UNION HOMES REAL ESTATE INVESTMENT TRUST

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2013

UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

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FOR THE YEAR ENDED 31 DECEMBER, 2013

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UNION HOMES REAL ESTATES INVESTMENT TRUST (REIT)

FUND MANAGER, PROFESSIONAL ADVISERS ETC

Directors of the Fund Manager:	E. Emuwa	-	*Chairman*
	P. Kanu (Mrs.)	-	*Ag. Managing Director (appointed w.e.f. April, 2013)*
	J. A. Orimoloye	-	*Managing Director – (re-assigned w.e.f. 15 May, 2013)*
	C. J. Omo-Ijiade		
	J. M. Garba	-	Executive Director *(retired w.e.f. 6 Feb.2013)*
	M. I. Sanni		
	A. M. Adeosun		
	K. Kasongo		
	O. Adewale (Mrs.)		
	R. Kolarinwa		

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:
Union 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

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.

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).

REPORT OF FUND MANAGER
FOR THE YEAR ENDED 31 DECEMBER, 2013

Distinguished Unit holders, we present to you a report of the Fund Manager for the year ended 31st December, 2013.
The Union Homes Real Estate Investment Trust (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 funds in Real Estate and Real Estate related investment. 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 Union Homes REIT was established on August 19, 2008 as a Unit Trust Scheme, registered and listed on the floor of the Nigerian Stock Exchange on 2nd July, 2010.
The Fund is managed by Union Homes Savings & Loan Plc, a subsidiary of Union Bank of Nigeria Plc.

THE OPERATING ENVIRONMENT

Global economic growth averaged 2.5% in the first half of 2013, same as the second half of 2012. The United States (U.S), Japan and few European countries just emerging from recession helped to drive the current growth. Given the changing global growth dynamics, the International Monetary Fund (IMF) revised its global economic growth forecast in October to 2.9% in 2013 and 3.6% in 2014. The on-going reforms in the various sectors of the Nigerian Economy gradually yielded positive results. This has manifested in the country being named among the fastest growing economies in the world and middle income country. Nigeria's real growth in the last decade has averaged over 6%. In the second and third quarters of 2013, real output grew by 6.2% and 6.9% respectively and stagnated at 6.9% by the end of the fourth quarter. In addition to the robust growth largely driven by the non-oil sector, the stance of monetary policy helped to significantly rein in inflationary pressures which moderated to 8% in December 2013; rates remained in single digits throughout the year. The anticipated bumper agricultural output was expected to lead to further decline in inflation and contributed to a sustained macroeconomic stability. The fall in oil production added pressure on the foreign reserves, which in turn undermined the Naira. However, the stable foreign reserves and Central Bank of Nigeria's (CBN) more aggressive exchange rate policy drove naira appreciation.

The performance of the financial sector was a result of the continuous implementation of the financial sector reforms that have strengthened the sectors' financial intermediation process engendered by improved interventions in relevant and critical sectors of the economy, stronger regulation and supervision through better disclosures by financial institutions, improved corporate governance and capital market development.

While Federal Government spending overall in 2013 had not been significantly higher than in 2012, oil revenues continued to decline in spite of the relative stability in oil price and output when compared with preceding years. As a result, excess crude savings fell from about $11.5billion at year end 2012 to less than $5billion on November 14, 2013. External Reserves depreciated to $43.610billion as at 31 December 2013. This represents a decline by 4% compared to $45.388billion as at October 2, 2013.

The implication of this is that financial markets are susceptible to external shocks. This resulted in CBN's continued stance in pursuing tight monetary policies in order to contain inflationary pressure. These include the introduction of Cash Reserve Requirement (CRR) of 50% on public sector deposits with the Deposit Money Banks (DMB) to stem liquidity surge.

The Federal Government completed the handing over of the Power Holding Company of Nigeria (PHCN's) successor companies to their new owners while the handing over of the nation's power sector to private managers will be completed in 2014.

REVIEW OF THE MONEY MARKET

The Monetary authority pursued tight monetary policies in order to contain inflationary pressure. These include the maintenance of its benchmark rate of 12% unchanged since October 2011 to help stabilize the naira and keep inflation under control and the introduction of CRR of 50% on public sector deposits with the DMB's to stem liquidity surge.

The Asset Management Company of Nigeria (AMCON) retired N1 trillion out of the N5.7 trillion of its bonds held by investors toward the end of the year. About N3.6billion of the bonds were held by the CBN. Contrary to expectation, the AMCON bond related liquidity increase could not undermine the Naira and add pressure on the CBN to raise the Monetary Policy Rate (MPR). As at the end of the year, money market rates especially for short term tenors were still holding.

PERFORMANCE OF THE FUND

The real estate market especially the high-end of the market where the bulk of the fund is invested experienced a decline in performance in 2013. There was addition of more commercial real estate luxury apartments, which increased competition and led to fall in property prices/rents.

Despite the above, your Fund performed comparatively well both in terms of effective deployment of cash and returns on the underlying investments. There was no change in the underlying investments during the year in view of the unfavourable property market conditions.

The Total Net Assets of the Fund increased from N13,351,699,529 in the year ended 31st December, 2012 to N13,944,914,797 in the year ended 31st December, 2013. The 2012 result is for 13 months as a result of change in accounting year from December – November to January – December. The Fund Manager in consultation with the Trustees propose that 90% (i.e. N532,542,133.53) translating to 213 kobo of the net earnings of the Fund (i.e. N593,215,268) as at 31st December, 2013 will be distributed to Unit holders as profit distribution.

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 that they have the liquidity to meet these requirements.
The upshot of the monetary tightening policies driven by the CBN is that lending rates continued 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.

REVIEW OF REAL ESTATE

Following on from the mothballing of multiple real estate projects through the years of the economic crisis of 2009 to 2011, the Lagos real estate market has picked itself off the floor and is powering forward. Evidence of the buoyancy of the market can be found in the reduction of voids in the choice areas of Ikoyi, sales prices of luxury apartments reaching new highs and the number of new commercial developments in Victoria Island and along the Kingsway Road. A good proxy for tracking the buoyancy of the construction sector is cement sales which are rising faster than nominal GDP growth rates. Construction is being driven by government spending on infrastructure along with private investment at the lower end of the market.

FUTURE OUTLOOK

The Gross Domestic Product (GDP) is expected to grow by 7% in 2014 with the growth to be driven by high oil prices and robust domestic demand. In addition, improvements in global and regional business environment are expected to support the growth. The expected passage of the Industry Bill, which is expected to improve local content, ensure technology transfer and job creation as well as other reforms initiated and pursued by government are expected to impact the economy positively in 2014. However, inflation is expected to decline slightly from the average 8% in 2013 to 7.8% in 2014.
The reform already initiated in the mortgage industry is expected to reach its logical conclusion in the year. Also, the launching of Nigerian Mortgage Refinancing Cooperation (NMRC) is expected to provide and boost liquidity while enhancing the activities of the Primary Mortgage Banks in the country.

Year 2014, being a pre-election year and with the current development, we expect a boost in political spending creating less demand for quality commercial real estates and luxury apartments. This will impact adversely on the performance of the real estate market operators.
The new CRR of 75% will lead to further tightening of money. It is expected that liquidity for both governments and the active private sector participants will be a major concern. The rate in the money market is expected to move north wards as the operators in the economy demand for funds for their operations.

FUND STRATEGY

The Fund Manager will continue to effect optimum balance in the Fund's investment portfolio to ensure commensurate returns in 2014 without necessarily increasing the overall risk, while all actions and decisions taken by the Fund Manager will be guided by the existing framework to ensure not only the long-term appreciation and safety of under-lying assets, but also competitive returns to unit holders.

Thank you.

REPORT OF THE TRUSTEE
FOR THE 13 MONTH PERIOD ENDED DECEMBER 31, 2013

The Trustees 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 2013.

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:

	2013	**2012**
	₦'000	**₦'000**
Net Asset Value	13,944,915	13,351,700

Real Estate related investments increased from N11,539,236,010 as at 31st December 2012 to N11, 603,571,832 as at 31st December 2013.

Operating Results:

	2013	**2012**
	₦'000	**₦'000**
Net Income for the Year (After Tax)	593,215	670,507

ADMINISTRATION OF THE SCHEME

Income Generation

During the period under review, Net Income generated by the Fund decreased from N670, 507,309 in 2012 to N593,215,268 in year 2013 thus in view of the softness of the property market, which accounted for drop in rental values in the high-end of the property market.

Compliance with the 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 31st December, 2012 was: 85.67% in Real Estate related investment and 14.33% in Money Market investments. This has reduced marginally with Real Estate Investments now accounting for 81.33% of the Fund's Asset while 18.67% is invested in Money Market.

Structure of the REIT

Sequel to the withdrawal by Union Bank Plc as Guarantor to the REIT, arrangements are yet to be concluded on the appointment of another Guarantor as provided for in the Trust Deed and Prospectus. The Arrangers of the REIT (Goldbanc Management Associates Limited) are awaiting receipt of Offer Letters from prospective Guarantors that have signified their willingness to take up the role.

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	-	Union Registrars Limited
Auditors	-	Baker Tilly Nigeria
Custodian	-	UBA Global Investor Services

BY ORDER OF THE TRUSTEE

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

28th February, 2014

TOKUNBO AJAYI
FRC/2014/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	**Oyinkan Adewale**
Director	**Director**
FRC/2013/NIM/00000004907	**FRC/2013/ICAN/00000001775**

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, 2013, set out on pages 14 to 39 which have been prepared on the basis of significant accounting policies on pages 18 to 28 and other explanatory notes on pages 28 to 37.

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, 2013 and of its financial performance and cash flows for the period 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
28 February, 2014

STATEMENT OF COMPREHENSIVE INCOME (TOTAL RETURN)
FOR THE YEAR ENDED 31 DECEMBER, 2013

	Note	12 Months ended 30/12/2013 ₦	13 Months ended 31/12/2012 ₦
Investment income	4	844,559,203	1,028,587,341
Deduct:			
Operating expenses	5	(221,178,616)	(318,416,813)
Net income before taxation		623,380,587	710,170,528
Taxation	6	(30,165,319)	(39,663,219)
Net income after taxation	17	593,215,268	670,507,309
		=========	==========
Net increase in unit holder's fund from investment activities		593,215,268	670,507,309
		=========	===========

The notes on pages 18 to 37 form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER, 2013

Assets:	**Note**	**30/12/2013**	**31/12/2012**
Current Assets			
Cash and cash equivalents	7	2,677,798,125	1,987,931,613
Other asset	8	5,171,753	2,842,104
Trade and other receivables	9	328,739,124	246,144,171
Total current assets		3,011,709,002	2,236,917,888
Non-Current Assets			
Investment properties	10	11,603,571,832	11,539,236,010
Financial assets held to maturity	11	-	330,352,602
Total assets		14,615,280,834	14,106,506,500
Liabilities:			
Current Liabilities			
Rent received in advance	12	93,616,438	178,185,443
Payables to related parties	13	135,857,426	274,060,716
Accruals and other payables	14	409,883,549	229,135,340
Provisions	15	15,446,980	20,779,161
Total current liabilities		654,804,393	702,160,660
Non-Current Liabilities			
Rent received in advance	12	15,561,644	52,646,311
Total liabilities		670,366,037	754,806,971
Net assets		**13,944,914,797**	**13,351,699,529**
Equity and Reserves			
Unit holders Equity	16	12,500,989,050	12,500,989,050
Retained earnings	17	1,443,925,747	850,710,479
Unit holders' Fund		**13,944,914,797**	**13,351,699,529**

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Oyinkan Adewale	**Pearl Kanu**	**Adekunle Owode**
Director	**Director**	**Chief Financial Officer**
FRC/2013/ICAN/00000001775	**FRC/2013/NIM/00000004907**	**FRC/2013/ICAN/00000004904**

The notes on pages 18 to 37 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY
(MOVEMENTS IN UNIT HOLDERS' FUND)
FOR THE YEAR ENDED 31 DECEMBER, 2013

	Unit Equity	General reserve	Total
1 January, 2013	12,500,989,050	850,710,479	13,351,699,529
Dividend payout	-	-	-
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**

FOR THE YEAR ENDED 31 DECEMBER, 2012

	Unit Equity	General reserve	Total
1 January, 2012	12,500,989,050	773,915,143	13,274,904,193
Dividend payout	-	(593,711,973)	(593,711,973)
Transfer from - income statement	-	670,507,309	670,507,309
31 December, 2012	**12,500,989,050**	**850,710,479**	**13,351,699,529**

The notes on pages 18 to 37 form an integral part of these financial statements

PORTFOLIO STATEMENT

FOR THE YEAR ENDED 31 DECEMBER, 2013

	Market value ₦	Percentage of net assets ₦
Real estate	11,603,571,832	81.33
Real estate related	-	-
	11,603,571,832	81.33
Money market investments	2,663,462,357	18.67
Total value of portfolio	14,267,034,189	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.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	12 Months ended 31/12/2013 ₦	13 Months ended 31/12/2012 ₦
Cash flow from operating activities:			
Investment income	4	844,559,203	1,028,587,341
Operating expenses	5	(221,178,616)	(318,416,813)
Income tax paid		(30,165,319)	(39,663,219)
Cash flow from operating profit before changes in operating assets & liabilities		593,215,268	670,507,309
Net (decrease)/increase in receivables and other assets		(84,924,603)	(194,087,957)
Net (decrease)/increase in other liabilities and provisions		(89,901,187)	(279,160,383)
Net increase in payables to related parties		(138,203,289)	(64,150,114)
Net increase in accruals and other payables		180,748,209	160,922,961
Net (decrease)/increase in rent received in advance (non-current)		(37,084,667)	(190,225,452)
Net cash flow from operating activities		**423,849,731**	**103,806,364**
Cash flow from investing activities:			
Development of investment in properties		(64,335,821)	(372,616,580)
Mortgage assets		330,352,602	(330,352,602)
Net cash flow from investing activities		**266,016,781**	**(702,969,182)**
Cash flow from financing activities			
Dividend payout		-	593,711,973
Net cash flow from financing activities		**-**	**(593,711,973)**
Net increase in cash and cash equivalent		689,866,512	(1,192,874,791)
Cash and equivalents brought forward		1,987,931,613	3,180,806,404
Cash and cash equivalent at the end of the year	7	**2,677,798,125**	**1,987,931,613**

The notes on pages 18 to 37 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2013

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.

2.0 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 property 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 once in every three years 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.

(vi.) ***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.

(i) 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.

iv. ***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.

v. ***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.

vi. ***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.

vii. ***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.

viii. ***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.

ix. ***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.

x. ***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.

xi. ***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.

xii. ***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.

xiii. ***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.

3. First-time adoption exemptions applied

Upon transition, IFRS 1 permits certain exemptions from full retrospective application. The Fund applied the mandatory exception and optional exemption, as set out below.

Mandatory exception adopted by the Fund

Estimates

The Fund used estimates under IFRS that were consistent with those applied under previous GAAP unless there was objective evidence those estimates were in error.

Optional exemption applied by the Fund

Historical value as deemed cost

The Fund elected to measure its Investment properties at the transition date to IFRS at its historical cost and use that historical cost as its deemed cost at that date.

	12 Months ended 31/12/2013	13 Months ended 31/12/2012
4. Investment income		
Rental income	386,174,494	507,923,455
Interest from deposits	301,653,194	396,632,194
Interest from mortgage assets	14,720,236	50,243,868
Sundry income (4.1)	142,011,279	73,787,824
	844,559,203	1,028,587,341
	=========	==========

4.1 Sundry income		
Overprovision – AGM expenses	-	672,488
Income received on caution deposit	-	2,501,550
Excess provision on guarantors fee	136,345,813	69,670,393
Income realized on disposal of assets	228,000	-
Legal fee	4,159,250	-
13 Month provision reversed	1,278,216	-
Refund on property managers fee	-	943,393
	142,011,279	73,787,823
	=========	==========

5. Operating expenses		
Management fee	130,114,685	131,531,774
Guarantor fee	-	68,960,587
Estate valuation fee	-	-
Provision for AGM expenses	5,000,000	5,416,667
Audit fee	5,000,000	5,416,667
Independent Member sitting allowance	560,000	2,380,000
Legal charges	2,400,000	14,738,784
Trusteeship fee	2,625,000	2,843,750
Registrars fee	558,676	204,241
Travelling expenses	84,540	928,581
Rating agency's fee	2,625,000	2,718,750
Bank charges	482,312	42,579
Postages, telephone and telegram	7,000	700
Search fees	-	25,000
Other professional fee – IFRS conversion	3,750,000	9,600,000
Regulatory fee	5,192,510	-
Property manager fee	5,147,213	872,500
Property maintenance expenses	16,696,968	14,874,320
Property maintenance fund	15,446,980	20,779,161
Insurance fee	12,250,174	23,290,635
Custodian fees	13,237,558	13,792,117
	221,178,616	318,416,813
	=========	=========

6. Taxation

Withholding tax paid	30,165,319	39,663,219
	========	=========

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.

7. Cash and cash equivalents

Cash in hand	31,210	13,605
Cash at bank	-	3,139,909
Short-term deposits	2,677,766,915	1,984,778,099
	2,677,798,125	1,987,931,613
	==========	============

Detail of short term deposit are:

	Principal Amount ₦	Interest rate	Date of placement	Maturity date
Ecobank plc	2,663,462,357	13%	24/12/2013	23/1/2014
UBA Bank Plc	14,304,558	4%		

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.

8. Other assets – prepayments

Insurance – fire and special peril policy	5,171,753	2,842,104
	========	========

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

11A Sapara Williams Street, Victoria Island	350,016	519,333
9 Mike Akhigbe Way, Abuja	124,162	902,511
Plot 3, Block A4, Olusegun Aina Street, Ikoyi	238,392	-
28A, Rumens Street, Ikoyi	794,638	-
Victors Court 2, Palace Road, Parkview, Ikoyi	1,602,945	-
Block 4-6, McDonald Road, Ikoyi, Lagos	600,170	1,420,260
Legacy properties	1,461,430	-
	5,171,753	2,842,104
	========	=========

9. Trade and other receivables

Rent receivable:		
Rent and service charge receivable (note 9.1)	321,239,124	192,962,767
Other receiables:		
Interest receivable (note 9.2)	-	45,681,404
Others (note 9.3)	7,500,000	7,500,000
	328,739,124	246,144,171
	=========	==========

9.1 **Rent receivable**

Rent receivable on properties as at 31 December, 2013 comprises of rent due on the following properties:

McDonald Court, Block 4-6 McDonald Road Ikoyi, Lagos	25,044,657	13,544,657
Legacy properties	229,069,816	91,627,926
28A, Rumens Road Ikoyi	54,000,000	63,000,000
Olusegun Aina Street Ikoyi	-	6,045,414
Victors Courts 2, Palace Road, Parkview Ikoyi	-	8,000,000
9, Mike Akhigbe Way, Abuja	13,124,651	10,744,770
	321,239,124	192,962,767
	=========	=========

9.2 **Interest receivable**

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

9.3 **Others**	7,500,000	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.

10. **Investment properties**

Completed investment property		
At start of the period	11,539,236,010	11,166,619,430
Capital expenditure on property during the year	64,335,822	372,616,580
At end of the period	11,603,571,832	11,539,236,010
	============	===========

31 December, 2013 movement in the year	**1/1/2013**	**Additions**	**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
UHSL Plc, Plot 1479 Ogoaro	-	-	-
Crescent, Garki Abuja	881,748,002	-	881,748,002
	11,539,236,010	64,335,822	11,603,571,832
	===========	========	==========

31 December, 2012 movement in the period	**1/1/2013**	**Additions**	**31/12/2012**
	₦	**₦**	**₦**
Apartment at McDonald Court			
Block 4-6 McDonald Road, Ikoyi Lagos	1,208,912,267	22,500,000	1,231,412,267
11A, Sapara Williams Street V/Island	2,329,157,850	130,857,310	2,460,015,160
Plot 3, Block a4, Olusegun Aina Street, Ikoyi	558,618,054	18,537,985	577,156,039
9, Mike Akhigbe Way, Abuja	258,439,036	26,890,885	285,329,921
1 Sinar Daranijo Street, Victoria Island	2,052,402,748	62,005,000	2,114,407,748
Victoria Courts 2, Palace Road, Parkview, Ikoyi	453,634,500	19,825,300	473,459,800
28a, Rumens Street, Ikoyi	1,860,910,500	92,000,100	1,952,910,600
Legacy Properties, Onipanu Lagos			
UHSL Plc, 153, Ikorodu Road			
UHSL Plc, 32, Awolowo Road, Ikeja	749,197,649	-	749,197,649
UHSL Plc, 64, Opebi Road, Ikeja	439,000,000	-	439,000,000
UHSL Plc, Plot 1479 Ogoaro	374,598,824	-	374,598,824
Crescent, Garki Abuja	881,748,002	-	881,748,002
	11,166,619,430	372,616,580	11,539,236,010
	===========	=========	==========

Market value as estimated by external valuer

Investment properties are valued at least once in three years. As at 31 December, 2013 the valuation of the properties was on going. The value of the investment properties at the reporting date was estimated by using the purchase price paid for acquisition of the properties by the Fund.

11. **Financial assets held to maturity- mortgage**

Name of account	**12 Months ended amount**	**13 Months ended amount**
	₦	**₦**
Emeka Madu	-	31,175,575
Zeenat Nigeria Limited	-	29,072,255
Mr. and Mrs. Martins Izuogbe	-	41,600,853
Reimetro Nigeria Limited	-	167,935,294
Bensuehi Engineering Company Limited	-	10,389,121
Ogunmakin Ayodele	-	37,508,779
Udeora Egbuna	-	5,529,395
John Okegbu	-	7,143,327
	-	330,352,602
	========	=========

The mortgage assets are mortgage loans purchased by the Fund from Union Homes Savings and Loans Plc. The repayment of the mortgage is the responsibility of Union Homes Savings and Loans Plc. The financial assets held to maturity were purchased on the 23 of December, 2011 and repurchased on the 14 March, 2013.

12. **Rent received in advance**

At 31 December	109,178,082	230,831,754
	=========	=========
Analysed into:		
Current liability	93,616,438	178,185,443
Non-current liability	15,561,644	52,646,311
	109,178,082	230,831,754
	=========	=========
Movement in rent received in advance		
Balance at beginning	230,831,754	698,510,984
Recognised as income during the year	(204,453,672)	(504,215,746)
Additional rent received in advance	82,800,000	36,536,516
Balance at end	109,178,082	230,831,754
	=========	=========

31 December, 2013

Property at	**Type**	**Current Portion ₦**	**Non-current portion ₦**	**Expiry date ₦**
Sapara Williams	Residential	-	-	-
Rumens Road	Residential	-	-	-
Legacy Properties	Office	-	-	-
Victors Court	Residential	-	-	-
Sinar Daranijo	Residential	46,941,370	-	30/4/2014
Olusegun Aina	Residential	11,778,082	4,164,384	31/10/2015
McDonald Court	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	
		========	========	

31 December, 2012

Property at	Type	Current Portion	Non-current portion	Expiry date
Sapara Williams	Residential	22,222,222	-	28/2/2013
Rumens Road	Residential	-	-	-
Legacy properties	Office	-	-	-
Victors Court	Residential	-	-	-
Sinari Daranijo	Residential	145,597,808	46,543,562	30/4/2014
Olusegun Aina	Residential	-	-	-
McDonald Court	Residential	6,180,822	-	-
Mike Akhigbe Jabi	Residential	4,184,591	6,102,749	4/5/2014
		178,185,443	52,646,311	
		=========	========	

13. Payables to related parties

	31/12/2013	31/12/2012
	₦	₦
Management fee – UHSL Plc	130,114,685	131,531,322
Guarantor's fee – UBN Plc (13.1)	-	136,345,813
Registrars fee – Union Registrars (13.2)	-	-
Sundry payables – UHSL Plc	5,742,741	6,183,581
	135,857,426	274,060,716
	=========	=========

Sundry payables relate to those expenditure incurred on behalf of the Fund by the Fund Manager i.e. Union Homes Savings and Loans Plc.

13.1 Movement in guarantor fees payable

At beginning	136,345,813	193,305,250
Payment during the year	-	(56,249,632)
Refund to sundry income	(136,345,813)	(69,670,392)
Provision for the year	-	68,960,587
At the end	-	136,345,813
	==========	==========

13.2 Movement in registrar's fees payable:

At beginning	-	2,692,821
Payment during the year	-	(2,692,821)
Provision for the year	-	-
At the end	-	-
	=========	=========

The new Trust Deed approved by the Unit holders at the 2011 AGM states that Registrar's expenses are to be transactions based instead of the earlier provisions made in previous accounts.

14. Accruals and other payables

14.1 Accruals

Accrued income	321,239,124	192,962,766
Accrued AGM expenses	10,000,000	5,416,667
Insurance accrued	-	2,949,623
Audit and other professional fees	10,000,000	5,416,667
	341,239,124	206,745,723
	---------------	----------------

14.2 Other payables

Sundry customers	36,555,884	3,000,000
Trusteeship fee	2,625,000	2,843,750
Rating agency fee	2,625,000	2,718,750
Withholding tax	35,000	35,000
Custodian fees	26,803,541	13,792,117
	68,644,425	22,389,617
	--------------	--------------
	409,883,549	229,135,340
	=========	=========

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

15. Provisions

Property maintenance fund

At beginning	20,779,161	22,485,766
Expended during the year	(37,476,129)	(37,360,086)
P & L – Admin expenses	(16,696,968)	(14,874,320)
	=========	=========
Additional provision during the year	15,446,980	20,779,161
At the end	15,446,980	20,779,161
	=========	=========

16. 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.

17. **Retained earnings**

At the beginning	850,710,479	773,915,143
Transfer from income statement	593,215,268	670,507,309
Dividend paid	-	(593,711,973)
	1,443,925,747	850,710,479
	==========	==========

18. **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.

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.

19. **Management fee**

Management fee for the 12 months ended 31 December, 2013 is calculated at 1% of the net asset value of the Fund. This has been calculated to be ₦130,114,685 which represents 15.41% per annum of the gross income for the year.

20. **Going concern**

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

21. **Contingent Liabilities**

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

22. **Approval of Financial Statements**

These financial statements were approved by the Board of Directors of the company on 28 February, 2014.

STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER, 2013

	13 Months ended 31/12/2013 ₦	%	13 Months ended 31/12/2012 ₦	%
Gross earnings	844,559,203		1,028,587,341	
Deduct:				
Administrative overheads and payments for other services	(91,063,931)		(186,885,039)	
Value added	753,495,272	100	841,702,302	100
	==========	=====	=========	====
Applied as follows:				
Fund manager's remuneration	130,114,685	17	131,531,774	15
Government as taxes	30,165,319	4	39,663,219	5
Retained earnings for future expansion and distribution	593,215,268	79	670,507,309	80
Value added	753,495,272	100	841,702,302	100
	==========	=====	=========	=====

FINANCIAL SUMMARY

	IFRS 12 Months 31/12/2013 ₦'000	IFRS 13 Months 31/12/2012 ₦'000	IFRS 12 Months 30/11/2011 ₦'000	IFRS 12 Months 30/11/2010 ₦'000	GAAP 10 Months 30/11/2009 ₦'000
Cash and cash equivalents	2,677,798	1,987,931	3,180,806	8,159,693	9,717,854
Other assets	5,172	2,842	7,828	25,736	695,296
Trade and other receivables	328,739	246,144	47,070	-	140,991
Investment properties	11,603,572	11,539,236	11,166,619	5,304,130	-
Financial assets held to maturity	-	330,352	-	-	3,716,810
	14,615,281	14,106,506	14,402,324	13,489,560	14,270,952
	========	========	========	========	=========
Liabilities					
Rent received in advance	109,178	230,831	698,511	561,173	-
Payables to related parties	135,858	274,060	338,211	268,332	262,686
Accruals and other payables	409,884	229,135	68,212	15,638	18,680
Provisions	15,447	20,779	22,485	-	-
	670,367	754,807	1,127,420	845,1`45	281,367
	=======	=======	=======	=======	=======
Equity					
Unit holders equity	12,500,989	12,500,989	12,500,989	12,500,989	12,876,018
Retained earnings	1,443,925	850,710	773,915	143,425	1,113,567
	13,944,914	13,351,699	13,274,904	12,644,414	13,989,585
	14,615,281	14,106,506	14,402,324	13,489,560	14,270,952
	========	========	========	=========	=========
Profit and loss					
Investment income	844,559	1,028,587	929,205	590,662	1,463,233
	======	========	=======	=======	========
Profit before taxation	623,380	710,170	669,396	187,420	1,113,567
Taxation	(30,165)	(39,663)	(38,906)	-	-
Profit after taxation	593,215	670,507	630,489	187,420	1,113,567
	======	=======	=======	=======	========
Per share information					
Basic earnings per share (₦)	2.37	2.68	2.52	0.75	4.45
Net assets per share (₦)	55.78	53.40	53.10	50.57	55.95
Dividend paid (₦)	-	-	2.27	0.75	4.01