



**YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENT OF THE PROSPECTUS. BEFORE SUBSCRIBING, PLEASE CONSULT YOUR STOCKBROKER, SOLICITOR, BANKER OR AN INDEPENDENT INVESTMENT ADVISER REGISTERED BY THE SECURITIES AND EXCHANGE COMMISSION.**

The rental yield on real estate portfolio held by the REIT is not equivalent to the yield of the units and the value of the real estate may fluctuate.

For information concerning certain risk factors which should be considered by prospective investors, see "Risk Factors" Pages 32-38



**HALDANE MCCALL REAL ESTATE INVESTMENT TRUST (HMK REIT)**

(Authorized and Registered in Nigeria as a Real Estate Investment Trust Scheme)

**Initial Public Offering**

of

**2,600,000,000 Units**

of

**₦5.15 each at par**

**Payable in Full on Application**

FUND MANAGER:



Sponsored by:



Trustee:



Custodian:



LEAD ISSUING HOUSE:



CO-ISSUING HOUSES



**Capital Bancorp Plc**  
RC 114135



**LeadCapital Plc**  
RC 116443



**Application List Opens: December 4, 2014**

**Application List Closes: January 14, 2015**

THIS PROSPECTUS AND THE UNITS WHICH IT OFFERS HAVE BEEN REGISTERED BY THE SECURITIES AND EXCHANGE COMMISSION. THE INVESTMENTS AND SECURITIES ACT No 29, 2007 (the Act) PROVIDES FOR CIVIL AND CRIMINAL LIABILITIES FOR THE ISSUE OF A PROSPECTUS WHICH CONTAINS FALSE OR MISLEADING INFORMATION. THE REGISTRATION OF THIS PROSPECTUS AND THE UNITS WHICH IT OFFERS DO NOT RELIEVE THE PARTIES OF ANY LIABILITY ARISING UNDER THE ACT FOR FALSE OR MISLEADING STATEMENTS CONTAINED OR FOR ANY OMISSION OF A MATERIAL FACT IN THE PROSPECTUS.

**THIS PROSPECTUS IS DATED November 19, 2014**

## CONTENT

---

<b>Contents</b> .....	2-3
<b>Corporate Directory of the Fund Manager</b> .....	4
<b>Certain Defined Terms and Conventions</b> .....	5
<b>Time Table</b> .....	6
<b>Summary of the Offer</b> .....	7-9
<b>The Offer</b> .....	10
<b>Professional Parties to the Offer</b> .....	11-13
<b>Section I:</b> .....	
<b>Distinguishing Features of the Offer</b> .....	14
o Particulars of the HMK REIT .....	15-16
<b>Section II:</b> .....	
<b>Investment Overview</b> .....	17
o Investment Objectives .....	18
o Investment Outlet .....	18
o Investment Incentive .....	18
o Investment Strategy .....	19
o Investment Policy .....	19-22
o Valuation of the securities of the REIT .....	22
o Valuation of the REIT Assets .....	22
<b>Section III:</b> .....	23
o Investment Committee Members .....	24-28
o Roles and Guidelines .....	28-29
<b>Section IV:</b> .....	30
o Fees and other expenses .....	31
<b>Section V:</b> .....	
<b>Risk and Mitigants</b> .....	32
o Overview of the Risk .....	33
o Transaction Structure Risk .....	33-35
o Generic Risk .....	35-36
o Property Transfer Structure .....	37-38
<b>Section VI:</b> .....	
<b>Overview of the Properties</b> .....	39
o Assets Portfolio .....	40
o Description of Assets .....	41-46
o Valuation of Properties .....	47
o Deed of Declaration of Trust .....	48
<b>Section VII:</b> .....	
<b>Financial Information</b> .....	49
o Statement of Reporting Accountant .....	50
o Profit Forecast .....	51
o Forecast Balance Sheet .....	52
o Cashflow Forecast .....	53
o Bases and Assumptions for the profit forecast .....	54-56
o Letter from the Issuing Houses .....	57
<b>Section VIII:</b> .....	58
o Structure of HMK Equity REIT .....	59
o Parties to the HMK REIT .....	60

## CONTENT

---

<b>Section IX:</b> .....	61
o Profile of the Fund Manager	62
o Board of Directors	63-64
o Role as Fund Manager to the HMK REIT	64
o Five year financial information of the Fund Manager	65
<b>Section X:</b> .....	66
o Profile of the Sponsor	67
o Board of Directors	67-69
<b>Section XI:</b> .....	70
o Profile of the Trustee	71
o Board of Directors and Management Team	71-73
<b>Section XII:</b> .....	74
o Profile of the Custodian	75
o The Management Team of the Custodian	75-76
<b>Section XIII:</b> .....	77
o Profile of the Property Manager	78
o Property Under Management	78
o Roles of Property Manager	78-79
<b>Section XIV:</b> .....	80
o Rating Report	81
<b>Section XV:</b> .....	
<b>Market and Industry Information</b>	82
o The Nigerian Economic Overview	83-88
o The Real Estate Sector	89-93
<b>Section XVI:</b> .....	
<b>Statutory and General Information</b>	94
o Extracts of the Trust Deed	95-113
o Extracts from the Deed of Declaration of Trust	114-122
o Extract of the Deed of Assignment of Receivables	122-125
o Extracts from the Due Diligence report	125-126
o Corporate Governance and Operating Structure	126-127
o Indebtedness	127
o Estimated Cost of the Offer	128
o Foreign Currency Investor	128
o Unit Statement	128
o Relationship Between Fund Manager and Sponsor Regarding Real Estate to be vested in the REIT	128
o Relationship between Fund Manager and its advisers	128
o Relationship between Sponsor and its advisers	128
o Material Contracts	128
o Consent	129-130
o Documents available for inspection	131
<b>Section XVII:</b> .....	132
o Procedure for application and allotment	133-134
o Names of Receiving Agents	135-136
o The Application Form	137
o Instructions for completing the Application Form	138

### **FUND MANAGER:**

FSDH Asset Management Limited  
UAC House (8<sup>th</sup> Floor)  
1-5 Odulami Street  
Lagos  
Tel: +234 1 270 4884-5  
Email: [info@fsdhgroup.com](mailto:info@fsdhgroup.com)  
Website: [www.fsdhaml.com](http://www.fsdhaml.com)

### **Abuja Office**

Abia House  
Plot 979, 1<sup>st</sup> Avenue, off Ahmadu Bello Way  
Cadestral Zone AO  
Central Business District  
Abuja  
Tel: +234 9 670 0532; +234 9 273 1170

### **Port Harcourt Office**

2nd Floor  
Mainstreet Bank Building  
5 Trans Amadi Road  
Port Harcourt  
Tel: +234 802 408 1331

### **DIRECTORS**

Mr Rilwan Nosawaru Belo-Osagie (Chairman)  
UAC House ( 8<sup>th</sup> Floor)  
1-5 Odulami Street  
Lagos.

Mrs Mayowa Ogunwemimo (Managing)  
UAC House ( 8<sup>th</sup> Floor)  
1-5 Odulami Street  
Lagos.

Mrs Hamda Ambah  
UAC House ( 8<sup>th</sup> Floor)  
1-5 Odulami Street  
Lagos.

Mr Dave Uduanu  
UAC House ( 7<sup>th</sup> Floor)  
1-5 Odulami Street Lagos.

### **PRINCIPAL OFFICERS**

Mrs Mayowa Ogunwemimo  
Mrs. Chineye Ekwunife  
Mr. Robert Anwalimobor Ajiamah  
Mr. Richard Chukwunyeremwa Osuagwu  
Mrs Olufola Wiltshire  
Mr Bamidele Samuel Ojo  
Mr. Uche Ajoku

### **COMPANY SECRETARIES**

ALSEC Nominees  
13<sup>th</sup> Floor  
St. Nicholas House  
Catholic Mission Street  
Lagos

### **INVESTMENT COMMITTEE MEMBERS**

Mrs. Funmi Ekundayo  
Mrs. Mayowa Ogunwemimo  
Mr. Oko. U. Mba  
Mr. Ubosi Eleh  
Mrs. Remilekun Osibogun  
Mr Francis Osuyah **(Independent)**  
Mr Kayode Pitan **(Independent)**  
Mr Adeoye Orimoloye **(Independent)**  
Mr Okey Nwuke **(Independent)**

### **FIVE YEAR FINANCIAL SUMMARY**

See page 65

## CERTAIN DEFINED TERMS AND CONVENTIONS

---

<b>Business Day:</b>	Any working day in Nigeria in which The Nigerian Stock Exchange is open for clearing business
<b>The Fund Manager:</b>	FSDH Asset Management Ltd
<b>GMA:</b>	Goldbanc Management Associates limited
<b>“The Act” or ISA:</b>	Investment and Securities Act, Cap. 124 Laws of the Federation of Nigeria 2004
<b>“NSE” or The Exchange:</b>	The Nigerian Stock Exchange
<b>Offer Price:</b>	The price an investor will pay for units in the REIT being ₦5.15 per unit. US Dollar subscriptions will be processed at the applicable foreign exchange rate determined at Auction of the CBN as conducted from time to time
<b>The Offer:</b>	The offer of 2,600,000,000 units of HMK REIT at ₦5.15 each at par
<b>Parties:</b>	Professional Advisers engaged to ensure the success of the Offer
<b>Payment Date:</b>	The date on which distribution income from the Fund shall be paid into the accounts of Unitholders
<b>Receiving Bank:</b>	Financial Institutions licensed to receive application monies from the investors to the Offer
<b>Receiving Agents:</b>	Financial institutions authorized to receive Application Forms/monies from the general public
<b>SEC or “The commission”:</b>	The Securities and Exchange Commission
<b>The stockbrokers:</b>	Brokers to the offer
<b>The Trustees:</b>	Skye Trustees Limited
<b>Unit:</b>	A unit created and issued, representing one undivided share in the assets of the HMK REIT

**ABRIDGED TIMETABLE**

---

<b>ACTIVITY</b>	<b>RESPONSIBLE PARTY</b>	<b>DATE</b>
Application list opens	Issuing Houses	December 4, 2014
Application list closes	Issuing Houses	January 14, 2015
Receiving Agents make returns	Issuing Houses /Registrars	January 28, 2015
Submit allotment proposal and draft newspaper advertisement to SEC	Issuing Houses	February 11, 2015
SEC approves allotment	Issuing Houses	February 16, 2015
Remittance of net Issue Proceeds to HMK REIT	Issuing Houses	February 17, 2015
Remittance of net issue proceeds to sponsor are 3 <sup>rd</sup> party agents	Issuing Houses	February 18, 2015
Allotment announcement	Issuing Houses	February 18, 2015
Return of rejected / excess application monies	Issuing Houses /Registrars	February 23, 2015
Crediting of investors CSCS account	Registrars	March 6, 2015
Send Declaration of Compliance to the Exchange	Issuing Houses	March 7, 2015
Listing of HMK REIT on the Stock Exchange	Stockbrokers	April 3, 2015

## SUMMARY OF THE OFFER

---

The following information should be read in conjunction with the full text of this prospectus from which it is derived. Investors are advised to seek information on the fees and charges before investing in the REIT

1. FUND MANAGER: FSDH Asset Management Ltd
2. FINANCIAL ADVISER / LEAD ISSUING HOUSE: Goldbanc Management Associates Limited
3. CO-ISSUING HOUSES: BGL Capital Limited  
Capital Bancorp Plc  
Greenwich Trust Ltd  
LeadCapital Plc  
Planet Capital Ltd
4. TRUSTEE TO THE FUND: SKYE Trustees Ltd
5. CUSTODIAN: UBA Plc (Global Investors Services Division)
6. SOLICITOR TO THE TRUSTEE: Austen-Peters & Co
7. SOLICITOR TO THE OFFER: Detail Commercial Solicitors
8. REPORTING ACCOUNTANTS: Akintola Williams Deloitte
9. THE OFFER: 2,600,000,000 units of ₦5.15 each at par in the HMK REIT
10. METHOD OF OFFER: Offer for subscription of units in the REIT
11. NATURE AND OBJECTIVES OF THE FUND: The HMK REIT, which is constituted under a Trust Deed is a close ended real estate investment that aims to provide Unit holders with regular and stable income, and sustainable long-term growth in dividend payment and NAV per unit. The REIT will invest in a portfolio of high-quality Residential and Commercial real estate properties that are already generating income, other potential high yield real estate assets, real estate related assets and money market instruments.
12. MINIMUM SUBSCRIPTION: 10,000 units and multiples of 2,000 thereafter
13. OFFER PRICE: ₦5.15 per unit  
US Dollar subscriptions will be processed at the applicable Foreign exchange rate determined at Auction of the CBN as conducted from time to time
14. OFFER SIZE: ₦13,390,000,000 (Thirteen Billion Three Hundred and Ninety Million naira only)
15. OVER SUBSCRIPTION: In the event of oversubscription, the REIT will take up additional 15% of the excess Monies as provided in the SEC rule

## SUMMARY OF THE OFFER

---

16. PAYMENT TERMS: In full on application
17. UNDERWRITING: At the instance of the Issuer, the offer is not underwritten
18. OPENING DATE: December 4, 2014
19. CLOSING DATE: January 14, 2015
20. QUOTATION: An application has been made to the council of the Exchange for the admission of the 2,600,000,000 units being offered for subscription to its daily official list. Units of the REIT will be tradable on the floor of the Nigerian Stock Exchange on the conclusion of the Offer. An application has been made to the Exchange to appoint a Market Maker to ensure that units of the REIT are available for trading as at when required.
21. STATUS: The units qualify as securities in which Pension Fund Assets can be invested under the Pension Reform Act, 2004 and securities in which Trustees may invest under the Trustees Investments Act, Cap T22, Laws of the Federation of Nigeria, 2004
22. MANDATORY SUBSCRIPTION: The Sponsor shall hold 5% of the REIT while 95% will be held by the investing public. The proceeds of the Offer will be applied as consideration for the purchase of the initial assets of the REIT. The Sponsor will receive a combination of Units equivalent to 5% and cash payment.
23. DISTRIBUTIONS: A minimum of 90% of the income earned in any financial year will be distributed to Unit holders at the end of every financial year
24. RATING: The ₦13.3b Haldane McCall Real Estate Investment Trust is assigned a "BBB" rating by Global Credit Rating Company Limited



## SUMMARY OF THE OFFER

---

<b>25. PROFIT FORECAST:</b>	<b>Year ending 31<sup>st</sup> September</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
		<b>N'm</b>	<b>N'm</b>	<b>N'm</b>	<b>N'm</b>	<b>N'm</b>
	Opening Net Asset Value	13,000	13,111	13,232	13,369	13,524
	Total Income	1,479	1,586	1,756	1,936	2,147
	Total Expenses	372	374	381	382	387
	Net Asset Value at year end	13,111	13,232	13,369	13,524	13,700
	Earning Yield (%)	8.51	9.25	10.38	11.62	13.02
	Distribution Yield (%)	7.65	8.32	9.35	10.47	11.71

## THE OFFER

---

*A copy of this Prospectus along with the documents specified herein, having been approved by The Trustee has been delivered to the Securities & Exchange Commission ("the Commission") for registration.*

This Prospectus is being issued in compliance with Section 160 of the Investments & Securities Act CAP I24 LFN 2007, the amended Rules & Regulations of the Securities & Exchange Commission for the purpose of giving information to the public with regard to the Offer for Subscription of **2,600,000,000** Units ("the Units") at **₦ 5.15** per Unit in the Haldane McCall Real Estate Investment Trust. The Fund has been authorized and registered with the Commission as a Real Estate Investment Trust Scheme.

The Directors of the Fund Manager individually and collectively accept full responsibility for the accuracy of the information given and confirm, having made reasonable enquiries that to the best of their knowledge and belief, there are no material facts, the omission of which would make any material statement herein misleading or untrue.

The Securities and Exchange Commission has approved the issue, offer or invitation in respect of the public offering and the approval shall not be taken to indicate that the Commission recommends the public offering. The Commission shall not be liable for any non-disclosure on the part of the manager and takes no responsibility for the content of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever arising from reliance upon the whole or any part of the contents of the prospectus.

The valuation approved or accepted by the Commission shall only be utilized for the purpose of the proposal submitted to and approved by it and shall not be construed as an endorsement by the Commission on the value of the subject assets for any other purpose.

### **GOLDBANC MANAGEMENT ASSOCIATES LIMITED**

RC. 625917

and

### **BGL CAPITAL, CAPITAL BANCORP PLC, GREENWICH TRUST LTD,**

RC: 223042

RC: 114135

RC: 189502

### **LEADCAPITAL, PLANET CAPITAL**

RC 688014

RC. 986761

on behalf of

### **FSDH ASSET MANAGEMENT LTD**

RC. 434206

**Offer for Subscription**

**and are authorized to receive application for**

**2,600,000,000 units of ₦5.15k each at par**

**in the**

### **HMK REAL ESTATE INVESTMENT TRUST**

**Payable in full on Application**

The Application list for the units now being offered will open on December 4, 2014 and close on January 14, 2015

**PROFESSIONAL PARTIES TO THE OFFER**

<b>ROLE</b>	<b>PARTY INFORMATION</b>
<b>SPONSOR</b>	Suru Worldwide Ventures Nigeria Ltd 2 Sobo Arobiodu Street GRA Ikeja Lagos
<b>DIRECTORS OF SPONSOR</b>	Mr. Edward Ola Akinlade Mrs. Olatunbosun Akinlade Mr. Olu Elesin Mr. Adegbenga Bello Mrs. Oghenetega Adekoya Mrs. Ayodeji Adewumi
<b>COMPANY SECRETARY OF SPONSOR</b>	Mrs. Ayodeji Adewumi
<b>FINANCIAL ADVISER / LEAD ISSUING HOUSE</b>	<b>Goldbanc Management Associates Ltd</b> Medife House (5 <sup>th</sup> Floor) 58/60 Broad Street Lagos Island Lagos
<b>CO-ISSUING HOUSES</b>	<p><b>BGL Capital Limited</b> 12A Catholic Mission Street Lagos Island Lagos</p> <p><b>Capital Bancorp Plc</b> 3<sup>rd</sup> Floor UNTL Building 1, Davies Street Off Marina Lagos</p> <p><b>Greenwich Trust Ltd</b> Plot 1698A Oyin Jolayemi Street Victoria Island Lagos</p> <p><b>LeadCapital Plc</b> Plot 281 Ajose Adeogun Street Victoria Island Lagos</p> <p><b>Planet Capital Ltd</b> 3<sup>rd</sup> Floor St. Peter's House 3 Ajele Street Off Broad Street, Lagos</p>
<b>TRUSTEE</b>	<b>Skye Trustees Ltd</b> Skye Bank Building (3 <sup>rd</sup> Floor) 30 Marina Lagos
<b>CUSTODIAN</b>	<b>UBA Plc</b> Global Investor Services UBA House, 57 Marina Lagos
<b>SOLICITORS TO THE ISSUE</b>	<b>Detail Commercial Solicitors</b> DCS Place, 8 DCS Street Off Remi Olowude Way Lekki Phase 1 Lagos

**PROFESSIONAL PARTIES TO THE OFFER**

<b>SOLICITORS TO THE TRUSTEE</b>	<p><b>Austen-Peters &amp; Co.</b> The Penthouse, Foreshore Towers 2A, Osborne Road Ikoyi.</p>
<b>REPORTING ACCOUNTANT</b>	<p><b>Akintola Williams Deloitte</b> Akintola Williams Deloitte House 235 Ikorodu Road, Ilupeju Lagos.</p>
<b>REGISTRARS</b>	<p><b>First Registrars Nigeria Ltd</b> 2 Abebe Village Road Iganmu Lagos</p>
<b>RECEIVING BANKERS</b>	<p><b>UBA Plc</b> UBA House 57 Marina Lagos</p>
<b>RATING AGENCY</b>	<p><b>Global Credit Rating Company</b> African House (17<sup>th</sup> Floor), Marina Lagos.</p>
<b>STOCKBROKERS TO THE OFFER</b>	<p><b>AFRINVEST Securities Ltd</b> 27 Gerrard Road Ikoyi Lagos.</p> <p><b>Capital Assets Ltd</b> Bookshop House (9<sup>th</sup> Floor) 50/52 Broad Street Lagos Island Lagos.</p> <p><b>GTI Securities</b> 4 Tinubu Street, Central Business District Marina, Lagos.</p> <p><b>ICMG Securities Ltd</b> 24, Ademola Street South-West Ikoyi Victoria Island Lagos.</p> <p><b>Resort Securities &amp; Trust Ltd</b> 94 Broad Street, 5th Floor Marina Lagos.</p>
<b>ESTATE VALUERS</b>	<p><b>Ubsi Eleh &amp; Co.</b> 27 Obafemi Awolowo Way 2<sup>nd</sup> Floor Ikeja Lagos</p> <p><b>Jide Taiwo &amp; Co</b> Plot 136, Sinari Daranijo Street Off Ajose Adeogun Street, Victoria Island Lagos.</p>

<b>PROPERTY / FACILITY MANAGER</b>	<b>Ubosi Eleh &amp; Co.</b> 27 Obafemi Awolowo Way 2 <sup>nd</sup> Floor Ikeja Lagos
<b>INSURERS</b>	<b>Leadway Assurance Limited</b> 121 / 123 Funso Williams Avenue Iponri Lagos  <b>Custodian &amp; Allied Insurance Ltd</b> 16A Commercial Avenue Sabo - Yaba Lagos

# SECTION I

This section highlights the following information:

- THE DISTINGUISHING FEATURES OF THE OFFER

## DISTINGUISHING FEATURES OF THE OFFER

### 1. PARTICULARS

The HMK REIT is registered in Nigeria as a Collective Investment Scheme under Section 160 of the ISA. The REIT is constituted under a Trust Deed with Skye Trustees Ltd as Trustees. HMK REIT is a close ended Real Estate Investment Trust Scheme that aims to achieve long term capital appreciation of assets by investing in a portfolio of high-quality. Residential and Commercial real estate assets. The units of the REIT will be quoted on the main board of the Nigerian Stock Exchange (NSE).

The REIT will focus investment activities on, and use the proceeds of this offering principally for the acquisition of a diverse portfolio of residential and commercial properties located in the metropolitan area of Lagos State, Nigeria. Going forward, real estate acquisition would be based on informed research and investment guidelines of the REIT backed by the Investment Committee.

The portfolio of assets of the HMK REIT consists of residential properties located in prime areas of Lagos state specifically Ikoyi and GRA Ikeja while the Commercial properties are located in GRA Ikeja and Ikeja Central. The properties have a net lettable area of 24,055 square metres and a projected average occupancy rate of 93.33%.

The tenant profile of the properties consists of corporate clients of repute cutting across various sectors of the economy. The diversity in client base mitigates against high vacancy rate and assures of consistent income for the REIT and distribution to investors.

The HMK REIT presents an opportunity to discerning investors to balance their investment portfolio and to partake in stable and consistent stream of real estate income which a REIT provides as 90% of income is distributed annually.

The following table sets out the summary of the key features of the offer:

<b>i.</b>	<b>Offer</b>	The offer which is the subject of this Prospectus, is an offer of 2,600,000,000 units in the HMK REIT, at an issue Price of ₦5.15 per unit.
<b>ii.</b>	<b>Type of REIT</b>	Equity REIT
<b>iii.</b>	<b>Enhancement:</b>	<p>The REIT is enhanced to assure investors of regular and undisrupted receipt of returns on investment at all times through the life of the REIT.</p> <p>A cross-section of the enhancements include:</p> <p><b>Insurance of REIT Assets:</b> The assets of the REIT highlighted in the Prospectus shall be insured against losses. The insurance classes with regard to the assets include fire policy, public liability insurance and Business Interruption risk due to damage by flood, fire and windstorm which would lead to loss of income for the period during which the property is undergoing repairs.</p> <p><b>Guarantee of REIT income:</b> in the event that there is a shortfall below 60% in rental income, the guarantor (Zenith Bank Plc) will pay 16.40% of the total rental income to the REIT investors</p>
<b>iv.</b>	<b>Forecast Statements of Distribution</b>	Forecast cash distributions after fees are paid to all professional parties are 7.65% in FY 2015, 8.32% in FY 2016 and 9.35% in FY 2017 for investors under this Prospectus.
<b>v.</b>	<b>Mandatory Investment by SWV</b>	The Sponsor shall hold 5% of the REIT while 95% will be held by the investing public. Four of the six properties is owned by the Sponsor while two are owned by third party agents. The proceeds of the REIT will be applied as consideration for the purchase of the initial assets of the REIT from the Sponsor and the third party agents. The Sponsor will receive a combination of Units equivalent to 5% on allotment and cash payment. A portion of the payment that is supposed to be

made to the Sponsor will be paid to AMCON in settlement of its outstanding obligations. Payment will also be made to GT Bank Plc for the property being transferred into the REIT. Balance of all prepayments on the properties amounting to ₦121,943,356 will also be deducted before payment to sponsor and 3<sup>rd</sup> party agents.

**Table**

	<b>₦'000</b>		<b>₦'000</b>
Offer Size:	13,390,000	Value of REIT	
Offer costs:	390,000	Property	<b>9,450,000</b>
Net Proceeds:	<b>13,000,000</b>		
		Consideration:	<b>₦'000</b>
	<b>₦'000</b>	Cash to AMCON:	6,322,787
Purchase of		Cash to GT Bank:	1,800,000
properties:	9,450,000	Value of units	
Other Investible		To SWV:	669,500
funds:	3,550,000	Cash to SWV:	657,713
	<b>13,000,000</b>		<b>9,450,000</b>

**vi. Capital Growth** The property mix is structured with an aim to achieve capital growth over the longer term from the underlying rental growth and active management of FSDH Asset Management Ltd in the utilization of the liquid assets by an average of 5.38% over five years.

**vii. Fees and other costs** The fund Manager and other professional parties are entitled to be paid certain fees and to be reimbursed for expenses incurred in connection with the REIT. For information on all fees and expenses please refer to section IV of this Prospectus.

**viii. Risks** The risks of investing in the REIT have been outlined in Section V of this Prospectus.

The key risks which are specific to an investment in this REIT are summarized as follows:

- o Performance of the Fund Manager:
- o Risk related to the assets

**ix. Taxation:** On the premise that REITs are considered to be pass-through vehicles it is expected that income of REITs may not be subject to taxation. Irrespective of this, REIT Income to investors may still be subject to withholding tax but it should be noted that the income becomes franked investments which would not be subject to further tax once it is in the hands of investors.



## **SECTION II**

This section highlights the following information:

### **INVESTMENT OVERVIEW**

- INVESTMENT OBJECTIVE
- INVESTMENT OUTLET
- INVESTMENT INCENTIVES
- INVESTMENT STRATEGY
- INVESTMENT POLICY

### 1. INVESTMENT OBJECTIVES

The investment objective of the REIT is to provide Unit holders with regular and stable income, sustainable long-term growth in dividend payment and NAV per unit. It aims to achieve a long-term appreciation of its assets and maximize returns on capital employed. The Fund Manager shall seek to maintain a balance between realised income and capital growth to ensure regular income and continuous appreciation in asset values while ensuring optimal safety of assets and adequate liquidity to meet the Trust's obligation as they fall due.

The Trust seeks to maximize returns to investors from Real Estate income sources and limiting the risks of volatility through diversification. Diversification of the REIT portfolio results in higher yields to investors at minimum risks and affords investors opportunity to enjoy returns from both Commercial and Residential properties. The proactive management of the REIT portfolio by the Fund Manager and active trading on the stock on the floor of the Nigerian Stock Exchange will ensure a sustained growth of the unit value of the stock and returns to Unit holders.

### 2. INVESTMENT OUTLET

The investment outlets through which this policy will be achieved shall be structured as follows:

<u>Outlet</u>	<u>Allocation</u>
Real Estate assets	Minimum of 90%
Liquid Asset Investment	Maximum of 10%

The fund manager will diversify the REIT portfolio by property type, investment size and risk with the goal of attaining a portfolio of income-producing properties that provide attractive and stable returns to investors.

The Fund manager in the course of managing the REIT has the liberty to invest in real estate related assets as it deems fit with the consent of the Trustee and the approval of the Investment Committee.

### PROPERTY TYPE

The primary property types in which the REIT intends to invest are as follows (in no order of priority):

- *Commercial properties* — including low-rise, mid-rise and high-rise hospitality and office buildings in primary gateway markets, especially those that are in or near government residential areas, central business districts and have access to basic amenities and recreational facilities;
- *residential properties* — the residential properties shall be located in prime areas and Grade A locations such as Lagos, Abuja, Port-harcourt and other areas at the Fund Managers discretion and with the consent of the Trustee.

### 3. INVESTMENT INCENTIVES

Unique investment incentive and benefit to investors in the HMK REIT are highlighted below:

- Stable and regular income distribution from diversified portfolio of real estate and real estate related assets across residential and commercial properties. Also the Rent from the Commercial properties which allows the Fund Manager concentrate on the management of the REIT
- Existing long term leases with tenants
- Bank guarantee of part of the rental income

## **INVESTMENT OVERVIEW**

---

- Diverse corporate tenant profile with staggered rental renewal periods which prevents mass vacancy at any one period
- Immediate refund of already received income on the properties
- Reduced transfer costs of assets due to the DOT structure being adopted for the transfer of a portion of the assets being acquired.
- Access to first class properties in prime areas at discounted prices.
- A primary market maker will be appointed by Nigerian Stock Exchange to ensure liquidity of the units by facilitating continuous trading on the units of the REIT in the Nigerian Stock Exchange
- Investing in the REIT allows for diversification of your investment portfolio thereby reducing risks
- Deposit of pre- executed agreements (Deed of Assignments, Deed of declaration of Trust) with the Custodian by the Sponsor prior to the offer.
- The REIT will be managed by professionals with great care, top skill, prudence and diligence.
- Access to the experience of professionals of diverse skills and in depth knowledge in real estate investment and operations that make up the Investment Committee.
- The REIT is transparently structured and backed by reputable organizations including FSDH Asset Management Company, Skye Trustees, UBA Plc (Global Investor Service Division), Leadway Assurance etc.

## **INVESTMENT STRATEGY**

The investment strategy for the REIT Fund is to invest in a diversified portfolio of real estate assets that have attractive investment fundamentals in terms of prime location, architectural designs, quality tenant profile and long leases. The fund manager will identify suitable and diversified properties spanning residential and commercial sectors. Properties identified will meet strict criteria of delivering regular returns as well as offering the opportunity for moderate to high capital growth.

### **4. INVESTMENT POLICY**

To achieve the objectives of the Trust, the Fund Manager shall adopt and maintain an investment policy that is designed to ensure a steady return on capital and assured capital gains. Subject to the terms and conditions hereinafter contained and in accordance with the regulatory framework of the Commission, the Trust's investment policy shall be to build up a balanced and diversified portfolio of authorised Investments as contained in the Objectives of the REIT.

Initial target market for the HMK REIT shall be the residential and commercial property segment of the real estate market. The Fund Manager is not limited to the specific geographic areas where it may conduct operations. Purchase of properties in thriving economies around the country will be considered. The REIT manager will seek for enhanced return properties which will include:

- Off-plan property investments
- Joint Venture or co-ownership of assets with other developers or REITS
- Properties for sale from developers that are built-to-suit

The REIT will either hold enhanced-return properties as core investments or sell them; each potential investment will be subject to the REIT's stringent standards and Investment Guidelines as well as provisions of the SEC rules.

When making an acquisition, the Fund Manager will emphasize the performance and risk characteristics of that individual investment and how that investment will fit into the REITs portfolio-level performance objectives and the return and risks of available investment alternatives. In other words, the Fund manager will not forgo a good investment opportunity because it does not precisely meet the REIT diversification guidelines, but attempts will be made to construct a portfolio that produces stable and attractive returns by spreading risks across different real estate investments.

The Fund Manager generally intends to hold core properties for a minimum of two years, which is anticipated as the optimal period to enable the REIT capitalize on the potential for increased income and capital appreciation of properties. However economic and market conditions may influence the

## INVESTMENT OVERVIEW

---

holding of investments for different periods in time. The minimum period anticipated for holding investments and investment in new development shall be a period of two years.

In respect of the Real Estate and real estate related assets, investment in properties under development by the Fund Manager shall not exceed 20% of the Fund's gross asset value.

The Fund Manager will focus primarily on markets where there is market knowledge and potential investment opportunities.

### **i. Other investments**

The Fund manager will bring its professional expertise to bear in the investment of earmarked REIT funds for other real estate assets, real estate related assets and money market instruments for greater yield to investors.

### **ii. Investment decisions**

The fund manager will have substantial discretion with respect to the selection of specific investments and the purchase and sale of assets, subject to the approval of the investment committee. The Investment Committee will review the investment policies at least quarterly to determine whether the investment policies continue to be in the best interests of unitholders.

Successful real estate investment requires the implementation of strategies that permit favorable purchases, effective asset and property management and timely disposition of those assets. As such a disciplined investment approach that combines the experiences of real estate professionals with a structure that emphasizes thorough market research, and an extensive down-side analysis of the risks of each investment has been put in place for the HMK REIT. The HMK REIT believes that active management is critical to creating value thus a well-defined exit strategy for each investment made by the REIT will be developed by the Fund Manager.

The Fund Manager will continually re-evaluate the exit strategy for each asset in response to the performance of the individual asset, market conditions and overall portfolio objectives to determine the optimal time to sell the asset.

The fund manager will work together with the property manager in the identification and acquisition of investible real estate and real estate related assets.

### **iii. Investment approach**

In an effort to both find better investment opportunities and enhance the performance of REIT investments, HMK REIT will utilize a market focused approach.

The fund manager will divide the market into three segments:

- a. Primary gateway markets,
- b. Secondary gateway markets and
- c. Markets to watch.

Each region is critically analyzed by a research analyst. To execute HMK REIT' disciplined investment approach; The Fund Manager takes responsibility for the investment policy of each investment. The following practices summarize HMK REIT' investment approach:

**Real Estate Market Research** – The Fund Manager extensively researches the acquisition of each asset utilizing both “real time” market data and the transactional knowledge and experience of the Property Manager.

**Risk Management** – Risk management is a fundamental principle in the construction of portfolios and in the management of each investment. Diversification of portfolios by property type and geographic location is critical to controlling risk. Operating performance risks arise at the investment level and often require real estate operating experience to cure. The Fund Manager continuously reviews the

## INVESTMENT OVERVIEW

---

operating performance of investments against projections and provides the oversight necessary to detect and resolve issues as they arise. Also the vast experience of members of the Investment Committee in Real estate will help to combat envisaged risks.

The Fund Manager working alongside the property manager to ensure that a property is not untenanted at any point in time will ensure consistent distribution income to unit holders. The Property Manager will be expected to establish a good human relationship management with tenants in order to forestall unexpected vacancies and to facilitate a prompt renewal of tenancy agreements by tenants for a longer tenor.

**Asset Management** – prior to the purchase of an individual asset or portfolio, the Fund manager works closely with the Property Manager to develop an asset business strategy. This is a forecast of the action items to be taken and the capital needed to achieve the anticipated returns. HMK Investment Committee reviews asset business strategies quarterly to anticipate changes or opportunities in the market during a given phase of a real estate cycle. HMK REIT designed this process to allow for realistic yet aggressive enhancement of value throughout the investment period. The composition of the Investment Committee with members aggregating over 100 years professional experiences in the financial and Real Estate sector is an added advantage to the HMK REIT in the assessment of viable real estate and real estate related investments for the REIT.

### iv. **Investment Restrictions**

The Fund shall invest in such instruments as are authorised by the SEC rule and allowed under the Trust deed of the REIT. . The Fund Manager shall not:

- Carry out transactions that expose any part of the held assets to unlimited liabilities or results in the said assets being encumbered in any way.
- Invest in any assets or securities that are not freely transferable.
- Engage in any transaction that is against the interests of the Unit Holders

### v. **Financing Policies**

Equity, debt capital or a combination of both could be adopted by the REIT for the financing of REIT operations (working capital) and investment strategies (acquisition of new properties, renovation, repairs etc), however the consent of the Trustee would be obtained and the financing strategy must strictly abide with SEC approved guidelines for borrowing at all times during the life of the REIT.

### vi. **Borrowing Policies**

SEC guidelines stipulate that borrowing shall not exceed 15% of the net asset value of the REIT. The Fund manager therefore with the consent of the Trustee can borrow on behalf the Unit holders to facilitate the attainment of REIT objectives where required.

### vii. **Disposition policies**

The Fund Manager intends to hold the REIT's properties and other investments for a favourable period which the Fund Manager believes will enable the REIT capitalize on the potential for increased income and capital appreciation.

The Fund Manager will develop a well-defined exit strategy for each investment. The fund managers will continually perform a hold-sell analysis on each asset in order to determine the optimal time to sell the asset and generate a strong return for the unitholders. Periodic reviews of each asset will focus on the remaining available value enhancement opportunities for the asset and the demand for the asset in the marketplace.

Economic and market conditions may influence the Fund Manager to hold the REIT investments for different periods of time. The Fund Manager may sell an asset before the end of the expected holding period if the Fund Manager believes that market conditions and property positioning have maximized the asset's value or the sale of the asset would otherwise be in the best interests of the REIT's unitholders.

## **INVESTMENT OVERVIEW**

---

The REIT's Trust deed requires that the Fund Manager seek unitholders approval of the liquidation of the trust. Liquidation would only be permitted if a majority of the unitholders determine that liquidation would be in their best interest

Where the Fund Manager seeks and fails to obtain unitholders approval of the REIT's liquidation the Fund Manager would continue to operate as before except the Commission gives a directive for the REIT to be liquidated.

Where the Fund Manager seeks and obtains unitholders approval of the REIT's liquidation, the Fund Manager would begin an orderly sale of the REIT's properties and other assets. The precise timing of such sales would take account of the prevailing real estate and financial markets.

### **5. VALUATION OF THE SECURITIES OF THE REIT**

Application has been made to the Nigerian Stock Exchange to list the REIT on the main Board of the Nigerian Stock Exchange (NSE), prices of the units will thus be determined by the forces of demand and supply. The Fund Manager will conduct a valuation of the Schemes assets based on SEC's approved period or for such other period that the Fund Manager may advise from time to time and will subsequently inform the market (Exchange, Unit Holders and the Investing public) of the Net Asset Value of the REIT after the valuation.

### **6. VALUATION OF THE REIT ASSETS**

A valuation report of the REIT's real estate assets shall be conducted by a Real Estate valuer registered with the Commission and appointed by the Fund Manager and filed with the Commission every two years.

## **SECTION III**

This section highlights the following information:

- THE INVESTMENT COMMITTEE
- POLICIES

### 1. THE INVESTMENT COMMITTEE

The investment Committee is formally constituted as the oversight / highest investment decision making body of the REIT. The terms of reference and Investment Guidelines are approved by the Trustees.

The investment Committee shall be appointed by the Fund Manager and shall consist of a maximum of nine (9) members: two(2) members shall represent the trustee and two (2) member shall represent the fund manager, one member shall represent the Property Manager and four independent members shall be appointed .

The Investment Committee is made up of a team of professionals with vast experience in Portfolio management, financial Consulting and real estate consulting and finance in Nigeria. The Investment Committee members aggregates over 100 years professional experience in Investments and Real estate. The profile of the investment committee members are as follows:

#### i. **Mrs. Funmi Ekundayo**

Funmi Ekundayo holds a Bachelor of Law degree and a Master of Laws degree from the University of Lagos. She is a member of the Nigerian Bar Association and a Fellow of the Institute of Chartered Secretaries & Administrators of Nigeria (ICSAN).

Funmi, who heads the Management Team of Skye Trustees Limited as MD/CEO, has distinguished herself in her area of core competence as a seasoned Trust Specialist engaging in the structuring of complex legal and Trust instruments.

Funmi is an Alumna of the Institute of Chartered Secretaries & Administrators, United Kingdom, and a Fellow of the Institute of Chartered Secretaries & Administrators, Nigeria. She currently serves as President of the Association of Corporate Trustees of Nigeria and she is also a member of the Rules & Compliance Sub-Committee of the Capital Market Committee of the Securities & Exchange Commission. Funmi who is a Member of the Institute of Directors, is an Alumna of the Chief Executive Programme of the Lagos Business School and the IESE Business School, Barcelona, Spain. She has attended several other Courses in Leadership, Management and Strategy both locally and internationally.

#### ii. **Mrs. Mayowa Ogunwemimo**

Mrs Olumayowa Ogunwemimo is the Managing Director of FSDH AM and Investment Manager for FSDH's Coral Funds. She holds a Bachelor of Science degree in Accounting, Obafemi Awolowo University (2000). She is currently a Fellow of the Institute of Chartered Accountants of Nigeria. Mayowa Started her career in the risk management unit of First Securities Discount House Limited (FSDH) in 2001 and subsequently worked in the research unit of the same organization, before moving to the asset management subsidiary, i.e. FSDH Asset Management Limited in 2004, where she was appointed Managing Director of FSDH Asset Management Limited in 2011.

#### iii. **Mr. Oko. U. Mba**

He attended Yaba College of Technology Lagos, Ondo State University and Lagos State University, Ojo at different times where he graduated with HND Statistics (1990), P.G.D Banking & Finance (1998) and Masters in Business Administration (2006) respectively. An Associate member of Institute of Chartered Accountants of Nigeria (ICAN) (2006) and Nigerian Institute of Management (2004), he has over 18 years working experience and has attended several International and Local training. Before joining Skye Trustees Limited, he worked with S. S. Afemikhe & Co (Chartered Accountants).



**iv. Mrs. Remilekun Osibogun**

Mrs Remilekun Osibogun is part of the Investment Management and Administration team of FSDH Asset Management, managing the FSDH Coral Funds, UPDC REIT and other portfolios. She holds a Bachelor of Science degree in Computer Science from Olabisi Onabanjo University (2006) and is also an Oracle Certified Database Administrator.

**v. Mr. Chudi Ubosi**

Mr. Chudi Ubosi obtained a Bachelor of Science in Estate Management (1985) and Master's degree in Construction Management in 1988. He was elected Associate Member of the Nigerian Institution of Estate Surveyors and Valuers in 1990 and became a Fellow Member of the Nigerian Institution of Estate Surveyors and Valuers in year 2000.

Mr. Chudi Ubosi started his working career as a pupil Estate Surveyor during his National Youth Service Corps (NYSC) at Chinwuba Odumodu & Co. (Estate Surveyors and Valuers) from 1985 to 1986. He worked as an Estate Surveyor and Valuer at Diya Fatimilehin & Co between 1986 and 1989 and grew to become Associate Partner in the same firm (1990 – to 1991).

From 1996 - 2000 he served as lecturer for the Nigerian Institute of Estate Surveyors & Valuers (NIESV) Pre- Examination lectures to furnish the Institution with questions for the Question Bank for NIESV Examinations. In 2000 he was appointed as a member of the professional practice panel setup and member of the Ad-hoc Committee on Display of multiple boards. From 2007 to 2009 he served as Vice Chairman – Membership Committee of the International Real Estate Federation (FIABCI). From 2004 till date Mr. Ubosi has been serving as a member of the finance and general purpose Committee (f&gpc) of the Nigerian Institution of Estate Surveyors and Valuers. In 2013 he was appointed as the President African Region (International Real Estate Federation (FIABCI)).

Mr. Ubosi served as Director of Safetrust Savings and Loans Limited (Mortgage Bankers) between 2005 & 2009. He is currently serving as a Director on the board of Capital Care Limited (Finance Company) Lagos. He is currently a principal partner at Ubosi Eleh & Co.

**vi. Mr. Adeoye Orimoloye**

Mr. Orimoloye graduated from Ahmadu Bello University Zaria in 1985 with a first class degree in Business Administration and a Masters degree in Business Administration from Bayero University Kano in 1997. He acquired an LLB degree from Ahmadu Bello University Zaria in 2001 and was subsequently called to the Nigerian Bar in 2003 as a Barrister of Law.

Mr. Orimoloye started his banking career at Chase/Continental Merchant Bank (CMB) as a credit analyst in 1987 and banking officer/ Senior Credit Analyst for the Jos branch in 1988, after which he was promoted to Assistant Manager for credit and Marketing in 1991. He moved on to First City Merchant/Monument Bank Plc. as the manager of the Kano branch in 1993, gradually climbing the ladder to become the Assistant Vice president of the Corporate-banking group of FCMB in 2000. Mr. Orimoloye was responsible for expanding the bank's business in the entire Northern market area including Abuja FCT.

In January 2002, Mr. Orimoloye moved to Universal Trust Bank Plc now Union Bank of Nigeria Plc as the Assistant General Manager, Private consumer Banking group. He became AGM/ Regional Business Controller (Western Region) in 2003 and then in 2005 he became the DGM/ Regional Business Controller. From 2006- 2012 Mr. Orimoloye held different positions before his current position as AGM/ Zonal Coordinator at Union Bank of Nigeria Plc. In 2006 he occupied the position as PM up country North (OUC) Dept. at the Head Office.

Later taking the position of AGM at the Head Office in 2008, he was made AGM/ Zonal Coordinator for the Ilorin –Lokoja Zone in 2008. In 2012 Mr. Orimoloye was made MD/CEO of Union Homes Savings and Loans Plc. (On Secondment)

He currently holds membership of Ikeja Branch of Nigeria Bar Association and is also a fellow of the Institute of Credit Administration of Nigeria.

Mr Orimoloye Jacob Adeoye is the Assistant General Manager/Zonal Coordinator Apapa for Union Bank of Nigeria Plc.

### **vii. Mr. Francis Osuyah**

Mr. Francis Osuyah is a graduate of the University of Luton UK (now University of Bedfordshire) 2001 and University of Witwatersrand (2003). He qualified as a Chartered Accountant of the Institute of Chartered Accountants of Nigeria in May 1991.

Francis Osuyah possesses over twenty years of corporate management experience. His working career started as an Accounts Trainee/ Supervisor in Nigeria Bottling Company in 1986 where he was exposed to various training programmes and international accounting practices. The experience gained has been invaluable in the development of systems and processes in other key organisations. In 1989 he moved to Nigerian Braiding Manufacturers Limited as an Assistant Accountant. He joined SCOA Nigeria Limited in 1999 as Assistant Manager (Accounts) and rose to Manager (Corporate planning and development).

In 1992, Mr. Osuyah joined Phillips Consulting as one of the founding consultants and was involved in the various stages of the firm's growth and development. He rose to the position of Managing Director, South Africa Office in 1999, a position he held till February 2012. While at Phillips Consulting Francis was actively involved in the design and implementation of Total Quality Management (TQM) as a strategic management tool for various organisations in different sectors of the economy.

He was responsible for the establishment of the Phillips Consulting office in South Africa and has developed the firm to become one of the most innovative and responsive firm of management consultants in the country.

Mr. Osuyah has been responsible for devising market entry strategies for various South African companies expanding their operations into other parts of Africa and has also acted as adviser to foreign businesses investing in South Africa. One major highlight of his career was his direct involvement in MTN Group's entry into the Nigerian market which has been a resounding success story.

Francis is a very active member of the "Boksburg Group" ,a global think tank that has been involved with developing structures for the implementation of trade facilitation initiatives on a global basis.

Francis established FROS Capital in February 2012 which he manages to date. He has within the short period developed a strong clientele base across the African continent and with partners globally.

Mr. Osuyah has served and is still serving on the Board of several Companies among which are Telepay Solutions Group France (from January 2007), South Africa Nigeria Chamber of Commerce (2007 – 2009), Johannesburg Chamber of Commerce – Sandton Region (2006 – 2012), Education Africa Investments (from August 2010) and Lontohcoal Ltd (since July 2011) among others.

### **Viii. Mr Olukayode A. Pitan**

Mr Olukayode Pitan holds a Bachelors degree in Economics and Finance alongside a minor in International relations from the University of Ibadan, 1982. He then acquired a Masters degree in International Management from the American Graduate School of International Management, Thunderbird Campus, Glendale, Arizona USA in May, 1986.

Mr. Pitan's Banking and Finance/management experience and achievements within the banking sector in Nigeria spans over 25 years.

Mr. Pitan started his banking career in 1986 at Citibank Nigeria. He subsequently joined Industrial Bank Limited (Merchant Bankers) as part of the pioneer team in the role of Head, Trade Finance. He left the Bank in 1991 to run Credit Lease Nigeria Limited, a company founded by him to pursue his dream in export business.

Mr. Pitan came back to the banking industry in 1996 by joining FSB International Bank Plc as AGM / Head of Middle Tier market and public sector. He later served as Group Head, Commercial and Consumer Banking Group. He also headed the Corporate Banking and Energy groups. He was promoted to Executive Director of the Bank and Managing Director of ENSEC (Energy division) in March 2001.

Mr. Pitan joined First Interstate Bank Plc in August 2004 as Managing Director/Chief Executive Officer. He led the Bank successfully through a merger with eight other Banks to form Unity Bank Plc. From January 2006 to February 2009 when he voluntarily retired, he served as Executive Director of Unity Bank Plc in charge of Corporate Banking and Treasury Management.

Mr. Pitan had participated in many innovative transactions in the Nigerian Capital Market. He was the Chairman of the Technical Committee that led to the merger of Centerpoint Securities Ltd and FIIST Ventures Ltd to form Unity Registrars Ltd and served as Chairman of the Unity Registrars Ltd. He served as the Chairman of the Technical Committee that merged Kapital Insurance Plc, intercontinental Assurance Company Ltd and Global Commerce and General Assurance Co Ltd into Unity Kapital Insurance Co Plc and also served as Director of the new entity. He was the Chairman of the Technical Committee of the landmark transaction where nine banks were merged to form Unity Bank Plc and the listing of the bank on the Nigerian Stock Exchange.

Mr Pitan midwived the formation of FUG Pensions Limited by serving as the Technical Chairman for the pooling together of the interests of Futureview Financial Services Ltd, Unity Bank Plc and Glanvill Enthoven & Co Ltd to form a viable and significant player in the Pensions management industry. He subsequently served as Chairman of FUG Pensions Ltd. Mr Pitan has also served as the alternative Director of Kakawa Discount House Limited, Director Newdevco Investments & Securities Co. Limited, Director Banque International Du Benin (BIBE) and currently Chairman, Habitation of Hope- An NGO set up by Pastor(Mrs) Folu Adeboye to salvage, transform and empower the abandoned, hopeless and homeless street boys and girls in our society.

Mr Pitan is currently the Managing director of Caroline Properties Limited.

### **IX. Mr. Okey Nwuke**

Mr. Okey Nwuke obtained a B.Sc in Accounting (2<sup>1</sup>Honors) from University of Nigeria, Nsukka (1990). He obtained a Master's degree with distinction in Banking and Finance from Birmingham Business School United Kingdom in 1998. He qualified as an Associate Chartered Institute of Taxation in 2000 and Fellow Institute of Chartered Accountants of Nigeria FCA in 2005. He also holds a Certificate in Advance Management Program of the Harvard Business School Boston (2008).

He started his career as a Trainee Accountant at AT & T Nigerian Plc in 1990. In 1991, he joined Guarantee Trust Bank Plc as an Assistant Banking Officer and over a period of about twelve years rose through the ranks to the position of Assistant General Manager and Group Head, Commercial Banking Group in of Guarantee Trust Bank Plc in 2002. Mr. Nwuke joined Access Bank as General Manager in May 2002 where he rose to become an Executive Director in 2004, a position he holds to date.

## THE INVESTMENT COMMITTEE

---

Mr. Okey Nwuke has over 22 years experience in finance from working with an international company and leading commercial banks in Nigeria have acquired considerable expertise in credit analysis and bank financial management through professional training as a chartered accountant, relevant training programs and on-the-job experience. Most importantly, he has acquired deep skills in overall management of financial institutions having held Executive Director Position in Access Bank from 2004.

Mr. Nwuke has attended various seminars and training programs locally and internationally.

### **The Investment Committee shall:**

- Set appropriate policies, review and assess processes and controls, which would guide investment proposals by the Fund Manager.
- Oversee the performance of the Fund Manager,
- Review the investment options of the Fund;
- Review the investment management / performance report of the Fund Manager objectively assessing significant changes and /or deviation from reasonable investment return levels of the REIT portfolio and if deemed necessary, take action to sell any of the REIT's properties or acquire new ones that will accelerate the achievement of the REIT objectives;
- Analyse the impact of external, economic, political and global factors on the REIT portfolio and take steps beneficial to the REIT
- Continuously re-evaluate the investment strategy with particular focus on inherent risk in order to guard the Fund against losses
- Consider and make recommendations on matters pertinent to the investment of funds, the receipt of income, incurring of expenses and the management of the REIT.
- Receive during the course of the quarter, reports on matters that may impact on the Fund and the assets contained within the investment portfolio.

### **Investment Management**

The Investment Committee will review the strategic medium to long-term approach as it relates to the projected return on investment of the funds and assets of the REIT, with particular reference to its projected performance, level of investment risk and scope of investment portfolio. In accordance with the Trust Deed, the Investment Committee shall annually review the Investment Guidelines in order to align the trust's investment strategy with prevailing economic, social, political and global environment. This is also necessary to continuously ensure that the REIT remains a vibrant and relevant investment asset to Unit Holders and prospective Investors. The Committee will also discuss any problems or reservation arising from the fund manager's work and any other matters that the fund managers may wish to bring to the attention of the Committee.

### **Memberships**

The Committee will be constituted by the Fund manager. Two members of the Committee aside from the fund manager shall have asset management and Real Estate background. The period for which members of the investment Committee shall serve on the Committee shall be determined by the Fund Manager.

### **Frequency of Meetings**

Meetings will hold at least four times a year. An investment Committee meeting must take place in each quarter of the year.

### **Quorum**

The quorum necessary for the transaction of business shall be three (3) members, one representative of the trustees, the Fund Manager and independent Committee member. A duly convened meeting

## **THE INVESTMENT COMMITTEE**

---

of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested or exercisable by the Committee.

### **Notice of Meetings**

Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any member thereof. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend, no fewer than three working days prior to the date of the meeting.

### **Minutes of Meetings**

The Secretary shall minute the proceedings and resolutions of all Committee meetings including the names of those present and in attendance. Minutes of Committee meetings shall be circulated promptly to all members of the Committee. Minutes shall be approved at the next subsequent meeting whenever practicable.

### **Reporting Procedures**

The Committee will make a brief statement in the annual report about its activities and on the process used to evaluate potential acquisitions or sales.

Specifically, the investment Committee is required to ensure that the minutes of the investment Committee meetings are formally recorded and submitted to the Trustee.

### **Annual General Meeting**

The Chairman of the Committee or a deputy will attend the Annual General Meeting prepared to respond to any questions on the Committee's activities.

## **SECTION IV**

This section highlights the following information

- Fees and other Costs

## FEES AND OTHER COSTS

---

### 1. FEES AND EXPENSES

The REIT is obliged to retain a number of Professional Advisers who will play various roles in ensuring the profitable operation of the REIT and also enable compliance with specified regulatory requirements. All of these expenses will be borne by the REIT and charged to its operating account. Fees for the life parties and initial offer costs are as contained in the table below:

<b>TYPE OF FEE</b>	<b>AMOUNT</b>
<b>The Fund Manager</b>	Annual Management fee of 0.40% of the Net Asset Value of the REIT payable quarterly in arrears.  An incentive fee which shall not exceed 10% of the total returns in excess of 10% of the REIT's Net Asset Value per annum.
<b>Trustee</b>	An annual fee of 0.35% of the NAV per annum
<b>Custodian</b>	An annual fee of 0.75% of the NAV of the REIT
<b>Registrar</b>	An annual fee of ₦500,000 per annum
<b>Property / Facility Manager</b>	An annual fee of 2.5% of the Gross rental income payable quarterly in arrears
<b>Rating Agency</b>	A fee of ₦3,000,000 every two years
<b>Insurance</b>	An annual fee of 0.16% of the value of properties
<b>Estate Valuer</b>	Estate Valuer fee to be determined by Fund Manager and Trustee upon Valuation every two years.
<b>Offer Cost</b>	The initial offer costs including all regulatory fees to the Securities & Exchange Commission, Nigerian Stock Exchange and Central Securities Clearing Systems, brokerage, advertising and printing costs estimated at ₦390 million (2.91%) of the offer will be borne by the REIT and will be deducted from the offer proceeds upon conclusion of the Offer.
<b>Total % of expenses</b>	Not exceeding 5% of the REIT total assets

## **SECTION V**

This section highlights the following information:

- Risks and Mitigants



**RISKS AND MITIGANTS**

**1. OVERVIEW OF RISK**

The potential risks associated with the Fund have been segmented into two broad classes.

- The first category, Transactions Structure Risks, summarizes the risk inherent in the specific transaction structure.
- The second class of risks. Generic Risks, has to do with the risk that are in a Real Estate Investment Trust.

**TRANSACTION STRUCTURE RISK**

<b><u>RISK</u></b>	<b><u>DESCRIPTION</u></b>	<b><u>MITIGANTS</u></b>
I. Concentration Risk	The risk of rents falling due on the same date could lead to mass vacancy if all tenants vacate the property at the same time. This risk could also occur where only one tenant (corporate) occupies a property.	The Property Manager is to stagger the rent so that rents do not fall due at the same date to forestall vacancy occurring at the same time.  Single tenant obligor risk is to be prevented by diversifying the tenant base across middle and high end tenants and by the property Manager maintaining good relationship with tenants. Property manager would also be abreast of lease terms and be proactive such that new tenants are secured preferably for longer lease periods before existing tenants leave or vacate a property. Lease exit notification period of about six months would be considered for insertion in the lease agreements where applicable.
II. Holding beneficial title risk	These are the risks associated with the DOT Structure where in the legal title to the REIT properties remain with the Sponsor and not the Trustee	The DOT structure strips the Sponsor of all rights to deal with the properties of the Trust except as directed by the Trustee. In addition all title documents to the properties will be deposited with the Custodian to the REIT
III. Performance Risk	The performance of the Fund is directly dependent on the decision making abilities of the Fund Manager regarding assets selection and pricing.	The tested and proven knowledge of the Fund Manager in the management of real estate investment will help enhance the performance of the fund. The Investment Committee which oversees the activities of the Fund Manager is made up of seasoned professionals with in-depth

		knowledge and experience in the business of real estate in Nigeria and globally.
IV. Taxation Risk	Double incidence of taxation – first to the REIT and subsequently in the hands of the investors in the REIT.	Effort is being made to liaise with the relevant government body on the need to exempt REITs from taxation.
V. Structural Risk	From time to time, the buildings that the REIT would invest in may be in need of significant structural repairs. Whilst it is anticipated that the costs of such structural repairs should not be significant, there is the potential reduction in income from high levels of structural repairs costs.	The Property Manager will conduct an evaluation of the assets for any structural defects from time to time and repair as necessary to forestall significant damage to the properties.
VI. Property Vacancy Risk	Whilst the property manager strategies and administrators efforts are geared towards ensuring that the properties are tenanted at all times, there could still be vacancies at given times in the properties.	The Property manager will be abreast of tenancy expiry period and take proactive steps to secure new tenants in the event that existing tenants desire to vacate the properties.  In the event that there is a shortfall in rental income below 60% in an accounting year, the guarantor-Zenith Bank Plc will pay 16.40% of the rental income to the REIT investors.
VII. Regulatory Risk	There is the risk that though the Fund is fully compliant with regulatory matters on commencement, changes in legislation regarding property and tax matters can result in reduced returns to investors.	The Fund manager will be encouraged to relate actively with relevant decision making bodies in the country so as to contribute positively for the origination of policies that will benefit the growth of the market and Nigerian economy. They will also pay attention to compliance.

VIII. Transfer of Property Risks	This is the risk that the properties will not be transferred to the REIT after the disbursement of funds.	<p>The Sponsor has deposited unsigned Deed of release with the custodian prior to the Offer. These would be executed the day after SEC approval of Allotment before disbursement of Funds to AMCON and third party agents.</p> <p>The Sponsor has also pre-signed and deposited the deed of declaration of trust, and other relevant agreements with respect to the properties to be acquired from it and also procure the execution of deeds of assignment by third party vendors.</p>
----------------------------------	---	---

**GENERIC RISKS**

I. Market Risk	There may be a loss of capital as a result of adverse changes in either domestic or international economic conditions. This could be caused by factors that include inflation, interest rate and other fiscal policies	Real estate markets are domestically operated and can only be controlled and coordinated locally without global interference. Any effect of Changes in market conditions on the REIT will be well managed with expertise and track record of the Fund Manager, Property Manager and members of the Investment Committee.
II. Demand and Supply Risk	<p>The forces of demand and supply may not be easily determined in real estate industry.</p> <p>The risk of the units of the REITs not being liquid and tradable.</p>	<p>Pooling of different types of properties (residential and Commercial) in the heart of the country's main commercial centre and reserved locations are strategies to ensure demand at all times</p> <p>The REIT will be listed on the floor of the Nigerian Stock Exchange to facilitate liquidity of the units, a primary Market maker will be appointed to ensure the demand and supply of the units of the REIT to investors as at when required.</p>

<p>III. Property Damage Risk</p>	<p>Properties could be affected by hazardous occurrences such as fire, flood, windstorm etc.</p>	<p>The properties are insured against the identified risks. The insurance companies are obliged to indemnify by repairing the damaged property and bringing it up to its original state within one year. The policy also covers business loss that could occur as a result of the non-operation of business on the premises within the repair period. This risk will also be re-insured with the Re-insurer.</p>
<p>VI. Political Risk</p>	<p>Political risk refers to the impact political occurrences or changes in Government policies could have on real estate and real estate investments.</p>	<p>The efforts of the Federal government to make Nigeria an attractive investment destination has engendered various investment mechanisms which has opened up opportunities for foreign investment and has led to prediction of Nigeria being the next investment hub.</p> <p>Various strategies to curtail the unrest and insurgencies in the north that could discourage foreign investment in Nigeria or create an unstable economy is also being put in place by the Federal Government.</p> <p>The Fund Manager will maintain a balanced real estate portfolio diversification with regards to asset type, location and tenant base so as to curtail policy shocks.</p>

**RISKS AND MITIGANTS**

---

**2. PROPERTY TRANSFER STRUCTURE**

**A. BACKGROUND**

- 1. The Sponsor has pre-identified 6 (six) properties which are to make up the initial underlying asset pool of the HMK REIT.
- 2. Legal title in 4 (four) of the properties is vested in the Sponsor, whilst legal title in the other 2 are held by GT Bank and Mr. Edward Akinlade (and will be treated as independent third party acquisitions).
- 3. 5 (five) of the properties within the underlying asset pool have been identified as being encumbered with mortgages in favour of the erstwhile Oceanic Bank (which interest is now vested in AMCON) "AMCON Properties" whilst the 6<sup>th</sup> property is encumbered by a legal mortgage in favor of Guaranty Trust Bank "GT Bank Property".
- 4. Despite the encumbered titles, these assets have been selected because of the discounted acquisition price at which they are being offered and the use of an acquisition structure (described below) that ensures that the properties can be acquired by the REIT without jeopardizing the interest of investors.
- 5. The proposed acquisition structure and safeguard mechanisms have been detailed below.

**B. AMCON PROPERTIES ACQUISITION STRUCTURE**

**Structure**

- 1. The acquisition structure proposed for the properties encumbered in favor of AMCON is a **"transfer in lieu of redemption"**.
- 2. The REIT will deal jointly with AMCON and the Owners (the Sponsor and Mr. Edward Akinlade) in the acquisition process.
- 3. The REIT will offset any outstanding indebtedness owed to AMCON on behalf of the Owner/Mortgagor and pay the balance purchase price (less outstanding indebtedness plus any prepaid rental fees and other income from the properties to be calculated from the effective date of transfer of the REIT) to the Owner.
- 4. In return, the interest in the AMCON Properties will be assigned to the REIT without further action.

**Safeguard Mechanism**

- 1. Draft Deeds of release from AMCON will be deposited with the REIT custodian.
- 2. All other documents required for transfer of title in the AMCON Properties to the REIT and to register its interest at the applicable lands registry (including the Deed of Declaration of Trust<sup>1</sup>, Deeds of Assignment, amongst others) will be deposited with the REIT custodian prior to opening of the Issue.
- 3. Upon financial close (after SEC approval of the allotment) the deeds of release will be executed by AMCON and released by the REIT Custodian alongside other executed transfer documents.
- 4. At the same time as item 3 above, the fund manager will instruct payment of the purchase price for each property to the owner and AMCON in the agreed proportion,

---

<sup>1</sup> Further explanations provided on page [48] regarding the Declaration of Trust structure

## RISKS AND MITIGANTS

### C. GT BANK PROPERTY ACQUISITION STRUCTURE

- |                            |  |
|----------------------------|--|
| <b>Structure</b>           | <ol style="list-style-type: none"> <li>1. The acquisition structure proposed for the property to be acquired from GT Bank is a direct assignment by <b>“Exercise of Mortgagee’s Power of Sale”</b>.</li> <li>2. In accordance with its power of sale as mortgagee under a deed of mortgage and in consideration of receipt of certain sums as stated on page [17] in this prospectus, GT Bank will transfer title in the GT Bank Property to the REIT.</li> </ol>  |
| <b>Safeguard Mechanism</b> | <ol style="list-style-type: none"> <li>1. GT Bank will also execute a deed of indemnity stating that:             <ol style="list-style-type: none"> <li>i. GT Bank has legal and valid title over the property.</li> <li>ii. GT Bank has duly procured a valid and subsisting consent of the Head Lessor (Lagos Island Local Government) to sell the property.</li> <li>iii. Where the REIT suffers loss title, possession or other consequential losses as a result of a challenge of GT’s title to the property, the Bank shall refund the total purchase price as well as full reinstatement value of all losses suffered.</li> </ol> </li> <li>2. Deposit of draft Deeds of Assignment (in agreed form) transferring title in the GT Bank Property to the REIT and required to register the REIT’s interest at the lands registry (along with other documents showing that GT Banks power of sale has arisen and become exercisable under the mortgage agreement) will be deposited with the REIT custodian prior to opening of the Issue.</li> <li>3. GT Bank will also execute a contract of sale for the transfer of the property with the following pre-conditions listed:             <ol style="list-style-type: none"> <li>i. Provision of satisfactory evidence that its power of sale is valid and has become exercisable.</li> <li>ii. Notice of intention to sell has been given (i.e giving the Mortgagor at least 30days notice of intention to sell)</li> </ol> </li> <li>4. Upon financial close (after SEC approval of the allotment) the deed of assignment will be executed by GT Bank and released to the REIT custodian.</li> <li>5. At the same time as item 4 above, the fund manager will instruct payment of the purchase price for the property to GT Bank.</li> </ol> |

### D. THE PROPERTIES

S/N	Category	Properties
A	Properties to be acquired from the Sponsor via the DOT	<ol style="list-style-type: none"> <li>1. No 12 Rev Ogunbiyi Street, G.R.A, Ikeja, Lagos (<i>Arizona Court, Ikeja, Lagos</i>).</li> <li>2. No 13 Rev Ogunbiyi Street, G.R.A, Ikeja, Lagos (<i>Arkansas Court, Ikeja, Lagos</i>).</li> <li>3. Plot 12 Allen Avenue, Ikeja, Lagos (<i>Best Western Hotel, Ikeja, Lagos</i>).</li> <li>4. 2 Sobo Arobiodu, G.R.A, Ikeja.</li> </ol>
B	3 <sup>rd</sup> Party Acquisitions by Deeds of Assignment	<ol style="list-style-type: none"> <li>1. 14 Lugard Avenue, Ikoyi, Lagos.</li> <li>2. 49A Joel Ogunnaike Street, G.R.A, Ikeja, Lagos State.</li> </ol>

## **SECTION VI**

This section highlights the following information:

- OVERVIEW OF PROPERTIES
- ASSET PORTFOLIO

## OVERVIEW OF THE PROPERTIES

---

### ASSET PORTFOLIO

The following properties will form the initial underlying assets that will be acquired by the HMK REIT:

<b>S/N</b>	<b>Property</b>	<b>AGE</b>
1	14 Lugard Avenue, Ikoyi (Residential)	10 Years
2	Arkansas Court, GRA, Ikeja (Residential)	2 Years
3	Arizona Court , GRA, Ikeja (Residential)	2 Years
4	49A Joel Ogunnaike Street, GRA, Ikeja (Commercial)	1 Year
5	12 Allen Avenue, Ikeja (Commercial)	3 Years
6	2 Sobo Arobiodu Street, GRA Ikeja (Commercial)	20 months

The list above is an indicative list as the Fund Manager will identify other properties for acquisition.



**OVERVIEW OF THE PROPERTIES**

---

**1. LAGOS IKEJA HOTEL (BEST WESTERN PLUS), IKEJA (Commercial)**

Ikeja is the hub of the Lagos mainland and houses the seat of the Lagos state government. It lies north of Lagos Island. It has gradually grown to become both industrial and residential. The area is close to the city's domestic and international airports and has good road infrastructure and amenities.

Allen Avenue is located two kilometres west of Ikeja and is an upbeat commercial area of Ikeja. It is a choice location for financial services firms, blue chip companies and hotels. It is the city centre and easily accessible by residents.

Allen Avenue has over the years become the hub of business and social activities on the mainland, with numerous department stores, shopping malls, clubs and leisure centres springing up in the area. Alade Market is a major shopping centre in the area.

12 Allen Avenue, Ikeja houses Best Western plus Ikeja Lagos Hotel. It is a 4 star hotel of Best Western franchise with 112 room capacity.

Best Western Ikeja Hotel Lagos is a luxury hotel on four (4) floors and a penthouse. The hotel is styled with meticulous attention to detail and constructed to the highest standards.

Facilities offered at the hotel include a swimming pool, indoor parking, gymnasium and Conference Rooms for meetings. The property occupies a net lettable area of 2,610.839 square meters.

The REIT upon the conclusion of the Offer will own the property but will not engage in the operation of Hospitality Business.



## 2. 49A JOEL OGUNNAIKE STREET, GRA IKEJA (Commercial)

Situated in the heart of Lagos Government Reserve Area (GRA) Ikeja, 49 Joel Ogunnaike Street, GRA, Ikeja houses the Suru Express Hotel. It is a 35-room budget hotel that more than meets the eye.

Ikeja G.R.A. is a neighbourhood that houses the high class and elites of Lagos State. It has an impressive physical outlook consolidated with tarred and interconnected roads.

The Hotel offers comfortable, top-quality guest accommodation at pocket-friendly prices in four categories - the Suite, deluxe, standard and Express Gold rooms.



Suru Express Hotel sports a swimming pool and top-of-the-range gymnasium and massage parlour, laundry unit, car-hire service, 24-hour power supply (with a stand-by power generating set), round-the-clock corporate guard services enhanced with a CCTV surveillance system, Suru Express Hotel has 35 Rooms.



Suru Express Hotel occupies a net lettable area of 2,200 square meters and is on lease to a chartered Aviation firm

### **3. 2 Sobo Arobiodu (Commercial)**

A beautifully constructed property located in a very serene and reserved area of GRA, Ikeja Lagos. Suru House consists of office complex, canteen, gate house, generator shed, water treatment plant shed and a carport.

The office complex is on two floors and covers an area of approximately 1132.13 square meters; the ground floor with a large reception.

The Canteen cum offices is a bungalow stricter which covers an area of approximately 127.73 square meters.

The property is presently occupied by Suru Group.



**OVERVIEW OF THE PROPERTIES**

---

**4. 14 Lugard Avenue, Ikoyi (Residential)**

It is a boutique accommodation of two 4 bedroom apartment with a study; one 4 bedroom apartment without a study; seven 3 bedroom penthouses and two 2 bedroom luxury flats.

Ikoyi is an exotic and affluent neighbourhood in Lagos. It is located on Lagos Island and encompasses the eastern half of Lagos Island that lies at the edge of the Lagoon. It is a popular neighbourhood for the upper class residents of the Nigerian society.

Ikoyi has some of the most opulent residential facilities in Nigeria and is thought to have the most expensive real estate on the entire African continent



Each apartment is well designed with an entrance opening up to a large size family sitting room, dining area, fitted kitchen, guests toilet, master bedroom (ensuite) and bedrooms (ensuite).

The property occupies a net lettable area of 3,598.83 square meters and is currently on lease to a multinational Oil and Gas Company.

## 5. **ARIZONA COURT (Residential)**

The property is a Victoria-styled boutique accommodation of 14 apartments located in the Government Reservation Area (GRA) of Ikeja.

Ikeja G.R.A. is a very exclusive neighbourhood with an impressive physical outlook consolidated with tarred and interconnected roads. The Ikeja G.R.A. consists of houses that have recently been developed or undergone tasteful redevelopment.

The Arizona court can be classified into 2 blocks of 2 (No) 4 bedroom terrace houses each and 4 blocks of 3 (No) 4 bedroom terrace houses with swimming pool. The site consists of 16 terrace houses. Of the 16 units 2 have been sold while 14 will be transferred into the REIT. The property occupies a net lettable area of 5,949.26 sq.m

The Fourteen units are fully tenanted and are occupied by corporate tenants.



## **6. ARKANSAS COURT (Residential)**

Arkansas Court is a decently constructed property in a very serene and reserved area having 16 terrace houses.

It is located in Ikeja G.R.A. which is an integral part of Ikeja and was originally designed to be a predominantly residential area with ancillary services to cater for the wellbeing of the residents.

Ikeja G.R.A. is a very unique neighbourhood with an impressive physical outlook consolidated with tared and interconnected roads.



Arkansas Court is grouped into 2 blocks of 2 (No) 4 bedroom terrace houses each, 3 blocks of 3 (No) 4 bedroom terrace houses each and block of 1 (No) 4 bedroom terrace house with swimming pool.

Of the 14 terrace houses, 2 have been sold while 12 will be transferred to the REIT. The property is located in a spacious environment having modern facilities and occupies a net lettable area of 5,946.54 sq.m. The property is fully tenanted by Corporate tenants.

## **OTHER INFORMATION**

The properties highlighted in this Prospectus will be the initial properties that will constitute the HMK REIT assets. Going forward the Fund Manager guided by the Investment Policy will make other investments with the aim of generating high returns to unit holders.

### **7. VALUATION OF PROPERTIES**

The properties highlighted in the prospectus for transfer to the HMK REIT have been valued by Ubsi Eleh & Co. and Jide Taiwo & Co.

The Valuation Report of Jide Taiwo & Co. dated September 30, 2013 and January 13, 2014 and Ubsi Eleh & Co. dated January 8 and 9, 2014 expressed their opinion about the properties, the assumptions in arriving at the values of the properties and the valuation methods adopted. Some of the assumptions made by the valuers include:

1. Information supplied is correct
2. Title to the property is good and marketable
3. Property is not adversely affected by, or subject to compulsory acquisition, road widening, new road proposals or planning regulations and environmental laws.

In order to attain the most efficient cost for the REIT, an average of the values of the properties were computed and subsequently discounted in arriving at the value of each property.

Further details of the properties for transfer to the REIT are captured below:

#### **RESIDENTIAL**

<b>PROPERTY</b>	<b>No of Units</b>	<b>Age (Years)</b>	<b>Net Lettable Area (sq.m)</b>	<b>Open Market Value ₦(million) A</b>	<b>Transfer Value to the REIT ₦ (million)</b>	<b>Projected Occupancy Rate</b>	<b>Year of Valuation</b>
Arizona Court, (GRA) Ikeja	12	2	5,949.26	1,420	800	100	2013
Arkansas Court, (GRA) Ikeja	14	2	5,946.54	1,500	800	100	2013
14 Lugard Avenue, Ikoyi	12	10	3,598.83	2,200	1,800	100	2014

#### **COMMERCIAL**

<b>PROPERTY</b>	<b>No of Rooms</b>	<b>Age (years)</b>	<b>Net Lettable Area</b>	<b>Valuation in ₦ (million) A</b>	<b>Transfer Value to the REIT ₦(million)</b>	<b>Projected Occupancy Rate</b>	<b>Year of Valuation</b>
Lagos Ikeja Hotel (Best Western) Ikeja	112	3	2,610.83	5,200	4,200	60%	2013
49, Joel Ogunnaike (GRA) Ikeja	35	1	2,200	1,385	1,000	100%	2014
2, Sobo Arobiodu, GRA, Ikeja	2 floor office and a bungalow	1.8	3,750	1,000	850	100%	2014

## **8. DEED OF DECLARATION OF TRUST**

A declaration of trust "DOT" is a legal structure made by deed which allows the Sponsor (as title holder) to declare itself as holding the pre-identified properties to be acquired by the REIT in Trust irrevocably for the REIT (as beneficiaries).

Under the structure, the legal title to the properties remains with the Sponsor who shall act as a **bare trustee** whose only right to deal with the properties is upon the instructions of the REIT, while only the beneficial ownership in the pre-identified properties is vested in the REIT.

The structure minimizes the huge transfer costs which will ordinarily be incurred for the transfer of the properties to be vested in the REIT upon completion of the Offer if the conventional Deed of Assignment was utilized.

### **Key characteristics of the DOT structure include:**

- All of the Sponsor's entitlement to receivables in the properties, including right to rental incomes and capital appreciation will be legally assigned to the REIT Trustees (via a deed of assignment of receivables) ;
- The Sponsor shall have absolutely no right/powers to independently sell, mortgage, transfer title of properties without express authorization from the REIT Trustees;
- The DOT is bankruptcy remote, thus the properties transferred to the REIT will be segregated from the general assets of the Sponsor and cannot be used to offset debts owed by Sponsor in the unlikely event that the Sponsor becomes bankrupt;
- The DOT is irrevocable. Consideration would have been offered and accepted for the trust and the REIT will have clear legal rights to claim title to the properties as beneficiaries;
- The physical legal title documents of the real estate portfolio (subject matter of the DOT) shall be deposited with the Custodian on behalf of the Joint Trustees. In addition, a notice stating the interest of the REIT shall be affixed on all the properties.

### **Benefits of the structure**

- Minimizes transaction costs that will be borne by the REIT for property transfer taxes. This significantly reduces the REITS transaction costs and increases the REITS Net Asset Value;
- Protects investors' interests by vesting beneficial ownership of the property in the REIT Trustees;  
Creates a platform for increased income distribution to unit holders;



## **SECTION VII**

This section highlights the following information:

- STATEMENT OF REPORTING ACCOUNTANT
- PROFIT FORECAST
- FORECAST BALANCE SHEET
- CASHFLOW FORECAST
- BASES AND ASSUMPTIONS FOR THE PROFIT FORECAST
- LETTER FROM THE ISSUING HOUSES

## FINANCIAL INFORMATION

---

### 1. THE REPORTING ACCOUNTANT'S STATEMENT

1<sup>st</sup> July, 2014

The Directors  
FSDH Asset Management Ltd  
UAC House (8<sup>th</sup> Floor)  
1-5 Odunlami Street  
Lagos.

The Directors  
Suru Worldwide Ventures Nigeria Ltd  
2 Sobo Arobiodu Street  
GRA, Ikeja  
Lagos

The Directors  
Planet Capital Ltd  
St. Peters House (3<sup>rd</sup> Floor)  
3, Ajele off Broad Street  
Lagos

The Directors  
Skye Trustees Ltd  
Skye bank Building (3<sup>rd</sup> Floor)  
30 Marina  
Lagos

The Directors  
BGL Capital Limited  
12A Catholic Mission Street  
Lagos Island  
Lagos

The Directors  
Greenwich Trust Ltd  
Plot 1698A Oyin Jolayemi  
Victoria Island  
Lagos

The Directors  
Goldbanc Management Associates  
Ltd  
Medife House (5<sup>th</sup> Floor)  
58/60 Broad Street  
Lagos

The Directors  
Capital Bancorp Plc  
UNTL Building (3<sup>rd</sup> Floor)  
1, Davies Street, off Marina  
Lagos

The Directors  
LeadCapital Plc  
Plot 281 AJose Adeogun  
Victoria Island  
Lagos

Gentlemen,

We have examined the accounting basis and assumptions for the financial projections of HMK's Equity REIT Trust ("REIT") for the five years ending 30 September 2019, in accordance with the International Standards on Assurance Engagements 3400, applicable to the examination of prospective financial information.

The Financial Advisers and the Fund Manager are solely responsible for preparing and ensuring that the financial projections for the five years ending 30 September 2019 contain no error or material misstatements and that the assumptions, policies and principles adopted for the financial projections are consistent with those normally adopted by the REIT. Our responsibility is to express an opinion as to the proper compilation of the financial projections. We wish to emphasize that no business is free of major risks and few financial projections are free of errors of commissions or omissions. These financial projections relate to the future and consequently may be affected by unforeseen events as there may be differences between forecast, estimated, budgeted or projected results and the actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

This projection has been prepared for the REIT, which aims to achieve a long-term capital appreciation of assets by investing in a portfolio of high quality real estate and hospitality assets that are already generating income. As the REIT is in a start-up phase, the projection has been prepared using a set of assumptions that include hypothetical assumptions about future events and management's action that are not necessarily expected to occur. Consequently, readers are cautioned that this projection may not be appropriate for purposes other than that described above.

In our opinion, the financial projections, so far as the accounting policies and calculations are concerned, have been properly compiled based on the assumptions made by the Management and are presented on a basis consistent with the accounting policies normally applied in the industry.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Yours faithfully



Bosede A Odeloye [Mrs]  
For: Akintola Williams Deloitte  
FRC/2013/ICAN/00000000846

## FINANCIAL INFORMATION

2. PROJECTED INCOME STATEMENTS	←-----Year ending 30 September-----→				
	2015 N'm	2016 N'm	2017 N'm	2018 N'm	2019 N'm
<b>Revenue</b>					
Rental income	915	950	1,037	1,122	1,224
Other investment income	507	579	662	757	866
Service charge received	<u>57</u>	<u>57</u>	<u>57</u>	<u>57</u>	<u>57</u>
<b>Total Revenue</b>	<u>1,479</u>	<u>1,586</u>	<u>1,756</u>	<u>1,936</u>	<u>2,147</u>
<b>Expenses</b>					
Repairs and maintenance	5	5	5	5	5
Service charge paid-	57	57	57	57	57
REITS management fee	121	123	130	131	136
Depreciation	<u>189</u>	<u>189</u>	<u>189</u>	<u>189</u>	<u>189</u>
	<u>372</u>	<u>374</u>	<u>381</u>	<u>382</u>	<u>387</u>
<b>Operating profit/(loss) before taxation</b>	<b><u>1,106</u></b>	<b><u>1,212</u></b>	<b><u>1,374</u></b>	<b><u>1,554</u></b>	<b><u>1,760</u></b>
<b>Net profit/(loss)</b>	<b>1,106</b>	<b>1,212</b>	<b>1,374</b>	<b>1,554</b>	<b>1,760</b>
Dividends-REITS	995	1,091	1,237	1,399	1,584
<b>Retained profit for the Year</b>	<b><u>111</u></b>	<b><u>121</u></b>	<b><u>137</u></b>	<b><u>155</u></b>	<b><u>176</u></b>
Retained profit/(loss)brought	-	111	232	369	524
Retained profit/(loss)carried forward	<u>111</u>	<u>232</u>	<u>369</u>	<u>524</u>	<u>700</u>
<b>Profit ability ratios</b>					
Net Profit before Tax/Revenue (%)	74.83	76.43	78.29	80.24	81.97
Return on Capital Employed(ROCE)	8.44	9.16	10.28	11.49	12.85
Return on Invested Capital(ROIC)	8.44	9.16	10.28	11.49	12.85
Return on Assets(ROA)	8.44	9.16	10.28	11.49	12.85
<b>Forecast Yield</b>					
Earnings per unit	0.43	0.47	0.53	0.60	0.68
Dividend per unit	0.38	0.42	0.48	0.54	0.61
Earnings yield	8.51	9.25	10.38	11.62	13.02
Dividend yield	7.65	8.32	9.35	10.47	11.71

## FINANCIAL INFORMATION

### 3. PROJECTED BALANCE SHEET

<----- year ending 30 September ----->

	2015	2016	2017	2018	2019
	N'm	N'm	N'm	N'm	N'm
Cash and cash equivalents	2,361	2,379	2,411	2,403	2,364
Investments	2,587	2,976	3,421	3,935	4,526
Debtors	18	19	21	22	25
Fixed assets	<u>9,261</u>	<u>9,072</u>	<u>8,883</u>	<u>8,694</u>	<u>8,505</u>
<b>Total assets</b>	<b><u>14,227</u></b>	<b><u>14,446</u></b>	<b><u>14,736</u></b>	<b><u>15,054</u></b>	<b><u>15,420</u></b>
Dividend payable	995	1,091	1,237	1,399	1,584
REITS management fee	<u>121</u>	<u>123</u>	<u>130</u>	<u>131</u>	<u>136</u>
<b>Total liabilities</b>	<b><u>1,116</u></b>	<b><u>1,214</u></b>	<b><u>1,367</u></b>	<b><u>1,530</u></b>	<b><u>1,720</u></b>
<b>Net asset</b>	<b><u>13,111</u></b>	<b><u>13,232</u></b>	<b><u>13,369</u></b>	<b><u>13,524</u></b>	<b><u>13,700</u></b>
<b>Capital and reserves</b>					
REITS capital	13,000	13,000	13,000	13,000	13,000
Profit and loss reserve (retained earnings)	<u>111</u>	<u>232</u>	<u>369</u>	<u>524</u>	<u>700</u>
<b>Shareholders' Fund</b>	<b><u>13,111</u></b>	<b><u>13,232</u></b>	<b><u>13,369</u></b>	<b><u>13,524</u></b>	<b><u>13,700</u></b>
<b>Efficiency ratios</b>					
Return on total revenue (NPBT/TR %)	74.83	76.43	78.29	80.24	81.97
Asset turnover (TR/ Total Assets)	0.10	0.11	0.12	0.13	0.14
Asset leverage (Total assets/Equity)	1.09	1.09	1.10	1.11	1.13
Return on equity (NPAT/Equity %)	8.44	9.16	10.28	11.49	12.85

## FINANCIAL INFORMATION

4. PROJECTED STATEMENT OF CASH FLOWS	<-----Year ending 30 September ----->				
	2015	2016	2017	2018	2019
	N'm	N'm	N'm	N'm	N'm
<b>Net Operating Profit</b>	111	121	137	155	176
Depreciation / Amortisation	<u>189</u>	<u>189</u>	<u>189</u>	<u>189</u>	<u>189</u>
<b>Earnings before Interest, Tax, Depreciation and Amortisation</b>	<b>300</b>	<b>310</b>	<b>326</b>	<b>344</b>	<b>365</b>
Change in debtors	<u>(18)</u>	<u>(1)</u>	<u>(2)</u>	<u>(1)</u>	<u>(3)</u>
<b>Net Operating Cash Flow</b>	<b><u>282</u></b>	<b><u>309</u></b>	<b><u>324</u></b>	<b><u>343</u></b>	<b><u>362</u></b>
<b>Returns on Investment and Servicing of Finance</b>					
REITS Management fee	121	2	7	1	5
Dividends	<u>995</u>	<u>97</u>	<u>146</u>	<u>162</u>	<u>185</u>
<b>Net Cash outflow from returns on investments and servicing of finance</b>	<b><u>1,116</u></b>	<b><u>99</u></b>	<b><u>153</u></b>	<b><u>163</u></b>	<b><u>190</u></b>
<b>Investing Activities</b>					
Investment in fixed assets	(9,450)	-	-	-	-
Short-term investments	<u>(2,587)</u>	<u>(390)</u>	<u>(445)</u>	<u>(514)</u>	<u>(590)</u>
<b>Net cash outflow for capital expenditure and financial investment</b>	<b><u>(12,037)</u></b>	<b><u>(390)</u></b>	<b><u>(445)</u></b>	<b><u>(514)</u></b>	<b><u>(590)</u></b>
<b>Total cash (outflow)/inflow before financing</b>	<b><u>(10,639)</u></b>	<b><u>18</u></b>	<b><u>32</u></b>	<b><u>(9)</u></b>	<b><u>(38)</u></b>
<b>Financing</b>					
Share capital and reserves	13,000	-	-	-	-
<b>Net cash inflow from financing</b>	<b><u>13,000</u></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase in Cash/ (Decrease in cash)</b>	<b>2,361</b>	<b>18</b>	<b>32</b>	<b>(8)</b>	<b>(39)</b>
Reconciliation of net cash flow to cash and cash equivalents:					
Changes in cash	<u>-</u>	<u>2,361</u>	<u>2,379</u>	<u>2,411</u>	<u>2,403</u>
<b>Cash and cash equivalents</b>	<b><u>2,361</u></b>	<b><u>2,379</u></b>	<b><u>2,411</u></b>	<b><u>2,403</u></b>	<b><u>2,364</u></b>

## FINANCIAL INFORMATION

---

### BASIS AND ASSUMPTIONS

The following are the basis and principal assumptions underlying the financial projections for the five years ending 30 September 2019:

#### Basis

The financial projections for the five years ending 30 September 2019 were prepared under the historical cost convention and on a basis consistent with the current accounting policies of the industry.

#### Assumptions

(i) Macro-Economic and Political Indicators

- It is assumed that there will be stable political and economic environment in Nigeria during the forecast period
- There will be no significant changes in the Federal Government's Monetary and Fiscal Operations that will adversely affect the operations of the REIT.
- GDP growth rate is estimated at range of between 6% to 7% during the forecast period.
- Inflation is expected to range between 8% to 10% in the forecast period

(ii) Based on the projected level of operations, the total revenue of REIT for the years ending 30 September 2015, 2016, 2017, 2018 and 2019 will be ₦1.48 billion, ₦1.59 billion, ₦1.76 billion, ₦1.94 billion and ₦2.15 billion respectively.

(iii) The REIT is estimated to commence operations in October 2014.

(iv) The 2,600,000,000 units of the Fund will be fully subscribed within the initial subscription period under the terms and conditions of the Offer.

(v) The properties that form the basis of the projections are listed below:

- Arizona Court, GRA, Ikeja, Lagos.
- Arkansas Court, GRA, Ikeja, Lagos.
- Commercial 1 - Lagos Ikeja Hotel (Best Western), Ikeja, Lagos.
- Commercial 2 - 49 Joel Ogunnaike Street, GRA, Ikeja, Lagos.
- 14 Lugard Avenue, Ikoyi, Lagos.
- Office complex - 2 Sobo Arobiodu Street, GRA, Ikeja, Lagos.

(vi) Estimated value of total assets is N13.0 billion derived as follows:

	<b>N'm</b>
Arizona Court	800
Arkansas Court	800
Lagos Ikeja Hotel(Best western), Ikeja, Lagos	4,200
49, Joel Ogunnaike Street, GRA, Ikeja, Lagos	1,000
14, Lugard Avenue, Ikoyi Lagos	1,800
2 Sobo Arobiodu Street, GRA, Ikeja, Lagos	850
Other real estate assets	2,250
Cash	<u>1,300</u>
	<u>13,000</u>

## FINANCIAL INFORMATION

---

- (vii) The Fund's income will include the following:
- a. Rental income has been estimated on a property by property basis with rates reviewed biennially in the range of 5% to 15%.
  - b. Interest on money market investments is estimated at 13% per annum.
  - c. Other investment income is expected from investments in other assets comprising property sales and in real estate investment.

Income from property sales has been adjudged to be the difference between the property sales value and net book value of the asset. The real estate related Investment portfolio is expected to provide an annual return of 15%.

- (viii) It is assumed that 2% of the rental income on properties for a period will be received in subsequent period
- (IX) The REIT properties will be depreciated over 50 years on a straight line basis, in line with generally accepted accounting investment.
- (x) Occupancy rates have been estimated at 100% and no void is assumed on the properties. A portion of the REIT Rental Income is guaranteed by Zenith Bank Plc to a limit of N150Million in the event that the rental income falls below 60% in any financial year
- (xi) The Fund Managers will be responsible for the cost of acquiring, valuing and disposing of investments as well as all administrative, custodial and other related expenses to be incurred in the day to day operations.

The annual expenses of the REIT are assumed to be:

- Fund Management fees at 0.40% of annual opening Net Assets Value
- Trustee fees at 0.035% of annual opening Net Assets Value
- Custodian fee at 0.075% of opening Net assets value
- Property management fee at 2.5% of rental income
- Registrar fees fixed at ₦0.5m, ₦0.55m, ₦0.55m, ₦0.57m, ₦0.57 million in 2015, 2016, 2017, 2018 and 2019 respectively
- Auditors fees at ₦3.0 million for the first two years of the forecast period, with ₦0.5million annual increases in 2017, 2018 and 2019.
- Property taxation fixed at 0.05% of the value of the properties
- Insurance premium on the assets is negotiated and fixed throughout the period of the REIT
- Estate valuer fee to be determine by Fund manager and Trustee upon valuation every two years
- Rating agency fee of N3m every two years.

- (Xiii) The dividend payout is estimated to be 90% of the net profit after taxation.
- (Xiv) The REIT income is treated as franked investment income in the hands of the investors and so will not be subject to corporate taxes. However, it is assumed that Lagos State Property tax at 0.05% might be applicable.

## FINANCIAL INFORMATION

---

- (Xv) Annual running costs on investments in other assets such as off-plan property investment, co-ownership of properties with other developers or REIT are estimated at 1% of rental income.
- (Xvi) The forecast assumes that the REIT will remain a going concern during the forecast period.
- (xvii) There will be no material changes in the accounting policies currently adopted by the REIT.
- (Xviii) There will be no significant changes in the Federal Government's monetary and fiscal policies that will adversely affect the operations of the REIT management.
- (xix) There will be no drastic change in the political, economic and regulatory environment that will adversely affect the operations of the REIT.
- (xx) There will be no litigation that will have adverse material consequence on the REIT.
- (xxi) The REIT management will continue to enjoy the goodwill of its present and potential customers



## FINANCIAL INFORMATION

### 5. LETTER FROM THE ISSUING HOUSES



**Capital Bancorp Plc**  
RC 114133



4th July, 2014

The Directors  
FSDH Asset Management Limited  
UAC House (8<sup>th</sup> Floor)  
1-5 Odunlami Street  
Lagos

Dear Sirs,

#### **OFFER FOR SUBSCRIPTION OF 2,600,000,000 UNITS IN THE HALDANE MCCALL REAL ESTATE INVESTMENT TRUST**

We write further to the Prospectus issued in respect of the Offer for Subscription of 2,600,000,000 Units in the HMK Real Estate Investment Trust ("The HMK REIT"), the draft of which we have had the privilege of reviewing.

The Prospectus contains financial forecasts of the Fund for the years ending 30<sup>th</sup> September 2015 to 2019.

We have discussed the bases and assumptions upon which the forecasts were made with you and with Akintola Williams Deloitte, the Reporting Accountants. We have also considered the letter dated July 1, 2014 from the Reporting Accountants regarding the accounting bases and calculations upon which the forecasts were compiled.

Having considered the assumptions as well as the accounting bases and calculations reviewed by Akintola Williams Deloitte, we consider that the forecasts (for which you, as Fund Managers, are solely responsible) have been made by you after due and careful enquiry.

Yours faithfully,  
FOR ISSUING HOUSES

**Olu Abayomi Sanya**  
Goldbanc Management Associates Ltd

**Chibundu Edozie**  
BGL PLC

**Mr. Aigboje Higo**  
Capital Bancorp Plc

**Kayode Falowo**  
Greenwich Trust Ltd

**Wale Adewumi**  
LeadCapital Plc

**Efe Akhigbe**  
Planet Capital Ltd

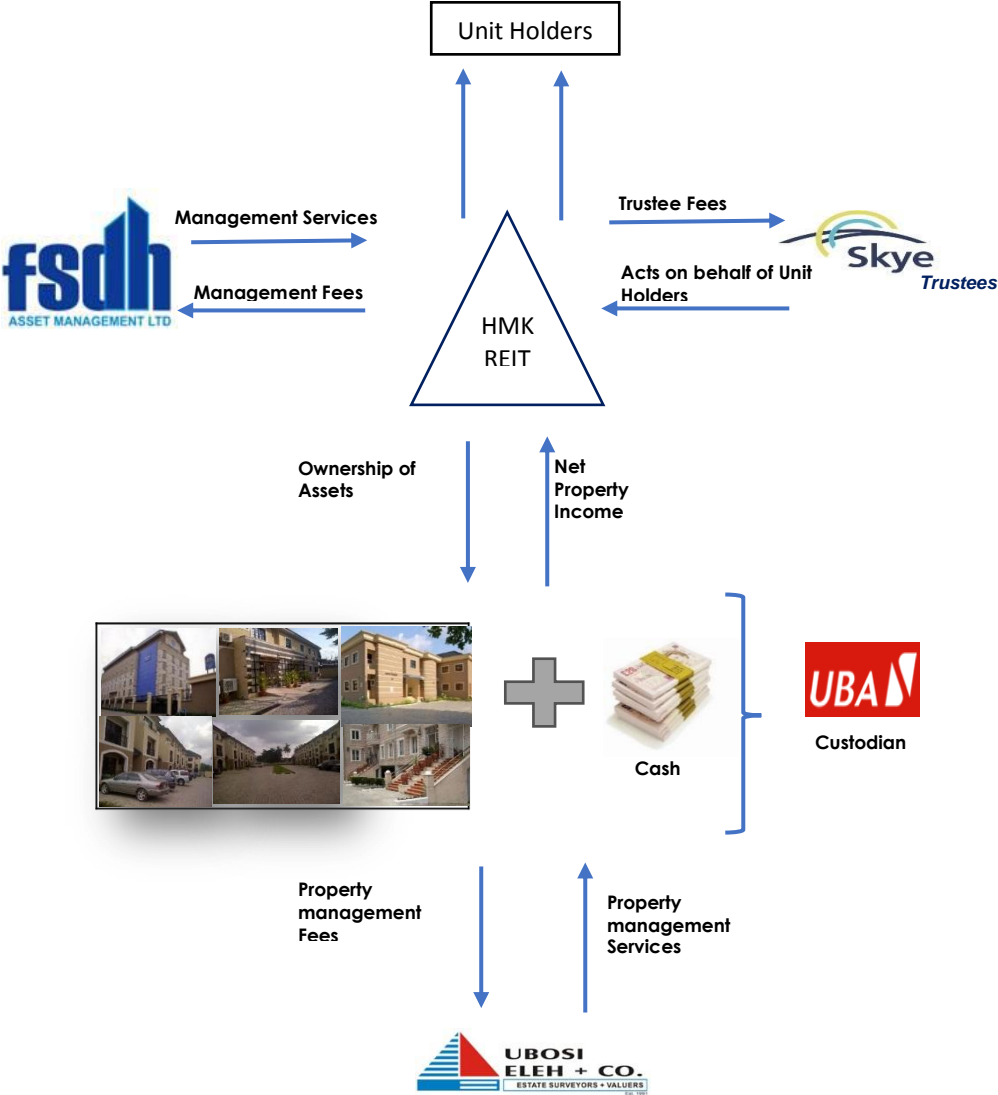
## **SECTION VIII**

This section highlights the following information:

- THE STRUCTURE OF THE REIT

HMK REIT STRUCTURE

1. STRUCTURE DIAGRAM



## **HMK REIT STRUCTURE**

---

Following the completion of the public offering of units in the HMK REIT, the following parties shall make up the structure of the REIT:

### **A. THE ORIGINATING PARTIES**

1. The Sponsor
2. The Fund Manager

### **B. THE STATUTORY PARTIES**

1. The Trustees
2. The Custodian
3. The Solicitors to the Trustees
4. The Auditors to the REIT
5. The Property/Facility Manager
6. The Rating Agency
7. The Registrar
8. The Estate Valuer

### **C. REIT ENHANCERS**

1. The Insurance Companies
2. The Guarantor

### **D. THE PUBLIC**

1. The Investors

## **SECTION IX**

This section highlights the following information:

- THE PROFILE OF THE FUND MANAGER
- THE BOARD OF DIRECTORS
- TRACK RECORD IN FUND MANAGEMENT
- ROLE AS THE FUND MANAGER OF THE HMK EQUITY REIT

## PROFILE OF THE FUND MANAGER

---

### PROFILE

FSDH Asset Management Limited (FSDH AM) is registered with the Securities & Exchange Commission as a Fund Manager, Portfolio Manager and Corporate Investment Adviser. FSDH AM commenced asset management in 1997, as a department within First Securities Discount House Limited, now FSDH Merchant Bank. On November 1, 2003 the department became a wholly owned investment management subsidiary of FSDH. It was spun off as a company to adequately provide asset management services to both individual and institutional investors.

FSDH AM is the Fund Manager to the Coral Growth Fund, Coral Income Fund and the UPDC REIT which have been in operation since 2001, 2006 and 2013 respectively. Currently, FSDH AM manages and administers segregated portfolios such as gratuity schemes, provident schemes, endowment funds and other special purpose funds of several large corporations and the Company's assets under management is in excess of ₦40 billion.

The Company relies on its experience in fixed income and equity securities markets to assist investors to develop unique financial solutions to enable investors achieve their aspiration. Prior to the pension reforms in 2004, which established special purpose pension fund administrators, FSDH AM managed and administered pension schemes of a number of large corporations. Pensions Alliance Limited, the affiliate company, has since taken over most of the pension fund portfolios previously held by FSDH AM.

Unique advantages of FSDH AM include the following:

- The synergy that exists within the FSDH Group which allows for the best financial market services to clients at the best possible value;
- **Investment Management** rating of **Bbb(mq)** by Global Credit Rating Company (GCR) while the parent company, FSDH Merchant Bank, has a **Credit** rating of **A-** by both Agosto & Co. and GCR.
- Our team of **professionals** with the relevant technical know-how to enable a consistent, risk-adjusted performance over time.
- Well-grounded **research** methodology to make strategic and tactical investment management decisions in order to achieve pre-set goals and targets on behalf of the Fund.
- ❖ Sound **technology** to provide reach, depth, cost efficient, and robust data, relevant/timely information and services to clients.
- ❖ Very robust research and IT infrastructure which gives support to our business and facilitates the **seamless execution of trades**.

## PROFILE OF FUND MANAGER

---

### BOARD OF DIRECTORS

**Mr. Rilwan Nosawaru Belo-Osagie** is the Chairman of FSDH Asset Management Limited (FSDH AM) and Managing Director of FSDH Merchant Bank Limited (FSDH). He holds a Bachelor of Science degree (Hons.) in Mechanical Engineering, Imperial College of Science & Technology, University of London, London England (1979). He holds a Masters degree in Production Management & Manufacturing Technology, from the University of Strathclyde, Glasgow, Scotland and an MBA degree from the London Business School, University of London, London, England (1990). He joined FSDH in 1992 as an Assistant General Manager and rose to be appointed Managing Director in 1998.

**Mrs Adekiite Olumayowa Ogunwemimo** is the Managing Director of FSDH AM. She holds a Bachelor of Science degree in Accounting, Obafemi Awolowo University (2000). She is currently a Fellow of the Institute of Chartered Accountants of Nigeria. Prior to joining FSDH AM in 2004, she had worked in the Risk Management and Research Departments in FSDH between 2000 and 2004.

**Mrs Hamda Abimbola Ambah** is the Executive Director of FSDH Merchant Bank Limited. She holds a Bachelor of Science degree in Computer Science from the University of Lagos (1980) and an MSc in Management Science from the University of London (1982) and is a Chartered Stockbroker. She worked in International Merchant Bank Limited from 1982 till 1989, when she joined Reuters Limited as a Sales Executive. She joined FSDH in 1993 as an Assistant General Manager and was subsequently appointed Executive Director in 2009.

**Mr Dave Emenike Uduanu** is the Managing Director, Pensions Alliance Limited (PAL Pensions), a Pension Fund Administrator in Nigeria. He graduated with a Bachelor of Engineering (second class upper division) from the University of Nigeria, Nsukka in 1989 and qualified as a Chartered Accountant in 1994. He started his career as an Audit Assistant in Ernst and Young, Lagos in 1991 and subsequently joined the consulting firm of IBFC Limited in 1993. In 1996 he had a one year stint in Hamilton Hammer & Co Limited as an equity research Analyst. He became a Partner in the firm of Alliance Consulting (the result of a merger of consulting firms of IBFC and Augusto & Co Limited) in 2002 and led a group of investors to set up a Special Purpose Vehicle that acquired control of an old generation Life Insurance Company - African Alliance Insurance Co Limited (AAIC) in 2004. In the past five years, Mr. Uduanu has held board positions in AAIC, PAL Pensions, Hygeia Nigeria Limited, Path Care Nigeria and IBFC Augusto Limited.

### Management

**Mrs Olumayowa Ogunwemimo** is the Managing Director of FSDH AM and Investment Manager for FSDH's Coral Funds. She holds a Bachelor of Science degree in Accounting, Obafemi Awolowo University (2000). She is currently a Fellow of the Institute of Chartered Accountants of Nigeria. Started her career in the risk management unit of First Securities Discount House Limited (FSDH) in 2001 and subsequently worked in the research unit of the same organization, before moving to the asset management subsidiary, i.e. FSDH Asset Management Limited in 2004, where she was appointed Managing Director of FSDH Asset Management Limited in 2011.

**Mrs. Chinenye Ekwunife** holds a Bachelor of Science degree in Accountancy from the University of Nigeria, Nsukka in 2005. She started her career at Kakawa Asset Management Limited, in 2006 and moved on to the Treasury department of Zenith Bank Plc in 2007. Since joining FSDH Asset management Limited in 2008, she has worked with the Investment management and Administration unit and was responsible for the administration of the Coral Funds. Currently she is involved in the business development activities in FSDH AM.

## PROFILE OF FUND MANAGER

---

**Mr Richard Chukwuyerenwa Osuagwu** is the Head, Internal Audit of FSDH. He is an Associate member of the Institute of Chartered Accountants of Nigeria (1990). He holds a MBA from the Lagos Business School (1998) and is a Certified Forensic Accountant of the Institute of Chartered Accountants of Nigeria (2011). He was previously the Financial Controller between 1994 and 2002.

**Mr Robert Anwalimobor Ajiamah** is the Head, Risk Management of FSDH. He holds a Bachelor of Science degree in Political Science from the University of Sokoto (1982), an MSc. Degree in International Relations, Obafemi Awolowo University, Ile-Ife (1985) and an MBA in Finance, University of Lagos (1987). He has over 18 years of varied banking experience. He joined First Securities Discount House Limited (FSDH) in 1999 and became the head of the Abuja regional office in 2003. He has been the Head of risk management for the FSDH group since 2007

**Mrs Olufola Wiltshire** is the head of the Human Resources and Administration Department. She holds a Bachelor of Law Degree and an LLM (Commercial & Corporate Law) degree. She is an alumna of the Kings College, University of London as well as the Lagos Business School; having attended the Senior Management Programme (SMP). Prior to joining FSDH, She was with the Nigerian American Merchant Bank (NAMBL). She has a career background in Credit Analysis and Marketing, Credit Administration and Risk Management.

**Mr Bamidele Samuel Ojo** is the Head, Financial Control Unit of FSDH. He holds a B.Sc (Hons, Applied Accounting) degree from the Oxford Brookes University, United Kingdom. He also holds an ND and HND degree in accountancy from the Federal Polytechnic, Ado-Ekiti, Ekiti State and Federal Polytechnic, Ilaro, Ogun State respectively. Prior to working with FSDH, he was a senior banking analyst in National Bank of Nigeria, for a few years before moving to Central Bank of Nigeria, where he was an assistant bank examiner in the Banking Supervision Department.

**Mr Uche Ajoku** heads the Information Technology (I.T) function of FSDH. He graduated with a Bachelor of Engineering from the Federal University of Technology, Owerri. He also attended the Senior Management Programme at Lagos Business School. Prior to joining FSDH in 1996, he worked at NEXIM Bank, Commerce Bank and Kittell Systems Limited

### **ROLE AS THE FUND MANAGER OF THE HMK EQUITY REIT**

- ⦿ Responsible for implementing the fund's investment strategy
- ⦿ Managing the REIT portfolio as outlined in the REIT Trust Deed and Investment Guidelines
- ⦿ Works closely with other parties in the REIT to identify potential property investments as per REIT investment policy.
- ⦿ Reinvests income arising from investments in the Fund
- ⦿ Enhancing existing REIT properties' values and pursuing acquisition of additional good properties as the need arises.
- ⦿ Taking proactive and prudent stance in maintaining a fundamentally sound and effective capital structure.



## PROFILE OF FUND MANAGER

### Five Year Summary of the Fund Manager

	December 2013 N'000	December 2012 N'000	December 2011 N'000	December 2010 N'000	December 2009 N'000
<b>Gross Earning</b>	<u>575,408</u>	<u>1,013,173</u>	<u>234,059</u>	<u>264,113</u>	<u>118,072</u>
<b>Profit before tax</b>	329,011	252,237	125,217	80,942	21,628
<b>Tax</b>	<u>(91,432)</u>	<u>(61,323)</u>	<u>(33,513)</u>	<u>(24,379)</u>	<u>(6,174)</u>
<b>Profit after tax</b>	<u>237,579</u>	<u>190,914</u>	<u>91,704</u>	<u>56,563</u>	<u>14,914</u>
<b>Earnings/(loss) per share</b>	119k	95k	46k	28k	7k
<b>Assets:</b>					
<b>Cash and bank balances</b>	10,362	-	107	115	140
<b>Loans to banks</b>	248,292	12,551,093	20,147	-	-
<b>Loans and receivables</b>	10,392	11,504	381,533	318,360	795,132
<b>Financial Assets held for trading</b>	-	-	-	86,855	205,433
<b>Investment Securities</b>	597,566	376,027	174,367	174,367	174,367
<b>Investment in Subsidiaries</b>	174,367	174,367	64,140	-	-
<b>Other Assets</b>	142,705	99,824	3,835	-	-
<b>Deferred tax asset</b>	3,301	3,350	-	-	-
<b>Retirement Benefit asset</b>	<u>122</u>	<u>1,429</u>	<u>1,256</u>	<u>522</u>	<u>-</u>
	<u>1,187,107</u>	<u>13,217,594</u>	<u>645,385</u>	<u>580,219</u>	<u>1,175,072</u>
<b>Liabilities:</b>					
<b>Due to financial institution</b>	-	12,323,907	-	-	-
<b>Due to customers</b>	-	-	-	-	575,030
<b>Current income tax liability</b>	129,081	97,261	68,861	60,069	37,429
<b>Other liabilities</b>	<u>52,152</u>	<u>33,909</u>	<u>22,683</u>	<u>19,759</u>	<u>16,723</u>
	<u>181,233</u>	<u>12,455,077</u>	<u>91,544</u>	<u>79,828</u>	<u>629,182</u>
	<u>1,005,874</u>	<u>762,517</u>	<u>553,841</u>	<u>500,391</u>	<u>545,890</u>
<b>Net Assets</b>					
<b>Financed by:</b>					
<b>Share Capital</b>	200,000	200,000	200,000	200,000	200,000
<b>Retained earnings</b>	827,139	589,445	397,398	300,391	243,828
<b>Available for sale reserve</b>	<u>(21,265)</u>	<u>(26,928)</u>	<u>(43,557)</u>	<u>-</u>	<u>102,062</u>
	<u>1,005,874</u>	<u>762,517</u>	<u>553,841</u>	<u>500,391</u>	<u>545,890</u>
<b>Total liabilities and shareholders fund</b>	<u>1,187,107</u>	<u>13,217,594</u>	<u>64,385</u>	<u>580,219</u>	<u>1,175,072</u>

## **SECTION X**

This section highlights the following information:

- PROFILE OF SURU WORLDWIDE VENTURES NIGERIA LTD
- THE BOARD OF DIRECTORS AND MANAGEMENT
- TRACK RECORD IN PROPERTY DEVELOPMENT
- ROLE AS THE SPONSOR

## **PROFILE OF THE SPONSOR**

---

Suru Worldwide Ventures Nigeria Limited was incorporated in February 2007. The Company focuses on hospitality and Real Estate basically through the provision of quality residential apartments, housing estates and hotels. The company is poised to take advantage of emerging opportunities in the upper, middle and lower segment of the market.

The scope of the Company's activities in hospitality services spans from hotel construction, - acquisition, leasing, and management to hotel personnel development.

The Company seeks to expand its existing footprint in the budget hotel and luxury hotel segment in Africa. In the near future it intends to explore and acquire investment opportunities in Africa's emerging markets in this regard. The strategy for the Company is to buy existing hotels, remodel them and finally brand them under the Best Western standard, being their mark of operation.

Suru Worldwide Ventures Nigeria Ltd In the ordinary course of business had obtained a facility from the defunct Oceanic Bank Plc for the execution of some of its project. This facility was subsequently transferred to AMCON. The Company is exposed to AMCON to the tune of ₦6.3 Billion.

### **THE BOARD OF DIRECTORS OF SURU WORLWIDE VENTURES NIGERIA LTD**

#### **MR. EDWARD AKINLADE**

Mr Edward Akinlade is the Chairman/Managing Director of Suru Worldwide Ventures Nigeria Limited. He holds a National Diploma in Business Administration from Lagos State Polytechnic (formally College of science & Technology) (1983) and MBA from London School of Business Studies (2010). He obtained CIMA qualification from London School of Accountancy (1988) and became an Associate member, Chartered Institute of Management Accountants (CIMA) in 1993. He is an Associate member, Institute of Chartered Accountants of Nigeria (ICAN) 2008.

Mr. Akinlade started his career as a Revenue Accountant with Poly Peck Group (Multinational) in 1990, and proceeded to Westminster City Council as a Trainee Accountant (1993). In 1997, he moved to South London Business Services, a firm of Chartered Accountants, from where he proceeded to Capital Limited (a management consultancy outfit specialized in the UK public sector) as Consultant in 2003. He had a broad range of roles which included Providing Financial Management Support for U.K. Government Projects and Cost Centre Managers.

Mr. Akinlade is highly competent in property finance and trading and is versatile in the origination, conception, structuring and completion of a wide range property development. Edward is experienced in both the international and local markets. He pioneered the development of co-operative upscale developments of luxury terraced housing units in the local Nigerian market and has completely redesigned and developed the Ikeja GRA Lagos skyline. He also possesses excellent advisory and project implementation skills. He serves on the Board of several Companies. Mr. Akinlade assumed the position of the Chairman of the Board of Suru Worldwide Ventures Nigeria Limited from inception.

Interest in one of the properties to be transferred into the REIT is vested in Mr. Edward Akinlade.

#### **MRS. OLATUNBOSUN AKINLADE**

Olatunbosun Akinlade is a Non-Executive director of Suru Worldwide Ventures Ltd. She holds a Bachelor's degree in nursing from Southbank University, London (2003). Her work experience includes Lewisham Hospital, Queen Mary Hospital and Mayday Hospital in UK (2004 till date).

## **PROFILE OF THE SPONSOR**

---

She supports different charities and humanitarian ventures. She serves as director on the Board of many Companies in Nigeria and UK among which are Lambro Limited, UK, a real Estate trading company (2001) and Silverrock Properties Ltd.

Mrs. Akinlade joined the Board of Suru Worldwide Ventures Nigeria Limited from inception (2007).

### **MR. OLUMIDE ELESIN**

Mr. Olumide Elesin is a Non-Executive Director of Suru Worldwide Ventures Nigeria Limited. He holds a Bachelor's degree in Chemical Engineering from Ahmadu Bello University, Zaria (1991). He obtained his MBA from Usmanu Danfodio University, Sokoto (1995). Mr. Elesin started his career as a process Engineer with Indigenous Technology (Nigeria) (1996) and moved to Xerox HS (Nigeria) as Operation Manager (1998) and further moved to PRNews Wire (US & UK) as Systems Consultant (2000). He also worked as E-commerce Analyst at Intel Online Services (US & UK)-(2002), and as a Business Systems Manager in Target Property Services (UK) - (2003). He was UK Country Manager of Amet Group UK & Switzerland (Financial Services) (2004). He later joined British Telecommunications, UK as European Infrastructure Strategy Consultant (2005 - 2006). Mr. Elesin moved to Nigeria to become Chief Finance Officer of CityScape International (Nig) Ltd (2007 - 2008). In 2009 he set up an investment and strategy advisory company called Benjamin Knight Associates, the company has clients across Sub Sahara Africa.

He is presently a Doctorate Student in Business Admin (DBA) University of Liverpool, UK (2011 - ). He has attended various Business Management Courses in the Lagos Business School (1998) and several Information Technology courses in the UK between 1999 and 2001, where he obtained the Microsoft Certified Engineer, Cisco Network Professional and Foundary Certified Engineer Qualification.

He serves as non-executive director of various companies such as Inverness Gold Ltd, Total Compliance (Nig) Ltd, Spiritus Africa LLC(USA), Eagles Partnership LLP(UK), Afrimobile (UK) Ltd, FloCash UK and Elgato Development (Nig) Ltd. Mr Elesin joined the Board of Suru Worldwide Ventures Nigeria Limited from inception (2007).

### **MR. ADEGBENGA BELLO**

Mr. Adegbeniga Bello is a non-executive Director of Suru Worldwide Ventures Nigeria Limited. He obtained an HND in Accountancy from Ogun State Polytechnic in Abeokuta, Ogun State (1986), CIMA from the renown private accountancy School – Financial Training College [FTC] London (1998), and became an Associate Member in 2003. He started his career as one of the youngest officers in a Zonal Education Office (1981) and moved on into banking with Wema Bank Plc (1981). He worked for Minolta Business Machine as an Assistant Accountant (1988) and London Borough of Lewisham where he rose from Revenue officer (1996) to Finance Client Officer (1999) and Finance Manager (2001).

He became a consultant in Hammersmith and Fulham Council in 2004 and also consulted for Slough Borough Council in 2006. Mr. Bello moved to London Borough of Hounslow as

## **PROFILE OF THE SPONSOR**

---

Management Accountant in 2007 and Southwark Children services as Management Accountant in 2010.

Mr. Bello has an eye for quality in property development. He serves on the Board of Debell Investments Ltd and Debell Global resources and joined the Board of Suru Worldwide Ventures Nigeria Limited from inception (2007).

### **MRS. OGHENETEGA ARUOTURE ADEKOYA**

Mrs. Oghenetega Aruoture Adekoya is an Executive Director of Suru Worldwide Ventures Nigeria Ltd. She holds a Bachelor's degree in Botany from the University of Benin (2000) where she graduated as the best student of '2000 Graduating Class'. She is an Associate Member of the Institute of Chartered Accountants of Nigeria (ICAN).

Mrs. Adekoya worked at Shell Petroleum Development Company as a Health, Safety & Environment compliance officer between 2002 and 2004. She started her career in financial services with KPMG Professional services in 2004 and went over to PwC in 2007 as a Senior Associate. She gained valuable experience providing Audit and Business Assurance services for various companies involved in the oil and gas, manufacturing and telecommunication industries.

Mrs. Adekoya joined the Company as the Finance Director in 2013.

### **MRS. AYODEJI ADEWUMI**

Mrs. Ayodeji Adewumi is an Executive Director in Suru Worldwide Ventures Nigeria Ltd. She obtained a LLB in Law from the Lagos State University Ojo (2001) and was called to the Nigerian Bar in 2003. She later got a Masters of Law, post graduate degree from the University of Lagos, Akoka (2011). She is a Chartered Secretary and an Associate Member of the Institute of Chartered Secretaries and Administrators of Nigeria (UK). Ayodeji started her career at the law Offices of E.B Ukiri & Co in 2004 and later Matrix Solicitors in 2005.

In 2007 she joined Nigerian German Chemicals Plc as a Legal Officer and has since carved a niche for herself in top notch legal service delivery at different levels and has serviced and continues to provide management, legal and advisory services in the Finance, Real Estate, Banking and Manufacturing Sectors of the economy.

She qualified as a Solicitor of England and Wales in January 2014. Ayodeji is a member of the Nigerian Bar Association. She joined Suru Worldwide Ventures in 2009 as the Company Secretary/Legal Adviser.

## **SECTION XI**

This section highlights the following information:

- THE PROFILE OF THE TRUSTEE
- OVERVIEW OF THE TRUSTEE

## PROFILE OF THE TRUSTEE

---

SKYE TRUSTEES LIMITED (STL) is a registered corporate Trustee authorized by the Securities & Exchange Commission (SEC) to carry out the dual functions of Trusteeship and Funds/Portfolio Management. A Trustee of repute with over twenty (20) years' experience in Trusteeship and Funds/Portfolio Management, STL occupies a critical and independent role in many corporate finance, investment banking and asset management transactions. As part of Corporate Trust services, STL renders Trusteeship services to Issuers of debt instruments such as the Federal/State Governments, Government Parastatals and corporate entities. The scope of services also covers Collective Investment Schemes (Including REITs) as well as Debenture Trust Issues.

STL has acquired experience in all aspects of trusteeship and collective investment schemes which include Vetiva DV Balanced Fund; SFS Fixed Income Fund; Debenture Trust Issues under Consortium Finance/Loan Syndication, Project Finance and Structured Finance include such key transactions such as the Dana Group's N36bn Notes Issuance; Sterling Bank's N10bn Non-Convertible Debenture; Pan Ocean Oil Company's USD364m Loan Syndication; Integrated Energy Limited's USD228m Loan Syndication; as well as State Bond Issuance which includes Lagos state N275bn Bond Issuance Programme; Delta State N100bn Bond Issuance Programme; Bayelsa State N50bn Bond Issue amongst several others.

Skye Trustees Limited is managed by a Team of highly skilled personnel in all relevant areas to its functions, and has over the past two decades built an outstanding Track Record and Pedigree. The Company is currently ranked as one of the leaders within its industry in terms of business size and market share. The competitive edge of STL includes professionalism; excellent Technology; solid Trust and Asset Management Experience; as well as flexible & bespoke services.

The Board of Skye Trustees Limited is constituted as follows:

### **MR. OLAWALE EDUN – CHAIRMAN**

Olawale Edun, was the Honourable Commissioner of Finance, Lagos State from 1999-2004. He holds a B.SC in Economics from the University of London, Queen Mary College, United Kingdom in 1978 and Masters Degree in Development Economics from the University of Sussex, Brighton, United Kingdom in 1979. He has considerable experience in Economics and International Finance at national and international levels. He worked at chase Merchant Bank Nig. Limited (later Continental bank plc) – including spells at Lehman Brothers and Chase Manhattan Capital Markets, New York, USA (1981-1986) – and The World Bank / International Finance Corporation, Washington DC, USA (1986-1989). He returned to Nigeria in 1989 as Co-founder and Executive Director of Investment Banking and Trust Company (now Stanbic IBTC Bank Plc) (1989-1994). He is the founder and current Chairman of Denham Management Limited (now Chapel Hill Denham Group). He serves on the Board of African Paints Nigeria Plc among others. He is also the Chairman, Live Well Initiative a health education and literacy non-government organization (NGO) as well as Sisters Unite for Children – another NGO which assists street children.

### **MR. KAYODE FALOWO – DIRECTOR**

Kayode Falowo holds a Bachelor of Science degree (B.SC) in Agricultural Engineering, from the University of Ife now Obafemi Awolowo University (1982), a Masters of Business Administration (MBA) from the University of Benin (1988) and a Diploma in Information Management. He is a fellow of the Chartered Institute of Stockbrokers, a member of the Institute of Management Consultants, Nigeria Society of Engineers, Certified Pension Institute of Nigeria, Nigerian-British Chamber of Commerce and Nigerian-Indian Chamber of Commerce. He has over 26 years of working experience in the financial sector with a long

track record in management consultancy, privatization of public sector enterprises and debt issuance programmes amongst others. He is the current Managing Director of Greenwich Trust Limited, a member of the Presidential Advisory Committee on the Nigeria Capital Market and the immediate past Chairman of the Association of Issuing Houses of Nigeria. He is also a member, the Technical Committee of the Nigeria Council on Privatization and sits on the Board of DN Meyer Plc.

#### **MR. AFOLABI CAXTON-MARTINS – DIRECTOR**

Afolabi Caxton-Martins is a founding Partner of the law firm Adepetun, Caxton-Martins, Aggor & Segun. He holds a Bachelor of Law degree (LL.B) from the University of London (1983). He is a fellow of the Chartered Institute of Arbitrators (FCIArb), a member of the Nigerian Bar Associations (NBA) and the International Bar Association (IBA). He specializes in international commercial mergers and acquisitions, corporate finance and international commercial arbitration.

#### **MRS. CONNIE OGUNDARE – DIRECTOR**

Connie Ogundare holds a Bachelor of Science degree (B.SC) in Major Chemistry and Minor Psychology from the Marymount College Tarrytown, New York, USA (1990) as well as Bachelor of Science (B.sc) degree in Pharmacy (1994) and a Master of Science (M.Sc) in Clinical Pharmacy (1997) from the St. John University, New York, USA. She has over 18 years of working experience in the United State of America and Nigeria spanning clinical pharmacy, real estate, investment banking and consultancy. She is currently the Management Director of Business Objects Limited, and a partner in JASTCO Mayfair International Property Management LLC and CSS Corporate Solution LLC (both located in New York, USA). She is also on the Board Fadco Investment Limited.

### **MANAGEMENT TEAM**

#### **FUNMI EKUNDAYO (MRS.) - MD/CEO**

Funmi Ekundayo holds a Bachelor of Law degree and a Master of Laws degree from the University of Lagos. She is a member of the Nigerian Bar Association and a Fellow of the Institute of Chartered Secretaries & Administrators of Nigeria (ICSAN). Funmi began her working career with the reputable Law Firm of Bentley Edu & Co (in association with IRVING & BONNAR), where she spent close to a decade in legal practice. Thereafter she left legal practice for the Non-Banking Financial sector when she joined Sterling Asset Management & Trustees Limited (formerly NAL Asset Management & Trustees Limited). Funmi also worked in UBA Trustees as Head, Business Development & Marketing.

Funmi, who heads the Management Team of Skye Trustees Limited as MD/CEO, has distinguished herself in her area of core competence as a seasoned Trust Specialist engaging in the structuring of complex legal and Trust instruments.

Funmi is an Alumna of the Institute of Chartered Secretaries & Administrators, United Kingdom, and a Fellow of the Institute of Chartered Secretaries & Administrators, Nigeria. She currently serves as Vice President of the Association of Corporate Trustees of Nigeria and she is also a member of the Rules & Compliance Sub-Committee of the Capital Market Committee of the Securities & Exchange Commission. She is a member of the Board of Directors of Law Union & Rock Plc in a Non-Executive capacity where she acts as an Independent Director. Funmi who is a Member of the Institute of Directors, is an Alumna of the Chief Executive Programme of the Lagos Business School and the IESE Business School, Barcelona, Spain. She has attended several other Courses in Leadership, Management and Strategy both locally and internationally.



## PROFILE OF THE TRUSTEE

---

### **AKINWUMI ONI - HEAD, TRUST SERVICES/LEGAL**

Akin Oni holds a Bachelors degree in Law and a Masters degree in Law from the Obafemi Awolowo University, Ile Ife. He has several years of experience in private legal practice and as in-house counsel to corporate organizations. He worked with Standard Alliance Insurance Plc before joining Skye Trustees Limited.

### **NIMI ANIMASHAUN – HEAD, MARKETING & BUSINESS DEVELOPMENT**

Nimi holds a Bachelors degree in Accounting from the Obafemi Awolowo University, Ile-Ife. She is also an Associate Member of the Institute of Chartered Accountants of Nigeria (ICAN). Nimi commenced her banking career in 1992 and acquired experience in various areas including Money Market Trading, International Banking Services, Private Banking and Marketing. Prior to joining Skye Trustees as the Head of Marketing & Business Development, she worked with Express Discount Limited where she rose to the position of Head of Marketing.

### **OKO. U. MBA - HEAD, ACCOUNTS & OPERATIONS**

He attended Yaba College of Technology, Ondo State University and Lagos State University, Ojo at different times where he graduated with HND Statistics, P.G.D Banking & Finance and Masters in Business Administration respectively. An Associate member of Institute of Chartered Accountants of Nigeria (ICAN) and Nigerian Institute of Management, he has 15 years working experience. Before joining Skye Trustees Limited, he worked with S. S. Afemikhe & Co (Chartered Accountants).

### **SADE ADEMOKUNWA – HEAD, FUNDS MANAGEMENT**

Sade holds a Masters in Business Administration (MBA) from the Lagos State University and HND Secretariat Studies from Federal Polytechnic, Ilaro. She worked with Armour Savings and Loans Limited before joining Skye Trustees Limited. She has over 15 years working experience.

## **SECTION XII**

This section highlights the following information:

- THE PROFILE OF THE CUSTODIAN

## PROFILE OF THE CUSTODIAN

---

### **PROFILE**

UBA (Global Investor Services Division) commenced operation in September 2007 as a subsidiary of United Bank of Africa Plc specifically to process securities trades, safe-keep financial assets and service associated portfolios.

UBA (Global Investor Services Division) is a division of UBA Plc offering custodial services and is an appointed Custodian of the Central Bank of Nigeria (CBN). UBA Plc is registered by the Securities & Exchange Commission (SEC).

Over the years UBA (Global Investor Services Division) has positioned itself as the major provider of Pension Fund and asset Custodial services in the domestic and international markets having obtained a Sub-Regional Custody License for the West African Economic and Monetary Union, WAEMU all of which enable the provision of custody services in Nigeria and the eight francophone countries namely Senegal, Benin, Burkina Faso, Togo, Niger, Mali, Cote D'Ivoire and Guinea Bissau. In addition, UBA (Global Investor Services Division) are the SEC approved Custodian to over twenty-six registered Nigerian Collective Investment Schemes (or Mutual Funds) including the largest Mutual Funds in the Nigerian market. It is currently a major provider of Pension Custody Assets in Nigeria. Domestically its clientele base includes Fund/Asset Managers, Nigerian Banks, Discount Houses, Insurance Companies, Mutual Funds and other Institutional Investors.

Internationally, UBA (Global Investor Services Division) currently provides custody services to Global Custodians including The Bank of New York Mellon, the World's largest Global Custodian, as well as Banks, Insurance companies, and other Institutional Investors.

### **SERVICE OFFERINGS**

UBA (Global Investor Services Division) offers a full range of Custodial services which include:

- Safe custody
- Securities verification and settlement
- Asset registration
- Corporate actions
- Portfolio valuation
- Client reporting – cash/securities
- Cash management services
- Euroclear account services
- Back office administration
- Credit lines
- Tax reclaim
- FX services

### **MANAGEMENT TEAM**

#### **Taiwo Sonola**

Taiwo holds a Bachelor of Law Degree LLB (Hons.) from Staffordshire University and Master of Law Degree (LLM) from the University of Manchester, UK. She is a member of the Nigerian Bar Association, the General Secretary of the Association of Assets Custodians of Nigeria and a member of the CMC Retreat Planning Committee. She has several years' experience in Treasury marketing and Relationship Management. Taiwo heads the Global Investor Services division of the UBA Plc.

## **PROFILE OF THE CUSTODIAN**

---

### **Tolulope Oditia**

Tolu holds a Bachelor of Science Degree in Accounting from the Obafemi Awolowo University and Master of Business Administration from Bayero University Kano (MBA). She has over 8 (eight) years experience in banking and was the Team Lead of Settlement and Confirmations Unit of the Custody Department, Stanbic Bank Nigeria. Tolulope heads Custody operations of the division.

### **Seun Oduntan**

Seun holds a Higher National Diploma in Quantity Surveying and a Master of Business Administration degree (MBA) from the Federal University of Technology, Ondo State. He is a member of the Nigerian Institute of Management (ANIM) and has over 23 years experience in banking operations and accounts administration. Seun takes charge of Corporate actions of the division.

### **Regina Asala**

Regina holds a Bachelor of Science Degree in Economics (BSc) from Benue State University, Makurdi. She is a student Member of the Chartered Institute of Stockbrokers. She has over three years experience in Portfolio management and Investor services. Regina takes charge of reconciliation.

## **SECTION XIII**

This section highlights the following information:

- THE PROFILE OF THE PROPERTY MANAGER
- OVERVIEW OF THE PROPERTY MANAGER

## **PROFILE OF PROPERTY MANAGER**

---

Ubosi Eleh & Co. is a firm of Estate Surveyors and Valuers and Facility Managers registered in Nigeria in accordance with the rules and regulations of the Nigerian Institution of Estate Surveyors and Valuers and the Estate Surveyor and Valuers Registration Board of Nigeria (ESVARBON). The Firm commenced operations in 1991 and is registered with the Securities and Exchange Commission as a Capital Market Consultant. The firm provides a range of services across the real estate chain namely: Facility Management, Property Management, Property Development, Estate Agency, and Valuation.

## **PROPERTIES UNDER MANAGEMENT**

Ubosi Eleh & Co. has over 300 management properties which range from residential, industrial and commercial properties at various locations in Lagos State some of which includes:

1. Bank PHB Plc (Now KEYSTONE BANK LIMITED)– Head Office
2. Ancestors Court – Apapa
3. Ancestors Court – Abuja
4. Rosehall Complex Ikeja
5. 1 Octagon Warehouse Complex.
6. 27, Obafemi Awolowo way Ikeja
7. 229, Ikorodu road Idiroko Bus Stop (Olatunji House)
8. 69, Akinola Cole Crescent Ikeja
9. 12, Thomas Animashaun Street, Surulere
10. Block 5, House B, Femi Okunnu Estate, Lekki Phaze II
11. Block 24, House D, Femi Okunnu Estate Lekki Phaze II
12. House 5&6, Idanre Close, Orsbourn Phase II Ikoyi

## **ROLE OF THE PROPERTY MANAGER**

The roles of the property Manager shall be as follows:

1. Ensuring that the properties are adequately tenanted. This involves taking proactive stance of securing replacements for out-going tenants before the lease expires. Maintaining good human relations and interaction with tenants, will enhance prompt notification from out-going tenants.
2. Collection of rent from tenants as at when due, hence ensuring optimal cash flow.
3. Keeping thorough records regarding the property. This should include all income and expenses; list of all inspections, signed leases, maintenance requests, complaints file, records of repairs, costs of repairs, maintenance costs, record of rent collection and insurance costs.
4. Managing existing tenants, securing new tenants, ensuring satisfactory habitation, dealing with complaints and initiating evictions.
5. Ensuring that all real estate assets remain in good physical condition and are properly maintained and tenantable.
6. Supervising and enforcing compliance by tenants and other occupiers.

## **PROFILE OF PROPERTY MANAGER**

---

7. Advise the REIT on the suitability and profitability of all potential real estate investments and acquisitions
8. Co-ordination of leasing agents and negotiations for leasing of vacant accommodation.
9. Conducting background checks on tenants
10. Carrying out routine checks on the property and to make repairs where necessary.

## **SECTION XIV**

This section highlights the following information:

- Rating of the HMK REIT



## HMK Real Estate Investment Trust

Nigeria Fund Analysis

July 2014

Security class	Rating scale	Expected Rating <sup>B</sup>	Expected outlook	Expiry date
Fund Rating	National	(BBB) <sub>(NG)(f)</sub>	(Evolving)	6 months after float

**Fund/Manager contact:**

**Olumayowa Ogunwemimo**  
mogunwemimo@fsdhgroup.com  
+234 41 270-2888

**Promoter/Sponsor contact:**

**Edward Akinlade**  
Edward.akinlade@surugroup.com  
+2341 740-0880

**Trustee contact:**

**Funmilayo Ekundayo**  
fekundayo@skyebankng.com  
+23 41 773-1546

**Lead Issuing House Contact:**

**Olajumoke Ojuronbe**  
jumoke@gma.com.ng  
+23 41 448-0803

**Rating history:**

No history (new ratings exercise)

**Related methodologies/research:**

Fund rating criteria (updated April, 2014)  
Glossary of Terms/ Ratios (February 2014)

**Fund Features:**

Fund inception date	October 2014
Size of public offering	2.6bn units
Primary offering price	N5.15 per unit
Minimum subscription	10,000units <sup>#</sup>
Fund benchmark	None set

<sup>#</sup> Multiple of 2,000 units thereafter

**GCR contacts:**

**Primary Analyst: Julius Adekeye**  
Senior Analyst  
Adekeye@globalratings.net

**Committee Chair: Dave King**  
king@globalratings.net

Analyst location: Nigeria

Contact number: +23 41 462-2545

**Website:** www.globalratings.net

**Summary rating rationale**

The ratings are based on the following key factors:

- **Revenue generation capacity:** The identified properties for inclusion in the real estate investment Trust ("REIT") show a strong potential for stable income generation, given its strategic location and age. The preliminary due diligence report on the properties indicates that 5 of the properties has a 100% occupancy rate, while that of a major commercial property (representing 43.7% of the estimated gross rental value of the physical asset portfolio) is 60%. Subsequent listing of the REIT on the Nigerian Stock Exchange ("NSE") and availability of a primary market maker also offer Unit holders some degree of liquidity.
- **Asset manager profile:** The accorded rating reflects the strong corporate profile of the asset manager, including its performance track record, and the technical competence and experience of its management team.
- **Concentration risk:** Notwithstanding the current high occupancy rate, the short-dated nature of the tenancy contracts exposes the trust to notable vacancy risk, especially given the concentrated nature of the tenant base. Hence, Unit holders are partly protected against disruptions in cash flows via a bank guarantee provided by Zenith Bank Plc.
- **Encumbrance of assets:** Note was also taken of the status of the identified properties in terms of its legal and beneficial ownership. While 4 of the properties are legally owned by the sponsor, and the remaining 2 by third parties, all the properties are presently encumbered through mortgage charges. As a safeguard, the legal documentation requires the legal owners of the identified properties to procure the vacation of all encumbrances, and deposit draft Deeds of release, and other documents required for transfer of title in respect of the assets with the REIT Custodian prior to the opening of the Issue. One of the creditors, the Asset Management Corporation of Nigeria ("AMCON" or "the corporation"), has indicated (through a comfort letter) its willingness to release 5 of the properties (4 owned by the sponsor and 1 by a director in the company) upon the full payment of an outstanding debt of N6.3bn plus the accrued interest, while Guaranty Trust Bank Plc has also given a written assurance of its intention to execute the necessary title transfer documents in respect of one other property upon the payment of the agreed sale price of N1.8bn. Furthermore, the Nigerian Securities & Exchange Commission regulations and rules require the registrar to an aborted Issue to return the proceeds of such offer to the subscribers.

**Factors that could trigger a rating action**

**Positive movement/s:** Successful vacation of all encumbrances on the identified properties, and the fund manager's ability to meet/ or outperform the fund's objectives.

**Negative movement/s:** The rating will also be sensitive to inability of the sponsor to successfully transfer the identified properties into the REIT, subsequent absence of the bank guarantee, as well as a negative rating action on the Fund manager.

<sup>B</sup> The indicative/expected public rating is premised on the draft transaction structure and documentation detailed in this document. Should the final transaction structure and documentation differ, this could impact the final rating accorded.

## **SECTION XV**

This section highlights the following information:

### **MARKET AND INDUSTRY INFORMATION**

- OUTLOOK ON THE NIGERIAN ECONOMY
- OUTLOOK ON THE REAL ESTATE SECTOR

**MARKET AND INDUSTRY INFORMATION**

**1. NIGERIA ECONOMIC OVERVIEW**

Nigeria is presently Africa's largest economy with a GDP of USD504bn and per capita income of \$2,976. This is the outcome of a recent re-calculation of national accounts up to 2013 using 2010 as the new base year. Following from this, Nigeria overtook South Africa as Africa's largest economy and the 28<sup>th</sup> in world ranking, thereby increasing its economic stature in the region and attractiveness in the global market place. The rebased GDP of USD504bn shows a rise of 75% from the old GDP data in 2013, and a 42% rise over South Africa's 2013 GDP data of USD384bn. It is the 10th largest oil producing country in the world. The economy is heavily dependent on the oil sector, which accounts for 85% of the country's total export revenues, 80% of budgetary revenues and 15% of GDP. The country exhibits the characteristics of a dual economy: a modern economy heavily dependent on oil earnings and a traditional agrarian economy.

**Nigeria's GDP rebasing**

Rank	Country	GDP (USD bn)
28	Nigeria (Post GDP rebasing)	504
29	Austria	400
30	S. Africa	384
31	UAE	360
...	...	...
37	Hong Kong	263
38	Nigeria (Pre GDP rebasing)	263
39	Israel	244

Source: IMF/Trading Economics

**POLITICAL CLIMATE**

Nigeria's population is made up of about 200 ethnic groups, 500 indigenous languages, and two major religions — Islam and Christianity. The largest ethnic groups are the Hausa-Fulani in the North, the Igbo in the Southeast, and the Yoruba in the Southwest. Nigeria's recent period of economic growth is hinged to its large population of over 160 million people, its growing middle class, and its uninterrupted 13 years of civilian governance. Nigeria's fourth consecutive national elections were held in April 2011, further consolidating the transition from military to democratic rule that began in 1999. The elections signified substantial progress in electoral and democratic development. There has been, however, unrelated incidents of violence before and after the elections, calling for resolute actions in bringing sectarian strife under control and signaling the need to make more rapid progress on social inclusion, especially youth employment.

In recent years, Nigeria has undergone threats to its socio-political framework. A major threat has been the Islamic sect Boko Haram in the north. They have been a security threat to the nation ever since the devastating bombing of the United Nations Building in Abuja in August, 2011. They have continued to spread terror to other areas of the north, Abuja and particularly the North-Eastern part of the country. This has led to uncertainty about the feasibility and success of the 2015 elections and sustenance of the economic growth it had witnessed in recent years.

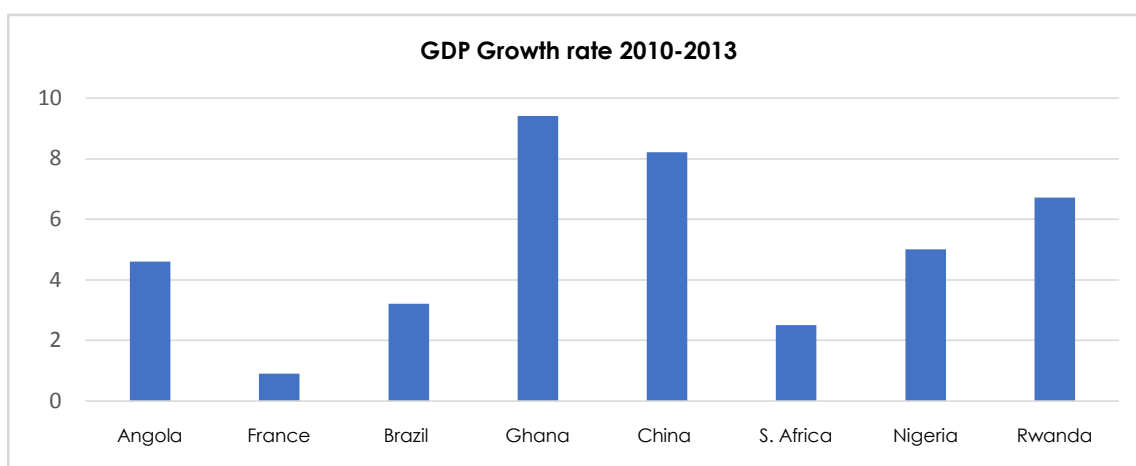
Nigeria's political landscape has also witnessed the emergence of the All Progressive Congress (APC) a formidable opposition to the ruling People's Democratic Party (PDP).

## MARKET AND INDUSTRY INFORMATION

The APC was formed via the merger of the two largest opposition parties: the Action Congress of Nigeria (ACN) and the Congress for Progressive Change (CPC) and other opposition parties in 2012. The party has continued to expand its geo-political influence nationally especially exploiting the recent crisis in the Governors Forum and PDP to lure some disenfranchised governors into its fold.

### ECONOMIC ENVIRONMENT

Nigeria's macro-economy has recorded significant growth in the last four years (2010 – 2013) with GDP growing averagely at 5% (recently rebased rate) annually. This is consistent with the African average of 5% over the same period.



Source: World Bank

GDP growth declined in 2009 following a global economic crisis which saw a decline in oil prices and resulted in a banking crisis in Nigeria. However following intervention in the markets, domestic output growth improved in 2010 with GDP growth recorded at 7.8 per cent year-on-year and 7.4 per cent in 2011.

### Economic Impact of GDP Rebasing

	1990 base year	2010 base year
	2013	2013e
<b>Real GDP growth rate (%)</b>	6.2	5.0
<b>Current account (% of GDP)</b>	4.0	2.3
<b>FGN domestic debt(% of GDP)</b>	17.9	8.7
<b>External debt (% of GDP)</b>	3.4	2.0
<b>GDP per capita (USD)</b>	1,725	2,976

Source: National Bureau of Statistics

**Real GDP per capita:** This has risen significantly, to around USD2,976 under the rebased GDP series, up from USD1,725 under the old series, moving Nigeria closer to the upper end of the World Bank's low middle-income category, which ranges from USD1,036-4,085. As the level of GDP is expected to grow faster than population over the coming years, Nigeria's per capita income is expected to continue on its upward trajectory, reflecting rising income levels.

## MARKET AND INDUSTRY INFORMATION

---

**Federal Government debt:** Based on the rebased figures, public debt has shrunk to less than 10% of GDP, down from 18% of GDP under the old series, while public external debt has shrunk to 2.0% of GDP, reflecting the higher productive base. The improvements in the debt ratios signal easing financing risk, which would increase the country's ability to secure greater funding from foreign lenders.

**Fiscal ratio:** The Federal government's budget deficit has also shrunk reflecting the higher productive base. This, along with the country's lower debt ratios will give the Federal government more room to borrow. At the same time, the country's new status as Africa's largest economy is likely to increase FDI prospects and hence corporate tax receipts.

**Current Account to GDP ratio:** The surplus on the current account has reduced, also reflecting the higher productive base. This implies a weaker external position already aggravated by the country's dwindling FX reserves. However, over the short term, the current account is likely to remain in surplus reflecting the country's robust oil exports (albeit stagnating) and a smaller deficit on the capital and financial account, which is indicative of the recycling of oil revenues abroad and debt payment and other capital outflows.

**Real GDP:** The rebasing will lead to a slower rate of growth (due to the change in the productive base). Real growth is estimated to have slowed to a new, normal level of 5.0% in 2013 as opposed to 6.2% under the old series.

### Capital Market

The equities and fixed income markets enjoyed a bull run in 2013. The All Share Index (ASI) of the Nigerian Stock Exchange gained 47 per cent at the end of 2013 increasing 26,494.44 points to 41,329.19 points. Similarly, the Market Capitalization rose 31.43 per cent from N8.42 trillion to N12.95 trillion. Interestingly, the market pulled back in June owing to a general sell-off by Portfolio investors exiting their positions across emerging and frontier markets. Their fears were triggered by the impending tightening in monetary conditions in the United States where it was announced that the Federal Reserve Bank would begin tapering its economic stimulus program by the end of 2013. The market has since recovered, the upswing reflecting strong investor confidence in the economy and impressive company earnings.

Similarly the yields on FGN bonds appreciated to high levels in 2013 cresting the 14 per cent mark at some period in 2013.

### Agriculture

The Nigerian economy has traditionally been based on agriculture and was previously the main foreign exchange earner. The sector is the second largest contributor to GDP contributing about 23 per cent of GDP in 2013 (rebased estimates). The growth in the oil industry is believed to have attracted many people to urban centers, to the detriment of the agricultural sector. Periodic declines in world oil prices have prompted the government to offer incentives to support the agricultural sector with the aim of diversifying the export base away from oil. The country's chief crops are cocoa, corn, peanuts, sorghum, millet, soybeans, cotton, yams, rice, palm kernel, and rubber. In addition, poultry, goats, sheep, and cattle are raised.

## MARKET AND INDUSTRY INFORMATION

---

### Manufacturing and Industry

Nigerian manufacturing companies operate in a difficult business environment where high operating costs and high energy costs resulting from incessant power failure remain prevalent in the country. Despite the challenges, the manufacturing sector has strong potential for growth given the large population and growing brand consciousness. Economic policies have been designed to encourage growth in the sector; for instance, the ban on the importation of various consumer goods has compelled consumers to look to locally available alternatives. The major products manufactured in Nigeria are textiles, footwear, consumer products, tobacco products, paper, cement, fertilizer, chemicals, steel, and the processing of agricultural goods.

### Oil and Gas

Nigeria is the cornerstone of Africa's oil industry, with numerous hydrocarbon regions, the largest gas reserves in Africa, and the biggest gas production in sub-Saharan Africa. Nigeria has in the recent past suffered from a decline in production due to the under investment in exploratory activity and chronic community relations issues in the Niger Delta region. Militant activity on the other hand has been significantly reduced by the amnesty programme initiated by the Federal Government in 2009.

Recently, government initiated a policy that favours indigenous participation in oil and gas industry, which has been implemented. A Local Content Act was passed in 2010 providing a number of incentives for local firms operating in the industry and is expected to lead to increased participation by indigenous firms. The "Petroleum Industry Bill" is also being considered by the House of Assembly to encourage investment in the industry and improve the contribution of the oil and gas sector to broader economic growth. If passed, the bill will create a solid framework for investor participation in the sector as a result accelerating both downstream and exploratory development.

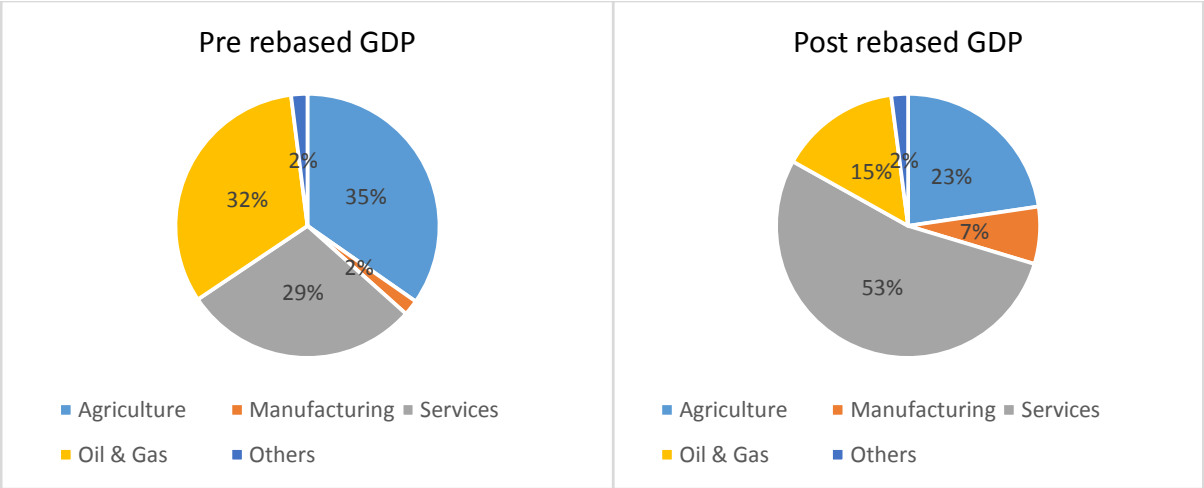
### Rebasing uncovers sectorial capabilities in the economy

Re-calculating GDP data was crucial given recent dynamics in the country's economic sectors, in particular, the industrial and services sector. Economic activity in the industrial sector (mainly utilities and oil and gas) and the services sector (specifically, entertainment, Information Technology, financial services, wholesale and retail and telecoms) has increased significantly over the past two decades reflecting strong investments in such sectors, in addition to rising household income, a growing middle class and a surge in demand for luxury goods and services. However, the 1990-based GDP data failed to capture such changes resulting in an under-estimation in the country's overall level of productivity. There are also plans to reweight the country's inflation index, from a base year of 2004 to 2009; this move is likely to result in a shift in the share of food to the CPI basket, and a potential slowdown in inflation.

Meanwhile, the rebasing exercise has provided a more accurate picture of Nigeria's market size and the composition of the economy and, over the coming years, the new base year will provide a reference point to which future GDP data can be compared to. With regard to the composition of the economy, the rebasing exercise has resulted in a massive shift in the three main productive sectors of the economy, notably agriculture, industry and services. The services sector now accounts for around 52% of GDP, compared with 29% of GDP under the

**MARKET AND INDUSTRY INFORMATION**

old GDP series, reflecting significant value added in sub-sectors such as financial services, wholesale and retail trade, transport and real estate. However, the sizeable increase in the share of the services sector to GDP has resulted in reduced shares in both the agriculture and industrial sectors. Agriculture now accounts for 23% of overall GDP as opposed to 35% under the old base year, while the industrial sector accounts for 26% of GDP as oppose to 36%.



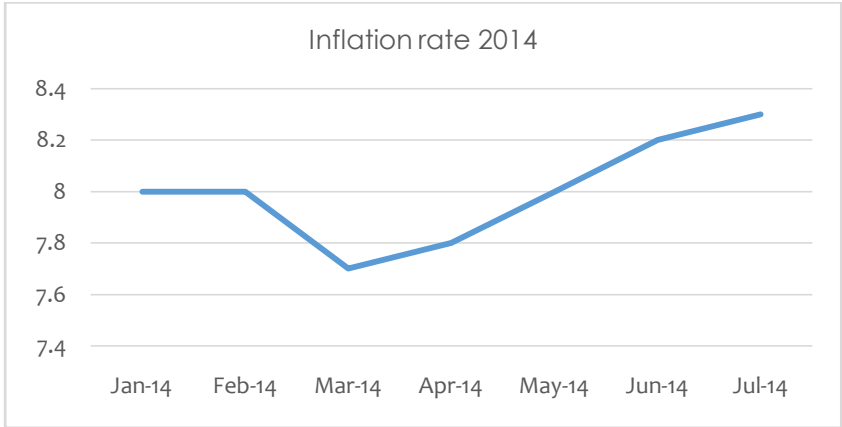
Source: National Bureau of Statistics

**INFLATIONARY OUTLOOK**

Headline inflation rate rose to 8.3 percent in July 2014 above the 8.0 percent recorded in January 2014. A twelve month record high. The upward trend was largely due to:

- Rise in both Food and Core segments of the Consumer Price Index (CPI) which include food and transport.
- Pre-election spending as Nigeria prepares to hold presidential and parliamentary elections in February, 2015.

During the period the CBN in its quest to further reduce liquidity in the banking system and limit speculative pressure on the foreign exchange market increased the cash reserve ratio for private sector deposits to 15 per cent.



Source: National Bureau of Statistics

Since 2011, the CBN has embarked on several stringent liquidity tightening measures aimed at restoring exchange rate stability and curtailing inflationary pressures. The Monetary Policy Rate was raised six times, from 6.25 per cent to 12 per cent, where it remained in 2013, and subsequently continued the trend in Q2 2014; the Cash Reserve Requirement raised to 75 per cent for public sector funds; and the liquidity ratio once from 25 to 30 per cent.

## **INTEREST RATES**

The benchmark interest rate remained at 12 per cent in Q2 2014 in continuation of the Central Banks tight monetary policies. Interest rates moved in tandem with liquidity in the market during the period. Major domestic economic performance in the period are as follows:

- Average Open Buy Back rate ranged between 10.25 and 10.50 per cent
- NIBOR was unchanged at 10.5%
- Liquidity grew by 2.5 per cent to N15.7trillion
- N428 billion was mopped up through open market operations (OMO).

## **EXCHANGE RATE**

The naira stabilized appreciably across all segments in the forex market in 2013. This trend continued in Q2 2014 and was largely due to tight monetary policies put in place by the CBN to prevent price volatility.

A fundamental policy was the re-introduction of the Retail Dutch Auction System (RDAS). This has curbed currency osmosis and speculation in the market, reducing pressure on the naira and further allowing naira value appreciation. The naira has pretty been stabilized at ₦155.75 and ₦161.05 in the RDAS segment and inter-bank markets respectively.

Despite the Central Bank of Nigeria's (CBN) tight monetary policy stance, the naira remains fundamentally weak. This is due the CBN's supply of FX which remains inadequate to meet market demand – there is structural imbalance between USD supply and demand, which reflects strong import demand driven by high levels of government spending, robust domestic demand, weak product markets and increased investor risk aversion following the suspension of Mallam Sanusi Lamido as CBN Governor in February 2014. In June 2014, Godwin Emefiele the former Managing Director of Zenith Bank Plc was subsequently appointed as the new Governor of the CBN.

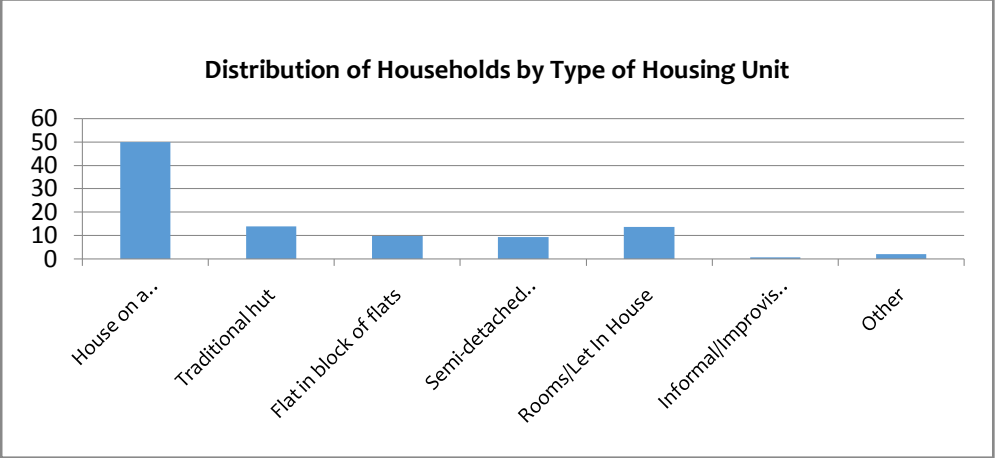


**MARKET AND INDUSTRY INFORMATION**

**2. THE NIGERIA REAL ESTATE INDUSTRY**

**Overview**

Estimates of the housing shortfall in Nigeria are between 16-18 million units. This requires the provision of about 720,000 units annually for the next 20 years to begin to solve the problem.



Source: Africa Housing Finance Year Book 2012

The rental market in Nigeria is huge; about 85 percent of the urban population lives in rented accommodation, spending more than 40 percent of their income on rent. Ninety percent of houses in Nigeria are self-built, with less than five percent having formal title. A substantial amount of work needs to be done to supply serviced land.

The government owns a substantial amount of housing stock, which it has been selling into the open market from time to time. There are also some small private sector players in housing construction in the country, but they almost exclusively serve the very high end of the housing sector and operate as somewhat of a cartel with extremely high prices. Developers rely on bank loans (with interest rates as high as between 21 percent and 30 percent when all fees are added up) for terms as short as two years, and cannot access long-term financing that capital markets offer.

**Property Market**

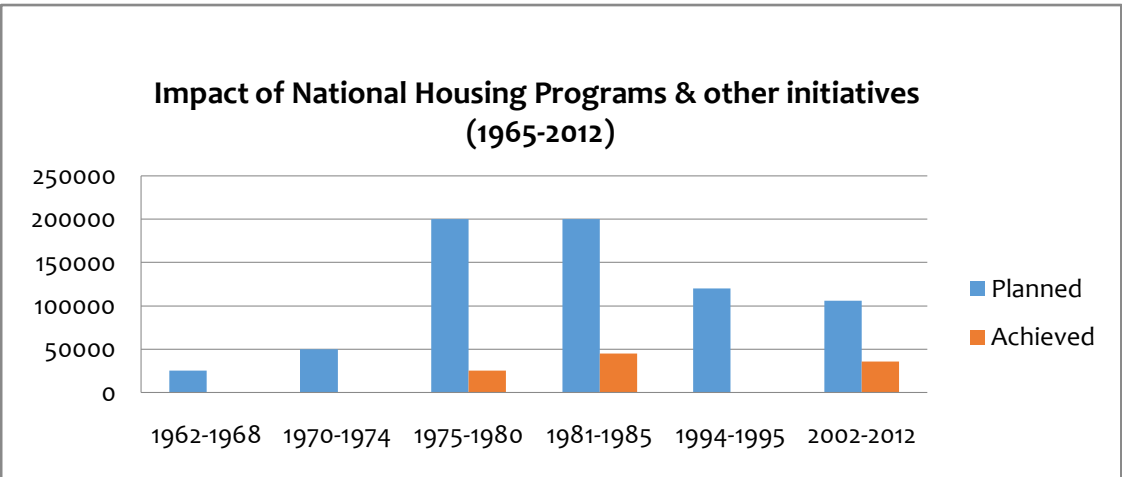
Nigeria has a high-income housing market with demand for good quality housing outstripping supply in many urban centres. According to the Land Use Act of 1978 the allocation of title to land is vested in the governor of each state. The governor has the "rights and privileges" to allocate land through a leasehold system. Where titles do exist, geospatial data and the formal registry system is inadequate, and bottlenecks arise in the property transfer system as a result of a series of legislative constraints and a multiplicity of laws establishing ownership of landed properties. According to the World Bank's Doing Business 2014 report, Nigeria ranks 185 out of 189 countries surveyed in the Registering Property index. The registration process is cumbersome, with 13 procedures, and lengthy, taking 77 days. It is also expensive; it costs an estimated 20.8 percent of the property value to register property, more than double the average for Sub-Saharan Africa.

**MARKET AND INDUSTRY INFORMATION**

A number of recommendation have been made to the government to improve Nigeria's property market such as: expedited review of mortgage related laws; reduced cost and process for registering property; and the computerisation of land registry offices.

**Government Policy and Regulation**

The Vision 2020 national strategic plan provides that mortgages will play a key role in growing the country. However, uncoordinated policies of various tiers of governments on land management and administration, which includes the high cost and long process of obtaining titles, are greatly hampering housing delivery. Protracted transaction processes, which include consents from the state governors, as well as onerous fees, all contribute to the unattractiveness of mortgage financing. The enormous powers of governors over state land allocation also means that title is prone to political uncertainty and interference.



Source: Federal Housing Authority

There have been some regulatory and policy changes. In 2000, the government implemented a number of reforms to spur on the housing sector. These included establishing a Real Estate Developers Association of Nigeria and a Ministry of Lands, Housing and Urban Development, as well as restructuring the housing finance system through the FMBN to introduce, among others, a secondary market. Computerised land registries have also been introduced in Lagos and Abuja. The Lagos state government has established an electronic documents management solution to fast-track title and mortgage documentation.

## MARKET AND INDUSTRY INFORMATION

### CONSTRAINTS AND SOLUTIONS TO HOUSING AVAILABILITY IN NIGERIA

Challenges	Solutions
1. Regulatory Challenges <ul style="list-style-type: none"> <li>• Land Use Act of 1978</li> <li>• Property registration</li> <li>• Contract enforcement</li> </ul>	Stalled legislation must be fast tracked Electronic processes to speed up property documentation.
2. Financial Sector Challenges <ul style="list-style-type: none"> <li>• Lack of efficient and sustainable credit delivery</li> <li>• High interest rates – high cost of financing</li> </ul>	Stimulate economic growth across non-oil sectors Incentivize rapid development of housing unit
3. Housing Sector Challenges <ul style="list-style-type: none"> <li>• High construction costs</li> <li>• Lengthy time for construction permits</li> <li>• Lack of infrastructure</li> </ul>	Encourage local production of building materials Increase awareness of alternative & cost effective building materials and techniques Broaden access to infrastructure needs (electricity, water, roads, etc.)
4. Policy Challenges <ul style="list-style-type: none"> <li>• Inconsistent policies and programs</li> <li>• Poor coordination among housing agencies</li> <li>• Politicization of housing issues</li> </ul>	Prioritize the provision of housing for all, particularly low and middle income earners Adopt free-market policies to boost development of the real estate sector.

Source: Pison Housing Company Report, 2009

### Opportunities

Nigeria represents a potentially huge market for housing development. While the government and its various institutions are paying attention to the mortgage market, the potential of the housing finance market is increasingly being acknowledged. With an estimated population of 160 million people and a small mortgage market, housing finance has enormous potential.

Many self-build properties have appreciated in value, pointing to the possibility of housing finance products entering the formal property market and being resold through mortgages.

Government attention to the policy and legislative constraints in the market are all promising and suggest further opportunities.

### Attractive returns

Faced with low yield investment opportunities in other parts of the world, investors shift their attention to Africa. Research shows that this shift may be prolonged given the fundamentals of Africa's growth beyond commodities. The continent is booming. With this growth, Africa's cities are experiencing an influx of residents in search of work and better standards of living. By 2030, more than 50% of Africans will be living in cities. Nigeria's urban infrastructure is under

**MARKET AND INDUSTRY INFORMATION**

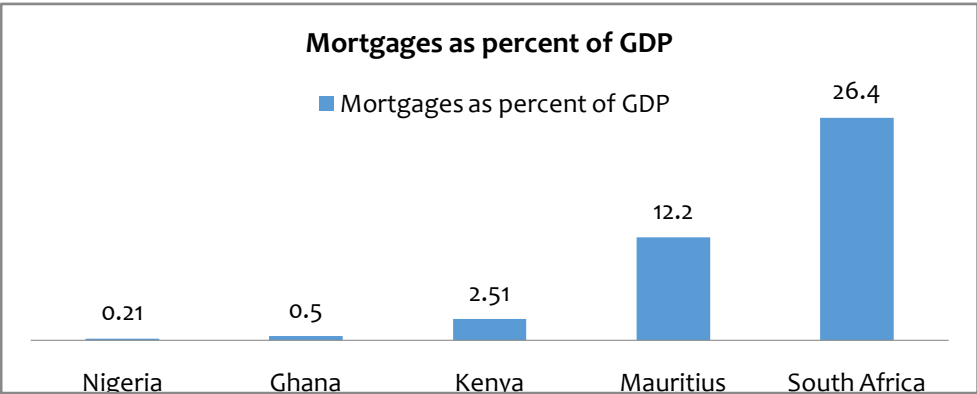
more pressure to house a growing population, and provide better power, water, and sanitation. Like Africa's growth, Nigeria presents investment opportunities in key sectors given the sheer size of the market and the continent's potential.

**NIGERIAN MORTGAGE FINANCE INDUSTRY**

The Nigerian Mortgage Finance Industry consists mainly of the Federal Mortgage Bank of Nigeria (FMBN), the new Nigerian Mortgage Refinance Company (NMRC) and Primary Mortgage Institutions (PMIs).

With an estimated population of 160 million, Nigeria's housing deficit is glaring, particularly in the urban centers. The FMBN estimates the housing deficit at 16 million housing units requiring over N56 trillion to finance at a conservative N3.5 million per unit. This means that Nigeria needs to create 800,000 housing units annually for the next 20 years in order to close her housing gap. Data from the Federal Housing Authority (FHA) shows that it has built only 30,000 housing units between 1973 and 2006, it is therefore obvious that there is a critical housing condition in Nigeria. This puts into perspective the market for mortgage finance in the country and the immense potential for mortgage banking.

Despite this huge potential, the Nigerian Mortgage Banking Industry remains relatively underdeveloped and has failed to contribute significantly to closing the country's housing deficit. One of the main reasons for this is that the industry lacks the financial capacity to meet the country's mortgage requirements. The Nigerian Mortgage Banking Industry has a remarkable development impact, both in terms of providing affordable housing and in promoting economic development. However, mortgage penetration remains low, standing at less than 1% of GDP in 2010. This level of penetration is lower than estimated rates in other select emerging markets and continues to provide opportunities for growth for current and potential players.



Source: IMF

Government in pursuit of its plans to accelerate the provision of affordable housing recently established the Nigerian Mortgage Refinancing Company (NMRC) to complement the National Housing Policy and the NHF; the two instruments of government aimed at enhancing housing delivery in Nigeria.

## **MARKET AND INDUSTRY INFORMATION**

---

The sole purpose of the Mortgage Refinance Company (NMRC) is to support mortgage originators such as Primary Mortgage Banks (PMBs) and Deposit Money Banks (DMBs) to increase mortgage lending by refinancing their mortgage loan portfolios.

The NMRC is expected to increase mortgage obligations in the country from 20,000 to 200,000 in five years and offer these mortgages at lower rates.

The activity of the organization is expected to boost and deepen the financial market, particularly the mortgage segment as the primary mortgage institutions, who are currently hamstrung with illiquidity will have a leverage for boosted performance in housing delivery. This will however depend largely on the type and structure of refinancing to be implemented by the NMRC. Mortgages will be required to pass the underwriting standards set by the NMRC to qualify for refinancing which may pose a restriction to the extent the NMRC can go in solving the Nigerian mortgage industry problems.

Recent reforms (2011) of the Mortgage Banking in Nigeria by Central Bank of Nigeria (CBN) provides for transformation of PMI to PMBs, refocus the PMBs on Mortgage and Real Estate Finance and recapitalization to adequately fund them to meet Housing Finance gap.

## **SECTION XVI**

This section highlights the following information:

- STATUTORY AND GENERAL INFORMATION

## **STATUTORY AND GENERAL INFORMATION**

---

### **1. EXTRACTS FROM THE TRUST DEED**

#### **2. Appointment of Trustee**

The Fund Manager hereby appoints Skye Trustees Limited as Trustee for REIT to act on behalf of the Unit Holders, to hold the benefit of the covenants and other obligations on the part of the Fund Manager herein contained on behalf of the Unit Holders and itself (according to its and their respective interests) in accordance with the terms of this Deed. The Trustee hereby agrees to act as trustee for the benefit of the Unit Holders on the terms and conditions contained in this Trust Deed.

#### **3. Declaration of trust**

3.1. The Trustee hereby declares itself as Trustee for the Unit Holders with effect from the date of this Deed to hold the benefit of the covenants and other obligations on the part of the Fund Manager herein contained in trust for the Unit Holders and itself according to its and their respective interests, subject to the terms of this Deed, the prospectus, Rules and the conditions which may be imposed by the Commission from time to time.

3.2. The trust created by this Deed shall remain in full force and effect until the date on which, following the redemption of all Units issued pursuant to the REIT, the Fund Manager receives unconditional release in writing from the Trustee from all of its obligations under this Deed. For the avoidance of doubt, the Parties to this Deed agree that the common law rules against perpetuities will apply to this Deed

#### **4. Investment Objective of the Trust**

The objective of the Trust is to achieve a long-term appreciation of its assets and maximize returns on capital employed. The Fund Manager shall seek to maintain a balance between realised income and capital growth to ensure regular distribution payments and continuous appreciation in asset values while ensuring optimal safety of assets and adequate liquidity to meet the Trust's obligation as they fall due.

#### **5. Investment Policy and Investment Outlets**

- 5.1 To achieve the objectives of the Trust, the Fund Manager shall adopt and maintain an investment policy that is designed to ensure a steady return on capital and assured capital gains. Subject to the terms and conditions hereinafter contained and in accordance with the regulatory framework of the Commission and within the context of the Nigerian legal system, the Trust's investment policy shall be to build up a balanced and diversified portfolio of Authorised Investments.
- 5.2 The investment outlets through which this policy will be achieved shall be as follows:
- |                     |                |
|---------------------|----------------|
| -Real Estate assets | minimum of 90% |
| -Liquid assets      | maximum of 10% |
- 5.3 In respect of the Real Estate and real estate related assets, any new development activity by the Fund Manager shall not exceed 20% of the Trust's gross assets.

## STATUTORY AND GENERAL INFORMATION

---

- 5.4 The Fund Manager shall hold on to any development in respect of the Real Estate assets for a minimum of two years before disposing of it.

### 6. Investment Committee

- 6.1 The Fund Manager shall constitute an Investment Committee for the Trust for the purpose of ensuring compliance with the investment policy of the Trust.
- 6.2 The Investment Committee shall be made up of two (2) representatives each of the Trustee and the Fund Manager, one (1) representative of the Property Manager and four (4) independent members. The Chairman of the Investment Committee shall be appointed at the first meeting of the Committee and he shall not chair any other committee of the Trust. Two members of the Committee aside from the Fund Manager shall have asset management and real estate background.
- 6.3 The tenure of the independent members of the Investment Committee shall be subject to rotation as determined by the Trustee.
- 6.4 The Investment Committee shall set appropriate policies, review and assess processes and controls, which would guide investment proposals by the Fund Manager. The powers of the Committee will include but not be limited to:
- 6.4.1 reviewing the investment, or reinvestment options of the Trust;
  - 6.4.2 considering and if deemed necessary, taking action to buy or sell any of the REIT's properties;
  - 6.4.3 taking decisions on cash allocation for investment purposes
  - 6.4.4 overseeing the investment performance of the Trust's assets and investment, approving and or ratifying investment decisions of the Fund Manager; and
  - 6.4.5 considering and subsequently reporting and making recommendations to the Fund Manager on matters pertinent to the investment of funds, the receipt of income, incurring of expenses and the management of the HMK Equity REIT.

PROVIDED that in all decisions relating to the sale of any of the Initial Assets, or any other transaction or sale of assets between the Sponsor and the Trust, the Sponsor's representatives in the Investment Committee shall abstain from participating in such decisions and shall have no vote on the issue at any meeting where such decisions shall be made.

- 6.5 The Investment Committee shall review the periodic (quarterly and half-yearly) investment management/ performance reports prepared by the Fund Manager and the Trustee before filing of the reports with the Commission. The Investment Committee shall focus particularly on:
- 6.5.1 Highlighting significant changes from reasonable investment return levels;
  - 6.5.2 Outlining areas of risk inherent within the investment strategy, and Highlighting any issues having particular significance requiring a deviation from the investment policy adopted by the Fund Manager.



## STATUTORY AND GENERAL INFORMATION

---

### 7. Investment Prohibitions

- 7.1 The Trustee and any company, which is a subsidiary or holding company or affiliate of the Trustee shall not deal as principal in the sale of any asset that forms part of the Held Assets.
- 7.2 The Fund Manager and any company which is a subsidiary or holding company of the Fund Manager shall:
- 7.2.1 Not deal in nor retain any assets or underlying securities of any company in which any of its individual officers are the beneficial owners each of more than 0.5% or collectively of more than 5% of the securities of such company.
- 7.2.2 Not invest any part of the Held Assets in any investment scheme to which the Fund Manager or a subsidiary or holding company of the Fund Manager acts as manager thereof.
- 7.2.3 Not deal in or invest in its in-house, trustees' or other associations instruments.
- 7.2.4 Not carry out transactions that expose any part of the Held Assets to unlimited liabilities or results in the said assets being encumbered in any way.
- 7.2.5 Not invest in any assets or securities that are not freely transferable.
- 7.2.6 The powers of the Fund Manager in relation to the investment and management of the Trust's Held Assets shall be subject to the consent of the Trustee.

### 8. Risk Factors

All investments involve certain risks occasioned by uncertainty and unpredictability of the future. The performance of the Trust will thus be subject, among other things, to the pursuance of political/economic stability and sustainable economic growth and development by the Government of the Federal Republic of Nigeria. The Fund Manager has no control over these conditions and shall not indemnify any investor on the occurrence of any adverse political/economic condition affecting the Investment. Although, the Fund Manager shall exercise all necessary duty of care and precautionary steps in investing the Trust's money, it does not guarantee that such objective of the Trust will be attained.

### 9. Taxation

Tax on Distributions shall be limited to withholding tax at source (currently 10%). Such incomes shall be treated as franked investment incomes and shall not suffer further tax as the withholding tax, in line with government regulations, and is deemed final.

### 10. Constitution of the Trust

The Trust shall be domiciled in Nigeria and shall be denominated in Nigerian Naira. The net proceeds of the Offer when received shall be paid into a Subscription Account to be maintained by the Custodian and shall, with all other property and assets of the Trust, at all times be vested in the Trustee and shall constitute the Trust in the first instance.

## STATUTORY AND GENERAL INFORMATION

---

### 11. Issue of Units and Subscription

- 11.1 The Fund Manager shall issue 2,600,000,000 (Two Billion Six Hundred Million) Units by way of a public offering to potential investors at ₦5.15 (Five Naira, Fifteen Kobo) per Unit. Provided that in the event of an oversubscription, the Fund Manager may, subject to the approval of the SEC, allot additional units in any case not exceeding 15% of the Offer size to investors.
- 11.2. The minimum investment that one or joint Unit Holder(s) may make in the Trust is ₦51, 500 (Fifty One Thousand, Five Hundred Naira) representing Ten Thousand (10,000) Units of the Trust at a par price of ₦5.15 (Five Naira, Fifteen Kobo) per Unit. Thereafter, additional Units in the Trust shall be issued in multiples of Two Thousand (2,000) Units and shall be subscribed for in those multiples.
- 11.3 The Units offered under the Offer shall be payable at par in full upon application. The Sponsor shall subscribe to a minimum of 5 % of the Offer.
- 11.4 Subject to the approval of the Commission and the Trustees, the Fund Manager may make subsequent offers of Units in the Trust to the public of such number and of such value as the Fund Manager may from time to time determine. Provided that any new Units so issued, shall rank pari passu in all respects with the Units issued pursuant to this Trust Deed and shall represent an undivided part of the Held Assets.

### 13. Vesting of the Assets of the Trust in the Trustee

The Trustee shall stand possessed of the Held Assets upon trust for the Unit Holders. The Held Assets shall be possessed as a single common Trust and no unit shall confer any interest or share in any particular part of the Trust.

### 14. Custody of Title Documents

All the instruments relating to the Investments and all documents of title or value connected therewith shall be deposited with the Custodian and the Custodian shall be responsible for the safe custody of such part of the Investment instruments as may be within their or their nominees' or agents' control.

### 15. Management of the Trust

- 15.1 The effective control over the affairs of the Trust is vested in and will be exercised independently by the Trustee on behalf of the Unit Holders.
- 15.2 The Fund Manager shall obtain the prior consent of the Trustee and where applicable the consent of the Commission before finalizing any investment it wishes to make.
- 15.3 There shall be appointed a Custodian to provide custodial services to the REIT in relation to monies standing to the credit of the Permitted Accounts from time to time on the terms and subject to the conditions contained in the Custodial Agreement, such appointment being conditional upon the issue of the Units and taking effect upon and from the Initial Closing Date.

## STATUTORY AND GENERAL INFORMATION

---

### 16. Investment of the Held Assets

- 16.1 All property including cash, which ought to, in accordance with the provisions of this Deed form part of the Held Assets shall forthwith after receipt by the Fund Manager be vested in the Trustees. Monies forming part of the Held Assets shall be invested in Authorised Investments at the discretion of the Fund Manager but after obtaining the consent of the Trustee or shall be retained in cash.
- 16.2 It shall not be necessary for either the Fund Manager or the Trustee to effect or cause to be effected changes of Investment by reason of any appreciation in the value of or the aggregate of the values of any Investments or any depreciation in the value or the aggregate of the values of any Investments causing the limits imposed by this Deed to be exceeded.
- 16.3 If and so long as the said limits shall be exceeded, the Fund Manager shall not make any additional Investments which would result in any of the said limits being exceeded further and if at any time when any of the said limits shall be exceeded, the Fund Manager determines to sell any Investments for the purpose of a reduction of the Trust it shall before selling any other Investments sell so much of the Investment or Investments in respect of which any of the said limits is exceeded as is necessary to effect the reduction PROVIDED that if the Fund Manager is satisfied and the Trustee agrees that the sale of such Investment or Investments at that time would be against the interest of Unit Holders such Investment or Investments need not be sold until such time as would benefit the Unit Holders.
- 16.4 For the purpose of this clause the word "value" when applied to quoted securities shall mean in relation to quoted Investments the value calculated by reference to the Exchange's current offered price of an Investment or Investments.
- 16.5 All documents required to effect Investments or realisation of Investments made with the Held Assets which shall include but not be limited to deeds of assignment, deeds of lease, certificates of occupancy, deeds of mortgage, share/stock transfer forms, contracts of sale or exchange and lease or other agreements shall be executed by the Trustee.

Such documents and (where appropriate) the evidence issued with regards to the proprietary interest in the Investments to which they relate shall also indicate that the Trustee is holding such Investments "in trust for the Trust".

PROVIDED that the Fund Manager shall be liable for any investments or realizations executed without the prior approval of the Trustee and the Investment Committee.

### 19. Realisation of Investments

- 19.1 Any Investment comprised in the Held Assets may at any time be realised at the discretion of the Fund Manager, subject to the consent of the Trustee, either in order to invest the proceeds of such realisation in other Authorised Investments or to provide the cash required for the purpose of satisfying obligations contained in this Deed or in order to retain the proceeds in cash or on deposit as aforesaid or partly one and partly another.
- 19.2 Without prejudice to the foregoing provision, Investments comprised in Held Assets and which at any time or for any reason ceased to be Authorised

## STATUTORY AND GENERAL INFORMATION

---

Investments shall be realised by the Fund Manager and the net proceeds of realisation shall be applied in accordance with the provisions of this Deed but the Fund Manager may postpone the realisation of any such Investment for such period as it may determine to be in the interest of the Unit Holders upon consultation with the Trustee through the Investment Committee and shall be required to immediately realise such Investments upon the directive of the Trustee.

### 21. Registration of Unit Holders

- 21.1 The Fund Manager shall with the consent of the Trustee appoint a Registrar who shall create, maintain and keep on behalf of the Trustee, a Register containing the names of all Unit Holders.
- 21.2 The Register shall be in such form and be kept in such manner as the Trustee may from time to time direct and shall permit no alteration in its form or conduct without the prior consent in writing of the Trustee which the Trustee shall be entitled to give or to withhold at its absolute discretion.
- 21.3 The Registrar shall promptly comply with all the requirements, which may be notified to it from time to time by the Trustee as to the form and conduct of the Register.
- 21.4 The Registrar shall at all times at the request of the Trustee supply to the Trustee all such information and explanations in relation to the Register and the conduct thereof as the Trustee may require.
- 21.5 The Registrar shall permit the Trustee, the Fund Manager or any person representing them to have access at all reasonable times to the Register and to all subsidiary records and all documents, orders, transfers, cancelled certificates or other papers relating to the conduct of the Register.
- 21.6 The Trustee, the Fund Manager or any person representing them shall be entitled to attend at the Registrar's premises at any time with or without previous notice to inspect any documents it may wish to see and to carry out such checks as may seem to it to be desirable
- 21.7 The Registrar shall cause details of the following information to be entered in the Register.
  - 21.7.1 The full names and addresses of all Unit Holders.
  - 21.7.2 The number of units held, their nominal value and the reference number of the certificate issued in respect of them.
  - 21.7.3 The dates the units were purchased or if the units were acquired in a manner other than by direct purchase the date and nature of such acquisition.
- 21.8 The Registrar shall be notified as soon as possible of any change in the name or address of any Unit Holder. The Registrar shall effect the requisite alterations in the Register upon being satisfied thereof.
- 21.9 Any Unit Holder or his nominee shall be entitled at all reasonable times during business hours and without charge to inspect the Register PROVIDED that if the Register is kept in accordance with some mechanical or electronic system the

## STATUTORY AND GENERAL INFORMATION

---

provision of this sub-clause will be satisfied by the production of legible evidence of the contents of the Register.

- 21.10 The Register shall be closed for a maximum period of thirty (30) days in any one calendar year and for such periods as the Trustee may from time to time determine and Unit Holders shall be entitled to receive at least three weeks notification of any intended closure by notices of such intention being published on the Trust's website and in at least two Nigerian national daily newspapers with international coverage as the Fund Manager may from time to time determine.
- 21.11 The Register shall be conclusive evidence as to the persons, respectively entitled to the units represented by the certificates entered therein and no notice of any trust express, impress, implied or constructive shall be entered upon the Register in respect of any such units nor shall the Registrar, save as herein otherwise provided and except as ordered by a court of competent jurisdiction or statutorily required, be bound to recognize (even when having notice thereof) any trust or equity affecting the ownership of such units or the rights incidental thereto.
- 21.12 On the death of any one of joint Unit Holders, the survivor or survivors shall be the only person or persons recognized by the Registrar and the Trustee as having any title to or interest in the units represented by such certificates and upon producing such evidence of death as the Registrar may require and delivering up the certificate he or they shall be entitled to have the certificate duly endorsed or to have a fresh certificate duly issued in his or their name or names as may be appropriate.
- 21.13 A body corporate may be registered as a Unit Holder or as one of two or more joint Unit Holders.
- 21.14 The executors or administrators or successors-in title of a deceased/dissolved/wound-up Unit Holder (not being one of two or more joint Unit Holders) or of the survivors of joint Unit Holders as the case may be shall be the only person recognized by the Registrar and the Trustee as having any title to or interest in his units.
- 21.15 Any person becoming entitled to any units in consequence of the death or bankruptcy or dissolution or winding up of any Unit Holder or the survivor of joint Unit Holders shall upon producing such evidence that he is duly authorised to act in the capacity in respect of which he proposes to act under this sub-clause or of his title as the Registrar shall consider sufficient and on delivering up the certificate or certificates of the deceased or bankrupt Unit Holder to the Registrar for cancellation be entitled to elect either to be registered as the holder of such units and to have a new certificate or certificates issued in his name or to nominate some other person or persons in whose name such new certificate should be issued.
- 21.16 If the person so becoming entitled shall elect to be registered himself he shall deliver or send to the Registrar a notice in writing in a form to be prescribed by the Registrar signed by him stating that he so elects. If he shall elect to have some other person nominated by him registered he shall testify his election by executing to such other person an assignment of such units. All the provisions of this Deed relating to transfers of units shall be applicable to any such notice or assignment aforesaid as if the death or bankruptcy or dissolution or winding-up of the Unit Holder had not occurred and the notice or assignment was an

## STATUTORY AND GENERAL INFORMATION

---

assignment executed by such Unit Holder.

- 21.17 A person becoming entitled to units in consequence of the death or bankruptcy or dissolution or winding-up of a Unit Holder or the survivor of joint Unit Holders shall be entitled to receive and may give a discharge for all moneys payable in respect of the units but he shall not be entitled to the rights of a Unit Holder with regard to the receipt of notices of or attendance or voting at any meetings of Unit Holders until he shall have had his name entered in the Register as a Unit Holder in respect of such units.
- 21.18 No fee shall be charged in respect of the registration of any grant of probate, letters of administration, power of attorney, certificates of marriage or death, orders of court, deeds, resolutions or other documents affecting the transmission or distribution in respect of any units.
- 21.19 Notwithstanding any other provision of this Deed, the Registrar in keeping the Register shall act solely as agent for the Trustee as required by the foregoing provisions of this clause and the Trustee shall have same responsibility towards Unit Holders as if the Register were kept by it.

### **22. Duties of the Registrar**

Notwithstanding anything hereinbefore contained it shall be the duty of the Registrar to prepare all certificates, cheques, payment instructions, warrants, notices, accounts, summaries, declarations, offers or statements which the Trustee under the provisions herein contained is required to prepare, issue, serve or send as hereby provided, to stamp the same and dispatch them on the day they ought to be dispatched.

### **24. Execution and Issuance of Unit Statement**

- 24.1 All Units allotted to e-Unit Holder shall be delivered in dematerialized (uncertificated) form and held in electronic book-entry form with the CSCS.
- 24.2 Every Unit Holder shall have its CSCS account credited with the number of units bought by him. Joint Unit Holders shall have each of their CSCS accounts credited with the number of units jointly held by them with a reference to that effect.
- 24.3 Statements issued by the CSCS as to the aggregate number of units standing to the CSCS account of any person shall be conclusive and binding for all purposes save in the case of manifest error and such person shall be treated by the Fund Manager, the Trustee and the Registrar as the legal and beneficial owner of such aggregate number of Units for all purposes.

The owners shown in the records of CSCS are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of this Deed.

### **26. Transfer of Units**

- 26.1 Where a Unit Holder with a CSCS account intends to transfer all or any part of his units, such transfer will be effected on the automated trading system of the NSE and settled in accordance with the CSCS Rules.
- 26.2 The transferor shall be deemed by the Trustee and the Fund Manager to be entitled to the units intended to be transferred by any such transfer as aforesaid until such time as the name of the transferee is entered in the Register in respect thereof.

## STATUTORY AND GENERAL INFORMATION

---

- 26.3 The Registrar shall forward all perfected instruments of transfer to the Trustee who shall retain all such instruments.
- 26.4 No transfer or purported transfer of a unit other than a transfer made in accordance with this clause shall entitle the transferee to be registered in respect thereof neither shall any notice of such transfer or purported transfer (other than as aforesaid) be entered upon the Register.

### 27. Dealings on Behalf of Unit Holders

Notwithstanding anything herein contained neither the Trustee nor the Fund Manager nor any other party shall be required or obliged to effect any transaction or dealing with any part of the Investments or of the Held Assets on behalf of or for the benefit of or at the request of any Unit Holder or joint Unit Holders unless such Unit Holder or joint Unit Holders shall first have paid in cash to the Trustee or the Fund Manager or to any such party or otherwise provided to their or its satisfaction as the case may be for all duties and charges and any necessary stamp duty which may have become or may be payable in respect of or prior to or upon the occasion of such transaction or dealing PROVIDED always that the Trustee or the Fund Manager or such other party shall be entitled if it or they (as the case may be) so think fit to pay and discharge all or any of such duties, charges or stamp duty on behalf of the Unit Holder and to retain the amount so paid out of any moneys or property to which such Unit Holder may be or become entitled in respect of his units or otherwise howsoever hereunder.

### 28. Fees and Charges

- 28.1 The Trust shall bear the following fees and expenses:

#### 28.1.1 Management Fee

A fee payable to the Fund Manager annually in arrears 0.4% of the Net Asset Value of the Trust

#### 28.1.2 Incentive Fee

Subject to Trustee's approval, the Fund Manager shall be entitled to an incentive fee annually not exceeding 10% of total returns in excess of 10% of the Net Asset Value of the Trust for the preceding year.

#### 28.1.3 Trustee's Fee

A fee payable to the Trustee annually in arrears amounting to 0.035% of the Net Asset Value.

#### 28.1.4 Registrar's Fee

An annual fee of N500,000.00 (Five Hundred Thousand Naira) payable quarterly in arrears.

#### 28.1.5 Custodian's Fee

A fee payable to the Custodian annually in arrears amounting to 0.075% of the Net Asset Value.

#### 28.1.6 Rating Agency Fee

A fee payable to the Rating Agency every two years, when the REIT is rated, in the sum of N3,000,000.00 (Three Million Naira)

## STATUTORY AND GENERAL INFORMATION

---

### 28.1.7 Property Manager's Fee

A fee payable to the Property Manager amounting to 2.5% of the rental income

### 28.1.8 Auditor's Fee

A fee payable to the Auditor to be determined by the Fund Manager and the Trustee.

### 28.1.9 Estate Valuation Fees

A fee payable to the estate valuer to be determined by the Fund Manager and the Trustee

### 28.1.10 Miscellaneous Expenses

The initial costs of establishing the Trust, estimated at N390,000.00 (Three Hundred and Ninety Million) will be offset from the proceeds of the Offer while other annual costs and expenses to be borne by the Trust will be met from the Held Property. These initial and other annual costs include audit fees, legal fees, consulting and other fees and charges incidental to the running of the Trust.

## 30. Audit of Accounts

- 30.1 The Fund Manager shall cause the accounts of the Trust to be audited for each Financial Year or such other period as may be agreed between the Trustee and the Fund Manager and advised to the Unit Holders and certified by the Auditors. The first account shall relate to the period from the date of allotment to the end of the Financial Year.
- 30.2 There shall be attached to such account statements certified by the Auditors stating that the scheme has been operated within the provisions of the Investments and Securities Act, 2007 as well as within any regulations for the time being made by the Commission.

## 31. Reports and Returns

- 31.1 The Fund Manager shall provide specified information on the Trust at least once in every Financial Year to all Unit Holders which information shall be included in the copy of the annual accounts of the Trust sent to Unit Holders not later than 4 months (or such extended period not exceeding a further period of three months as the Commission may in exceptional circumstances allow) after the end of the period to which they relate. Such specified information shall include such information as the Fund Manager shall in consultation with the Trustee and upon the advice of the Auditors deem appropriate to report on.
- 31.2 The Fund Manager shall also make such periodic returns to the Commission as may be specified by the Commission from time to time.

## 36. Administration of the Trust

- 36.1 The Fund Manager shall be responsible for the payment out of the Trust of all expenses incurred or to be met from time to time in connection with the management or trusteeship of the Trust including but not limited to:-



## STATUTORY AND GENERAL INFORMATION

---

- 36.1.1 The Management Fee.
  - 36.1.2 The Offer expenses.
  - 36.1.3 The Trustee's fees and expenses.
  - 36.1.4 The Registrar's fees and expenses.
  - 36.1.5 Rating Agency Fees
  - 36.1.6 Property Manager's fees
  - 36.1.7 Auditor's fees
  - 36.1.8 Custodian's fees
  - 36.1.9 Estate Valuation Fee
  - 36.1.10 Insurance Premium
  - 36.1.11 All such other reasonable expenses to be incurred by or on behalf of the Trust. Provided that all the fund's expenses in any given year shall not exceed 5% of the Net Asset Value of the Trust.
- 36.2 All or any of such expenses shall be payable out of the Held Assets and the Fund Manager shall where it deems it necessary request that the Custodian make provision therefore by depositing and keeping deposited in the name and under the control of the Custodian in a fund (in this Deed referred to as "the Expenses Account") of such amount as shall in the opinion of the Fund Manager in consultation with the Trustee and the Custodian be from time to time adequate (having regard to any other provisions which may from time to time be made for securing the same) out of the capital and income thereof and to provide for all such expenses during the continuance of the Trust.
- 36.3 The Expenses Account shall be held by the Custodian in agreement with the Fund Manager and the Trustee upon trust out of the capital and income of the Trust to pay all such expenses.
- 36.4 If at any time owing to the growth of the Trust or for any other reason the Trustee shall form the opinion and shall notify the Fund Manager and the Custodian that the Expenses Account for the time being is not adequate as aforesaid, then the Fund Manager and the Custodian shall forthwith deposit with the Trustee by way of addition to the Expenses Account such amount as shall in the opinion of the Trustee and the Fund Manager be required to render the same adequate.
- 36.5 Subject as aforesaid, the Expenses Account shall be held by the Custodian upon and subject to such trusts and provisions (including provisions as to the manner of investment thereof and for periodical and other payments to be made thereat to the Fund Manager) as may be agreed between the Trustee and the Fund Manager being trusts and provisions not inconsistent with the maintenance of the Administration Fund at an amount adequate as aforesaid.
- 36.6 Except for charges or fees expressly authorised by this Deed, the Trustee and the Fund Manager shall not make any further charge against the Unit Holders or against the Held Assets or against any Distribution, for their services or for

## STATUTORY AND GENERAL INFORMATION

---

their administrative expenses hereunder save with the approval of the Commission.

### **37. Breaches of the Trust Deed**

Whenever there has been a breach of the terms of this Deed by the Fund Manager, the Trustee shall take immediate steps (not more than 5 Business days of becoming aware of the breach) to enforce the terms thereof and shall inform the Commission of the nature and details of the breach within 10 Business Days of becoming aware of its occurrence.

### **38. Removal, Resignation and Retirement of the Fund Manager**

38.1 The Trustee shall in consultation with and with the approval of the Commission remove the Fund Manager upon the occurrence of any one or more of the following events:

38.1.1 Its certificate of registration as a Capital Market Operator is withdrawn or revoked by the Commission.

38.1.2 It is in the process of going into liquidation other than a voluntary liquidation for the purpose of amalgamation or reconstruction on terms previously approved in writing by the Trustee or if a Receiver is appointed to take charge of the affairs and undertaking of the Fund Manager or any part thereof.

38.1.3 The Unit Holders should pass a valid extraordinary resolution approving the removal of the Fund Manager.

38.1.4 The Fund Manager's voluntary resignation PROVIDED that the Fund Manager shall not be permitted to so resign save upon the appointment of a new Fund Manager.

38.2 On the happening of any of the events stated in this clause, the Trustee shall, subject to the provisions of the Investments and Securities Act, 2007 appoint with the approval of the Commission some other body corporate to be the Fund Manager hereof and the Trustee shall inform the Commission of the suitability of the Fund Manager after satisfying itself that the new Fund Manager has the track record of managing assets valued in excess of [N10B], at least ten (10) years' experience as a Fund Manager and such other requirement as the Trustee may deem appropriate in the circumstance.

38.3 Following the appointment of a new Fund Manager, it shall enter into such deed or deeds as shall be deemed necessary to ensure its due performance of all the duties and obligations required of it during the remainder of the Trust period.

### **39. Removal, Resignation and Retirement of the Trustee**

39.1 The Fund Manager shall with the approval of the Commission remove the Trustee if:-

39.1.1 Its certificate of registration as a Capital Market Operator is withdrawn or revoked by the Commission.

39.1.2 It is in the process of going into liquidation other than a voluntary liquidation for the purpose of amalgamation or reconstruction on terms previously approved in writing by the Fund Manager, or if a Receiver is appointed to take charge of the affairs and undertaking of the Trustee or any part thereof.

## STATUTORY AND GENERAL INFORMATION

---

- 39.1.3 If the Unit Holders should pass a valid extraordinary resolution approving its removal as Trustee.
- 39.2 The Trustee shall notify the Fund Manager of its intension to resign and the Fund Manager shall accept such resignation subject to the appointment of the new Trustee.
- 39.3 On the happening of any of the events stated in this clause, the Fund Manager shall subject to the provisions of the Investments and Securities Act, 2007 appoint with the approval of the Commission some other body corporate to be the Trustee hereof and the Fund Manager shall inform the Commission of the suitability of the new Trustee after satisfying itself that the new Trustee has a valid registration with the Commission and has the required minimum capital and demonstrates that it has the track record of holding trust assets valued in excess of [N10B], at least ten (10) years' experience in Trusteeship.
- 39.4 Following the appointment of a new Trustee, it shall enter into such deed or deeds as shall be deemed necessary to ensure its due performance of all the duties and obligations required of it during the remainder of the Trust period.

### 41. Distributions

- 41.1 The amount available for distribution in respect of any Distribution Period shall be, subject as hereinafter provided, a sum equal to 90% of the aggregate of:-
- 41.1.1 the Net Income Proceeds received or receivable by the Trust during the Distribution Period.
- 41.1.2 the amount (if any) recovered or estimated by the Fund Manager and the Auditors to be receivable by the Trust in respect of relief from tax and double tax on Income Proceeds;
- Less, a sum equal to the aggregate of:-
- 41.1.3 the amount of expenses paid or estimated by the Trustee to be payable out of the Held Assets pursuant to Clause 33.2 hereof and which in the opinion of the Fund Manager and the Trustee after consulting the Auditors are properly chargeable against Income Proceeds;
- 41.1.4 the amount (if any) paid or estimated by the Fund Manager and Auditors to be payable by the Trust in respect of tax on Income Proceeds other than tax already deducted in determining the amount of the Net Income Proceeds.
- 41.3 As at each Ex-Distribution Date, the amount of cash required to effect such distribution shall be transferred from the Held Assets to an account called "the Distribution Account".
- 41.4 The Registrar shall when making every allocation issue to each Unit Holder or in the case of joint holders to that one who is first named on the Register a certificate in a form acceptable to the Inland Revenue Authorities showing what part of the amount allocated in respect of the Distribution Period represents income and the amount of withholding tax (if any) which has been deducted and containing a declaration to the effect that all withholding tax payable in respect of such part has been deducted and either had been or will be paid.

## STATUTORY AND GENERAL INFORMATION

---

### 42. Termination of the Trust

- 42.1 The Trusts hereby created may be terminated on the happening of all or any of the following events:
- 42.1.1 If the Trustee is advised in writing by the Fund Manager that it believes that the investment objective of the scheme can no longer be reasonably achieved.
  - 42.1.2 If any law is passed or regulations or decision of a court of competent jurisdiction or government policy is made which in the judgment of the Fund Manager and/or the Trustee renders it illegal or impracticable to continue the Trust.
  - 42.1.3 If the Commission revokes the authorisation of the Trust .
  - 42.1.4 If a request for termination is made by the Unit Holders pursuant to an extraordinary resolution duly passed at a meeting validly held in accordance with the terms of the First Schedule hereto.
- 42.2 Subject only to a prior Termination in accordance with above provisions, the Trust herein created shall continue in force for a maximum term of 90 years

### 43. Provisions on the Termination of the Trust

- 43.1 The Trustee shall not later than two months before the termination of the Trust under any of the relevant provisions of this Deed give notice to the Unit Holders advising them of the impending distribution of the Held Assets.
- 43.2 In the event of termination of the Trust, the Fund Manager shall use its best efforts to effect a market sale of all the assets of the Trust for the best price available at such time and shall thereupon pay all the cash proceeds derived from the realisation of the assets of the Trust to the Unit Holders in proportion to their interests in the Trust through the Trustee.

### 44. Notices

- 44.1 Any notice or other communication to be given under this Deed shall be in writing and may be served:
- 44.1.1 personally;
  - 44.1.2 by registered or recorded delivery;
  - 44.1.3 by email (the latter to be confirmed by acknowledgement of receipt );  
or
  - 44.1.4 by any other means which any party specifies by notice to the others.
- 44.2 A notice shall be deemed to have been served:
- 44.2.1 if it was served in person, at the time of service;
  - 44.2.2 if sent by email
  - 44.2.3 if it was served by post, on the date it was received at the Addressee's address subject to verification by the production of a proof of delivery.;  
and

## STATUTORY AND GENERAL INFORMATION

---

44.2.4 if its receipt was acknowledged by the receiving party

### **45. Trust Deed Binding on All Parties**

The provision of this Deed and of any duly executed Deed supplemental hereto shall be binding on the Trustee, the Fund Manager and all parties to this Deed and such supplemental Deed.

### **46. Rights of Unit Holders**

Unit Holders shall not have or acquire any right against the Fund Manager or the Trustee in respect of units save as are expressly conferred upon them by this Deed or by any laws, regulations or court orders.

## **FIRST SCHEDULE**

### **MEETINGS OF UNIT HOLDERS**

#### **1. General Meetings**

1.1 The Trust shall whenever the need arises hold a meeting as its General Meeting. The Fund Manager shall in the notice convening such meeting specify that the meeting is a General Meeting and that the ordinary business of the meeting shall include the presentation of the Audited Financial Accounts, the Reports of the Fund Manager, and the appointment and fixing of the remuneration of the Auditors and where applicable the declaration of a distribution. Any other business transacted at the General Meeting shall be deemed special business.

#### **2. Requisitioning a Meeting**

2.1 The Trustee or the Fund Manager shall at any time be obliged to convene a meeting of Unit Holders with the consent of the Trustee at the request, in writing, of Unit Holders holding not less than one-tenth(1/10) /10% of the nominal amount of the units for the time being outstanding and upon being satisfactorily indemnified against all cost and expenses to be incurred, shall convene a meeting of Unit Holders in accordance with the provisions of this Schedule to determine any matter affecting their interest. Such meeting to be held at such place as the Trustee shall determine or approve.

#### **3. Notice of Meetings**

3.1 At least 21 (twenty-one) days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the Unit Holders in the manner provided by Clause 46 of this Deed. The notice shall specify the place, day and hour of the meeting and the terms of any resolution to be proposed thereat and shall give such further information (if any) as the Fund Manager and the Trustee shall think fit. A copy of the notice shall be sent by post to the Trustee unless the meeting shall be convened by the Trustee.

3.2. A meeting may be called giving shorter notice than that specified in paragraph 3.1 if consent is accorded thereto by Unit Holders holding not less than 75% (seventy five per cent) of the nominal amount of the Units for the time being issued.

3.3 Only the following persons shall be entitled to receive notice of a Meeting:

3.3.1 Every Unit Holder;

## STATUTORY AND GENERAL INFORMATION

---

- 3.3.2 Every person upon whom the ownership of a Unit devolves by reason of his being a legal representative, receiver, a trustee in bankruptcy or a trustee in lunacy of a Unit Holder;
- 3.3.3 the Fund Manager, if the Meeting is called by the Trustee and vice versa;
- 3.3.4 The Commission; and
- 3.3.5 The Auditors (in case of an Annual General Meeting or at any General Meeting at which the Accounts of the Trust are to be considered)

PROVIDED THAT none of the persons mentioned in clauses (3.3.3), (3.3.4) and (3.3.5) above shall be entitled to vote at any Meeting at which they are in attendance except in their capacity as Unit Holders.

- 3.3 The accidental omission to give notice to or the non-receipt of notice by any person entitled to notice shall not invalidate the proceedings at any Meeting.
- 3.4 Notice of meetings shall be served on Unit Holders or any person entitled, personally by post at the address supplied for that purpose, or at the registered address where applicable, and by publication in a newspaper circulating nationally.

### 4. **Quorum for Meetings**

- 4.1 At any meeting, five (5) Unit Holders representing not less than 25% of the fund's issued asset present in person or by proxy, shall form a quorum for the transaction of business except for the purpose of passing an extraordinary resolution. The quorum for passing an extraordinary resolution shall be Unit Holders present in person or by proxy representing not less than one – quarter ( $\frac{1}{4}$ ) in value of such units. No business shall be transacted at any meeting unless the requisite quorum is present at the commencement of business.
- 4.2 If within half-an-hour from the time appointed for the meeting, a quorum is not present the meeting convened upon the requisition of Unit Holders shall be dissolved. In any other case it shall stand adjourned to such day and time not being less than fourteen days thereafter and to such place as may be appointed by the Chairman. At such adjourned meeting the Unit Holders present in person or by proxy shall be a quorum for the transaction of business including the passing of extraordinary resolutions.
- 4.3 At least seven days' notice of any adjourned meeting of Unit Holders shall be given as mentioned in Clause 3.2 of this Schedule and such notice shall state that the Unit Holders present in person or by proxy at the adjourned meeting whatever their number and the number of units held by them will form a quorum for the purpose including the passing of Extra Ordinary Resolutions.

### 5. **The Chairman**

- 5.1 The Trustee or a person nominated by it shall preside as Chairman at every meeting and if the Trustee or any person nominated by it is not present within half-an-hour after the time appointed for holding the meeting, the Unit Holders present shall choose one of their number to be Chairman.
- 5.2 The duties and powers of the Chairman shall include:
  - 5.2.1 preserving order and taking such measures as are reasonably necessary to do so;
  - 5.2.2 ensuring that the proceedings are conducted in a regular manner

## STATUTORY AND GENERAL INFORMATION

---

5.2.3 ensuring that the true intention of the Meeting is carried out in resolving any issue that arises before it;

5.2.4 ensuring that all questions that arise are promptly decided; and

5.2.5 at all times, acting in the bona fide interest of the Trust.

### 6. **Adjournment**

6.1 The Chairman may with the consent of any meeting at which a quorum is present and shall if so directed by the meeting adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.

6.2 When a meeting is adjourned for 30 (thirty) days or more, notice of the adjourned Meeting shall be given as in the case of an original Meeting; but otherwise it will not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned Meeting.

6.3 If within 1 (One) hour from the time appointed for the Meeting a quorum is not present, the Meeting if convened upon the requisition of Unit Holders shall be dissolved, but in any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Chairman or a person nominated by it may direct.

6.4 If a Meeting stands adjourned under sub-clause 6.3 above any two or more Unit Holders present at the place and time to which it so stands adjourned shall form a quorum and their decision shall bind all Unit Holders and where only one Unit Holder is present he may seek the direction of the Court to take a decision.

### 7. **Voting**

7.1 At any meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman on his own motion or by any Unit Holder present in person or by proxy Unless a poll is so demanded, a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

7.2 If a poll is duly demanded, it shall be taken in such manner as the Chairman may direct and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

7.3 On an equality of votes whether on a show of hands or on a poll the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to the votes (if any) to which he may be entitled as a Unit Holder.

7.4 A poll duly demanded on the election of a Chairman or on a request for adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place as the Chairman directs. A demand for a poll may be withdrawn at any time by the person who has demanded it.

7.5 Subject as aforesaid, the demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

- 7.6 On a show of hands every Unit Holder who being an individual is present in person or by proxy or being a body corporate is present by its duly authorised representative shall have one vote.
- 7.7 On a poll every Unit Holder who is present in person or by proxy or being a body corporate, by its duly authorised representative as aforesaid or by proxy shall have one vote for every unit of which he or it respectively is the holder.
- 7.8 Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him.
- 7.9 The Chairman shall have power at any time before the result of poll is declared to remove a scrutineer from office and to fill any vacancy arising from such removal or any other cause.
- 7.10 Of the two scrutineers appointed under Clause 7.8 of this Schedule, one shall always be a Unit Holder present at the meeting, not being an officer or employee of the Fund Manager provided that such a Unit Holder is available and willing to be appointed.
- 7.11 In the case of joint Unit Holders, the vote of the senior Unit Holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint Unit Holder and for this purpose seniority shall be determined by the order in which the names stand in the Register.
- 7.12 On a poll, votes may be given either personally or by proxy.
- 7.13 A corporation which is a Unit Holder may by writing under the hand of a duly authorized officer, authorize such person as it thinks fit to act as its representative at any meeting of the Unit Holders and the person so authorized shall be entitled to exercise the same power on behalf of the corporation which he represents as that corporation could exercise if it were an individual Unit Holder.
- 8. Proxies**
- 8.1 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a body corporate either under its common seal or under the hand of an officer or attorney so authorised.
- 8.2 A person appointed to act as a proxy need not be a Unit Holder.
- 8.3 The instrument appointing a proxy and the power of attorney or other written authority (if any) duly notarized shall be deposited at such place as may in the notice convening the meeting direct or if no such place is appointed then at the head office of the Fund Manager not less than forty-eight (48) hours (or if the day appointed for such meeting or adjourned meeting is a Monday not less than seventy-two hours) before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument or proxy shall not be treated as valid. The Fund Manager shall be required to submit to the Registrar for record purposes any such instrument appointing a proxy. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date named in it as the date of its execution.
- 8.5 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity or dissolution or winding-up of the principal or revocation of the proxy or the authority under which the proxy was executed or the transfer of the units in respect of which the proxy is given. Provided that no notification in writing of such death, insanity, dissolution or winding up, revocation or transfer shall have been received at the place appointed for the deposit of proxies or if no such place is appointed at the Head Office of the Fund



## STATUTORY AND GENERAL INFORMATION

---

Manager before the commencement of the meeting or adjourned meeting at which the proxy is used.

### 9. **Resolutions Binding**

9.1 A resolution passed at a meeting of the Unit Holders duly convened and held in accordance with this Deed shall be binding upon all the Unit Holders whether present or not at the meeting and each of the Unit Holders and the Trustee and the Fund Manager shall subject to the provisions for their respective indemnities in this Trust Deed contained be bound to give effect thereto accordingly.

9.2 An entry in the minutes of any meeting of Unit Holders duly convened or in any book containing the minutes of proceedings of the meeting, shall be conclusive proof that such resolution was passed notwithstanding that there is no proof or record of the number or proportion of votes cast in favour of or against the resolution.

### 10. **Extraordinary Resolution**

10.1 The expression "extraordinary resolution" when used in this Deed means a resolution passed at a meeting of the Unit Holders duly convened and held in accordance with the provisions herein contained. The notice of such meetings shall state that an extraordinary resolution(s) will be proposed at such meeting which shall be passed by a majority consisting of Unit Holders present in person or by proxy (or being a body corporate by its duly authorised representative as aforesaid) holding not less than three-fourths in value of Registered Units and voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than three fourths in number of the vote given on such poll.

### 11. **Minutes of Meetings**

11.1 The Trustee shall nominate a person who shall take minutes and cause the minutes of all resolutions and proceedings at every meeting to be made and duly entered in books to be from time to time provided for that purpose by the Trustee.

11.2 Any such minutes if purporting to be signed by the Chairman of the Meeting shall be conclusive evidence of the matters therein stated and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed thereat to have been duly passed.

11.3 The books containing the minutes of the proceedings of any Meeting of the Unit Holders shall be kept at the registered office of the Trustee and shall during business hours be open to inspection by Unit Holders without charge.

11.4 A Unit Holder shall be entitled to be furnished within seven (7) days after receipt of his request by the Fund Manager with a copy of any such minutes duly certified at a minimal charge to be fixed by the Trustee.

## STATUTORY AND GENERAL INFORMATION

---

### 2. EXTRACT FROM THE DEED OF DECLARATION OF TRUST

#### 2. DECLARATION OF TRUST

- 2.1. In furtherance of the establishment of the REIT, the Bare Trustee hereby unconditionally and irrevocably declares and constitutes a trust over the Rights of Occupancy and all its interests in the Trust Property in favour and for the benefit of the Beneficiary, such trust to take effect from the Effective Date and in accordance with the provisions of this Deed.
- 2.2. The Bare Trustee further undertakes to retain and hold the legal interest in the Rights of Occupancy exclusively in trust for and on behalf of the Beneficiary until such time when the whole of the Trust Property is conveyed, free of the trusts constituted by this Deed, to the Beneficiary or to such other third parties as the Beneficiary may designate.
- 2.3. For the avoidance of doubt, from the Effective Date the Trust Property, in relation to whose Rights of Occupancy the Bare Trustee has constituted this Trust, shall cease to form part of and shall not be deemed to constitute the assets of the Bare Trustee.
- 2.4. While the Trust subsists, and subject to any agreement between the parties, the Bare Trustee may add other properties to the Trust Property at any time by way of declaration of trust or otherwise by depositing the title documents to such property with the Custodian upon the instructions of the Beneficiary, provided that the same conditions of this Deed shall apply to such additional properties.
- 2.5. Notwithstanding anything to the contrary contained in this Deed, this Deed of Declaration of Trust shall become effective on the Effective date.

#### 3. PRE-CONDITIONS TO THE EFFECTIVE DATE

The Bare Trustee hereby covenants to fulfill the conditions precedent listed in schedule 2 of this Deed within 1 month after financial close of the Offer.

#### 4. PURPOSE OF THE TRUST

- 4.1. The purpose for which the Trust has been constituted is for the Bare Trustee to hold the Right of Occupancy in trust for the Beneficiary and to protect and conserve the legal title to the Trust Property until such time when the Beneficiary may decide to Dispose of the legal title pursuant to this Trust Deed.
- 4.2. The Bare Trustee, from Signature Date shall not undertake any activity which is not strictly necessary for attaining the purpose of the Trust as stated in clause 4.1 above, nor shall the Bare Trustee transact any other business in relation to, or with, the Trust Property except as contemplated under the provisions of this Deed and only upon the receipt of written instructions from the Beneficiary.

## STATUTORY AND GENERAL INFORMATION

---

### 5. RIGHTS AND INTERESTS OF THE BENEFICIARY

- 5.1. The exclusive rights and interest of the Beneficiary over and in relation to the Trust Property (subject to the provisions of the Trust Deed) shall include but not be limited to the following:
  - 5.1.1. the right to direct the Bare Trustee to Dispose or otherwise deal with the Trust Property;
  - 5.1.2. the right to issue directions to the Bare Trustee or any other party in relation to the management and control of the Trust Property;
  - 5.1.3. the right to manage and control the Trust Property itself and full power to do all things, perform all acts which in the Beneficiary's absolute discretion (subject to the provisions of the Trust Deed) are necessary and proper for the protection of the Trust Property and to deal generally with the Trust Property in accordance with the provisions of this Deed;
  - 5.1.4. the right to receive all the proceeds or other earnings from the sale, mortgage, or other disposition of the Rights of Occupancy and Trust Property;
  - 5.1.5. the right to appoint consultants, advisers or other professionals in relation to the Trust Property;
  - 5.1.6. the right to take responsibility for the performance of any obligation(s) created by any competent authority in relation to the Trust Property including payment of taxes, utilities, insurance premiums, maintenance fees and outgoings or to otherwise direct the Bare Trustee to so act on its behalf;
  - 5.1.7. the right to do all acts, perform all obligations and observe all regulations with respect to the Trust Property as fully and effectually as the Bare Trustee could itself act.
- 5.2. The Beneficiary shall have the right to assign or otherwise transfer its rights.
- 5.3. The Beneficiary shall have the powers to appoint additional trustees.
- 5.4. The Beneficiary shall have the power to do all things and perform all acts, which in their judgment are necessary and proper for the protection of the Trust Property and to deal generally with the Trust Property in accordance with the provisions of the Trust Deed.
- 5.5. The Beneficiary shall have the right to terminate the Trust, whereupon the Bare Trustee shall transfer the legal interest in the Rights of Occupancy, to the Beneficiary or to such other person designated by them, together with any other Trust Property that was held by the Bare Trustee when the Trust was terminated PROVIDED THAT the cost of any such transfer shall be borne by the Beneficiary.
- 5.6. The Bare Trustee shall affirm or ratify, and does hereby affirm and ratify, all actions taken by the Beneficiary in relation to the Trust Property, and permitted by the terms of this Deed which could lawfully have been taken by the Beneficiary if they had been vested with the Rights of Occupancy.

## STATUTORY AND GENERAL INFORMATION

---

### 6. POWERS AND OBLIGATIONS OF THE BARE TRUSTEE

- 6.1. The Bare Trustee shall bear all Pre-Effective Date Obligations relating to the Trust Property and shall indemnify the Beneficiary against any loss, claims or damages suffered by the Beneficiary as a result of any such obligations.
- 6.2. The Bare Trustee agrees that this Agreement creates only a bare trust in which the Bare Trustee holds legal title in the Trust Property for the benefit of the Beneficiary. The Bare Trustee further agrees that it shall have no powers and shall not exercise any powers available to a trustee in law and shall only have, or exercise, such rights and powers of a trustee as are expressly permitted in this Agreement.
- 6.3. The Bare Trustee shall not have the authority to Dispose of the Rights of Occupancy of the Trust Property without the prior written consent of the Beneficiary.
- 6.4. The Bare Trustee acting solely as instructed by the Beneficiary and in accordance with the Trust Deed, shall have:
  - 6.4.1. the power to perform any obligations imposed by any Government Authority in relation to the Trust Property including the payment of Taxes, utility bills, insurance premiums, maintenance fees and all outgoings;
  - 6.4.2. the power to do all acts, perform all obligations and observe all regulations with respect to the Trust Property; and
  - 6.4.3. the power to Dispose any of the Trust Property upon the written instruction of the Beneficiary, subject to such restrictions and for such consideration for cash or otherwise, and generally upon such terms and conditions as the Beneficiary may impose.
- 6.5. Upon the instructions of the Beneficiary and receipt of requisite funds, pay expenses incurred in protection or preservation of its Right of Occupancy over any Trust Property, including reasonable compensation to any professional advisers retained in respect of such matters.
- 6.6. Subject to the direction or instruction from the Beneficiary in writing, to settle, sue or defend claims in respect of any Trust Property provided that no persons dealing with the Bare Trustee shall be bound to inquire about any propriety or regularity in the exercise of the Bare Trustee's power. For the avoidance of doubt, no action may be taken with regards to any litigation or claim against the Trust Property without the prior written authorization of the Beneficiary. In particular, the Bare Trustee shall not without the consent of the Beneficiary compromise, adjust, arbitrate, sue, defend, or otherwise deal with and settle claims in respect of the Trust Property.
- 6.7. The Bare Trustee shall inform the Beneficiary within five (5) Business Days of becoming aware of any claim, litigation, regulatory audit, administrative procedure, (threatened or filed in any court) which relates to the Trust Property or may likely impact on the Trust.

## STATUTORY AND GENERAL INFORMATION

---

- 6.8. The cost of prosecuting or defending any actions, claims or demands that are Pre-Effective Date Obligations shall be borne by the Bare Trustee, while the costs and expense relating to actions served on the Bare Trustee from the Effective Date shall be borne by the Beneficiary, PROVIDED THAT any such action instituted from the Effective Date is not as a result of a defect in the Bare Trustee's title to the Trust Property or any act, omission or negligence on the part of the Bare Trustee.
- 6.9. Subject to the Beneficiary's written instructions or directives, to carry out and maintain such policies of insurance for such hazards and in such amounts as the Beneficiary may from time to time advise and where required, execute any insurance contracts and policies required in relation to the Trust Property upon written authorisation by the Beneficiary. Provided however, that the Beneficiary shall bear the cost of any premiums payable on the insurance and the Beneficiary shall be named as sole loss payee in respect of such insurance policies.
- 6.10. The Bare Trustee shall enter into contracts and execute such instruments as may be necessary for purposes of the Trust, such contract or instrument to be executed only upon the instruction of the Beneficiary.
- 6.11. The Bare Trustee shall when requested by the Beneficiary, facilitate any mortgage or loan transaction entered into by the Beneficiary by acting as surety or pledging the Rights of Occupancy over any or all of the Trust Property as security for any such credit facility.
- 6.12. Upon the termination of the Trust pursuant to clause 5.5 of this Deed, the Bare Trustee shall execute all such instrument and do all such things as are required to transfer the legal interest in the Trust Property to the Beneficiary or to such other person as it may designate, together with any other interest in the Trust Property that may at that time be held by the Bare Trustee.
- 6.13. The Bare Trustee shall separately identify in its records and accounts, the Trust Property from its assets and from other investments held for the benefit of any other party or for itself.
- 6.14. The Bare Trustee shall notify the tenants insurers and other obligors under any existing contracts relating to the Trust Property of the rights of Beneficiary hereunder in such manner and form as instructed by the Beneficiary within 5 Business Days of the Effective Date and provide copies of all such notices to the Assignee or such other 3<sup>rd</sup> party as it may designate.
- 6.15. The Bare Trustee shall report the service or receipt of any notices, demands, orders or information in relation to the Trust Property to the Beneficiary not later than two (2) Business Days from the receipt of same or within such other shorter period as may be deemed reasonable in the case of matters that require urgent attention.
- 6.16. The Bare Trustee shall renew all rights in the Trust Property as well as other privileges to which it may be entitled as holder of the Rights of Occupancy, for the sole benefit of the Beneficiary.

## **STATUTORY AND GENERAL INFORMATION**

---

- 6.17. The Bare Trustee shall do all such acts that are necessary for the protection and preservation of the Trust Property as permitted under Nigerian Law.

### **7. REPRESENTATIONS AND WARRANTIES OF THE BARE TRUSTEE**

The Bare Trustee hereby represents and warrants to the Beneficiary that as of the Effective Date of this Deed:

- 7.1. It is the legal and beneficial owner of and is entitled to the Trust Property.
- 7.2. It has not created or attempted to create or has permitted to subsist any security interest on the Trust Property or any part thereof nor has it sold or assigned, any of the Trust Properties other than under this Deed.
- 7.3. That it has settled in full its outstanding indebtedness to AMCON and has procured the release of the Trust Property from all Existing Encumbrances.
- 7.4. It has performed all its obligations under any relevant contracts, laws or instruments in respect of the Trust Property and there will be no set-off, counterclaim or deduction applicable to the Trust Property and that no other person has or could have any claim or interest in relation to the Trust Property.
- 7.5. That all existing contracts in relation to the Trust Property are legal, valid, binding and enforceable.
- 7.6. That it has not dealt with the Trust Property in a manner detrimental to the interest of the Beneficiary.

### **8. FIDUCIARY OBLIGATIONS OF THE BARE TRUSTEE**

The Bare Trustee hereby agrees to act in fiduciary manner in carrying out its obligations under this Deed and as such will:

- 8.1. act with diligence, prudence, care ,utmost good faith and in an impartial manner in relation to the Trust Property and the Beneficiary;
- 8.2. execute the instructions of, and exercise any powers conferred on it by the Beneficiary, with the utmost good faith and to the best of its abilities;

### **9. THE BARE TRUSTEE'S INDEMNITY**

- 9.1. The Bare Trustee hereby indemnifies the Beneficiary against any costs, expenses and losses incurred or suffered by the Beneficiary as a result of any of the following events:
- 9.1.1. The proof by a third party of an adverse title regarding the Rights of Occupancy and the Trust Property;
- 9.1.2. The failure by the Bare Trustee to provide or execute any documents as instructed by the Beneficiary within the specified time or at all;

## STATUTORY AND GENERAL INFORMATION

---

- 9.1.3. Any judgment or order against the Bare Trustee which adversely affects the Rights of Occupancy or any interest or benefits accruing to the Beneficiary under this Deed; or
  - 9.1.4. The consequences of any failure or error on the part of the Bare Trustee to meet all or any of its obligations under this Deed (including the conditions precedent to the Effective Date as detailed in Schedule 2 provided that same is not occasioned by the act or omission of the Beneficiary).
- 9.2. The Bare Trustee hereby agrees to indemnify and hold the Beneficiary harmless from and against any claims, loss, liability, damage and costs (whether direct, indirect,) which the Beneficiary may suffer or incur in the implementation and/or enforcement of the provisions of this Deed.

### 10. UNDERTAKINGS OF THE BARE TRUSTEE

- 10.1. On or about the Effective Date the Bare Trustee shall deliver, or cause to be delivered, the following documents to the Custodian:
- 10.1.1. all the Original copies of the Title Documents to the Trust Property;
  - 10.1.2. 7 (Seven) copies of an undated, standard form deed of assignment in respect of each Trust Property, duly signed by the Bare Trustee but with the name of the assignee left blank;
  - 10.1.3. Irrevocable power of attorney granted to the Beneficiary to complete and date the deeds of assignment delivered under clause 10.1.2;
  - 10.1.4. duly executed but undated Forms 1C (Form for Governor's consent in Lagos State);
  - 10.1.5. the Bare Trustee's tax clearance certificate for each of the 3 (three) years; preceding the year in which the Effective Date occurs;
  - 10.1.6. tax clearance certificates for two (2) directors of the Bare Trustee for each of the three (3) years preceding the year in which the Effective Date occurs;
  - 10.1.7. a resolution of the Board of Directors authorizing this declaration of trust and a transfer of the Trust Property to the Beneficiary which has been duly filed at the Corporate Affairs Commission; and
  - 10.1.8. any other document that the Beneficiary may require from time to time.
- 10.2. Within three (3) months after the commencement of each year subsequent to the year in which the Effective Date occurs, the Bare Trustee shall deliver the following documents to the Beneficiary:
- 10.2.1. the Bare Trustee's tax clearance certificate for the preceding year;
  - 10.2.2. tax clearance certificates for 2 (two) directors of the Bare Trustee, for the preceding year; and
  - 10.2.3. any other document that the Beneficiary may from time to time require.

## STATUTORY AND GENERAL INFORMATION

---

- 10.3. On or about the Effective Date the Bare Trustee shall:
- 10.3.1. to the extent permitted under the applicable law of the State where each of the Trust Property is domiciled, register a caution indicating the interest of the REIT at the appropriate land's registry;
  - 10.3.2. affix plaques and such other notices in a visible location on each of the Trust Property indicating the interests of the REIT as beneficial owner of the Property.
- 10.4. The Bare Trustee shall not without the prior written consent of the Beneficiary enter into any scheme of arrangement that may have an impact on the Trust Property, including, but not limited to, an arrangement or composition with its creditors, a voluntary liquidation or a winding up.
- 10.5. In the event of the Bare Trustee ceasing to carry on business on the orders of the court pursuant to a winding up petition or in the event that a receiver or a manager is appointed over the whole or any part of the Trust Property pursuant to a winding up petition, the Bare Trustee shall, immediately, or not more than two (2) Business Days of, becoming aware of such an order:
- 10.5.1. inform the Beneficiary and provide any related documents in relation thereto and the Beneficiary shall immediately undertake all necessary steps to procure the perfection of the titles of the Trust Property on behalf of the HMKREIT; and
  - 10.5.2. inform the receiver, manager, liquidator (as the case may be) of the existence and terms of this Deed and of the legislative protection granted to trust property under section 493 of the Companies and Allied Matters Act (Chapter C20) LFN 2004 and Section 41 of the Bankruptcy Act (Chapter B1) LFN 2004.

## 11. COSTS AND EXPENSES

The Beneficiary shall pay, or reimburse the Bare Trustee for, any reasonable costs, fees, premiums and other outgoings paid or reasonably incurred by the Bare Trustee in connection with the performance of its duties (as authorized in writing by the Beneficiary) under Clause 6 (*Powers and Obligations of the Bare Trustee*) of this Deed.

## 12. SANCTITY OF THE TRUST

In the event that:

- 12.1. the Bare Trustee enters into an arrangement or composition with its creditors; or
- 12.2. goes into voluntary liquidation or is wound up on the orders of the court and ceases to carry on business for any reason; or



## **STATUTORY AND GENERAL INFORMATION**

---

- 12.3. a receiver or a manager is appointed over the whole or a substantial part of the Bare Trustee's properties or assets pursuant to the orders of the court or pursuant to the powers exercisable by a creditor under any agreement or deed,

the liquidator, receivers, official receiver, manager, of the Bare Trustee shall not have the powers to terminate this Deed and the Trust Property shall not be available for the benefit of the Bare Trustee's creditors.

### **13. BINDING EFFECT**

- 13.1. The terms and conditions of this Deed shall inure to the benefit of the Beneficiary and be binding upon the administrators, assigns and all other successors in interest of the Beneficiary.
- 13.2. This Deed, and the obligations of the Bare Trustee created under it shall be binding on the Bare Trustee its receivers, successors in title and assigns.

### **14. COUNTERPARTS**

This Deed may be executed in counterparts each of which shall be an original, and such counterparts shall together constitute a single document.

### **15. SEVERABILITY**

Where any provision of this Deed is prohibited by law or construed to be unlawful, void or unenforceable, the provision shall to that extent be severed from this Deed as far as possible without modifying the remaining provisions and shall not in any way affect the validity or enforcement of the other provisions of this Deed.

### **16. TERMINATION**

This Deed shall come into force on the Effective Date and shall remain in force until the Trust is terminated or until all of the Trust Property is Disposed. Provided always that clause 3 and 9 and 17 of this Deed shall become binding and of full effect from Signature Date and shall survive the termination of this Deed.

### **17. CLAIMS AND DISPUTES**

- 17.1. This Deed and any claims or dispute arising out or in connection with it are construed in accordance with the Laws of the Federal Republic of Nigeria.
- 17.2. Any legal action, suit or proceeding arising out of or relating thereto shall be referred to and settled by final and binding arbitration by three (3) arbitrators in accordance with the provisions of the Arbitration and Conciliation Act Cap. A18, Laws of the Federation of Nigeria 2004.

## **STATUTORY AND GENERAL INFORMATION**

---

### **SCHEDULE 2 - CONDITIONS PRECEDENT TO EFFECTIVE DATE**

This Trust shall come into force upon the Bare Trustee ensuring the completion of all of the following:

1. Payment of all monies owed to AMCON inclusive of any accrued interest on such monies for the purpose of obtaining a release of the Trust Properties from the Existing Encumbrances.
2. Procuring the vacation of all Encumbrances and obtaining executed Deeds of Release in respect of Existing Encumbrances created on the Trust Properties.
3. Transfer of all rights to rental payments, proceeds of sale, capital appreciation and all other pecuniary benefits in relation to the Trust Property to the Beneficiary.

### **3. EXTRACT OF THE DEED OF ASSIGNMENT OF RECEIVABLES**

#### **2. ASSIGNMENT OF RECEIVABLES**

- 2.1. With effect from the Effective Date and in return for the Consideration, the Assignor as the legal and beneficial owner of the Receivables, hereby assigns, transfers and conveys to the Assignee absolutely, irrevocably and unconditionally, all its rights, title, benefits and interests whatsoever, both present and future, whether proprietary, contractual or otherwise under or arising out of the Receivables with the full benefit of all negotiable or non-negotiable instruments, guarantees, indemnities and debentures as well as all other rights now or hereafter arising in connection with the Receivables.
- 2.2. With effect from the Effective Date, all the Assignor's rights, title, benefits or interests, whether present or future, in the Receivables shall cease and the Assignee shall be entitled to direct, manage and control all future contracts and activities with respect to the Receivables.
- 2.3. The Parties hereby agree and acknowledge that the transfer of Receivables does not include or amount to an Alienation of the rights of occupancy in the Trust Properties.
- 2.4. The Assignee shall be entitled to:
  - 2.4.1. all Receivables that have crystallized as of the Effective Date as well as any that may become payable thereafter; and
  - 2.4.2. the balance of any prepayments made to the Assignor for the credit of any tenant or lessee as of the Effective Date.
- 2.5. Notwithstanding anything to the contrary contained in this Deed, this Deed shall become effective on the Effective Date.

## STATUTORY AND GENERAL INFORMATION

---

### 3. COVENANTS BY THE ASSIGNOR

- 3.1. The Assignor agrees and acknowledges that by virtue of this Deed, all its rights in and over the Receivables has been extinguished in favor of the Assignee.
- 3.2. The Assignor hereby undertakes to deliver within 2 weeks of the Effective Date, all existing documents and contracts that may relate to the assigned Receivables to the Assignee. Such contracts and documents shall include:
  - 3.2.1. subsisting leases or tenancy agreements;
  - 3.2.2. subsisting insurance policies;
  - 3.2.3. court orders establishing damages or claims in favor of the Assignor;
  - 3.2.4. negotiable or non-negotiable instruments;
  - 3.2.5. such other contracts or documents that establish the Assignor's right to any Receivables.
- 3.3. The Assignor hereby covenants that the Receivables herein assigned shall be quietly enjoyed by the Assignee and its successors-in-title without any interruption or disturbance from the Assignor, its servants, agents, privies or any person claiming in trust for it and that the Receivables herein assigned is free of any legal or equitable encumbrances.
- 3.4. The Assignor covenants to, within five business days from the Effective Date, immediately notify the tenants, insurers and other obligors under any existing contracts relating to the Receivables falling due from the Effective Date of the transfer created by this Deed and provide copies of all such notices to the Assignee or such other 3<sup>rd</sup> party as it may designate. The notice shall include such account and other details, to be provided by the Assignee, where the obligors shall make all future payments with respect to the Receivables.
- 3.5. The Assignor further covenants that it shall within 5 business days from the Effective Date ensure that all Receivables in its possession which have been paid for the use or enjoyment of the Trust Property for any periods after the Effective Date are remitted to the Assignee. Provided that this provision shall only take effect where such Receivables have not been deducted from the Consideration.

### 4. INDEMNITY BY ASSIGNOR

- 4.1. The Assignor hereby agrees to indemnify, and does hereby indemnify the Assignee against all costs and expenses incurred or suffered by the Assignee as a result of any of the following events:
  - 4.1.1. The proof by a third party of a legitimate adverse title with respect to the Receivables;
  - 4.1.2. The failure by the Assignor to provide or execute any documents as instructed by the Assignee within the specified time or at all pursuant to clause 3.2 ;
  - 4.1.3. Any judgment or order of a court of competent jurisdiction against the Assignor affecting its right to transfer the Receivables; or
  - 4.1.4. The consequences of any failure or error on the part of the Assignor in meeting any of its obligations under this Deed.

## STATUTORY AND GENERAL INFORMATION

---

- 4.2. The Assignor hereby agrees to indemnify and hold the Assignee harmless from and against any claims, loss, liability, damage and costs (whether direct, indirect, consequential or otherwise and including, without limitation, all legal costs) which the Assignee may suffer or incur in the implementation and/or enforcement of the provisions of this Deed.

### 5. REPRESENTATIONS AND WARRANTIES OF THE ASSIGNOR

The Assignor hereby represents and warrants to the Assignee that as from the Effective Date:

- 5.1. The Assignor is the legal and beneficial owner of and is entitled to the Receivables.
- 5.2. The Assignor has not created or attempted to create or has permitted to subsist any interest in or encumbrances over the Receivables or any part of them nor has it sold or assigned, discounted, factored or otherwise disposed of any of the Receivables or attempted or agreed to do so other than under this Deed.
- 5.3. The Assignor has performed all its obligations under any relevant contracts, laws or instruments in respect of the Receivables and there will be no set-off, counterclaim or deduction applicable to the Receivables and that no other person has or could have any claim or interest in relation to any such Receivables.
- 5.4. That all existing contracts in relation to the Receivables are (i) legally valid, binding and enforceable (ii) that the obligors in the contract that have given rise to the Receivables will make the assigned payments to the Assignee in full and at the due time without any delay whatsoever, whether for cause or not.
- 5.5. The Assignor shall, at the request of the Assignee and at the Assignor's expense, promptly do or permit to be done anything, and execute and deliver any and all such further instruments or documents that the Assignee may from time to time consider necessary or expedient in order to:
  - 5.5.1. preserve or protect the interests of the Assignee in the Receivables;
  - 5.5.2. perfect or protect the interest created (or intended to be created) by this Deed;
  - 5.5.3. establish, perfect, preserve or enforce the Assignee's rights under or in respect of this Deed or any related documents;
  - 5.5.4. exercise any power, authority or discretion vested in the Assignee under this Deed; or
  - 5.5.5. give notices of assignment of Receivables to the appropriate parties.

## STATUTORY AND GENERAL INFORMATION

### SCHEDULE 2 - CONDITIONS PRECEDENT TO EFFECTIVE DATE

The Effective date shall occur upon the Assignor ensuring the completion of all of the following:

1. Payment of all monies owed to AMCON inclusive of any accrued interest on such monies for the purpose of obtaining a release of the Trust Properties from the Existing Encumbrances.
2. Procuring the vacation of all Encumbrances and obtaining executed Deeds of Release in respect of Existing Encumbrances created on the Trust Properties.
3. Deposit of this Deed to the HMK REIT custodian in accordance with the DOT.

#### 4. EXTRACT OPINION ON DUE DILIGENCE REPORT

The table below shows the existing encumbrances, Claims & Litigation with respect to the identified properties to be vested in the REIT

S/N	Property	Existing Encumbrance	Claims & Litigation
1.	<b>Plot 12 Allen Avenue, Ikeja, Lagos "Best Western Hotel".</b>	- Legal mortgage in favor of Oceanic Bank.	- By a letter dated 17 <sup>th</sup> January 2014, the Sponsor confirmed that there are no existing claims and/or litigation on this property.
2.	<b>No 49 Joel Ogunaike Street (Suru Express Hotel Limited)</b>	- Equitable mortgage in favor of Oceanic Bank.	- By virtue of a letter dated 7 <sup>th</sup> July 2014, Mr. Edward Akinlade (the Title Holder to this Property) has confirmed that there are no existing claims and/or litigation on this property.
3.	<b>No. 12 Rev. Ogunbiyi Street, GRA, Ikeja, Lagos.</b>	- Legal mortgage in favor of Oceanic Bank.  - Assignment of 2 out of the 14 units located within the property.	- By a letter dated 17 <sup>th</sup> January 2014, the Sponsor confirmed that there are no existing claims and/or litigation on this property.
4.	<b>No. 13 Rev. Ogunbiyi Street, GRA, Ikeja, Lagos.</b>	- Equitable mortgage in favor of Oceanic Bank.  - Assignment of 2 out of the 16 units located within the property.	- By a letter dated 17 <sup>th</sup> January 2014, the Sponsor confirmed that there are no existing claims and/or litigation on this property.
5.	<b>No. 2, Sobo Arobiodu Street, G.R.A, Ikeja</b>	- Equitable mortgage in favor of Oceanic Bank.	- By a letter dated 17 <sup>th</sup> January 2014, the Sponsor confirmed that there are no existing claims and/or litigation on this property.
6.	<b>14A Lugard Avenue, Ikoyi, Lagos</b>	- Legal mortgage in favor of GT Bank Plc.	- By virtue of a letter dated 12 <sup>th</sup> May 2014, GT Bank PLC (the Mortgagee exercising its power of sale) confirmed that to the best of its knowledge there are no existing claims and/or litigation on this property involving the Bank.

## STATUTORY AND GENERAL INFORMATION

---

**\*The assets listed in 1 - 5 above have been taken over by the Asset Management Corporation of Nigeria which now holds beneficial interests in the properties by virtue of its arrangement with the erstwhile Oceanic Bank**

### **OPINION ON PROPERTY TO BE VESTED IN THE REIT**

Detail Commercial Solicitors ("DETAIL") has provided the opinion below based on the outcome of the due diligence conducted on the initial underlying assets of the HMK REIT, relying primarily on information provided by the Sponsor and specific information provided by Mr. Edward Akinlade and GT Bank Plc (on 49 Joel Ogunnaike Street and 14 Lugard Avenue, Ikoyi, Lagos respectively).

This opinion is made on the basis of the following assumptions:

1. That the Sponsor, Mr. Edward Akinlade and GT Bank Plc have not withheld any information which is material to the proposed acquisition of the Properties.
2. That copies of documents reviewed are true and complete and that their originals are authentic and complete.
3. That the documents reviewed have been duly executed by the persons stated to have executed them.

**"Based on the outcome of the due diligence and information provided by the Sponsor, Mr. Edward Akinlade and GT Bank PLC, the Solicitors to the Issue are not aware of any encumbrances, claims or litigation existing in relation to the Properties save for those which have been disclosed in this report".**

## **5. CORPORATE GOVERNANCE AND OPERATING STRUCTURE**

On the conclusion of the offering, the HMK REIT will be managed by FSDH Asset Management Limited. The day to day management of the Fund will be subject to the managerial efficiency, strategies and Corporate Governance principles put in place by the Fund Manager. The fund manager working in tandem with the objectives of the REIT and best practise strategizes for profitable growth of the Net asset value and generation of enviable returns to the Unit holders.

The Fund manager strategically focuses on the asset portfolio of the REIT and keenly observes performance, growth, variations and deviation from the approved objectives on a regular basis. In executing its role of monitoring the portfolio for performance, the Fund Manager embarks on the following:

- Regular review of the asset composition
- Objective assessment of each asset in the REIT portfolio measuring current performance with projected performance and analysing the associated risks in order to take proactive measures to mitigate the risks and maximise returns
- Proactive monitoring of economic and market events that could foster or inhibit portfolio performance and taking necessary steps
- Strategically identifying potential real estate opportunities for investment in prime areas
- Professionally maintaining a fundamentally sound and balanced capital structure
- Regular information dissemination to the market for awareness creation and participation in the REIT by investors.

## STATUTORY AND GENERAL INFORMATION

---

The Fund manager to achieve the above puts controls in place to ensure a balanced and efficient portfolio and on-going performance of the REIT. These are captured below:

### **Limits**

The Trust Deed imposes limits and restrictions to the investment decisions of the Fund manager in order to combat the REIT's exposure to risk. In addition to this the Fund Manager employs its risk management framework to check and reduce risks effectively for the protection of the Fund.

### **Reporting**

The Fund Manager will ensure that Unit Holders and investors are kept abreast of the performance of the REIT. The Fund manager will ensure that Annual report of the activities and performance of the REIT is prepared in accordance with approved financial standard and filed with the SEC. Quarterly report will also be filed with the SEC. Annual financial reports will be published for investor information and distributed to Unit holders.

### **Board of Directors of the Fund Manager**

The Board of Directors of the Fund Manager sets strategy and objectives for profitable growth, protecting the interests of shareholders through the establishment of sound corporate governance, investment and risk management principles.

### **External Auditor**

The Board of Directors of the Fund Manager appoints external auditors who are independent for the audit of the Fund accounts and operation. The external auditing firm appointed shall be approved by the Trustee.

### **Investment risk management**

The REIT will rely on the Fund Manager's Enterprise risk management framework for monitoring and managing investment risk. It is expected that the risk management mechanism put in place by the Fund Manager for monitoring of investment risk will be adopted for the Trust.

The Risk management framework will adhere to all laid down regulatory requirements regarding investment risk management and the Trust Deed governing the creation of the REIT. The risk management framework will be such that will facilitate measurement, monitoring and up to date reporting.

### **Internal Audit**

The Investment Committee through an Audit Committee regularly review compliance with overall risk management policies and procedures. This helps to regularly review the integrity, adequacy and effectiveness of the REIT's internal controls and financial disclosure process and assess the adherence of the Fund Manager to policies.

## **6. INDEBTEDNESS**

As at the date of this Prospectus, the Fund Manager had no outstanding debentures, mortgages, loans, charges or other similar indebtedness, other than in the ordinary course of business

## STATUTORY AND GENERAL INFORMATION

---

### 7. ESTIMATED COST OF THE OFFER

The cost, charges and expenses incidental to the Offer, including fees payable to the Securities & Exchange Commission, Nigerian Stock Exchange, professional parties, brokerage, advertising, printing and distribution expenses are estimated at **₦390,000,000** representing (2.91%) of the Offer proceeds and are payable by the HMK REIT.

### 8. FOREIGN CURRENCY INVESTORS

Foreign currency subscriptions will be processed at the autonomous exchange rate prescribed by UBA Plc for the applicable US Dollar exchange rate on the day the remittance is being effected.

UBA Plc will issue Certificate of Capital Importations to foreign currency subscribers within 24 hours of the receipt of payment. CCIs are required to enable subsequent repatriation, in a freely convertible currency, of any surplus or return monies, the distributions from or proceeds of any future sale of the units acquired in this Initial Public Offering.

### 9. UNIT STATEMENTS

When fully paid up and allotted, the CSCS account of investors will be credited.

### 10. RELATIONSHIP BETWEEN FUND MANAGER AND SPONSOR REGARDING REAL ESTATE TO BE VESTED IN THE REIT

Interest in four of the properties to be vested in the REIT is held by the sponsor. Other than this, there exists no relationship between the Fund Manager and the Sponsor as at the date of this Prospectus except in the ordinary course of business.

### 11. RELATIONSHIP BETWEEN FUND MANAGER AND ITS ADVISERS

There exists no relationship between the Fund Manager and its advisers as at the date of this Prospectus except in the ordinary course of business.

### 12. RELATIONSHIP BETWEEN SPONSOR AND ITS ADVISERS

There exists no relationship between the Sponsor and its advisers as at the date of this Prospectus except in the ordinary course of business.

### 13. MATERIAL CONTRACTS

The following agreements have been entered into and are considered material to these Offers:

- A Trust Deed dated November 19, 2014 between FSDH Asset Management Ltd and Skye Trustees Ltd under which the Trustee has agreed to act as Trustee to the REIT for the benefit of the Unitholders.
- A Pre- signed Deed of Declaration of Trust dated November 19, 2014 under which Sponsor has agreed to vest in the Trustee the beneficial interest in the Trust properties
- A pre-signed Deed of Assignment of Receivables dated November 19, 2014 under which the legal title and interest accruing from the receivables under the Trust Property are assigned to the Trustees
- A Property Management Service Agreement dated November 19, 2014 under the terms of which Ubosi Eleh & Co. has agreed to act as Property Manager
- A Safe Custody Agreement dated November 19, 2014 under the term of which UBA Plc (Global Custodial Services Section) agreed to act as Custodian to the REIT
- A Vending Agreement dated November 19, 2014 under the terms of which the Issuing Houses have agreed to Offer 2,600,000,000 units at ₦5.15 per Unit in the HMK Real Estate Investment Trust.



## STATUTORY AND GENERAL INFORMATION

---

- Unsigned Deed of Release from AMCON on the properties belonging to the Sponsor and a 3<sup>rd</sup> party agent held In trust by the Custodian
- Deed of Assignment from GT Bank plc in favour of HMK REIT/ Skye Trustees

### 14. CONSENTS

The following have given and not withdrawn their written consents to the issue of this Prospectus and to have their names mentioned in the form and context in which they appear therein

FUND MANAGER:	FSDH Asset Management Ltd
DIRECTORS OF THE MANAGER:	Mr. Rilwan Belo-Osagie (Chairman) Mrs. Mayowa Ogunwemimo (Managing) Mrs. Hamda Abimbola Ambah (Director) Mr. Dave Uduanu (Director)
COMPANY SECRETARY TO THE FUND MANAGER:	Alsec Nominees Limited
SPONSOR:	Suru Worldwide Ventures Nigeria Limited
DIRECTORS OF SPONSOR:	Mr. Edward Ola Akinlade (Chairman/Managing) Mrs. Olatunbosun Akinlade Mr. Olu Eleshin Mr. Adegbenga Bello Mrs. Oghenetega Adekoya Mrs. Ayodeji Adewumi
COMPANY SECRETARY OF SPONSOR	Mrs. Ayodeji Adewumi
FINANCIAL ADVISER / LEAD ISSUING HOUSE:	Goldbanc Management Associates Ltd
CO-ISSUING HOUSES	BGL Capital Limited Capital Bancorp Plc Greenwich Trust Ltd LeadCapital Plc Planet Capital Ltd

TRUSTEE:	Skye Trustees Ltd
SOLICITORS TO THE ISSUE	Detail Commercial Solicitors
SOLICITORS TO THE TRUSTEE:	Austen-Peters & Co.
CUSTODIAN:	UBA Plc ( Global Investor Services Division)
REPORTING ACCOUNTANT:	Akintola Williams Deloitte
REGISTRARS:	First Registrars Nigeria Ltd
RECEIVING BANKERS:	UBA Plc
RATING AGENCY:	Global Credit Rating Company
STOCKBROKERS TO THE OFFER:	AFRINVEST Ltd Capital Assets Ltd GTI Securities ICMG Securities Ltd Resort Securities & Trust Ltd
ESTATE VALUERS:	Ubosi Eleh & Co. Jide Taiwo & Co.
PROPERTY / FACILITY MANAGER	Ubosi Eleh & Co.
INSURERS:	Leadway Assurance Custodian & Allied Insurance

## 12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during the usual business hours on any week day (except public holidays) at the office of Goldbanc Management Associates Ltd, BGL Capital Ltd, Capital Bancorp Plc, Greenwich Trust Ltd, Planet Capital Ltd, and LeadCapital Plc from December 4, 2014 to January 14, 2015.

- Certificate of Incorporation of the Fund Manager
- Memorandum and Articles of Association of the Fund Manager
- Certificate of Incorporation of the Trustees
- Memorandum and Articles of Association of the Trustees
- The prospectus issued in respect of the Offer
- The Abridged Prospectus issued in respect of the Offer
- The Resolution of the Board of Directors of FSDH Asset Management Ltd authorizing the issuance of 2,600,000,000 ordinary shares at ₦ 5.15 per unit
- The Resolution of the Board of Directors of Suru Worldwide Ventures Ltd authorizing the creation of the REIT and the issuance of 2,600,000,000 ordinary shares at ₦ 5.15 per unit
- The Audited financial statements of the Fund Manager for the five year period ended 31<sup>st</sup> December 2013
- The report of the Reporting accountant on the Financial forecast of the REIT for the years ending 30<sup>th</sup> September 2015, 2016, 2017, 2018 and 2019.
- The Rating Report issued by Global Credit Rating Co. in respect of the REIT
- The Valuation report issued by Ubosi Eleh & Co. and Jide Taiwo and Co. in respect of the Properties to be acquired by the REIT.
- The material contracts referred to in section 13 on page 128
- The written Consents referred to in Section 14 on page 129-130
- The Letter of authorization from the Securities & Exchange Commission
- Letter from the Nigerian Stock Exchange to appoint Market Makers.

## **SECTION XVII**

This section highlights the following information:

### APPLICATION AND ALLOTMENT

- PROCEDURE FOR APPLICATION AND ALLOTMENT
- THE APPLICATION FORM
- NAMES OF RECEIVING AGENTS
- INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM

## APPLICATION AND ALLOTMENT

---

### PROCEDURE FOR APPLICATION AND ALLOTMENT

#### 1. APPLICATION

- 1.1. The general investing public is hereby invited to apply for the units of the HMK REIT through any of the Receiving Agents listed on Page 135 -136
- 1.2. Application for the Units now being offered must be made in accordance with the instructions set out at the back of the Application Form. Care must be taken to follow these instructions, as applications, which do not comply with the instructions, will be rejected.
- 1.3. The Application list for the Units now being offered for subscription will be open on December 4, 2014 and close January 14, 2015. Applications for the units must be for a minimum of 10,000 Units by subscribers and in multiples of 2,000 Units thereafter. The number of units for which an application is made and the value of the cheques or bank draft attached should be entered in the boxes provided.
- 1.4. Individual/Corporate applicants should sign the declaration and write his/her name, address and mobile number in the section marked (1) on the Application Form, whilst section (2) should be completed in the case of joint applicants. A corporate applicant should affix its seal in the box provided and state its Incorporation ("RC") Number.  
  
Applicants should specify the name of stockbroker, CSCS account number and CHN number in the boxes provided.
- 1.5. Each application should be forwarded with the cash, cheque, certified cheque, bank draft for the full amount of the purchase price to any of the Banks or the Receiving Agents listed on page 135-136. Cheques and Bank drafts for the full amount applied for **must be** crossed "HMK REIT" and made payable to the Banks or Receiving Agents to whom the application is submitted. All transfer charges to Lagos, if any, must be paid by the applicant and no application will be accepted unless this has been done. All cheques and drafts will be presented upon receipt and all applications in respect of which cheques are returned unpaid will be rejected and returned through the post.
- 1.6. An application from a pensions or provident fund must be in the name of each individual trustee unless the Trustee is a limited liability company.
- 1.7. Foreign currency subscribers are advised to contact the Receiving Banks for the applicable US Dollar exchange rate on the day the remittance is being effected

#### 2. ALLOTMENT

The Issuing Houses and the directors of the Fund Manager reserve the right to accept or reject any application in whole or in part if it falls short of the conditions of the Offer. The allotment proposal will be subject to the clearance of the Securities & Exchange Commission.

## **APPLICATION AND ALLOTMENT**

---

### **3. APPLICATION MONIES**

All application monies will be retained in separate Bank accounts with the receiving Bank pending allotment. If any application is not accepted, or is accepted for fewer Units than the number applied for, a cheque for the full amount or the balance (as the case may be) of the amount paid on application will be returned via RTGS or NEFT into the bank account number stated on the Application Form within 5 working days of allotment.

The CSCS account of applicants will be credited not later than 15 working days from the date of allotment.

## RECEIVING AGENTS

Application Forms may be obtained free of charge from any of the following Receiving Agents, to whom brokerage will be paid in respect of Shares allotted on applications bearing their official stamps.

*The Issuing House cannot accept responsibility for the conduct of any of the institutions listed below. Investors are therefore advised to conduct their own independent enquiries before choosing an agent to act on their behalf. Evidence of lodgement of funds at any of the Receiving Agents listed below, in the absence of corresponding evidence of receipt by either of the Issuing House, cannot give rise to a liability on the part of the Issuing House under any circumstances.*

### BANKS

Access Bank Plc Diamond Bank Plc Ecobank Nigeria Plc Enterprise Bank Limited Fidelity Bank Plc First Bank of Nigeria Plc First City Monument Bank Plc Guaranty Trust Bank Plc Keystone Bank Limited Mainstreet Bank Limited	Skye Bank Plc Stanbic IBTC Bank Plc Standard Chartered Bank Plc Sterling Bank Plc Union Bank of Nigeria Plc United Bank for Africa Plc Unity Bank Plc Wema Bank Plc Zenith Bank Plc
--	---

### STOCKBROKERS AND OTHERS

Adamawa Securities Limited. Adonai Stockbrokers Ltd. Afrinvest West Africa Ltd ALL Securities Limited AIMS Asset Mgt. Ltd Alangrange Sec. Ltd Allbond Investment Limited Alliance Capital Mgt. Co. Ltd. Altrade Securities Limited AMYN Investment Limited Anchorage Securities & Finance Ltd Anchoria Inv. & Sec. Ltd. Apel Asset & Trust Ltd APT Sec. & Funds Limited Arian Capital Management Ltd ARM Securities Ltd Associated Asset Managers Ltd Atlass Portfolio Ltd Belfry Invest. & Sec. Limited Best Link Investment Limited Bestworth Assets & Trust Limited BFCL Assets & Sec. Ltd. BGL Securities Limited Bic Securities Limited Bytofel Trust & Securities Ltd Cadington Securities Ltd Calyx Securities Limited Camry Securities Ltd Capital Asset Limited Capital Bancorp Limited. Capital Express Sec. Limited Capital Trust Brokers Ltd. Cashcraft Securities Ltd Cashville Inv. & Sec. Ltd Century Securities Limited Chapel Hill Advisory Services Chapel Hill Denham Securities Ltd Chartwell Securities Ltd Citi Investment Capital Ltd City Fin. & Sec. Limited City Investment Management. Ltd City-Code Trust & Inv. Co. Clearview Inv. Co. Limited Colvia Securities Ltd Compass Investment & Securities Ltd Consolidated Inv. Limited Consortium Investments Ltd Covenant Sec. & Asset Mgt. Ltd Cordros Capital Limited Core Trust & Inv. Limited Cowry Securities Ltd Cradle Trust Finance & Sec. Ltd Crane Securities Limited Crossworld Securities Ltd. Crown Capital Ltd (Crown Wealth Assets Mgt Ltd.) CSL Stockbrokers Limited	Dakal Services Limited Davandy Finance & Sec. Ltd. DBSL Securities Limited De-Canon Investment Ltd. Deep Trust Investment Ltd De-Lords Securities Limited Dependable Securities Ltd. Diamond Securities Ltd Dalbic Finance Limited Dominion Trust Limited DSU Brokerage Services Ltd Dynamic Portfolio Limited ECL Asset Management Ltd EDC Securities Ltd Emerging Capital Ltd EMI Capital Resources Ltd. Empire Securities Limited Enterprise Stockbroker Plc. EPIC Investment & Trust Limited Equator Stockbrokers Ltd Equity Capital Solutions Ltd ESS Investment & Trust Ltd. Eurocomm Securities Ltd. Excel Securities Limited Express Discount Asset Management Ltd Express Portfolio Services Ltd. F&C Securities Limited Falcon Securities Limited FBC Trust & Securities Ltd FBN Securities Ltd Foresight Sec. Inv. Limited Forte Financial Ltd Forthright Sec. & Inv. Limited Fortress Capital Limited Fountain Securities Limited FSDH Securities Ltd Fund Matrix & Assets MGT. Ltd. Future View Financial Services Ltd Future View Securities Ltd Gem Assets Management Ltd Genesis Securities & Inv. Ltd. Gidauniya Inv. & Sec. Ltd. Global Assets Mgt (Nig) Ltd Global Inv. & Sec. Ltd. Global View Consult & Investment Ltd Golden Securities Ltd. Gombe Securities Ltd Gosord Securities Ltd Greenwich Securities Ltd GTB Securities Ltd GTI Capital Limited Harmony Securities Ltd. Heartbeat Investments Ltd. Hedge Sec. & Inv. Co. Ltd Heritage Capital Markets Ltd HP Securities Limited	I.T.I.S. Securities Limited ICMG Securities Limited Icon Stockbrokers Limited. Ideal Securities & Inv. Ltd Imperial Assets Managers Ltd IMTL Securities Ltd Independent Securities Ltd. Integrated Trust & Inv. Ltd. Intercontinental Securities Limited International Standard Sec. Ltd. Interstate Securities Ltd Investment Centre Ltd (ICL) Investors & Trust Co. Ltd. Jamkol Investment Ltd. Kapital Care Trust & Sec. Ltd Kinley Securities Limited Kofana Securities & Inv. Ltd Kundila Finance Services Ltd. Laksworth Inv. & Sec. Ltd. Lambeth Trust & Inv. Co. Ltd LB Securities Limited Lead Capital Ltd. Lead Securities & Investment Ltd Lighthouse Asset Mgt. Ltd Lion Stockbrokers Limited LMB Stockbrokers Limited Lynac Securities Limited Mact Securities Ltd Magnartis Finance & Inv. Ltd. Mainland Trust Limited Maninvest Asset Mgt. Plc Marimpex Fin. & Inv. Ltd. Marina Securities Limited Marriot Sec. & Inv. Co. Maven Asset Management Ltd Maxifund Invest & Sec. Ltd. Mayfield Investment Limited MBC Securities Limited MBL Financial Services Ltd Mega Equities Limited Mercov Securities Limited Mission Securities Limited Mountain Inv. & Sec. Limited Mutual Alliance Inv. & Sec. Ltd. Network Securities & Finance Ltd. Newdevco Invest. & Sec. Co. Ltd Niche Securities Limited Nigerian International Sec. Ltd. Nigerian Stockbrokers Ltd. Northbridge Investment & Trust Ltd Nova Finance & Securities Ltd. OASIS Capital Omas Inv. & Trust Limited Options Securities Limited PAC Securities Limited Pilot Securities Ltd.
---	--	---

## RECEIVING AGENTS

---

Reading Investments Ltd  
Reclarel Investment Ltd  
Regency Assets Mgt. Ltd.  
Regency Financings Limited  
Rencap Securities Nigeria Ltd  
Resano Securities Limited  
Resort Securities & Trust Ltd.  
Reward Inv. & Sec. Ltd.  
Rivtrust Securities Limited  
Rolex Securities Limited  
Rostrum Inv. Securities Ltd  
Royal Crest Finance Limited  
Royal Trust Securities Ltd  
Santrust Securities Limited  
Securities Solutions Limited  
Securities Trading & Invest. Ltd  
Security Swaps Limited  
Shelong Invest. Ltd  
Sigma Securities Limited  
Signet Investments Sec. Ltd.  
Resort Securities & Trust Ltd.  
Trans Africa Financial Services Ltd  
Transglobe Inv. & Fin. Co. Ltd.  
Royal Crest Finance Limited  
Royal Trust Securities Ltd  
Santrust Securities Limited  
Securities Solutions Limited  
Transworld Investment & Securities Ltd  
Tropics Securities Limited

Trust Yield Securities Limited  
Trusthouse Investment Ltd.  
TRW Stockbrokers Limited  
UBA Stockbrokers Ltd  
UIDC Securities Limited  
Unex Capital Ltd  
Transworld Investment & Securities Ltd  
Union Capital Markets Ltd  
Valmon Securities Limited  
Valueline Sec. & Inv. Limited  
Veliva Capital Mgt. Limited  
Veliva Securities Ltd  
Vision Trust & Inv. Limited  
Walla Securities & Funds Ltd  
Wizetrade Capital Asset & Mgt. Ltd  
Woodland Capital Market Ltd  
WSTC Financial Services  
WT Securities Ltd  
Zenith Securities Limited



Application List Opens  
December 4, 2014

**HALDANE McCALL REAL ESTATE INVESTMENT TRUST  
(HMK REIT)**

Application List Closes  
January 14, 2015

(Authorized and Registered in Nigeria as a Real Estate Investment Trust Scheme)  
INITIAL PUBLIC OFFERING

of  
2,600,000,000 Units of N5.15 each at N5.15 per unit  
Payable in Full On Application

LEAD ISSUING HOUSE



FUND MANAGER



CO-ISSUING HOUSES



Applications must be made in accordance with the instructions set out on the back of this application form. Care must be taken to follow these instructions as applications that do not comply may be rejected. If you are in any doubt, please consult your Broker/Dealer, Accountant, Banker, Solicitor or any other professional adviser for guidance.

**DECLARATION**

We affirm the amount payable in full on application for the number of units in the HMK REIT at N5.15 per unit.

We agree to accept the same or any smaller number of units in respect of which a payment may be made upon the terms of the Prospectus dated 2014 and subject to the Trust Deed by the Issuing Houses on behalf of the HMK REIT.

QUICK APPLICATION	Amount Payable
Number of units applied for	N61,600
10,000 minimum	
Subsequent multiples of 2,000	N10,000

Date (DD/ MM/ 2014)

CONTROL NO: (Registrar's use only)

Number of Units Applied for:

Value of units applied for / Amount Paid

[Grid for unit number]

N [Grid for amount]

**1. INDIVIDUAL / CORPORATE APPLICANT PLEASE COMPLETE IN BLOCK LETTERS**

Surname / Company's Name:

Mr.  Mrs.  Miss

[Grid for name]

Other Names (for individual applicant only)

[Grid for other names]

Full Postal Address/Street Address

[Grid for address]

City/Town

State

[Grid for city/town]

[Grid for state]

Land Phone Number

Mobile (GSM) Phone Number

[Grid for land phone number]

[Grid for mobile phone number]

Email Address

[Grid for email address]

Next of Kin

[Grid for next of kin]

CHN NO (Clearing House Number)

Name of your Stockbroker

C [Grid for CHN NO]

[Grid for stockbroker name]

**2. JOINT APPLICANT**

Surname

Title:  Mr.  Mrs.  Miss

[Grid for joint applicant surname]

Other Names

[Grid for other names]

**3. Bank details (for E-Dividend):**

Name of Bank

[Grid for bank name]

Branch

Account No:

[Grid for branch]

[Grid for account number]

Signature or Thumbprint

Signature or Thumbprint  
Stamp of Receiving Agent

Company Seal & Incorporation Number (Corporate Applicant)

[Grid for seal and number]

## APPLICATION AND ALLOTMENT

---

### INSTRUCTION FOR COMPLETING THE APPLICATION FORM

- a) Application should be made only on the Application Form or photocopy downloaded or scanned copies of the Application Form
- b) Application must be for a minimum of 10,000 units Applications for more than 10,000 units must be in the multiples of 2,000 units stated on the Application Form. The number of units for which an application is made and the details of the cheque or bank draft attached should be entered in the boxes provided.
- c) The Application Form when completed should be lodged with any of the Receiving Agents listed on page 135-136. The application must be accompanied by a cheque or bank draft made payable to the Receiving Agent to whom the application is submitted, for the full amount payable on application. The cheque or draft must be drawn on a bank in the same town or city in which the Receiving agent is located and crossed "**HMK REIT**" with the name(s), address(es) and daytime telephone number of the applicant(s) written at the back. All bank commissions and transfer charges must be prepaid by the applicant. All cheques and drafts will be presented for payment on receipt and application in respect of which cheques are returned unpaid for any reason will be rejected.
- d) The Applicant should make only one application, whether in his/her own name or in the name of a nominee. Multiple or suspected multiple applications will be rejected.
- e) Any application from ₦10million and above must be transferred via **RTGS** or **NEFT** into the designated offer proceeds account domiciled with UBA Plc with the following details:

Account Name: HMK REIT IPO  
Account Number: 1018017484 NGN A/C  
Narration: ('Name of subscribers) investment in the HMK REIT
- f) Foreign currency subscribers are advised to contact the Receiving Bank for the applicable US Dollar exchange rate on the day the remittance is being effected. Payment can be made in US Dollars, for credit to:

Account Name: HMK REIT IPO  
Account Number: 1018021702 USD A/C  
Narration: ('Name of subscribers) investment in the HMK REIT
- g) UBA Plc will issue CCIs to foreign currency subscribers. CCIs are required to enable subsequent repatriation, in a freely convertible currency, of the distributions from or proceeds of any future sale of the units acquired in this Initial Public Offering.
- h) Joint applicants must sign the application form.
- i) An application from a corporate entity must bear its seal and be completed under the hand(s) of a duly authorized official(s) who should state also his (their) designation(s).
- j) An application from a pension or provident fund must be in the name or in the name of each individual trustee unless the trustees are a limited liability company.
- k) Applications from associations and interest groups that are incorporated should state the names of the associations or the groups.
- l) An application from a group of individuals should be made in the names of those individuals with no mention of the name of the group. An application by a firm which is not registered under the ISA No. 29 2007 should be made either in the name of the proprietor or in the names of the individual partners. In neither case should the name of the firm be mentioned.
- m) An application by an illiterate should bear his/her right thumbprint on the Application Form and be witnessed by an official of the Bank or Stockbroker with whom the application is lodged who must first have explained the meaning and effect of the Application Form to the illiterate in a language understandable to him/her and that the illiterate appear to have understood same before affixing his thumb impression.
- n) Applicants should not print their signature. Applicants not able to sign in the normal manner would be treated for the purpose of this Offer as an illiterate and their right thumb print should be clearly impressed on the Application Form.

**APPLICATION FORM**  
**HMK REAL ESTATE INVESTMENT TRUST**

