UNION HOMES REAL ESTATE INVESTMENT TRUST

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2014

UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2014

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UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

FUND MANAGER, PROFESSIONAL ADVISERS ETC

Directors of the Fund Manager:	Olutoyin Okeowo- Chairman -	-	*(appointed w.e.f 17/6/2015)*
	Adekunle Adedigba- Managing Director	-	(appointed w.e.f. *17/6/2015*)
	Ali Magashi - Non-Executive Director	-	(appointed w.e.f. *17/6/2015*)
	Hassan M. Usman- Non-Executive Director	-	(appointed w.e.f/ *17/6/2015*)
	Joshua Maikori- Non-executive Director	-	(appointed w.e. f. *17/6/2015*)
	Ozoh Ifeanyi- Executive Director	-	(appointed w.e.f. *17/6/2015*)
	Tony Edeh- Executive Director	-	(appointed w.e.f. *17/6/2015*)
	Muhammed Inuwa Shehu- Non-Executive Director(appointed w.e.f. *17/6/2015*)		

E. Emuwa	-	(retired w.e.f. 23/03/2015
P. Kanu (Mrs.)	-	*Ag. Managing Director (retired w.e.f. 22/6/15)*
C. J. Omo-Ijiade	-	*(retired w.e.f. 23/03/2015)*
M. I. Sanni	-	*(retired w.e.f. 23/03/2015)*
A. M. Adeosun	-	*(retired w.e.f. 23/03/2015)*
K. Kasongo	-	*(retired w.e.f. 23/03/2015)*
O. Adewale (Mrs.)	-	*(retired w.e.f. 23/03/2015)*
R. Kolarinwa	-	*(retired w.e.f. 23/03/2015)*

Fund Manager:
Union Homes Savings and Loans Plc
153, Ikorodu Road,
Lagos.

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

Custodian:
UBA Global Investor Services,
UBA House (14th Floor),
57, Marina, Lagos.

Registrar:
GTL Registrars Limited,
2 Burma Road,
Apapa,
Lagos.

Auditors:
Baker Tilly Nigeria,
(Chartered Accountants),
Kresta Laurel Complex (4th Floor),
376, Ikorodu Road,
Maryland,
Lagos.

Bankers:
Stanbic IBTC Bank Plc
Ecobank Nigeria Plc
United Bank for Africa Plc
Skye Bank Plc

STATEMENT OF FUND MANAGER'S RESPONSIBILITIES

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

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

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Pearl Kanu	**Tony Edeh**
Director	**Director**
FRC/2014/NIM/00000004907	**FRC/2015/ICAN/00000012821**

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

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

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

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Pearl Kanu	**Tony Edeh**
Director	**Director**
FRC/2014/NIM/00000004907	**FRC/2015/ICAN/00000012821**

REPORT OF FUND MANAGER
FOR THE YEAR ENDED 31 DECEMBER, 2014

Esteemed Unit holders, it is with great pleasure that we welcome you to the Annual General Meeting and present to you the Fund's financial performance for the year 2014. The Union Homes Real Estate Investment Trust ("REIT" or "the Fund") was established on August 19, 2008 as a unit trust scheme and listed on the floor of the Nigerian stock exchange on July 2, 2010. The financial year 2014 marks our 6th year of operation as a REIT in Nigeria.

The Operating Environment

During the second half of 2014, rising geopolitical tension between Ukraine and Russia coupled with the crash of commodity prices and the attendant ripple effects slowed down global economic recovery. These realities affected investor confidence globally without any exceptions.

The decline of oil prices in the last quarter of 2014 posed significant risks to oil dependent economies such as Nigeria and triggered speculations about which fiscal and monetary policies of government will constitute the best response. Our foreign reserves also dropped sharply from $43 Billion at the beginning of the year to $34 Billion by December 2014. It is widely believed that much of this was used to defend the Naira, albeit needlessly, which eventually exchanged for ₦189 in the official foreign exchange market. In the course of the year, the non-oil sector grew by 7.1%, driven as a result of the Agricultural, Textile, Telecommunications and Real Estate Sectors, which is our immediate environment.

Within macroeconomic circles, Nigeria's GDP was rebased at the beginning of the Q2 in the year to officially recognize and incorporate the informal sector into national statistics. At the end of this exercise, national GDP was recorded at $510 Billion (from $270 Billion) and placed Nigeria as Africa's largest economy. We applaud the exercise and are optimistic that Nigeria's new position as Africa's leading economic frontier will grow both foreign and domestic investment in years ahead.

Real Estate Market Review

Even though the build-up to the 2015 election dampened business enthusiasm, the real estate sector managed to hold out firm. Most economic data sources now affirm real estate sector as the sixth largest sector in the economy growing at a rate faster than the GDP growth Rate.

The private sector led by multinationals continues to drive the property market sector in Lagos whilst governmental activities predominantly influence Abuja's property market.

During the year, the commercial segment (office and retail spaces) of the sector witnessed significant growth largely on account of letting and investment activities of the multinational companies. According to research published by NORTH COURT REAL ESTATE, there will be an injection of 300,000m^2prime office space into projects located in Lagos and Abuja over the next 24 months. We note that this quantum of development activity will ultimately reduce commercial property yield as supply will outstrip demand and pressure rental income.

Within the residential market where most of the fund's portfolio is invested, the Lagos market remains both vibrant and dominant. The existing potential for high returns has attracted a number of entrants into the development, financing and management points of the value chain.

In general terms however, externalities like decline of oil prices and Nigeria's political climate towards the end of 2014 added enormous pressure on rental income margins especially in the high end of the market in which we operate. For example, the average yield on rental residential property in Ikoyi and Victoria Island for 2014 was approximately 5.5% excluding loss of capital appreciation within same period. This trend is increasingly compelling corporate tenants to prune their accommodation arrangements with the effect that margins on the supply side have been squeezed from what they used to be.

Having said this, the outlook for the real estate sector holds considerable promise evidenced by existing and planned projects (various gated communities and urban renewal residential schemes) in Lagos, Abuja and Port Harcourt in addition to the final launch of the Nigeria Mortgage Refinance Company Plc (NMRC). The introduction of the NMRC delivers significant funding capacity for the mortgage industry and key players.

Financial Markets Review

Despite Nigeria's debt-to-GDP ratio being a modest 11%, the decline in oil price hampered government's capacity for additional debt due to diminishing revenues. During the period, the CBN maintained a tight interest rate policy benchmarked at 12%, for most of the year. The year was also characterized by an aggressive mop up of excess liquidity through the increase of the Cash Reserve Ratio for public sector funds from 50% to 75%.

At the end of the year, the Nigerian Stock Exchange All Share Index (NSE ASI) depreciated by16.4%. A major reason for this is the Security challenges coupled with political uncertainty, which caused some foreign portfolio investors to exit the financial market due to their concerns regarding the value of the Naira.

Performance Of The Fund

Despite the prevalent atmosphere during the period under review, the Fund performed comparatively well both in terms of effective deployment of liquid resources and returns generated from the underlying investments. As at the time of this report, arrangements are being finalised to grow the Fund's real estate assets in furtherance of the objectives of the Fund.

The Net Assets of the Fund reduced from ₦13,944,914,797 in the year ended 31st December 2013 to ₦11,518,633,518 in the year ended 31st December 2014 as a result of the loss suffered during the year as well as the payment of 2012 dividend and accrual of 2013 dividend in 2014.

The current year's net performance of the fund showed a negative figure of ₦1,291,191,474 when compared with a positive amount of ₦593,215,268 in the previous year, principally because of the revaluation loss of ₦1,935,985,114 suffered on the Trust's Investment Properties during the year. Consequently, there shall be no profit distribution. However, the Fund will recover lost ground in the years ahead as the market rebounds. We are optimistic that an improved occupancy rate for the Fund's assets during the 2015 financial year will positively impact earnings. We are equally convinced that our ongoing investment and upgrade of processes and systems will drive earnings.

Review of Mortgage Industry

The prevailing housing deficit in the country is one that the Federal Government of Nigeria has been venturing to put a lasting solution to. An attempt to achieve this was the launching of the Nigerian Mortgage Refinance Company (NMRC) which is expected to provide and boost the liquidity in the mortgage industry, while evolving the activities of the Primary Mortgage Bankers in the country. The NMRC which is an arrangement between the Federal Government, the Federal Ministry of Finance, CBN, Local investors (primary sector entities) and the World Bank will act as a liquidity vehicle injecting funds into the Nigerian Mortgage sector.

The NMRC'S major objective shall be to support mortgage originators such as PMBs and DMBs to increase mortgage lending by refinancing their mortgage loan portfolios. The World Bank has created a concessional long term credit of US300million for the company, while additional N6billion will be provided by private investors and Federal Ministry of Finance (MOFID). The initiative is expected to impact systematically in the development of the economy, welfare of the citizens and the performance of other sectors.

Real Estate Financing

With the CBN's focus on pursuing an anti-inflationary agenda, a number of monetary tightening policies put in place which brought inflation down to 8% have had the knock-on effect of leading to an increase in bank lending rates. CBN policies including the requirement for banks to hold a CRR of 12% for customer's deposits and 50% for public sector deposits led banks to reduce their lending portfolios in order to ensure they have the liquidity to meet these requirements.
The upshot of the monetary tightening policies driven by the CBN is that lending rates continue to remain resolutely high with a starving of capital to the real economy.

Large scale real estate projects are now the sole preserve of developers able to access single digit international funding prior to attracting local funding from well capitalized local funders that have the capacity to tie down funds over the mid to long term.

Future Strategy& Outlook

Our overarching strategy is to take full advantage of indigenous expertise to penetrate the residential and commercial market sectors. This demands specific improvements to our systems, processes and capacity in order to position us proactively vis-à-vis rapidly changing dynamics of the domestic real estate market. Thankfully, much of these improvements are already underway. In the year ahead, we will remain committed to our founding philosophy of industry leadership and with your assured support, we will achieve this goal.

Thank you.

REPORT OF THE TRUSTEE
FOR THE YEAR ENDED 31 DECEMBER, 2014

The Trustee hereby present their Report on the affairs of the Union Homes Real Estate Investment Trust (The Fund) together with the Auditors Report and Financial Statements for the year ended 31st December, 2014.

Principal Activities & Business Review:

The Fund opened for subscription on 19th August, 2008 and commenced investment activities on 3rd February, 2009.

Registered as a Close-ended Investment Scheme and Real Estate Investment Trust (REIT) in Nigeria by the Securities and Exchange Commission under the Investment and Securities Act 2007, the Fund is governed by a Trust Deed with UBA Trustees Limited.

The Fund is established to provide Investors with long term capital appreciation and to optimize investors' returns by investing in a strategic mix of real estate properties and money market instruments as specified in Clause 3.1 of the Trust Deed and as spelt out in the Prospectus.

The Fund is listed on the Floor of the Nigerian Stock Exchange and in line with international best practice; its assets are totally segregated from the assets of the Manager.

Performance of the Union Homes Real Estate Investment Trust:

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

	2014	**2013**
	₦'000	**₦'000**
Net Asset Value	11,518,634	13,944,915

Real Estate related investments decreased from ₦11,603,571,832 as at 31 December, 2013 to ₦9,719,625,000 as at 31 December 2014 due to the revaluation of the properties during the year.

Operating Results:

	2014	**2013**
	₦'000	**₦'000**
Net loss/income for the Year (After Tax)	(1,291,191)	593,215

ADMINISTRATION OF THE SCHEME

Income Generation

During the period under review, Net Income generated by the Fund decreased from ₦593,215,268 in 2014 to a loss of ₦1,291,191,474 in year 2014 thus decreasing value for the Unit-holders.

Properties Under Management

During the review period, two key properties were vacant due to major repairs on them, which decreased the REIT's income significantly, as they were not occupied for two years. The properties are currently under repair, and it is expected that once the repairs are completed, they will generate additional income for the REIT.

Asset Allocation Requirement

Compliance with the Asset Allocation requirement of the Fund (90% in Real Estate related investment and 10% in Money Market investments) as at 31December, 2014 was 78.29% in Real Estate Investments, 21.71% was invested in Money Market. Investment in Real Estate is expected to increase in year 2015, as the Fund Manager is making concerted efforts to identify and conclude on some prospective properties.

The REIT has only a registered individual with the Commission, as opposed to the minimum required three (3) individuals. However, the Fund Manager is making concerted efforts to register more individuals before the end of the year.

The Trustee are of the opinion that the Management of the Fund has not been in full compliance with the provisions of the Trust Deed and Investment and Securities Act (2007).

Parties to the Fund:

Fund Manager	-	Union Homes Savings and Loans Plc
Trustee	-	UBA Trustees Limited
Registrar	-	GTL Registrars Limited
Auditors	-	Baker Tilly Nigeria
Custodian	-	UBA Global Investor Services

BY ORDER OF THE TRUSTEE

UBA Trustees Limited
UBA House (12^{th} Floor)
No. 57, Marina
Lagos

22 June, 2015

Tokunbo Ajayi
FRC/NBA/00000008349

CERTIFICATION OF THE ACCOUNTS BY THE DIRECTORS OF THE FUND MANAGER

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

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

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Pearl Kanu	**Tony Edeh**
Director	**Director**
FRC/2014/NIM/00000004907	**FRC/2015/ICAN/00000012821**

REPORT OF THE INDEPENDENT AUDITOR

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

Report on the financial statements

We have audited the accompanying financial statements of Union Homes Real Estates Investment Trust (REIT) for the year ended 31 December, 2014, set out on pages 13 to 38 which have been prepared on the basis of significant accounting policies on pages 18 to 28 and other explanatory notes on pages 29 to 36.

Directors' responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the financial statements. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company's financial position as at 31 December, 2014 and of its financial performance and cash flows for the year then ended. The financial statements also comply with the requirement of both the Financial Reporting Council of Nigeria Act, No.6, 2011 and the Companies and Allied Matters Act, CAP C20 LFN, 2004.

Report on other legal requirements

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

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
ii) in our opinion, proper books of account have been kept by the Company; and
iii) the Company's balance sheet and profit and loss account are in agreement with the books of account.

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

Lagos, Nigeria
22 June, 2015

STATEMENT OF COMPREHENSIVE INCOME (TOTAL RETURN) FOR THE YEAR ENDED 31 DECEMBER, 2014

	Note	2014 ₦	2013 ₦
Investment income	3	880,297,381	844,559,203
Deduct:			
Operating expenses	4	(201,904,169)	(221,178,616)
Net operating income		678,393,212	623,380,587
Loss on revaluation of investment properties	9	(1,935,985,164)	-
Net (loss)/income before taxation		(1,257,591,952)	623,380,587
Taxation	5	(33,599,522)	(30,165,319)
Net (loss)/income after taxation	16	(1,291,191,474)	593,215,268
Net increase in unit holder's fund from investment activities		(1,291,191,474)	593,215,268

The notes on pages 18 to 36 form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER, 2014

Assets:	Note	2014	2013
Current Assets		₦	₦
Cash and cash equivalents	6	2,694,704,930	2,677,798,125
Other assets	7	6,243,758	5,171,753
Trade and other receivables	8	225,408,804	328,739,124
Total current assets		2,926,357,492	3,011,709,002
Non-Current Assets			
Investment properties	9	9,719,625,000	11,603,571,832
Total assets		12,645,982,492	14,615,280,834
Liabilities:			
Current Liabilities			
Rent received in advance	10	176,144,648	93,616,438
Payables to related parties	11	118,763,338	135,857,426
Accruals and other payables	12	770,139,677	409,883,549
Provisions	13	21,631,006	15,446,980
Total current liabilities		1,086,678,669	654,804,393
Non-Current Liabilities			
Rent received in advance	10	40,670,305	15,561,644
Total liabilities		1,127,348,974	670,366,037
Net assets		**11,518,633,518**	**13,944,914,797**
Equity and Reserves			
Unit holders Equity	14	12,500,989,050	12,500,989,050
Retained earnings	15	(982,355,532)	1,443,925,747
Unit holders' Fund		**11,518,633,518**	**13,944,914,797**

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Tony Edeh	**Pearl Kanu**	**Adekunle Owode**
Director	**Director**	**Chief Financial Officer**
FRC/2015/ICAN/00000012821	**FRC/2014/NIM/00000004907**	**FRC/2014/ICAN/00000004904**

The notes on pages 18 to 36 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY (MOVEMENTS IN UNIT HOLDERS' FUND)

FOR THE YEAR ENDED 31 DECEMBER, 2014

	Unit Equity	General reserve	Total
	₦	₦	₦
1 January, 2013	12,500,989,050	850,710,479	13,351,699,529
Transfer from - income statement	-	593,215,268	593,215,268
31 December, 2013	**12,500,989,050**	**1,443,925,747**	**13,944,914,797**
Dividend payout	-	(1,135,089,805)	(1,135,089,805)
Transfer from - income statement	-	(1,291,191,474)	(1,291,191,474)
31 December, 2014	**12,500,989,050**	**(982,355,532)**	**11,518,633,518**

The notes on pages 18 to 36 form an integral part of these financial statements

PORTFOLIO STATEMENT

FOR THE YEAR ENDED 31 DECEMBER, 2014

	Market value ₦	Percentage of net assets ₦
Real estate	9,719,625,000	78.29
Real estate related	-	-
	9,719,625,000	78.29
Money market investments	2,694,704,930	21.71
Total value of portfolio	12,414,329,930	100
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The Fund contravened the investment guideline which states that 90% of the Fund's total assets should be invested in Real Estates and Real Estates related assets, while the remaining 10% should be invested in money market.

UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 ₦	2013 ₦
Cash flow from operating activities:			
Investment income	3	880,297,381	844,559,203
Operating expenses	4	(201,904,169)	(221,178,616)
Income tax paid		(33,599,522)	(30,165,319)
Loss on revaluation of investment properties		(1,935,985,164)	-
Cash flow from operating activities before changes in operating assets & liabilities		(1,291,191,474)	593,215,268
Items not involving movement of cash			
Loss on revaluation		1,935,985,164	-
2013 Dividend accrued		(532,542,133)	-
		112,251,557	593,215,268
Net (decrease)/increase in receivables and other assets		102,258,315	(84,924,603)
Net (decrease)/increase in other liabilities and provisions		88,712,236	(89,901,187)
Net decrease in payables to related parties		(17,094,088)	(138,203,289)
Net increase in accruals and other payables		360,256,126	180,748,209
Net (decrease)/increase in rent received in advance (non-current)		25,108,661	(37,084,667)
Net cash flow from operating activities		**671,492,807**	**423,849,731**
Cash flow from investing activities:			
Development of investment in properties		(60,828,332)	(64,335,821)
Mortgage assets		-	330,352,602
Write back of capital expenditure on properties		8,790,000	-
Net cash flow from investing activities		**(52,038,332)**	**266,016,781**
Cash flow from financing activities			
Dividend payout		(602,547,672)	-
Net increase in cash and cash equivalent		16,906,805	689,866,512
Cash and equivalents brought forward		2,677,798,125	1,987,931,613
Cash and cash equivalent at the end of the year	6	**2,694,704,930**	**2,677,798,125**

The notes on pages 18 to 36 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2014

1.0 General information

Reporting entity

Union Homes Real Estate Investment Trust (REIT) was established on August 19, 2008 as a Unit Trust Scheme, registered and listed on the floor of the Nigerian Stock Exchange on 2 July, 2010. The Fund is managed by Union Homes Savings & Loans Plc, a subsidiary of Union Bank of Nigeria Plc.

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

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

The address of its registered office is Union Homes Savings and Loans Plc 153 Ikorodu Road, Lagos.

2.0 Accounting policies

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

2.1 Basis of preparation

Statement of compliance

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

Functional and presentation currency

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

Use of estimates and judgments

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

Basis of measurement

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

2.2 Summary of significant accounting policies

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

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

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

ii. ***Investment properties***

Investment properties comprise of completed property and property under construction or re-development held to earn rental income or for capital appreciation or both.

Investment property is measured initially at cost including transaction costs. Transaction costs include professional fees for legal services and other commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.
Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values are included in the income statement in the year in which they arise.

Fair values are determined individually, on a basis appropriate to the purpose for which the property is intended and with regard to recent market transactions for similar properties in the same location. In an active market, an independent valuer, holding a recognized and relevant professional qualification and with recent experience in the location and category of investment properties being valued, values the portfolio periodically in line with the Trust Deed. The valuer, in addition to the qualifications above, should hold Financial Reporting Council (FRC) of Nigeria registration certificate in accordance with section 41 of the Financial Reporting Council of Nigeria Act, No.6 of 2011.

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

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

iii. *Property, Plant and Equipment*

The Fund does not hold any property, plant and equipment at present as it is against the position of the Securities and Exchange Commission (SEC). All properties, plant and equipment used for managing the Fund are owned by the Fund manager who is paid management fees.

iv) Financial instruments

(a) Recognition and measurement

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

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

Financial assets are derecognised when and only when:

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

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of quoted investments and unit trusts in active markets are based on current market prices. Since actual market prices are available in determining fair values, no significant estimates or valuation models are applied in determining the fair value of quoted financial instruments.

(b) **Fair value hierarchy**

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

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

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

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

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

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

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

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

(d) Financial assets

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

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

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

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

- Held to match liabilities that are linked to changes in fair value of these assets. The designation of these assets at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising gains and losses on them on different bases; or

- Managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the company's key management personnel.

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

(ii) *Loans and receivables*

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

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

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

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

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

(e) Financial liabilities

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

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

(f) Gains and losses

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

(g) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other

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

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

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

Impairment of financial assets

- **Assets carried at amortised cost**

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

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

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

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

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in profit or loss.

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

- **Assets carried at fair value**

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

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

v. ***Provisions***

A provision is recognized only if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

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

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

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

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

vii. ***Borrowings – mortgage loan***

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

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

viii. ***Related party transactions***

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

ix ***Taxes***

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

- Exemption from Companies Income Tax, although WHT will be imposed on dividend distribution to investors; any distribution below the prescribed threshold (i.e. 90%) will disqualify the REIT from tax exemption.

- Exemption from stamp duties to reduce transaction costs; and

- Exemption from Capital Gains Tax on the ground that income arising from sales or disposal will be ploughed back for the purchase of additional properties or distributed as dividend.

x. *Unit holders equities and reserves*

Unit issue costs

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

Distributions

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

xi. *Foreign currency translation*

Transactions and balances

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

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

xii. *Revenue recognition*

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

Rental income:

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

Services rendered/service charge and expenses recoverable from tenants:

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

Sale of completed property and Sale of property under development:

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

xiii. ***Borrowing costs***

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

xiv. ***Expenditure recognition***

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

		2014	2013
		₦	₦
3.	**Investment income**		
	Rental income	540,789,889	386,174,494
	Interest from deposits	335,995,217	301,653,194
	Interest from mortgage assets	-	14,720,236
	Sundry income (3.1)	3,512,275	142,011,279
		880,297,381	844,559,203
		=========	==========
3.1	**Sundry income**		
	Overprovision – AGM expenses	1,900,343	-
	Excess provision on guarantors fee	-	136,345,813
	Income realized on disposal of assets	-	228,000
	Legal fee	450,000	4,159,250
	13 Month provision reversed	-	1,278,216
	Exchange gain	1,161,932	-
		3,512,275	142,011,279
		=======	==========
4.	**Operating expenses**		
	Management fee (note 16)	113,352,875	130,114,685
	Provision for AGM expenses	5,000,000	5,000,000
	Audit fee	5,000,000	5,000,000
	Independent Member sitting allowance	980,000	560,000
	Legal charges	1,159,250	2,400,000
	Trusteeship fee	2,625,000	2,625,000
	Registrars fee	290,888	558,676
	Travelling expenses	138,315	84,540
	Rating agency's fee	2,625,000	2,625,000
	Bank charges	112,191	482,312
	Other professional fees	-	3,750,000
	Postages, telephone and telegram	-	7,000
	Subscription and donations	1,911,000	-
	Regulatory fee	1,640,755	5,192,510
	Property manager fee	12,149,034	5,147,213
	Property maintenance expenses	7,671,061	16,696,968
	Property maintenance fund	21,631,006	15,446,980
	Insurance fee	14,282,507	12,250,174
	Custodian fees	11,335,287	13,237,558
		201,904,169	221,178,616
		=========	=========

		2014	2013
5.	**Taxation**	**₦**	**₦**
	Withholding tax paid	33,599,522	30,165,319
		========	=========

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

		2014	2013
6.	**Cash and cash equivalents**	**₦**	**₦**
	Cash in hand	877	31,210
	Cash at bank	17,091,053	-
	Short-term deposits	2,677,613,000	2,677,766,915
		2,694,704,930	2,677,798,125
		===========	============

Details of short term deposit are:

	Principal Amount ₦
Fidelity Bank plc	953,803,000
Skye Bank Plc	1,723,810,000
	2,677,613,000
UBA Bank Plc	17,091,053

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

		2014	2013
7.	**Other assets – prepayments**	**₦**	**₦**
	Insurance – fire and special peril policy	6,243,758	5,171,753
		========	========

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

	2014	2013
11A Sapara Williams Street, Victoria Island	409,775	350,016
9 Mike Akhigbe Way, Abuja	126,285	124,162
Plot 3, Block A4, Olusegun Aina Street, Ikoyi	242,466	238,392
28A, Rumens Street, Ikoyi	808,222	794,638
Victors Court 2, Palace Road, Parkview, Ikoyi	1,998,609	1,602,945
Block 4-6, McDonald Road, Ikoyi, Lagos	836,238	600,170
Legacy properties	1,822,163	1,461,430
	6,243,758	5,171,753
	========	=========

		2014	2013
8.	**Trade and other receivables**		
	Rent receivable:		
	Rent and service charge receivable (note 8.1)	147,682,988	321,239,124
	Other receivables:		
	Interest receivable (note 8.2)	77,725,816	-
	Others (note 8.3)	-	7,500,000
		225,408,804	328,739,124
		=========	==========

8.1 **Rent receivable**

Rent receivable on properties as at 31 December, 2014 comprises of rent due on the following properties:

	2014	2013
McDonald Court, Block 4-6 McDonald	₦	₦
Road Ikoyi, Lagos	40,544,657	25,044,657
Legacy properties	91,627,926	229,069,816
28A, Rumens Road Ikoyi	-	54,000,000
9, Mike Akhigbe Way, Abuja	15,510,405	13,124,651
	147,682,988	321,239,124
	=========	==========

8.2 **Interest receivable**

Interest receivable are accrued interests on short term deposits with Fidelity Bank Plc and Skye Bank Plc. The deposits have maturity periods of between one day and three months.

8.3 **Others**	-	7,500,000
	========	========

This balance represents amount retained by one of the major tenants for maintenance of the building to be used in cases where quick response is not received from the company when complaints are made, as at the end of 2014 the amount have been recovered.

9. **Investment properties**

Completed investment property		
At start of the period	11,603,571,832	11,539,236,010
Capital expenditure on property during the year	60,828,332	64,335,822
Refund from Lagos State on Awolowo property	(8,790,000)	-
Revaluation loss	(1,935,985,164)	-
At end of the period	9,719,625,000	11,603,571,832
	===========	=============

31 December, 2014 movement in the period

	1/1/2014	Additions	Refund	31/12/2014
	₦	₦	₦	₦
Apartment at McDonald Court				
Block 4-6 McDonald Rd, Ikoyi Lagos	1,231,412,267	12,010,000	-	1,243,422,267
11A Sapara Williams Str. V/I Lagos	2,460,015,160	16,450,250	-	2,476,465,410
Plot 3, Block A4, Olusegun Aina Str. Ikoyi	577,156,039	-	-	577,156,039
9, Mike Akhigbe Way, Abuja	285,329,921	-	-	285,329,921
1 Sinar Daranijo Street, V/I	2,114,407,748	-	-	2,114,407,748
Victors Courts, No. 2, Palace Rd, Parkview	473,459,800	-	-	473,459,800
28a, Rumens Street, Ikoyi	1,952,910,600	22,633,592	-	1,975,544,192
Legacy Properties, Onipanu, Lagos				
UHSL, 153, Ikororu Road	749,197,649	6,585,000	-	755,782,649
UHSL 32, Awolowo Road, Ikoyi	503,335,822	300,000	(8,790,000)	494,845,822
UHSL 64, Opebi Road, Ikeja	374,598,824	-	-	374,598,824
UHSL Plot 1479 Ogoaro crescent, Garki, Abuja	881,748,002	2,849,490	-	884,597,492
	11,603,571,832	60,828,332	(8,790,000)	11,655,610,164
	===========	=========	==========	==========

Market value as estimated by external valuer

Investment properties are valued periodically. As at 31 December, 2014 valuation of the properties are:-

Description	Cost	Revalued Amount	Gain/(loss)	Date	Name of valuer
	₦	₦	₦		
UH Legacy properties					
153, Ikorodu Road	755,782,649	785,000,000	29,217,351	-	-
32, Awolowo Rd. Ikoyi	494,845,822	508,000,000	13,154,178		
64, Opebi Rd. Ikeja	374,598,824	356,000,000	(18,598,824)		
1479 Ogoaro Garki, Abuja	884,597,492	820,000,000	(64,597,492)	Dec-14	Jide Taiwo
McDonald Court Ikoyi	1,243,422,267	1,120,625,000	(122,797,267)	Dec-14	Diya Fatimilehin
11B, Sapara Williams	2,476,465,410	1,160,000,000	(1,316,465,410)	Dec-14	Bode Adediji
1 Sinar Daranijo VI	2,114,407,748	2,200,000,000	85,592,253	Dec-14	Bode Adediji
Olusegun Aina Ikoyi	577,156,039	450,000,000	(127,156,039)	Dec-14	Bode Adediji
Victors Court	473,459,800	300,000,000	(173,459,800)	Dec-14	Boye Komolafe
28A, Rumens Str. Ikoyi	1,975,544,192	1,690,000,000	(285,544,192)	Dec-14	Boye Komolafe
Mike Akhigbe Abuja	285,329,921	330,000,000	44,670,079		
	11,655,610,164	9,719,625,000	(1,935,985,164)		
	===========	==========	===========		

Movement in cost during the year is as follows:-

	1/1/2013	Net Additions/ disposals	31/12/2013
	₦	₦	₦
Apartment at McDonald Court			
Block 4-6 McDonald Road, Ikoyi Lagos	1,231,412,267	-	1,231,412,267
11A, Sapara Williams Street, V.I.	2,460,015,160	-	2,460,015,160
Plot 3, Block A4, Olusegun Aina Street, Ikoyi	577,156,039	-	577,156,039
9 Mike Akhigbe Way, Abuja	285,329,921	-	285,329,921
1 Sinar Daranijo Street, Victoria Island	2,114,407,748	-	2,114,407,748
Victors Courts 2, Palace Road, Parkview, Ikoyi	473,459,800	-	473,459,800
28a, Rumens Street, Ikoyi	1,952,910,600	-	1,952,910,600
Legacy Properties, Onipanu Lagos:			
UHSL Plc, 153 Ikorodu Road	749,197,649	-	749,197,649
UHSL Plc, 32 Awolowo Road, Ikoyi	439,000,000	64,335,822	503,335,822
UHSL Plc, 64, Opebi Road Ikeja	374,598,824	-	374,598,824
Crescent, Garki Abuja	881,748,002	-	881,748,002
	11,539,236,010	64,335,822	11,603,571,832
	==========	=======	=========

		2014	2013
		₦	₦
10.	**Rent received in advance**		
	At 31 December	216,814,953	109,178,082
		=========	=========
	Analysed into:		
	Current liability	176,144,648	93,616,438
	Non-current liability	40,670,305	15,561,644
		216,814,953	109,178,082
		=========	=========
	Movement in rent received in advance		
	Balance at beginning	109,178,082	230,831,754
	Recognised as income during the year	(540,789,889)	(386,174,494)
	Rent received during year	648,426,760	264,520,822
	Balance at end	216,814,953	109,178,082
		=========	=========

31 December, 2014

Property at	Type	Current Portion ₦	Non-current portion ₦	Expiry date
Sinari Daranijo	Residential	150,170,680	37,028,387	31/3/2016
Olusegun Aina	Residential	9,250,684	-	31/10/2015
McDonald Road	Residential	12,186,298	-	31/10/2015
Mike Akhigbe Jabi	Residential	4,536,986	3,641,918	28/2/2018
		176,144,648	40,670,305	
		=========	========	

31 December, 2013

Property at	Type	Current Portion ₦	Non-current portion ₦	Expiry date
Sinar Daranijo	Residential	46,941,370	-	30/4/2014
Olusegun Aina	Residential	11,778,082	4,164,384	31/10/2015
McDonald Road	Residential	32,504,108	6,663,014	30/4/2015
Mike Akhigbe Jabi	Residential	2,392,878	4,734,246	28/2/2018
		93,616,438	15,561,644	
		========	========	

11. Payables to related parties

	2014	2013
	₦	₦
Management fee – UHSL Plc	113,457,600	130,114,685
Sundry payables – UHSL Plc	5,305,738	5,742,741
	118,763,338	135,857,426

Sundry payables relate to those expenditure incurred on behalf of the Fund by the Fund Manager i.e. Union Homes Savings and Loans Plc. This amount has been paid off in January, 2015 to align with SEC regulations.

11.1 Movement in guarantor fees payable

	2014	2013
At beginning	-	136,345,813
Refund to sundry income	-	(136,345,813)
At the end	-	-

12. Accruals and other payables

	2014	2013
Accruals (12.1)	194,916,833	341,239,124
Other payables (12.2.)	575,222,844	68,644,425
	770,139,677	409,883,549

12.1 Accruals

	2014	2013
Accrued income	147,682,988	321,239,124
Accrued AGM expenses	10,000,000	10,000,000
Interest received in advance	27,233,845	-
Audit and other professional fees	10,000,000	10,000,000
	194,916,833	341,239,124

12.2 Other payables

	2014	2013
Sundry customers	7,572,867	36,555,884
Trusteeship fee	5,250,000	2,625,000
Rating agency fee	5,250,000	2,625,000
Dividend payable	532,542,133	-
Withholding tax	35,000	35,000
Custodian fees	24,572,844	26,803,541
	575,222,844	68,644,425

Trusteeship and rating agency fees are computed at rates specified.

In accordance with the Trust Deed provisions were made in these financial statements as follows:

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

13. **Provisions**

Property maintenance fund

At beginning	15,446,980	20,779,161
Incurred during the year	(23,118,041)	(37,476,129)
Charge to income statement- Admin expenses	(7,671,061)	(16,696,968)
	=========	=========
Provision for the year (13.1)	21,631,006	15,446,980
At the end	21,631,006	15,446,980
	=========	=========

13.1 Provision for the year represents annual provisions of 4% of the rental income earned for the year to meet incidental costs.

14. **Unit holders equity**	**₦**	**₦**
Units offered for subscription:		
970,873,787 units at ₦51.50 each	50,000,000,000	50,000,000,000
Units issued and fully paid up		
250,019,781 units at ₦50 each (nominal value)	12,500,989,050	12,500,989,050
	===========	===========

On 19 August, 2008, the Fund offered 970,873,787 units of ₦50.00 each for subscription. Out of this offer, applications were received for 250,019,781 units.

The Fund subsequently issued 250,019,781 units of ₦50 each at ₦51.50 each as these were fully subscribed for and paid for by their subscribers.

		2014	2013
		₦	₦
15.	**Retained earnings**		
	At the beginning	1,443,925,747	850,710,479
	2012 dividend paid	(602,547,672)	-
	2013 dividend accrued	(532,542,133)	-
		308,835,942	850,710,479
	Transfer from income statement	(1,291,191,474)	593,215,268
		(982,355,532)	1,443,925,747
		==========	==========

16. Related party transactions

During the period, the following related party transactions took place

Union Homes Savings and Loans Plc acted as the Fund Manager during the year.

i) Units held by related parties: -

Parties related to the manager held units in the Fund as at the end of the year as follows: -

	Number of Units	% holding
Union Bank of Nigeria Plc	48,543,689	19.42
Union Homes Savings & Loans Plc	97,027,379	38.81
Union Homes Staff	3,109,150	1.24
	=========	

These transactions were done at arm’s length.

ii) Management fee

Management fee payable for the year ended 31 December, 2014 in respect of this service is calculated at 1% of the net asset value of the Fund. This has been calculated to be ₦113,352,875 which represents 12.89% per annum of the gross income for the year.

17. Going concern

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

18. **Contingent Liabilities**

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

19. **Comparative figures**

Some comparative figures has been represented during the year to give a better presentation consistent with the current year disclosure.

20. **Approval of Financial Statements**

These financial statements were approved by the Investment Committee of the company on 22 June, 2015.

STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER, 2014

	2014 ₦	%	2013 ₦	%
Gross earnings	880,297,381		844,559,203	
Deduct:				
Administrative overheads and payments for other services	(2,024,536,458)		(91,063,931)	
Value added	(1,144,239,077)	(100)	753,495,272	100
Applied as follows:				
Fund manager's remuneration	113,352,875	10	130,114,685	17
Government as taxes	33,599,522	3	30,165,319	4
Retained earnings for future expansion and distribution	(1,291,191,474)	(113)	593,215,268	79
Value added	(1,144,239,077)	(100)	753,495,272	100

FINANCIAL SUMMARY

	12 Months 31/12/2014 ₦'000	12 Months 31/12/2013 ₦'000	13 Months 30/12/2012 ₦'000	12 Months 30/11/2011 ₦'000	12 Months 30/11/2010 ₦'000
Cash and cash equivalents	2,694,705	2,677,798	1,987,931	3,180,806	8,159,693
Other assets	6,244	5,172	2,842	7,828	25,736
Trade and other receivables	225,409	328,739	246,144	47,070	-
Investment properties	9,719,625	11,603,572	11,539,236	11,166,619	5,304,130
Financial assets held to maturity	-	-	330,352	-	-
	12,645,983	14,615,281	14,106,506	14,402,324	13,489,560
	========	========	========	========	=========
Liabilities					
Rent received in advance	216,815	109,178	230,831	698,511	561,173
Payables to related parties	118,763	135,858	274,060	338,211	268,332
Accruals and other payables	770,140	409,884	229,135	68,212	15,638
Provisions	21,631	15,447	20,779	22,485	-
	1,127,349	670,367	754,807	1,127,420	845,145
	=======	=======	=======	=======	=======
Equity					
Unit holders equity	12,500,989	12,500,989	12,500,989	12,500,989	12,500,989
Retained earnings	(982,355)	1,443,925	850,710	773,915	143,425
	11,518,634	13,944,914	13,351,699	13,274,904	12,644,414
	12,645,983	14,615,281	14,106,506	14,402,324	13,489,560
	========	========	========	=========	=========
Profit and loss					
Investment income	880,297	844,559	1,028,587	929,205	590,662
	=======	========	=======	=======	========
Loss/profit before taxation	(1,256,583)	623,380	710,170	669,396	187,420
Taxation	(33,599)	(30,165)	(39,663)	(38,906)	-
Profit after taxation	(1,290,182)	593,215	670,507	630,489	187,420
	========	=======	=======	=======	=======
Per share information					
Basic earnings per share (₦)	(5.16)	2.37	2.68	2.52	0.75
Net assets per share (₦)	46.07	55.78	53.40	53.10	50.57
Dividend paid (₦)	-	-	2.41	2.27	0.75