

**-SENS ANNOUNCEMENT**

(the "Notice" or "Announcement")

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**ISSUER**

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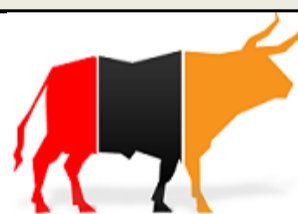
**REAL ESTATE INVESTMENTS ZAMBIA PLC ["REIZ"]**  
**[Incorporated in the Republic of Zambia]**

Company registration number: 10951  
Share Code: REIZ  
ISIN: ZM0000000045  
Authorized by: Louis Pulu – Company Secretary

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**SPONSOR**

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**Stockbrokers Zambia Limited**

[Founder Member of the Lusaka Securities Exchange]  
[Regulated and licensed by the Securities and Exchange Commission of Zambia]

Contact Number: +260-211-232456  
Website: [www.sbz.com.zm](http://www.sbz.com.zm)

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**APPROVAL**

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The captioned Notice or Announcement has been approved by:

- i. the Lusaka Securities Exchange
- ii. the Securities and Exchange Commission
- iii. Stockbrokers Zambia Limited

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**RISK WARNING**

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The Notice or Announcement contained herein contains information that may be of a price sensitive nature.

Investors are advised to seek the advice of their investment advisor, stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide securities advice.

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**ISSUED: 16 March 2023**

## Audited Final Results – 2022

### Statement of financial results for Real Estate Investments Zambia PLC and its subsidiaries (“the Group”) for the year ended 31 December 2022

In compliance with the requirements of the Securities Act No. 41 of 2016 and the listing rules of the Lusaka Securities Exchange, Real Estate Investments Zambia PLC announces the financial results of the Company and its subsidiaries (collectively referred to as the Group) for the year ended 31 December 2022. These financial results are derived from the Group and Company’s audited financial statement which were approved by the Directors on 07<sup>th</sup> March 2023

| ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME              |                                 |                                 |                                 |                                 |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|  | GROUP                           |                                 | COMPANY                         |                                 |
|  | Year to<br>31.12.22<br>ZMW’ 000 | Year to<br>31.12.21<br>ZMW’ 000 | Year to<br>31.12.22<br>ZMW’ 000 | Year to<br>31.12.21<br>ZMW’ 000 |
| Revenue  | 55,894                          | 58,801                          | 55,894                          | 58,801                          |
| <b>Profit from operations before change in fair value of investment property</b> | <b>28,489</b>                   | <b>24,685</b>                   | <b>30,016</b>                   | <b>26,102</b>                   |
| Change in fair value of investment property                                      | 86,811                          | (403,428)                       | 86,811                          | (403,428)                       |
| <b>Profit/ (loss) from operations</b>  | <b>115,300</b>                  | <b>(378,743)</b>                | <b>116,827</b>                  | <b>(377,326)</b>                |
| <b>Net finance costs</b>   | <b>(28,933)</b>                 | <b>(33,285)</b>                 | <b>(28,935)</b>                 | <b>(33,285)</b>                 |
| <b>Exchange (loss)/gain</b>  | <b>(11,860)</b>                 | <b>93,273</b>                   | <b>(11,836)</b>                 | <b>93,065</b>                   |
| <b>Profit/(loss) before tax</b>  | <b>74,507</b>                   | <b>(318,755)</b>                | <b>76,056</b>                   | <b>(317,546)</b>                |
| Income tax expense   | (6,841)                         | (5,753)                         | (6,840)                         | (5,712)                         |
| <b>Profit/(loss) after tax</b>   | <b>67,666</b>                   | <b>(324,508)</b>                | <b>69,216</b>                   | <b>(323,258)</b>                |
| Headline Earnings per share: <i>(Zambian Kwacha)</i>                             | 0.43                            | 0.44                            | 0.45                            | 0.57                            |
| Basic Earnings per share after tax: <i>(Zambian Kwacha)</i>                      | 1.02                            | (5.75)                          | 1.04                            | (5.73)                          |
| Interim dividend per share: <i>(Zambian Kwacha)</i>                              | -                               | -                               | -                               | -                               |
| Weighted average number of ordinary shares                                       | 66,446,652                      | 56,460,198                      | 66,446,652                      | 56,460,198                      |
| ABRIDGED STATEMENT OF FINANCIAL POSITION   |                                 |                                 |                                 |                                 |
| <b>Assets</b>  |                                 |                                 |                                 |                                 |
| Plant and equipment  | 9,314                           | 10,250                          | 991                             | 416                             |
| Investment property  | 836,904                         | 756,937                         | 836,904                         | 756,937                         |
| Investment property under development  | 23,504                          | 16,660                          | 23,504                          | 16,660                          |
| Lease straight-lining receivable   | 11,497                          | 10,514                          | 11,497                          | 10,514                          |
| Investment in subsidiaries   | -                               | -                               | 146,961                         | 146,961                         |
| Current assets   | 29,590                          | 22,676                          | 29,120                          | 21,586                          |
| <b>Total assets</b>  | <b>910,809</b>                  | <b>817,037</b>                  | <b>1,048,977</b>                | <b>953,074</b>                  |
| <b>Equity and liabilities</b>  |                                 |                                 |                                 |                                 |
| Total equity   | 681,216                         | 457,045                         | 205,769                         | (19,952)                        |
| Non-current liabilities  | 168,977                         | 128,165                         | 168,977                         | 128,165                         |
| Current liabilities  | 60,616                          | 231,827                         | 674,231                         | 844,861                         |
| <b>Total equity and liabilities</b>  | <b>910,809</b>                  | <b>817,037</b>                  | <b>1,048,977</b>                | <b>953,074</b>                  |
| ABRIDGED STATEMENT OF CHANGES IN EQUITY  |                                 |                                 |                                 |                                 |
| Share capital  | 2,149                           | 565                             | 2,149                           | 565                             |
| Share premium  | 245,261                         | 90,340                          | 245,261                         | 90,340                          |
| Retained earnings  | 366,140                         | 690,648                         | (110,857)                       | 212,401                         |
| Balance at beginning of the year   | 613,550                         | 781,553                         | 136,553                         | 303,306                         |
| Profit/(loss) for the year   | 67,666                          | (324,508)                       | 69,216                          | (323,258)                       |
| <b>Total closing equity</b>  | <b>681,216</b>                  | <b>457,045</b>                  | <b>205,769</b>                  | <b>(19,952)</b>                 |
| ABRIDGED STATEMENT OF CASH FLOWS   |                                 |                                 |                                 |                                 |
| Net cash generated from operating activities                                     | 24,925                          | 11,091                          | 26,574                          | 12,088                          |
| Net cash (used in) / generated from investing activities                         | (975)                           | 38,321                          | (977)                           | 38,478                          |
| Net cash used in financing activities  | (24,157)                        | (53,396)                        | (24,157)                        | (53,396)                        |
| Net (decrease)/increase in cash & cash equivalents                               | (207)                           | (3,984)                         | 1,440                           | (2,830)                         |
| Cash & cash equivalents at beginning of the year                                 | 1,120                           | 6,070                           | 922                             | 3,963                           |
| Effect of exchange rate fluctuations on cash held                                | 11,508                          | (966)                           | 10,033                          | (211)                           |
| <b>Cash and cash equivalents at end of the year</b>                              | <b>12,421</b>                   | <b>1,120</b>                    | <b>12,395</b>                   | <b>922</b>                      |

**Note:**

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

## FINANCIAL PERFORMANCE

The Group reported a profit after tax of ZMW 67.7 million for 2022 compared with a loss of ZMW 324.5 million in 2021.

The Group and Company earned a profit mainly on account of increase in fair values of the investment properties and reduction in finance costs. The investment properties values increased due to improved group occupancy rates which stood at 76.2% as at 31 December 2022, an increase of 10% from 66% as at 31 December 2021. The biggest improvement in occupancy rates was at Arcades Shopping Mall from 60% in 2021 to 78.7% in 2022. The depreciation of the Zambian Kwacha against the United States Dollars by 8.5% during the financial year 2022 also contributed to the increase in fair values of investment properties which are valued in United States Dollars. The stability in the exchange rate especially in the first 10 months of the financial year reduced the finance cost by 13% compared to prior year and this led to the Group and Company making a profit after finance costs.

Revenue in Zambian Kwacha terms was 5% below prior year purely due to the rental billing average exchange rate of ZMW16.98 to 1USD being lower in 2022 as compared to ZMW17.98 to 1USD in 2021. In reality the revenue in United States Dollar terms was 2% higher in 2022 over the previous year. The increase in revenue in dollar terms was due to improved occupancy at Arcades Shopping Mall and Counting House, and no discounts or rental concessions being granted to tenants during the year.

## FAIR VALUE OF INVESTMENT PROPERTY PORTFOLIO

The fair value of the Group's investment property portfolio increased from ZMW757 million in 2021, to ZMW837 million in 2022 mainly on account of the increased occupancy levels and the depreciation of the Zambian Kwacha against the United States Dollar by 8.5% during the financial year from ZMW 16.66 to 1USD as at 31<sup>st</sup> December 2021 to ZMW18.08 to 1USD as at 31<sup>st</sup> December 2022. The fair value of the Group's investment property portfolio was determined by external independent and professional property valuation experts, Rochdale Property Consultants, who possess the appropriate internationally recognised professional qualifications and have the requisite experience in the location and category of the properties that were valued. The fair valuation of the investment properties is performed twice a year as at 30<sup>th</sup> June and at 31<sup>st</sup> December in order for the Group's financial statements to provide reliable, relevant and up-to-date information about its financial position and performance.

## CASHFLOWS

The Group recorded an increase in net cash generated from operating activities from ZMW11 million in the prior year to ZMW25 million in 2022. This represents an increase of 127% and is mainly attributable to lower finance and administration costs in 2022 as compared to 2021. The Group experienced an increase in cash and cash equivalents during the year to ZMW12 million in 2022 from ZMW1 million in 2021. The increase was due to the successful rights issue which resulted in the Group and company issuing new shares and raising ZMW156,505,000 with most of the funds being used to partly pay off the corporate bonds.

## DIVIDEND

The Directors resolved not to pay any dividend for the year ended 31 December 2022. (2021: Nil)


## BUSINESS OUTLOOK

Early last year the directors of the Company engaged consultants to run with the process of raising capital to finance the settlement of the corporate bonds which matured in November 2022. The company in December 2022 was recapitalised through a rights issue and the corporate bond debt was significantly reduced by 66% from the rights issue proceeds. The rights issue resulted in the coming in of a new majority shareholder LM& C Properties Limited who has a proven track record of operational excellence when it comes to property management. The Group is expected to perform significantly better in 2023 due to reduced finance costs and increased revenue as a result of reduced vacancies.

First issued in Lusaka, Zambia on 16 March 2023

## BY ORDER OF THE BOARD

Louis Pulu  
Company Secretary  
Lusaka



Issued in Lusaka, Zambia on 16 March 2023

## Lusaka Securities Exchange Sponsoring Broker



STOCKBROKERS ZAMBIA LIMITED

T | +260-211-232456

E | advisory@sbz.com.zm

W | www.sbz.com.zm

Stockbrokers Zambia Limited (SBZ) is a founder member of the Lusaka Securities Exchange and is regulated by the Securities and Exchange Commission of Zambia