

SENS ANNOUNCEMENT

(the "Announcement")

ISSUER



Real Estate Investments Zambia PLC.

Incorporated in the Republic of Zambia

Company Registration Number: 10951

Share Code: REIZ

ISIN: ZM4000000013 (formerly ISIN ZM0000000045)

BROKER



[A member of the Lusaka Securities Exchange]

[Regulated and Licensed by the Securities and Exchange Commission Zambia]

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AUTHORISATION

Approval for this Announcement has been granted by:

- The Lusaka Securities Exchange
- The Securities and Exchange Commission Zambia
- Real Estate Investment Zambia PLC.

DISCLAIMER AND RISK WARNING

The 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.

ISSUE DATE: 3rd December 2024



Interim Results – 2024

Statement of unaudited financial results for Real Estate Investments Zambia PLC and its subsidiaries (“the Group”) for the half year ended 30 June 2024

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 half year ended 30 June 2024. These interim financial results are derived from the Group’s Management Accounts, which have been approved by the Directors, **but have not been audited.**

ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	GROUP		GROUP	
	Six months to 30.06.24 USD’ 000	Six months to 30.06.24 ZMW’ 000	Six months to 30.06.23 USD’ 000	Six months to 30.06.23 ZMW’ 000
Revenue	1,231	30,481	1,795	34,294
Profit from operations before change in fair value of investment property	674	14,211	890	17,012
Change in fair value of investment property	(11)	(38,284)	(120)	(17,122)
Profit on disposal of Investment Property	24	594	-	-
(Loss)/profit from operations	687	(23,479)	770	(110)
Net finance costs	(487)	(12,541)	(283)	(5,407)
Exchange gain/(loss)	-	14,321	-	6,468
(Loss)/ profit before tax	200	(21,699)	487	951
Income tax expense	(154)	(3,706)	(197)	(3,763)
Profit / (loss) after tax	46	(25,405)	290	(2,812)
Headline Earnings per share: (USD/ ZMW)	0.0031	0.06	0.0041	0.08
Basic Earnings per share after tax: (USD/ZMW)	0.0002	(0.11)	0.0013	(0.01)
Interim dividend per share: (USD/ZMW)	-	-	-	-
Weighted average number of ordinary shares	214,920,876	214,920,876	214,920,876	214,920,876

ABRIDGED STATEMENT OF FINANCIAL POSITION

Assets				
Plant and equipment	318	7,771	494	8,775
Investment property	34,475	838,683	46,153	819,131
Investment property under development	-	-	1,300	23,072
Lease straight-lining receivable	631	15,394	768	13,637
Current assets	3,225	78,578	1,302	23,109
Total assets	38,649	940,426	50,017	887,724
Equity and liabilities				
Total equity	23,068	619,428	38,224	678,404
Non-current liabilities	13,522	289,057	10,606	188,255
Current liabilities	2,059	31,941	1,187	21,065
Total equity and liabilities	38,649	940,426	50,017	887,724

ABRIDGED STATEMENT OF CHANGES IN EQUITY

Share capital	118	2,149	118	2,149
Share premium	13,565	245,261	13,565	245,261
Retained earnings & reserves	9,339	397,423	24,251	433,806
Balance at beginning of the year	23,022	644,833	37,934	681,216
Profit/(loss) for the year	46	(25,405)	290	(2,812)
Total closing equity	23,068	619,428	38,224	678,404

ABRIDGED STATEMENT OF CASH FLOWS

Net cash generated from operating activities	270	6,602	401	7,098
Net cash generated from/(used in) investing activities	12	301	(22)	(396)
Net cash used in financing activities	(1,977)	(54,990)	(1,046)	(18,571)
Net (decrease)/increase in cash & cash equivalents	(1,695)	(48,087)	(667)	(11,869)
Cash & cash equivalents at beginning of the year	4,306	111,708	887	12,421
Effect of exchange rate fluctuations on cash held	-	142	-	3,353
Cash and cash equivalents at end of the period.	2,611	63,763	220	3,905

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

NOTE

The two extracts of financial statements above present a comparative analysis of the Company's financial position and performance in both Zambian Kwacha (ZMW) and United States Dollar (USD) as at the interim period ending 30 June 2024, against the corresponding period ending 30 June 2023. It is important to note that these are interim accounts prepared solely for mid-year reporting purposes and should not be interpreted as the Group's audited year-end financial statements.

It is also important to note that the six-month performance of REIZ reflects a period during which the company operated as a PLC and prior to being granted REIT status. Prior to being granted REIT status, the Zambian Kwacha (ZMW) served as REIZ's functional currency. The translation of these interim financial statements from ZMW to USD has been performed solely to enhance clarity and to provide investors with a foundational basis for reviewing REIZ's future financial statements, which will be reported at year end in USD following its transition to REIT status. This translation does not imply a change in functional currency for the 6-month period and prior period reported and should be viewed as a transitional measure for comparative purposes.

In the comparative financial extract presented above in Zambian Kwacha, losses are reported after translation primarily due to exchange gains and losses being recognized in the income statement. In contrast, under U.S. dollar extract, these exchange differences are treated as translation differences and are recorded directly in reserves.

FINANCIAL PERFORMANCE

The Company which was granted USD dollar listing status in 2024 reported a profit after tax of \$46,000 for the six months period in 2024 as compared to a profit of \$290,000 for the same prior year period. The decrease in profits after tax can be attributed to a drop in revenue which was caused by the decrease in occupancy rates at Arcades Shopping Mall which is undergoing massive renovations and upgrade. The finance costs up as compared to the prior years due the issuance of a \$5m Corporate bond in August 2023.

FAIR VALUE OF INVESTMENT PROPERTY PORTFOLIO

The fair value of the Group's investment property portfolio, which are valued in the United States Dollars currency and then translated in the Zambian Kwacha decreased from \$46 million as of 30th June 2023 to \$34 million as of 30th June 2024. This was as a result of the increase in vacancy rates especially at Arcades Shopping Mall due to the on-going renovations and the partial disposal of a leased portion at Arcades to Protea Hotel. The investment property under development which was bare land was all disposed of during the period under review as a strategy to get rid of all non-performing assets and apply the funds to reduce long term high interest financial obligations. The valuation of the investment properties is performed twice a year as of 30th June and on 31st 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 reported a decrease in net cash generated from operating activities from \$401,000 in the prior year to \$ 270,000 due to a lower rental income generated in the period. However overall, the Group had a higher cash and cash equivalents at the end of the period as compared to prior year due to the issuance of a fully subscribed corporate bond of \$5m. The bond was issued to uplift the REIZ property portfolio especially at Arcades and Central Park .

DIVIDEND

The Directors resolved not to pay any interim dividend for the half year ended 30th June 2024.

BUSINESS OUTLOOK

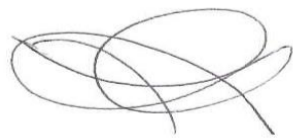
The future outlook looks bright .The renovations and upgrades at Arcades Shopping Mall will be completed before the year end and the Company has already signed up new leases with tenants just waiting for the completion of the project. Once complete the gross lettable area for Arcades will increase by 3000 square meters and this is expected to increase the company's revenue by 13%.

The Company also acquired three prime properties for a share swap namely Lewanika Mall, Acacia Park and Jacaranda Mall at a consideration of ZMW 1,300,000,000 (\$65 million dollars) and these assets come into effect on 1st July 2024. The asset acquisition strategy is expected to bring in the much-needed liquidity as these assets have a higher earning yield rates .The revenues of the company is expected to quadruple from the current average of \$3 million to \$12 million per year.

Furthermore, the company became Zambia's first ever Real Estate Investment Trust ("REIT") in May 2024 and the REIT status was also granted as a dollar listing. The dollar listing is expected to attract foreign investors as it is a much more stable currency making global investment comparability easier. Being the first REIT in Zambia, REIZ has been exempted from paying rental tax from 1st July 2024 which was at 12.5% of the total revenue. The tax savings will be passed on as benefits to shareholders in form of guaranteed dividends by distributing 75% of the distributable income as per REIT guidelines.

BY ORDER OF THE BOARD

Louis Pulu
Company Secretary
Lusaka



Issued in Lusaka, Zambia on 3rd December 2024

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