



SFS REAL ESTATE INVESTMENT TRUST

Fund Manager

SFS
Capital

2024
& ANNUAL REPORT
ACCOUNTS

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CORPORATE INFORMATION

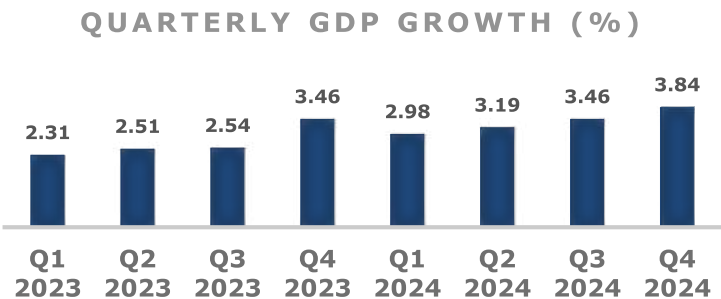
Fund Manager	SFS Capital Nigeria Limited Plot 287 Ajoye Adeogun Street Victoria Island Lagos.
Directors of Fund Manager	Dr. Layi Fatona (Chairman) Mr. Patrick Ilodiana (Managing Director) Mr. Dimeji Sonowo (Executive Director) Mr. Yemi Gbenro (Director) Dr. Yemi Kale (Director)
Trustees	Apel Capital and Trust Limited 8, Alhaji Bashorun Street Off Norman Williams Crescent South - West Ikoyi Lagos.
Custodian	Stanbic IBTC Nominees Walter carington Crescent Victoria Island Lagos.
Auditor:	DOC Advisory (Chartered Accountants) 6B, Irete Street Sabo, Yaba Lagos.
Registrars	Pace Registrars Limited 8th Floor, Knight Frank Building 24 Campbell Street Lagos.
Real Estate Surveyors & Valuers	Ubosi Eleh & Co. NUJ Lighthouse 3/5 Adeyemo Alakija Street Victoria Island Lagos.

ECONOMIC REVIEW 2024

The domestic economy remained resilient in 2024, posting a 3.84% growth (year-on-year) in real terms in Q4 2024; as economic headwinds were met with a slew of policies aimed at steering key macroeconomic indicators back on track.

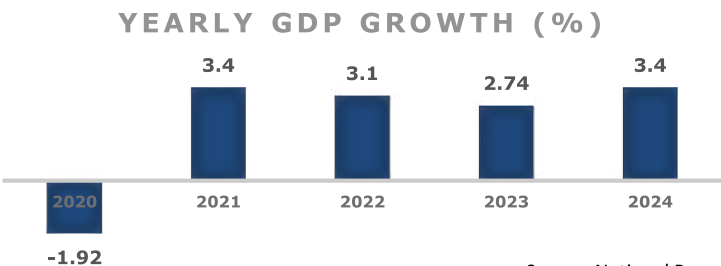
Comparison to Q4 2023 and Q3 2024, which both logged 3.46% growth is a pointer at sustained economic progression. The Services sector was a notable driver of growth in Q4 2024.

QUARTERLY GDP GROWTH (Q1 2023 – Q4 2024)



Source: National Bureau of Statistics (NBS)

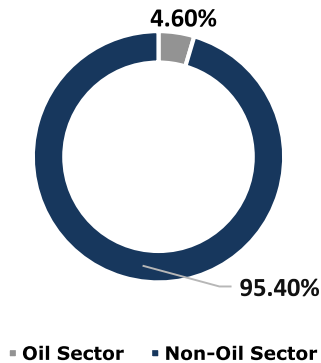
ANNUAL GDP GROWTH (2020 – 2024)



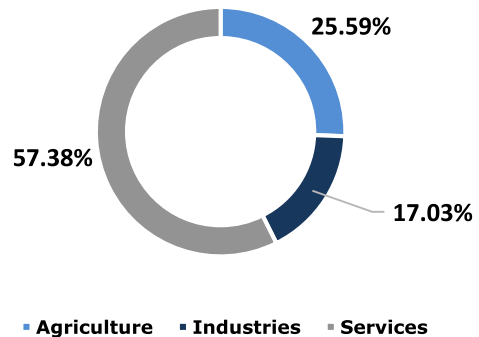
Source: National Bureau of Statistics (NBS)

FUND MANAGER'S REPORT

CONTRIBUTION OF OIL AND NON-OIL SECTORS



CONTRIBUTION TO REAL GDP Q4 2024



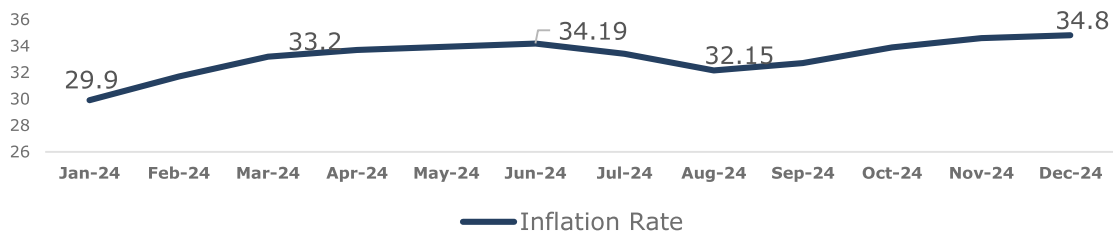
NON-OIL SECTOR

The Non-Oil sector contributed 95.4% to Nigeria's GDP in Q4 2024, marginally higher than 95.30% recorded in Q4 2023. Growth was mainly driven by Financial Services, Information and communication (Telecommunications), Agriculture (crop production), Trade, Transportation and storage (road Transport) and Manufacturing.

OIL SECTOR

The Oil sector contributed 4.60% to the GDP in Q4 2024 and expanded by 1.48% year-on-year in Q4 2024; down 10.64% compared to Q4 2023. Growth also declined by 3.70% compared to Q3 2024 (+5.17%). Over the quarter, Nigeria's oil production averaged 1.54 million barrels per day (mbpd) compared to 1.56mbpd in Q4 2023 (Q3 2024: 1.47mbpd).

INFLATION RATE % (JANUARY 2024 – DECEMBER 2024)



Source: National Bureau of Statistics (NBS), SFS Capital



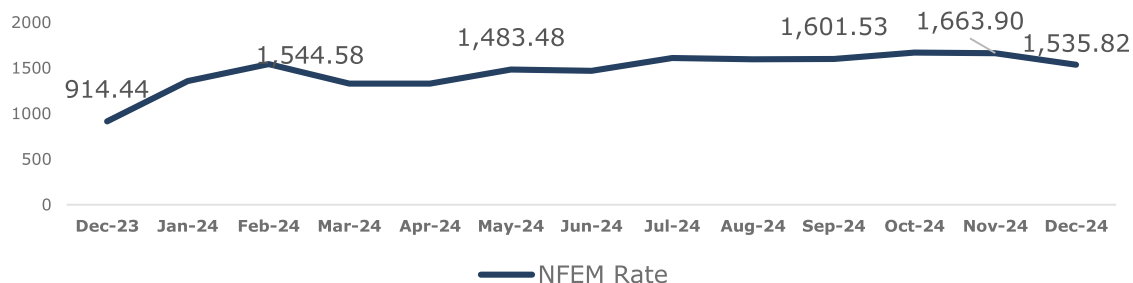
FUND MANAGER'S REPORT

Like previous years, Inflation remained in the ascendancy in 2024. The Consumer Price Index (CPI) logged growth of 34.8% in December 2024, compared to a 12-month low of 32.15%. Food inflation remained a key driver of inflation in 2024, accompanied by Housing, Water, Electricity Gas & Other Fuel as well as Clothing and footwear. Pricy imports due to unfavorable exchange rates and weak FX policies also remained a major inflation driver in 2024.

I&E FX WINDOW

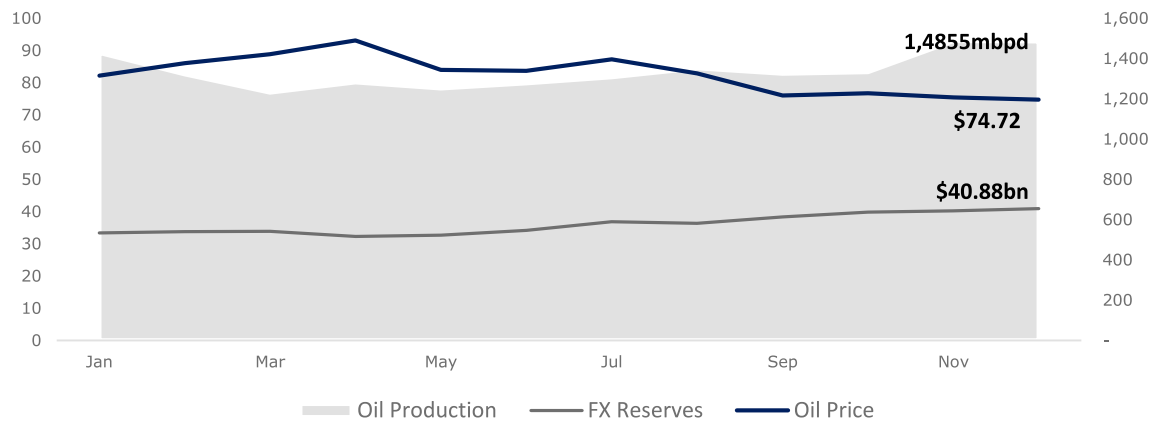
In 2024, bearish pressure kept the naira on the back foot against the dollar. Having commenced the year at an official rate of ₦914.43/\$, rates rallied against the naira to close Q1 at ₦1,330,76/\$. Q2 and Q3 2024 closed even higher at ₦1,470.69 and ₦1,601.59 respectively; while the year eventually ended with an exchange rate of ₦1,535,82 as per data from the CBN.

The CBN pressed on with efforts to manage the exchange rate in 2024. While the CBN had sold dollars to authorised BDCs over the course of the year, the CBN granted temporary access to the NFEM window to BDCs; to purchase dollars from authorized dealers, subject to a weekly cap of \$25,000 in December 2024. These trades were subject to 1% maximum spread. The CBN also stressed the continued availability of PTA and BTA from banks at the NFEM rate. Given the position of the exchange rate, efforts of the CBN are paying off to bring about availability and stability of FX.



FUND MANAGER'S REPORT

BRENT PRICE, OIL PRODUCTION & NIGERIA'S FX RESERVES (January 2024 – December 2024)



Source: Central Bank of Nigeria, OPEC, SFS Capital Research

Oil Production – in thousands of barrels per day

FX Reserves – US\$ Billion (bn)

Oil Price – Brent Crude US\$ per barrel

Although Brent crude closed at \$79.12 per barrel (pb) in December 2023, it had surpassed \$90pb by April 2024. However, it commenced a gradual descent that saw it dip to \$76.05pb by the end of Q3 2024 and it ended the year at \$74.72pb. The price of Bonny Light, Nigeria's oil variant dipped to \$76.21pb in June 2024, and further to \$72.44pb in September 2024 but still ended the year above \$74pb.

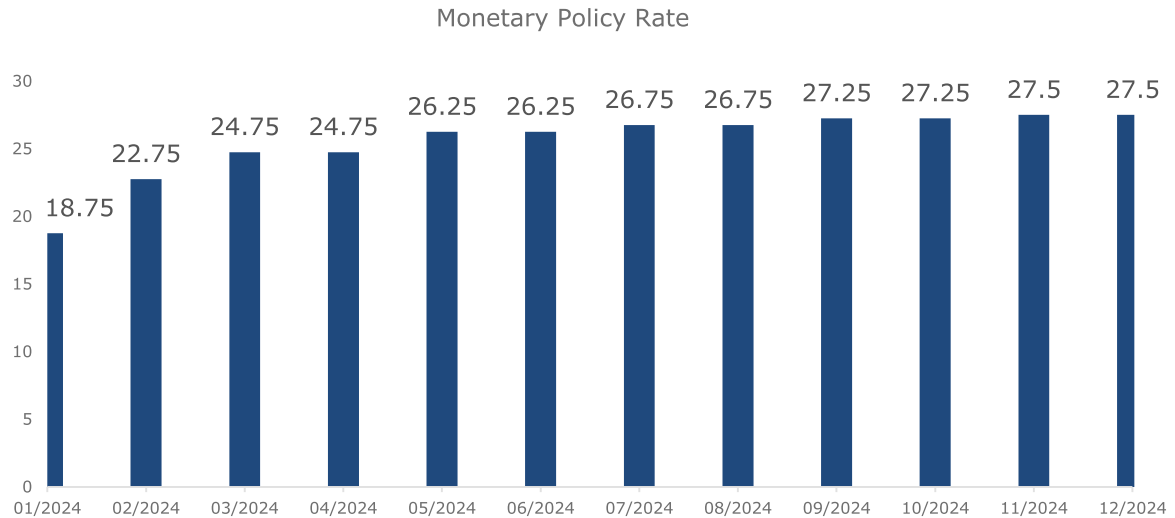
Despite the dip in oil prices, FX reserves, which opened 2024 at circa. US\$32.91bn had spiked to US\$40.88bn by December 2024. However, there is need to further diversify FX revenues, although domestic oil production improved over the year (December 2024: 1.455mbpd, March 2024: 1.231mbpd). Agriculture- one of the more resilient sectors over time, remains a critical sector worth exploring.





FUND MANAGER'S REPORT

MONETARY POLICY RATE % (January 2024 – December 2024)



The MPR started the year at 18.75%

The Monetary Policy Rate is the rate at which the CBN lends to other banks. The aggressive rise in H1 2024 from 18.75% to 26.25% in June 2024 tapered down in H2, with the rate ending the year at 27.5%. Thus, the other parameters as at year end were:

1. The Asymmetric Corridor within +500/-100bps of the MPR.
2. The Cash Reserve Ratio of 50% for Deposit money banks and 16% for Merchant Banks.
3. The liquidity Ratio at 30%.



Real Estate Sector Review

In 2024, the Real Estate Sector grew by 0.79% (2023:1.68%). The sector also contributed 5.45% to real GDP in 2024 compared to 5.59% in 2023, amid a cocktail of adverse macroeconomic factors like infrastructural deficit, currency depreciation and rising construction costs. Nigeria's infrastructure deficit requires circa. \$3trillion over the next 30 years to close the infrastructural gap, while construction costs are continuously ballooned by rising import costs.

Though waning economic performance has led to unfavorable business conditions and a decline in FDI which has curtailed the availability of capital for real estate and construction projects, estimates still put the value of the Nigerian Real Estate Market at about \$2.14trillion in 2024, with residential real estate accounting for \$1.77trillion.

Cities like Lagos, Abuja and Port Harcourt remained the prime markets in the Real Estate space in 2024. Representing the South-West, North-Central and South-South geopolitical zones respectively, these areas have evolved into a mix of residential and commercial structures that continually attract investment both locally and internationally; accented by the rapid population and industrial explosions. In mid-market areas, population growth continues to fuel demand for residential apartments. Still on the back of population growth, the supply of grade B+ retail mall developments grew in areas like Abuja.

A few notable trends evolved over the course of the year. There was higher demand for affordable housing, particularly in the noted cities due to the population boom. Hence, increased investments in low and middle-income housing projects with support from public private partnerships and government initiatives. Smart cities and sustainable projects remained at the fore, evidenced in Eko Atlantic (Lagos) and Centenary City (Abuja) where technology has seamlessly dovetailed with sustainability in Urban planning. Proptech solutions like virtual tours, online marketplaces and block-chain transactions have all facilitated real estate transactions in 2024, alongside integration of Artificial Intelligence (AI) and big data. With the introduction of remote and hybrid working arrangements,

FUND MANAGER'S REPORT

underutilized commercial properties are being converted into coworking hubs and joint workspaces. In addition, mixed use developments have become more prominent, combining residential, commercial and recreational spaces to meet lifestyle-oriented living.

The Government is involved in alleviating the existing infrastructure deficit. In the 2024 budget, ₦2.25tn was allocated to 45 ministries to provide infrastructure. The Federal Government also moved to provide 50,000 houses under its Renewed Hope Cities Agenda, with State Governments contributing land and labour. From a commercial and industrial perspective, the FG commissioned a 181MW geometric powerplant in Aba alongside a 188MW thermal plant. Africa Development Bank (AfDB) also commenced the disbursement of \$540m for developing Special Agro-Industrial Processing Zones (SAPZs) in Nigeria, to transform rural areas into economic hubs via commercial agriculture and food processing. With Oyo, Kaduna and Cross River States set to be the early beneficiaries, 27 states would subsequently follow.

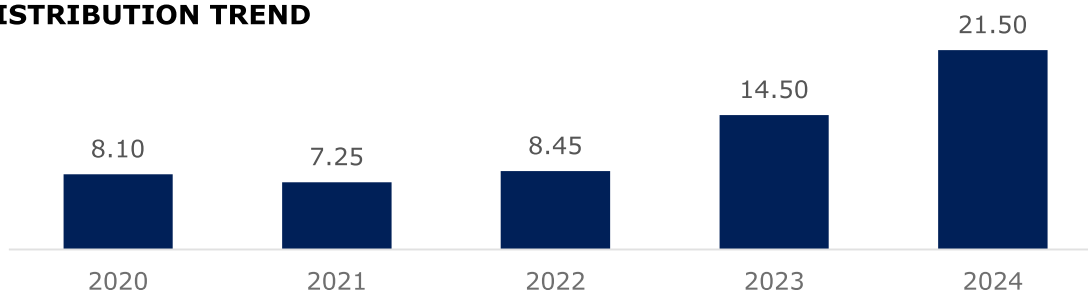
FUND PERFORMANCE

The SFS Real Estate Investment Trust Fund ("SFS REIT" or "the Fund") generated gross revenue of ₦554.91 million in 2024 compared to ₦395.42 million in 2023, driven largely by rental income, disposal of properties as well as interest income. Net Income closed the year at ₦477.09 million, up 50.26% from the previous year which posted ₦317.5 million. At ₦23.85, Earnings per Share in 2024 is 50.19% ahead of 2023, which stood at ₦15.88.

The Net Asset Value ("NAV") of the fund grew by 7.21% in 2024, to close the year at ₦2.78billion. The Fund continues to accrue competitive returns for its investors, as the investors earned a total return of 98.27% in 2024, comprising Share Price appreciation of ₦78.10 and dividend payment of ₦21.50.

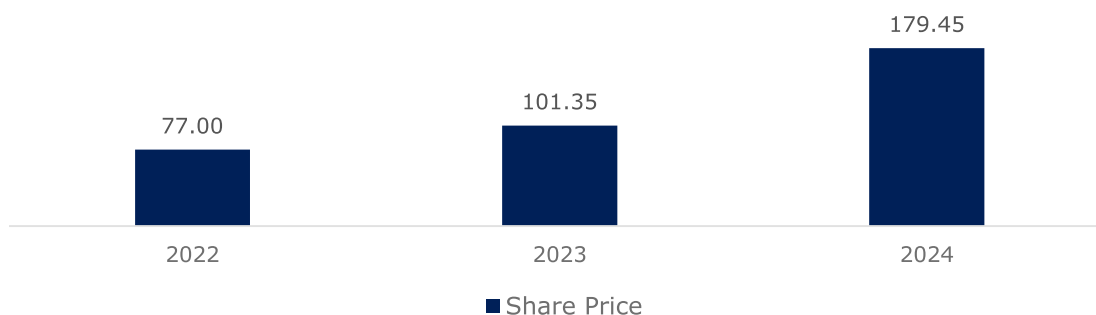


DISTRIBUTION TREND



For the year ended 31 December 2024, a distribution of ₦21.50 per share is proposed. This distribution represents a highly competitive dividend yield of 10.89%.

SHARE PRICE TREND



The Properties in the SFS REIT are:

1. Victory Park Estate
2. Milverton Court Estate
3. Sapphire Gardens Estate
4. Bourdillon Court Estate
5. Cromwell Estate
6. Maben Estate
7. Victoria Crest Estate

FORECAST

The Nigeria Real Estate Market is estimated to grow to \$2.61tr by 2025, with residential real estate expected to account for \$2.25tr, on the back of urbanization and rising demand for housing.

Housing demand is projected to grow by 8% annually to 30 million units by end of 2025, catalyzed by a 2.5% annual population growth rate and urban migration among other factors. Conversely, housing supply is expected to grow by 5% due to financing and construction issues. The Honourable Minister of Housing and Urban Development has indicated that 10,122 of the 20,000 houses targeted under the Renewed Hope Cities and Estates Programme will be available by year end, providing some succour.

Lagos, Abuja and Port Harcourt are expected to remain at the fore. In Lagos, urbanization, investments from abroad and economic opportunities continue to fuel demand. Property prices are expected to spike by 15% in 2025, with projects like the Eko Atlantic and Lekki Free Trade Zone which hosts Dangote Refinery and Lekki deep seaport among others, driving demand for affordable housing in the hinterlands of Epe and Ibeju Lekki. High-brew areas like Ikoyi, VI and Lekki are favorites for luxury housing and short lets. The Lagos short let market is estimated to generate ₦300 billion in 2025 (2024: ₦264.3 billion) over with "Detty December" being a notable contributor. Generally, rents could rise by 10-30% annually in 2025.

Demand for housing in Abuja remains politically driven but also supported by a rising middle-aged population. Luxury housing and mixed-use developments are expected but Wuse and Garki are particularly expected to produce commercial investments. Surrounding cities like Kubwa and Lugbe are also expected to spring up. Property prices are expected to rise by 8-10% in 2025. In Port Harcourt, demand is likely to be oil and gas driven with opportunities in high end residential and commercial properties. Property prices are expected to rise by about 6% in the new year.

The SFS REIT followed the trend. The Fund Manager increased rents across board in 2024 and the fund is projected to have increased rental income in 2025.

REPORT OF THE TRUSTEE



The Trustee hereby presents their Annual Report on the SFS Real Estate Investment Trust (SFS REIT) Fund for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES & BUSINESS REVIEW:

The Fund commenced in January, 2008 and is registered as a Close-Ended Real Estate Investment Trust (REIT) in Nigeria by the Securities and Exchange Commission under the Investment and Securities Act 2007.

The principal activity of the Fund is to provide investors with long term capital appreciation and to optimize investors' returns by investing in a strategic mix of real estate properties and money market instruments as specified in the Trust Deed.

At the most recent General Meeting of the Unit Holders of SFS Real Estate Investment Trust duly convened and held on 14 May 2024, the following resolutions were proposed and duly passed:

1. The declaration of a distribution of ₦14.50 per unit to unitholders;
2. That the Fund Manager is authorized to fix the remuneration of the Auditors for the ensuing year.

FUND PERFORMANCE

The performance of the Fund is as follows:

	2024	2023
	₦ '000	₦ '000
NET ASSET VALUE:	2,780,664	2,593,573

There was a marginal increase on the Net Asset Value by 7.21%.

	2024	2023
	₦ '000	₦ '000
NET INCOME:	477,091	317,503

There was a marginal increase on the Net income by 50.26%.



REPORT OF THE TRUSTEE

ASSET ALLOCATION

The Fund is compliant with the Asset Allocation requirement provided in the Trust Deed – 75% in Real Estate and 25% Real Estate Related Assets (provided not more than 10% is allocated to liquid assets). As at 31 December 2024, 84% of the fund was invested in Real Estate investments, 13% in Real Estate Related Assets and 3% in Liquid Assets.

The Trustee is of the opinion that during the period ended 31 December 2024, the Fund Manager was generally in compliance and has managed the SFS Real Estate Investment Trust in accordance with the provisions of the Trust Deed and appropriate regulations.

DIRECTORS OF THE FUND MANAGER

Dr. Layi Fatona	–	Chairman
Mr. Patrick Ilodiana	–	Managing Director
Mr. Dimeji Sonowo	–	Executive Director
Mr. Yemi Gbenro	–	Director
Dr. Yemi Kale	–	Director

PARTIES TO THE FUND

Fund Manager	–	SFS Capital Nigeria Limited
Trustees	–	Apel Capital & Trust Limited
Custodian	–	Stanbic IBTC Bank PLC
Auditors	–	DOC Advisory (Chartered Accountants)
Registrars	–	Pace Registrars Limited
Real Estate Surveyors/Valuers	–	Ubosi Eleh & Co.

BY ORDER OF THE TRUSTEE

Apel Capital & Trust Limited

27 February 2025


Omolola Iyinolakan
Managing Director



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 of the fund and to approve the form of the proxy used for meetings.



FUND MANAGERS DUTIES TO THE NIGERIAN EXCHANGE GROUP

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

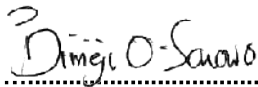
The Fund Manager shall abide by all the rules and regulations of the Nigerian Exchange Group.



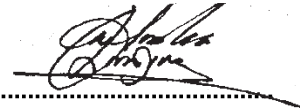
CERTIFICATION OF ACCOUNT BY DIRECTORS

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 Exchange Group 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

AUDITORS' REPORT

House 25, Sunrise Drive,
Fort Royal Estate, Kiyari District, Abuja
08109021609 | abuja@docadvisory.com

6B, Ireti Street, Yaba,
P. O. Box 50563, Fafoma, Ikoyi, Lagos.
01-3426673 | info@docadvisory.com



INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF SFS REAL ESTATE INVESTMENT TRUST FUND REPORT FOR THE YEAR ENDED DECEMBER 31, 2024

Opinion

We have audited the accompanying financial statements of SFS Real Estate Investment Trust Fund ("SFS REIT" or "the Fund"), which comprises the statement of financial position as at December 31, 2024; the statement of profit or loss and other comprehensive income; the statement of changes in equity; and the statement of cash flows for the same year along with significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at December 31, 2024 and of its financial performance and cash flows for the same year in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act ("CAMA") CAP C20 LFN 2020, the Investment and Securities Act ("ISA"), the Financial Reporting Council Act 2011, and in a manner prescribed by the International Standards on Auditing issued by the International Auditing and Assurance Standard Board ("IAASB").

Basis of opinion

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risk of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessment judgement and in order to design audit procedures that are appropriate in the circumstances, the Auditor considers internal controls relevant to the entity's preparation and fair presentation of its financial statements that give a true and fair view, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Also, an audit includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management of the Company, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidences that we have obtained are sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, we do not provide a separate opinion on these matters. No key audit matters were noted during the course of the audit.

Fund Manager's Responsibility

The Fund manager is responsible for the preparation of the financial statements that give a true and fair view of the state of affairs of the Fund in accordance with IFRS; and in the manner required by CAMA, CAP C20 LFN 2020, the Trustees Investment Act, the Investment and Securities Act, the Financial Reporting Council Act, 2011 and such other internal controls as determined necessary by the Fund manager, for the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



AUDITORS' REPORT

Auditors' Responsibilities

Our objective is to obtain reasonable assurance, whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with International Standards on Auditing ("ISA") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users, taken on the basis of the financial statements. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. Also, we:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to identified risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund manager;
- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to communicate with the Fund manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit. Also, we are required to provide the Fund Manager, a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them on all relationships and other matters that may be thought to impact our independence and related safeguards, where applicable.

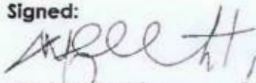
AUDITORS' REPORT

Report on other Legal Regulatory Requirements

Compliance with the requirements of schedule 6 of CAMA CAP C20 LFN 2020.

In our opinion, the Fund has kept proper books of account, so far as it appears from our examination of its statement of financial position and its statement of comprehensive income, which are in agreement with the books of account.

Signed:



Oladeinde Odunsanya, FCA

FRC/2013/ICAN/00000003192

For: DoC Advisory. (Chartered Accountants)

March, 2025

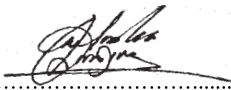
Lagos, Nigeria



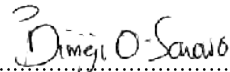
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2024

	<u>Notes</u>	<u>2024</u> <u>N'000</u>	<u>2023</u> <u>N'000</u>
ASSETS			
Investment properties	10	1,978,793	1,968,950
Non-current Assets		1,978,793	1,968,950
Cash and cash equivalents	8	1,026,977	755,421
Investment in securities	9	465,593	574,471
Other receivables	11	421	49
Prepaid expenses	16	1,089	1,134
Current Assets		1,494,079	1,331,075
Total Assets		3,472,873	3,300,025
LIABILITIES			
Payables & accruals	12	573,234	583,970
Deferred income	13	118,975	122,482
Total liabilities		692,209	706,452
Net Assets		2,780,664	2,593,573
EQUITY AND RESERVES			
Unitholders' equity	14	2,000,000	2,000,000
Revenue reserve	15	780,664	593,573
Unitholders' Equity		2,780,664	2,593,573
Net assets per unit (N)	17	139.03	129.68

APPROVED AND SIGNED BY THE BOARD OF DIRECTORS ON JANUARY 27, 2025.


 PATRICK ILODIANYA
 MANAGING DIRECTOR
 FRC/2013/ICAN/00000002177


 AKINYEMI GBENRO
 DIRECTOR
 FRC/2013/CIBN/00000002091


 DIMEJI SONOWO
 EXECUTIVE DIRECTOR
 FRC/2013/ICAN/00000002089

The accompanying notes on pages 24 to 28 form an integral part of these financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS AT DECEMBER 31, 2024

	<i>Notes</i>	2024 N'000	2023 N'000
Interest income	4	176,599	147,730
Profit on disposal of investment property	4	172,411	57,661
Rental income	4	205,903	190,026
Total income		554,913	395,417
Total operating expenses	5	(77,822)	(77,914)
Net income		477,091	317,503
Net income per unit (N)		23.85	15.88
Proposed final distribution	7	430,000	290,000
Proposed final distribution per unit (N)		21.50	14.50

The accompanying notes on pages 24 to 28 form an integral part of these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2024

	2024 N'000	2023 N'000
Cash flow from operating activities:		
Net Income for the year	477,091	317,503
Profit on investment property disposed	(172,411)	(57,661)
(Increase)/Decrease in prepayments & receivables	(327)	-
Increase/ (Decrease) in payables & accruals	31,566	183,980
Net cash generated from operating activities	335,919	443,822
Cash flows from investing activities:		
Investment property purchased (new Investments)	(89,843)	(426,550)
Proceeds on disposal of property	252,411	335,651
Investment in securities	108,878	855
Unclaimed distribution	(45,809)	11,237
Net cash (used in) investing activities	225,637	(78,807)
Cash flows from financing activities:		
Distribution paid	(290,000)	(169,000)
Net cash used in from financing activities	(290,000)	(169,000)
 Increase in cash and cash equivalents	 271,556	 196,015
Cash and cash equivalents at the beginning of the year	755,421	559,406
Cash and cash equivalents at the end of the year	1,026,977	755,421

STATEMENT OF CHANGES IN EQUITY

	Unitholders' Equity	Revenue Reserve	Total equity
	N'000	N'000	N'000
Balance as at 1 January 2024	2,000,000	593,573	2,593,573
Net income for the year	-	477,091	477,091
Distribution paid	-	(290,000)	(290,000)
Balance at 31 December 2024	2,000,000	780,664	2,780,664
Balance as at 1 January 2023	2,000,000	445,069	2,445,069
Net income for the year	-	317,503	317,503
Distribution paid	-	(169,000)	(169,000)
Balance at 31 December 2023	2,000,000	593,573	2,593,573

PORTFOLIO STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	Cost N'000	Net Asset %
Real estate	10	1,978,793	84.2
Real estate related investments		309,333	13.2
Liquid assets		1,183,237	
Prepayments and other receivables	16	1,510	
Less unclaimed dividend and other payables		(692,209)	
Proposed Distribution		(430,000)	2.7
Adjusted net assets		2,350,664	100

The Trust Deed stipulates that not more than 10% of the Fund's net asset value shall be held in liquid assets.

The mandatory proposed distribution for 2024 is expected to be paid very early in 2025. Therefore this has been adjusted accordingly



NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2024

1 Reporting entity

- (a) The SFS Real Estate Investment Trust 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 Exchange Group. Its financial statements are filed with Securities and Exchange Commission and other regulatory authorities.

The SFS Real Estate Investment Trust 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 Apel Capital and Trust Limited are the Trustees.

(b) Disclosure: Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) SFS Real Estate Investment Trust maintains effective Security Trading Policy which guides the directors of the Fund manager, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the units. The policy is regularly reviewed and updated by the board. The fund manager has made specific inquiries of all the directors and other insiders and is not aware of any infringement.

2 Basis of preparation

(a) Statement of compliance

The financial statements of the fund as at and for the year ended December 31, 2024 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 January 26, 2025.

(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:

- i) Financial assets held till maturity are measured at fair value.
- ii) 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 results may differ from these estimates and assumptions.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

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 amendments effective during the reporting period:

IFRS 16 - Leases (effective on or after January 1, 2019)

Standards and interpretations issued but not yet effective during the reporting period.

IFRS 7 - Financial instruments (Disclosures) - Interest rate benchmark reform (effective on or after January 1, 2020)

The Fund did not adopt earlier any new or amended standards in 2024.

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 denominated in foreign currencies are recorded in Naira at actual exchange rates as of the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates, subsequent to the dates of transactions, is included as an exchange gain or loss in the profit and loss account.

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 on 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.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

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.

Assets and Liabilities

Recognition

All financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognized 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 amortized 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 recognizes the difference between the transaction price and fair value in 'Net gains/(losses) on financial instruments classified as held till maturity'. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in the income statement when the inputs become observable, or when the instrument is derecognized.

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 derecognizes 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 recognized as a separate asset or liability. The fund derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. The Fund enters into transactions whereby it transfers assets recognized 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 derecognized. 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 recognize 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 recognized separately as assets and liabilities as

appropriate. In transfers where control over the asset is retained, the Fund continues to recognize 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 realize 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.

Amortized cost measurement

The amortized 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 amortization using the effective interest method of any difference between the initial amount recognized 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 the 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 it. 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 distributed, to investors; any distribution below the prescribed threshold (i.e., 90% of net income) 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 recognized if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized 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 recognized 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 amortization, if no impairment loss had been recognized.

Deferred Income Liability

Rental income that are designed to cover periods beyond the reporting period is included as a liability and amortized 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 is recognized 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 analyze 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 daily 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's 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 principles.

- a. Clear articulation of policy guidelines.
- b. Irrespective of rewards, the fund will always put Credit Risk before pecuniary considerations.
- c. 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;
- 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 funds 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 are 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's 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 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:

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.

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.

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 realizable values. Management's judgement is also required when assessing whether a previously recognized 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 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 STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

4 INCOME

	2024	2023
	N'000	N'000
Fixed interest income	114,380	120,556
Interest from unclaimed distribution(note 7b)	62,219	27,174
Profit on disposal of investment property	172,411	57,661
Rental income	205,903	190,026
Total income	554,913	395,417

5 OPERATING EXPENSES

Manager's fee	41,757	38,959
Other expenses*	33,565	36,455
Audit fee	2,500	2,500
	77,822	77,914

*Other Expenses comprise

Trustee fee	2,500	2,500
Repairs and renovations/service charge	5,901	11,882
AGM, annual report publication expenses etc	1,047	1,836
Custodian fee	2,321	2,321
Insurance	1,900	1,774
Valuation and other professional fees	1,075	450
Registrars' fee	661	-
Bank charges	15	26
General expenses	9,933	8,860
SEC Supervisory fee	5,155	4,811
VAT Paid	3,058	1,996
	33,565	36,455

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 Statement of Financial Position date. This amounted to N42million (2023:N39million). The fee for the year was equivalent to 7.5% (2023:9.9%) of the Fund's gross income for the year.

7 DISTRIBUTION

The Fund manager has proposed a distribution of N21.5 per unit amounting to 430 million for the year ended December 31 2024

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

b. UNCLAIMED DISTRIBUTION

	2024	2023
	N'000	N'000
Opening balance	377,328	388,565
Addition during the year	45,809	30,083
Paid during the year	-	(41,320)
Income earned during the year	62,219	27,174
	485,356	404,502
Income transferred to interest income(note 4)	(62,219)	(27,174)
Closing balance (note 12)	423,137	377,328

8 CASH AND CASH EQUIVALENTS

These are balances in current accounts with banks and short term investments:

Cash at bank	29,452	10,626
Tenored Deposit	997,525	744,795
	1,026,977	755,421

9 INVESTMENT IN SECURITIES

These are investments in bonds and other financial instruments which are held till maturity.

The details are as follows:

	Current value N'000	Face Value N'000	Maturity Date	Rate
15.74% FGN SUKUK Bond	100,129	100,000	12/28/2025	15.74%
14.8% FGN APR 2049	156,260	129,327	4/26/2049	14.80%
11.2% FGN SUKUK 2027	25,115	25,000	6/16/2027	11.20%
11.2% FGN SUKUK 2027	184,089	200,000	6/16/2027	11.20%
	465,593			

10 INVESTMENT IN PROPERTIES

	2024	2023	Report as at Dec. 31 2024
Description	Cost N'000	Cost N'000	Valuation N'000
Investment in property in ikeja GRA	-	-	-
Investment in property in Victory Park Estate Lekki	376,493	365,400	900,000
Investment in properties Sapphire	132,000	132,000	270,000
Investment in properties in Bourdillon Court, Lekki	315,000	360,000	595,000
Investment in properties Milverton, Lekki	650,000	685,000	1,170,000
Investment in properties Cromwell Estate	75,300	75,300	75,000
Investment in properties Maben Estate	252,000	173,250	180,000
Investment in properties Victoria Crest Estate	178,000	178,000	180,000
	1,978,793	1,968,950	3,370,000

The cost model is used in the measurement of investment properties.

The properties were valued at N3.5billion by Emeka D.Eleh (FRC/2015/NIESV/000000013406) of Ubosi Eleh & Co Estate surveyors & Valuers (frc/2014/000000039907) in their report dated December 14 2023 and March 6 2024 respectively. However Two properties were sold in Milverton and Bourdillon court respectively and their value has been deducted to show the actual value in the books of account as at 31st December, 2024

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

Description & Title

Property in Victory Park Estate

This is covered by a deed of sublease

Properties in Sapphire Estate Lekki

Properties in Milverton, Lekki

Covered by letters of allocation

Properties in Milverton, Lekki are supported by purchase agreements between the original owners and the SFS Real Estate Investment Trust.

Properties in Bourdillon Court are covered by provisional allocation letters.

Properties in Cromwell are covered by a deed of lease

The Property in Victoria Crest is covered by a deed of agreement

Properties in Maben are covered by allocation letters

The title documents on all properties are yet to be perfected.

Movement in carrying amount of investment properties

	2024 N'000	2023 N'000
Balance brought forward	1,968,950	1,820,390
Additions	89,843	426,550
Disposals	(80,000)	(277,990)
Balance carried forward	1,978,793	1,968,950

The Fund 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:

	2024 N'000	2023 N'000
Victory Park - Lekki	36,800	29,725
Harold Sodipo - GRA Ikeja	-	4,258
Sapphire Garden	10,355	9,576
Bourdillon Court	27,083	26,625
Milverton	56,838	54,767
Cromwell	3,500	417
Victoria Crest	9,000	-
Maben Estate	2,167	-
Rental income from SUKUK Bond	60,161	64,659
	205,903	190,026

Direct operating expenses that arose from investment properties that generated rental income.

	2024 N'000	2023 N'000
Service charge	-	-
Renovation/Repairs	5,901	11,882
Purchase agreement/agency fee/land use	429	819
Others	-	-
	6,330	12,701



NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
	N'000	N'000
11 OTHER RECEIVABLES		
Other receivables	421	49
	421	49
12 PAYABLES AND ACCRUALS		
Unclaimed distribution*	423,137	377,328
Creditors and Accruals(note 12b)	147,597	204,142
Audit fee	2,500	2,500
	573,234	583,970
b. Creditors and Accruals		
Custody fees	6,698	5,494
Management fees	13,635	12,648
Trustee	3,751	4,968
Sec supervisory fees	5,925	5,828
Other creditors and accruals**	117,588	175,204
	147,597	204,142
<p>*In line with the rule of the Securities and Exchange Commission, the sum of N423.1million (2024:N423.1million) was returned to the fund by the Registrars as unclaimed distribution.</p> <p>**Other Payables include WTH, deposit for sale of property and other accruals</p>		
13 DEFERRED INCOME		
Analysed into:		
Current	118,975	122,482
Non-current	-	-
	118,975	122,482
Movement in deferred income		
Balance brought forward	122,482	95,249
Rents received during the year	167,442	153,480
Bonds Income	(23,634)	-
Security deposits refunded	(650)	(300)
Security deposits received	4,428	3,225
Rent refunded during the year	(1,333)	(3,000)
Transferred to Statement of comprehensive income	(149,759)	(126,172)
Deferred income	118,975	122,482
14 UNITHOLDERS' EQUITY		
20,000,000 units of N100 each	2,000,000	2,000,000

The total number of unit holders as at the end of 2024 (3,040), 2023 (2,771)

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
	N'000	N'000
15 REVENUE RESERVE		
Balance brought forward	593,573	445,069
Net income for the year	477,091	317,503
Distribution paid	(290,000)	(169,000)
Reserve carried forward	780,664	593,573
16 PREPAYMENTS		
Opening balance	1,134	1,134
Addition	1,849	1,774
Prior year adjustment	-	-
Amortised	(1,900)	(1,774)
Closing balance	1,089	1,134

The Fund renews the insurance on its properties annually and the amount paid is amortized across the period. The unamortized value as at December 31, 2024 was N1.08million (2023: N1.13million).

17 NET ASSETS VALUE PER UNIT

The net assets value per unit of N139.03 (2023: N129.68) is based on the net assets of the fund and the total number of units in issue at the financial position date.

18 NON-AUDIT SERVICE PROVISION

No non-audit service was rendered to SFS REIT by the auditors, DOC Advisory during the year ended December 31, 2024.



VALUE ADDED STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	%	<u>2023</u>	%
	<u>N'000</u>		<u>N'000</u>	
Gross earnings	554,913		395,417	
Deduct:				
Administrative overheads and payments for other services	(36,065)		(38,955)	
Value added	<u>518,848</u>	<u>100</u>	<u>356,462</u>	<u>100</u>
Applied as follows:				
Fund manager's remuneration	41,757	8	38,959	11
Retained earnings	477,091	92	317,503	89
	<u>518,848</u>	<u>100</u>	<u>356,462</u>	<u>100</u>

FIVE YEARS FINANCIAL SUMMARY FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023	2022	2021	2020
	N'000	N'000	N'000	N'000	N'000
ASSETS					
Cash and cash equivalents	1,026,977	755,421	559,406	358,025	134,262
Investment in securities	465,593	574,471	575,326	686,255	923,410
Receivables	421	49	49	518	-
Prepaid	1,089	1,134	1,134	1,025	1,118
Investment properties	1,978,793	1,968,950	1,820,390	1,820,390	1,775,390
Total Assets	3,472,873	3,300,025	2,956,305	2,866,214	2,834,179
LIABILITIES					
Payables & accruals	(573,234)	(583,970)	(415,987)	(372,465)	(376,565)
Deferred income	(118,975)	(122,482)	(95,249)	(90,304)	(52,030)
Net assets	2,780,664	2,593,573	2,445,069	2,403,445	2,405,584
Represented By:					
Unitholders' equity	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Revenue reserve	780,664	593,573	445,069	403,445	405,584
UNITHOLDERS' FUNDS	2,780,664	2,593,573	2,445,069	2,403,445	2,405,584
Gross income	554,913	395,417	247,785	232,623	244,324
Net income	477,091	317,503	186,621	159,861	175,138
Proposed Distribution	430,000	290,000	169,000	145,000	162,000
Proposed Distribution per unit (N)	21.50	14.50	8.45	7.25	8.10
Net Assets value per unit (N)	139.03	129.68	122.25	120.17	120.28

CHANGE OF ADDRESS FORM

To:



Formerly
Sterling Registrars

Pace Registrars Limited
Head Office: 24, Campbell Street,
 (8th Floor) Knight Frank Building, P. M. B. 12735 Lagos.
Tel: 01-2790797-8, 01-2790799
Branch Office: 110, Muritala Muhammed way, kano.
Webmail: info@paceregistrars.com
 www.paceregistrars.com

CHANGE OF ADDRESS FORM

I/We hereby request that my address be changed as follows:

(OLD ADDRESS) _____

(NEW ADDRESS) _____

(MOBILE NO) _____

(E-MAIL ADDRESS) _____

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

PLEASE TICK AS APPLICABLE	
TICK X	NAME OF COMPANY
	ACADEMY PRESS PLC
	BIG TREAT PLC
	CAPITAL TRUST BROKERS LTD.
	CONTINENTAL REINSURANCE PLC
	CAPITAL EXPRESS BALANCED FUND (Formerly Union Trustees Mixed Fund)
	DUFIL PRIMA FOODS PLC
	EXPLORE NOTE MINING & TRADING COMPANY
	GOLDLINK INSURANCE PLC
	JAPPAUL GOLD & VENTURES PLC
	KEDARI INVESTMENT FUND
	NIGERIA ENERGY SECTOR FUND (NESF) PLC
	OPR-REFINING & PETROCHEMICAL CHEMICAL PLC
	ORIENT PETROLEUM RESOURCES LIMITED
	STERLING BANK PLC
	STERLING BANK PLC - BOND
	STERLING INVESTMENT MANAGEMENT SPV PLC
	SFS REAL ESTATE INVESTMENT TRUST FUND PLC (Formerly Skye Shelter Fund Plc)
	TETRAZZINI FOODS PLC
	THE FRONTIER FUND

Registrar Account No: _____

Name of Stock/Shareholder: _____

Date: _____

Signature of Stock/Shareholder

Signature for Joint/Corporate account only



E-DIVIDEND MANDATE ACTIVATION FORM

Affix
Current
Passport

Write your name at the back of
your passport photograph

E-DIVIDEND MANDATE ACTIVATION FORM

"This service costs N150.00 per approved mandate per company"



Instruction

Only Clearing Banks are acceptable

Please complete all section of this form to make it eligible for processing and return to the address below

The Registrar,

Pace Registrars Limited RC: 240500

Head Office: 24, Campbell Street,
(8th Floor) Knight Frank Building, P. M. B 12735 Lagos.

Tel: 01-2790797-8, 01-2790799

Branch Office: 110, Murtala Muhammed way, Ikorodu.

Webmail: info@paceregistrars.com www.paceregistrars.com

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me/us from my/our holdings in all the companies ticked at the right hand column be credited directly to my / our bank detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname / Company's Name First Name Other Names

Address :

City

State

Country

Previous Address (If any)

CHN (If any)

Mobile Telephone 1

Email Address

Signature(s)

Company Seal (If applicable)

Joint/Company's Signatures

PLEASE TICK AS APPLICABLE

TICK X	NAME OF COMPANY	SHARE HOLDER'S ACCOUNT NO.
	ACADEMY PRESS PLC	
	BIG TREAT PLC	
	CAPITAL TRUST BROKERS LTD.	
	CONTINENTAL REINSURANCE PLC	
	CAPITAL EXPRESS BALANCED FUND (Formerly Union Trustees Mixed Fund)	
	DUFIL PRIMA FOODS PLC	
	EXPLORE NOTE MINING & TRADING COMPANY	
	GOLDLINK INSURANCE PLC	
	JAPPAUL GOLD & VENTURES PLC	
	KEDARI INVESTMENT FUND	
	NIGERIA ENERGY SECTOR FUND (NESF) PLC	
	OPR-REFINING & PETROCHEMICAL CHEMICAL PLC	
	ORIENT PETROLEUM RESOURCES LIMITED	
	STERLING BANK PLC	
	STERLING BANK PLC - BOND	
	STERLING INVESTMENT MANAGEMENT SPV PLC	
	SFS REAL ESTATE INVESTMENT TRUST FUND PLC (Formerly Sloye Shelter Fund Plc)	
	TETRAZZINI FOODS PLC	
	THE FRONTIER FUND	

Help Desk Telephone No/Contact Centre Information
for issue resolution or clarification: 01-2790797-8, 01-2790799

Pace Registrars Limited

Webmail: info@paceregistrars.com www.paceregistrars.com



SFS REAL ESTATE INVESTMENT TRUST

ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2024

OUR REAL ESTATE IMAGES



Milverton Court Estate

Block of 3 Bedroom Serviced Apartments at Chevron, Lekki



Victoria Crest V

Block of 4 bedroom terrace duplexes, at Harris Drive, VGC, Lekki



Sapphire Gardens Estate

Block of serviced 3 bed apartments Awoyaya, Ibeju Lekki



Maben Estate Phase II

Block of 2 bedroom Serviced Apartments at Chevron, Lekki



Bourdillon Court Estate

Block of Serviced 3 Bedroom Apartments with a BQ at Chevron Drive Lekki



Cromwell Court Estate

Block of 3 Bedroom Serviced Apartments at Chevron, Lekki



Victory Park Estate

Block of serviced 3 bedroom apartments with a BQ, at Osapa-London, Lekki



Fund Manager



SFS Capital Nigeria Ltd
287, Ajose Adeogun Street
Victoria Island, Lagos, Nigeria
Tel: +234 (01) 2801400
website: www.sfsnigeria.com