

UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

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UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

FUND MANAGER, PROFESSIONAL ADVISERS ETC

Directors of the Fund Manager: Olufunke Osibodu- *Chairman*
S. O. Thomas - *Managing Director/Chief Executive*
C. J. Omo-Ijiade - *(appointed w.e.f. 3 September, 2008)*
J. M. Garba - *Executive*
P. C. Odogwu - *Executive*
F. A. Sonubi
M. I. Sanni - *(appointed w.e.f. 27 July, 2010)*

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

Trustee to the Fund: UBA Trustees Limited,
UBA House, (15th Floor),
57, Marina, Lagos.

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

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

Bankers: StanbicIBTC Bank Plc
Ecobank Nigeria Plc

UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

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.

UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

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 maintain custody of the documents and funds relating to the investments by the REIT.
4. The Trustee is required to monitor the register of Unit holders.
5. The Trustee is required to ascertain the profitability rationale for investment decision-making of the Fund Manager.
6. The Trustee is required to approve all major investments from the REIT's funds.
7. 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).
8. 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).

UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)
REPORT OF FUND MANAGER
FOR THE YEAR ENDED 30 NOVEMBER, 2010

Distinguished Unit holders, we present to you a report of the Funds Manager for the year ended 30th November, 2010.

Union Homes Real Estate Investment Trust (REIT) was launched on August 19, 2008 as a Unit Trust Scheme to raise funds from the investing public for investment in the real estate sector of the Nigerian economy.

The Fund is managed by Union Homes Savings and Loans Plc, a subsidiary of Union Bank of Nigeria Plc. The subscription is 70% guaranteed by Union Bank of Nigeria Plc.

THE OPERATING ENVIRONMENT

A review of the operating environment indicates that the effect of the economic crises which started in the USA in mid-2007 as a result of housing market downturn spreading to other world economies is yet to abate. The impact is still being felt in the real estate sector of the economy as property prices have more than stagnated due to the sluggish demand.

Impact was also felt in the Money market as banks experienced some liquidity squeeze and were reluctant to lend. Some that were ready to lend raised the credit requirement stake.

REVIEW OF THE REAL ESTATE MARKET

The reluctance or inability of investors/speculators to engage in the terrain of real estate from the perceived crash in other world economies resulted in a property price stagnancy and rendered a lot of investors inactive, while others were left groaning under the weight of debt having invested in properties and were unable to cash out. These investors are reviewing the market to see when it is auspicious.

Some of the challenges faced in concluding a property purchase transaction in Nigeria are:

- i. Absence of proper title to properties that fall within our business module.
- ii. The failure on the part of vendors to submit documents even when there is genuineness on our part to close transaction.
- iii. The “wait and see” attitude of property owners following the collapse of the property market.
- iv. The tortuous process of concluding property deals due especially to (i) above and delays in perfecting same.
- v. The inefficient Market characterized by non availability of vital information as to price and authentic property brokers. Also because of the price outlay in investment, Fund Managers have to exercise caution in deploying funds.

REVIEW OF THE MONEY MARKET

During the period under review, interest rate in the money market went down due to the economy downturn. The rate hovered between 0.5%p.a to 8%p.a. as against 15%p.a. to 18.5%p.a. in the previous period. Also, with the tightening of credit requirements, banks could not lend as much as they would have if viable lending outlets were available. The market became saturated with no avenues for lending hence their reluctance to take funds at higher rate.

With the injection of fresh funds into the troubled banks to recapitalize, the purchase of toxic debts by Assets Management Corporation of Nigeria and the injection of ₦200Billion into Mortgage Institutions by the Central

Bank, it is envisaged that interest rate may crash further thereby opening lending outlets which will definitely affect the real estate positively. It is anticipated that the money market may experience some stability.

PERFORMANCE OF THE FUND

The Funds Manager was able to deploy funds as follows:

a) MacDonald Court, Ikoyi, Lagos	₦1,000,000,000.00
b) Legacy Properties (4)	₦2,179,000,000.00
c) 11b Sapara Williams Close, Victoria Island, Lagos.	<u>₦2,000,000,000.00</u>
	<u>₦5,179,000,000.00</u>
	=====

We are making efforts in ensuring that the remaining funds are deployed shortly.

Total Net Assets reduced from ₦13,989,585,747 in the year ended 30th November, 2009 to ₦13,174,796,268 in the year ended 30th November, 2010 principally due to profit distribution to Unit holders in respect of year 2009 paid during the financial year ended 30th November, 2010.

The Fund Manager in consultation with the Trustees proposed that 90% (i.e. ₦168,678,795.60) of the net earnings of the Fund (i.e. ₦187,420,844) as at 30th November, 2010 be distributed to the unit holders as dividend.

OUTLOOK ON THE REAL MORTGAGE SECTOR

With the recent government pronouncement on the vision to enhance housing development and strengthen the Federal Mortgage Bank of Nigeria, there is bound to be a growth in the real estate sector as there would be an upsurge of developers who would certainly invest in the sector. Coupled with this is the impact of the ₦200billion the Central Bank is making available to Primary Mortgage Institutions.

The challenge associated with provision of housing is more of access to credit than with construction, but with the above scenario and Central Bank's effort to crash the interest rate, off-takers will be more willing to access funds at reasonable rates and this will impact on real estate sector.

It is hoped that with the pressure being mounted on Government to facilitate the passage of the bill on land reforms, a lot would be achieved as the law will reduce the cumbersome and expensive nature in acquisition of property and ease the process of transfer of title. Housing Cooperatives are being established in Government ministries, parastatals and private organizations. In no distant future, we expect that a secondary mortgage market will emerge since most of the beneficiaries/off-takers of developed houses would have to access mortgages from Primary Mortgage Institutions who would in turn source funds by selling mortgages to schemes such as the Union Homes REIT. This would give room for vehicles such as Mortgage-Backed Securities which will lead to more Real Estate Investment Trust in the country.

FUNDS STRATEGY

The Funds Manager has reviewed the performance and harmonized the portfolio mix of the Fund such that there would be a considered spread in commercial, residential and money market investment which will enhance rental and interest income respectively. Having deployed funds in the purchase of fully tenanted properties, there would be a steady flow of income accruing from the investment, the proceeds of which would be reinvested in the money market to the extent allowed by law and regulations.

In order to minimize the risk inherent in real estate business, an investment module has been prepared to guide investment in addition to a Property Market Data Bank installed to monitor market trend and provide feasibility and viability appraisals. This has so far paid off.

In spite of the difficult operating environment for year 2010, the strategy of the Fund Manager for the current financial year is directed at taking maximum advantage of the opportunities in the market towards delivering long-term returns that will continue to outperform the market and boost confidence of the public.

**UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)
REPORT OF THE TRUSTEE
FOR THE YEAR ENDED 30 NOVEMBER, 2010**

The Trustee present their report on the affairs of the Union Homes – Real Estates Investment Trust (the Fund) together with the Auditors Report and Financial Statements for the year ended 30 November, 2010.

Principal Activities and business review

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

Registered as an Open 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:

	2010	2009
	₦'000	₦'000
Net Asset Value	13,174,796	13,989,586

There were 5,344 Investors during the period with a total of 250,019,781 units while Real Estate related investments increased from ₦3,716,810,817 as at 30th November 2009 to ₦5,304,130,725.00 as at 30th November 2010.

Operating Results:

	2010	2009
	₦'000	₦'000
Net Income for the Year	187,421	1,113,567

Parties to the Fund:

Fund Manager	-	Union Homes Savings and Loans Plc
Trustees	-	UBA Trustees Limited
Registrar	-	Union Registrars Limited
Auditors	-	Baker Tilly Nigeria
Bankers	-	StanbicIBTC Bank Plc
	-	Ecobank Nigeria Plc

By order of the Trustee

UBA Trustees Limited,
UBA House (6th Floor),
57, Marina,
Lagos.
March 16, 2011

Oluwatoyin Sanni

UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

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 Trust 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.

Director

Director

REPORT OF THE INDEPENDENT AUDITOR

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

We have audited the financial statements of Union Homes – Real Estates Investment Trust as at 30 November, 2010 set out on pages 11 to 22 which have been prepared on the basis of the accounting policies set out on pages 9 and 10.

Fund Managers responsibility for the financial statements

The Fund's Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the Investments and Securities Act CAP S124 LFN 2007. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Fund manager, 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 audit opinion.

Opinion

In our opinion, the Fund has kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Investments and Securities Act CAP S124 LFN 2007. The financial statements give a true and fair view of the financial position of Union Homes – Real Estates Investment Trust as at 30 November, 2010 and of its financial performance and its cash flows for the period then ended in accordance with the statement of Accounting Standards issued by the Nigerian Accounting Standards Board, the rules and regulations issued by the Securities and Exchange Commission and the Trust Deed.

CHARTERED ACCOUNTANTS

LAGOS, NIGERIA
24 March, 2011

UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below: -

1. Basis of accounting

The financial statements are prepared in compliance with Nigerian Statements of Accounting Standards (SAS). The financial statements are presented in the functional currency, Nigerian Naira (N) and prepared under the historical cost convention as modified by periodic revaluation of trading securities.

2. Income recognition

Fees and commissions, where material, shall be amortized over the life of the related service. Otherwise fees, commissions and other income shall be recognized as earned upon completion of the related service.

i) Rental income

Rental income from investment property leased out under lease rental is recognized in the income statement on a straight line basis over the term of the lease.

ii) Services fees

Revenue from services rendered (such as project management) would be recognized in proportion to the stage of completion of the transaction at the balance sheet date.

3. Mortgage Assets

Mortgage assets are stated net of provision. A specific risk provision for asset impairment is established to provide for management's estimate of credit losses as soon as the recovery of an exposure is identified as doubtful. The provisions made on accounts performing and non performing are in accordance with the statement of Accounting Standard (SAS) for Banks and Non-Bank Financial Institution (SAS 10) and the Prudential Guidelines issued by the Central Bank of Nigeria.

4. Investment properties

Investment properties are those which are held primarily for generating income or capital appreciation or for both. Investment properties are stated at their market values and revalued periodically on a systematic basis at least once in 3 years.

5. Other receivables and prepayments

Receivables are stated net of allowance for bad and doubtful receivables. Subsequent recoveries are credited to the profit and loss account.

6. **Basis of investment valuation**

Trading securities are traded on the floor of the Nigerian Stock Exchange and are carried at market prices quoted on the daily official list of the exchange as at the balance sheet date. Unrealized appreciation/depreciation due to increase/decrease in carrying value is included as part of net gains or loss in the statement of total returns.

7. **Dividend distribution**

In accordance with SAS 23, dividend distribution to the fund's unit holders is recognized as a liability in the funds financial statements in the period in which the dividend is approved by the Unit holders.

8. **Provisions**

Provision is recognized when the company has a present obligation whether legal or constructive as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in accordance with the statement of accounting standard (SAS) 23.

UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

BALANCE SHEET AS AT 30 NOVEMBER, 2010

	Note	2010 ₹	2009 ₹
Bank balances		21,440,713	86,665
Money market investments	2	8,138,252,783	9,717,767,623
Real Estate related investment	3	-	3,716,810,817
Investment properties	4	5,304,130,725	-
Debtors	5	25,735,870	140,990,924
Deferred IPO expenses	6	<u>528,425,414</u>	<u>695,296,597</u>
Total assets		14,017,985,505	14,270,952,626
Creditors	7	(282,015,437)	(281,366,879)
Rent received in advance	8	<u>(561,173,800)</u>	<u>-</u>
Total net assets		13,174,796,268 =====	13,989,585,747 =====
Financed by:			
Unit holders equity	9	12,876,018,722	12,876,018,722
Retained earnings		<u>298,777,546</u>	<u>1,113,567,025</u>
Unit holders' Fund		13,174,796,268 =====	13,989,585,747 =====

The accounting policies on pages 9 and 10 and the notes on pages 16 to 21 form an integral part of these financial statements.

UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

**STATEMENT OF TOTAL RETURN
FOR THE YEAR ENDED 30 NOVEMBER, 2010**

	Note	2010 ₪	2009 ₪
Investment income	10	590,662,637	1,463,233,881
<i>Deduct:</i>			
Operating expenses	11	<u>(403,241,793)</u>	<u>(349,666,856)</u>
Net income before taxation		187,420,844	1,113,567,025
Taxation	12	<u> -</u>	<u> -</u>
Net income after taxation		<u>187,420,844</u>	<u>1,113,567,025</u>
Net increase in unit holder's fund from investment activities		<u>187,420,844</u>	<u>1,113,567,025</u>

The accounting policies on pages 9 and 10 and the notes on pages 16 to 21 form an integral part of these financial statements.

UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

**STATEMENT OF MOVEMENTS IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED 30 NOVEMBER, 2010**

	Note	2010 ₱	2009 ₱
Fund at beginning	9	13,989,585,747	12,876,044,472
Dividend payout		(1,002,210,323)	-
Amounts paid on rejected applications		<u>-</u>	<u>(25,750)</u>
		12,987,375,424	12,876,018,722
Net increase in unit holders' funds from investment activities		<u>187,420,844</u>	<u>1,113,567,025</u>
Fund at end		<u>13,174,796,268</u> =====	<u>13,989,585,747</u> =====

The accounting policies on pages 9 and 10 and the notes on pages 16 to 21 form an integral part of these financial statements.

UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

PORTFOLIO STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER, 2010

	Holding (No. of shares) ₪	Market value ₪	Percentage of net assets ₪
Real estate/real estate related		5,304,130,725	39.46
Money market investments		<u>8,138,252,783</u>	<u>60.54</u>
Total value of portfolio		13,442,383,508 =====	100 =====

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 30 NOVEMBER, 2010

	Note	2010 ₱	2009 ₱
Cash flow from operating activities:-			
Operating profit before working capital changes	14.i	187,420,844	1,113,567,025
Working capital changes	14.ii	843,948,595	(554,920,642)
Income tax paid		<u> -</u>	<u> -</u>
Net cash flow from operating activities		1,031,369,439	558,646,383
		-----	-----
Cash flow from investing activities:			
Acquisition of fixed assets		-	-
Investment of fixed assets		1,579,514,840	(9,717,767,623)
Investment in shares		3,716,810,817	(3,716,810,817)
Investment in properties		<u>(5,304,130,725)</u>	<u> -</u>
Net cash flow from investing activities		(7,805,068)	(13,434,578,440)
		-----	-----
Cash flow from financing activities:			
Dividend paid		(1,002,210,323)	-
Proceeds of the issue of units		<u> -</u>	<u>12,876,018,722</u>
Net cash flow from financing activities		(1,002,210,323)	12,876,018,722
		-----	-----
Net increase in cash and cash equivalent		21,354,048	86,665
Cash and equivalents brought forward		<u>86,665</u>	<u> -</u>
Cash and cash equivalent at the end of the year		21,440,713	86,665
		=====	=====
Represented by:	14.iii	21,440,713	86,665
		=====	=====

The accounting policies on pages 9 and 10 and the notes on pages 16 to 21 form part of these financial statements

**UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER, 2010**

1. **The UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)**

The operation of the Union Homes – Real Estates Investment Trust (“The Fund”) commenced in February, 2009. The Fund is an open ended Unit Trust or Mutual fund scheme, which provides unit holders access to investments in approved portfolio. It is under the management of Union Homes Savings & Loans Plc with UBA Trustees Limited as the Trustee.

2. **Money market investments**

These comprise of short term money market investments with Nigerian banks and financial institutions

	2010	2009
	₦	₦
Call deposit	8,138,252,783	9,717,767,623
	=====	=====
3. Real Estate Related Investment	-	3,716,810,817
	=====	=====

The mortgage assets were bought from Union Homes on 15 July, 2009 for a period of 6 months at an interest rate of 16.5% and had been repurchased at the expiration of the 6 months period in full.

	₦	₦
4. Investment properties		
This is made up as follows: -		
Apartments at McDonald Court, 4-5 McDonald Road Ikoyi, Lagos	1,000,000,000	-
11 Sapara Williams Street, Victoria Island, Lagos	2,000,000,000	-
Legacy Properties	<u>2,304,130,725</u>	-
	5,304,130,725	-
	=====	=====

Legacy properties represent investment properties hitherto in the pool of the fund manger which were acquired by the fund as stated in the prospectus.

5. **Debtors**

Interest receivable	25,735,870	140,990,924
	=====	=====

6. **Deferred IPO Expenses**

	528,425,414	695,296,597
	=====	=====
Total IPO expenses	695,296,597	858,595,916
<i>Less:</i> Refund – Issuing House Fees	-	<u>(24,240,000)</u>
	695,296,597	834,355,916
<i>Less:</i> Charge to current period	<u>(166,871,183)</u>	<u>(139,059,319)</u>
Balance at 30 November, 2009	528,425,414	695,296,597
	=====	=====

The initial public offer expenses of ₦834,355,916 is being amortized over a period of 5 years in line with the relevant provision in the prospectus. The amount of ₦166,871,183 charged to current period represents 12 months amortization of the total amount incurred.

	2010	2009
	₦	₦
7. Creditors		
Due to Manager - (Note 7.1)	141,075,031	203,653,454
Accrued charges (Note 7.2)	135,940,406	67,713,425
Provision for AGM expenses (note 7.3)	<u>5,000,000</u>	<u>10,000,000</u>
	282,015,437	281,366,879
	=====	=====

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

Management fee	-	1% of net assets
Registrars fee	-	0.01% of net assets
Rating Agency's fee	-	0.005% of net assets
Guarantors fee	-	0.5% of net assets

7.1 Due to Manager

Management fee	133,774,639	118,065,539
Sundry payments	<u>7,300,392</u>	<u>85,587,915</u>
	141,075,031	203,653,454
	=====	=====

7.2 Accrued charges

Guarantor's fee	125,920,089	59,032,770
Audit and other professional fees	5,000,000	5,000,000
Withholding tax	513,698	-
Trusteeship fee	2,500,000	2,500,000
Rating agency's fee	668,873	-
Registrars fee	<u>1,337,746</u>	<u>1,180,655</u>
	135,940,406	67,713,425
	=====	=====

7.3 Provision for AGM expenses

Out of the ₦10,000,000 provided for in 2009, a total amount of ₦2,228,196 was expended while the balance of ₦7,771,803 had been transferred to other income for the year under review.

	2010	2009
	₹	₹
8. Rent received in advance		
Legacy properties	243,386,679	-
Macdonald Court	17,787,121	-
11B, Sapara Williams Close	<u>300,000,000</u>	<u>-</u>
	561,173,800	-
	=====	=====

	No. of units	Unit holders	Share	Retained	Total
		equity	premium	earnings	
		₹	₹	₹	₹
Balance as at 1 Dec. 2009	250,019,781	12,500,989,050	375,029,672	1,113,567,025	13,989,585,747
Dividend payout	-	-	-	(1,002,210,323)	(1,002,210,323)
Transfer from					
Statement of return	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,420,844</u>	<u>187,420,844</u>
Balance as at 30 Nov. 2010	<u>250,019,781</u>	<u>12,500,989,050</u>	<u>375,029,672</u>	<u>298,777,546</u>	<u>13,174,796,268</u>
	=====	=====	=====	=====	=====

	2010	2009
	₹	₹
10. Investment income		
Rental income	120,294,485	-
Interest from deposits	388,464,053	1,234,133,945
Sundry income (10.1)	7,975,204	-
Interest from mortgage assets	<u>73,928,895</u>	<u>229,099,936</u>
	590,662,637	1,463,233,881
	=====	=====

10.1 Sundry income		
Overprovision – AGM expenses (note 7.3)	7,771,803	-
Others	<u>203,401</u>	<u>-</u>
	7,975,204	-
	=====	=====

	2010	2009
	₦	₦
11. Operating expenses		
Initial public offer expenses	166,871,183	139,059,319
Provision for management fee	133,774,639	118,065,539
Provision for guarantor fee	66,887,320	59,032,770
Estate valuation fee	11,811,661	-
Provision for AGM expenses	5,000,000	10,000,000
Audit fee	5,000,000	5,000,000
Sitting allowance	3,920,000	225,000
Legal charges	3,415,359	2,336,475
Provision for trusteeship fee	2,500,000	2,500,000
Provision for registrars fee	1,337,746	1,180,655
Travelling expenses	709,733	64,500
Advert and public relations	702,000	-
Rating agency's fee	668,873	2,625,000
Entertainment	199,890	-
Motor vehicle expenses	177,016	8,000
Stationery	132,748	536,050
Bank charges	63,075	9,026,548
Postages, telephone & telegram	36,300	7,000
Newspapers and periodicals	<u>34,250</u>	<u>-</u>
	<u>403,241,793</u>	<u>349,666,856</u>
	=====	=====
	2010	2009
	₦	₦
12. Taxation		
Tax attributable to franked investment income	-	-
	=====	=====

The fund is exempted from paying tax.

13. **Related party transactions**

During the period, the following related party activities existed: -

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

Union Bank of Nigeria Plc provided banking services to the Fund

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
Union Bank of Nigeria Plc	48,543,689
Union Homes Savings & Loans Plc	97,087,379
Union Homes Staff	6,970,874
	=====

These transactions were done at arm's length.

	2010	2009
	₦	₦
14.i Profit after tax	187,420,844	1,113,567,025
	=====	=====
ii. Working capital changes		
Decrease/(increase) in debtors and prepayments	282,126,237	(836,287,521)
Increase in creditors and accruals	<u>561,822,358</u>	<u>281,366,879</u>
	843,948,595	(554,920,642)
	=====	=====
iii. Cash and bank balance		
Cash	21,440,713	86,665
	=====	=====

	2010	2009
	₦	₦
15. Statistical information		
Gross income	590,662,637	1,463,233,881
	=====	=====
Net Income	187,420,844	1,113,567,025
	=====	=====
Number of units	<u>250,019,781</u>	<u>250,019,781</u>
Gross income per unit (₦)	2.36	5.85
	=====	=====
Net income per unit (₦)	0.75	4.45
	=====	=====

16. Management fee

Management fee for the year ended 30 November, 2010 is calculated at 1% of the net asset value of the Fund. This has been calculated to be ₦133,774,639 which represents 22.65% per annum of the gross income for the year.

UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

**STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 30 NOVEMBER, 2010**

	2010		2009	
	₹	%	₹	%
Gross earnings	590,662,637		1,463,233,881	
<i>Deduct:</i>				
Administrative overheads and payments for other services	<u>(269,467,154)</u>		<u>(231,601,317)</u>	
Value added	<u>321,195,483</u>	100	<u>1,231,632,564</u>	100
Applied as follows:				
Fund manager's remuneration	133,774,639	42	118,065,539	10
Government as taxes	-	-	-	-
Retained earnings	<u>187,420,844</u>	<u>58</u>	<u>1,113,567,025</u>	<u>90</u>
Value added	<u>321,195,483</u>	100	<u>1,231,632,564</u>	100