UPDC REAL ESTATE INVESTMENT TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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Parties to the Trust

Trustees
United Capital Trustees Limited
3rd, 4th & 5th Floors, Afriland Towers
97/105 Broad Street
Lagos
Telephone: (01) 2807032

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

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

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

Fund Manager
Stanbic IBTC Asset Management Limited
Stanbic IBTC Towers
Walter Carrington Crescent
Victoria Island
Lagos
Tel: 234-1-2805595
E-Mail: mutualfunds@stanbicibtc.com
Website: www.stanbicibtcassetmanagement.com

Auditor
Forvis Mazars
18, Oba Akran Avenue
Ikeja
Lagos

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

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

Report of the Trustee for the financial year ended 31st December 2024

The Trustees present their Report on the affairs of the UPDC Real Estate Investment Trust, together with the Financial Statements for the year ended 31st December, 2024.

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

Results: The results for the year ended 31st December, 2024 are set out on pages 19 and 22

Directors: The directors of the Fund Manager who served on the board of the Fund Manager during the period under review and up to the date of approving these financial statements were:

Mr. Olumide Oyetan*	Chairman
Mrs. Busola Jejelowo**	Managing Director
Mr. Oluwatosin Odutayo***	Executive Director
Mr. Efe Omoduemuke	Executive Director
Mrs. Yinka Johnson	Executive Director
Mrs. Olufunke Amobi	Non-Executive Director
Mrs. Ifeoma Esiri	Non- Executive Director
Prof. Olayinka David-West	Independent Non- Executive Director
Mr. Dele Kuti Babatunde****	Non-Executive Director
Mr. Babatunde Majiyagbe	Non- Executive Director
Mrs. Bridget Oyefeso-Odusami	Non-Executive Director
Dr. Demola Sogunle*****	
Mrs. Wunmi Ehis-Uzenabor******	

** Mr. Olumide Oyetan was appointed as Chairman of the Board with effect from 01 November 2024*
***Mrs. Busola Jejelowo's regulatory approval as Chief Executive was received 20 November 2024*
****Mr. Oluwatosin Odutayo was appointed as an Executive Director with effect from 09 August 2024*
*****Mr. Dele Kuti was appointed as an Executive Director with effect from 27 June 2024*
******Dr. Demola Sogunle resigned as Chairman of the Board with effect from 31 October 2024*
*******Mrs. Wunmi Ehis-Uzenabor resigned as an Executive Director with effect from 31 July 2024*

Directors' and related parties interest in the units of the Fund:

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

Responsibilities of the Fund Manager:

The Investments and Securities Act, 2007 requires the Fund Manager to keep proper books of account and prepare annual financial statements, which give a true and fair view of the state of affairs of the Real Estate Investment Trust during the period covered by the financial statements. The Fund Manager is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any point in time, the financial position of the REIT and enable the Fund Manager to ensure that the financial statements comply with the applicable regulations.

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

Responsibilities of the Trustee:

The responsibilities of the Trustee as provided by the Trust Deed and other Supplemental thereto, the Securities and Exchange Commission’s Rules and Regulations made pursuant to the Investments and Securities Act, 2007 are as stated below:

- Monitoring of the activities of the Fund Manager and the custodian on behalf of and in the interest of the Unit Holders;
- Ensuring that the Custodian takes into custody all of the scheme’s assets and holds it in trust for the holders in accordance with the Trust Deed and the Custodial Agreement;
- Monitoring the register of unit holders or contributors;
- Ascertaining the Fund Manager’s compliance with the Applicable Regulations;
- Ascertaining that the monthly and other periodic returns/reports relating to the Fund are sent by the Fund Manager to the Commission;

- Exercising any right of voting conferred on it as the registered holder of any investment and/or forward to the fund manager within a reasonable time all notices of meetings, reports, circulars, proxy solicitations and any other document of a like nature for necessary action;
- Ensuring that fees and expenses of the fund is within the prescribed limits; and
- Acting at all times in the interest and for the benefit of unit holders of the scheme.

Administration of the REIT:	During the period under review, the allocation to liquid assets exceeded the maximum 10% limit as provided in the Trust Deed. This was because of the decline in the valuation of the Real Estate assets which impacted on the percentage holdings of the liquid assets. Apart from this, the Fund was administered in accordance with the applicable regulations, taking into cognisance prevailing market conditions as well as preserving and minimising possible losses to unit holders' funds.
Charitable donations:	The REIT did not make any charitable donations during the year.
Auditors:	Forvis Mazars, the REIT's Auditors, have indicated their willingness to continue in office.

By Order of the Joint Trustees

Babajide Fetuga
FRC/2024/PRO/DIR/003/468674
Acting Managing Director
FBNQuest Trustees Limited
16 Keffi Street, Off Awolowo Road
Ikoyi, Lagos

27 March, 2025

Michael Abiodun Thomas
FRC/2023/PRO/DIR/003/313031
Managing Director
United Capital Trustees Limited
Afriland Towers, 3rd & 4th Floors,
97/105, Broad Street, Lagos,
Nigeria

27 March, 2025

UPDC REAL ESTATE INVESTMENT TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
Fund Manager's Report

Global Economy

The global landscape in 2024 was shaped by significant geopolitical challenges, from the persistent conflict in Ukraine to rising tensions in the Middle East. These international crises not only threatened global stability but also contributed to economic pressures worldwide. The International Monetary Fund ("IMF") projected global Gross Domestic Product ("GDP") growth at 3.1%, a slight moderation from 2023 due to the lingering effects of inflation and high interest rates. Central banks initially responded to mounting inflationary pressures with tighter monetary policies, further intensifying the economic headwinds faced throughout the year. However, as reported by Reuters, a notable shift occurred in the last quarter of 2024, with seven out of ten major developed-market central banks beginning to ease their monetary policies.

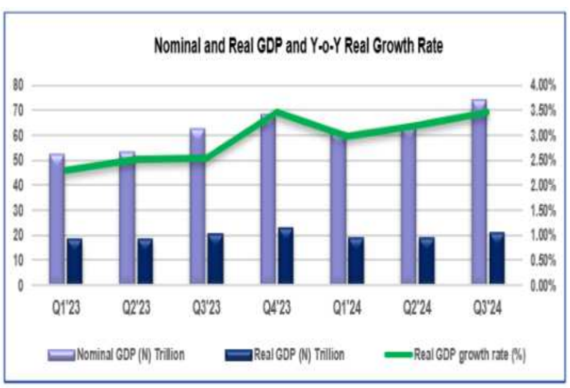
Africa's emerging markets, particularly Nigeria, faced significant economic headwinds in 2024. The strengthening US Dollar triggered widespread currency volatility, with the Nigerian naira experiencing notable devaluation. According to the World Bank, this currency pressure, combined with capital outflows to safer developed markets, pushed global borrowing costs higher. As a result, access to international financing for critical infrastructure and real estate development became increasingly costly.

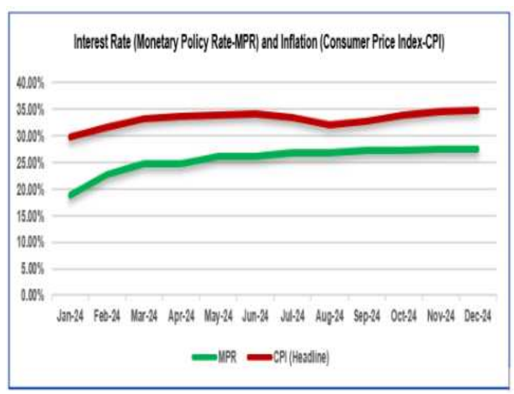
Domestic Economy Update

•GDP Growth and Inflation

In 2024, Nigeria's economy exhibited a mixed performance characterized by moderate growth amidst persistent challenges. According to the National Bureau of Statistics, ("NBS"), the GDP expanded by 3.46% year-on-year in real terms during the third quarter of 2024, surpassing the 2.54% growth recorded in the same period of 2023, largely driven by the services sector, which contributed 53.58% to the GDP.

Headline inflation remained a significant concern throughout the year, propelled by rising costs in food, utilities, and transportation. It first peaked at 33.95% in May 2024 and further closed higher in December 2024 at 34.80%. The Central Bank of Nigeria ("CBN") responded with a series of interest rate hikes, which helped to stabilize inflation in the second half of the year but consequently constrained borrowing for property development and investments according to a report by PwC.





UPDC REAL ESTATE INVESTMENT TRUST

ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2024
Fund Manager's Report

In 2024, the Nigerian government implemented bold fiscal reforms aimed at stabilizing the economy. From a Reuters report, two key measures stood out: the removal of the long-standing petrol subsidy and the unification of exchange rates. These decisive reforms yielded positive results, reducing the fiscal deficit from 6.2% to 4.4% of GDP. The impact extended across multiple sectors, driving growth in services, bringing stability to the oil sector, and improving conditions in the foreign exchange market.
While the government's fiscal strategy prioritized infrastructure investments, with increased capital expenditure directed toward housing and urban development projects, these positive developments were tempered by persistent inflation which has significantly eroded disposable income, making it increasingly difficult for average citizen to acquire affordable housing in the residential real estate market.

• The Nigerian Construction Industry and Real Estate Market Analysis
The Nigerian real estate and construction sectors demonstrated resilience in 2024. In the third quarter, these industries contributed a combined ₦9.2 trillion to the economy, with the real estate sector accounting for 5.43% of the country's GDP according to NBS.

•The Nigerian Construction Industry and Real Estate

The Nigerian real estate and construction sectors demonstrated resilience in 2024. In the third quarter, these industries contributed a combined ₦9.2 trillion to the economy, with the real estate sector accounting for 5.43% of the country's GDP according to NBS.

Construction Sector

The construction industry experienced notable growth as reported by NBS, with a real growth rate of 2.91% in Q3 2024 improving from the 1.05% recorded in the previous quarter. According to Business Wire, this expansion was supported by the government's focus on infrastructure development and public-private investments in housing. Key drivers included:
- Infrastructure Development: Significant investments in transportation, energy, and healthcare infrastructure projects bolstered construction activities.
- Housing Sector Investments: Both public and private sector investments aimed at addressing the housing deficit contributed to growth in residential construction.

Real Estate Sector

In a report by Novatia Consulting Partners, the real estate market was shown to be resilient despite economic challenges and the significant growth observed was driven by rapid urbanization and demographic changes. Moreover, inflation, which not only eroded disposable income but also contributed to increased costs of construction and property maintenance, coupled with housing supply pressure due to increased population and urban immigration, constitute major factors responsible for the upward trajectory in rental rates throughout the year.

A report by Augusto & Co in 2024 showed that the commercial real estate sector faced mixed performance. Lagos, Abuja, and Port Harcourt remained the primary hubs for Grade A office spaces, although demand slowed due to increased adoption of hybrid work models and cost-cutting measures by corporate tenants. On the other hand, the retail sector recorded growth, supported by increased consumer spending in shopping malls and e-commerce hubs. Mall revenues expanded by 9.4%, with Lagos retail centres averaging 70% occupancy.

The residential property market experienced steady demand, particularly for affordable and mid-income housing. Lagos, Abuja, and major urban centres saw increased housing developments, with a 12% rise in completed housing units compared to 2023. Major demographic trend observed according to Novatia was the rise of nuclear families is shifting housing preferences toward smaller units, particularly one to two-bedroom apartments.

UPDC REAL ESTATE INVESTMENT TRUST

ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2024
Fund Manager's Report

Outlook

Nigeria's 2025 real estate outlook reveals a market poised for substantial growth, projected to reach US$2.61 trillion according to Statista, driven by rapid urbanization and a significant housing deficit. The residential sector, especially affordable housing, presents the largest opportunity, though high construction costs, inflation, and limited mortgage access pose challenges. The Nigerian Housing Market report highlighted key trends likely to characterize 2025 which include increasing demand outpacing supply irrespective of government initiatives like the Renewed Hope Programme, rising property prices in urban centres, and the growing importance of proptech solutions. Emerging cities like Ibadan, Abeokuta, Kano, Kaduna, Uyo, and Calabar offer promising investment potential, while Lagos, Abuja, and Port Harcourt remain key markets with distinct dynamics.

Fund Performance Summary

•Portfolio and Financial Analysis

The UPDC REIT Fund demonstrated robust performance across its diversified portfolio of mixed-use assets in Lagos during the 2024 fiscal year. The portfolio, encompassing retail, residential, and commercial properties, exhibited strong fundamentals marked by enhanced rental income streams and strategic cost optimization initiatives. A notable achievement was the consolidated occupancy rate's expansion to 96%, representing a significant improvement from 83% in 2023, with proactive lease renewal management and retrieval of outstanding rents contributing to this success.

•Financial Performance

The REIT achieved substantial revenue growth, with gross revenue reaching ₦5.47 billion in 2024, marking a 25% increase from ₦4.37 billion in 2023. This growth was primarily attributable to enhanced interest income from investments and gains from asset disposition. The investment property portfolio valuation appreciated by 6%, rising to ₦27.24 billion from ₦25.59 billion in the previous year, driven by fair value appreciation and strategic property development investments. The REIT's Asset Under Management ("AUM") now stands at ₦33.4 billion which is 13.2% higher than ₦29.5 billion recorded the prior year.

•Operational Efficiency

Operational excellence was evidenced by an improved cost-to-income ratio, which decreased to 26.5% from 28.3% in 2023, reflecting successful cost management initiatives and operational optimization.

•Unitholder Returns

The Fund distributed an interim dividend of 20 kobo per unit for the period ending June 2024, with disbursement executed on November 27, 2024, yielding a 4% dividend return for unitholders.

The Fund Manager will continue to maximize value generation through strategic facility upgrades, enhanced property management services, and stronger tenant partnerships. These initiatives, combined with proven track record of execution excellence, position the Fund to capture emerging market opportunities and deliver sustainable returns for investors in 2025 and beyond.

ON BEHALF OF THE FUND MANAGER

Oluwatosin Odutayo	**Busola Jejelowo**
Executive Director	Chief Executive
FRC/2013/PRO/ICAN/001/00000001391	FRC/2023/PRO/DIR/003/022382
Stanbic IBTC Asset Management Limited	Stanbic IBTC Asset Management Limited

UPDC REAL ESTATE INVESTMENT TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
Statement of Fund Manager's Responsibilities

The Fund Manager is responsible for the preparation of the financial statements which give a true and fair view of the financial position of the Trust for the year ended 31 December 2024 and of the net income for the year ended 31 December 2024.

The responsibilities include ensuring that:

i. the Trust keeps accounting records which disclose with reasonable accuracy the financial position of the Trust and which ensure that the financial statements comply with the requirements of the relevant accounting standards;

ii. appropriate and adequate internal controls are established to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities;

iii. the Trust prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied; and

iv. it is appropriate for the financial statements to be prepared on a going concern basis.

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

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

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

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

ON BEHALF OF THE FUND MANAGER

Oluwatosin Odutayo
Executive Director
FRC/2013/PRO/ICAN/001/00000001391
Stanbic IBTC Asset Management Limited

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

UPDC REAL ESTATE INVESTMENT TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
Fund Manager's Annual Assessment of, and Report on, Internal Control over Financial Reporting

To comply with the provision of section 1.3 of SEC Guidance on Implementation of sections 60-63 of Investments and Securities Act 2007 and section 1.5 of FRC Guidance on Management Report on Internal Control over Financial Reporting, we hereby make the following statements regarding the Internal Controls of UPDC Real Estate Investment Trust for the year ended 31 December 2024:

i. The Fund Manager is responsible for establishing and maintaining a system of internal control over financial reporting ("ICFR") that provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Reporting Standards.

ii. The Fund Manager used the Committee of Sponsoring Organization of the Treadway Commission (COSO) Internal Control-Integrated Framework to conduct the required evaluation of the effectiveness of the Trust's ICFR;

iii. The Fund Manager has assessed that the Trust's ICFR as of the end of 31 December 2024 is effective and there are no material weaknesses.

UPDC Real Estate Investment Trust's external auditor **Forvis Mazars** that audited the financial statements, included in the annual report, has issued an attestation report on management's assessment of the Trust's internal control over financial reporting.

The attestation report of Forvis Mazars that audited its financial statements will be filed as part of UPDC Real Estate Investment Trust's annual report.

Oluwatosin Odutayo
Executive Director
FRC/2013/PRO/ICAN/001/00000001391
Stanbic IBTC Asset Management Limited

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

UPDC REAL ESTATE INVESTMENT TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
Certification by the Chief Executive on Internal control over Financial Reporting

To comply with the provision of section 1.1 of SEC Guidance on Implementation of sections 60-63 of Investments and Securities Act 2007 and section 1.5 of FRC Guidance on Management Report on Internal Control over Financial Reporting, I hereby make the following statements regarding the Internal Controls of UPDC Real Estate Investment Trust for the year ended 31 December 2024.

I, Busola Jejelowo, certify that:

a) I have reviewed this Fund Manager's assessment on internal control over financial reporting of UPDC Real Estate Investment Trust;

b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the year covered by this report;

c) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Trust as of, and for, the periods presented in this report;

d) The Trust's other certifying officer and I:

1) are responsible for establishing and maintaining internal controls;

2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the, and its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

4) have evaluated the effectiveness of the Trust's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

e) The Trust's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the Trust's auditor and the investment committee of the Trust's board of directors

1) All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Trust's ability to record, process, summarize and report financial information; and

2) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Trust's internal control system.

f) The Trust's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.

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

UPDC REAL ESTATE INVESTMENT TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
Certification by the Chief Financial Officer on Internal Control over Financial Reporting

To comply with the provision of section 1.1 of SEC Guidance on Implementation of sections 60-63 of Investments and Securities Act 2007 and section 1.5 of FRC Guidance on Management Report on Internal Control over Financial Reporting, I hereby make the following statements regarding the Internal Controls of UPDC Real Estate Investment Trust for the year ended 31 December 2024.

I, Kolawole Olaleye, certify that:

a) I have reviewed this Fund Manager's assessment on internal control over financial reporting of UPDC Real Estate Investment Trust;

b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

c) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Trust as of, and for, the periods presented in this report;

d) The Trust’s other certifying officer and I:

1) are responsible for establishing and maintaining internal controls;

2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Trust, and its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

4) have evaluated the effectiveness of the Trust's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

e) The Trust's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the Trust's auditor and the investment committee of the Trust's board of directors:

1) All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Trust's ability to record, process, summarize and report financial information; and

2) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Trust's internal control system.

f) The Trust's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.

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

18 Oba Akran Avenue,
Ikeja,
Lagos,
Nigeria.
+234 818 016 8888
www.forvismazars.com/ng

forvis mazars

Independent Auditor's Report

To the Unitholders of UPDC Real Estate Investment Trust

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, ÚPDC Real Estate Investment Trust ("the Trust's") financial statements give a true and fair view of the financial position of the Trust as at 31 December 2024, and of its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRS®), and in the manner required by Financial Reporting Council of Nigeria Act No. 42, 2023.

What we Have Audited

UPDC Real Estate Investment Trust's financial statements comprise:

- the statement of financial position as at 31 December 2024;
- the statement of comprehensive income for the year then ended;
- the statement of changes in units and reserves for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Trust in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

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

The key audit matter identified in our audit of the financial statements of the Trust is stated below:

Key Audit Matter	**How the Matter was Addressed in the Audit**
Valuation of investment properties - N27.24 billion (refer to notes 2.7,4.2 and 18)	
Investment properties valuation-- We focused on this balance because significant judgement and estimate are made by the Fund Manager. The Fund Manager engages an external expert to conduct these valuations. The valuation method applied to each property is determined based on its current use and the availability of market data on recent sales transactions. Management considered the future rental income in determining the value of investment properties.	We assessed the independence, qualification and expertise of the Fund Manager's valuation expert to determine whether there were any matters that might have affected their objectivity or competence. With the support of our valuation experts, we; - evaluated the appropriateness and reliability of the valuation methodologies used to determine the fair value of the properties. - evaluated whether the property-specific information used in the valuation, (including rental income and title details for each property), accurately reflected the underlying records maintained by the Trust. - evaluated the accuracy and reliability of the inputs utilized in the property valuation. We also assessed the adequacy of the presentation and disclosure of investment properties in the financial statements, ensuring compliance with the disclosure requirements of IAS 40.

Other Information

The Fund Manager is responsible for the other information. The other information comprises the Parties to the Trust, Joint Trustees' Report on the UPDC Real Estate Investment Trust, Fund Manager's Report, Statement of Fund Manager's Responsibilities, Certification by the Chief Financial Officer on Internal Control over Financial Reporting, Fund Manager's Annual Assessment of and Report on, Internal Control over Financial reporting, Certification by the Chief Executive on Internal Control over Financial Reporting, Value Added Statement and Five-year Financial Summary (but does not include the financial statements and our auditor's report thereon).

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Fund Managers for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in a manner required by the Financial Reporting Council of Nigeria Act No. 42, 2023, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Fund Manager is responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.

- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

The Companies and Allied Matters Act, 2020 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) The Trust has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received;

iii)The Trust's statement of financial position and its statement of comprehensive income are in agreement with the books of account and returns.

Compliance with FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting

In accordance with the requirements of the Financial Reporting Council of Nigeria, we performed a limited assurance engagement and reported on management's assessment of UPDC Real Estate Investment Trust's Internal Control over Financial Reporting as of December 31, 2024. The work performed was done in accordance with ISAE 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the FRC's Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. We have issued an unmodified conclusion in our report dated 27 March 2025.

Adams Osamudiame, FCA
FRC/2021/004/00000023940
For: Forvis Mazars
Lagos, Nigeria

..27 March.......... **2025**

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
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Independent Auditor's Attestation Report on Management's Assessment of Internal Control over Financial Reporting

To the Unitholders of UPDC Real Estate Investment Trust

Opinion

In our opinion, nothing has come to our attention to indicate that the internal control over financial reporting put in place by the Fund Manager of UPDC Real Estate Investment Trustee is not effective as of 31 December 2024, based on the requirements of SEC Guidance on Implementation of Section 60 – 63 of The Investments and Securities Act 2007 issued by The Securities and Exchange Commission.

Scope

We have performed an assurance engagement on UPDC Real Estate Investment Trust's (the "Company") internal control over financial reporting as of 31 December 2024 to ascertain its effectiveness based on FRC's Guidance on Assurance Engagement Report on Internal Control over Financial Reporting (the "Guidance"), to report on the Trust's Internal Control over Financial Reporting (ICFR) (the "Subject Matter") contained in the Fund Manager's Annual Assessment of and Report on Internal Control over Financial Reporting as of 31 December 2024 (the "Report").

The Fund Manager is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Fund Manager's Report on the Assessment of Internal Control over Financial Reporting as of 31 December 2024. Our responsibility is to express an opinion on the Trust's internal control over financial reporting based on our assurance engagement.

Basis for Opinion

We conducted our assurance engagement in accordance with the Guidance, which requires that we plan and perform the assurance engagement and provide a limited assurance report on the Trust's internal control over financial reporting based on our assurance engagement. As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provide a basis for our report on the internal control put in place by management over financial reporting.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Definition and Limitations of Internal Control over Financial Reporting

Internal control is a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance. A Trust's internal control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company.

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Trust are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Trust's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Framework Adopted by UPDC Real Estate Investment Trust

In designing, establishing, and operating the Internal Control over Financial Reporting (ICFR) and preparing the Management's assessment of the Internal Control over Financial Reporting (ICFR), UPDC Real Estate Investment Trust applied the requirements of Internal Control-Integrated Framework (2013) of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Framework and SEC Guidance on Management Report on Internal Control Over Financial Reporting (Criteria). Such Criteria were specifically designed to enable organizations effectively and efficiently develop systems of internal control that adapt to changing business and operating environments, mitigate risks to acceptable levels, and support sound decision making and governance of the organization; As a result, the subject matter information may not be suitable for another purpose.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and have the required competencies and experience to conduct this assurance engagement. We also apply International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement, and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Other Matter

We also have audited, in accordance with the International Standards on Auditing, the financial statements of UPDC Real Estate Investment Trust and our report dated 27 March 2025 expressed an unqualified opinion.

2025

Adams Osamudiame, FCA
FRC/2021/004/00000023940
For: Forvis Mazars
Lagos, Nigeria

.....27 March........... **2025**

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0319306

UPDC REAL ESTATE INVESTMENT TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
STATEMENT OF FINANCIAL POSITION AS AT 31 December 2024

	Notes	31 December 2024 N'000	31 December 2023 N'000
Assets:			
Cash and cash equivalents	14	5,693,472	3,671,267
Financial assets held for trading	15	76,330	92,811
Other assets	17	69,248	35,599
Property and equipment	19	318,284	133,138
Right of use assets	16	28,012	32,943
Investment property	18	27,240,747	25,586,557
Total assets		33,426,093	29,552,316
Liabilities:			
Other liablities	20	152,602	130,582
Rent received in advance	21	703,376	432,140
Lease liabilities	16	41,364	37,787
Total liabilities		897,342	600,509
Net assets attributable to unit holders of the Trust		32,528,751	28,951,806
Represented by:			
Units and reserves attributable to unit holders of the Trust			
Unit holders' contributions	22	26,682,695	26,682,695
Retained earnings		5,846,056	2,269,111
		32,528,751	28,951,806

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

These financial statements were prepared by the Fund Manager, approved by the Trustees of the Fund on 27 March 2025 and signed on behalf of the Fund Manager by the directors listed below:

Oluwatosin Odutayo
Executive Director
FRC/2013/PRO/ICAN/001/00000001391

Stanbic IBTC Asset Management Limited

Busola Jejelowo
Chief Executive
FRC/2023/PRO/DIR/003/022382

Stanbic IBTC Asset Management Limited

Additionally certified by:

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

UPDC REAL ESTATE INVESTMENT TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
STATEMENT OF COMPREHENSIVE INCOME

	Notes	31 December 2024 N'000	31 December 2023 N'000
Rental income	6	1,435,865	1,435,242
Interest income on cash at bank	8	767,778	367,298
Interest income on assets measured at fair value through profit or loss	7	330,710	91,087
Fair value gain on investment property	18	2,540,998	2,474,594
Net (loss)/gain on financial assets held for trading	9	(16,465)	669
Net gain on disposal of investment property	10	410,000	-
Revenue		5,468,886	4,368,890
Impairment charge on receivables	17	(102,460)	(30,502)
Operating expenses	13	(668,808)	(535,843)
Increase in net assets attributable to unit holders		4,697,618	3,802,545
Earnings per unit to unit holders of the Trust			
Earnings per unit - basic and diluted (Naira)	26	1.76	1.43

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

UPDC REAL ESTATE INVESTMENT TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
STATEMENT OF CHANGES IN UNITS AND RESERVES

	ATTRIBUTABLE TO UNIT HOLDERS OF THE TRUST		
	Unitholders' contributions	**Retained earnings**	**Total**
	N'000	**N'000**	**N'000**
At 1 January 2023	26,682,695	(560,164)	26,122,531
Increase in net assets attributable to unit holders		3,802,545	3,802,545
		3,802,545	3,802,545
Transactions with unit holders in their capacity as unit holders:			
Distribution paid to unit holders		(973,269)	(973,269)
At 31 December 2023	**26,682,695**	**2,269,111**	**28,951,806**
At 1 January 2024	26,682,695	2,269,111	28,951,806
		4,697,618	4,697,618
Transactions with unit holders in their capacity as unit holders**:**			
Distributions paid to unit holders		(1,120,673)	(1,120,673)
		3,576,945	3,576,945
At 31 December 2024	**26,682,695**	**5,846,056**	**32,528,751**

UPDC REAL ESTATE INVESTMENT TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
STATEMENT OF CASH FLOWS

	Notes	31 December 2024 N'000	31 December 2023 N'000
Cash flow from operating activities			
Cash generated from operating activities	23	1,044,016	2,412,160
Interest received		1,092,408	452,288
Net cash flow generated from operating activities		2,136,424	2,864,448
Cash flows from investing activities			
Proceeds from sale of investment property	18	1,790,000	-
Acquisition of investment property	18	(903,192)	(63,113)
Improvement of investment property	18	-	(22,406)
Gain on disposal of investment property	10	410,000	-
Addition to Right of use asset	16	-	(20,523)
Purchase of property and equipment	19	(290,353)	(106,209)
Net cash utilized in investing activities		1,006,455	(212,251)
Cash flows from financing activities			
Principal element of lease payment		-	15,020
Distributions paid to unit holders		(1,120,673)	(973,269)
Net cash flow used in financing activities		(1,120,673)	(958,249)
Movement in cash and cash equivalent for the year		2,022,205	1,693,948
Analysis of changes in cash and cash equivalents:			
Cash and cash equivalents at start of year		3,671,267	1,977,318
Net increase in cash and cash equivalent for the year		2,022,205	1,693,948
Cash and cash equivalents at end of year		5,693,472	3,671,267

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

UPDC REAL ESTATE INVESTMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. General information

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

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

These financial statements were approved and authorised for issue by the Investment Committee on the 27 March 2025.

2. Basis of preparation

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

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

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

2.1 Summary of significant accounting policies

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

2.2 New standards and amendments - applicable 01 January 2024

A number of new standards are not yet effective for the period beginning after 1 January 2024 and earlier application is permitted; however, the fund has early adopted the new or amended standards in preparing these financial statements.

Title	Key requirements	Effective Date
Non-current Liabilities with Covenants (Amendments to IAS 1	This standard seek to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments have no impact on the Fund's financial statements.	1 January 2024.
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments have no impact on the Fund's financial statements.	1 January 2024.
Amendment to IAS 7 and IFRS 17 (Supplier Finance Agreements)	The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments have no impact on the Fund's financial statements.	1 January 2024.
Initial Application of IFRS 17 and IFRS 9—Comparative Information(Amendments to IFRS 17)	The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.The amendments have no impact on the Fund's financial statements.	Available on first application of IFRS 17

UPDC REAL ESTATE INVESTMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

New standards and interpretations not yet effective

A number of new standards and interpretations effective for the period beginning after 1 January 2024 and earlier application is permitted; however, the fund has not early adopted the new or amended standards in preparing these financial statements.

Title	Key requirements	Effective Date
Non-current Liabilities with Covenants (Amendments to IAS 1)	The IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:	1 January 2027.
	• the structure of the statement of profit or loss;	
	• required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and	
	• enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The amendments will be applied prospectively and are not expected to have a material impact on the Fund's financial statements.	
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be applied prospectively and are not expected to have a material impact on the Fund's financial statements.	Deferred indefinitely
Amendment to IAS 21 (Lack of Exchangeability)	The International Accounting Standards Board (IASB) issued 'Lack of Exchangeability' to require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. These amendments will assist companies and investors by addressing a matter not previously covered in the accounting requirements for the effects of changes in foreign exchange rates. The amendments will be applied retrospectively. The impact on the annual financial statements has not yet been fully determined.	01-Jan-25
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	The amendment ssettling financial liabilities using an electronic payment system; and assessing contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG)-linked features. The amendments will be applied retrospectively. The impact on the financial statements has not yet been fully determined.	01-Jan-26
IFRS 19 Subsidiaries without Public Accountability: Disclosures	The standard specify the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.The impact on the annual financial statements has not yet been fully determined.	01-Jan-27

UPDC REAL ESTATE INVESTMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2.3 Financial assets and liabilities

Recognition and initial measurement – financial instruments

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

Financial assets

Amortised cost	A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): • held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and • The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basis lending arrangement, the financial asset is classified as fair value through profit or loss.
Fair value through OCI	Includes: • A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): — held within a business model in which the debt instrument (financial asset) is managed to both collect contractual cash flows and sell financial assets; and — The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basis lending arrangement, the financial asset is classified as fair value through profit or loss . • Equity financial assets which are not held for trading and are irrevocably elected (on an instrument-by-instrument basis) to be presented at fair value through OCI.
Fair value through profit or loss	Financial assets that are not classified into one of the above-mentioned financial asset categories and are not designated at fair value through profit or loss.

Subsequent measurement

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

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

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

UPDC REAL ESTATE INVESTMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

Derecognition

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

Financial liabilities

Classification and measurement

Derecognition of financial liabilities

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

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

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

UPDC REAL ESTATE INVESTMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2.4 Impairment

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

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

The loss rate is determined based on historical losses rate over a three-year period. The loss definition is any receivables balance that is over 180 days. The estimated historical loss rates have been appropriately adjusted to reflect the expected future changes using macroeconomic variables which serve as indicators of losses. Macro variables considered include GDP growth rate, inflation rate and exchange rate respectively.

Based on the assessment as at 31 December 2024, the loss rates for each age bucket are as follows:

Age bucket	Loss rates (%)
0-12months	20.00%
13-23months	50.00%
24months and above	100.00%

as at 31 December 2023

Age bucket	Loss rate (%)
0-30 days	13%
31-60 days	26%
61-90 days	40%
91-120 days	53%
121-150 days	66%
151-180 days	79%
Above 181 days	100%

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

2.5 Write-off

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

2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Trust or the counterparty.

UPDC REAL ESTATE INVESTMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2.7 Investment property

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

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

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

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

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

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

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

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

2.8 Interest income and expense

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

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

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

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

UPDC REAL ESTATE INVESTMENT TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

2.9 Rental income from property

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

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

2.10 Property and equipment

(i) Recognition and measurement
Items of property and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. An asset is recognised when it is probable that economic benefits associated with the item flow to the Trust and the cost of the item can be reliable measured.
The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and are recognized net within other operating income in statement of comprehensive income.
The assets' carrying values and useful lives are reviewed, and written down if appropriate, at each date of the statement of financial position. Assets are impaired whenever events or changes in circumstances indicate that the carrying amount is less than the recoverable amount.

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

(iii) Depreciation

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

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

The estimated useful lives for the period are as follows:

-Office equipment	- 3 years
-Fixtures & fittings	- 3 years

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

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

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

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

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

2.11 Cash and cash equivalents

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

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2.12 Taxation

The Trust is domiciled in Nigeria. There is no income, estate, corporation, capital gains or other gains or taxes payable by the Trust. The Trust only incurs withholding taxes on dividend and rental income. The Trust did not earn any dividend income during the year ended 31 December 2024 (December 2023: Nil). The Trust also charges value added tax on sale of investment property or any part thereof and remits same to the responsible tax authorities.

2.13 Distributions

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

2.14 Unit holding

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

2.15 Earnings per unit

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

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

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3 Risk Management Objective and Policies

3.1 Financial risk management

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

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

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

Risk Management Governance structure

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

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

This implies that:

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

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

The Trust's financial instruments are categorised as follows:

31 December 2024		**Financial Assets**		**Financial Liabilities**
In thousands of Nigerian Naira	**Note**	**Amortised cost**	**Financial assets at fair value through profit or loss**	**At amortised cost**
Financial assets:		N'000	N'000	N'000
Bank balances				
-Balances with banks	14	5,693,472	-	-
Financial assets held for trading				
- Corporate Bonds	15	-	-	-
- FGN Bonds	15	-	76,330	-
- FGN Promissory notes	15	-	-	-
Other assets				
- Rent receivables	17	16,752	-	-
Financial liabilities:				
Account payable	20	-	-	145,616

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31 December 2023		**Financial Assets**		**Financial Liabilities**
In thousands of Nigerian Naira	**Note**	**Amortised cost**	**Financial assets at fair value through profit or loss**	**At amortised cost**
Financial assets:		N'000	N'000	N'000
Bank balances				
-Placement with banks	14	3,671,267	-	-
Financial assets held for trading				
- FGN Bonds	15	-	92,811	-
- Corporate Bonds	15	-	-	-
- FGN Promissory notes	15	-	-	-
Other assets				
- Rent receivables	17	1,620	-	-
- Receivable from property manager	17	-	-	-
- Receivable on James Pinnock Estate	17	-		
Financial liabilities:				
Accounts payable	20	-	-	130,367

3.2 Liquidity risk

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

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

Liquidity maturity analysis

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

31 December 2024

Financial assets	**Due on demand**	**Due within 3 months**	**Due within 3 & 12 months**	**More than 1 year**	**Total**
	N'000	N'000	N'000	N'000	N'000
Bank balances					
- Balances with banks	274,468	5,377,137	41,867	-	5,693,472
Rent receivable	-	4,009	7,670	227,643	239,322
Receivable from property manager		-	-	-	0
Receivable on James Pinnock Estate		-	-	-	0
Financial assets held for trading					
- Treasury Bills	-	-	-	-	0
- Federal Government of Nigeria (FGN) bonds	-	-	-	-	0
Financial assets carried at amortised cost					
- Corporate Bonds	-	-	-	-	0
- FGN Bonds	-	-		76,330	76,330
- FGN Promissory notes	-	-	-	-	0
	274,468	5,381,146	49,537	303,973	6,009,124
Financial liabilities	-	145,616	-	-	145,616
Lease liability	-	-	-	41,364	41,364
Net financial asset	274,468	5,235,530	49,537	262,609	5,822,144
Net assets attributable to equity holders					32,529,630
Percentage of liquid financial assets to Net assets attributable to equity holders					18%

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31 December 2023

Financial assets	Due on demand	Due within 3 months	Due within 3 & 12 months	More than 1 year	Total
	N'000	N'000	N'000	N'000	N'000
Bank balances					
- Balances with banks	162,519	3,508,748	-	-	3,671,267
Rent receivable		1,605	5,360	95,054	102,019
Receivable from property manager		-	-	-	-
Receivable on James Pinnock Estate		-	-	-	-
Financial assets held for trading				-	-
- Treasury bills	-	-	-	-	-
- Corporate bonds	-	-	-	-	-
- FGN Bonds	-	-	-	92,811	92,811
- FGN Promissory notes	-	-	-	-	-
	162,519	3,510,353	5,360	187,865	3,866,097
Financial liabilities	-	130,367	-	-	130,367
Lease liability	-	-	-	37,787	37,787
Net financial asset	162,519	3,379,986	5,360	150,078	3,697,943
Net assets attributable to equity holders					28,951,806
Percentage of liquid financial assets to Net assets attributable to equity holders					13%

3.3 Credit risk

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

Sector analysis of credit risk exposure

31 December 2024

	Bank balances	Financial assets held for trading	Other assets	Maximum Exposure
	N'000	N'000	N'000	N'000
Government	-	76,330	-	76,330
Financial Institutions	5,693,472	-	-	5,693,472
Corporate	-	-	-	-
Others	-	-	16,752	16,752
	5,693,472	76,330	16,752	5,786,554

31 December 2023

	Bank balances	Financial assets held for trading	Other assets	Maximum Exposure
	N'000	N'000	N'000	N'000
Government	-	1,453,808	-	1,453,808
Financial Institutions	1,977,318	-	-	1,977,318
Corporate	-	151,664	-	151,664
Others	-	-	26,474	26,474
	1,977,318	1,605,472	26,474	3,609,264

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

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

	31 December 2024	31 December 2023
	N'000	N'000
AAA	76,330	92,811
B-	5,693,472	3,671,267
Unrated	16,752	1,620
	5,786,554	3,765,698

3.4 Market risk

(a) Price risk

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

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

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

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Classification of financial assets

	31 December 2024 N'000	31 December 2023 N'000
Financial assets held for trading	76,330	92,811
	76,330	92,811

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

Increase	3,817	4,641
Decrease	(3,817)	(4,641)

(b) Cashflow and fair value Interest rate risk
Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cashflows.

The Trust also holds fixed interest securities which expose the Trust to fair value interest rate risk. The Trust's fixed interest rate financial asset is a FGN Bond, and call balances with financial institutions.

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

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

	31 December 2024 N'000	31 December 2023 N'000
Effect of 100 basis points movement on profit before		
Increase	763	928
Decrease	(763)	(928)

(c) Foreign exchange risk

The Trust did not have investments denominated in foreign currency as at 31 December 2024 (December 2023: Nil) and as a result was not exposed to foreign exchange risk.

3.5 Capital management

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

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

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

3.6 Fair value estimation

Financial assets and liabilities not measured at fair value

	31 December 2024	
	Carrying Value	**Fair value**
Financial assets	**N'000**	**N'000**
- Cash and cash equivalent	5,693,472	5,693,472
- Other assets	16,752	16,752
	5,710,224	5,710,224
Financial Liabilities		
Other liabilities	145,616	145,616
	145,616	145,616

	31 December 2023	
	Carrying Value	**Fair value**
Financial assets	**N'000**	**N'000**
- Cash and cash equivalent	3,671,267	3,671,267
- Other assets	1,620	1,620
	3,672,887	3,672,887
Financial Liabilities		
Other liabilities	130,367	130,367
	130,367	130,367

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

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

At 31 December 2024 (N'000)

	Level 3	Total
Cash and cash equivalent	5,693,472	5,693,472
Other assets	16,752	16,752
	5,710,224	5,710,224
Other liabilities	145,616	145,616
	145,616	145,616

At 31 December 2023 (N'000)

	Level 3	Total
Cash and cash equivalent	3,671,267	3,671,267
Other assets	1,620	1,620
	3,672,887	3,672,887
Other liabilities	130,367	130,367
	130,367	130,367

Financial instruments measured at fair value

FGN promissory notes and bonds (Corporate & FGN)

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

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

Risk premiums are derived by 2 methods described below;

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

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

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

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

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

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

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

Fair value hierarchy of financial assets is shown below

At 31 December 2024 (N'000)

	Level 1	Level 2	Level 3	Total
Financial assets				
- Quoted securities	-	-	-	-
- Held for trading	76,330	-	-	76,330
	76,330	-	-	76,330

At 31 December 2023 (N'000)

	Level 1	Level 2	Level 3	Total
Financial assets				
- Held for trading	1,605,472		-	1,605,472
	1,605,472	-	-	1,605,472

4 Critical accounting estimates and judgements

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

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

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

4.1 Equity holders classification

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

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

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

4.2 Valuation of investment property

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

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

Property	Abebe Court, Ikoyi	VMP I, Victoria Island	VMP II, Victoria Island	UAC Commercial Complex, Abuja	Pearl Hostel, Ibeju-Lekki	Kingsway Building, Marina	Project Stack	Total
State	Lagos	Lagos	Lagos	FCT Abuja	Lagos	Lagos	Lagos	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Beginning balance	5,180,000	6,460,000	8,400,000	1,790,000	466,000	2,291,000	999,557	**25,586,557**
Additions(Asset under construction)	-	222,688	-	-	-	-	680,505	**903,192**
Disposals	-	-	-	(1,790,000)	-	-	-	**(1,790,000)**
Improvement	-	-	-	-	-	-	-	**-**
Unrealised fair value gain/(loss) recognised in the statement comprehensive income	900,000	910,000	500,000	-	196,587	34,412	-	**2,540,999**
Fair value at 31 December 2024	**6,080,000**	**7,592,688**	**8,900,000**	**-**	**662,587**	**2,325,412**	**1,680,062**	**27,240,748**

Property	Abebe Court, Ikoyi	VMP I, Victoria Island	VMP II, Victoria Island	UAC Commercial Complex, Abuja	Pearl Hostel, Ibeju-Lekki	Kingsway Building, Marina	Project Stack	Total
State	Lagos	Lagos	Lagos	FCT Abuja	Lagos	Lagos	Lagos	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Beginning balance	4,400,000	5,000,000	8,400,000	1,790,000	500,000	2,000,000	-	**22,090,000**
Additions during the period	-	-	-	-	-	-	936,444	**936,444**
Disposals	-	-	-	-	-	-	63,113	**63,113**
Improvement	-	4,095	10,502	7,809	-		-	**22,406**
Unrealised fair value gain/(loss) recognised in the statement comprehensive income	780,000	1,455,905	(10,502)	(7,809)	(34,000)	291,000	-	**2,474,594**
Fair value at 31 December 2023	**5,180,000**	**6,460,000**	**8,400,000**	**1,790,000**	**466,000**	**2,291,000**	**999,557**	**25,586,557**

Valuation Process

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

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The professional valuer engaged for the preparation of the valuation reports is UBOSI ELEH & CO (ESTATE SURVEYORS & VALUERS), FRCN number (FRC/2014/NIESV/00000003997).

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

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

- verify all major inputs to the independent valuation report;

- assess property valuation method used and movements when compared to the prior year valuation report;

- hold discussions with the independent valuer, when necessary.

Valuation techniques

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

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

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

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

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

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

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

Investment property and valuation methods and assumptions used

Property **State**	**Abebe Court, Ikoyi** **Lagos** **N'000**	**VMP I, Victoria Island** **Lagos** **N'000**	**VMP II, Victoria Island** **Lagos** **N'000**	**Pearl Hostel, Ibeju-Lekki** **Lagos** **N'000**	**Kingsway Building, Marina** **Lagos** **N'000**
Valuation method	Investment/Direct Market Comparison	Investment/Direct Market Comparison	Investment Method	Depreciated Replacement Cost	Depreciated Replacement Cost
Reasons for method used	Availability of market prices for similar properties	Availability of market prices for similar properties	Available rental income	Available rental income	Available rental income
Assumptions used on income capitalisation method					
Number of years	Unexpired lease in the property is 24yrs	Unexpired lease in the property is 81yrs	Unexpired lease in the property is 82yrs	Unexpired lease in the property is 16yrs	Unexpired lease in the property is 16yrs
Rate of outgoing (deduction for repairs & maintenance)	N/A	N/A	10%	40%	10%

Fair value hierarchy of investment property is shown below

At 31 December 2024 (N'000)

	Level 2	**Level 3**	**Total**
Investment property:			
- Abebe Court, Ikoyi, Lagos	6,080,000	-	6,080,000
- VMP I, Victoria Island, Lagos	7,592,688	-	7,592,688
- VMP II, Victoria Island, Lagos	-	8,900,000	8,900,000
- UAC Commercial Complex, Abuja	-	-	-
- Pearl Hostel, Ibeju-Lekki, Lagos	-	662,587	662,587
- Kingsway Building, Marina, Lagos	-	2,325,412	2,325,412
	13,672,688	11,887,999	25,560,686

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At 31 December 2023 (N'000)

	Level 2	Level 3	Total
Investment property:			
- Abebe Court, Ikoyi, Lagos	5,180,000		5,180,000
- VMP I, Victoria Island, Lagos	6,460,000	-	6,460,000
- VMP II, Victoria Island, Lagos		8,400,000	8,400,000
- UAC Commercial Complex, Abuja	-	1,790,000	1,790,000
- Pearl Hostel, Ibeju-Lekki, Lagos	-	466,000	466,000
- Kingsway Building, Marina, Lagos	-	2,291,000	2,291,000
	11,640,000	12,947,000	24,587,000

Reconciliation of Level 3 items

The following table presents changes in level 3 instruments

At 1 January 2023	12,887,000
Total Gains recognised through profit or loss	-
At 31 December 2023	12,887,000
Sale during the year	(1,790,000)
At 31 December 2024	**11,097,000**

Sensitivity Analysis of property on level 2&3:

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

31 December 2024

Property:	Abebe Court, Ikoyi Lagos	VMP I, Victoria Island Lagos	VMP II, Victoria Island Lagos	UAC Commercial Complex, Abuja FCT Abuja	Pearl Hostel, Ibeju-Lekki Lagos	Kingsway Building, Marina Lagos
Valuation Method	Market value	Market value	Income capitalisation	Income capitalisation	Income capitalisation	Income capitalisation
Fair Value	6,080,000	7,592,688	8,900,000	-	662,587	2,325,412
Sensitivity Analysis:	+/- 5% of Market Value	+/- 5% of Market Value	+/- 0.5% on capitalisation rate	+/- 0.5% on capitalisation rate	+/- 0.5% on capitalisation rate	+/- 0.5% on capitalisation rate
Impact of increase in valuation scale/rate	(304,000)	(379,634)	(886,267)	(177,193)	22,450	(87,899)
Impact of decrease in valuation scale/rate	304,000	379,634	723,818	181,208	80,500	93,659

31 December 2023

Property:	Abebe Court, Ikoyi Lagos	VMP I, Victoria Island Lagos	VMP II, Victoria Island Lagos	UAC Commercial Complex, Abuja FCT Abuja	Pearl Hostel, Ibeju-Lekki Lagos	Kingsway Building, Marina Lagos
Valuation Method	Redevelopment Method	Market value	Income capitalisation	Income capitalisation	Income capitalisation	Income capitalisation
Fair Value	5,180,000	6,460,000	8,400,000	1,790,000	466,000	2,291,000
Sensitivity Analysis:	+/- 5% of Market Value	+/- 5% of Market Value	+/- 0.5% on capitalisation rate	+/- 0.5% on capitalisation rate	+/- 0.5% on capitalisation rate	+/- 0.5% on capitalisation rate
Impact of increase in valuation scale/rate	(259,000)	(323,000)	(886,267)	(177,193)	22,450	(87,899)
Impact of decrease in valuation scale/rate	259,000	323,000	723,818	181,208	80,500	93,659

5 Segment information

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

UPDC REAL ESTATE INVESTMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

		31 December 2024	31 December 2023
		₦'000	₦'000
6	**Rental Income**		
	Rental Income*	1,435,865	1,435,242
	*Rental income is recognized when the landlord has fulfilled their obligation to provide the tenant with the right to use the property	1,435,865	1,435,242
7	**Interest income on assets measured at fair value through profit or loss**		
	Held for trading assets:		
	Bonds	11,964	31,816
	Treasury bills	318,746	-
	FGN Promissory notes	-	59,271
		330,710	91,087
8	**Interest income on cash at banks**		
	Interest earned on placements	728,533	359,838
	Credit interest on bank balance	39,245	7,460
		767,778	367,298
	Credit interest relates to interest earned on cash at bank during the year		
9	**Net (loss)/gain on financial assets held for trading**		
	Trading income	-	-
	Fair value (loss)/gain on held for trading instruments	(16,465)	669
		(16,465)	669
10	**Net gain on disposal of investment property**		
	Gain on disposal of investment property (Sale of UAC complex)	410,000	-
		410,000	-

		31 December 2024	31 December 2023
		₦'000	₦'000
13	**Operating expenses**		
	Fund manager's fee	120,981	114,317
	Incentive Fees	-	-
	Property maintenance expenses	179,345	107,617
	Registrar's fees	13,098	16,464
	Trustees' fees	10,262	4,300
	Audit fees	16,125	27,671
	Professional fees	57,726	35,258
	Custodian fees	23,937	21,434
	Rental Expenses	4,630	-
	Printing, advert and travels	570	1,505
	SEC fees	53,346	53,170
	Property manager's fees	30,085	45,904
	Insurance premium	33,979	28,355
	Depreciation on property & equipment (see note 19)	105,207	64,443
	Depreciation on right of use assets (Note 16)	4,931	4,931
	Interest expense on lease	3,577	5,559
	Other operating expenses*	11,009	4,915
		668,808	535,843

*Other operating expenses include stamp duty, bank charges

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

		31 December 2024	31 December 2023
14	**Cash and cash equivalent**	**₦'000**	**₦'000**
	- Current account with banks in Nigeria		
	Cash at bank	5,693,472	3,671,267
		5,693,472	3,671,267
	Current	5,693,472	3,671,267
		5,693,472	3,671,267

Cash at banks represents call account balances and fixed deposits with commercial banks.

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

Included in this balance is an amount of fixed deposit 5.377Billion (2023:3.509Billion) which has a tenure of over 90days.

		31 December 2024	31 December 2023
15	**Financial assets held for trading**	**N'000**	**N'000**
	FGN bonds	76,330	92,811
	Current	-	92,811
	Non-Current	76,330	-
		76,330	92,811

		31 December 2024	31 December 2023
16	**Leases**	**N'000**	**N'000**
i	**Right-of-use assets**		
	Opening balance as at 1 January	41,178	20,655
	Additions during the year	-	20,523
	Closing balance as at 31 December	41,178	41,178
	Depreciation		
	Opening balance as at 1 January	8,235	3,304
	Charge for the year	4,931	4,931
	Closing balance as at 31 December	13,166	8,235
	Net book value as at 31 December	28,012	32,943

UPDC REAL ESTATE INVESTMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

		31 December 2024 N'000	31 December 2023 N'000
ii	**Lease liabilities**		
	Opening balance as at 1 January	37,787	17,208
	Additions	-	15,020
	Interest expense	3,577	5,559
	Closing balance as at 31 December	41,364	37,787
	Current lease liabilities	-	-
	Non-current lease liabilities	41,364	37,787
		41,364	37,787

		31 December 2024 N'000	31 December 2023 N'000
iii	Amounts recognised in the statement of profit or loss		
	Depreciation charge of right-of-use assets	4,931	4,931
	Interest expense	3,577	5,559

		0-3 months	3-12 months	1-2 years	Above 2 years
iv	Liquidity risk (maturity analysis of lease liabilities)				
	Lease liability				
	2024	-	-	-	46,200
	2023	-	-	-	46,200

		31 December 2024 N'000	31 December 2023 N'000
17	**Other assets**		
	Financial:		
	Rent receivables	239,322	121,730
	ECL provision	(222,570)	(120,110)
		16,752	1,620
	Non financial:		
	Prepaid expenses*	52,496	33,979
		52,496	33,979
	*Prepaid expenses includes prepaid rent and insurance	69,248	35,599
	Current	69,248	35,599
	Non-Current	-	-
		69,248	35,599

ECL provision		
Opening balance	(120,110)	(89,608)
Impairment charge for the year	(102,460)	(30,502)
Closing balance	(222,570)	(120,110)

UPDC REAL ESTATE INVESTMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

		31 December 2024	31 December 2023
18	**Investment property**	**N'000**	**N'000**
	Beginning balance	25,586,557	23,026,444
	Additions	903,192	63,113
	Improvement	-	22,406
	Disposals	(1,790,000)	-
	Fair value gain	2,540,998	2,474,594
	Non-Current	27,240,747	25,586,557
	Details of the investment property is in note 4.2.		
	Non-Current	27,240,747	25,586,557

19	**Property and equipment**	**Office equipment N'000**	**Fixtures & fittings N'000**	**Total N'000**
	Cost			
	At 1 January 2024	454,499	191,580	646,079
	Additions	273,155	17,198	290,353
	At 31 December 2024	727,654	208,778	936,432
	Accumulated depreciation			
	At 1 January 2024	329,685	183,255	512,940
	Charge for the year	92,926	12,282	105,208
	At 31 December 2024	422,611	195,537	618,148
	Net book amount at 1 January 2024	124,814	8,325	133,139
	Net book amount at 31 December 2024	305,043	13,241	318,284

	Office equipment N'000	**Furnitures & fittings N'000**	**Total N'000**
Cost			
At 1 January 2023	356,868	183,002	539,870
Additions	97,631	8,578	106,209
At 31 December 2023	454,499	191,580	646,079
Accumulated depreciation			
At 1 January 2023	283,183	165,315	448,498
Charge for the year	46,502	17,940	64,443
At 31 December 2023	329,685	183,255	512,941
Net book amount at 1 January 2023	73,685	17,687	91,372
Net book amount at 31 December 2023	124,814	8,325	133,138

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

		31 December 2024	31 December 2023
20	**Other liabilities**	**N'000**	**N'000**
	Financial liabilities:		
	Fund manager's fee payable	32,168	35,105
	Custodian fees payable	6,032	5,329
	Caution deposits	4,844	4,300
	Accrued expenses*	94,597	64,876
	Other Payables	-	1,505
	SEC supervisory fees payable	14,962	19,252
		152,603	130,367
	Non financial liabilities		
	VAT payable	-	215
		-	215
		152,603	130,582
	Current	152,603	130,582
	Non-Current	-	-
		152,603	130,582

*Accrued expenses consists of accrued registrar's fee, accrued audit fee, accrued SEC supervisory, accrued property manager fee, accrued advertisment fee, accrued trustee fee.

		31 December 2024	31 December 2023
		N'000	**N'000**
21	**Rent received in advance**		
	Opening balance	432,140	432,140
	Additions in the year	271,236	-
	Rent received in advance	703,376	432,140
	Current	587,545	316,309
	Non-Current	115,831	115,831
		703,376	432,140
22	**Unit holders' contribution**		
	Authorised		
	3,000,000,000 units of N10 each	30,000,000	30,000,000
	Issued and fully paid		
	2,668,269,500 units of N10 each	26,682,695	26,682,695

UPDC REAL ESTATE INVESTMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

			31 December 2024	31 December 2023
23	**Cash generated from operations**	Notes	**₦'000**	**₦'000**
	Reconciliation of Increase in net assets attributable to unit holders to cash generated from operations:			
	Increase in net assets attributable to unit holders		4,697,618	3,802,545
	Adjustment for:			
	– Fair value gain/(loss) on investment property	18	(2,540,998)	(2,474,594)
	– Depreciation on right of use assets	16	4,931	4,931
	– Depreciation on property & equipment	19	105,207	64,443
	– Finance cost on leases	16	3,577	5,559
	– Net gain/(loss) on financial assets held for trading	9	16,465	(669)
	– Interest income on assets measured at fair value through profit or loss	7	(330,710)	(91,087)
	– Interest income on deposit with banks		(767,778)	(367,298)
	– Impairment charge on receivables		102,460	30,502
	– Net gain on disposal of investment property		(410,000)	
	Changes in working capital:			
	– Financial assets held for trading		6,097	1,519,426
	–Other assets		(136,109)	(11,272)
	–Other liablities		22,020	17,672
	–Rent received in advance		271,236	(87,998)
	Cash generated from operations		1,044,016	2,412,160

		31 December 2024	31 December 2023
24	**Cash and cash equivalents**		
	For purposes of the cash flow statement, cash and cash equivalents comprises:	**N'000**	**N'000**
	- Cash at bank (Note 14)	5,693,472	3,671,267
		5,693,472	3,671,267

25 Related party transactions

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

During the year, the following related party activities occurred:

Entity	Relationship	Type of transaction	2024 N'000	2023 N'000
Stanbic IBTC Asset Management Limited	Fund manager	Management fee	120,981	114,317
UACN Property Development	Property manager	Property management fee	30,085	45,904
UBA Trustees Limited	Trustee	Trustee fee	5,131	2,150
FBN Trustees Limited	Trustee	Trustee fee	5,131	2,150

The amount payable to the related parties as at the end of the year is as follows; Fund Manager (SIAML) - 32.1million, Property Manager - 38.2million and Trustees - 7.9million

Key management staff has been defined as members of management staff of the Fund Manager and its other related companies. No compensation was paid to key management staff during the year (December 2023: Nil).

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

	31 December 2024 Units	31 December 2023 Units
Direct - UPDC	133,413	133,413

UPDC REAL ESTATE INVESTMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

26 Earnings/(loss) per unit

(i) Basic

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

	31 December 2024	31 December 2023
Increase in net assets attributable to unit holders of the Trust (N'000)	4,697,618	3,802,545
Number of ordinary units in issue (000)	2,668,270	2,668,270
Basic earnings per unit (expressed in Naira per share)	1.76	1.43

(ii) Diluted

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

Diluted earnings per unit (expressed in Naira per unit)	1.76	1.43

27 Distributions

	31 December 2024 ₦'000	31 December 2023 ₦'000
Interim/proposed distribution	1,334,135	1,105,570

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

Final distributions are not accounted for until they have been ratified by the Investment Committe. 2024 Interim distribution was approved by the Joint Trustees. Interim distribution of 20 Kobo (December 2023 was 19 Kobo) per share totalling N533.65million (Dec 2023 was N526.22million) was accrued for the six months ended 30 June 2024 while 30 Kobo totalling N800.4million (Dec 2023 was N579.34Million) is being proposed as final distribution for the year ended 31 December 2024.

The proposed final distribution of 30 kobo has been accounted for, as an appropriation of retained earnings in the year ending 31 December 2024

Reconciliation of distribution

	₦'000	₦'000
increase in net assets Increase in net assets attributable to unitholders	4,697,618	3,802,545
Less Net gain on disposal of investment property	(410,000)	
Less replacement provision for Pearl Hostel	(37,828)	(27,778)
Less Provision for Sinking Fund (20%*Rental Income)	(287,173)	(71,762)
(Less)/add fair value (gain)/loss on investment property	(2,540,998)	(2,474,594)
Distributable income	1,421,619	1,228,411
Proposed distribution at 93.846% of distributable income	1,334,135	1,105,570
Interim distribution declared	533,654	526,228
Distribution proposed	800,481	579,342
Total distribution	1,334,135	1,105,570
Interim distribution declared per unit (Naira)	0.20	0.19
Distribution proposed per unit (Naira)	0.30	0.22
Total distribution per unit (Naira)	0.50	0.41

UPDC REAL ESTATE INVESTMENT TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

28 Capital commitments

The Trust had no capital commitments as at end of the year ended 31 December 2024 (31 December 2023: Nil).

29 Contingent liabilities

The Trust had no contingent liabilities as at end of the year ended 31 December 2024 (31 December 2023: Nil).

30 Events after the reporting period

There was no event known to management which could have a material effect on the financial statements of the Fund for the year ended 31 December 2024 that have not been adequately recognised and/or disclosed in the financial statements.

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UPDC REAL ESTATE INVESTMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
Other national disclosures:
Value Added Statement

	31 December 2024 ₦'000	%	31 December 2023 ₦'000	%
Gross income	5,468,886		4,368,890	
Bought-in-materials and services (local)	(650,287)		(452,028)	
Value added	4,818,599	100	3,916,862	100
Distribution of value added:				
To Fund Manager:				
Fund manager's fee	120,981	3	114,317	3
Retained in the fund:				
Increase in net assets attributable to unit holders	4,697,618	97	3,802,545	97
	4,818,599	**100**	**3,916,862**	**100**

UPDC REAL ESTATE INVESTMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
Other national disclosures:
Five-year financial summary

	Dec 2024	Dec 2023	Dec 2022	Dec 2021	Dec 2020
	₦'000	₦'000	₦'000	₦'000	₦'000
ASSETS					
Cash and cash equivalents	5,693,472	3,671,267	1,977,318	2,501,503	1,305,432
Financial assets held for trading	76,330	92,811	1,605,472	1,711,152	3,847,599
Other assets	69,248	35,599	54,829	33,118	231,670
Property and equipment	318,284	133,138	91,372	77,292	93,343
Right of use assets	28,012	32,943	17,351	18,177	19,003
Investment property	27,240,747	25,586,557	23,026,444	21,480,000	26,522,225
TOTAL ASSETS	33,426,093	29,552,316	26,772,786	25,821,242	32,019,272
LIABILITIES					
Total liabilities	897,342	600,509	650,255	892,212	1,108,782
Net assets attributable to unitholders	32,528,751	28,951,806	26,122,531	24,929,030	30,910,490
Represented by:					
Unit holders' contributions	26,682,695	26,682,695	26,682,695	26,682,695	26,682,695
Retained earnings	5,846,056	2,269,111	(560,164)	(1,753,665)	4,227,795
	32,528,751	28,951,806	26,122,531	24,929,030	30,910,490
INCOME STATEMENT					
Rental income	1,435,865	1,435,242	1,261,744	1,259,006	1,566,896
Interest income on cash at bank	767,778	367,298	204,780	126,980	10,660
Interest income on assets measured at fair value through profit or loss	330,710	91,087	168,551	258,489	321,381
Fair value gain on investment property	2,540,998	2,474,594	552,221	(5,091,850)	53,077
Net (loss)/gain on financial assets held for trading	(16,465)	669	(46,947)	(323,844)	246,502
Net gain on disposal of investment property	410,000	-	22,438	(6,003)	
Net gain on disposal of investment property	-	-	-	-	101,453
Other income	-	-	-	-	118,343
Impairment charge on receivables	(102,460)	(30,502)	65,415	(141,483)	(5,485)
Operating expenses	(668,808)	(535,843)	(551,344)	(561,703)	(480,534)
Increase in net assets attributable to unit holders	4,697,618	3,802,545	1,676,858	(4,480,408)	1,932,293