	21,480,000		
Additions (Asset under construction)	63,113	936,443		
Improvement	22,406	57,780		
Fair value gain/(loss)	2,474,594	552,221		
	<u>25,586,557</u>	<u>23,026,444</u>		
Non-Current	<u>25,586,557</u>	<u>23,026,444</u>		

**Notes to the financial statements**  
**For the year ended 31 December 2023**

Details of the investment property is in note 4.2.

<b>19 Property and equipment</b>	<b>Office equipment N'000</b>	<b>Fixtures &amp; fittings N'000</b>	<b>Total N'000</b>
<b>Cost</b>			
At 1 January 2022	356,868	183,002	539,870
Additions	97,631	8,578	106,209
At 31 December 2022	454,499	191,580	646,079
<b>Accumulated depreciation</b>			
At 1 January 2022	283,183	165,315	448,498
Charge for the year	46,502	17,940	64,442
At 31 December 2022	329,685	183,255	512,940
<b>Net book amount at 1 January 2022</b>	<b>73,685</b>	<b>17,687</b>	<b>91,372</b>
<b>Net book amount at 31 December 2022</b>	<b>124,814</b>	<b>8,325</b>	<b>133,139</b>

<b>Property and equipment continued</b>	<b>Office equipment N'000</b>	<b>Furnitures &amp; fittings N'000</b>	<b>Total N'000</b>
<b>Cost</b>			
At 1 January 2022	296,498	176,340	472,838
Additions	60,370	6,662	67,032
At 31 December 2022	356,868	183,002	539,870
<b>Accumulated depreciation</b>			
At 1 January 2022	260,280	135,266	395,546
Charge for the year	22,903	30,049	52,952
At 31 December 2022	283,183	165,315	448,498
<b>Net book amount at 1 January 2022</b>	<b>36,218</b>	<b>41,074</b>	<b>77,292</b>
<b>Net book amount at 31 December 2022</b>	<b>73,685</b>	<b>17,687</b>	<b>91,372</b>

<b>20 Other liabilities</b>		
<b>Financial liabilities:</b>		
Fund manager's fee payable	35,105	34,727
Custodian fees payable	5,329	5,258
Dividend payable	-	-
Caution deposits	4,300	4,150
Accrued expenses	64,876	48,787
Other Payables	1,505	6,140
SEC Supervisory Fees Payable	19,252	13,632
	<b>130,367</b>	<b>112,694</b>
<b>Non financial Liabilities</b>		
VAT payable	215	215
	<b>215</b>	<b>215</b>
	<b>130,582</b>	<b>112,909</b>
Current	130,582	112,909
Non-Current	-	-
	<b>130,582</b>	<b>112,909</b>

Notes to the financial statements  
For the year ended 31 December 2023

		31 December 2023 N'000	31 December 2022 N'000
<b>21 Rent received in advance</b>			
Rent received in advance		451,898	520,138
		<u>451,898</u>	<u>520,138</u>
Current		336,067	482,185
Non-Current		115,831	37,953
		<u>451,898</u>	<u>520,138</u>
<b>22 Unit holders' contribution</b>			
<b>Authorised</b>			
3,000,000,000 units of N10 each		<u>30,000,000</u>	<u>30,000,000</u>
<b>Issued and fully paid</b>			
2,668,269,500 units of N10 each		<u>26,682,695</u>	<u>26,682,695</u>
			N'000
		31 December 2023	31 December 2022
<b>23 Cash generated from operations</b>	Notes	N'000	N'000
Reconciliation of profit after tax to cash generated from operations:			
Profit/(Loss) after tax		3,788,751	1,676,856
Adjustment for:			
– Fair value gain/(loss) on investment property	18	(2,474,594)	(552,220)
– Depreciation on right of use assets	16	4,931	826
– Depreciation on property & equipment	19	64,443	52,952
– Finance cost on leases	16	5,559	2,532
– Net gain/(loss) on financial assets held for trading	9	(669)	46,947
– Interest income on assets measured at fair value through profit or loss	7	(91,087)	(168,551)
– Interest income on deposit with banks		(367,298)	(204,780)
– Impairment charge on receivables			
Changes in working capital:			
– Financial assets held for trading		1,519,426	76,541
– Other assets		47,244	(21,711)
– Other liabilities		17,672	(523,175)
– Rent received in advance		(68,240)	278,686
Cash generated from operations		<u>2,446,139</u>	<u>664,903</u>
<b>24 Cash and cash equivalents</b>			
For purposes of the cash flow statement, cash and cash equivalents comprises:			
- Balances with banks (Note 14)		<u>3,705,246</u>	<u>1,977,318</u>
		<u>3,705,246</u>	<u>1,977,318</u>
<b>25 Related party transactions</b>			

The Trust is managed by Stanbic IBTC Asset Management Limited (the 'Fund Manager'), an investment management company incorporated in Lagos.

During the period, the following related party activities occurred:

Entity	Relationship	Type of transaction	2023 N'000	2022 N'000
Stanbic IBTC Asset Management Limited	Fund manager (From June 2021)	Management fee	114,317	116,144
FSDH Asset Management Limited	Fund manager (Up to May 2021)	Management fee	-	-
UACN Property Development Company Plc	Property manager	Property management fee	45,904	51,587
UBA Trustees Limited	Trustee	Trustee fee	2,150	2,150
FBN Trustees Limited	Trustee	Trustee fee	2,150	2,150

The amount payable to the related parties as at the end of the year is as follows; Fund Manager (SIAML) - 35.1million, Property Manager - 25.7million and Trustees - 4.2million

**Notes to the financial statements**  
**For the year ended 31 December 2023**

Key management staff has been defined as members of management staff of the Fund Manager and its other related companies. No compensation was paid to key management staff during the period (December 2022: Nil).

**Units held by related parties to the Trust are listed below:**

	<b>31 December 2023</b>	31 December 2022
	<b>Units</b>	Units
	<b>N'000</b>	N'000
Direct - UPDC	<u>133,413</u>	<u>133,413</u>

**26 earnings/(loss) per unit**

(i) Basic

Basic earnings/(loss) per unit is calculated by dividing the net (loss) / profit after tax attributable to the unit holders of the Trust by the number of units in issue during the period.

	<b>31 December 2023</b>	31 December 2022
Profit/(loss) after tax attributable to unit holders of the Trust (N'000)	<b>3,788,751</b>	1,676,858
Number of ordinary units in issue (000)	<u>2,668,270</u>	<u>2,668,270</u>
Basic earnings/(loss) per unit (expressed in Naira per share)	<u>1.42</u>	<u>0.63</u>

(ii) Diluted

The Trust does not have potential units with convertible options and therefore there is no dilutive impact on the profit attributable to the equity holders.

Diluted earnings/(loss) per unit (expressed in Naira per unit)	<u>1.42</u>	<u>0.63</u>
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**27 Distributions**

	<b>31 December 2023</b>	31 December 2022
	<b>N'000</b>	N'000
Interim/proposed distribution	<u>1,093,700</u>	<u>930,394</u>

In line with the provisions of the Trust Deed, minimum of 90% of the Trust's distributable income will be distributed to unit holders at the end of every financial year. Distributable income represents the "profit after tax" add/less unrealised fair value loss/gain on investment property plus realised gain on disposed investment property.

Final distributions are not accounted for until they have been ratified by the Investment Committee. 2023 Interim distribution was approved by the Joint Trustees. Interim distribution of 19 Kobo (December 2022 was 18 Kobo) per share totalling N526.22million (Dec 2022 was N483.35million) was accrued for the six months ended 30 June 2023 while 21 Kobo totalling N567.47million (Dec 2022 was N447Million) is being proposed as final distribution for the year ended 31 December 2023.

The proposed final distribution of 21 kobo has been accounted for, as an appropriation of retained earnings in the year ending 31 December 2023

**Reconciliation of distribution**

	<b>N'000</b>	N'000
(Loss)/profit after tax	<b>3,788,751</b>	1,676,858
Add realised gain on investment property	-	-
Less replacement provision for Pearl Hostel	<b>(27,778)</b>	(27,778)
Less Provision for Sinking Fund (5% Rental Income)	<b>(71,157)</b>	(63,087)
(Less)/add fair value (gain)/loss on investment property	<u><b>(2,474,594)</b></u>	<u>(552,220)</u>
Distributable income	<u><b>1,215,222</b></u>	<u>1,033,773</u>
Proposed distribution at 90% of distributable income	<u><b>1,093,700</b></u>	<u>930,394</u>
Interim distribution declared	<b>526,228</b>	483,354
Distribution proposed	<b>567,471</b>	447,040
Total distribution	<u><b>1,093,700</b></u>	<u>930,394</u>
Interim distribution declared per unit (Naira)	<b>0.19</b>	0.18
Distribution proposed per unit (Naira)	<b>0.21</b>	0.17
Total distribution per unit (Naira)	<u><b>0.41</b></u>	<u>0.35</u>

**28 Capital commitments**

The Trust had no capital commitments as at end of the period ended 31 December 2023 (31 December 2022: Nil).

**29 Contingent liabilities**

The Trust had no contingent liabilities as at end of the period ended 31 December 2023 (31 December 2022: Nil).

**30 Events after the reporting period**

There was no event known to management which could have a material effect on the financial statements of the Fund for the year ended 31 December 2023 that have not been adequately recognised and/or disclosed in the financial statements.