

First Publicly
Listed
Real Estate
Investment
Trust (REIT)
in Nigeria

2013

ANNUAL REPORT & ACCOUNTS



2013

ANNUAL REPORT
& ACCOUNTS

FUND MANAGER



RC: 956192

2013

ANNUAL REPORT & ACCOUNTS

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Fund Manager's Responsibility Statement

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

1. To carry on and conduct the business of the Fund in a proper and efficient manner and in particular, to diligently and expeditiously carry out the purpose for which the Units are issued.
2. To at all times act with prudence in relation to all assets of the Fund and accounts kept for that purpose.
3. To effect the issue of New Units subject to the Rules/Regulation and Guidelines of the Commission.
4. To invest monies forming part of the Deposited Property in authorized investments or to retain such monies in cash or place monies on deposit or in short term investments authorized by the Commission.
5. To realize, at its discretion, any investment comprised in the Deposited property (of the Fund) either in order to invest the proceeds of the same in other Authorized Investments or to provide the cash required to discharge any of its duties.
6. To pay out of the Fund all expenses incurred or to be met in connection with the management or trusteeship of the Fund.
7. At its discretion and in consultation with the Trustees to effect a distribution of the Income proceeds realized by the Fund over a specified period of time.
8. To keep proper books of account for the Fund and also appoint the Fund Auditor.
9. To make such periodic returns to the Securities & Exchange Commission as may be specified from time to time.
10. To convene General meetings of the fund either with the consent of the Trustee or at the request of Unit holders holding not less than 25% in value of the units for the time being outstanding.

Trustees Responsibility Statement

The Trustees responsibilities to the Fund are as follows:

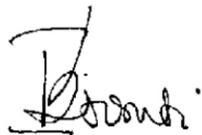
1. To stand possessed of the deposited property upon trust for the Unitholders.
2. To retain in its possession or in the possession of such third parties as it may with the consent of the Manager appoint, on a safe custody basis, all the investment and documents of title or value connected therewith that are actually received by the Trustees.
3. At all times to act with prudence and honesty in relation to all investments and documents of title or value kept in its custody.
4. To forward to the Manager without delay all notices of meetings reports and circulars received by its nominees as holders of any investment.
5. To jointly issue (with the Manager) certificates evidencing ownership of Units in the fund.
6. To grant its consent to the appointment of the Auditors of the Fund.
7. To send copies of the accounts of the Fund to all Unitholders
8. To make the trust deed available for inspection by the Unit holders of the Fund and/or to consent to the Manager convening such meetings.
9. To convene General Meetings of the Unit holders of the Fund and / or to consent to the Manager convening such meetings
10. To nominate the chairman for every General meeting the Fund and approve the form of the proxy used for meetings.

Report Of The Trustees.

The following is the text of a report received from Apel Capital & Trust Limited, addressed to the unit holders of the Skye Shelter Fund.

Dear Unit holders,

We confirm that in our opinion, during the period ended December 31, 2013 the Manager has managed The Skye Shelter Fund in accordance with the provisions of the Trust Deed governing the operation of The Fund.



Apel Capital & Trust Limited; Trustees to The Skye Shelter Fund.
Date: 30th October, 2014.

Fund Manager's Duties To The Nigerian Stock Exchange

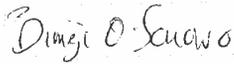
The Fund Manager shall render periodic returns and projections to the office of the Chief Executive of the Nigeria Stock Exchange.

The Fund Manager shall abide by all the rules and regulations of the Nigerian Stock Exchange.

Certification Of Accounts By Directors Of The Fund Manager

We hereby certify that neither the manager nor any other Person acting on its behalf has:

1. Acquired or disposed of Investments for account of the Trust otherwise through a recognized Stock Exchange except where such Investment consist of money market instruments or cash deposits; or
2. Disposed of Units to another person for a price lower than the current offered price, or
3. Acquired Units for a price higher than the current bid price; or
4. Transferred units to another person for sale resale or subsequent transfer to the Manager for sale or resale.

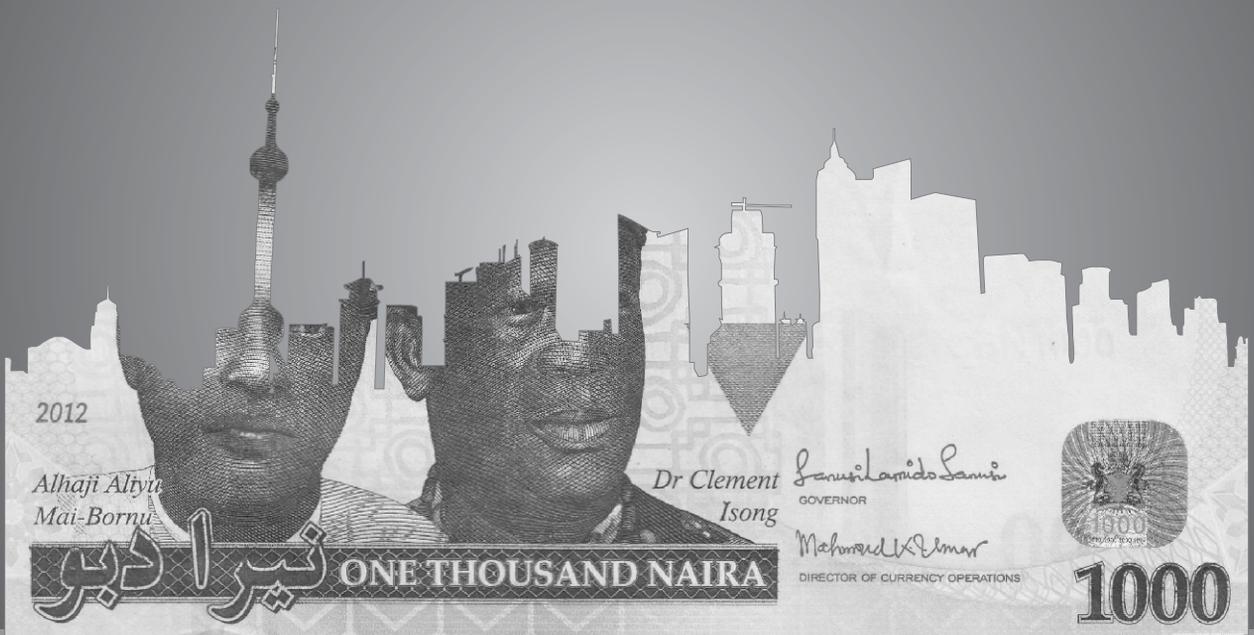


DIMEJI SONOWO
EXECUTIVE DIRECTOR
FRC/2013/ICAN/00000002089



PATRICK ILODIANYA
MANAGING DIRECTOR
FRC/2013/ICAN/00000002177

A Profitable Alternative Investment



- *Direct Real Estate Investment
- *Stable and Consistent Income
- *Protection against inflation
- *Tax exempt



287 Ajoye Adeogun, Victoria Island, Lagos.
Tel: 01-2801400
skyeshelterfund@sfsnigeria.com

Report Of The Independent Auditors To The Unit Holders Of Skye Shelter Fund Financial Statement: 31st December, 2013

We have audited the accompanying financial statement of SKYE SHELTER FUND ('the Fund'), which comprises of the statement of financial position as at 31st December, 2013, the statement of comprehensive income, the statement of cash flows, the statement of change in equity and notes to the financial statements for the financial year ended 31st December, 2013.

Fund Manager's Responsibility

The fund manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards with the requirements of the Companies and Allied Matters Act, the Trustees Investment Act, the Investment and Securities Act, and for such internal control, as the fund manager determines necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An Audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depends on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the fund manager as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the Fund's financial position as at 31st December 2013 and of its financial performance and cash flows for the year then ended, in accordance with the requirements of the Companies and Allied Matters Act, the investment and Securities Act and the Financial Reporting Council of Nigeria Act.

Report on other legal requirements

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

- a) We obtained the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion proper books of account have been kept by the Fund: and
- c) The Fund's financial position and financial performance are in agreement with the books of account.

Ikeja, Lagos
March 19, 2014.



Mrs, O. Olufon
FRC/2012/ICAN/0000000530

For: DELE OLUFON & CO
Chartered Accountants

Corporate Information

FUND MANAGER:	SFS Capital Nigeria Limited Plot 287 Ajoye Adeogun Street Victoria Island Lagos
DIRECTORS OF FUND MANAGER:	Dr. Layi Fatona (Chairman) Dr. Yemi Kale (Director) Mr. Yemi Gbenro (Director) Mr. Patrick Ilodiana (Managing Director) Mr. Dimeji Sonowo (Executive Director)
TRUSTEES:	Apel Asset and Capital Limited (formerly PHB Capital and Trust Limited) 8 Alhaji Bashorun Street Off Norman Williams Crescent South - West Ikoyi Lagos
AUDITORS	Dele Olufon & Co Chartered Accountants 788 Somide Odujinrin Avenue Omole Phase 2 Ikeja Lagos
CUSTODIAN	Stanbic IBTC Bank Plc Walter Carrington Crescent Victoria Island Lagos
REAL ESTATE SURVEYORS & VALUERS	Ubosi Eleh & Co NUJ Lighthouse 3/5 Adeyemo Alakija Street Victoria Island Lagos

Statement Of Financial Position As At 31st December, 2013

	NOTES	2013 N'000	2012 N'000
ASSETS			
Cash and Cash Equivalent	8	53,765	89
Development Fund Deposit	9	89,084	554,112
Trading Portfolio Assets	10	486,620	544,483
Prepaid Expenses		1,434	
Investment Properties	11	1,724,090	1,199,090
Property, Plant and Equipment	12	0	176
Total Assets		2,354,993	2,297,950
LIABILITIES			
Payables & Accruals	13	(38,529)	(31,427)
Deferred Income	14	(58,090)	(20,133)
NET ASSETS		2,258,375	2,246,390
Represented By:			
Unitholders' Equity	15	2,000,000	2,000,000
Revenue Reserve	16	258,375	246,391
UNITHOLDERS' FUNDS		2,258,375	2,246,391
Net assets per unit (N)	17	112.9	112.3

The full financial statements were approved by the Board of Directors on March 10, 2014 and signed on its behalf by;



PATRICK ILODIANYA
MANAGING DIRECTOR
FRC/2013/ICAN/00000002177



AKINYEMI GBENRO
DIRECTOR
FRC/2013/CIBN/00000002091



DIMEJI SONOWO
EXECUTIVE DIRECTOR
FRC/2013/ICAN/00000002089

The notes on pages 18 to 40 form an integral part of these financial statements.

Statement Of Comprehensive Income For The Year Ended 31st December, 2013

	NOTES	2013 N'000	2012 N'000
Interest Income		128,269	114,178
Profit on Disposal of Investment Property		-	28,343
Rental Income		40,642	16,525
Total Income		168,910	159,046
Depreciation	12	-	(46)
Other Operating Expenses	5	(56,927)	(48,411)
Total Operating Expenses		(56,927)	(48,457)
Net Income		111,984	110,589
Net income per unit (Naira)		5.60	5.53
Proposed Final Distribution		105,000	100,000
Proposed Final Distribution per unit (Naira)		5.25	5

The notes on pages 18 to 40 form an integral part of these financial statements.

Statement Of Cash Flows For The Year Ended 31st December, 2013

	NOTES	2013 N'000	2012 N'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest Received		128,269	114,178
Rental Income Received		78,800	18,700
Operating Cash Payments		(38,805)	(35,955)
Cash Payments to Creditors		(12,655)	(30,020)
Net cash from operating activities		155,609	66,903
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Investment Properties		(525,000)	-
Purchase of fixed asset		-	(136)
Proceed on fixed asset transferred		176	-
Proceeds on disposal of property		-	518,999
Development Fund Deposit		465,028	(254,112)
Trading Portfolio Assets		57,864	(282,613)
Net cash used in investing activities		(1,932)	(17,862)
Distribution Paid		(100,000)	(80,800)
Net cash used in financing activities		(100,000)	(80,800)
Net increase /(decrease) in cash and cash equivalents		53,676	(31,759)
Cash & cash equivalents at the beginning of the year		89	31,848
Cash & cash equivalents at the end of the year		53,765	89

The notes on pages 18 to 40 form an integral part of these financial statements.

Statement Of Changes In Equity For The Year Ended 31st December, 2013

	Unitholders' Equity N'000	Revenue Reserve N'000	Revaluation Reserve N'000	Total N'000
Balance as at January 1, 2012	2,000,000	216,602		2,216,602
Net income for the year		110,589		110,589
Distribution paid		(80,800)		
Balance as at December 31, 2012	2,000,000	246,391	-	2,246,391
Balance as at January 1, 2013	2,000,000	246,391	-	2,246,391
Net income for the year		111,984		111,984
Distribution paid		(100,000)		(100,000)
Balance as at December 31, 2013	2,000,000	258,375	-	2,258,375

The notes on pages 18 to 40 form an integral part of these financial statements.



NOTES TO THE **FINANCIAL STATEMENTS**

31ST DECEMBER, 2013

- *CORPORATE INFORMATION
- *STATEMENT OF FINANCIAL POSITION
- *STATEMENT OF CASH FLOWS
- *STATEMENT OF COMPREHENSIVE INCOME

- *STATEMENT OF CHANGES IN EQUITY
- *NOTES TO FINANCIAL STATEMENTS
- *FINANCIAL SUMMARY (2008-2013)

Notes To The Financial Statements

1. Reporting entity

The Skye Shelter Fund is a fund incorporated under the laws of Nigeria. The address of the Fund's registered office is Plot 287, Ajose Adeogun Street., Victoria Island, Lagos. It is governed by a Trust Deed approved by the Securities and Exchange Commission. The fund's units are listed on the Floor of the Nigerian Stock Exchange. Its financial statements are filed with Securities and Exchange Commission and other regulatory authorities.

The Skye Shelter Fund is a close – ended Real Estate Investment Trust (REIT), primarily involved in acquiring investment properties which are held for capital appreciation.

The investment activities of the fund are managed by SFS Capital Nigeria Limited (the fund manager) while Apeland Trust Limited are the Trustees.

Changes on the Board

In compliance with regulatory requirements, Skye Bank Plc, which used to be the fund manager, withdrew from this position. The fund management is now carried out by SFS Capital Nigeria Limited.

2. Basis of preparation

(a) Statement of compliance

The financial statements of the fund as at and for the year ended December 31, 2013 have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial statements are authorised for issue by the board of directors of the fund manager on March 10, 2014.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Financial assets held for trading are measured at fair value
- Investment properties are measured at cost and at subsequent recognition, at cost less impairment (if any).

(c) Functional and presentation currency

These financial statements are presented in naira (N), which is the fund's functional currency. All financial information presented in naira has been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance. Actual result may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognised prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in these notes.

Adoption of pronouncements under IFRS

Standards and interpretations effective during the reporting period

In the current year, the Fund has adopted all of the new and revised standards, amendments and interpretations to existing standards issued by the International Accounting Standards Board that are relevant to its operations and effective for accounting periods commencing on or after January 1, 2013. These include:

IAS27 (Revised) - Separate Financial Statements, effective 1 January 2013

IAS28 (Revised) – Investments in Associates and Joint Ventures, effective 1 January 2013

IAS19 (Revised) - Employee Benefits, effective 1 January 2013

IFRS 10 - Consolidated Financial Statements, effective 1 January 2013

IFRS 11 - Joint Arrangements, effective 1 January 2013

IFRS 12 - Disclosure of Interest in Other Entities, effective 1 January 2013

IFRS 13 - Fair Value Measurement, effective 1 January 2013

The adoption of each of these standards did not have any material impact on the accounting policies, financial position or performance of the Fund during the financial year:

Standards and interpretations issued but not yet effective

These include:

IAS 32 - Financial Instruments: Presentation, effective 1 January 2014

IFRS 9 - Financial Instruments, effective 1 January 2015

Standards which were issued but will become effective after 2013 will not have material impact on the Fund.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign Currency

Transactions in foreign currencies are translated into Nigerian naira at exchange rates at the dates of the transaction. At the year end date, unsettled monetary assets and liabilities are translated into Nigerian naira by using the exchange rate in effect at the year end date and the related transaction differences are recognised in income.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the Nigerian naira at the date that the fair value was determined.

Foreign currency differences arising on translation are recognised in income, except for differences arising on the translation of available-for-sale equity instruments, financial liability designated as a hedge of the net investment in a foreign operation or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions.

(b) Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or

for administrative purposes. Investment property is initially measured at cost, including transaction costs. The fund elected to apply the optional exemption to use the cost of the investment properties as deemed cost at 1 January 2011, the date of transition for all properties that were thus stated under GAAP. Subsequent to initial measurement, investment property is accounted for in accordance with the cost model, which is, cost less accumulated depreciation and less accumulated impairment losses.

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on disposal is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized as income or expense in the income statement.

Financial Assets and Liabilities

Recognition

All financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the fund becomes a party to the contractual provisions of the instrument. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss. Subsequent recognition of financial assets and liabilities is at amortised cost or fair value.

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data observable from markets, the fund immediately recognises the difference between the transaction price and fair value in 'Net gains/(losses) on financial instruments classified as held for trading'. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the income statement when the inputs become observable, or when the instrument is derecognised.

Classification

The classification of financial instruments depends on the purpose and management's intention for which the financial instruments were acquired and their characteristics.

De-recognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a

transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability. The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

The Fund enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

In transactions in which the Fund neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Fund continues to recognise the asset to the extent of its continuing involvement, determined by extent to which it is exposed to changes in the value of the transferred asset.

The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Fund continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Fund has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a Fund of similar transactions such as in the Fund's trading activity.

Sale and repurchase agreements

The Fund has no sale and repurchased agreements as at the reporting date

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit

or loss if the fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the fund's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Held-to-maturity financial assets

If the fund has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the fund from classifying investment securities as held-to-maturity for the current and the following two financial years.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. The fund's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available for sale financial assets are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment

Fair Value Measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. When available, the fund measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, the fund establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

Fair value hierarchy

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

- Level 1: quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.
- Level 2: valuation techniques using observable inputs: quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.
- Level 3: valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable. The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, a valuation technique is used.

Identification and Measurement of Impairment

At each reporting date the fund assesses whether there is objective evidence that financial assets measured at amortized cost are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The fund writes off financial assets carried at amortized cost when they are uncollectible.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term investments in an active market with original maturities of three months or less

Provisions

Provisions are recognized when the fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the fund expects a provision to be reimbursed, the reimbursement is recognized as an asset only when the reimbursement is virtually certain.

Taxes

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

- Exemption from Companies Income Tax, although WHT will be imposed on dividend distribution to investors; any distribution below the prescribed threshold (i.e. 90%) will disqualify the REIT from tax exemption.
- Exemption from stamp duties to reduce transaction costs; and
- Exemption from Capital Gains Tax on the ground that income arising from sales or disposal will be ploughed back for the purchase of additional properties or distributed as dividend

Property, plant and equipment

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

Impairment of non-financial assets

The carrying amounts of the Fund's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Deferred Income Liability

Rental income that are designed to cover periods beyond the reporting period is included as a liability and amortised over the period covered by the lease agreement.

Income Recognition

Profit on Disposal of Investment Property

Income from disposal of property is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, collectability is probable and the significant risks and rewards of ownership have been transferred to the buyer. Gain on disposal is calculated as the difference between the net disposal proceeds and the carrying amount of the assets.

Rental Income

Rental income from investment property is recognized in the income statement on a straight line basis over the term of the rent/lease. Lease incentives granted are recognized as part of the lease.

Interest Income

Interest income are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the carrying amount of the financial asset. When calculating the effective interest rate, the fund estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses.

Risk Management Analysis

Risk management framework

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, to monitor risks and adherence to limits. This policy is subject to review periodically. More frequent reviews may be conducted in the opinion of the Fund Manager, when changes in laws, market conditions or the Fund's activities are material enough to impact on the continued adoption of existing policies. The Fund, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Board of Directors of the fund manager has overall responsibility for the establishment and oversight of the Fund's risk management framework via its committees.

The Board is assisted by the various Management Committees in identifying and assessing risks arising from day to day activities of the Fund. These committees are:

The Management Credit Committee

Management Risk Committee

Other Ad-hoc Committee

These committees meet on a regular basis while others are set up on an ad-hoc basis as dictated by the circumstances.

Financial risks

The Fund has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risks
- Operational risks

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risks, and the Fund's management of asset and liability.

Credit Risk

Credit risk is the risk of an economic loss arising from failure of counterparty to fulfill its contractual obligations. Its effect is measured by the cost of replacing cash flows if the other party defaults. The tough operating economic environment has continued to pose several challenges in the management of credit risk.

Credit Risk Philosophy

The Fund credit risk philosophy is guided by twin responsibilities of protecting earnings and preventing erosion of capital. The Credit Risk Management is guided by the following principle.

- Clear articulation of policy guidelines.
- Irrespective of rewards, the fund will always put Credit Risk before pecuniary considerations.
- The fund shall adopt a strategic rather than a purely opportunistic approach in the creation of risk portfolio.

Liquidity Risk

Liquidity risk is the risk that the fund does not have sufficient resources to meet its obligations when they fall due or will have to meet its obligations at an excessive cost. This may be as a result of cash requirement from contractual commitments and Investments.

Management of liquidity risk

A brief overview of the Fund's liquidity management processes includes the following:

- Maintenance of minimum levels of liquid and marketable assets above the regulatory requirement limit.
- The Fund has set for itself more stringent in-house limit to which it adheres.
- Monitoring of its cash flow and financial position trends.
- Regular measurement and monitoring of its liquidity position/ratios in line with regulatory requirements and in-house limits
- Regular monitoring of non-earning assets

- Monitoring of deposit placement concentration
- Ensure diversification of funding sources
- Maintaining a contingency funding plan.

Exposure to liquidity risk

The key measure used by the Fund for managing liquidity risk is the ratio of net liquid assets to total net asset of the fund.

Market Risk

Market risk is the risk that the fund income or fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices in particular, changes in interest rates, foreign exchange rates and equity prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Management of Market Risk

Overall authority for market risk is vested in Market Risk Management Committee. However, the Market Risk Management group within is responsible for the development of detailed risk management policies (subject to review and approval by the Committee) and for the day-to-day review of their implementation.

Exposure to market risks – trading portfolios

The principal tool used to measure and control market risk exposure within the Fund's trading portfolios is the open position limits using the Earnings at Risk approach. Specified limits have been set for open positions limits, which are the expected maximum exposure the Fund is to be exposed.

Exposure to interest rate risk – Trading and non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for re-pricing bands

Operational Risk

Operational risk is the risk of loss arising through fraud, unauthorized activities, errors, omission, inefficiency, system failure or from external events. The definition includes losses arising from legal and

regulatory risk but excludes strategic and reputational risk. Operational risks arise from all of the fund's operations and are faced by all business entities.

The objectives of the Fund operational risk management is to manage and control operational risk in a cost effective manner, avoiding financial losses and reputational damage without instituting control procedures that will stifle initiative and creativity.

The fund focus is to manage operational risk based on a consistent framework that enables us to determine not only our operational risk profile in comparison to our risk appetite, but also define risk mitigating measures and priorities.

Future operational risks identified through forward looking analysis are managed via mitigation strategies such as the development of backup systems and emergency plans.

Critical accounting judgements in applying the Fund's accounting policies

Critical accounting judgements made in applying the Fund's accounting policies include:

Financial asset and liability classification

The Fund's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

1. In classifying financial assets or liabilities as "trading", the Fund has determined that it meets the description of trading assets and liabilities set out in accounting policy.
2. In designating financial assets or liabilities as available for sale, the fund has determined that it has met one of the criteria for this designation set out in accounting policy.
3. In classifying financial assets as held-to-maturity, the fund has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policy.

Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

Determination of impairment of property and equipment

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Fund applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

Impairment of available-for-sale equity investments

The Fund determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Fund evaluates among other factors, the volatility of the market. In addition, objective evidence of impairment may be deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

Valuation of financial instruments

The Fund's accounting policy on fair value measurements is discussed under the note. The Fund measures fair values using the quoted market price in an active market for an identical instruments

Financial instruments at fair value (including those held for trading, designated at fair value,

derivatives and available-for-sale) are either priced with reference to a quoted market price for that instrument or by using a valuation model. Where the fair value is calculated using a valuation model, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. The expected cash flows for each contract are determined either directly by reference to actual cash flows implicit in observable market prices or through modelling cash flows using appropriate financial markets pricing models. Wherever possible these models use as their basis observable market prices and rates including, for example, interest rate yield curves, equities and prices.

Notes To The Financial Statements

31st December, 2013

4. Income

		2013 N'000	2012 N'000
	Fixed Interest Income	128,269	114,178
	Profit on investment disposal	0	28,343
	Rental Income	40,642	16,525
	Income	168,910	159,046

5. OTHER OPERATING EXPENSES

		2013 N'000	2012 N'000
a)	Manager's Fees (Note 6)	33,876	33,696
	AGM & Other Expenses*	20,780	12,842
	Auditors Fee	1,500	1,250
	Others	771	623
		56,927	48,411

		2013 N'000	2012 N'000
b)	AGM and Other Expenses comprise*		
	AGM	2,583	2,500
	Trustee fee	2,500	2,500
	Repairs and renovations/ service charge	7,298	1,931
	Other administrative expenses	1,738	1,355
	Valuation and other professional fees	2,608	1,000
	Stock exchange	992	1,043
	Registrars' fees	1,132	969
	Custodian fee	1,667	967
	CSCS eligibility fee	262	577
		20,780	12,842

6. MANAGEMENT AND INCENTIVE FEES

The Fund Manager's fee for the year was calculated as 1.5% of the Fund's Net Assets Value as at the Balance Sheet date, this amounted to N33,875,625.00. The fee for the year was equivalent to 20% of the Fund's gross income for the year.

7. DISTRIBUTION

The Fund Manager has proposed a distribution of N5.25 per unit amounting to N105million for the year ended December 31, 2013.

8. CASH AND CASH EQUIVALENTS

These are balances in current accounts with:

		2013 N'000	2012 N'000
	Skye Bank Plc	4,860	65
	Stanbic IBTC Bank	48,905	24
		53,765	89

9. DEVELOPMENT FUND DEPOSIT

The Fund Manager earmarked the sum of N89 million from the Investments of the Fund for the development of property. This is invested in bond through Skye Bank Plc as follows:

Value Date - December 30, 2013

Maturity Date - July 31, 2014

Rate - 15%

10. TRADING PORTFOLIO ASSETS

These are investments in treasury bills which are held as trading securities.

The details are as follows:

		2013 N'000	2012 N'000
	Value Date	June 28, 2013	June 28, 2013
	Maturity Date	Jan 9, 2014	May 22, 2014
	Rate	13.30%	13.10%
	Face Value	N250,000,000	N250,000,000
	Tenor	195	328
	Discounted Value	N232,236,301	N220,569,863

11. Investment In Properties

	Description	2013 Cost N'000	2012 Cost N'000
	Properties in Ikeja GRA	277,000	277,000
	Properties in Lekki- Victory Park Estate	402,900	402,900
	Properties in Kabusa Gardens Abuja	51,500	51,500
	Properties in Maccido Royal Estate Abuja	192,000	192,000
	Properties in Sapphire Estate Lekki	132,000	132,000
	Properties in Kabusa Gardens 2 Abuja	39,690	39,690
	Properties in Northern Star Garden Abuja	104,000	104,000
	Properties in Milverton, Lekki	525,000	
		1,724,090	1,199,090

The cost model is used in the measurement of investment properties. The properties were valued on a market value basis by Ubosi Eleh & Co (Estate Surveyors & Valuers) as at February 18, 2014. The market value of the investment properties, based on the valuation certificate, as at this date was N2,357,690,000.

Description & Title

Property in Victory Park Estate

This is covered by a deed of sublease which is yet to be perfected

Property in Ikeja GRA

It is covered by a deed of assignment which is yet to be perfected

Properties in Kabusa Gardens 2 Abuja

Properties in Maccido Royal Estate Abuja

Properties in Sapphire Estate Lekki

Properties in Northern Star Garden Abuja

Properties in Milverton, Lekki

Covered by letters of allocation

The title documents on all properties are yet to be perfected.
 Movement in carrying amount of investment properties

		2013 N'000	2012 N'000
	Balance brought forward	1,199,090	1,689,747
	Additions	525,000	-
	Disposals	-	(490,657)
	Depreciation	-	-
	Impairment	-	-
	Balance carried forward	1,724,090	1,199,090

The manager is of the opinion that the investment properties will continue to appreciate in value and that they are not impaired.

Rental income on investment properties were as follows:

		2013 N'000	2012 N'000
	Victory Park - Lekki	22,325	6,325
	Harold Sodipo - GRA Ikeja	10,725	10,200
	Milverton	7,592	-
		40,642	16,525

Direct operating expenses that arose from investment properties that generated rental income include:

		2013 N'000	2012 N'000
	Service Charge	-	1,931
	Repairs	4,830	631
	Preparation of lease agreement	475	-
	Land usage charge	-	535
	Others	33	-
		5,338	3,097

Direct operating expenses that arose from investment properties that generated no rental income include:

		2013 N'000	2012 N'000
	Renovation expenses	2,468	-
	Consultancy service/inspection	80	-
		2,548	-

12. Property, Plant And Equipment

		Computer Equipment	Total
	Cost	N'000	N'000
	1st Jan. 2013	265	265
	Additions	-	0
	Disposal	(265)	(265)
	31st Dec. 2013	0	0
	DEPRECIATION		
	1st Jan. 2013	89	89
	Charges for the year		0
	Disposal	(89)	(89)
	31st Dec. 2013	0	0
	NET BOOK VALUE3		
	1st Dec. 2013	0	0
	31st Dec. 2012	176	176

According to the Securities and Exchange Commission, the fund is not expected to own fixed assets since the Fund Managers are paid management fees. Consequently, the assets have been paid for by the Fund Managers.

13. Payables And Accruals

		2013 N'000	2012 N'000
	Payables	24,541	16,659
	Accruals	13,989	14,768
		38,529	31,427

14. Deferred Income

This relates to rent received in advance from the tenants in the Fund's properties.

Analysed into:

		2013 N'000	2012 N'000
	Current	49,590	20,133
	Non - Current	8,500	
		58,090	20,133

Movement in deferred income

	Balance brought forward	20,133	17,958
	Transfer to income	(20,133)	(10,358)
	Rental income received in advance	58,090	12,533
		58,090	20,133

15. Unitholders' Equity

	20,000,000 units of N100 each	2,000,000	2,000,000
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16. Revenue Reserve

		2013 N'000	2012 N'000
	Balance brought forward	246,391	216,602
	Net income for the year	111,984	110,589
		358,375	327,191
	Distribution paid	(100,000)	(80,800)
	Reserve carried forward	258,375	246,391

17. Net Assets Value Per Unit

The net assets value per unit of N112.9 (2012: N112.3) is based on the net assets of the Fund and the total number of units in issue at the balance sheet date.

18. Reconciliation Of Net Income To Net Cash From Operating Activities

	2013 N'000	2012 N'000
Net Income for the year	111,984	110,589
Profit on investment property disposed	-	(28,343)
Depreciation	-	46
Increase/ (Decrease) in Creditors & Accruals	43,625	(15,389)
Net cash from/(used in) operating activities	155,609	66,903

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- *Stable and Consistent Income
- *Protection against inflation
- *Tax exempt



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Value Added Statement 31st December, 2013

	2013 N'000	%	2012 N'000	%
Gross Earnings	168,910		159,046	
Deduct administrative overheads and payments for other services	(23,051)		(14,761)	
Value added	145,859	100	144,285	100
Applied as follows:				
Fund manager's remuneration	33,876	23	33,696	23
Retained earnings	111,984	77	110,589	77
Value added	145,859	100	144,285	100

Financial Summary (2009-2013)

	IFRS 2013 N'000	IFRS 2012 N'000	IFRS 2011 N'000	IFRS 2010 N'000	NGAAP 2009 N'000
ASSETS					
Cash and Cash Equivalent	53,765	89	31,848	9,740	10,753
Development Fund Deposit	89,084	554,112	300,000	380,944	500,000
Trading Portfolio Assets	485,672	544,483	261,870	564,023	432,885
Prepaid Expenses	1,434	-	-	7,354	44,554
Investment Properties	1,724,090	1,199,090	1,689,747	1,555,810	1,625,000
Property, Plant and Equipment	0	176	86	129	-
Total Asset	2,354,046	2,297,950	2,283,551	2,518,000	2,613,192

Liabilities

Payables & Accruals	(38,529)	(31,427)	(48,990)	(255,789)	(32,723)
Deferred Income	(58,090)	(20,133)	(17,958)	(22,127)	(125,235)
NET ASSETS	2,257,427	2,246,390	2,216,603	2,240,084	2,455,234

Represented By:

Unitholders' Equity	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Revenue Reserve	258,375	246,391	216,602	240,083	234,855
Revaluation Reserve	-	-	-	-	220,380
Unit Holders' Funds	2,258,375	2,246,391	2,216,602	2,240,083	2,455,235
Gross Income	168,910	159,046	156,049	306,780	251,381
Net Income	111,984	110,589	104,519	234,930	174,628
Proposed Distribution	105,000	100,000	80,000	200,000	139,702
Proposed Distribution per Unit (N)	5.25	5.00	4.04	10.00	7.00
Net Assets Value per Unit (N)	112.92	112.32	110.83	120.51	122.76

TO:

The Registrar
Sterling Registrars Limited
8th Floor Knight Frank Building,
24, Campbell Street,
Lagos.



Sterling Registrars

CHANGE OF ADDRESS FORM

I hereby request that my address be changed as follows:

(OLD ADDRESS) _____

(NEW ADDRESS) _____

Please indicate Post Office Box or Private Mail Bag No., if available.

PLEASE TICK AS APPLICABLE

NAME OF COMPANY

ACADEMY PRESS PLC

BIG TREAT PLC

CONOIL PLC

CONTINENTAL REINSURANCE PLC

EQUITY ASSURANCE PLC

GOLDLINK INSURANCE PLC

JAPPAUL OILAND MARITIME SERVICE PLC

NIGERIA ENERGY SECTOR FUND PLC

OPR-REFINING & PETROCHEMICAL CHEMICAL

ORIENT PETROLEUM RESOURCES LIMITED

PARAMOUNT EQUITY FUND

SKYE SHELTER FUND

STERLING BANK PLC

STUDIO PRESS (NIGERIA) PLC

TETRAZZINI

THE FRONTIER FUND

UNION TRUSTEES LIMITED

Account No: _____

Name of Stock/Shareholder: _____

Signature of Stock/Shareholder: _____ Date: _____

To:

The Registrar,
Sterling Registrars Limited
8th Floor, Knight Frank Building,
24, Campbell Street, Lagos.
Tel: 01-2806987, 7303445,
Tel/Fax: 2806987



**MANDATE FOR DIVIDEND PAYMENT TO BANK
(E-DIVIDEND)**

I/We hereby request that from now on, all my/our dividends now due or which may become due in the books of companies ticked at the right hand column, be paid directly to my/our Bank. See details below.

Shareholder's Full Name: _____
(Surname) (Middle Name) (Other Name)

Share holder's Full Address: _____

Signature: _____

Mobile No: _____

Bank Name: _____

Bank Branch Address: _____

Bank A/C Number: _____

Joint holders

Signature: (1) _____ (2) _____

If corporate:

Authorized Signature: (1) _____ (2) _____

Company Seal: _____

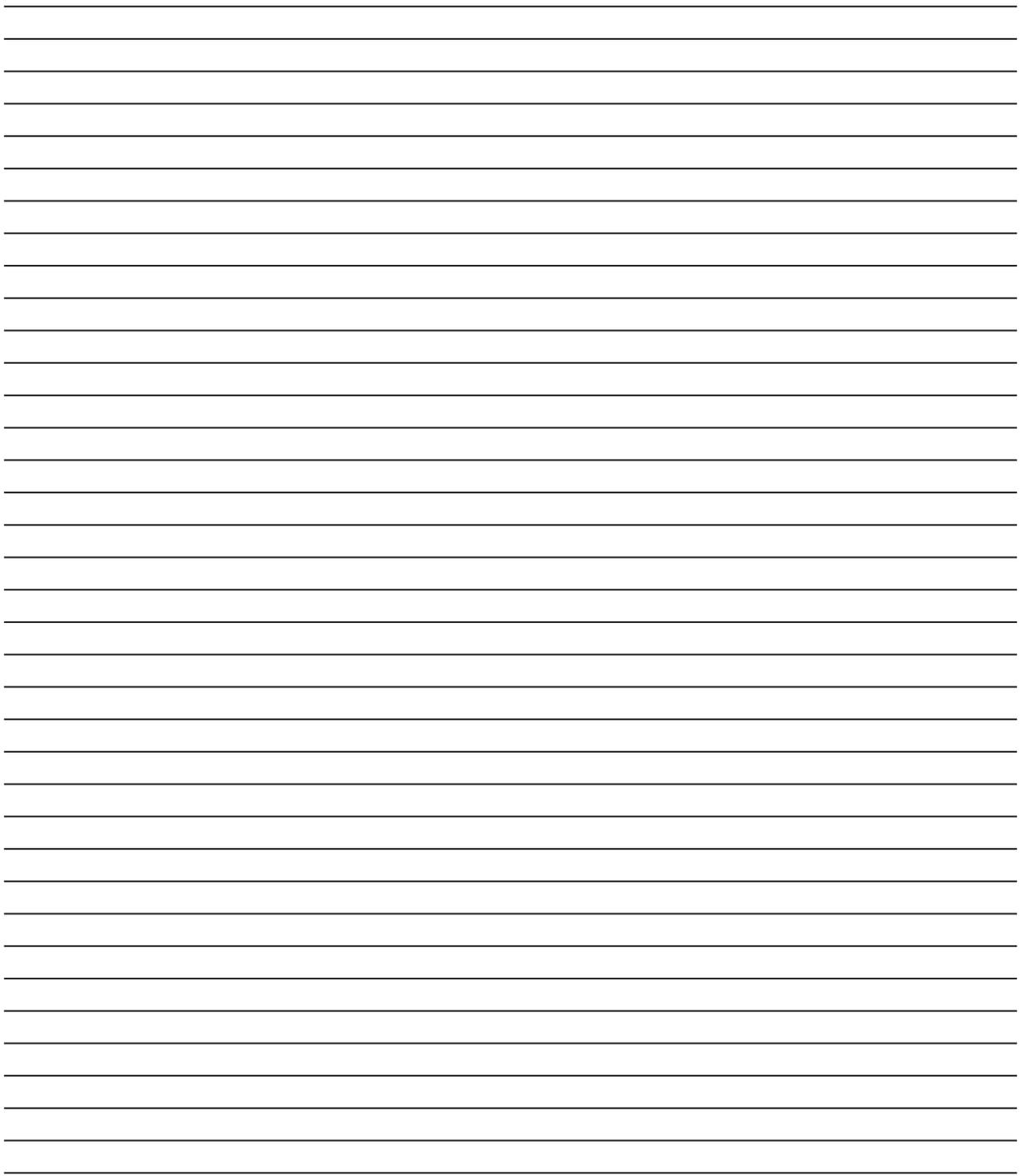
NB: Company seal required for corporate bodies

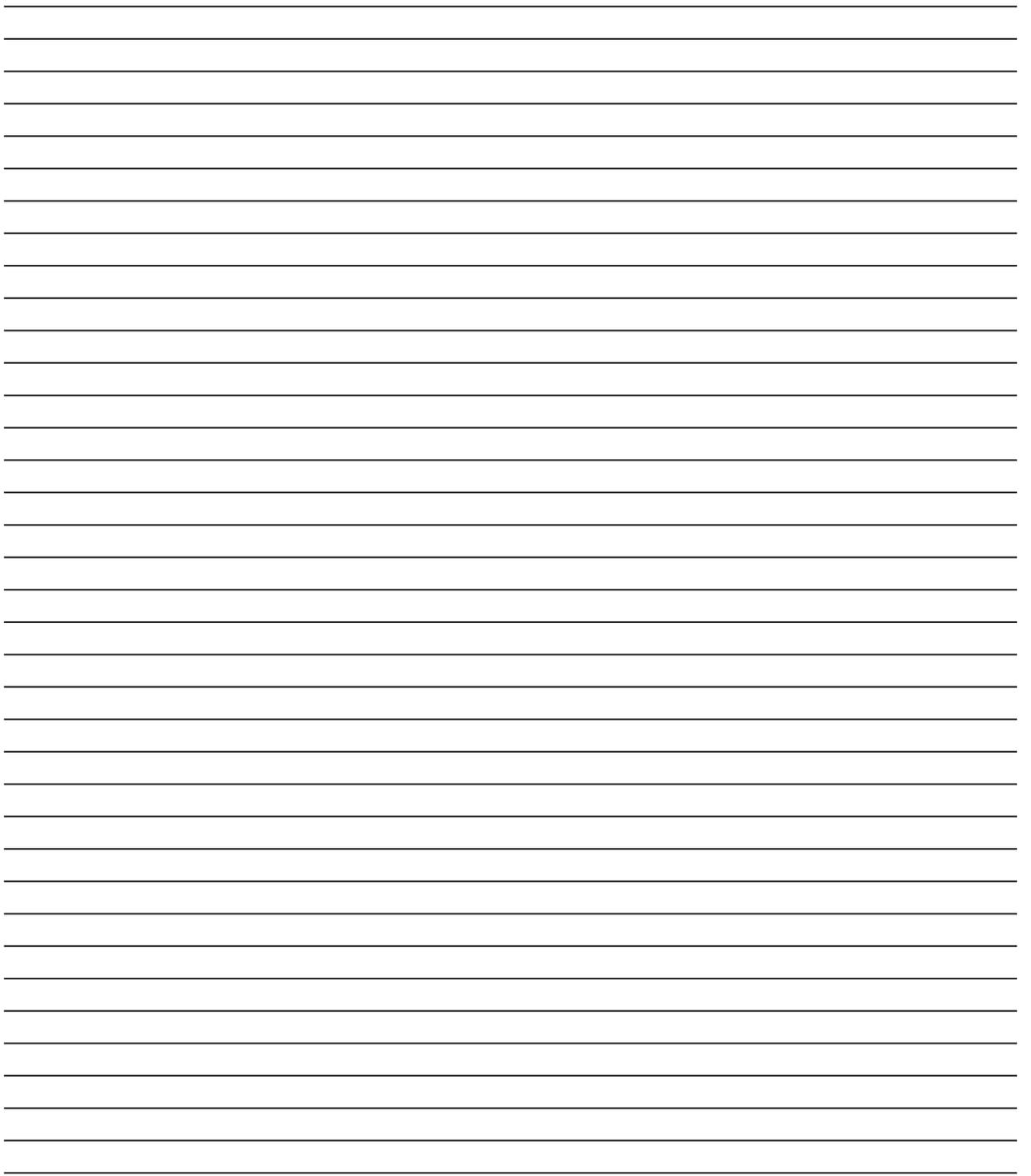
BANK AUTHORISED SIGNATORIES AND BANK STAMP

PLEASE TICK AS APPLICABLE

NAME OF COMPANY X

ACADEMY PRESS PLC	<input type="checkbox"/>
BIG TREAT PLC	<input type="checkbox"/>
CONTINENTAL REINSURANCE PLC	<input type="checkbox"/>
EQUITY ASSURANCE PLC	<input type="checkbox"/>
GOLDLINK INSURANCE PLC	<input type="checkbox"/>
JAPPAUL OIL AND MARITIME SERVICE PLC	<input type="checkbox"/>
NIGERIA ENERGY SECTOR FUND PLC	<input type="checkbox"/>
OPR-REFINING & PETROCHEMICAL CHEMICAL PLC	<input type="checkbox"/>
ORIENT PETROLEUM RESOURCES LIMITED	<input type="checkbox"/>
PARAMOUNT EQUITY FUND PLC	<input type="checkbox"/>
SKYE SHELTER FUND PLC	<input type="checkbox"/>
STERLING BANK PLC	<input type="checkbox"/>
STUDIO PRESS (NIGERIA) PLC	<input type="checkbox"/>
TETRAZZINI PLC	<input type="checkbox"/>
THE FRONTIER FUND PLC	<input type="checkbox"/>
UNION TRUSTEES LIMITED PLC	<input type="checkbox"/>







Skye

Shelter Fund

Real Estate Investment Trust

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