

ANNUAL REPORT 2022 **REPUBLIC REIT**



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REPUBLIC REAL ESTATE
INVESTMENT TRUST

**ANNUAL
REPORT
2022**

FUND INFORMATION

FUND MANAGER

NAME

Republic Investments (Ghana) LTD

COUNTRY OF INCORPORATION

Ghana

REGISTRATION NUMBER

CS058092017

NATURE OF CORPORATE FORM

Limited liability, wholly owned subsidiary of Republic Bank (Ghana) PLC

REGISTERED OFFICE

No. 48A Sixth Avenue North Ridge, Accra
P.O. BOX CT 4603 Cantonments, Accra

PRINCIPAL PLACE OF BUSINESS

No. 48A Sixth Avenue North Ridge, Accra

DATE OF INCORPORATION

7th July, 1993

CAPITALISATION (as at December 31, 2022)**AUTHORISED**

10,000,000 (Ten million)
Ordinary shares of no-Par value

ISSUED

4,609,601

AUDITOR

John Kay and Co. Chartered Accountants
7th Floor, Trust Towers Farrar Avenue,
Adabraka
P.O. Box KA 16088 Airport, Accra

TRUSTEE

Universal Merchant Bank Limited.
SSNIT Emporium Emporium Building
Liberation Road, Airport City
P.O. Box GP 401
Accra, Ghana



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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the 27th Annual General Meeting (AGM) of Unit Holders of the Republic Real Estate Investment Trust (REIT) will be **held virtually** and streamed live **via Zoom** to all Unit Holders from Republic Bank (Ghana) PLC, Ebankese, Accra **at 12 noon on Tuesday, the 25th day of July 2023** to transact the following business:

AGENDA

A. NOTIFICATIONS

To notify Unit Holders of the following:

2022 Annual Report and Audited Financial Statements

- I. That the full electronic version of the 2022 Annual Report and Audited Financial Statements of the Republic REIT for the year ended 31st December 2022 is accessible to all unit holders on the website of the Fund Manager as follows (www.republicinvestmentsgh.com). A limited number of hard copies of the 2022 Annual Report of the Republic REIT are available to Unit Holders at the registered office of the Fund Manager at No. 48A, Sixth Avenue, North Ridge, Accra.

SEC Directive to Implement Mark-to-Market Valuation

- II. That per the Securities & Exchange Commission's (SEC) Directive Number: SEC/DIR/002/10/2022 and dated the 20th of October 2022, the Fund Manager complied with the directive to immediately implement the Fair Value through Other Comprehensive Income (FVOCI) ("Mark-to-Market") in valuing all clients' investment assets/securities and portfolios held with the Fund Manager. Also, the Trustee was directed to regularize or amend the Scheme Particulars governing the Republic REIT at the next AGM. The amendment has been duly done.

Participation in the Domestic Debt Exchange Programme (DDEP)

- III. That following Government's announcement on the DDEP, the Fund Manager, in consultation with the Trustee, participated in the DDEP as a Category A Holder of Eligible Bonds and tendered its eligible bonds for new Category A Bonds due 2027 (50%) and 2028 (50%) with a coupon rate of 10%.

B. ORDINARY BUSINESS

1. To receive the Report of the Fund Manager for the Year ended 31 December 2022.
2. To consider and adopt the Annual Report and the Audited Statement of Income and Expenditure of Republic REIT for the financial year ended 31 December 2022, together with the Trustee's Report and Auditor's Report thereon.
3. To authorize the Trustee, in consultation with the Fund Manager, to appoint an auditor of the Fund for a period of 6 years to audit the accounts of the Republic REIT, pursuant to Section 197 of the Securities Industry Act, 2016 (Act 929) and Regulation 48 of the Unit Trusts and Mutual Funds Regulations, 2001 (L. I. 1695).

C. SPECIAL BUSINESS

1. To consider and approve a request to amend the Scheme Particulars of the Republic REIT by way of rebalancing the asset allocation limits, as is consistent with Section 86 of the Securities Industry Act, 2016 (Act 929).

NOTE:

Online Participation

Attendance and participation by all Unit Holders and/or their proxies at the 2022 Annual General Meeting of the Republic REIT shall be strictly virtual or by electronic means (online participation).

Dated this 21st day of June 2023.

**COMPANY SECRETARY
BY ORDER OF THE MANAGER**

DRAFT RESOLUTIONS

A. ORDINARY RESOLUTIONS

1. That the Audited Statement of Income and Expenditure of Republic REIT Trust for the financial year ended 31 December 2022 together with the Trustee's Report and the Auditor's Report be received and adopted.
2. That the Trustee, in consultation with the Fund Manager, be authorised to appoint an auditor of the Fund for a period of 6 years to audit the accounts of the Republic REIT, pursuant to Section 197 of the Securities Industry Act, 2016 (Act 929) and Regulation 48 of the Unit Trusts and Mutual Funds Regulations, 2001 (L. I. 1695).

B. SPECIAL RESOLUTION

1. That the request to amend the Scheme Particulars of the Republic REIT by way of rebalancing the asset allocation limits be approved.

PROCEDURE FOR PARTICIPATION

To Register for the AGM

The registration link shall be forwarded to the email addresses and contact numbers of Unit Holders to enable those who wish to participate in the AGM to register accordingly. Unit Holders shall be required to provide relevant information to complete the registration process.

After registering, Unit Holders will receive a confirmation email containing information about joining the AGM.

To Participate in the AGM

1. Ensure you have downloaded the Zoom Application unto your device.
2. Raise your hand to either second a motion or ask a question.

On PC

- Click "Participants".
- Click "Raise Hand" at the bottom of the participants' dialogue box.

On Mobile

- Tap the three dots labeled "More" on the far right of the control bar.
 - Tap "Raise Hand" to raise your hand.
3. Type your question

On PC

- Click "Q&A" at the bottom of the participants' dialogue box.
- Type your question and submit.

On Mobile

- Tap the three dots labeled "More" on the far right of the control bar.
 - Click "Q&A" to type your question. Then submit.
4. Use the polling feature to vote for or against a motion.

On PC or Mobile

- When it is time to vote, the poll will appear on your screen.
- Tap/Click your preferred option (FOR or AGAINST) to cast your vote.

When voting ends, the results will be shared on your screen.

For more information on participating in the meeting, kindly visit our website at (www.republicinvestmentsgh.com).

Proxy

A Unit Holder who is entitled to attend and vote may appoint a proxy to attend and vote on his/her behalf. A proxy need not be a unit holder. A completed proxy form should be deposited at the registered office of the Fund Manager at No. 48A, Sixth Avenue, North Ridge, Accra or sent via email to investments@republicghana.com not later than 48 hours before the appointed time of the meeting. A proxy form is provided in the Annual Reports of the Fund and same is also available on the Fund Manager's website www.republicinvestmentsgh.com.

All relevant documents in connection with the meeting are available to unit holders from the date of this Notice on the Company's website (www.republicinvestmentsgh.com) and at the Company's registered office aforesaid.

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Time will thank you later



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Republic Investments

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Trust Deed requires the Trustee to prepare financial statements for each financial period, which gives a true and fair view of the state of affairs of the Republic Real Estate Investment Trust. In preparing the financial statements, the Trustee is required to:

1. Select suitable accounting policies and apply them consistently
2. Make judgements and estimates that are responsible and prudent
3. State whether applicable accounting standards have been followed, subject to any material departures, disclosed and explain them in the financial statements and
4. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the investment Trust will continue in business.

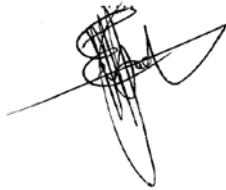
The Trustee is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Republic Real Estate Investment Trust, which will ensure that the financial statements comply with the Trust Deed and Securities Industry Act, 2016 (Act 929). They are also responsible for safeguarding the assets of the Investment Trust and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The statements should be read in conjunction with the statement of the Auditor's responsibilities as set out on page 17, the respective responsibilities of the Trustees and

REPORT OF THE TRUSTEE'S TO THE UNIT HOLDERS OF REPUBLIC REAL ESTATE INVESTMENT TRUST

In our opinion, according to the information made available to us and the explanations provided, we confirm that in all material respects, the Fund Manager has managed the Scheme during the year covered by these financial statements in accordance with the Trust Deed dated 1st August, 2018 and all regulations for the time being in force under the Unit Trust and Mutual Funds Regulations, 2001, (L.I. 1695).

Dated 29 May 2023

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the left.

For: UNIVERSAL MERCHANT BANK LIMITED

FUND MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

REPUBLIC REAL ESTATE INVESTMENT TRUST (REPUBLIC REIT)

A. Overview of Economy and Real Estate Sector

The real estate sector like most sectors in the Ghanaian economy, experienced an unprecedented hike in the cost of goods and services in the year 2022. The economic downturn coupled with high inflation increased the cost of building materials, and consumer end use of the property market. Headline inflation rose to 54.10% at the end of second half 2022 as compared to 12.60% of the same period in 2021. The hyperinflation negatively affected household income, which in turn led to a downward trend in purchasing power and demand in the real estate market.

According to the International Monetary Fund (World Economic Outlook), global GDP growth is estimated to have slowed to 3.4% in 2022. Growth is expected to slow further to 1.6 % in 2023 and remain muted in 2024, before returning toward its potential. Despite the future growth prospects, the country continues to face challenges due to increasing public debt, low revenue mobilization and widening fiscal deficit.

The cedi weakened sharply in 2022, reflecting increased demand for hard currency due to soaring import prices and weak investor sentiments. The cedi cumulatively depreciated against the US dollar, Pound and Euro by 30.0%, 21.2% and 25.3% respectively as at end of 2022. The demand for liquidity to support budget expenditure contributed to hikes in interest

rates. The 91-day, 182-day and 364-day rates recorded upward trends to peak at 35.48%, 36.3% and 36.06% respectively as against 12.49%, 13.19% and 16.46% for the same comparable period of 2021. The monetary policy rate increased to 27% as compared to 14.5% in 2021 mainly due to inflationary pressures and unfavorable global economic conditions.

The establishment of the Ghana Housing Authority Bill was given the greenlight to help address the country's housing deficit, which currently stands at 1.8 million. The Bill has since been drafted for consideration by Parliament in 2023. The Bill when passed will enhance the provision of housing facilities in the country.

B. Fund Performance

The net fund value for Republic REIT (R-REIT) plummeted to GHS65.81million at the end of 2022 as compared to GHS69.35million recorded in 2021. The increase in redemptions and the mark-to-market valuation method required by SEC adversely impacted the fund value due to fluctuating prices on the bond market. The fund posted an annualized yield of 7.92% for the period under review. The number of unit holders in the fund increased to 6,297.

C. Portfolio Review and Asset Mix

Properties constituted 35.15% of the portfolio, and included residential properties as well as land banks to reflect the objective of the fund. In addition, the fund's portfolio as at end of 2022

FUND MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

included GOG Securities with a 52.22% exposure. The REIT's exposure to GoG securities was as a result of liquid funds realized from proceeds of a property sale-and-leaseback transaction which had been closed to enable the fund align to the asset allocation limits.

To diversify the constituents of the asset mix and to effectively manage liquidity, your Fund Manager allocated 10.28% to money market instruments. The other allocations were 1.99% in Collective Investment Schemes and 0.36% in Cash and cash Equivalents.

D. Fund Strategy for 2023

The prospect for the fund's growth continues to be positive in the medium to long-term. The debt exchange programme has reduced investor confidence in government securities. However, this situation provides the opportunity for the real estate market as a viable investment option for investors during the economic recovery period and beyond. The current constituents in the fund's properties portfolio are favourably placed to generate value appreciation for the benefit of unitholders. The fund performance is expected to be optimized upon realization of proceeds from the sale of selected real estate assets in the fund. While the medium to long-term focus remains imperative in maximizing overall return, diversification into short-term money market instruments would be harnessed to provide the required buffer in effectively managing liquidity.

The fund will continue to exploit profitable opportunities in the real estate sector including commercial, industrial and affordable housing. Your Fund Manager will sustain its quest to pursue capital appreciation while ensuring that Republic REIT continues to serve as a lucrative alternative investment vehicle for unit holders.

E. The Way Forward for 2023

The growth of the property market in the year 2023 will be constrained by the fiscal and debt risks facing the economy. However, Ghana's economic growth is expected to gradually recover in 2023 upon a successful IMF bailout programme, which will inject about \$3 billion into the economy. Once concluded, this is expected to help Ghana regain access to the international capital markets, restore macroeconomic stability, debt sustainability and promote sustainable growth. A stable macro-economy will therefore promote the real estate sector and enable increased participation of resident and non-resident Ghanaians in the properties market.

Looking ahead, we expect that the Ghana Housing Authority Bill once implemented will stream line regulations in the property market and stimulate growth in the short to medium-term. The Housing Ministry assured of the government's support and active collaboration with all stakeholders for the property industry to thrive. The tourism sector remains a pivotal industry to drive demand in 2023.

FUND MANAGER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The long-term potential for the fund will be driven by Ghana's vibrant real estate sector with increased demand for affordable housing, Purpose Built Student Accommodation (PBSA) and industrial units. The Fund Manager will invest in viable real estate products to generate steady and consistent stream of real estate income for unit holders.

Thank you for the confidence reposed in us. We encourage unit holders to keep faith with the fund by making additional investments while referring others to do same.

Signed

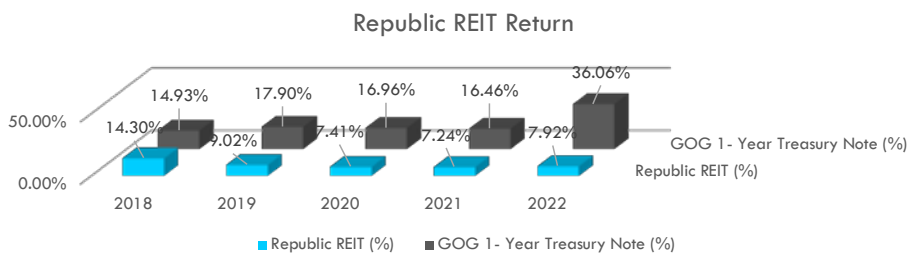


CHIEF EXECUTIVE OFFICER

HIGHLIGHTS OF FUND STATISTICS

Republic REIT Returns Vs. Benchmark Indicator

	2018	2019	2020	2021	2022	5 year Avg
Republic REIT (%)	14.30%	9.02%	7.41%	7.24%	7.92%	9.18%
GOG Treasury Bill 364-day (%)	14.93%	17.90%	16.96%	16.46%	36.06%	20.46%



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to know more



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investments@republicghana.com



Republic Investments

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF REPUBLIC REAL ESTATE INVESTMENT TRUST

Opinion

We have audited the financial statements of Republic Real Estate Investment Trust which comprise the statement of financial position as at December 31, 2022, the income and distribution account, the statement of movement in net assets and issued units for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory notes as set out on pages 21 to 32.

In our opinion, the financial statements give a true and fair view of the financial position of Republic Real Estate Investment Trust as at December 31, 2022 and of its financial performance and its cash flows for the year then ended and are in accordance with the International Financial Reporting Standards and in the manner required by the Securities Industry Act, 2016 (Act 929) and the Unit Trusts and Mutual Funds Regulations, 2001 (L. I. 1695) and the Companies Act, 2019 (Act 992).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the trust in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our

other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements for the year ended 31 December 2022. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the following matters as key audit matters:

1. Income Recognition

Income is an important measure of performance and represents a material item in the trust's income and distribution account. The trust generates income from investment of members' funds. Given that some of the trust's investments will mature beyond 31 December 2022, the cut-off date of 31 December 2022 is significant to ensure that amounts that will accrue after this date are not recognized as income in the current financial statements. In this regard, we consider income recognition as a key audit matter.

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF REPUBLIC REAL ESTATE INVESTMENT TRUST

How the matter was addressed in our audit

Our audit procedures included the following.

- a) We reviewed the design and implementation of controls over the Trust's investment valuation procedures and income recognition.
- b) For a sample of significant investments, we obtained evidence of their existence, their particulars and recomputed the income recognized on these investments to verify their accuracy.
- c) Evaluated the adequacy of the accounting policies and the disclosures on income recognized in the Trust's income and distribution account.

Responsibilities of the Fund Manager for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Securities Industry Act, 2016 (Act 929) and the Unit Trusts and Mutual Funds Regulations, 2001, (L.I. 1695) and the Companies Act, 2019 (Act 992) and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Fund Manager is responsible for assessing

the trust's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the Fund Manager either intends to liquidate the trust or to cease operations, or has no realistic alternative but to do so. The Fund Manager is responsible for overseeing the trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF REPUBLIC REAL ESTATE INVESTMENT TRUST

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If

we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

The Companies Act, 2019, (Act 992) requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF REPUBLIC REAL ESTATE INVESTMENT TRUST

- In our opinion proper books of accounts have been kept by the Trust, so far as appears from our examination of those books, and
- The Trust's Statement of Assets and Liabilities and Income and Distribution Account are in agreement with the books of accounts.

The engagement partner on the audit resulting in this Independent Auditor's Report is Gilbert Adjetey Lomofio (ICAG/P/1417)



For and on behalf of John Kay & Co. (ICAG/F/2023/128)
Chartered Accountants
Accra.
29 May 2023



REPUBLIC REAL ESTATE INVESTMENT TRUST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 —————

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

STATEMENT OF ASSETS AND LIABILITIES

	Note	2022 Market Value GH¢	% Net Assets	2021 Market Value GH¢	% Net Assets
Non-Current Assets					
Land -Serviced Plots		14,869,085	22.67	12,708,481	18.29
Investment Properties		8,327,684	12.70	26,711,726	38.44
Work in Progress		-	-	8,299,464	11.94
Total Non-Current Assets		23,196,769	35.37	47,719,671	68.68
Short Term Funds					
Cash and Cash Equivalents	3	776,290	1.18	509,400	0.73
Investments at Amortized Cost	4	6,268,420	9.56	19,702,851	28.36
Investment at FVOCI	5	34,383,813	52.43	-	-
Republic Unit Trust	10	808,635	1.23	848,521	1.22
Republic Equity Trust	10	449,319	0.69	448,484	0.65
Republic Wealth Trust	10	53,070	0.08	-	-
Total Short Terms Funds		42,739,547	65.17	21,509,256	30.96
Total Assets		65,936,316	100.54	69,228,927	99.63
Other Assets in Excess of Liabilities		(352,908)	(0.54)	255,009	0.37
Net Assets		65,583,408	100	69,483,936	100

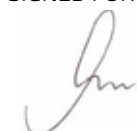
FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

STATEMENT OF FINANCIAL POSITION

	Note	2022 GH¢	2021 GH¢
Assets			
Total Financial Assets		65,936,316	69,228,927
Other Assets:			
Rent Income Receivable		-	388,889
Republic ISL Current Account		233,378	256,970
Other Accounts Receivable		-	82,506
Total Assets		66,169,694	69,957,292
Liabilities:			
Amount Due to Managers		170,620	140,896
Management Fees		135,244	147,598
Trustees Fees		65,628	69,587
Auditor's Remuneration		-	55,275
Other Accounts Payable		214,794	60,000
Total Liabilities		586,286	473,356
Net Financial Assets		65,583,408	69,483,936
Represented by:			
Accumulated Income		40,914,428	37,637,058
Revaluation Reserves	6	31,866,413	29,705,809
Capital Account		(6,604,140)	2,141,069
Investment Revaluation Reserve	7	(593,293)	-
Members' Fund		65,583,408	69,483,936

SIGNED FOR REPUBLIC INVESTMENTS (GHANA) LIMITED ON 24 MAY, 2022



CHIEF EXECUTIVE OFFICER



DIRECTOR

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

STATEMENT OF INCOME OF INCOME AND DISTRIBUTION

	Note	2022 GH¢	2021 GH¢
Investment Income:			
Fixed Deposit		17,055	1,540,888
Bond		5,251,691	1,651,606
Secondary Trade		1,648,110	-
Treasury Bill		195,113	-
Call Account		69,430	3,454
Rent Income		516,912	1,555,556
Other Income	1	9,271	271,091
Total Investment Income		7,707,582	5,022,595
Expenses			
Management Fees		1,685,537	1,717,368
Auditor's Remuneration		54,859	55,275
Other Expenses	2	2,554,779	203,400
Trustee Fees		135,037	137,481
Total Expenses		4,430,212	2,113,524
Net Investment Income		3,277,370	2,909,071
Other Comprehensive Income			
Net Gain/(Loss) on investment		(593,293)	-
Total Other comprehensive Income		(593,293)	-
Total Comprehensive Income		2,684,077	2,909,071
ACCUMULATED NET INVESTMENT INCOME			
	Note	2022 GH¢	2021 GH¢
Balance at 1/1		37,637,058	34,727,987
Net Investment Income		3,277,370	2,909,071
Balance at 31/12		40,914,428	37,637,058

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

STATEMENT OF MOVEMENTS IN NET ASSETS

	Note	2022 GH¢	2021 GH¢
Net Investment Income		3,277,370	2,909,071
Net Gain/(Loss) on investment	7	(593,293)	-
Change in Unrealised Gains	6	2,160,604	2,016,605
Increase in Net Assets from Operations		4,844,681	4,925,676
Capital Transactions:			
Value of Units Sold and Converted		4,161,148	5,378,671
Value of Units Disinvested		(12,906,357)	(8,974,805)
Net Proceeds from Capital Transactions		(8,745,209)	(3,596,134)
Total Increase in Net Assets		(3,900,528)	1,329,542
Balance at 1/1		69,483,936	68,154,394
Balance at 31/12		65,583,408	69,483,936

STATEMENT OF MOVEMENTS IN ISSUED UNITS

	2022	2021
Number of units at 1 January	15,045,181	15,861,389
Number of units issued during the year	994,526	1,216,777
	16,039,707	17,078,166
Number of units disinvested during the year	(2,835,951)	(2,032,985)
Number of units at 31 December	13,203,756	15,045,181

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

CAPITAL ACCOUNT

CAPITAL ACCOUNT	Units	2022 GH¢	Units	2021 GH¢
Balance at 1 January	15,045,181	2,141,069	15,861,389	5,737,201
Value of units sold and Converted	994,526	4,161,148	1,216,777	5,378,673
	16,039,707	6,302,217	17,078,166	11,115,874
Value of Units Disinvested	(2,835,951)	(12,906,357)	(2,032,985)	(8,974,805)
Value of the trust Fund at 31 Dec	13,203,756	(6,604,140)	15,045,181	2,141,069

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

1. OTHER INCOME

	2022 GH¢	2021 GH¢
Exchange Difference	1,289	215
Other Income	-	270,876
Adjustment of Overprovision	7,982	-
	<u>9,271</u>	<u>271,091</u>

2. OTHER EXPENSES comprise the following

	2022 GH¢	2021 GH¢
Bank Charges	21,051	14,336
General Expense	41,848	53,130
Trading Expenses	49,729	135,934
Loss on sale of Property	2,406,170	-
Loss on Valuation of Investment	35,981	-
	<u>2,554,779</u>	<u>203,400</u>

3. CASH AND CASH EQUIVALENTS

	2022 GH¢	2021 GH¢
Cash at Bank	<u>776,290</u>	<u>509,400</u>

4. INVESTMENTS AT AMORTIZED COST

	2022 GH¢	2021 GH¢
Fixed Deposits	6,268,420	3,266,612
Bonds	-	16,436,239
	<u>6,268,420</u>	<u>19,702,851</u>

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NOTES TO THE FINANCIAL STATEMENTS

	2022 GH¢	2021 GH¢
5. INVESTMENT AT FVOCI	34,383,813	-
6. UNREALIZED GAINS / (LOSSES) ON INVESTMENTS		
	2022 GH¢	2021 GH¢
Market Value of Investments	23,196,769	47,719,671
Cost of Investments	(21,036,165)	(45,703,066)
Change in Unrealised gains	2,160,604	2,016,605
Add Unrealised gains from previous years	29,705,809	27,689,204
Unrealised gains as at 31 December	31,866,413	29,705,809
7. INVESTMENT REVALUATION RESERVE		
	2022 GH¢	2021 GH¢
Balance at 1 January	-	-
Net Gain/(Loss) on investment	(593,293)	-
Balance at 31 December	(593,293)	-

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NOTES TO THE FINANCIAL STATEMENTS

8. THE GHANA DOMESTIC DEBT EXCHANGE PROGRAMME

Ghana is facing a very challenging economic situation amid an increasingly difficult global economic environment. These adverse developments have exposed Ghana to a surge in inflation, a significant exchange rate depreciation and increased stress on the financing of the government's budget. The latest debt sustainability analysis demonstrated that Ghana is faced with a significant financing gap over the coming years and that the country's public debt is unsustainable. The country was downgraded by ratings agencies several times in 2022. During the last quarter of 2022, negotiations took place between the Government of Ghana and the International Monetary Fund (IMF) to establish a support programme. According to the IMF's press release No. 22/427, a staff level agreement was reached in mid-December of 2022. However, the execution of this support programme is contingent on the implementation of a debt restructuring plan, which is intended to restore Ghana's macroeconomic stability. In response, the Government of Ghana on 5 December 2022 launched the Ghana Domestic Debt Exchange Programme (GDDEP).

The GDDEP is an arrangement through which registered bondholders in Ghana exchanged their eligible domestic bonds (all locally issued bonds and notes of the Government and E.S.L.A. Plc and Daakye Trust Plc bonds excluding Treasury

bills(T-bills)) for new benchmark bonds with the same aggregate principal amount (plus applicable capitalized accrued and unpaid interest).

The terms of the exchange are set out in the GDDEP memorandum issued on 5 December 2022 which was updated several times with changes to the number of bonds, maturity, and coupon rates of the new "replacement" bonds. The final exchange memorandum was issued on 3 February 2023 with an offer expiration date set to 10 February 2023 and the Settlement was Date to 14 February 2023. However settlement was eventually extended and happened on 21 February 2023.

Only Eligible Bonds listed under "Eligible Bonds" in the Exchange Memorandum were eligible for exchange for New Bonds in the Invitation to Exchange. This included bonds issued by the Republic of Ghana and bonds issued by E.S.L.A. Plc ('ESLA') and Daakye Trust Plc ('Daakye'), which are both special purpose entities set up by the government of Ghana.

Eligible Holders were split into three different categories depending on whether they are Collective Investment Schemes (CIS) Holders or Individual Holders below the age of 59 years eligible as of 31st January 2023 (Category A), Individual Holders aged 59 years or older as of 31st January 2023 (Category B) or other Eligible Holders (General Category). The Fund falls within the Category A Holders.

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In exchange for Eligible bonds maturing in 2023, Category A Holders received two (2) New Category A Bonds, allocated equally, and maturing in 2027 and 2028. The amount eligible for the exchange was the principal amount of the eligible bonds outstanding after 31 January 2023 and accrued interest up to the Settlement Date which was due for payment after 31 January 2023.

Interest on the New Bonds will be paid in cash ("Cash Interest") semi-annually and the principal will be a single payment at maturity. Interest on the New Bonds is 10%. Coupon rates for all eligible bonds were substantially changed, and the maturity of the new bonds (replacing the respective old bonds) were significantly extended compared to the old bonds for some of the Categories.

Bonds eligible for exchange

The Fund participated in the exchange programme on February 7, 2023, and received the new bonds on 21 February 2023. The Fund tendered an offer for exchange of GHS23,773,090 worth of eligible bonds and received the equivalent amount (GHS11,886,545) each of two new bonds on the settlement date.

The table below details the bonds held by the Company which were eligible for the exchange programme.

Bond Type	Value of Bonds Exchanged at 21 Feb 2023 GHS	Carrying Amount at 31 Dec 2022 GHS	Fair Value at 31 Dec 2022 GHS
GOG Bond	23,773,090	23,403,748	22,751,452
	23,773,090	23,403,748	22,751,452

Impairment of eligible bonds measured at amortised cost

As at 31 December 2022, it was evident that Ghana was facing financial difficulties, with its sovereign debt trading at significant discounts. The announcement of the GDDEP and the downgrade of the country's rating to 'selective default' (Standard & Poors) by the rating agencies in 2022 further evidences the country's financial challenges. In this regard, exposures to Government of Ghana, that is T-Bills and Cocoa bills, Local US\$ Bonds and Eurobonds, ESLA and Daakye were considered credit-impaired at the reporting date and were downgraded to stage 3.

For bonds eligible for exchange and measured at amortised cost, impairment is assessed based on the fair value of the new bonds issued under the debt exchange programme at the settlement date discounted to the reporting date using the effective interest rate of the eligible bonds. However, these bonds were held at Investments at Fair Value Through

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Other Comprehensive Income (FVOCI) by the Fund. The Ghana Domestic Debt Exchange 2nd Amended and Restated Exchange Memorandum indicated that the bonds will be listed on the Ghana Fixed Income Market of the Ghana Stock exchange for secondary market trading. Also, the Securities and Exchange Commission, SEC, in course of the year issued a Directive to Fund Managers, Trustees and Custodians to use Fair Value through Other Comprehensive Income (FVOCI) in valuing portfolios of collective investment schemes (Unit Trusts and Mutual Funds). Such investments are not subjected to impairment assessment as such investments are valued at fair market value at reporting dates. No impairment provision was made on these bonds at the reporting date.

9. CONTINGENT LIABILITIES

I. O'Sullivan Estates Project

Republic Real Estate Investment Trust invested in this project together with O'Sullivan Estate Limited for the development and sale of residential properties and serviced plots. O'Sullivan Estate Limited had Land Title Certificate on the serviced land issued to it by the Land Title Registry. The project was completed in 2006 with the sale of the houses and serviced plots to interested buyers.

Subsequently, O'Sullivan Estate Limited was served with 2 writs from persons claiming ownership to parts of the land.

i. Joseph Bortei Sessey Bortei vrs O'Sullivan Estates Limited

ii. J. K. Opong & Paulina Opong vrs. O'Sullivan Estates Limited

Some purchasers who did not immediately develop their properties had their lands encroached on and subsequently initiated the following writs against O'Sullivan Estate Limited and the Trust:

- Dr. Kwame Osei Akosah & Vivian Akosah vrs. Republic Realty Limited, O'sullivan Estates Limited & Home Finance Investment Fund Limited
- Esther Grace Ewool vrs Republic Investment Ghana Limited, Republic Realty Limited & O'sullivan Estates Limited
- Osei Owusu Ansah vrs Republic Bank Ghana Limited & O'sullivan Estates Limited
- Mavis Adu Serwaa vrs. Republic Investments, Maria O'Sullivan, Selassie O'Sullivan & 2 Others

10. RELATED PARTY TRANSACTIONS

The Trust is related to Republic Unit Trust, Republic Equity Trust, Republic Wealth Trust and Republic Future Plan Trust through common Trustee and Fund Manager. As at 31st December 2022, the Trust had investments of GH¢808,635, GH¢449,319 and GH¢53,070 in Republic Unit Trust, Republic Equity Trust, and Republic Wealth Trust respectively.

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YEAR ENDED 31 DECEMBER 2022

AMENDMENT TO SCHEME PARTICULARS

APPROVAL TO AMEND THE SCHEME PARTICULARS- REBALANCING OF ASSET ALLOCATIONS

The Fund Manager, Republic Investments (Ghana) LTD (RIGL) wishes to table for approval by Unit Holders "an amendment to the Scheme Particulars of Republic REIT". This is consistent with Section 86 of the Securities Industry Act, 2016 (Act 929), which requires that "... proposal for change in scheme particulars, regulations and any other documents used to operate a unit trust or mutual fund is subject to approval by a special resolution of holders of interests in the unit trust or mutual fund".

Background

The Fund Manager, in actively managing the investment portfolio has identified based on adequate due diligence the need to rebalance existing allocation limits contained in the scheme particulars. Financial sector events in recent times including but not limited to the Domestic Debt Exchange Program (DDEP) implementation, the adoption of Mark-to-Market (MTM) method of valuation (per the Securities and Exchange Commission's directive) and emerging alternative investment opportunities have necessitated this revision. Recall the Fund Manager's proposal to you last year to "Expand Republic REIT Asset Classes to Include Unlisted Equities and Unlisted Equities-Linked Securities". This was in anticipation of emerging opportunities in the investment space that could accrue significant gains in terms of optimizing the fund's performance. Consequently, the asset allocations have had to be re-adjusted to absorb the approved inclusion in addition to emerging market developments.

The Proposed Rebalancing of Existing Asset Allocation

Presented below in the table are highlights of the proposed changes:

COLUMN 1 ASSET CLASS	COLUMN 2 ASSET ALLOCATION PER SCHEME PARTICULARS ("OLD/EXISTING")	COLUMN 3 ASSET ALLOCATION PER SCHEME PARTICULARS (PROPOSED AMENDMENT)
PROPERTIES		Less than or equal to 75.0% of the Trust's assets
DEVELOPMENT OF RESIDENTIAL PROPERTIES	The REIT shall develop and manage moderate to high-income residential estates. Interest in these estates shall be offered for outright sale and rental, as the Manager deems prudent.	≤35.0%
DEVELOPMENT OF COMMERCIAL PROPERTIES		
	Investments shall be made in properties for commercial use including offices, shops, restaurants, and facilities.	≤35.0%
FINANCING OF REAL ESTATE DEVELOPMENT (Real Estate/ Construction Finance)	The REIT shall provide debt and equity funding for development projects.	≤40.0%
LANDED PROPERTIES	Investments shall be made for the acquisition of landed properties. The REIT's interest in these properties shall be for outright sale and development, as the Manager deems prudent.	≤40.0%
MONEY MARKET INSTRUMENTS AND FIXED INCOME SECURITIES		At most 40.0% for Money Market Instruments and/or Fixed Income Securities

<i>GOG BILLS AND BONDS</i>	NIL	≤25.0%
<i>CORPORATE BONDS</i>	NIL	≤10.0%
<i>LOCAL GOVERNMENT AND MUNICIPAL BONDS</i>	NIL	≤5.0%
<i>FIXED DEPOSITS</i>	NIL	≤25.0%
<i>COLLECTIVE INVESTMENT SCHEME</i>	NIL	≤5.0%
<i>CASH & CASH EQUIVALENTS</i>	NIL	≥5.0%
EQUITIES AND EQUITIES-LINKED SECURITIES (LISTED AND UNLISTED)	≤10.0%	≤10.0%
<i>LISTED EQUITIES & LISTED EQUITIES-LINKED SECURITIES</i>	NIL	≤7.50%
<i>UNLISTED EQUITIES & UNLISTED EQUITIES-LINKED SECURITIES</i>	NIL	≤2.50%

NB: The total portfolio allocations shall sum up to 100% at any given point in time.

Narratives to Asset Rebalancing

▪ Underpinning the changes are the following narratives:

Properties/Real Estate: An exposure to properties shall be less than or equal to 75.0% of the assets of the scheme, and with specific allocations to its sub-categories. Consequently, there shall be a further split as follows:

- Development of Residential Properties (less than or equal to 35.0%).
- Development of Commercial Properties (less than or equal to 35.0%).
- Financing of Real Estate Development (less than or equal to 40.0%), and
- Landed Properties (less than or equal to 40.0%).

▪ **Money Market Instruments and Fixed Income Securities:** It is recommended that the Republic REIT invests at most 40.0% in Money Market Instruments and/or Fixed Income Securities, but with specific allocations as follows;

- GOG Bills and Bonds (less than or equal to 25.00%),
- Corporate Bonds (less than or equal to 10.0%),
- Local Government and Municipal Bonds (less than or equal to 5.0%),
- Fixed Deposits (less than or equal to 25.0%),
- Collective Investment Scheme (less than or equal to 5.0%), and
- Cash & Cash Equivalents (at least 5.00%, in order to be consistent with regulation 26 (7) of LI 1695, which requires the manager of a scheme to ensure that a level of liquidity amounting to at least 5 percent of the assets of the scheme is maintained in cash or near cash....).

▪ **Equities and Equities-Linked Securities (Listed and Unlisted):** The allocation to this asset class remains unchanged per approval received from Unitholders. An exposure of less than or equal to 10.00% of the assets of the scheme shall be maintained, but with specific allocations to its sub-categories. Consequently, there shall be a further split as follows:

- 'Listed Equities and Listed Equities-Linked Securities' (less than or equal to 7.5%), and
- 'Unlisted Equities and Unlisted Equities-Linked Securities' (less than or equal to 2.5%).

Recommendation

The Fund Manager with the consent of the Trustee, hereby presents for the kind consideration and approval from unitholders, the amendments to the scheme particulars, as detailed in the proposed limits/allocations contained under Column 3 of the above table.

Conclusion

A favourable response to the recommendation above will provide the Fund Manager sufficient space to vary the constituent assets in direct response to possible changes in market dynamics, while ensuring strict compliance, with the objective to actively manage the investment portfolio. Upon receipt of approval from Unitholders, your Fund Manager will proceed to secure approval from the Securities and Exchange Commission before adoption/ implementation.

Thank you.

**Signed
Fund Manager**

PROXY FORM*

NOTICE IS HEREBY GIVEN THAT the 27th Annual General Meeting (AGM) of Unit Holders of Republic Real Estate Investment Trust (REIT) will be held virtually and streamed live via Zoom to all Unit Holders from Republic Bank (Ghana) PLC, Ebankese, Accra at 12 noon on Tuesday, the 25th day of July 2023 to transact the following business:

ORDINARY RESOLUTION	FOR	AGAINST
That the Audited Statement of Income and Expenditure of Republic REIT Trust for the financial year ended 31 December 2022 together with the Trustee’s Report and the Auditor’s Report be received and adopted.		
That the Trustee, in consultation with the Fund Manager, be authorised to appoint an auditor of the Fund for a period of 6 years to audit the accounts of the Republic REIT, pursuant to Section 197 of the Securities Industry Act, 2016 (Act 929) and Regulation 48 of the Unit Trusts and Mutual Funds Regulations, 2001 (L. I. 1695).		
SPECIAL RESOLUTION	FOR	AGAINST
That the request to amend the Scheme Particulars of the Republic REIT by way of rebalancing the asset allocation limits be approved.		

Please indicate with an “X” in the appropriate square above how you wish your vote to be cast on the resolutions set out above.

Unless otherwise instructed, the Proxy will vote FOR or AGAINST the above resolutions at his/her discretion.

I/We.....being a Unit holder(s) hereby appoint.....as my/our Proxy to act and vote for me/us and on my/our behalf at the 27th Annual General Meeting of the Fund to be held on 25th July 2023 and at any adjournment thereof.

Dated this 21st day of June 2023.

.....
Unit Holder(s) Signature

*** (Do not complete this form if you will attend the meeting)**



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