

UPDC REAL ESTATE INVESTMENT TRUST

FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2021

**UPDC REAL ESTATE INVESTMENT TRUST
FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2021**

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**UPDC REAL ESTATE INVESTMENT TRUST
FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2021**

PARTIES TO THE TRUST

Trustees

United Capital Trustees Limited
UBA House (12th Floor)
57 Marina
Lagos
Telephone: (01) 2807032

Trustees

FBNQuest Trustees Limited
10 Keffi Road
Off Awolowo Road, S.W. Ikoyi
Lagos
Telephone: (01) 4622673

Fund Manager

Stanbic IBTC Asset Management Limited
The Wealth House
Plot 1678 Olakunle Bakare Close
Off Sanusi Fafunwa Street
Victoria Island
Lagos
Tel: 234-1-2805595
E-Mail: mutualfunds@stanbicibt.com
Website: www.stanbicibtassetmanagement.com

Property Manager

UACN Property Development Company Plc (UPDC)
REIT Business Manager
3rd Floor
1/5 Odunlami Street
Lagos Island, Lagos.
Telephone: (01) 2702201

Registrars

First Registrars Nigeria Limited
Plot 2 Abebe Village Road,
Iganmu
Lagos
Telephone: (01) 773086

Custodian

UBA Plc (Global Investor Services Division)
UBA House
57 Marina
Lagos
Telephone: (01) 2808349

Banker

United Bank for Africa Plc
Head Office Branch
UBA House
57 Marina
Lagos
Telephone: (01) 2808349

Auditor

PricewaterhouseCoopers
(Chartered Accountants)
Landmark Towers,
5B Water Corporation Drive
Victoria Island
Lagos
Telephone: (01) 2711700

Joint Trustees' Report on the UPDC Real Estate Investment Trust

For the Financial Statements for the year ended 31st December 2021

The Trustees present their Report on the affairs of the UPDC Real Estate Investment Trust, together with the Financial Statements for the year ended 31st December, 2021.

Principal activity: The principal activity of the UPDC Real Estate Investment Trust (the "REIT") is to pool investment in a diversified portfolio of income-generating Real Estate in Nigeria with high growth potential in accordance with the Trustee Investments Act, the Investments and Securities Act (2007), the Securities and Exchange Commission's Rules and Regulations and the Trust Deed (the Applicable Regulations).

Results: The results for the year ended 31st December, 2021 are set out on pages 9 and 10

Change of Fund Manager During the year under review, a new Fund Manager was appointed by the Joint Trustees with the approval of the Securities and Exchange Commission. Stanbic IBTC Asset Management Limited is new Fund Manager for the UPDC REIT.

Directors: The Directors of the Fund Manager who served during the period under review were:

Dr. Demola Sogunle	Chairman
Mr. Oladele Sotubo	Managing Director
Mr. Shuaib Audu	Executive Director
Mrs. Busola Jejelowo	Executive Director
Mrs. Wunmi Ehis-Uzenabor	Executive Director
Prof. Olayinka David-West	Independent Non- Executive Director
Mrs. Ifeoma Esiri	Non- Executive Director
Mrs. Funke Amobi	Non- Executive Director
Mrs. Bridget Oyefeso-Odusami	Non-Executive Director
Mr. Babatunde Majiyagbe	Non-Executive Director

Directors' and related parties' interest in the units of the REIT: None of the directors of the Fund Manager, FBNQuest Trustees Limited and United Capital Trustees Limited has any direct beneficial interest in the units of the REIT.

Responsibilities of the Fund Manager: The Investments and Securities Act, 2007 requires the Fund Manager to keep proper books of account and prepare annual financial statements, which give a true and fair view of the state of affairs of the Real Estate Investment Trust during the period covered by the financial statements.

The Fund Manager is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any point in time, the financial position of the REIT and enable the Fund Manager to ensure that the financial statements comply with the applicable regulations.

The Fund Manager is also responsible for maintaining adequate financial resources to meet its commitments and to manage the risks to which the Fund is exposed.

Responsibilities of the Trustees:

The responsibilities of the Trustees as provided by the Securities and Exchange Commission's Rules and Regulations made pursuant to the Investments and Securities Act, 2007 are as stated below:

- Monitoring the activities of the Fund Manager and the Custodian on behalf of and in the interest of the Unit Holders;
- Ensuring that the Custodian takes into custody all of the Scheme's assets and holds them in trust for the holders in accordance with the Trust Deed and the Custodial Agreement;
- Monitoring the register of Unitholders or contributors;
- Ascertaining the Fund Manager's compliance with the Applicable Regulations;
- Ascertaining that the monthly and other periodic returns/reports relating to the Fund are sent by the Fund Manager to the Commission;
- Taking all steps and executing all documents which are necessary to secure acquisitions or disposals properly made by the Fund Manager in accordance with the Trust Deed and Custodial Agreement;
- Exercising any right of voting conferred on it as the registered holder of any investment and/or forward to the Fund Manager within a reasonable time all notices of meetings, reports, circulars, proxy solicitations and any other document of a like nature for necessary action;
- Ensuring that fees and expenses of the Fund are within the prescribed limits; and
- Acting at all times in the interest and for the benefit of unit holders of the Scheme.

Administration of the REIT:

During the period under review, the allocation to liquid assets was above the 10% maximum limit as provided in the Trust Deed. The increase in the percentage of liquid assets was due to the drop in the value of the real estate assets. Apart from this, the Fund was administered in accordance with the applicable regulations, taking into cognisance prevailing market conditions as well as preserving and minimising

possible losses to unit holders' funds.

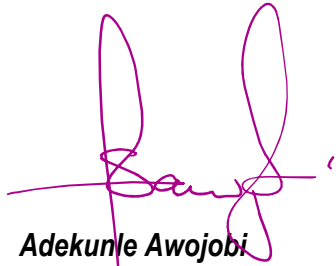
Charitable donations:

The REIT did not make any charitable donations during the period.

Auditors:

PricewaterhouseCoopers, the REIT's Auditors, have indicated their willingness to continue in office.

By Order of the Joint Trustees



Adekunle Awojobi
FRC/2013/ICAN/00000002442
Managing Director
FBNQuest Trustees Limited
10, Keffi Street, Ikoyi
Lagos, Nigeria
31st March, 2022



Buky Ikeotuonye
FRC/2021/003/00000024421
Managing Director
United Capital Trustees Limited
Afriland Towers, 3rd & 4th Floors,
97/105, Broad Street, Lagos, Nigeria
31st March, 2022

FUND MANAGER'S REPORT

Economic Review

In 2021, economic growth across the globe continued to be supported by fiscal and monetary policy activities of governments and central banks. The economic recovery became slower during the second half of 2021 resulting from new variants of the COVID-19 virus with supply chain disruptions leading to higher inflation in the United States, Europe, and Emerging Markets. The continued threat of high inflation rates caused most monetary authorities to either begin to reduce their bond purchase program or hike interest rates in a bid to curtail the effects that uncontrolled inflation may have on economic growth.

Nigeria's economy expanded for the third consecutive quarter in 2021 with GDP growth rate printing at 4.03% on a year-on-year basis in Q3 2021. The economic expansion was driven by the non-oil sector which contributed about 92.51% to total GDP in Q3 2021. The Central Bank of Nigeria ("CBN") retained the Monetary Policy Rate ("MPR") at 11.5% all through the year in a bid to support economic recovery while inflation rate maintained a downward trend from April 2021 to November 2021 largely due to high base effect from same periods in 2020 before closing the year at 15.63%.

Market Review

According to the Nigerian Bureau of Statistics Q4 2021 GDP figures, the GDP of the Nigerian real estate industry was grew by 2.26% from the previous year to ₦4.1 trillion. The Lagos Real Estate Market continues to see increase in development despite weak demand due to the slowdown in business activities and job losses, elicited by the coronavirus (COVID-19) pandemic in 2021.

The housing deficit in Nigeria remains high at about 22 million, comparing less favourably to other African countries like South Africa, Kenya, Angola and Ghana with housing deficits of 2.3 million, 2 million, 1.9 million and 1.7 million respectively. The huge gap between Nigeria and its peers is due to the large and increasing population in Nigeria coupled with other factors such as considerable rural-urban migration, high interest rates on mortgages and weak capacity building in the industry.

The commercial real estate market in Lagos which comprises office space, retail, hospitality and industrial sub-segments was also impacted by the COVID-19 pandemic as many organisations continued to operate remotely to curb the spread of the virus. In addition, some expiring lease contracts were not renewed in 2021 due to the emergence of remote working.

Fund Performance

The REIT traded a total of 861 million units in 2021 compared 104 million units from the prior year and closed at a price of N4.45 on December 31, 2021. This represents a 19% decline in market price from the previous year and this is attributed to the significant increase in trading activities experienced during the year.

An Interim distribution payment of NGN492million (NGN0.18kobo per unit) for the period ended 30 June 2021 was paid to unit holders.

The asset allocation of the REIT as of 31 December 2021 is stated below.

S/N	Asset Class	Asset Allocation	Permissible Limit
1	Real Estate Assets	86.24%	Minimum of 75%
2	Real Estate Related Assets	1.50%	Maximum of 25%
3	Liquid Assets	12.26%	Maximum of 10%
		100.00%	

The allocation to liquid assets exceeds the maximum limit of 10%, however, the Fund Manager has put in necessary measures to ensure that investment in real estate and real estate related assets are increased. This will see the REITs asset allocation realign within permissible limits.

Confidential

The table below gives a snapshot of the real estate portfolio.

Property	Location	Gross Yield	Property Type	Tenant Mix	Vacancy Rate	Length of Tenancy
Abebe Court	Ikoyi, Lagos	5.40%	Residential	A mix of corporate (88%) and individual (12%) tenants	8%	Annual Leases
Victoria Mall Plaza 1	Victoria Island, Lagos	3.97%	Residential	Corporate tenant	0%	2 years
Victoria Mall Plaza 2	Victoria Island, Lagos	6.65%	Commercial	Corporate tenant	25%	5 years
UAC Complex	CBD, Abuja	4.97%	Commercial	Corporate tenants	12%	Annual Leases
Kingsway Building	Marina, Lagos	8.93%	Commercial	Corporate tenants	7%	Annual Leases
Pearl Hostel	Lekki - Epe Expressway, Lagos	18.69%	Purpose Built Student Accommodation	University Students	0%	Annual Leases

Confidential



Independent auditor's report

To the Members of UPDC Real Estate Investment Trust

Report on the audit of the financial statements

Our opinion

In our opinion, UPDC Real Estate Investment Trust's ("the Trust's") financial statements give a true and fair view of the financial position of the Trust as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Investments and Securities Act and the Financial Reporting Council of Nigeria Act.

What we have audited

UPDC Real Estate Investment Trust's financial statements comprise:

- the statement of comprehensive income for the year ended 31 December 2021;
 - the statement of financial position as at 31 December 2021;
 - the statement of changes in unit and reserves for the year then ended;
 - the statement of cash flows for the year then ended; and
 - the notes to the financial statements, which include a summary of significant accounting policies.
-

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

Independence

We are independent of the Trust in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of investment properties – N21.48 billion (refer to notes 2.7, 4.2 and 18)</i></p>	
<p>We focused on this balance because significant judgement and estimate are made by management.</p>	<p>We assessed the independence, qualifications and expertise of the Fund Manager’s valuation expert.</p>
<p>The Fund Manager makes use of an external expert to perform these valuations. The valuation technique adopted for each property is determined by taking into consideration the current use of the property and the availability of market data on recent sales activities.</p>	<p>We obtained the valuation report prepared by the Fund Manager for all properties and assessed whether the valuation technique adopted for each property was suitable in determining the fair value of the property.</p>
<p>Key assumptions made by management in determining property values include rental risk and future rental income.</p>	<p>We carried out procedures to test whether property-specific information supplied to the valuation experts (such as rental income and title held on each property) reflected the underlying property records held by the Trust.</p>
	<p>We used property specific information and external data to independently develop a range of estimates and compared to the Fund Manager’s estimates.</p> <p>We also assessed the disclosure for compliance with relevant standards.</p>

Other information

The Fund Manager is responsible for the other information. The other information comprises the Parties to the Trust, Trustees’ Report, Fund Manager’s Report, Statement of Fund Manager’ Responsibilities, Value Added Statements and Five-Year financial summary, but does not include the financial statements and our auditor’s report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Fund Manager and those charged with governance for the financial statements

The Fund Manager is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Investments and Securities Act, the Financial Reporting Council of Nigeria Act, and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund Manager either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Wura Olowofoyeku

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Wura Olowofoyeku
FRC/2017/ICAN/00000016809



31 March 2021

**UPDC REAL ESTATE INVESTMENT TRUST
FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2021**

STATEMENT OF THE FUND MANAGER'S RESPONSIBILITIES

The Fund Manager is responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Trust for the year ended 31 December 2021 and of the net income for the year ended 31 December 2021.

The responsibilities include ensuring that:

- i. the Trust keeps accounting records which disclose with reasonable accuracy the financial position of the Trust and which ensure that the financial statements comply with the requirements of the relevant accounting standards;
- ii. appropriate and adequate internal controls are established to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities;
- iii. the Trust prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied; and
- iv. it is appropriate for the financial statements to be prepared on a going concern basis.

The Fund Manager accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with:

- i. International Financial Reporting Standards
- ii. Financial Reporting Council of Nigeria Act
- iii. Investments and Securities Act
- iv. Relevant circulars issued by the Securities and Exchange Commission.

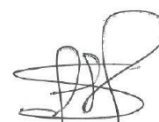
The Fund Manager further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Fund Manager to indicate that the Trust will not remain a going concern for at least twelve months from the date of this statement.

ON BEHALF OF THE FUND MANAGER



Shuaib Audu
(FRC/2014/IODN/00000008295)
Director
Stanbic IBTC Asset Management Limited
31 March 2022



Oladele Sotubo
(FRC/2013/CISN/00000001702)
Chief Executive
Stanbic IBTC Asset Management Limited
31 March 2022

**UPDC REAL ESTATE INVESTMENT TRUST
FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2021**

STATEMENT OF COMPREHENSIVE INCOME

	Notes	31 December 2021 N'000	31 December 2020 N'000
Rental income	6	1,259,006	1,566,896
Interest income on deposit with banks	8	126,980	10,660
Interest income on assets measured at fair value through profit or loss	7	258,489	321,381
Fair value (loss)/gain on investment property	18	(5,091,850)	53,077
Net (loss)/gain on financial assets held for trading	9	(323,844)	246,502
Net loss on investment in real estate development	10	(6,003)	-
Net gain on disposal of investment property	11	-	101,453
Other income	12	-	118,343
Revenue		(3,777,222)	2,418,311
Impairment charge on receivables	17	(141,483)	(5,485)
Operating expenses	13	(561,703)	(480,534)
(Loss)/Profit before tax		(4,480,408)	1,932,292
Tax		-	-
(Loss)/profit after tax		(4,480,408)	1,932,292
(Decrease)/increase in net assets attributable to unit holders		(4,480,408)	1,932,292
(Loss)/earnings per unit to unit holders of the Trust			
(Loss)/earnings per unit - basic and diluted (Naira)	26	(1.68)	0.72

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

**UPDC REAL ESTATE INVESTMENT TRUST
FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2021**

STATEMENT OF FINANCIAL POSITION

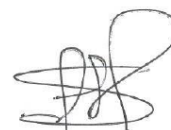
	Notes	31 December 2021 N'000	31 December 2020 N'000
Assets:			
Balances with banks	14	2,501,503	1,305,432
Financial assets held for trading	15	1,711,152	3,847,599
Other assets	17	33,118	231,670
Property and equipment	19	77,292	93,343
Right of use assets	16	18,177	19,003
Investment property	18	21,480,000	26,522,225
Total assets		25,821,242	32,019,272
Liabilities:			
Other liabilities	20	636,084	620,205
Rent received in advance	21	241,452	476,060
Lease liabilities	16	14,676	12,517
Total liabilities		892,212	1,108,782
Net assets attributable to unit holders of the Trust		24,929,030	30,910,490
Represented by:			
Units and reserves attributable to unit holders of the Trust			
Unit holders' contributions	22	26,682,695	26,682,695
Retained (loss)/earnings		(1,753,665)	4,227,795
		24,929,030	30,910,490

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 31 March 2022 and signed on behalf of the Fund Manager by the directors listed below:



Shuaib Audu
(FRC/2014/IODN/00000008295)
Director
Stanbic IBTC Asset Management Limited



Oladele Sotubo
(FRC/2013/CISN/00000001702)
Chief Executive
Stanbic IBTC Asset Management Limited

Additionally certified by:



Emmanuel Adebayo
(FRC/2022/PRO/ICAN/001/00000023779)
Chief Financial Officer
Stanbic IBTC Asset Management Limited

**UPDC REAL ESTATE INVESTMENT TRUST
FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2021**

STATEMENT OF CHANGES IN UNITS AND RESERVES

ATTRIBUTABLE TO UNIT HOLDERS OF THE TRUST

	Unitholders' contributions	Retained (loss)/earnings	Total
	N'000	N'000	N'000
At 1 January 2020	26,682,695	3,869,783	30,552,478
Comprehensive income			
Profit after tax	-	1,932,292	1,932,292
		1,932,292	1,932,292
Transactions with unit holders in their capacity as unit holders:			
Distribution paid to unit holders	-	(1,574,280)	(1,574,280)
	-	358,012	358,012
At 31 December 2020	26,682,695	4,227,795	30,910,490
Comprehensive income			
Loss after tax	-	(4,480,408)	(4,480,408)
		(4,480,408)	(4,480,408)
Transactions with unit holders in their capacity as unit holders:			
Distributions paid to unit holders	-	(1,501,052)	(1,501,052)
	-	(5,981,460)	(5,981,460)
At 31 December 2021	26,682,695	(1,753,665)	24,929,030

**UPDC REAL ESTATE INVESTMENT TRUST
FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2021**

STATEMENT OF CASH FLOWS

	Notes	31 December 2021	31 December 2020
		N'000	N'000
Cash flow from operating activities			
Cash generated from operating activities	23	548,839	(1,027,466)
Interest received		395,236	340,470
Net cash flow generated from operating activities		944,075	(686,995)
Cash flows from investing activities			
Proceeds from sale of investment property	18	-	652,435
Improvement of investment property	18	(49,626)	(227,736)
Purchase of property and equipment	19	(55,479)	(32,916)
Net cash used in investing activities		(105,105)	391,783
Cash flows from financing activities			
Distributions paid to unit holders		(1,008,596)	(1,574,279)
Net cash flow used in financing activities		(1,008,596)	(1,574,279)
Net increase in cash and cash equivalent for the period		(169,626)	(1,869,491)
Analysis of changes in cash and cash equivalents:			
Cash and cash equivalents at start of period		1,305,432	3,174,924
Net increase in cash and cash equivalent for the period		(169,626)	(1,869,492)
Cash and cash equivalents at end of period	24	1,135,806	1,305,432

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

1. General information

The UPDC Real Estate Investment Trust (the "Trust"), established in June 6 2013, is a close-ended Real Estate Investment Trust which is listed on the Nigerian Exchange (NGX). The units of the Trust can be bought and sold through a licensed stockbroker on the floor of the NGX.

The primary objective of the Trust is to enable investors earn stable income while preserving capital over the long term. This is achieved by ensuring stable cash distributions from investments in a diversified portfolio of income-producing real estate property and to improve and maximize unit value through the ongoing management of the Trust's assets, acquisitions and development of additional income-producing real estate property.

These financial statements were approved and authorised for issue by the Investment Committee on the 31 March 2022.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB). Additional information required by national regulations is included where appropriate. The financial statements have been prepared in accordance with the going concern principle under the historical cost convention as modified by the measurement of certain financial assets and investment property held at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Fund Manager to exercise its judgement in the process of applying the Trust's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The Fund Manager believes that the underlying assumptions are appropriate and that the Trust's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The financial statements are presented in Naira, which is the Trust's functional and presentation currency. The figures shown in the financial statements are stated in thousands of Naira, unless otherwise stated.

2.1 Summary of significant accounting policies

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

2.2 Standards and interpretations effective during the reporting period

The accounting policies are consistent with those reported in the previous year except as required in terms of the adoption of the following amendments effective for the current year:

New standards and amendments - applicable 1 January 2021

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2021:

Title	Key requirements	Effective Date
Interest rate benchmark reform - Amendment to IFRS 7, IFRS 9 and IAS 39	The amendments modify some specific hedge accounting requirements to provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries. This standard has no impact on the REIT.	01-Jan-21
Covid-19-related Rent Concessions - Amendments to IFRS 16	As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions. This standard has no impact on the REIT.	1 June 2020 (possibly deferred to 1 April 2021)
Interest Rate Benchmark Reform. Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.	In August 2020, the IASB made amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide the following reliefs: When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement. The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded. Affected entities need to disclose information about the nature and extent of risks arising from IBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition. Given the pervasive nature of IBOR-based contracts, the reliefs could affect companies in all industries. This standard has no impact on the REIT	01-Jan-21
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023. The Fund manager is yet to assess the impact of this standard.	1 January 2022 (possibly deferred to 1 January 2023)

2.3 Financial assets and liabilities

Recognition and initial measurement – financial instruments

All financial instruments are measured initially at fair value plus directly attributable transaction costs and fees, except for those financial instruments that are subsequently measured at fair value through profit or loss where such transaction costs and fees are immediately recognised in profit or loss. Regular way purchases and sales of financial assets are recognised on settlement date.

Financial assets

Amortised cost	<p>A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss):</p> <ul style="list-style-type: none"> • held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and • The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. <p>This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basis lending arrangement, the financial asset is classified as fair value through profit or loss.</p>
Fair value through OCI	<p>Includes:</p> <ul style="list-style-type: none"> • A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): <ul style="list-style-type: none"> — held within a business model in which the debt instrument (financial asset) is managed to both collect contractual cash flows and sell financial assets; and — The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. <p>This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basis lending arrangement, the financial asset is classified as fair value through profit or loss.</p> <ul style="list-style-type: none"> • Equity financial assets which are not held for trading and are irrevocably elected (on an instrument-by-instrument basis) to be presented at fair value through OCI.
Fair value through profit or loss	Financial assets that are not classified into one of the above-mentioned financial asset categories.

Subsequent measurement

Subsequent to initial measurement, financial assets are classified in their respective categories and measured at either amortised cost or fair value as follows:

Amortised cost	<p>Amortised cost using the effective interest method with interest recognised in interest income, less any impairment losses which are recognised as part of credit impairment charges. Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate. The carrying amount is adjusted by any expected credit loss allowance recognised and measured. Interest income is included in interest income on deposit with banks.</p>
Fair value through OCI	<p>Debt instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When a debt financial asset is disposed of, the cumulative fair value adjustments, previously recognised in OCI, are reclassified to the other gains and losses on financial instruments within non-interest revenue.</p> <p>Interest income on debt financial asset is recognised in interest income in terms of the effective interest rate method.</p> <p>Equity instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When equity financial assets are disposed of, the cumulative fair value adjustments in OCI are reclassified within reserves to retained earnings.</p> <p>Dividends received on equity instruments are recognised in other income within non-interest income. The trust does not have any assets measured at FVOCI.</p>
Fair value through profit or loss	Fair value gains and losses on the financial asset are recognised in the income statement as part of net gains on financial instruments held for trading. Interest income on these financial assets is included in interest income on assets received at fair value through profit or loss.

The trust did not have any equity investments at fair value through profit or loss during the period and in prior year.

Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Trust tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition).

Financial liabilities

Classification and measurement

Financial liabilities are classified as subsequently measured at amortised cost. The trust's financial liabilities includes Rent received in advance, fees payable, accrued expenses and lease liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The exchange between the Trust and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Category (as defined by IFRS 9)	Classes as determined by the Trust		Subclasses
Financial assets	Amortised cost	Bank balances	Balances with banks
		Other assets	Rent receivables
	Financial assets held for trading (FVTPL)	Financial assets held for trading	Receivable from property manager
		Financial assets at fair value through profit or loss	Treasury bills
			Corporate bonds
			Investment in real estate development
Financial liabilities	Amortised cost		Fund manager's fee payable
			Custodian fees payable
		Account payables	Dividend payable
			Accrued expenses
		Rent received in advance	Rent received in advance
		Lease liability	Lease liabilities

2.4 Impairment

For trade receivables that do not contain a significant financing component, the loss allowance is measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime ECL. As a practical expedient, a provision matrix has been used to estimate ECL for these assets.

The provision matrix simply involves applying the relevant loss rates to the balances outstanding across the different age bands i.e. rates applied depends on the number of days that a trade receivable is past due.

The loss rate is determined based on historical losses rate over a three-year period. The loss definition is any receivables balance that is over 365 days. The estimated historical loss rates have been appropriately adjusted to reflect the expected future changes using macroeconomic variables which serve as indicators of losses. Macro variables considered include GDP growth rate, inflation rate and exchange rate respectively.

Based on the assessment as at 31 December 2021, the loss rates for each age bucket are as follows:

Age bucket	Loss rate (%)
0-30 days	11.62%
31-60 days	23.24%
61-90 days	34.86%
91-120 days	46.48%
121-150 days	58.11%
151-180 days	69.73%
Above 181 days	100.00%

as at 31 December 2020

Age bucket	Loss rate (%)
0-30 days	0%
31-60 days	0%
61-180 days	1.00%
Above 181 days	19.00%

Impairment expense is used to reduce the carrying value of the receivable and is recognised as part of impairment charge on receivables in the statement of comprehensive income.

2.5 Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Trust determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Trust's procedures for recovery of amounts due.

2.6 Offsetting 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Trust or the counterparty.

2.7 Investment property

Investment property include income producing properties and property under development (land or building, or part of a building, or both) that are held by the Trust to earn rental income or for capital appreciation or both but are not for sale in the ordinary course of business, use in the production or supply of goods and services or for administrative purposes.

Investment property are initially recognized at property cost including related transaction costs.

After initial recognition, investment property is carried at fair value. Investment property under construction is measured at fair value. Investment property under construction for which the fair value cannot be determined reliably, but for which the Trust expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier. Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Trust uses alternative valuation methods, such as recent prices on less active markets. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Trust and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in the statement of comprehensive income. Investment property are derecognised when they have been disposed or when no further economic benefits are expected from the property.

For investment property, the fair valuation is carried out by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment property valued. For all investment property, their current use equates to the highest and best use.

Income on disposal of investment properties are recognised in the statement of comprehensive income as 'net gain/loss on disposal of investment property'.

2.8 Interest income and expense

Interest income for all interest-bearing financial instruments are recognised within 'interest income' in the statement of comprehensive income using the effective interest method. The Trust does not have any interest expense as at the reporting date.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- (a) purchased or originated credit-impaired financial assets (POCI), for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
- (b) Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Trust estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.9 Rental income from property

Rental income from investment property is recognised on a straight-line basis over the lease term. When the Trust provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income. Rental income earned but yet to be paid by the tenant(s) is recorded as "rent receivables" in the notes to the account and reported under "other assets" in the statement of financial position.

Rent paid in advance and yet to be earned are recorded as "Rent received in advance" in the statement of financial position.

2.10 Property and equipment

(i) Recognition and measurement

Items of property and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. An asset is recognised when it is probable that economic benefits associated with the item flow to the Trust and the cost of the item can be reliably measured.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and are recognized net within other operating income in statement of comprehensive income.

The assets' carrying values and useful lives are reviewed, and written down if appropriate, at each date of the statement of financial position. Assets are impaired whenever events or changes in circumstances indicate that the carrying amount is less than the recoverable amount.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Trust and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in statement of comprehensive income.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset is not depreciated while it is classified as held for sale.

The estimated useful lives for the period are as follows:

-Office equipment	- 33.33%
-Fixtures & fittings	- 33.33%

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(iv) Right-of-Use Assets

The Right-of-Use Assets relates to a building lease by the REIT.

The Company recognises a right-of-use asset and if applicable, a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated amortisation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or if that cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payments made.

(v) Decognition

Property, plant and equipment will be derecognised when no future economic benefit are expected from the assets. Gain or loss on the disposal is recognised as the difference between the disposal proceeds and carrying value of the asset.

2.11 Cash and cash equivalents

For the purposes of statement of cash flow, cash and cash equivalents are balances that are held for the primary purpose of meeting short term cash commitments. Hence this includes cash in hand and cash equivalents that are readily convertible to known amount of cash, are subject to insignificant risk of changes in value and whose original maturity is three months or less. This includes placements with banks and other short-term highly liquid investments which originally matures in three months or less (such as treasury bills with less than 3 months maturity)

2.12 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. The Trust did not earn any dividend income during the period ended 31 December 2021 (December 2020: Nil). The Trust also charges value added tax on sale of investment property or any part thereof and remits same to the responsible tax authorities.

2.13 Distributions

Distributions are recognised in retained earnings in the period in which they are approved by the Joint Trustees. Distributions for the year that are declared after the date of the statement of financial position are dealt with in the subsequent events note in the financial statement.

2.14 Unit holding

Holdings of the Trust are classified as unit holding. Incremental costs directly attributable to the issue of new units, are shown as a deduction against unitholders contributions.

2.15 Earnings per unit

Basic (loss) / earnings per unit is calculated by dividing the profit/(loss) for the year by the weighted average number of units in issue during the period.

Diluted (loss) / earnings per unit is calculated by adjusting the weighted average number of units outstanding to assume conversion of all dilutive potential units.

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3 Risk Management Objective and Policies

3.1 Financial risk management

The Trust generates revenues for unit holders by investing in various income generating activities which include rental income on investment property, trading real estate equity securities on the stock exchange and trading in government securities. These activities expose the Trust to a variety of financial risks, including credit, liquidity risk and the effects of changes in debt and equity market prices and interest rates. The Trust's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the Fund Managers under direction of the Investment Committee and Stanbic IBTC Asset Management's Risk Management Department. The Investment Committee works within policies approved by the Trust's Trustee. Fund Managers review the market trends and information available to evaluate the potential exposures. They then arrive at strategies to mitigate against these risks. The Group Risk Department provides the Fund Managers with written guidelines for appropriate investments. These guidelines are reviewed on a regular basis and are within the Collective Investment Scheme regulations issued by the Securities and Exchange Commission (SEC).

The investment risk management framework also adheres to regulatory requirements in relation to investment policies; assets mix, valuation, diversification, asset and liability matching, and risk management. It also includes setting market, credit, liquidity and other investment risk management strategies and policies, developing management procedures to ensure that investments are only transacted in line with these policies, and having an appropriate system of measurement, monitoring, reporting and control underpinning investment activities.

Risk Management Governance structure



The Trust investments are made by the Fund Manager with the consent and approval of the Investment Committee in any of the following asset classes and in accordance with the maximum limit allowed. The limit allowed for each investment class is as stated below:

Asset Class	Minimum Limit	Maximum Limit
Real estate property	75.00%	100.00%
Real estate related assets	0.00%	25.00%
Liquid assets	0.00%	10.00%

This implies that:

1. A maximum of 100% or a minimum of 75% of the REIT's assets may be invested in real estate (property)
2. A maximum of 25% or a minimum of 0% of the REIT's assets may be invested in real estate related assets such as equities of a real estate company
3. A maximum of 10% or a minimum of 0% of the REIT's assets may be invested in liquid assets

The Investment Committee is made up of three independent members (one of whom is the Chairman) who are seasoned professionals in real estate business and two representatives each of the Fund manager, trustees and property manager.

The Trust's financial instruments are categorised as follows:

31 December 2021		Financial Assets		Financial Liabilities
In thousands of Nigerian Naira	Note	Amortised cost	Financial assets at fair value through profit or loss	At amortised cost
		N'000	N'000	N'000
Financial assets:				
Bank balances				
-Balances with banks	14	2,501,503	-	-
Financial assets held for trading				
- Corporate Bonds	15	-	354,552	-
- FGN Bonds	15	-	192,239	-
- FGN Promissory notes	15	-	1,164,361	-
Other assets				
- Rent receivables	17	12,317	-	-
Financial liabilities:				
Account payable	20	-	-	635,869

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31 December 2020		Financial Assets		Financial Liabilities
In thousands of Nigerian Naira	Note	Amortised cost	Financial assets at fair value through	At amortised cost
		N'000	N'000	N'000
Financial assets:				
Bank balances				
-Placement with banks	14	1,305,432	-	-
Financial assets held for trading				
- Treasury Bills	15	-	1,066,602	-
- Corporate Bonds	15	-	595,929	-
- FGN Promissory notes	15	-	2,185,068	-
Other assets				
- Rent receivables	17	63,759	-	-
- Receivable from property manager	17	142,594	-	-
- Receivable on James Pinnock Estate	17	6,129	-	-
Financial liabilities:				
Accounts payable	20	-	-	619,990

3.2 Liquidity risk

Liquidity risk is the risk that the Trust though solvent, has insufficient liquid assets to meet its obligations such as operational costs and distribution to unit holders when they fall due. The liquidity profile of the Trust is a function of the asset mix as enunciated in the investment guidelines. To the extent that they are predictable, immediate demands for cash are not expected to pose undue liquidity risk for the Trust. An immediate demand for cash can only be a risk if there is liquidity shortage. The Trust will invest 10% of its total portfolio in liquid assets of diversified nature and staggered tenors in order to ensure that it is always able to meet its obligations.

The Trust being a closed ended Trust would not be faced with liquidity requests for redemption of units as units can only be sold to willing buyer(s) on the floor of the Nigerian Exchange Group (NGX)

Liquidity maturity analysis

The tables below analyse the Trust's financial assets and financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 December 2021

	Due on demand	Due within 3 months	Due within 3 & 12 months	More than 1 year	Total
	N'000	N'000	N'000	N'000	N'000
Financial assets					
Bank balances					
- Balances with banks	933,834	204,077	1,402,592	-	2,540,503
Rent receivable	167,340	-	-	-	167,340
- Corporate Bonds	-	72,333	40,473	285,761	398,567
- FGN Bonds	-	-	24,964	426,196	451,160
- FGN Promissory notes	-	-	-	1,410,000	1,410,000
	<u>1,101,174</u>	<u>276,410</u>	<u>1,468,029</u>	<u>2,121,957</u>	<u>4,967,570</u>
Financial liabilities					
Lease liability	-	635,869	-	-	635,869
	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,676</u>	<u>14,676</u>
Net financial asset	<u>1,101,174</u>	<u>276,410</u>	<u>1,468,029</u>	<u>2,107,281</u>	<u>4,317,025</u>
Net assets attributable to equity holders					<u>24,929,030</u>
Percentage of liquid financial assets to Net assets attributable to equity holders					17%

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31 December 2020

	Due on demand	Due within 3 months	Due within 3 & 12 months	More than 1 year	Total
	N'000	N'000	N'000	N'000	N'000
Financial assets					
Bank balances					
- Balances with banks	1,305,432	-	-	-	1,305,432
Rent receivable	77,299	-	-	-	77,299
Receivable from property manager	142,594	-	-	-	142,594
Receivable on James Pinnock Estate	6,129	-	-	-	6,129
Financial assets held for trading					
- Treasury bills	-	1,067,000	-	-	1,067,000
- Corporate bonds	-	14,343	63,844	582,094	660,281
- FGN Bonds	-	-	-	-	-
- FGN Promissory notes	-	-	957,941	1,410,000	2,367,941
	<u>1,531,454</u>	<u>1,081,343</u>	<u>1,021,785</u>	<u>1,992,094</u>	<u>5,626,676</u>
Financial liabilities					
Lease liability	-	619,990	-	-	619,990
	-	-	-	12,517	12,517
Net financial asset	<u>1,531,454</u>	<u>461,353</u>	<u>1,021,785</u>	<u>1,979,577</u>	<u>4,994,169</u>
Net assets attributable to equity holders					<u>30,910,490</u>
Percentage of liquid financial assets to Net assets attributable to equity holders					16%

3.3 Credit risk

The Trust is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The main concentration to which the Trust is exposed arises from the Trust's investments in debt securities. The Trust is also exposed to counterparty credit risk on cash and cash equivalents, and rent receivable from tenants. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal. The Trust considers the credit exposure to geographical sectors as immaterial as all the credit risk exposures are domiciled in Nigeria for all periods. The maximum exposure to credit risk is the carrying amount of the financial assets as set out below.

Sector analysis of credit risk exposure

31 December 2021

	Bank balances	Financial assets held for trading	Other assets	Maximum Exposure
	N'000	N'000	N'000	N'000
Government	-	1,356,600	-	1,356,600
Financial Institutions	2,501,503	-	-	2,501,503
Corporate	-	354,552	-	354,552
Others	-	-	12,317	12,317
	<u>2,501,503</u>	<u>1,711,152</u>	<u>12,317</u>	<u>4,224,972</u>

31 December 2020

	Bank balances	Financial assets held for trading	Other assets	Maximum Exposure
	N'000	N'000	N'000	N'000
Government	-	3,251,670	-	3,251,670
Financial Institutions	1,305,432	-	-	1,305,432
Corporate	-	595,929	142,594	738,523
Others	-	-	69,888	69,888
	<u>1,305,432</u>	<u>3,847,599</u>	<u>212,482</u>	<u>5,365,513</u>

The financial assets to which the Trust is exposed are mainly Federal Government of Nigeria (FGN) promissory notes and Bonds to which as Nigeria's sovereign obligations, have low credit risk. Others are corporate bonds and call placement with banks.

A rating grid which shows the ratings of all financial assets is illustrated below.

	31 December 2021 N'000	31 December 2020 N'000
AAA	1,356,600	595,929
AA	1,984,685	142,594
A	-	-
BBB	516,488	-
BB	-	-
B	-	1,305,432
CCC	354,392	-
Unrated	12,317	3,251,670
	<u>4,224,482</u>	<u>5,295,625</u>

CCC rating was as a result of a credit rating downgrade on holdings of corporate bonds issued by Mixta Real Estate PLC, which as at issuance in 2018 was rated AAA.

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3.4 Market risk

(a) Price risk

This is the risk that prevailing market forces of demand and supply may negatively impact the Trust's underlying asset values and its ability to attain projected performance based on declining rental income and therefore result in reduced distributions to investors.

The Trust's exposures to the capital market make it susceptible to movements of prices of debt securities' in its portfolio. It is expected that some of the Trust's equity investments may be quoted on the Nigerian Exchange Group (NGX). In managing the risk arising from this class of investments, the Trust ensures diversification of its portfolio to include different sectors of the economy. Diversification of the portfolio is done in accordance with limits set by the Trust's Trust Deed and Investment Committee which provides for investments subject to a maximum of 25% of the value of the Trust in equities. The Trust's investment in promissory notes and corporate bonds are also quoted on the Financial Market Dealers Quotations (FMDQ).

The Trust's does not have any equity investment affected by price movement as at 31 December 2021.

Over-supply and/or softening demand for real estate as a function of general economic conditions, will impact property values and rental income, as demand and supply imbalance will have a negative impact on real estate prices. Consequently, reduced occupancy levels and declining rental values will affect the Trust's operating performance, portfolio valuation and ultimately its capacity to distribute returns to investors.

With the expertise and track record of the Fund Manager, Property Manager and members of the Investment Committee, we expect that adverse changes in market conditions shall be effectively managed to ensure minimal impact on the operations and value of the Trust. Potential changes in market risk indicators such as adverse economic conditions that impact price of the underlying asset values are expected to be tabled before the Investment Committee by the Fund Manager for deliberation to ensure effective and proactive assessment and management of the risk.

Classification of financial assets

	31 December 2021 N'000	31 December 2020 N'000
Financial assets held for trading	1,711,152	3,847,599
	<u>1,711,152</u>	<u>3,847,599</u>

The impact on the Trust's net asset attributable to unit holders if prices of financial asset held had increased or decreased by 5% with all other variables held constant is

Increase	85,558	192,380
Decrease	(85,558)	(192,380)

(b) Cashflow and fair value Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cashflows. The Trust's exposure to cashflow interest rate risk which is the risk that the future cashflows of a financial asset will fluctuate because of changes in market interest rates is minimal as it holds mainly cash and cash equivalents with fixed interest and has no interest bearing financial liabilities.

The Trust also holds fixed interest securities which expose the Trust to fair value interest rate risk. The Trust's fixed interest rate financial assets are government securities (Bonds and Promissory notes), Corporate bonds and call balances with financial institutions.

However, the Trust may be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Trust invests. The risk here is not significant since the assets are fair value through profit or loss. The sensitivity of this on the Trust's net assets attributable to equity holders is represented in the table below.

The table below shows the impact on the Trust's profit before tax if interest rates on the financial assets held for trading had increased by 100 basis points, with all other variables held constant.

	31 December 2021 N'000	31 December 2020 N'000
Effect of 100 basis points movement on profit before tax		
Increase	17,112	38,476
Decrease	(17,112)	(38,476)

(c) Foreign exchange risk

The Trust did not have investments denominated in foreign currency as at 31 December 2021 (December 2020: Nil) and as a result was not exposed to foreign exchange risk.

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3.5 Capital management

The capital of the Trust is represented by equity. The Trust is a closed-ended Trust as such there are no daily subscriptions and redemptions that can affect the capital of the Trust as the Trust can only be traded at prices determined by the forces of demand and supply on the Nigerian Exchange Group (NGX).

The Fund Manager's objectives when managing capital are to safeguard the Trust's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Trust may adjust the amount of distributions paid to equity holders, return capital to equity holders, issue new shares or sell assets to reduce debt. Also there is no regulatory capital requirement for the Trust.

3.6 Fair value estimation

Financial assets and liabilities not measured at fair value

	31 December 2021	
	Carrying Value N'000	Fair value N'000
Financial assets		
Bank balances		
- Placement with banks	2,501,503	2,501,503
- Other assets	12,317	12,317
	<u>2,513,820</u>	<u>2,513,820</u>
Financial Liabilities		
Other liabilities	635,869	635,869
	<u>635,869</u>	<u>635,869</u>
	31 December 2020	
	Carrying Value N'000	Fair value N'000
Financial assets		
Bank balances		
- Placement with banks	1,305,432	1,305,432
- Other assets	212,482	212,482
	<u>1,517,914</u>	<u>1,517,914</u>
Financial Liabilities		
Other liabilities	619,990	619,990
	<u>619,990</u>	<u>619,990</u>

For financial assets and liabilities not measured at fair value, their carrying values are reasonable approximation of their fair value.

Fair value hierarchy of financial assets and liabilities not measured at fair value is shown below.

At 31 December 2021 (N'000)

	Level 3	Total
Balances with banks	2,501,503	2,501,503
Other assets	12,317	12,317
	<u>2,513,820</u>	<u>2,513,820</u>
Other liabilities	635,869	635,869
	<u>635,869</u>	<u>635,869</u>

At 31 December 2020 (N'000)

	Level 3	Total
Balances with banks	1,305,432	1,305,432
Other assets	212,482	212,482
	<u>1,517,914</u>	<u>1,517,914</u>
Other liabilities	619,990	619,990
	<u>619,990</u>	<u>619,990</u>

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Financial instruments measured at fair value

FGN promissory notes and bonds (Corporate & FGN)

FGN promissory notes represents short to medium term instruments issued by the Central Bank of Nigeria. Bonds are debt instruments or contracts issued for an agreed period of time. The investor lends an amount of money to the issuer and earns interest on the investment until the maturity of the bond when the principal will be repaid. The fair value of actively traded FGN promissory notes and bonds are determined with reference to quoted prices (unadjusted) in an active market for identical assets.

The fair values for bonds are obtained from the Financial Markets Dealers Quotations (FMDQ) bond price index. The bond prices are model prices derived from a modelled yield. The modelled yield is calculated by adding a risk premium to the valuation yield (corresponding tenor to maturity (TTM) yield interpolated off the FGN bond theoretical spot rate curve). This is used to calculate the bond bid price.

Risk premiums are derived by 2 methods described below;

1. Apply risk spread on latest acceptable trade for the respective bonds i.e. determine the spread between the bond yield on the latest acceptable trade and the FGN bond spot rate of comparable TTM.

2. Apply risk spread at issuance i.e. determine the spread between the bond yield at issuance and the FGN bond spot rate of comparable TTM. However, where the risk spread at issuance is less than 1% (100 basis points), a base risk premium of 100 basis points is applied.

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Trust's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs) This hierarchy requires the use of observable market data when available.

The Trust considers relevant and observable market prices in its valuations where possible.

Fair value hierarchy of financial assets is shown below

At 31 December 2021 (N'000)

	Level 1	Level 2	Level 3	Total
Financial assets				
- Held for trading	-	1,711,152	-	1,711,152
	<u>-</u>	<u>1,711,152</u>	<u>-</u>	<u>1,711,152</u>

At 31 December 2020 (N'000)

	Level 1	Level 2	Level 3	Total
Financial assets				
- Held for trading	1,662,531	2,185,068	-	3,847,599
	<u>1,662,531</u>	<u>2,185,068</u>	<u>-</u>	<u>3,847,599</u>

4 Critical accounting estimates and judgements

The Trust's financial statements and its financial result are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the financial statements.

The Fund Manager makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standards. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Fund Manager's judgements for certain items are especially critical for the Trust's results and financial situation due to their materiality. These judgements and estimates include:

4.1 Equity holders classification

The units of the Trust are not redeemable and are therefore not carried as financial liabilities. The Trust is a close-ended

Units are bought or redeemed at prices determined by the forces of demand and supply on the Nigerian Exchange Group (NGX) with no guarantees to the equity holders of principal or return.

The units are treated as equity in line with IAS 32/ IFRS 9.

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4.2 Valuation of investment property

Investment property include income producing property and property under development (land or building, or part of a building, or both) that are held by the Trust to earn rent or for capital appreciation or both.

The Trust's investment property are measured at fair value. The Trust holds six investment property being office and residential buildings in Lagos and Abuja. The buildings are as listed below:

Property State	Abebe Court, Ikoyi Lagos	VMP I, Victoria Island Lagos	VMP II, Victoria Island Lagos	UAC Commercial Complex, Abuja FCT Abuja	Pearl Hostel, Ibeju-Lekki Lagos	Kingsway Building, Marina Lagos	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Beginning balance	6,012,065	5,890,000	9,589,069	1,835,804	312,592	2,882,694	26,522,224
Disposals	-	-	-	-	-	-	-
Improvement	21,942	-	-	-	8,124	19,559	49,626
Unrealised fair value gain/(loss) recognised in the statement	(2,184,007)	(890,000)	(1,189,069)	(45,804)	119,284	(902,253)	(5,091,850)
Fair value at 31 December 2021	3,850,000	5,000,000	8,400,000	1,790,000	440,000	2,000,000	21,480,000

Valuation Process

The fair value is based on valuation prepared by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

The professional valuer engaged for the preparation of the valuation reports is UBOSI ELEH & CO (ESTATE SURVEYORS & VALUERS), FRCN number (FRC/2014/NIESV/0000003997).

After the submission of the valuation report from the valuer, the Investment Committee which comprises of highly knowledgeable professionals in real estate business reviews the report.

At the financial year end, the Fund Manager and the Property Manager:

- verify all major inputs to the independent valuation report;
- assess property valuation method used and movements when compared to the prior year valuation report;
- hold discussions with the independent valuer, when necessary.

Valuation techniques

In carrying out the valuation, below are the various methods adopted by the valuer in determining the market value of investment property.

- Direct market comparison method
- Investment/income capitalisation method
- Redevelopment method

The adoption of these methods for a particular property depends on the type and market condition of the property. One or both methods could be used for a particular property at a particular time by way of cross-checking figures. The valuer uses his discretion to adopt the most appropriate method suitable to that type of property being valued.

Direct market comparison is the most reliable and used where there is evidence of recently completed transactions.

This method was adopted for the valuation of Abebe Court and VMP 1 in the current year because there is evidence of availability of recent price data for comparable properties. This is consistent with the valuation method applied in prior year for VMP 1.

However, the methodology adopted for Abebe Court was changed from the redevelopment method from the previous year as it is considered more appropriate in arriving at the investment value of the REIT owned units in the property. The REIT owns c. 80% of the units at Abebe Court.

Investment/income capitalisation method is usually adopted in determining the market value of an income producing property in the form of rentals. This method stands more appropriate in the absence of direct market comparison discussed above.

This method was adopted for the VMP II, Pearl Hostel, Kingsway Building and UAC commercial complex, Abuja because these properties are income generating and there are evidence of current rentals earned on the property.

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Investment property and valuation methods and assumptions used

Property State	Abebe Court, Ikoyi Lagos N'000	VMP I, Victoria Island Lagos N'000	VMP II, Victoria Island Lagos N'000	UAC Commercial Complex, FCT Abuja N'000	Pearl Hostel, Ibeju-Lekki Lagos N'000	Kingsway Building, Marina Lagos N'000
Valuation method	Market value	Market value	Investment / Income capitalisation	Investment / Income capitalisation	Investment / Income capitalisation	Investment / Income capitalisation
Reasons for method used	Availability of market prices for similar properties	Availability of market prices for similar properties	Available rental income	Available rental income	Available rental income	Available rental income
Assumptions used on income capitalisation method						
Number of years	Unexpired lease in the property is 25yrs	Unexpired lease in the property is 83yrs	Unexpired lease in the property is 83yrs	Unexpired lease in the property is 67yrs	Unexpired lease in the property is 17yrs	Unexpired lease in the property is 17yrs
Rate of outgoing (deduction for repairs & maintenance)	N/A	N/A	10%	15%	40%	10%
Capitalisation rate	N/A	N/A	6%	5%	7% plus 5% sinking fund	7%

Fair value hierarchy of investment property is shown below

At 31 December 2021 (N'000)

Investment property:	Level 2	Level 3	Total
- Abebe Court, Ikoyi, Lagos	3,850,000	-	3,850,000
- VMP I, Victoria Island, Lagos	5,000,000	-	5,000,000
- VMP II, Victoria Island, Lagos	-	8,400,000	8,400,000
- UAC Commercial Complex, Abuja	-	1,790,000	1,790,000
- Pearl Hostel, Ibeju-Lekki, Lagos	-	440,000	440,000
- Kingsway Building, Marina, Lagos	-	2,000,000	2,000,000
	<u>8,850,000</u>	<u>12,630,000</u>	<u>21,480,000</u>

At 31 December 2020 (N'000)

Investment property:	Level 2	Level 3	Total
- Abebe Court, Ikoyi, Lagos	-	6,012,065	6,012,065
- VMP I, Victoria Island, Lagos	5,890,000	-	5,890,000
- VMP II, Victoria Island, Lagos	-	9,589,069	9,589,069
- UAC Commercial Complex, Abuja	-	1,835,804	1,835,804
- Pearl Hostel, Ibeju-Lekki, Lagos	-	312,592	312,592
- Kingsway Building, Marina, Lagos	-	2,882,694	2,882,694
	<u>5,890,000</u>	<u>20,632,224</u>	<u>26,522,224</u>

Reconciliation of Level 3 items

The following table presents changes in level 3 instruments

At 1 January 2020	20,632,224
Total Gains recognised through profit or loss	-
At 31 December 2020	<u>20,632,224</u>
Transfer to level 2 due to non availability of observable market data	(3,850,000)
Sale during the year	-
Improvement	27,683
Unrealised loss recognised through through profit or loss	<u>(4,179,907)</u>
At 31 December 2021	<u>12,630,000</u>

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Sensitivity Analysis of property on level 2&3:

Below is the sensitivity analysis of changes in parameter used in the valuation of the investment property. This shows the effect on the valuation if there is a plus or minus 0.5% in the valuation table scale used for the purpose of the valuation. These sensitivity values will impact profit or loss.

31 December 2021

property:	Abebe Court, Ikoyi Lagos	VMP I, Victoria Island Lagos	VMP II, Victoria Island Lagos	UAC Commercial Complex, Abuja FCT Abuja	Pearl Hostel, Ibeju-Lekki Lagos	Kingsway Building, Marina Lagos
Valuation Method	Market value	Market value	Income capitalisation	Income capitalisation	Income capitalisation	Income capitalisation
Sensitivity Analysis:	+/- 5% of Market Value	+/- 5% of Market Value	+/- 0.5% on capitalisation rate	+/- 0.5% on capitalisation rate	+/- 0.5% on capitalisation rate	+/- 0.5% on capitalisation rate
Impact of increase in valuation scale/rate	<u>(192,500)</u>	<u>(250,000)</u>	<u>(874,813)</u>	<u>(179,201)</u>	<u>4,442</u>	<u>(124,747)</u>
Impact of decrease in valuation scale/rate	<u>192,500</u>	<u>250,000</u>	<u>735,272</u>	<u>179,201</u>	<u>53,792</u>	<u>56,820</u>

31 December 2020

property:	Abebe Court, Ikoyi Lagos	VMP I, Victoria Island Lagos	VMP II, Victoria Island Lagos	UAC Commercial Complex, Abuja FCT Abuja	Pearl Hostel, Ibeju-Lekki Lagos	Kingsway Building, Marina Lagos
Valuation Method	Redevelopment Method	Market value	Income capitalisation	Income capitalisation	Income capitalisation	Income capitalisation
Sensitivity Analysis:	+/- 5% of Market Value	+/- 5% of Market Value	+/- 0.5% on capitalisation rate	+/- 0.5% on capitalisation rate	+/- 0.5% on capitalisation rate	+/- 0.5% on capitalisation rate
Impact of increase in valuation scale/rate	<u>(300,603)</u>	<u>(294,500)</u>	<u>(682,041)</u>	<u>(54,185)</u>	<u>(21,828)</u>	<u>(89,465)</u>
Impact of decrease in valuation scale/rate	<u>300,603</u>	<u>294,500</u>	<u>682,041</u>	<u>54,185</u>	<u>21,828</u>	<u>89,465</u>

5 Segment information

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments. The Trust operates only one line of business, which is investing in real estate assets and other liquid assets to earn rentals or for capital appreciation or both in line with its Trust Deed. The Fund Manager does not consider it necessary to report the Trust's operations by both business and geographical segments.

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	31 December 2021	31 December 2020
	N'000	N'000
6 Rental Income		
Rental Income	1,259,006	1,566,896
	<u>1,259,006</u>	<u>1,566,896</u>
7 Interest income on assets measured at fair value through profit or loss		
Held for trading assets:		
Bonds	71,625	92,701
Treasury bills	5,439	56,555
Commercial papers	-	10,579
FGN Promissory notes	181,425	161,546
	<u>258,489</u>	<u>321,381</u>
8 Interest income on deposit with banks		
Fixed Deposit	126,980	-
	<u>126,980</u>	<u>-</u>
9 Net gain/(loss) on financial assets held for trading		
Trading income	-	(3,436)
Fair value loss on held for trading instruments	(323,844)	249,938
	<u>(323,844)</u>	<u>246,502</u>
10 Net loss on investment in real estate development		
Loss from investment in real estate development	(6,003)	-
	<u>(6,003)</u>	<u>-</u>
This is loss on joint venture real estate development.		
11 Net gain on disposal of investment property		
Gain on disposal of investment property	-	101,453
	<u>-</u>	<u>101,453</u>
12 Other income		
Proceeds from sale of scrap items	-	25
Withholding tax on rent received	-	118,317
	<u>-</u>	<u>118,343</u>
13 Operating expenses		
Fund manager's fee	123,908	110,008
Property maintenance expenses	131,226	156,810
Registrar's fees	887	2,129
Trustees' fees	4,300	4,200
Audit fees	8,500	8,500
Professional fees	14,137	17,792
Custodian fees	23,436	22,952
AGM Expenses	-	2,148
Printing, advert and travels	2,564	875
SEC fees	3,348	-
Property manager's fees	34,567	45,478
Insurance premium	15,290	12,362
Depreciation on property & equipment (see note 17)	71,531	79,874
Depreciation on right of use assets (Note 14)	826	826
Interest expense on lease	2,159	1,841
Withholding Tax Credit note write-off	112,797	-
Other operating expenses	12,227	14,739
	<u>561,703</u>	<u>480,534</u>

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14 Balances with banks

- Current account with banks in Nigeria		
Balances with banks	2,501,503	1,305,432
	<u>2,501,503</u>	<u>1,305,432</u>
Current	2,501,503	1,305,432
Non-Current	-	-
	<u>2,501,503</u>	<u>1,305,432</u>

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

The Trust's 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 1.365Billion(2020: nil) which has a tenor of over 90days.

15 Financial assets held for trading

	31 December 2021	31 December 2020
	N'000	N'000
Treasury bills with maturity above 90 days	-	1,066,602
Corporate bonds	354,552	595,929
FGN bonds	192,239	-
FGN promissory note	1,164,361	2,185,068
	<u>1,711,152</u>	<u>3,847,599</u>
Current	1,711,152	3,847,599
Non-Current	-	-
	<u>1,711,152</u>	<u>3,847,599</u>

16 Leases

	31 December 2021	31 December 2020
	N'000	N'000
i Right-of-use assets		
Opening balance as at 1 January 2021	20,655	20,655
Additions during the year	-	-
Closing balance as at 31 December 2021	<u>20,655</u>	<u>20,655</u>
Depreciation		
Opening balance as at 1 January 2021	1,652	826
Charge for the year	826	826
Closing balance as at 31 December 2021	<u>2,478</u>	<u>1,652</u>
Net book value as at 31 December 2021	<u>18,177</u>	<u>19,003</u>
ii Lease liabilities	31 December 2021	31 December 2020
	N'000	N'000
Opening balance as at 1 January 2021	12,517	10,676
Additions	-	-
Interest expense	2,159	1,841
Payments made during the period	-	-
Closing balance as at 31 December 2021	<u>14,676</u>	<u>12,517</u>
Current lease liabilities	-	-
Non-current lease liabilities	14,676	12,517
	<u>14,676</u>	<u>12,517</u>
iii Amounts recognised in the statement of profit or loss	31 December 2021	31 December 2020
	N'000	N'000
Depreciation charge of right-of-use assets	826	826
Interest expense	2,159	1,841
iv Liquidity risk (maturity analysis of lease liabilities)	0-3 months	3-12 months
Lease liability	<u> </u>	<u> </u>
2021	-	-
2020	-	-
	<u> </u>	<u> </u>
	1-2 years	Above 2 years
	<u> </u>	<u> </u>
	-	46,200
	-	46,200

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	31 December 2021 N'000	31 December 2020 N'000
17 Other assets		
Financial:		
Receivable from property manager	-	142,594
Receivable on James Pinnock Estate	-	6,129
Rent receivables	167,340	77,299
ECL provision	(155,023)	(13,540)
	<u>12,317</u>	<u>212,482</u>
Non financial:		
Prepaid expenses	20,801	15,290
WHT receivables	-	3,898
	<u>20,801</u>	<u>19,188</u>
	<u>33,118</u>	<u>231,670</u>
Current	33,118	231,670
Non-Current	-	-
	<u>33,118</u>	<u>231,670</u>
ECL provision		
Opening Balance	(13,540)	(8,055)
Impairment Charge for the year	(141,483)	(5,485)
Closing Balance	<u>(155,023)</u>	<u>(13,540)</u>
18 Investment property		
Beginning balance	26,522,225	26,893,847
Additions	-	-
Improvement	49,626	227,736
Disposals	-	(652,435)
Fair value (loss)/gain	(5,091,850)	53,077
	<u>21,480,000</u>	<u>26,522,225</u>
Non-Current	<u>21,480,000</u>	<u>26,522,225</u>
Details of the investment property is in note 4.3.		

19 Property and equipment	Office equipment N'000	Fixtures & fittings N'000	Total N'000
Cost			
At 1 January 2021	271,424	145,935	417,359
Additions	25,074	30,405	55,479
At 31 December 2021	<u>296,498</u>	<u>176,340</u>	<u>472,838</u>
Accumulated depreciation			
At 1 January 2021	221,242	102,774	324,016
Charge for the year	39,038	32,492	71,530
At 31 December 2021	<u>260,280</u>	<u>135,266</u>	<u>395,546</u>
Net book amount at 1 January 2021	<u>50,182</u>	<u>43,161</u>	<u>93,343</u>
Net book amount at 31 December 2021	<u>36,218</u>	<u>41,074</u>	<u>77,292</u>

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Property and equipment continued	Office equipment N'000	Furnitures & fittings N'000	Total N'000
Cost			
At 1 January 2020	251,015	133,428	384,443
Additions	<u>20,409</u>	<u>12,507</u>	<u>32,916</u>
At 31 December 2020	<u>271,424</u>	<u>145,935</u>	<u>417,359</u>
Accumulated depreciation			
At 1 January 2020	187,861	56,280	244,141
Charge for the year	<u>33,381</u>	<u>46,494</u>	<u>79,875</u>
At 31 December 2020	<u>221,242</u>	<u>102,774</u>	<u>324,016</u>
Net book amount at 1 January 2020	<u>63,154</u>	<u>77,148</u>	<u>140,302</u>
Net book amount at 31 December 2020	<u>50,182</u>	<u>43,161</u>	<u>93,343</u>
20 Other liabilities			
Financial liabilities:			
Fund manager's fee payable		40,079	27,542
Custodian fees payable		6,218	5,449
Dividend payable		499,213	31,537
Caution deposits		5,950	500
Accrued expenses		81,060	100,662
Other Payables		<u>3,349</u>	<u>454,300</u>
		<u>635,869</u>	<u>619,990</u>
Non financial Liabilities			
VAT payable		<u>215</u>	<u>215</u>
		<u>215</u>	<u>215</u>
		<u>636,084</u>	<u>620,205</u>
Current		<u>636,084</u>	<u>620,205</u>
Non-Current		<u>-</u>	<u>-</u>
		<u>636,084</u>	<u>620,205</u>
21 Rent received in advance			
Rent received in advance		<u>241,452</u>	<u>476,060</u>
		<u>241,452</u>	<u>476,060</u>
Current		<u>165,651</u>	<u>280,993</u>
Non-Current		<u>75,801</u>	<u>195,067</u>
		<u>241,452</u>	<u>476,060</u>
22 Unit holders' contribution			
Authorised			
3,000,000,000 units of N10 each		<u>30,000,000</u>	<u>30,000,000</u>
Issued and fully paid			
2,668,269,500 units of N10 each		<u>26,682,695</u>	<u>26,682,695</u>

UPDC REAL ESTATE INVESTMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2021

N'000

		31 December 2021	31 December 2020
		N'000	N'000
23 Cash generated from operations	Notes		
Reconciliation of profit after tax to cash generated from operations:			
(Loss)/profit after tax		(4,480,408)	1,932,292
Adjustment for:			
- Fair value loss/(gain) on investment property	18	5,091,850	(53,077)
- Depreciation on right of use assets	16	826	826
- Depreciation on property & equipment	19	71,531	79,875
- Finance cost on leases	16	2,159	1,841
- Net loss/(gain) on financial assets held for trading	9	323,844	(249,938)
- Interest income on assets measured at fair value through profit or loss	7	(258,489)	(321,381)
- Interest income on deposit with banks		(126,980)	(10,660)
- Impairment charge on receivables		141,483	5,485
Changes in working capital:			
- Financial assets held for trading		1,802,836	(2,677,418)
- Other assets		57,069	(160,560)
- Placement		(1,365,697)	
- Other liabilities		(476,578)	505,712
- Rent received in advance		(234,608)	(80,462)
Cash generated from operations		<u>548,839</u>	<u>(1,027,466)</u>

24 Cash and cash equivalents

For purposes of the cash flow statement, cash and cash equivalents comprises:

- Balances with banks (Note 12)	2,501,503	1,305,432
	<u>2,501,503</u>	<u>1,305,432</u>

25 Related party transactions

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	2021 N'000	2020 N'000
Stanbic IBTC Asset Management Limited	Fund manager (From June 2021)	Management fee	78,448	-
FSDH Asset Management Limited	Fund manager (Up to May 2021)	Management fee	45,460	110,008
UACN Property Development Company Plc	Property manager	Property management fee	34,567	45,478
UBA Trustees Limited	Trustee	Trustee fee	2,150	2,100
FBN Trustees Limited	Trustee	Trustee fee	2,150	2,100

The amount payable to the related parties as at the end of the year is as follows; Fund Manager (SIAML) - 40.08million, Property Manager - 54.24million and Trustees - 4.3million

**UPDC REAL ESTATE INVESTMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2021**

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 2020: Nil).

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

	31 December 2021	31 December 2020
	Units N'000	Units N'000
Direct - UPDC	133,413	782,806

26 (Loss)/earnings per unit

(i) Basic

Basic (loss) / earnings 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.

	31 December 2021	31 December 2020
(Loss)/profit after tax attributable to unit holders of the Trust (N'000)	(4,480,408)	1,932,292
Number of ordinary units in issue (000)	2,668,270	2,668,270
Basic (loss)/earnings per unit (expressed in Naira per share)	(1.68)	0.72

(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 (loss)/earnings per unit (expressed in Naira per unit)	(1.68)	0.72
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27 Distributions

	31 December 2021	31 December 2020
	N'000	N'000
Interim/proposed distribution	517,874	1,766,971

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 at the Annual General Meeting (AGM) of the unit holders. Interim distribution was approved by the Joint Trustees. Interim distribution of 18 Kobo (December 2020 was 25 Kobo) per share totalling N492.46million (Dec 2020 was N667.07million) was accrued for the six months ended 30 June 2021 while 1 Kobo totalling N37.43Million (Dec 2020 was N1.01Billion) is being proposed as final distribution for the year ended 31 December 2021.

The proposed final distribution of 1 kobo has been accounted for, as an appropriation of retained earnings in the year ending 31 December 2022

Reconciliation of distribution

	N'000	N'000
(Loss)/profit after tax	(4,480,408)	1,932,292
Add realised gain on investment property	-	101,453
Less replacement provision for Pearl Hostel	(36,027)	(17,366)
(Less)/add fair value (gain)/loss on investment property	5,091,850	(53,077)
Distributable income	575,415	1,963,302
Proposed distribution at 90% of distributable income	517,874	1,766,971
Interim distribution declared	492,456	667,067
Distribution proposed	25,418	1,099,904
Total distribution	517,874	1,766,971
Interim distribution declared per unit (Naira)	0.18	0.25
Distribution proposed per unit (Naira)	0.01	0.41
Total distribution per unit (Naira)	0.19	0.66

28 Capital commitments

The Trust had no capital commitments as at end of the period ended 31 December 2021 (31 December 2020: Nil).

29 Contingent liabilities

The Trust had no contingent liabilities as at end of the period ended 31 December 2021 (31 December 2020: 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 2021 that have not been adequately recognised and/or disclosed in the financial statements.

**UPDC REAL ESTATE INVESTMENT TRUST
OTHER NATIONAL DISCLOSURES
FOR YEAR ENDED 31 DECEMBER 2021
VALUE ADDED STATEMENT**

	Dec 2021	%	Dec 2020	%
	N'000		N'000	
Gross income	(3,777,222)	87	2,418,311	118
Bought-in-materials and services (local)	(579,278)	13	(376,011)	(18)
Value added	<u>(4,356,500)</u>	100	<u>2,042,300</u>	100
Distribution of value added:				
To Government:				
Tax	-	-	-	-
To Fund Manager:				
Fund manager's fee	123,908	(3)	110,008	5
Retained in the fund:				
Retained earnings	<u>(4,480,408)</u>	103	<u>1,932,292</u>	95
	<u>(4,356,500)</u>	100	<u>2,042,300</u>	100

**UPDC REAL ESTATE INVESTMENT TRUST
OTHER NATIONAL DISCLOSURES
FOR YEAR ENDED 31 DECEMBER 2021
FIVE YEAR FINANCIAL SUMMARY**

	Dec 2021 N'000	Dec 2020 N'000	Dec 2019 N'000	Dec 2018 N'000	Dec 2017 N'000
ASSETS					
Balances with banks	2,501,503	1,305,432	3,174,924	34,287	455,580
Financial assets held for trading	1,711,152	3,847,599	928,673	3,932,783	4,858,866
Other assets	33,118	231,670	76,595	64,899	157,188
Property and equipment	77,292	93,343	140,302	85,843	89,519
Right of use assets	18,177	19,003	19,829	-	2,016,969
Investment property	21,480,000	26,522,225	26,893,847	29,289,132	23,869,750
TOTAL ASSETS	25,821,242	32,019,272	31,234,169	33,406,944	31,447,871
LIABILITIES					
Other liabilities	892,212	1,108,782	681,691	857,577	209,132
Net assets attributable to unitholders	24,929,030	30,910,490	30,552,478	32,549,367	31,238,739
Represented by:					
Unit holders' contributions	26,682,695	26,682,695	26,682,695	26,682,695	26,682,695
Retained earnings	(1,753,665)	4,227,795	3,869,783	5,866,672	4,556,044
	24,929,030	30,910,490	30,552,478	32,549,367	31,238,739
INCOME STATEMENT					
Rental income	1,259,006	1,566,896	1,686,205	1,324,867	1,124,723
Interest income on deposit with banks	126,980	10,660	12,413	24,455	7,434
Interest income on assets measured at fair value through profit or loss	258,489	321,381	679,853	812,386	1,123,605
Fair value (loss)/gain on investment property	(5,091,850)	53,077	(2,395,285)	1,774,014	356,410
Net (loss)/gain on financial assets held for trading	(323,844)	246,502	100,782	(71,221)	79,696
Net loss on investment in real estate development	(6,003)	-	6,129	(812,963)	(139,474)
Net gain on disposal of investment property	-	101,453	-	-	-
Other income	-	118,343	11,558	1,155	85,385
Impairment charge on receivables	(141,483)	(5,485)	(8,055)	-	-
Operating expenses	(561,703)	(480,534)	(542,893)	(407,930)	(429,432)
	(4,480,408)	1,932,292	(449,293)	2,644,763	2,208,347
Tax	-	-	-	-	-
	(4,480,408)	1,932,292	(449,293)	2,644,763	2,208,347