

Financial Structure of REITs in Emerging Property Markets: An Assessment of N-REITs

Daniel Ibrahim DABARA^{1*} Anthony Abbey TINUFA² John Oyekunle SOLADOYE³
Oke Oluyemi EBENEZER¹ Olusegun Joseph OMOTEHINSHE¹

1.Federal Polytechnic Ede, Nigeria

2.Federal Polytechnic Idah, Nigeria

3.Federal Polytechnic Offa, Nigeria

Abstract

Purpose: The study assessed the financial structure of REITs in emerging markets, using the Nigerian Real Estate Investment Trusts (N-REITs) to provide relevant information to guide both foreign and domestic investors. **Design/Methodology/Approach:** Secondary data obtained from the financial statement and annual reports of all the REITs companies in Nigeria namely Skye Shelter Fund, Union Homes REITs and UPDC REITs were used for the study. The study period covered from 2007 to 2016. Descriptive statistical tools such as frequencies, mean weighted scores and percentages were used in analyzing the data obtained for the study. **Findings:** The study revealed that UPDC REITs had the highest capital injected into the industry; hence it has the highest market capitalization. However the entire industry has a market capitalization of ₦41, 183, 684, 050 (\$134.5 million) and a unit holders' fund of ₦44,726,754,000 (\$146.2 million) within the study period, this is considered quite small when put alongside REIT companies of other nations with substantial market capitalizations such as the US which had a market capitalization of about \$977.9 billion and South Africa with market capitalization of about \$21 billion. Similarly, the study revealed that the N-REITs has great potentials given that the direct property from which it derives its income is doing well in terms of return performance in the study area. **Originality/Value:** REITs in emerging property markets has not been sufficiently studied. This study provided empirical data from an emerging property market which can guide prospective investors from across the globe.

Keywords: Emerging markets, investment, market capitalization, real estate, structure.

1. Introduction

Real Estate Investment Trusts (REITs) is an investment vehicle that pools capital from different categories of investors and uses same to purchase and manage income producing real estate or real estate related assets (Ankeli, Dabara, Omotehinshe, Lawal, Odeyomi & Adebowale, 2017; Manoj, 2016). REITs are categorized as equity REITs, mortgage REITs and Hybrid REITs. The Nigerian Real Estate Investment Trusts (N-REITs) industry sprang up in 2007 with the Skye Shelter Fund being the pioneering company, followed by Union Home Hybrid REITs' company in 2008 and subsequently the UPDC REITs' company in 2013. These three companies made up the REITs industry in Nigeria (Olanrele, 2015). During their respective IPO's (Initial Public Offerings), investors bought shares in these companies thereby providing financial capital base for operations in the N-REITs industry. According to Tadele (2010), financial structure of a company is 'the total liabilities and equity recorded in an enterprise's balance sheet which details how its assets are financed through the specific mixture of long-term debt and equity that a company uses in its operations'. The financial structure of a company is an important component of consideration by investors when investment decisions are made. For the N-REITs companies, the financial structure was further strengthened by sales of N-REITs shares in subsequent transactions in the stock market (through the agency of the stock brokers). The N-REITs industry pools together the resources of the various investors (institutional and individual investors) through the sale of the said REIT shares and injects same into the direct real estate market through the acquisition and development of income producing properties in prime locations of particularly Abuja, Port Harcourt and Lagos accordingly (Dabara, 2014; Dabara, Omotehinshe, Okunola, Ankeli & Adaranijo, 2016).

In Africa, not too many countries have subscribed to Real Estate Investment Trusts (REITs) as an alternative investment vehicle to direct real estate. Presently only few countries such as South Africa, Kenya, Ghana and Nigeria among others had established REITs industries (Naidoo, 2014, Akpan & Ogunba, 2015). It is obvious that most of the REITs industries in the African content were established in emerging property markets. This gives rise to certain peculiarities associated with emerging markets such as lack of data for assessment by prospective investors (Bekaert, Harvey & Lumsdaine, 2002; Dabara, 2015). Despite the huge investment potentials inherent in African property markets, lacks of relevant information about such markets have hindered both foreign and domestic investors from making investments in the markets. Hence this present study aims at assessing the financial structure of N-REITs with a view to providing relevant investment information to guide investors in making informed investment decisions.

Globally, the REITs industry (comprising of REITs in over 31 countries) has witnessed both acceptability

and growth over the years since its inception in 1960 in the US (Drew, 2016). Other nations, most especially developed nations, have long also adopted REITs regimes in their respective capital markets. Previous studies have shown that REITs are thriving well in the global property market space. This assertion is buttressed by the financial structure of global REITs as well as individual REITs industries across the globe. Li & Chow (2015) for instance, estimated the global REITs market capitalization in the year 2013 at about \$1.1 trillion. In the year 2016, the global REITs market capitalization was estimated at over \$2 trillion (NAREIT, 2016) and in 2017; it was estimated to be about \$3 trillion (NAREIT, 2017). A very large portion of the estimated global REIT market capitalizations comes from REIT industries of developed economies which are mostly characterized by matured property markets (NAREIT, 2017). Very scanty studies have been conducted on the contributions of REITs industries from emerging markets. Hence, this study will add to the existing body of knowledge in this field from the perspective of REITs in emerging markets, using N-REITs as a case study. The paper is structured as follows: the next section reviews related literature; section three presented the methodology adopted for the study; section four presented the results/discussion of results while section five presented the conclusion of the study.

2. Review of Related Literature

The history of REITs can be traced to the US. REITs were introduced in the US in the year 1960 as an alternative to investment in direct real estate. A lot of studies have been conducted on REITs some of which are considered below.

Ooi (2009) investigated the influence of managers' structure of IPO pricing on the performance of REITs companies in Singapore. The methodology used in the study involved the use of Jensen Alpha, Sharpe ratio, weighted mean and a regression model. Findings from the study revealed that with adequate IPO pricing of REITs shares by managers and a favorable payment structure to reward managers' personal performances impacts positively on the general performance of the REIT companies. This study focused on the organizational structures of the Singaporean REIT industry not taking into account other performance indicators such as the financial structure of REITs in the study area which could also influence the performance of the industry. This present study attempted to fill this observed gap by looking at the financial structure of REITs in an emerging property market.

Tadele (2010) examined the financial structure of Private limited manufacturing companies in Mekelle, Ethiopia from 2004 to 2009. Data were collected from five manufacturing companies in Mekelle. Both secondary and primary data were collected for the study by means of a structured questionnaire administered on finance managers of the companies. The study investigated and analyzed the correlations between company's characteristics and financial leverage as determined in terms of total debt, long term debt and current liability. Both descriptive statistical tools such as mean, frequencies and percentages as well as inferential statistical tool such as the OLS multiple regression analysis were used in the study. Findings from the study revealed that most of the companies finance their assets using short term debt. Similarly, the study suggested that size of a company; collateral security required for borrowing and profitability of the company have an opposite relation between long and short term debt. However, the findings from the study cannot be generalized as the scenario in Ethiopia may differ from that of countries like Nigeria.

Van (2010) carried out a study which examined the real estate market in Viet Nam with a view to ascertaining the possibility of introducing REITs in Viet Nam. The theoretical approach was adopted for the study. Findings from the study revealed that the financial structure of the Viet Nam real estate market provided a good ground for the introduction of REITs. However, the study lacks empirical evidence as well as the presentation of operational conduct of the Vietnamese real estate market.

Lee (2011) conducted a study in the US which examined the effect of introducing REITs into a mixed-asset portfolio. The methodology employed in the study consisted of mean, standard deviations and correlations. Result from the study showed that REITs is a good diversifier and a good portfolio return enhancer. Similarly, the study showed that the financial structure of REITs companies impacts greatly on its performance.

Yong (2013) examined the linkages in respect of Australian Real Estate Investment Trusts (A-REITs) and commercial properties in the Australian real estate markets. Correlation analysis was carried out on the data used after smoothening data on direct commercial property investment. Findings from the study suggested that A-REITs behaved more like investments in direct properties than bonds and shares. This is traceable to the structure of the A-REITs companies. However the study did not take into account the nature of property market in the study area (regarding its being a matured or emerging market).

Succurro & Mannarino (2013) carried out a study in Italy which examined the impact of financial structure on firms' probability of bankruptcy. Both descriptive and inferential statistical tools were used in analysis of the data collected for the study. Result from the study indicated that financial structure (comprising of debt, equity and retained earnings) strongly determines a company' likelihood of going bankrupt. Similarly, debt, cash flow and the profitability ratios were found to be key factors significant in explaining a company' failure.

3. Methodology

Data required for the study comprise of mainly secondary data. These consist of data on prices of N-REITs shares and number of N-REITs share units on offer at any given time within the study period (2007 to 2016). These data were obtained from all the respective N-REITs companies namely Skye Shelter Fund, Union Home REITs and UPDC REITs. These companies make up the study population for this study. The secondary data with regards to the share prices of the N-REITs companies were accordingly extracted from published reports and financial statements of the N-REITs companies for a period spanning from 2007 to 2016.

The researchers used nominal, ordinal and ratio scales to measure the data on financial structure of the N-REITs companies. Descriptive statistical tools such as frequencies, weighted mean scores and percentages were used in analyzing the data obtained.

The financial structure of the N-REITs industry was determined by calculation of the market capitalization (N-REITs share units on offer at a given time and N-REITs share price at a given time) of the N-REITs industry. This was added to the retained earnings of the respective N-REIT companies, this is in line with previous studies such as Lukacs (2002), Dabo (2015) and Ahmad & Mohsin (2016).

4. Results and Discussions

The financial structure of the Nigerian Real Estate Investment Trusts companies (over the period 2007 to 2016) was analyzed in this sub-section. Data for the said financial structure comprised of the respective company's total unit shares on offer; average share prices of N-REITs and the company's retained earnings for the period under consideration; these data sets were obtained from the annual reports, periodicals and online database of the Skye Shelter Fund REITs, Union Homes REITs and the UPDC REITs companies. The financial structure data of the respective REITs companies was obtained by first calculating the respective market capitalizations or share holders equity of each of the company (unit shares on offer multiplied by share price of REIT at a given time). Second, the respective market capitalizations were added to the respective retained earnings of the N-REIT Companies accordingly to give the financial status of the companies individually and the N-REIT industry collectively in line with similar studies such as Tadele (2010).

The annual statement of accounts and reports of the N-REITs companies revealed that on the 23rd of July, 2007 the pioneering REITs Company in Nigeria (Skye Shelter Fund) offered 20,000,000 units of its shares at ₦100 (\$0.33) each during its Initial Public Offering (IPO). These shares were bought providing a unit holders equity of ₦2, 000, 000, 000 (\$6,535,948) for the company. In August 19, 2008, the Union Homes REITs offered 970,873,787 units of REITs shares at ₦50 (\$0.16) each during its IPO; however, only 250,019,781 units were subscribed and fully paid for, making the unit holders equity to be ₦12, 500,989,050 (\$40,852,905) for the company. Similarly, the UPDC REITs on July 1, 2013 during its IPO offered 3, 000, 000, 000 billion units at ₦10 (\$0.03) each. However, only 2, 668, 269, 500 were fully subscribed and paid for, consequently providing a unit holders' equity of ₦26,682,695,000 (\$87,198,350) for the company. The data collated and analyzed for this sub section of the study, were presented in the Tables below.

Table 6.1: Market capitalization of the Skye Shelter Fund REIT Company from 2007 to 2016

Year	Subscribed Share Units	Share Price	Market Capitalization
2007	20,000,000	100 (0.33)	2,000,000,000 (6,535,948)
2008	20,000,000	117.42 (0.38)	2,348,400,000 (7,674,510)
2009	20,000,000	103.21 (0.34)	2,064,200,000 (6,745,752)
2010	20,000,000	99.55 (0.33)	1,991,000,000 (6,506,536)
2011	20,000,000	98.55 (0.32)	1,971,000,000 (6,441,177)
2012	20,000,000	100 (0.33)	2,000,000,000 (6,535,948)
2013	20,000,000	100 (0.33)	2,000,000,000 (6,535,948)
2014	20,000,000	98.56 (0.32)	1,971,200,000 (6,441,830)
2015	20,000,000	100 (0.33)	2,000,000,000 (6,535,948)
2016	20,000,000	100 (0.33)	2,000,000,000 (6,535,948)

Source: Analysis of survey data, 2017

Note: the figure in parenthesis are the US dollar equivalent by official conversion rate to the Central Bank of Nigeria (₦306 = \$1)

Table 6.1 presented the market capitalization of the Skye Shelter Fund REIT Company from 2007 to 2016. The market capitalization of the company was obtained by multiplying the total number of share units that was offered by the company and was fully subscribed and paid for (20, 000, 000 units) and the average annual share price per unit for the year in question.

Table 6.1 showed that in 2007 when the company was established it had a market capitalization of ₦2, 000, 000, 000 (\$6,535,948). This increased to ₦2, 348, 400, 000 in 2008 (this was possible because of the ₦17.42 increase in the price of the Union Homes REITs share realized that year). However from 2009 it started

decreasing up to 2012 (there was decline in the price of the company's share perhaps due to the economic meltdown experienced at that time which crashed the capital markets of most nations). However, in 2013, the value of the market capitalization for the company increased to ₦2, 000, 000, 000 (\$6,535,948), this figure was relatively sustained up to 2016. The highest market capitalization (within the study period) for the company was ₦2, 348, 400, 000 (\$7,674,510) obtained in 2008. This was when the REITs investment vehicle was newly introduced into the country. The lowest market capitalization was ₦1, 971, 000, 000 (\$6,441,177) obtained in 2011. This was the period when the capital market in Nigeria became unattractive as share prices of many companies came down drastically including REITs share prices. Many investors at this time opted for alternative investment vehicles than shares in the Nigerian capital market. The market capitalization of the Skye Shelter Fund was observed to be quite small when compared to other global REIT Companies such as the US, UK, Malaysia etc. This perhaps could be attributable to the fact that this type of investment vehicle was introduced for the first time in Nigeria (Skye Shelter Fund REITs being the pioneering company). Similarly, it was introduced in the middle of the global economic depression experienced in 2007. Next to the Skye Shelter Fund REITs, the Union Homes REITs company was introduced into the Nigerian capital market in the year 2008. Table 2 presents data on the market capitalization of the Union Homes REITs.

Table 2: Market capitalization of the Union Homes REIT Company from 2008 to 2016

Year	Subscribed Share Units	Share Price	Market Capitalization
2008	250,019,781	50 (0.16)	12,500,989,050 (40,852,905)
2009	250,019,781	50 (0.16)	12,500,989,050 (40,852,905)
2010	250,019,781	50.85 (0.17)	12,713,505,864 (41,547,405)
2011	250,019,781	50 (0.16)	12,500,989,050 (40,852,905)
2012	250,019,781	50 (0.16)	12,500,989,050 (40,852,905)
2013	250,019,781	50 (0.16)	12,500,989,050 (40,852,905)
2014	250,019,781	48.54 (0.16)	12,135,960,170 (39,660,001)
2015	250,019,781	45.55 (0.15)	11,388,401,025 (37,216,997)
2016	250,019,781	50 (0.16)	12,500,989,050 (40,852,905)

Source: Analysis of survey data, 2017

Note: the figure in parenthesis are the US dollar equivalent by official conversion rate to the Central Bank of Nigeria (₦306 = \$1)

Table 2 presented the market capitalization of the Union Homes REIT Company from 2008 to 2016. The market capitalization of the company was obtained by multiplying the total number of share units that was offered by the company and was fully subscribed and paid for (250, 019, 781 units) and the REITs share price per unit for the year in question.

Table 2 showed that in 2008 when the company was established as the second REIT Company in Nigeria, after the Skye Shelter Fund REIT Company. It had a market capitalization of ₦12, 500, 986, 050 (\$40,852,905) which was sustained in 2009. However, in 2010 the market capitalization of the company increased to ₦12, 713, 505, 864 (\$41,547,405). From 2011 when it had a market capitalization of ₦12, 500, 989, 050 (\$40,852,905), it kept decreasing up to 2015. The highest market capitalization for the company was obtained in 2010 that is ₦12, 713, 505, 864 (\$41,547,405), while the lowest market capitalization was obtained in 2014 that is ₦12, 135,690,170 (\$39,660,001). The market capitalization of the Union Homes REITs though better than that of the Skye Shelter Fund was also observed to be quite small when compared to other global REIT Companies. The Union Homes REIT Company was also introduced during the global economic recession and the REITs industry was still new then in Nigeria. After a period of five years, the third and last (presently) N-REIT Company (UPDC REIT) was introduced in the Nigerian capital market. Table 3 presents data on the market capitalization of the UPDC REIT Company.

Table 3: Market capitalization of the UPDC REIT Company from 2013 to 2016

Year	Subscribed Share Units	Share Price	Market Capitalization
2013	2,668,269,500	10 (0.033)	26,682,695,000 (87,198,350)
2014	2,668,269,500	9.50 (0.031)	25,348,560,250 (82,838,432)
2015	2,668,269,500	9.78 (0.032)	26,095,675,710 (85,279,986)
2016	2,668,269,500	10 (0.033)	26,682,695,000 (87,198,350)

Source: Analysis of survey data, 2017

Note: the figure in parenthesis are the US dollar equivalent by official conversion rate to the Central Bank of Nigeria (₦306 = \$1)

Table 3 presented the market capitalization of the UPDC REIT Company from 2013 to 2016. The market capitalization of the company was obtained by multiplying the total number of share units that was offered by the company and was fully subscribed and paid for (2, 668, 269, 500 units) and the REITs share price per unit

for the year in question.

Table 3 showed that in 2013 when the company was established as the third and latest REIT Company after the Skye Shelter Fund and Union Homes REIT Companies. It had a market capitalization of ₦26, 682, 695, 000 (\$87,198,350). In 2014 the market capitalization of the company decreased to ₦25, 348, 560, 250 (\$82,838,432) but however, increased to ₦26, 095, 675, 710 (\$85,279,986) and ₦26, 682, 695, 000 (\$87,198,350) in 2015 and 2016 respectively. The highest market capitalization for the company was obtained in 2013 and 2016 while the lowest market capitalization was obtained in 2014. The market capitalization of the UPDC REITs was more than that of both the Skye Shelter Fund and the Union Homes REITs combined. This could be because during its IPO in 2013, investors were beginning to get awareness as regards this investment vehicle which was in existence in the country for about six years as at that time. Coupled with the reputation of the mother company (UACN Properties) there was better patronage of the company's shares by both individual and institutional investors thereby providing a better market capitalization for the company when compared to the Skye Shelter Fund REITs and the Union Homes REITs companies. The market capitalization of the entire N-REITs industry comprising of the three N-REITs Companies was analyzed and presented in Table 4.

Table 4: Market capitalization of the N-REITs Industry from 2007 to 2016

Year	Skye Shelter Fund	Union Homes REITs	UPDC REITs	N-REITs Industry
2007	2,000,000,000	-	-	2,000,000,000 (6,535,948)
2008	2,348,400,000	12,500,989,050	-	14,849,389,050 (48,527,415)
2009	2,064,200,000	12,500,989,050	-	14,565,189,050 (47,598,657)
2010	1,991,000,000	12,713,505,864	-	14,704,505,864 (48,053,941)
2011	1,971,000,000	12,500,989,050	-	14,471,989,050 (47,294,082)
2012	2,000,000,000	12,500,989,050	-	14,500,989,050 (47,388,853)
2013	2,000,000,000	12,500,989,050	26,682,695,000	41,183,684,050 (134,587,203)
2014	1,971,200,000	12,135,960,170	25,348,560,250	39,455,720,420 (128,940,263)
2015	2,000,000,000	11,388,401,025	26,095,675,710	39,484,076,735 (129,032,931)
2016	2,000,000,000	12,500,989,050	26,682,695,000	41,183,684,050 (134,587,203)

Source: Analysis of survey data, 2017

Note: the figure in parenthesis are the US dollar equivalent by official conversion rate to the Central Bank of Nigeria (₦306 = \$1)

Table 4 presented the market capitalization for the N-REITs industry. It was obtained by summation of the individual market capitalizations of the three N-REITs companies. It was observed that the market capitalization for the industry kept increasing from 2007 to 2016 (this was because the subsequent REITs companies i.e Union Homes REITs and UPDC REITs came into the industry with bigger capitals in their respective years of establishment which were 2008 and 2013). The highest market capitalization for the industry was obtained in 2016 that is ₦41, 183, 684, 050 (\$134,587,203), this is a summation of the market capitalization of the three N-REITs companies; while the lowest market capitalization for the industry was obtained in 2007 that is ₦2, 000, 000, 000 (\$6,535,948), this was when Skye Shelter Fund REITs was the only existing REIT company in Nigeria.

The UPDC REITs had the highest market capitalization in the industry, followed by the Union Homes REITs and then the Skye Shelter Fund REITs.

In summary, the market capitalization of the N-REITs industry (i.e the summation of the individual market capitalizations of the Skye Shelter Fund, Union Homes REITs and UPDC REITs) amounted to about ₦41,183,684,050 (\$134,587,203) as at the last day of December 2016. This is quite small when compared to the REITs industry of other nations such as the US which had a market capitalization of about \$977.9 billion; UK with about \$66.1 billion; Japan with about \$85 billion and South Africa with about \$21 billion (NAREIT, 2017). This implies that there is need to inject more funds into the Nigerian REITs industry to boost its market capitalization and make it compete favorably in the global REITs market space.

In order to obtain the financial structure of the individual N-REIT Companies and subsequently the N-REITs industry (represented by the unit holders fund or total net asset of the company), first the market capitalizations of the companies as well as the industry respectively were calculated (see Tables 1 to 4). Second, the retained earnings of the respective companies were sourced from the annual reports and accounts of the respective N-REIT Companies. Third, both the respective market capitalizations and the respective retained earnings from the individual companies were summed together accordingly to give the financial structure of the respective companies and subsequently the N-REITs industry. This was in line with similar studies such as Lukacs (2002), Tadele (2010), Dabo (2015) and Ahmad & Mohsin (2016). The results of the analysis were presented in Tables 5 and 6.

Table 5: The financial structure of the N-REITs companies from 2008 to 2015

Year	Skye Shelter Fund		Union Home REITs		UPDC REITs	
	Unit Holders Fund (₦)	Unit Holders Fund Per Unit Share (₦)	Unit Holders Fund (₦)	Unit Holders Fund Per Unit Share (₦)	Unit Holders Fund (₦)	Unit Holders Fund Per Unit Share (₦)
2008	2,594,415,000	129.7	NA	NA	-	-
2009	2,455,235,000	122.8	13,989,585,000	55.95	-	-
2010	2,410,165,000	120.5	12,644,414,000	50.57	-	-
2011	2,320,553,000	110.8	13,274,904,000	53.1	-	-
2012	2,246,390,000	112.3	13,351,700,000	53.4	-	-
2013	2,258,375,000	112.9	13,944,915,000	55.78	-	-
2014	2,285,177,000	114.3	11,518,634,000	46.07	30,032,299,000	11.3
2015	2,327,693,000	116.4	11,475,645,000	45.90	30,923,416,000	11.6

Source: Annual reports of Skye Shelter Fund, Union Homes REITs and UPDC REITs

Table 5 presented the unit holders fund for the three REITs companies in Nigeria. This provides a picture of the financial structure of the companies. It also provides information on the assets of the companies and their respective values, which consequently reflects the amount of ownership of the company by the share holders or owners. The data was obtained by the addition of the respective company's unit holder's equity (market capitalizations) and the respective retained earnings of the companies.

From Table 5, Skye Shelter Fund obtained its highest unit holders fund (Equity plus retained earnings) in 2008 amounting to ₦2,594,415,000 (\$8,478,480) with a unit holders fund per unit share of ₦29.7 (\$0.096); and the least in 2012 that is ₦2,246,390,000 (\$7,341,143) with a unit holders fund per unit share of ₦112.3 (\$0.367). The Union Homes REITs had its highest unit holders fund in 2009 amounting to ₦13,989,585,000 (\$45,717,598) with a unit holders fund per unit share of ₦55.95 (\$0.183); and its lowest in was obtained in 2014 that is ₦11,518,634,000 (\$37,642,595) with a unit holders fund per unit share of ₦46.07 (\$0.151). The UPDC REITs dominated the industry with a unit holder's fund of ₦30,032,299,000 (\$98,144,768) in 2014, with a unit holders fund per unit share of ₦11.3 (\$0.037). In 2015 it was ₦30,923,416,000 (\$101,056,915) with a unit holders fund per unit share of ₦11.6 (\$0.038). The unit holders fund for the N-REITs industry was obtained by summation of the unit holders' fund of the three N-REITs companies. The results were presented in Table 6.

Table 6: The financial structure of the N-REITs industry from 2008 to 2015

Year	N-REITs Unit Holders Fund	Total N-REITs Subscribed Share Units	N-REITs Value Per Unit Share
2008	2,594,415,000 (8,478,480)	20,000,000	129.7 (0.42)
2009	16,444,820,000 (53,741,242)	270,019,781	60.9 (0.20)
2010	19,039,235,000 (62,219,722)	270,019,781	70.51(0.23)
2011	15,595,457,000 (50,965,546)	270,019,781	57.76 (0.19)
2012	15,598,090,000 (50,974,150)	270,019,781	57.77 (0.19)
2013	16,203,290,000 (52,951,928)	270,019,781	60.00 (0.20)
2014	43,836,110,000 (143,255,261)	2,938,289,281	14.92 (0.04)
2015	44,726,754,000 (146,165,863)	2,938,289,281	15.22 (0.05)

Source: Analysis of survey data, 2017

Note: the figure in parenthesis are the US dollar equivalent by official conversion rate to the Central Bank of Nigeria (₦306 = \$1)

Table 6 presented the financial structure of the N-REITs industry proxied by the unit holders' fund as at the last day of the respective years within the study period. In 2008 the industry had a unit holders' fund of ₦2, 598, 415, 000 (\$8,478,480) this kept increasing up to ₦19, 039, 235, 000 (\$62,219,722) in 2010. This increase could be attributable to the coming of the last two REITs companies into the industry. However, there was a gradual decrease in 2011 and 2012 which could be connected to the poor economy as a result of the economic depression experienced at that time. The unit holders fund again increased to ₦16, 203, 290, 000 (\$52,951,928) in 2013, and kept increasing up to ₦44, 726, 754, 000 (\$146,165,863) in 2015, when it had its highest unit holders fund (by this time the economy had improve, this was when Nigeria became the largest economy in Africa and one of the fastest growing economies in the world). The above analysis showed the financial status of the N-REITs industry. In comparison to other global REITs companies, it was observed that the Nigerian REITs industry' financial structure was quite small. This could be because the Real Estate Investment Trusts as a real estate investment vehicle is still new in the country. Similarly, the REIT investment vehicle was introduced in Nigeria in the middle of global financial crisis in 2007/2008. Unlike countries such as the US which have substantially developed its REITs industry which had been in existence since 1960. More so, the economies of most of the nations where REITs have strong financial base were more buoyant than that of Nigeria (a developing nation and an emerging property market). However, the vast and great potentials inherent in the Nigerian REIT industry cannot be overemphasized. Hence the need to motivate and stimulate more injection of funds into the N-REITs industry to boost its financial structure and take advantage of the investment potentials inherent in the industry. Since REITs derives its income from direct real estate, the potentials inherent in N-REITs is great as studies have shown that investments in direct real estate provides good and encouraging returns (Dabara, Ankeli, Odewande, Guyimu & Adeleke, 2014; Omotehinshe, Dabara & Guyimu, 2015; Dabara, Odewande, Adaranijo, Ankeli & Abefe-Balogun, 2016).

5. Conclusion

The study assessed the financial structure of N-REITs from its inception in 2007 to 2016. The Nigerian property market which is an emerging one provides the motivation for the study which is put alongside other global REITs companies. The study revealed that UPDC REITs had the highest capital injected into the industry; hence it has the highest market capitalization. However the entire industry has a market capitalization of ₦41, 183, 684, 050 (\$134.5 million) and a unit holders' fund of ₦44,726,754,000 (\$146.2 million) within the study period, this is considered quite small when put alongside REIT companies of other nations with substantial market capitalizations such as the US which had a market capitalization of about \$977.9 billion and South Africa with market capitalization of about \$21 billion.

This research work has exposed relevant investment information for the Nigerian Real Estate Investment Trusts industry. This will help stakeholders in the real estate sector such as pension fund administrators, insurance companies, and all categories of real estate investors, academics/researchers as well as the Nigerian Security Exchange Commission (SEC) in making informed and guided decisions with respect to investment decisions as it relates to REITs in emerging property markets like Nigeria.

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