

RULES OF NIGERIAN EXCHANGE LIMITED
(ISSUERS' RULES)

RULES FOR LISTING OF REAL ESTATE INVESTMENT TRUSTS (REITs)
ON NIGERIAN EXCHANGE LIMITED¹

0.0 Introduction

- 0.1 The Rules are an addendum to the listing requirements contained in the Rulebook of Nigerian Exchange Limited (“The Exchange”).
- 0.2 These Rules apply to the listing of Real Estate Investment Trusts (REITs) on The Exchange. The Rules will provide Issuers and their advisors with important information about the requirements for listing of REITs and continuing obligations post listing.
- 0.3 Any REITs to be listed on The Exchange and Listed REITs must comply with the REIT Listing Rules.
- 0.4 The approval granted by The Exchange for listing of a REITs should not be taken as The Exchange’s opinion on that Issuer’s standing. The Issuer’s directors shall be accountable for the veracity of any information provided to The Exchange, as well as the authenticity of any supporting documents.

1.0 Definitions

- “Fund Manager” means a “Fund Manager” as defined in the Securities and Exchange Commission (SEC) Rules and Regulations.
- “Issuer” means an “Issuer” as defined in the SEC Rules and Regulations.
- “Property” includes income generating property consisting of land, buildings, or special purpose vehicles (SPV) that hold such income generating lands and buildings.

¹ Rule Making History

- 1. The draft Rules were presented to the Rules and Adjudication Committee of Council (RAC) at the RAC Meeting of 15 May 2018, and approved for exposure to stakeholders for comments;
- 2. The draft Rules were exposed for stakeholders’ comments from 31 May to 2 July 2018;
- 3. The RAC considered the Memo for approval of the revised draft Rules, for submission to the National Council (Council) for approval at its Meeting of 19 September 2018;
- 4. The Council approved the draft Rules at its Meeting of 25 October 2018 for submission to the Securities and Exchange Commission (SEC);
- 5. The Council approved draft Rules were submitted to the SEC for approval on 7 November 2018;
- 6. The SEC approved the Rules on 11 October 2021.



- “Property Manager” is the party responsible for the administration of properties, and its duties include, inter alia, ensuring the properties are well maintained, collecting of rent and filling of vacancies;
- “REITs” means a “Real Estate Investment Trust” as defined in the SEC Rules and Regulations.
- “Rental revenue” means revenue that is derived from the owning or leasing of property which is let or sub-let to tenants, plus dividends received from another REIT where the investment in that REIT is not consolidated in the group accounts.
- “Trustee” means Trustee as defined by the Investments and Securities Act 2007. That is, a person registered by the Commission to so act, and in whom the property for the time being, subject to any trust created in pursuance of an approved scheme or operation, is or may be vested, in accordance with the terms of the trust.

2.0 General Requirements

- 2.1. Every REIT seeking a listing on The Exchange, must comply with the requirements contained in these Rules, in addition to all other applicable Listings Requirements of The Exchange.
- 2.2 The general requirements for listing of REITs on The Exchange include:
- (a) The REITs shall be duly registered by the Securities and Exchange Commission (SEC).
 - (b) Application for listing on The Exchange shall be submitted in such form as prescribed by The Exchange from time to time.
 - (c) The Issuer shall ensure its Board of Directors/Trustee act independently of any external Fund and/or Property Manager who may be appointed to manage the property investments of the REITs.
 - (d) The REITs shall hold income generating real estate assets.
 - (e) The REITs must have an investment policy that guides its investment activities.
 - (f) At least 90% (ninety percent) of the gross revenue as reflected in the statement of comprehensive income of the REIT must be derived from real estate related sources, including rents from real property, interest on mortgages financing real property or dividends from qualifying equity investments. The REIT may undertake activities other



- than running a property rental business, provided contribution from the other activities to its gross revenue does not exceed 10% (ten percent) of the REIT's business. These other activities could be ancillary services associated with the property rental business, or activities such as property trading or services.
- (g) The REIT shall have a dividend policy in line with the provisions of SEC's Rules and Regulations.
 - (h) The REIT shall have at least 200 (Two hundred) unit holders with a minimum free float of 15% (fifteen percent) and/or no more than 50% (fifty percent) of its shares held by 5 (five) or fewer individuals.
 - (i) The REITs shall meet the minimum fully paid up capital requirement as prescribed by the SEC, which shall be reflected in the REIT's latest audited financial statements; and
 - (j) The Exchange may conduct a site-visit to some or all of the properties held by the REIT prior to granting its approval to the listing.

2.3 In its application for listing of the REITs, the Issuer shall provide such information as may be required by The Exchange for the listing of REITs as such requirements exist from time to time.

3.0 Continuing Obligations for REITs

3.1 For any REIT to retain its listing on The Exchange, it must comply with the continuing obligations stipulated by The Exchange. These include but are not limited to complying with relevant provisions in The Exchange's Rules, including the following:

- (a) The distributable income distribution provisions set out in its dividend policy;
- (b) The control of insider information and compliance with the Disclosure and Transparency Rules, including the disclosure of price sensitive information through the Issuers' Portal;
- (c) The applicable code(s) of Corporate Governance;
- (d) Minimum free float requirement for the board on which the REITs is listed;
- (e) Publishing annually an investment policy on the Issuer's website that contains information about the policies it will follow relating to asset allocation, risk diversification, and gearing, and that includes maximum exposures, provided that where any change is made to the investment policy after it has been published, the Issuer shall within two (2) business days simultaneously file a copy of the revised investment policy with The Exchange via its Issuers' Portal and update the Policy on



- the Issuer's website. Notwithstanding the foregoing, the Issuer shall submit the Investment Policy to The Exchange on an annual basis no later than thirty (30) days after its financial year end;
- (f) Publishing its audited annual financial report via The Exchange's Issuers' Portal no later than ninety (90) days after the end of each financial year, and a quarterly financial report no later than thirty (30) days after the relevant quarter end;
 - (g) Submitting to The Exchange via its Issuers' Portal the key performance indicators on a monthly basis no later than seven (7) days after the end of the month, which shall disclose:
 - (i) Net Asset Value (NAV)
 - (ii) Number of properties
 - (iii) Property type/distribution
 - (iv) Occupancy rates
 - (v) Delinquency rates on rents
 - (vi) Average Property age
 - (vii) Other relevant information as may from time to time be required by The Exchange.
 - (h) Conducting an independent annual asset valuation, by an estate valuer duly registered by the SEC, and forwarding evidence of conducting such valuations to The Exchange, together with the annual report not later than ninety (90) days after end of each financial year. Such Valuation should be based on the International Valuation Standards (IVS);
 - (i) Making additional disclosures in its accounts, including information relating to its Fund Manager, the full text of its investment policy and how it has implemented the policy. In addition, it will also be required to publish a summary of the valuation of its portfolio.

4.0 Sanctions

Where at any time, an Issuer or Fund Manager, fails to comply with any of the provisions of these Rules:

- (a) The Exchange may suspend and/or delist the REIT from trading on The Exchange;
- (b) The Exchange shall make an announcement within two (2) business days advising the market of this fact;
- (c) For failure to file its accounts within the timelines prescribed in these Rules, the Issuer or Fund Manager shall be liable to pay a fine of:
 - (i) Ten Thousand Naira (N10,000) per week for the first ninety (90) calendar days of non-compliance; and
 - (ii) Thereafter, a fine and any other additional sanction(s) as may be determined by The Exchange in its sole discretion.



5.0. Fees

An Issuer shall be required to pay the applicable fees, including but not limited to application fee for listing on The Exchange; annual listing fees, as well as any other fees as may be determined by The Exchange from time to time.