



Annual Report and Financial Statements 2023





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Vision, Mission And Values

Strategic pillars are the key components that define Real Estate Investments Zambia Plc and these include our Vision, Mission and Values.

Vision

To be the most valuable listed company in Zambia by market capitalization.

Mission

To be ranked the best property development and management company in Zambia by customer satisfaction and shareholder value maximization.

Values

 Accountability

 Sincerity

 Courtesy

 Transparency

 Objectivity





History of the Group

1999



Real Estate Investments Zambia Plc was originally the North Western Rhodesia Farmers Co-operative in the 1920's. This was principally a commercial farmers' co-operative which secured the current location of Central Park on Cairo Road as a collection centre for farming produce. The Co-operative went through various guises until after independence in 1964 when it was renamed the Zambian Farmers Co-operative. The construction of the Farmers House building was completed in the 1970's, hence the name by which the property became known.

In 1981 a limited liability company was formed called Farmers House Limited to which all the real estate assets of the Co-operative were transferred. The members of the cooperative became shareholders of the new Company on a one-for-one share basis. From that time the Company was solely a real estate investment vehicle.

The business was therefore principally owned by commercial farmers who traded their shares on an annual basis at their annual general meetings. It was felt that this should be changed and so the directors actively reviewed the options for wider ownership of the business. The opportunity arose for the Company to

become public under the Companies Act 1994. Thereafter the shareholders agreed to list the Company on the Lusaka Stock Exchange (LuSE) at the inception of this Exchange. Farmers House Plc was registered in 1996 as the second company to list on LuSE.

Farmers House Plc entered into an active period of development of its flagship property at the time – Farmers House. The old building was completely refurbished in 1999/2000 and thereafter a phased development of what was renamed Central Park was undertaken. The Exchange building (which housed the Lusaka Stock Exchange until 2015) was the final part of this development, which is a landmark as you enter the business district of Lusaka.

For further account of REIZ's progress, a detailed timeline is provided below. One of the key milestones in this period was the 'rights issue' in 2004, in which the Company actively encouraged and achieved the participation of institutional investors – these now make up a large portion of the shareholding.

In order to more actively reflect the core operations of the Group, Farmers House Plc was renamed in 2012 to Real Estate Investments Zambia Plc.

2023





Timeline

- 1920s** Original North Western Rhodesia Farmers Co-operative.
- 1996** Listed on the Lusaka Stock Exchange (LuSE).
- 1999** Issued first LuSE listed corporate bond and raised US\$ 1 million to develop phase II of Central Park; all converted into Equity.
- 2001** Raised US\$ 1.98 million via a preference share rights issue for the purpose of developing phase III of Central Park.
- 2003** Raised Zambia's first property development bank loan secured on the property's own cash flows for the construction of the Lusaka Stock Exchange building (US\$ 2.6 million) - fully repaid.
- 2004** Raised US\$ 10 million via a rights issue for the development of the Celtel/Zain/Airtel Head Office. The property was sold off to Airtel in 2013 after being operated by REIZ for about 7 years.
- 2008** Joint Venture formed (Burnet Investments Ltd) with Standard Bank Properties (Pty) Ltd for the development of the Stanbic Head Office. REIZ sold its interest in Burnet Investments Ltd in 2015.
- 2009** Issued a short-term Commercial Paper of US\$ 10 million for the purpose of raising bridging finance to secure & develop certain properties.
- 2010** Issued a 12 year US\$ 15 million Corporate Bond tradable on the LuSE to retire commercial paper and to acquire Thistle Land Development Company Ltd (TLD).
- 2010** Acquired Counting House Square; the sole property of TLD.
- 2012** Completed the development of Abacus Square, now called Deloitte Square.
- 2012** Secured a US\$ 12.5 million term loan from Investec Asset Management (Pty) Ltd, and US\$ 2.5 million from African Life Financial Services Ltd as part funding to acquire Arcades Development Plc. Shareholders in Arcades received part payment in equity of Real Estate Investments Zambia Plc to the value of US\$ 10 million. Transaction completed in February 2012.
- 2013** Transferred the lease of Airtel House to Airtel Zambia Networks Plc for a consideration of ZMW 114.8 million and the purchase of the Nyerere Road Airtel property at ZMW 16.8 million. The net proceeds of this transaction were utilised to settle the US\$ 12.5 million term loan from Investec Asset Management (Pty) Ltd, and the US\$ 2.5 million from African Life Financial Services Ltd. This transaction was completed in November 2013.
- 2014** The title deed for the Nyerere Road property was secured in November 2014 and the property is fully tenanted.
- 2015** Sale of REIZ's entire 49% interest in Burnet Investments Limited (joint venture with Standard Bank Properties (Pty) Ltd to Stanbic Bank Zambia Limited.
- 2018** Completed phase 1 refurbishment and redevelopment of the Arcades Shopping Mall at an approximate cost of US\$ 6.2 million financed by a US\$ 5.2 million loan from Stanbic Bank Zambia Limited and US\$1.0 million equity.
- 2018** Acquired Southview Park, a housing complex with 22 upmarket housing units.
- 2021** Sold part of the Landbank at Southview Park and the undeveloped Solwezi property for US\$ 1.66 million and US\$ 1 million respectively.
- 2022** Successfully conducted a rights issue and issued 158,460,678 new shares. The company raised US\$ 7.0 million and ZMW 13.9 million and the proceeds were used to pay 50% of the US\$ 12 million corporate bond. The Bondholders also accepted to convert 15% of the bond into equity and hence the rolled over corporate bond was US\$ 4.19 million.
- 2024** Successfully conducted a rights issue and issued 650,000,00 new shares taking the number of issued share capital to 864,920,876. The company acquired three properties via a share swap that is Acacia Park, Jacaranda Mall, and Lewanika Mall, at a cost of ZMW 1,300,000,000.00
- 2024** Sold part of the Leased Land at Arcades for \$1.2 million and also sold the non-income generating land bank at Parkway for US\$ 1 million. Part of the proceeds were used to redeem in full the two Stanbic bank Loans.
- 2024** The Company was granted REIT Status in May 2024 and the dollar listing of the REIT was approved in June 2024. With effect from 1st July 2024 the three acquired properties Acacia Park, Jacaranda Mall, and Lewanika Mall properties were incorporated in the REIZ financial statements. As a REIT (Real Estate Investment Trust) REIZ will be legally obliged to distribute 75% of its distributable profits each year to shareholders.



Chairman's Statement



Kenny H Makala
CHAIRMAN



Chairman's Statement

Dear Shareholders,

On behalf of Real Estate Investments Zambia Plc ("REIZ" or the "Company") and its subsidiaries (collectively referred to as the "Group"), it gives me great pleasure to present this statement in relation to the 2023 financial year and an outlook on the prospects for your business going forward.

The Economy

According to the Zambia Statistics Agency in the first quarter of 2023, Zambia's economy grew by 2.3%, and in the second quarter, it expanded by 5.0%. However, both of these growth rates were lower than the corresponding rates in 2022, which were 7.9% and 5.9%, respectively. As a result, the Ministry of Finance and National Planning adjusted the 2023 growth rate from 4.2% to 2.7%, compared to 5.2% in 2022. Unfortunately, this growth rate is even below the population growth rate of 3.4%. Consequently, job creation remains limited, and poverty rates continue to be high.

Inflation ended the year at 13% having begun at 9.9%. The effects of tightening global financial conditions working through the exchange rate as well as the elevated food and fuel prices are expected to drive inflation further. High food and retail fuel prices as well as the weakening of the kwacha against major currencies have been the main contributing factor to the high inflation rate. The rapid depreciation of the Zambian Kwacha during the year also added inflationary pressure. The Kwacha depreciated by 43% having started the year with an exchange rate of ZMW18.08 to 1USD and closed the year at ZMW25.98 to 1 USD. The high demand of the foreign currency mostly by the energy sector for fuel importations and the lower copper production in 2023 as compared to 2022 and the strengthening of the US dollar on the international market were the key factors that led to this massive depreciation of the currency. The non signing of the external national debt

agreement with the private foreign creditors also contributed to the devaluation of the Zambia currency. With the weather forecast indicating that Zambia will have a below average rainfall which may affect the generation of power which depends on hydroelectricity, it is expected that both the inflation rate and the kwacha exchange rate may worsen in 2024.

The Industry

The property industry in Zambia is still characterized by an oversupply of retail, office and commercial letting spaces especially in Lusaka where all the REIZ properties are located. We still see new office buildings coming onto the market and more of residential housing units being converted into commercial properties creating intense competition. The rental rate remains low whilst operating and administrative expenses have escalated due to inflationary pressures and depreciating Kwacha. The depreciation of the kwacha in 2023 posed a big challenge to the industry as most commercial property entities charge rentals in dollars making it more expensive for tenants to pay and due to the nature of the property business, most entities have dollar financing liabilities on their balance sheets.

Performance

The depreciation of the kwacha against the dollar by 43% during the financial year 2023 resulted into the Group and Company reporting an exchange loss of ZMW 60.3 million. This had a negative financial impact on the Group which reported losses of ZMW 34.3 million after tax as compared to a profit of ZMW 62.4 million for the same prior year period. The group and company however achieved a growth rate of 17% in rental income in 2023 as compared to 2022



due to a higher billing exchange rate as well as efficient tenant management by Napoli Properties Limited the company contracted to run the property portfolio for REIZ.

Despite the losses the financial performance of the Group and Company improved compared to the prior year when the non-cash items such as the exchange losses and the fair value gain on Investment properties and properties under development are excluded. In that regard, before taking into account exchange losses and fair value gains on investment property, the Group made a profit of ZMW 3.2 million as compared to a loss of ZMW 7.2 million in 2022. This improvement was mainly due to the increase in revenue and the restructuring of the corporate bond debt in December 2022 which reduced the interest costs by 13%.

The fair value of the Group's investment property portfolio which are valued in the United States Dollars currency and then translated into the Zambian Kwacha reduced from ZMW 781 million in 2022 to ZMW 765 million in 2023 (excluding investment property under development) as a result of increased vacancy especially at Arcades Mall. The fair value of the Group's investment property portfolio at the year-end was determined by external independent and professional property valuation experts Quadrant Properties (PTY) Limited 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 valuation of the investment properties is performed twice a year as at 30th June and at 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. Full details on individual investments properties is covered

in page 15 of the CEO report

Future Outlook

I am delighted to inform the shareholders that the future of the company looks bright and very promising. During the financial year 2023 the Board of directors following a due diligence which involved the engagement of independent consultants, legal firms and tax experts embarked on a business strategy to acquire three prime properties for a share swap namely Lewanika mall, Acacia Park and Jacaranda mall with a view of converting the company into Zambia's first Real Estate Investment Trust ("REIT"). The REIT status was granted post year end in May 2024 and is expected to attract both local and international investors as the REIT will be listed in dollars. In accordance with the listing rules the company held an Extraordinary General Meeting the "EGM" on 3rd November 2023 where shareholders approved the acquisition of these three properties at a consideration of ZMW 1,300,000,000 through a rights issue of 650,000,000 ordinary shares. This asset acquisition strategy is expected to quadruple revenues from the current average of \$3m to \$12m per year. Furthermore, being the first REIT in Zambia, REIZ will enjoy a tax incentive of not paying any rental tax which is currently 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. A REIT also has the advantage of limiting all operating costs to 30% of the revenue.

Board and Management changes

During the financial year 2023 Director Diego Casilli and Director Dipak Patel were admitted to the Board on 1st January 2023 following the resignation of Mr. Samson Zulu who resigned from the Board on 31 December 2022 after he separated with the institution that had nominated him to the company's Board.

The company also bid farewell to the Group CEO,



Mr. Urvesh Desai, who decided to pursue other challenges when his contract expired on 8 April 2023. The board on an interim measure appointed Mr Deepak Siroya from 1st April 2023 to 31st July 2023 and later on appointed the current CEO Mr Kambeu Banda from 1st August 2023.

The board of directors also contracted Napoli Property Development Limited from 1st March 2023 to manage all the REIZ property portfolio through a management services agreement which was signed on 17th April 2023. Napoli Property Development Limited (“Napoli”) is a leading operator, manager and developer of hospitality, prime retail, commercial office space and other property developments. Napoli manages over 120,000 m2 of commercial and retail space with high occupancy rates and reputable tenants. Napoli developed and operates some of the largest and highest performing property portfolios in Zambia, including East Park Mall, Acacia Office Park, and Lewanika Mall etc. Napoli is a locally registered company in Lusaka, Zambia offering its clients various specialized services.

Acknowledgment

On behalf of the Board and indeed on my own behalf, I express my sincere appreciation and gratitude for the continuing support and trust of shareholders of the Company, our business partners, as well as the dedicated efforts of all the staff of the Group.

Kenny H. Makala

Chairman



Chief Executive Officer's Report



Kambeu Banda
CHIEF EXECUTIVE OFFICER



Chief Executive Officer's Report

Overview

I am pleased to present my first Chief Executive Officer's report to the shareholders on REIZ's performance in 2023 and give an insight of the future business strategy of the company.

Financial Results

The Group reported a net loss after tax of ZMW34.3 million and earnings per share of (ZMW0.16) compared to a net profit after tax of ZMW62.4 million and earnings per share of ZMW0.80 in 2022. The Company performance was negatively impacted by the depreciation of the Kwacha to the US Dollar. The Kwacha depreciated against the United States dollar by 43% from ZMW 18.08 as at 31st December 2022 to close at ZMW 25.98 as at 31st December 2023. This impacted the financials as an exchange loss of ZMW60.3 million was recognised on the translation of the USD denominated corporate bonds and the Stanbic loan liabilities.

Rental income increased by 17% from ZMW55.9 million in 2022 to ZMW65.3 million in 2023 due to a higher average exchange billing rate of ZMW20.20 to 1 US\$ dollar in 2023 as compared to an average exchange billing rate of ZMW 16.98 to 1 US\$ dollar in 2022. In dollar terms however the revenue remained constant at US\$3.2 million in both 2022 and 2023 due to a lower occupancy rate at Arcades as a result of the renovations and upgrades to the property.

As detailed in the Chairman's report, despite the losses, the financial performance of the Group and Company greatly improved compared to the prior year when the non-cash items such as the exchange losses and the fair value gains on Investment properties are excluded. In that regard, before taking into account exchange losses and fair value changes on investment property, the

Group made a profit of ZMW 3.2 million as compared to a loss of ZMW7.2 million in 2022. This improvement was mainly due to the increase in revenue by 17% in 2023 and the restructuring of the corporate bond debt in December 2022 which reduced the interest costs by 13%.

Quadrant Properties (PTY) Limited, an external and independent professional property valuer, determined the fair value of the Group's portfolio of investment property and undeveloped land during the mid-year and at the year end. The year-end valuations are reviewed by our external auditors. The investment properties including the right of use assets as at 31st December 2023 were valued at ZMW 765.8 million from ZMW 781.8 million in 2022. The decrease in values was due to the deteriorating group occupancy rates which stood at 54 % as at 31 December 2023, a decrease of 20% from 74% as at 31 December 2022. The biggest fall in occupancy rates was at Arcades Shopping Mall from 72% in 2022 occupancy rate to 36% in 2023. Further details on individual investment properties which are first valued in USD and translated into Kwacha are found on page 15 of the CEO report

Business Strategy

It is my pleasure to inform the shareholders that the company during the financial year ended 2023 embarked on a strategic journey that will change the fortunes of the company in future. The board of directors following a due diligence which involved the engagement of consultants, legal firms and tax experts recommended the acquisition of three prime properties for a share swap namely Lewanika mall, Acacia Park and Jacaranda mall with a view of converting the company into Zambia's first Real Estate Investment Trust ("REIT"). The conversion of the company into



a REIT was approved post year end in May 2024 and is expected to attract both local and international investors as the REIT was also approved to be listed in dollars. In accordance with the listing rules the Company held an Extraordinary General Meeting the "EGM" on 3rd November 2023 where shareholders approved the acquisition of these three properties at a consideration of ZMW 1,300,000,000 through a rights issue of 650,000,000 ordinary shares and also mandated the board to convert the company into a REIT. The asset acquisition strategy is expected to quadruple revenues from the current average of \$3m to \$12m per year. Furthermore, with the REIT status, REIZ will enjoy a tax incentive of not paying any rental tax which is currently at 12.5% of the revenue and this tax benefit will be passed on to the shareholders in form of guaranteed dividends of distributing 75% of the distributable income as per REIT guidelines.

The Company during the financial year also raised \$5 million dollars by issuing a 3-year Corporate Bond in August 2023. These funds will be utilized to improve and upgrade the REIZ property portfolio. Most of the funds will be used to refurbish Arcades which is the flag ship of the company and it is expected that an additional 3,000 square meters will be created at the mall.

Another development of significance during the financial year 2023 was the appointment of Napoli Property Development Limited to manage all the REIZ property portfolio through a management

services contract which was signed on 17th April 2023. Napoli Property Development Limited ("Napoli") is a leading operator, manager and developer of hospitality, prime retail, commercial office space and other property developments. Napoli manages over 120,000 m2 of commercial and retail space with high occupancy rates and reputable tenants.

REIZ shares performance during the year

On the Lusaka Securities Exchange (LuSE), the REIZ stock price decreased by 20% during the year from ZMW1.63 per share at the beginning of the year to ZMW1.30 per share at the end of the year. Subsequent to year end the share price increased and was trading at ZMW 1.98 as at end of August 2024. Annual total number of trades during the year increased significantly to 894,089 from prior year of 158,821 averaging 12 trades per month, Similarly the volume of shares traded increased to 10,729,072 shares traded compared to 1,905,847 shares in 2022.

Below is the tabular and graphical insight into the REIZ share trades on the LuSE over the past five years

Year	No. of trades		No. of shares traded (volume)		Share price (ZMW)	
	Year total	Monthly average	Year total	Monthly average	Closing	Year average
2019	41	3	100,286	8,402	4.49	5.54
2020	53	4	659,119	54,927	0.39	3.12
2021	130	11	8,790,957	732,580	1.25	0.91
2022	134	11	1,905,847	158,821	1.63	1.41
2023	148	12	10,729,072	894,089	1.30	1.15



Property Portfolio Analysis

REIZ is primarily involved in investment, development and restructuring of commercial and non-commercial property for commercial letting. The Group owns high grade office, retail, industrial and residential real estate portfolio in prime locations with a diverse tenant base. The diversity of our tenant base ensures that we maximize our property yield rates and always remain attractive from both an investment and financing perspective. REIZ attaches a premium on the value of its customers and efforts are employed towards creating and maintaining long lasting relationships through innovative and responsive business practices.

The total lettable space of the Group at the end of 2023 was 48,887m² (2022: 48,887m²). REIZ is primarily involved in investment, development and restructuring of commercial and non-commercial property for commercial letting. The total property portfolio including land banks was valued by Quadrant Properties (PTY) Limited at 31 December 2023 at ZMW 809 million (2022: ZMW 805 million valued by Rochdale Property Consultants.)

1.0 Reiz Properties

1.1 Arcades Development PLC (ADP)



The property being the flagship of the company is undergoing major renovations. During the year especially in the third quarter, management terminated some of the lease contracts for non-paying tenants and also stopped taking in any new tenants to due to the renovations works at the centre. The Company in August 2023 raised \$5 million through issuing a corporate bond specifically for capital improvements of the REIZ properties to bring them to a standard where they

can compete with the new malls such as East Park Mall. The Board approved a budget of \$3.5 million dollars to renovate Arcades and improve its drainage systems and once the upgrades are completed the GLA (Gross Lettable Area) will be increased from the current total GLA of 22,547 m² to 25,500 m². The redevelopment of the centre is expected to also increase future revenues by over 13%. Management envisages that the works are expected to be completed by 30th November 2024. The Centre closed the year with 14,438 m² vacant space. Arcades Shopping Centre was valued by Quadrant Properties (PTY) Limited on 31 December 2023 at ZMW 322.1 million (2022 at ZMW 308.1 million by Rochdale Property Consultants).





1.2 Counting House



Counting House Square is located next to Deloitte Square on Thabo Mbeki Road in the Showgrounds precinct. The property consists of 4 single story office buildings of approximately 780 m² each and totalling a Gross lettable area of 3,039 m². The property was developed in the middle 1990's and the structural look and feel has been overtaken by new modern developments in close vicinity.

Counting House Square was valued by Quadrant Properties (PTY) Limited 31 December 2023 at ZMW60.6 million. (2022: ZMW61 million by Rochdale property Consultants).

1.3 Deloitte Square

This property is a commercial office building situated along Thabo Mbeki Road, next to Counting House Square and has a Gross Lettable Area (GLA) of 1,821 m². This property was 98% leased throughout the year and fits in well with the aesthetic appearance of new developments in the area.

Deloitte Square was valued by Quadrant Properties (PTY) Limited on 31 December 2023 at ZMW 58.4 million (2022: ZMW 44.8 million by Rochdale Property Consultants).



1.4 Eureka Park

Eureka Park an industrial property offering modern logistic and warehousing facilities is the only operational industrial property in the portfolio. The property is situated along Kafue Road and has a Gross Lettable Area (GLA) of 6,274m². The property is well tenanted by wholesale truck spares retailers and a major solar products distributor.

Eureka Park was valued by Quadrant Properties (PTY) Limited on 31 December 2023 at ZMW 64.9 million (2022: ZMW 52.9 million by Rochdale Property Consultants).





1.5 Central Park

Central Park, situated at the corner of Cairo and Church Roads in the central business district ("CBD") area of Lusaka is the largest commercial office property in the portfolio with a Gross Lettable Area (GLA) of 9,034m². In recent years the property has been under pressure to retain and attract tenants due to most would be tenants' preference of properties outside the CDB area. The rezoning of most residential properties into commercial properties in the nearby surrounding area like Rhodes Park, Fairview and Olympia has intensified competition for the property. Central Park vacancy rate however improved and ended 2023 at 35% as compared to 40% at the end of 2022. The Board approved a budget of \$1m for the upgrade of the property with most works to be done in the second and third quarter of 2024.

Central Park was valued by Quadrant Properties (PTY) Limited at 31 December 2023 at ZMW 145.5 million (2022: ZMW 200.06 million by Rochdale Property Consultants).



1.6 Nyerere Road

This property situated on Nyerere Road and is tenanted by Jewel of Africa Head Office and an NGO, Population Council. It has a Gross Lettable Area (GLA) of 1,518 m² and was 100% leased throughout the year.

The Nyerere Road property was valued by Quadrant Properties (PTY) Limited on 31 December 2023 at ZMW 52.7 million (2022: ZMW 46.2 million by Rochdale Property Consultants).





1.7 Dedan Kimathi Road

This property is situated at the corner of Dedan Kimathi and Nasser Roads with a Gross Lettable Area (GLA) of 885 m². The property was 100% let during the year with a single tenant, the Judiciary of Zambia.

The Dedan Kimathi Road property was valued by Quadrant Properties (PTY) Limited on 31 December 2023 at ZMW 25.4 million (2022: ZMW 16.9 million by Rochdale Property Consultants).



1.8 Southview Park

Southview Park Housing Complex situated in the prime Lilayi area, along Kafue Road, provides a secure fenced and gated residential community presently developed with 22 upmarket residential 2 to 4 bed homes each with a semi-detached garage. The property was originally acquired for further development of more housing units and a recreational area. It is the only residential property complex, owned by REIZ. As of 31st December 2023, the property was 28% vacant. The remaining land extent of the property is 8.8 acres divided into two distinct portions of 7.0 acres developed and 1.8 acres undeveloped currently held as a land bank.

Southview was valued by Quadrant Properties (PTY) Limited on 31 December 2023 at ZMW 45.4 million. (2022: ZMW 51.7 million by Rochdale Property Consultants).



1.9 Parkway Industrial Park

Parkway is a 3.3 Ha (33,000m²) prime land bank situated, along Kafue Road, approximately 10 kilometres south of the Central Business District of Lusaka. The property perimeter is fully fenced with Clear Vu fencing, concrete wall to perimeter boundaries and two guard houses. The land strategically sits next to REIZ's existing and operating property, Eureka Park, an industrial warehousing and logistics property.

Parkway Industrial Park was valued by Quadrant Properties (PTY) Limited on 31 December 2023 at ZMW 33.7 million (2022: ZMW 23.5 million by Rochdale Property Consultants).

The land was sold for \$1,000,000 post year end as the REIT Guidelines do not allow a company to own non income generating properties.





INVESTMENT PROPERTY ANALYSIS

Property values as per valuation by Quadrant Properties (PTY) Limited (2022 Rochdale Property Consultants Limited.)

PROPERTY	TYPE	Leasable Area	2023			2022	
			Valuation ZMW'000	Valuation US\$'000	% of Total	Valuation ZMW'000	Valuation US\$'000
Arcades Shopping Centre	Retail Mall	22,547	322,132	12,400	40%	308,145	17,044
Central Park	Office Park	9,034	145,479	5,600	18%	200,055	11,065
Counting House	Office Park	3,039	60,634	2,310	8%	61,038	3,376
Abacus Square	Office Park	1,821	58,452	2,250	7%	44,802	2,478
Nyerere Road	Office Park	1,518	52,736	2,030	6%	46,285	2,560
Eureka Park	Industrial Park	6,274	64,946	2,500	8%	52,974	2,930
Dedan Kimathi	Office Park	885	25,459	980	3%	16,868	933
Southview Park	Housing Complex	3,769	45,462	1,750	6%	51,673	2,858
Parkway	Undeveloped	-	33,771	1,300	4%	23,504	1,300
Total		48,887	809,071	31,120	100%	805,344	44,544

Property occupancy

PROPERTY	TYPE	Leasable space (m ²)	2023		2022	
			Vacant space (m ²)	Vacancy %	Vacant space (m ²)	Vacancy %
Arcades Shopping Centre	Retail Mall	22,547	14,438	64%	6,324	28%
Central Park	Office Park	9,034	3,194	35%	3,664	40%
Counting House	Office Park	3,039	1,495	49%	484	16%
Deloitte Square	Office Park	1,821	30	2%	-	0%
Nyerere Road	Office Park	1,518	-	0%	-	0%
Eureka Park	Industrial Park	6,274	1,978	32%	1,978	31%
Dedan Kimathi	Office Park	885	-	0%	-	0%
Southview Park	Housing Complex	3,769	1,060	28%	520	14%
Total		48,887	22,195	46%	12,970	26%



FIVE YEAR FINANCIAL SUMMARY (KWACHA)

STATEMENT OF COMPREHENSIVE INCOME – ZMW

For the ended 31 December	2023	2022 Restated	2021	2020	2019
	ZMW'000%	ZMW'000 %	ZMW'000%	ZMW'000 %	ZMW'000 %
Gross rental income	65,338	55,894	58,801	62,521	67,393
Total property expenses	(17,334) 27%	(8,100) 18%	(10,671) 18%	(15,271) 24%	(8,493) 13%
Total administration expenses	(10,838) 17%	(10,703) 18%	(11,492) 20%	(7,833) 13%	(11,705) 17%
Impairment loss on trade receivables	- 0%	(6,672) 12%	(7,848) 13%	(11,291) 18%	(7,329) 11%
Total depreciation	(1,884) 3%	(1,930) 3%	(1,727) 3%	(3,551) 6%	(2,019) 3%
Profit before changes in fair value of investment property and finance costs	35,282 54%	28,489 48%	27,063 46%	24,575 39%	37,847 56%
Other operating income	-	-	(2,376)	483	26
Change in fair value of Investment property, net of exchange gains	22,817	81,519	(403,428)	141,721	53,504
Net interest expense	(22,543)	(28,933)	(33,275)	(40,211)	(27,150)
Exchange (losses)/gains	(60,333)	(11,860)	93,261	(150,887)	(37,706)
(Loss)/profit before tax	(24,777)	69,215	(318,755)	(24,319)	26,521
Taxes paid	(9,522)	(6,841)	(5,753)	(5,534)	(6,728)
(Loss)/profit after tax	(34,299)	62,374	(29,853)	(29,853)	19,793

STATEMENT OF FINANCIAL POSITION-ZMW

	2023 ZMW'000	2022 ZMW'000	2021 ZMW'000	2020 ZMW'000	2019 ZMW'000
Plant and equipment	7,963	9,314	10,250	11,719	13,605
Investment properties	765,857	781,840	756,937	1,179,970	1,041,974
Investment property under development	43,214	23,504	16,660	35,596	31,666
Rental income receivable after 12 months	16,285	11,497	10,514	7,159	5,107
Current assets	136,914	29,590	22,676	30,816	41,771
Total Assets	970,233	855,745	817,037	1,265,260	1,134,123
Shareholders' funds and liabilities					
Total equity	591,853	626,152	457,045	781,553	811,405
Non – current liabilities	312,423	168,977	128,165	409,020	284,920
Total current liabilities	65,957	60,616	231,827	74,687	37,798
Total equity and liabilities	970,233	855,745	817,037	1,265,260	1,134,123

Average number of shares	214,920,876	77,326,073	56,460,198	56,460,198	56,460,198
EPS	(0.16)	0.81	(0.53)	(0.53)	0.35
Headline EPS	0.16	0.37	0.48	0.44	0.67
NAV	2.75	8.10	8.09	13.84	14.37
Dividend proposed (paid prior years) per share	-	-	-	-	-



FIVE YEAR FINANCIAL SUMMARY (UNITED STATES DOLLARS)

STATEMENT OF COMPREHENSIVE INCOME-US\$

	2023		2022 Restated		2021 Restated		2020		2019	
	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%
Average exchange rate	20.20		16.98		19.80		18.57		10.70	
Gross rental income	3,235		3,292		2,970		3,367		6,298	
Total property expenses	(858)	27%	(477)	18%	(539)	-18%	(822)	-24%	(794)	-13%
Total administration expenses	(537)	17%	(630)	18%	(580)	-20%	(422)	-13%	(1,094)	-17%
Impairment loss on trade receivables	-	0%	(393)	12%	(396)	-13%	(608)	-18%	(685)	-11%
Total depreciation	(93)	3%	(114)	3%	(87)	-3%	(191)	-6%	(189)	-3%
Profit before changes in fair value of investment property and finance costs	1,747	54%	1,678	48%	1,367	46%	1,322	39%	3,537	56%
Other operating income	-		-		(120)		26		2	
Change in fair value of Investment property, net of exchange	(1,857)		4,801		(20,375)		(7,632)		(10,506)	
Net finance (expense)/income	(1,116)		(1,704)		(1,681)		(2,164)		(1,514)	
(Loss) / profit before tax	(1,227)		3,097		(20,809)		(8,448)		(8,479)	
Taxes paid	(471)		(403)		(290)		(299)		(629)	
(Loss) / profit after tax	(1,698)		2,694		(21,099)		(8,747)		(9,108)	

STATEMENT OF FINANCIAL POSITION – US\$

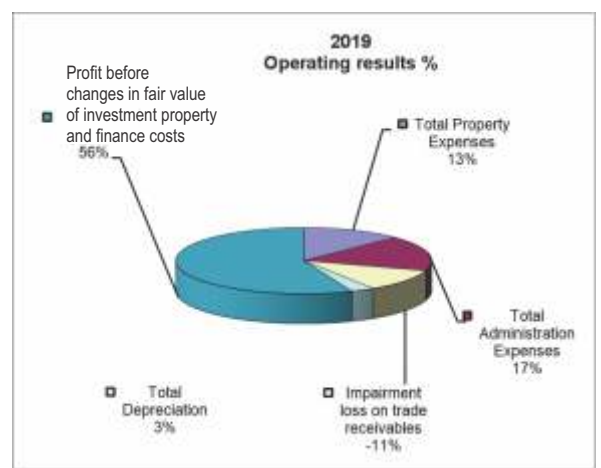
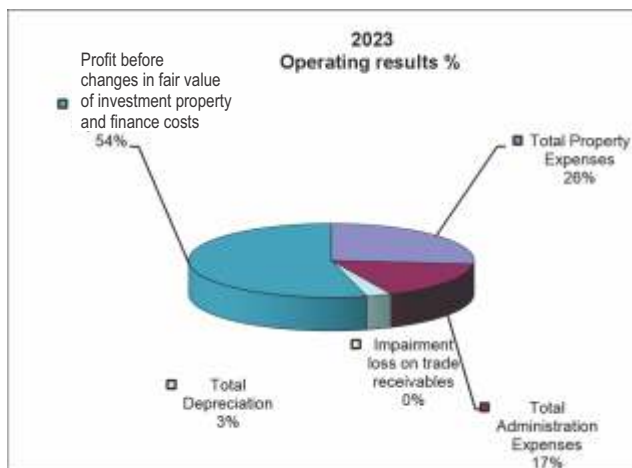
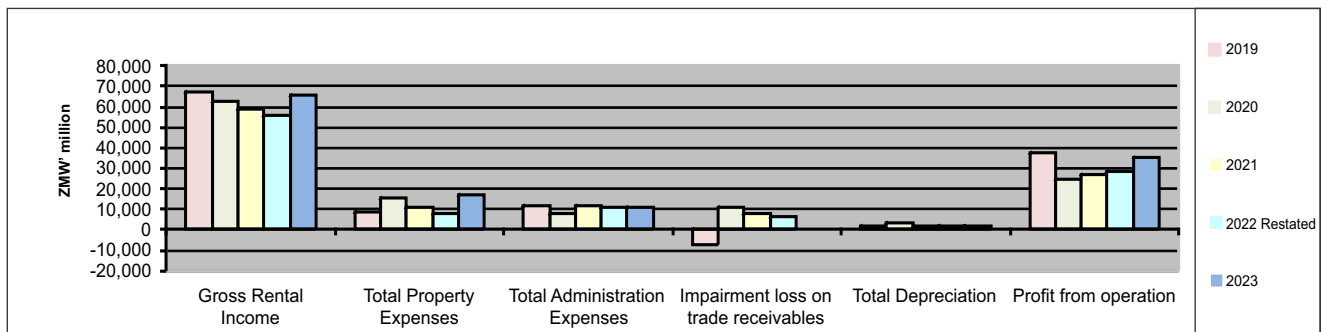
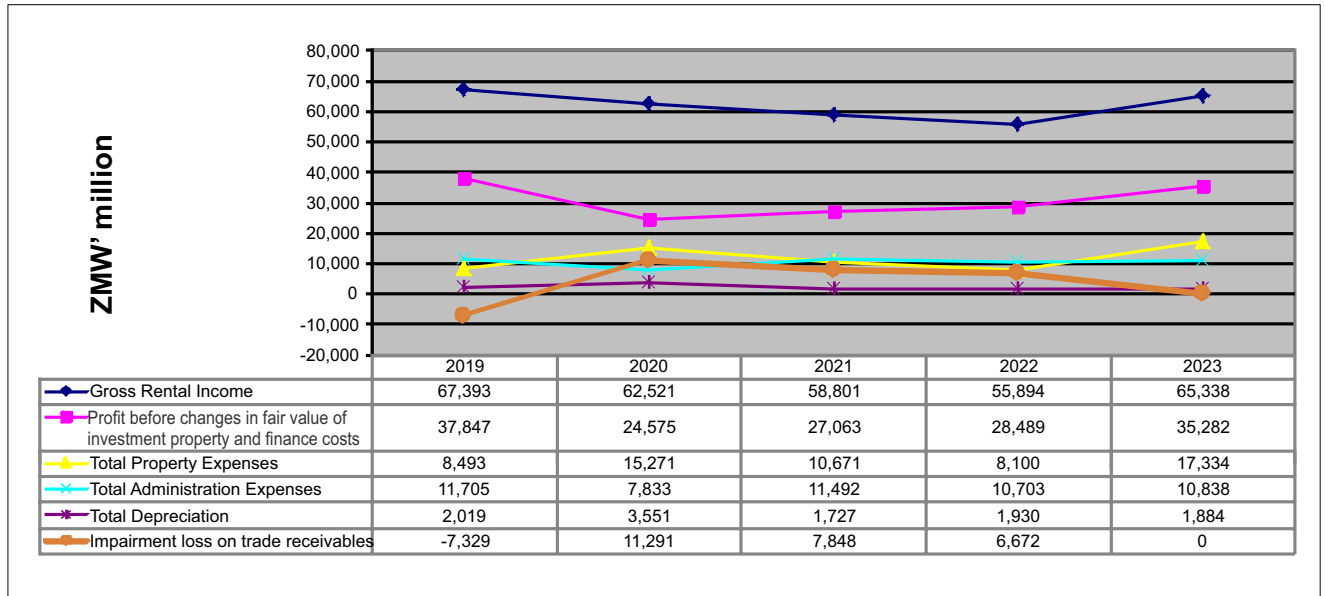
	2023	2022 Restated	2021 Restated	2020	2019
closing exchange rate	25.97	18.08	16.66	21.15	13.95
Plant and equipment	307	515	615	554	975
Investment properties	29,486	43,243	42,447	55,791	74,693
Investment property under development	1,664	1,300	1,000	1,683	2,270
Rental income receivable after 12 months	627	636	631	338	366
Current assets	5,270	1,637	1,361	1,457	2,994
Total assets	37,353	47,331	46,053	59,823	81,299
Shareholders' funds and liabilities					
Total equity	22,786	34,632	24,446	36,953	58,165
Non – current liabilities	12,028	9,346	7,693	19,339	20,424
Total current liabilities	2,538	3,353	13,915	3,531	2,710
Total equity and liabilities	37,353	47,331	46,053	59,823	81,299

Average number of shares	214,920,876	77,326,073	56,460,198	56,460,198	56,460,198
EPS	(0.01)	0.03	(0.37)	(0.15)	(0.16)
Headline EPS	0.01	0.02	0.02	0.02	0.06
NAV	0.11	0.45	0.43	0.65	1.03
Dividend proposed (paid prior years) per share	-	-	-	-	-



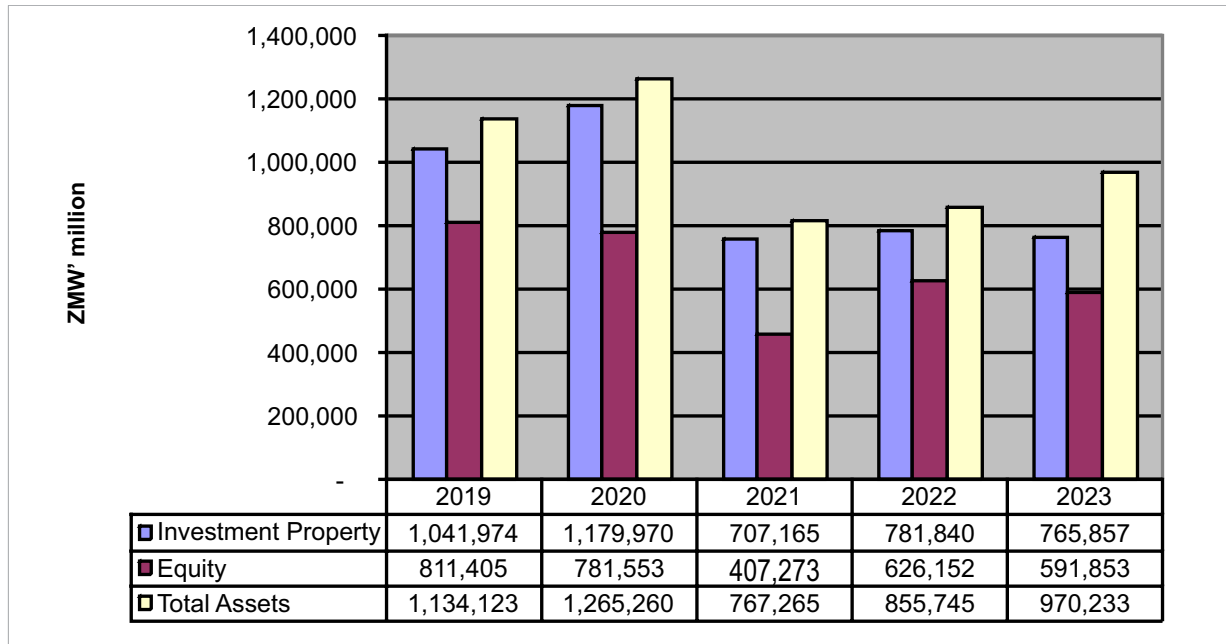
ANALYSIS OF FIVE YEAR FINANCIAL RESULTS

OPERATING RESULTS





STATEMENT OF FINANCIAL POSITION



Business outlook

Being the first REIT in Zambia is a major milestone achieved by the company. The REIT Status was approved as a dollar listing in June 2024 which will further bring about global attraction of capital for growth. The company is now legally obliged to distribute 75% of its distributable income each year as dividends and the acquisition of the three prime properties Lewanika Mall, Jacaranda Mall and Acacia Park will bring in the much-needed liquidity to satisfy guaranteed income for shareholders. In the medium term the company is now assessing the possibility of acquiring high yielding properties via a share swap with a view of growing the asset base to half a million dollars in the next two to three years.

Kambeu Banda
 Chief Executive Officer



Louis Chilufya Pulu
COMPANY SECRETARY
(Appointed January 11, 2021)



Statement on Corporate Governance

Real Estate Investments Zambia PLC's (REIZ) values are to achieve its mission by setting the highest ethical standards in its dealings with its tenants, service providers and stakeholders through attention to detail, commitment, sincerity and self-expression.

1.0 The Board

The Board is collectively responsible to the Group's shareholders for the long-term success of the business and for the overall strategic direction and control of the Group. The Board is confident that it has sufficient knowledge, talent and experience to adequately direct the affairs of the Group. Directors are entitled to a gross meeting attendance allowance of \$1,100 and quarterly retainer of \$3,046. The Chairman is entitled to a gross meeting attendance allowance of \$1,862 and quarterly retainer of \$4,738. There were no other emoluments applicable. In the financial year 2020 the board decided to reduce sitting allowances by 50% and furthermore in the financial year 2021 the board resolved to limit the sitting allowances to only four board meetings per year due to the poor

financial performance of the company as a result of Covid 19 pandemic. Since then, all the directors still get paid half of their entitled allowances.

1.1 Composition of the Board

During the financial year ended 31st December 2023 two directors were appointed to the board, director Diego Casilli and director Dipak Patel with effect from 1st January 2023. The Board had consisted of six directors in 2023, however, post year-end two more directors were admitted to the Board on 1st March 2024, director Rory Mackey and director Samson Mojalefa taking the number of directors to eight in total. These two directors were already approved for appointment by shareholders at an EGM held in October 2022. Director Efi O'Donnell resigned from the board on 30th May 2024 and the board recommended the appointment of Mrs Gillian Casilli to serve on the REIZ Board subject to shareholder approval at the next AGM.

Below are brief profiles of the directors of REIZ:

Kenny is a lawyer and is senior partner of Makala & Company. He is a director of various Zambian institutions including Makaland Agricultural Enterprises Limited, Lofty Reflections Limited, Sunrise Property Limited, C&K Consultancy Limited, Pivot Capital Finance Company Limited, Avionix Services Limited, Nabuzoka Limited and Bayport Financial Services Limited.



Kenny H. Makala
Non-Executive Chairman
June 2001, Zambian
Legal Practitioner

Efi received a B.Sc.(Eng) Computer Science degree with honours from the Imperial College of London and is an Associate of the City & Guilds Institute London. She also attended the Harvard Business School Executive Education programme on Strategic Finance.

Efi is currently Financial Director of the Union Gold Group, which is one of Zambia's largest private entities. The Union Gold group has interests in, among others, Protea Hotels Group, Bonanza Estate Development, a property development division, a plastic division, and a large national drinks distributor.



Efi O'Donnell
Non-Executive Director
January 2012, Zambian
Finance Director – Union Gold (Zambia) Ltd.

Efi served for three years as Wildlife Society Zambia national treasurer and Director of the Wildlife Trust Ltd.



Muna Hantuba
 Non-Executive Director
 June 2007, Zambian,
 Chief Executive Officer –
 African Life Financial Services (Z) Limited

Muna is currently Group Chief Executive Officer of African Life Holdings Limited. He has over 25 years' experience in the financial services sector. He began his career with Meridian Bank Zambia Limited in 1986 and joined the Anglo-American Corporation and headed the Corporate Services. He left Anglo American Corporation in 2000 to join African Life Financial Services Zambia Ltd as CEO till December 2015.

Muna is a past Chairman of the Securities & Exchange Commission of Zambia and a presiding President of the Economics Association of Zambia. He is a director on the various subsidiaries of the African Life Holdings Group and also a member of the Zambia Association of Chambers of Commerce. He serves on other corporate boards including Lafarge Plc as Chairman and CEC Plc as Vice Chairman, Southern Sun Ridgeway Ltd, Lusaka as Chairman, NWK Zambia Limited and Anglo Exploration Limited.

Muna holds an MBA from Stirling University in Scotland and a Bachelor's degree in Economics from the University of Zambia.

Mark is the CEO of the Union Gold Group. Union Gold is a diversified company with interest in Hotels, Construction and Manufacturing sector.

He is a member of the Institute of Directors and a past Chairman of the Zambia Tourist Board.

Mark is a non-executive director of various institutions including Lafarge Zambia Plc, Madison Life Insurance Company Ltd and Care For Business Medical Centre.



Mark O'Donnell
 Non-Executive Director
 January 2012, Zambian
 Managing Director –
 Union Gold (Zambia) Limited



Diego Casilli
 Non-Executive Director, January 2023, Italian

Diego holds a Bachelor of Commerce from the University of Witwatersrand and Bachelor of Commerce HONS from the University of Witwatersrand. Diego is a prominent businessman who has amassed an extensive level of experience that covers over 30 years in agriculture processing facilities and commercial/retail property development. Diego served as the Managing Director of Amanita, Zamanita and Amagrain from 1991 to 2008 where he oversaw the operations of three milling operations and an oilseed crushing plant. Diego as managing director of Amanita oversaw well over 450 employees



Dipak Patel
Non-Executive Director,
January 2023, Zambian

Mr. Patel was elected Member of Parliament for Lusaka Central Constituency from 1996-2006. He has served as Cabinet Minister under several portfolios, namely Commerce, Trade and Industry, Information and Broadcasting and Sports. Mr Patel also served as Chairman of the 32 members Least Developed Countries Group, leading their World Trade Organisation negotiations during 2005-2006.

1.2 Directors emoluments

Director	Meeting attendance fees	Retainer fees	Total emoluments 2023	Total emoluments 2022
K.H. Makala (Chairman)	175,879.96	139,784.69	315,664.65	244,668.78
M. Hantuba	145,344.85	89,861.72	235,206.57	181,256.44
E. O'Donnell	145,344.85	89,861.72	235,206.57	162,567.45
M. O'Donnell	107,703.96	89,861.72	197,565.68	143,768.45
D. Casilli	145,344.85	89,861.72	235,206.57	-
D. Patel	107,703.96	89,861.72	197,565.68	-
S. Zulu	-	-	-	171,900.95
	827,322.43	589,093.29	1,416,415.72	904,162.07

Attendance at Board Meetings during the year was as follows:

REIZ Board Meetings 2023							
Date of meeting	KH Makala (Chairman)	M Hantuba	E O'Donnell	M O'Donnell	D Casilli	D Patel	Total
18/01/2023	√	√	√	√	√	√	6/6
07/03/2023	√	√	√	√	√	√	6/6
04/05/2023	√	√	√	√	√	√	6/6
02/08/2023	√	N/A	√	√	√	√	5/6
18/08/2023	√	N/A	√	√	√	√	5/6
27/11/2023	N/A	√	√	√	√	√	5/6
Total	5/6	4/6	6/6	6/6	6/6	6/6	33/36



1.3 Audit and Risk Committee

This committee Chaired by Mr. Muna Hantuba and is responsible for reviewing and monitoring the integrity of statutory accounts, published financial statements and circulars to shareholders of the Group and any formal announcements or reports relating to the Group's financial performance including significant financial reporting judgements contained in them. In particular, the committee:

- (a) considers the quality, application and acceptability of the accounting policies and practices, the adequacy of accounting records and financial and governance reporting disclosures and

changes thereto;

- (b) considers and monitors the Group's risk profile and risk management procedures and processes.
- (c) Holds meetings with external auditors and is responsible for recommending auditors to the Board for further recommendation to the members for appointment.

Attendance at Audit and Risk Committee Meetings during the year was as follows:

REIZ Audit and Risk Committee Meetings 2023

Date of meeting	M Hantuba (Chairperson)	E O'Donnell	D Casilli	Total
23/02/2023	√	√	√	3/3
16/08/2023	√	√	√	3/3
24/11/2023	√	√	√	3/3
Total	3/3	3/3	3/3	9/9

1.4 Investments Committee

The Investment Committee Chaired by Mr. Muna Hantuba exercises oversight on behalf of the Board on management of the investment and developmental activities of the Group from investment appraisal to implementation.

During the year there were no Investment Committee meetings. All Investment decisions were to be handled by the main Board of directors.

1.5 Remunerations Committee

The Remunerations committee, chaired by Mr Muna Hantuba reviews the structure of compensation of the Executive Team and the

Board; and makes recommendations to the Board with regard to any adjustments that are deemed necessary. The Committee is also involved in identifying, assessing and nominating for approval of the Board, candidates to fill vacancies to the Executive Team as and when they arise. During the year there were no remuneration Committee meetings.

1.6 Nominations Committee

This committee is responsible for reviewing the structure, size and composition (including the skills, knowledge, experience and compliance with corporate governance best practice) of the Board and making recommendations to the Board with



regard to any adjustments that are deemed necessary. The committee reviews nominations by members and reports to the Board on their suitability for final presentation to general meetings of members for election. In case of vacancies arising on the Board during the year, the committee identifies, assesses and nominates for approval of the Board, candidates to fill the vacancies.

The Nomination Committee did not meet during the year.

1.7 Conduct of Board and Committee Meetings

The Agenda for Board and Committee meetings is prepared by the Chief Executive Officer, in consultation with the Board/Committee Chairpersons and Company Secretary. The agenda is formally approved by Directors at Meetings and additional matters may be added to the Agenda at the request of a Director and following approval by other Directors present in the meeting.

All directors are required to assess any potential conflict of interest and to bring such circumstances to the attention of the chairman and the board. Directors' declarations of interests are tabled at every meeting. Directors fill out and sign a declaration of interest form for each meeting. For a matter in which a director may have an interest, such director is requested to recuse him/herself in consideration of that matter.

1.8 Board Charter

The Board operates under a Board Charter unanimously approved by all Directors which provides Terms of Reference for the Board. Board committees operate under terms of reference that have been approved by the Board. The major matters covered in the Board Charter are as follows:

1.8.1 Responsibilities

The Board of the Company has responsibility for the overall management of the Company and is primarily accountable to the shareholders for the proper conduct of the business of the Company. In particular the Board has responsibility for the matters set out below.

1.8.2 Strategy and Management

- i. Approve the Company's long-term strategy and objectives.
- ii. Approve the Company's annual operating plan, cash flow and budget and any material changes to it.
- iii. Oversee the management of the business and affairs of the Company ensuring:
 - a) competent and prudent management
 - b) sound planning
 - c) an adequate system of internal controls
 - d) adequate record keeping, accountancy and other company records and information
 - e) compliance with statutory and regulatory obligations
- iv. Review the performance of the Company in the light of the prevailing economic conditions, its strategy, objectives, plans and budgets and ensure that any necessary corrective action is taken.
- v. Approve any extension of the Company's activities into new business or geographic areas.
- vi. Approve any decision to cease to operate all or any material part of the Company's business.

1.8.3 Capital

- I. Keep under review and determine appropriate levels for the capital and liquidity positions of the Company.
- ii. Review and approve proposals for the allocation of capital and other resources within the Company.



1.8.4 Financial Reporting

- i. Approve the Company's financial statements, annual report and quarterly management accounts, including other qualitative and quantitative information.
- ii. Approve any significant changes to accounting policies or practices.
- iii. Recommendation to Shareholders of the Auditor for the ensuing year on recommendation of the Audit and Risk Committee.

1.8.5 Internal Control

Maintain a sound system of internal control and risk management including:

- a) receiving reports on, and reviewing the effectiveness of the Company's risk and control processes to support its strategy and objectives
- b) approving an appropriate statement for inclusion in the annual report
- c) approving any corporate governance reports
- d) approve internal and external audit reports

1.8.6 Major Contracts and Engagements

Approve material acquisitions and disposals of businesses, assets or shares which are outside the ordinary course of business of the Company and significant in terms of the business of the Company.

1.8.7 Board and Other Appointments

- i. Review the structure size and composition of the Management and Board from time to time and make any changes deemed necessary.
- ii. Approve the appointment and removal of designated senior executive officers of the Company.

1.8.8 Delegation of Authority

Approve delegated authorities for expenditure, borrowing and other risk exposures.

1.8.9 Other

- i. Establish review and agree changes as appropriate to the membership and terms of reference of the Committees of the Board.
- ii. Receive the minutes of and/or reports from the Committees of the Board.
- iii. Review the terms of reference of Board Committees from time to time.

1.9 Board Members induction

All newly appointed directors to the Board of REIZ are formally inducted by the Board Chairman to ensure they have a broad understanding of the Group and; the role, culture and operations of the Board. The induction process includes:

- a) Initial meeting with the Board Chairman, Chief Executive Officer and Company Secretary.
- b) Presentation of a file to the new director comprising, articles of association, Board charter, Committees' terms of reference, current year's board and committee meetings timetable, etc.
- c) Strategic plan
- d) Contacts for other directors and key management.

1.10 Board Independence

The roles of Chairman and Chief Executive Officer are separate, and the office of Chairman is occupied by an independent, non-executive director. The position of Chief Executive Officer is appointed by the Board on the recommendation of the Remuneration Committee of the Board



(Remco). The terms and conditions of the Chief Executive Officer's employment contract are determined by the Remuneration Committee, and are recommended to, and approved by the Board.

During the year, the Board comprised non-executive directors who are independent of management and exercise their independent judgement gained from their knowledge and experience.

The Board has an on-going process of self-evaluation to ensure adherence to the best practices of corporate governance. To this end Board induction and training is instituted to ensure a continual improvement in these practices. The board meets with its external

auditors to ensure adherence to international accounting practices.

A third of the Board is required under the articles of the company to retire annually. A "fit and proper" test of new Director appointments are made by the Nominations Committee that also assesses that appointments comply with the Company's articles. Shareholders approve by ordinary resolution the appointment of Directors duly recommended to the Annual General Meeting.

The Directors' shareholding interest as at 31 December 2023 is shown in the table below:

Non-Executive Directors	Beneficial		Non-beneficial	
Kenny H. Makala	Nil	Nil	Nil	Nil
Munakupya Hantuba	Nil	Nil	Nil	Nil
Mark O'Donnell	57,326	9,273,779	Nil	Nil
Efi O'Donnell	Nil	9,273,779	Nil	Nil
Diego Casilli	10,073,152	10,073,152	Nil	Nil
Dipak Patel	Nil	Nil	Nil	Nil

2.0 Key Management positions

The two key management positions and office bearers during the year were as follows:

Chief Executive Officer- Mr Kambeu Banda
Finance Manager and Company Secretary – Mr Louis Pulu

Mr. Banda was appointed as Chief Executive Officer on 1st August 2023. He holds a Bachelor of Arts in Economics from the University of Zambia and an International Post Graduate Diploma in Management Studies from Cavendish University. Mr. Banda has over 13 years of experience gained in real estate and finance. Mr. Banda has spent the greater part of his career as a Banker having held various senior management positions with the

most recent being Senior Manager –Business and Commercial Banking at First National Bank Zambia Limited. After leaving the banking industry, he has since ventured into Business Consultancy with his recent post being at Yamene Consultancy Service Zambia Limited

Mr. Louis Chilufya Pulu was appointed as Finance Manager and Company Secretary on 11th January 2021. He is an ACCA qualified professional accountant with over 24 years of experience in the field of finance, auditing, and accounting. He is a fellow member of ZICA and has experience in the financial services sector, real estate and property development, auditing and advisory services, non-governmental organisations, and oil marketing sector. He has held senior management positions such as Head of Finance



Dana Oil Zambia Limited, Chief Finance Officer PAN African Building Society, Head of Finance LOLC Financial Services Zambia, Group Finance Manager Foxdale Development Limited and Hawkwood Investment Properties Limited.

3.0 Management Services Contract

During the financial year 2023 with effect from 1st March 2023 the Board of directors appointed Napoli Property Development Limited to manage all the property portfolio for REIZ through a management services contract which was signed on 17th April 2023. Napoli Property Development Limited ("Napoli") is a leading operator, manager and developer of hospitality, prime retail, commercial office space and other property developments. Napoli manages over 120,000 m² of commercial and retail space with high occupancy rates and reputable tenants. Napoli developed and operates some of the largest and highest performing property portfolios in Zambia, including East Park Mall, Acacia Office Park, and Lewanika Mall etc. Napoli is a locally registered company in Lusaka, Zambia offering its clients various specialised services. These include; property management, administration, preventative maintenance, retail leasing and consulting, service provider procurement and management, Lease renewal negotiations, vacant space management, Project management, Tenant mix and co-ordination, sustainable solutions, financial accounting and management, rent recoveries and accounts payment, asset management, management services for commercial and residential properties.

4.0 External Auditor

The Auditor for the year under review was Price Waterhouse Coopers following their appointment at the Annual General Meeting held on 30 June 2023. The Auditor is recommended to the members by the Board of Directors following recommendation to the Board by the Audit and

Risk Committee. The Audit and Risk Committee reviews the work and scope of the external audit process through formal meetings with the audit engagement partner. Some of the matters considered in the meeting are:

- a) Independence of the audit firm, engagement partner and audit team,
- b) Audit planning, scope and identification of key areas of audit risk,
- c) Feedback from the audit process and review of the management letter.

During the current year, the auditor did not offer any other services apart from the statutory audit. Remuneration of the auditor is reported on note 7 page 75.

5.0 Risk Management

In running the Group's business in the ever changing regulatory and operating environments, we continue to strengthen compliance and control processes. During the year, the Group structured and documented its operating policies, procedures and processes (policy manual) to foster an effective compliance culture and operating environment. The policy manual deals comprehensively with structure, human resource, policies and activities to identify, assess, monitor and manage compliance and operating risks.

REIZ attaches great importance to the highest ethical standards and principles of corporate governance. The Board therefore ensures that it is in compliance with the requirements of various legislations under which REIZ and its subsidiaries operate. As per our values, we seek to be honest, reliable and fair in dealing with all our interest groups. REIZ and its subsidiaries are incorporated in Zambia under the provisions of the Companies Act. REIZ is listed on the Lusaka Securities Exchange (LuSE) and is regulated by the Securities and Exchange Commission (SEC). The Group's corporate governance systems and practices are therefore based on the LuSE's Code of Conduct.



In the conduct of its business, REIZ stands for the following principles:

1. Commitment to working in an ethical, lawful, and professional manner.
2. Firm stand against corruption of any form and against bribery in order to contribute to good governance and economic development. REIZ therefore neither pays bribes nor accept them, nor induce or permit any other party to make or receive bribes on our behalf.

The Board confirms that REIZ ensured substantive compliance with the Lusaka Securities Exchange Corporate Governance Code throughout the year and that we remain committed to meeting regulatory requirements in the future.

6.0 Corporate Social Responsibility

REIZ recognises that it has responsibilities to many stakeholders. The Group attaches great importance to delivering a balance between pursuing economic returns and promoting the social well-being of the wider communities in the country. The Board supports a number of charitable, social and educational causes on a case by case basis.

The following are some of the projects that have benefited from REIZ's corporate social responsibility activities:

- 1.1 Pakati Sunday Market at Arcades Shopping Mall – REIZ proudly sponsors and provides a platform called Pakati market to advent entrepreneurs. This platform has become one of the biggest flea markets in Zambia through which many emergent retailers and manufacturers sell indigenous Zambian products and artworks, showcasing immense talent of the people of Zambia in

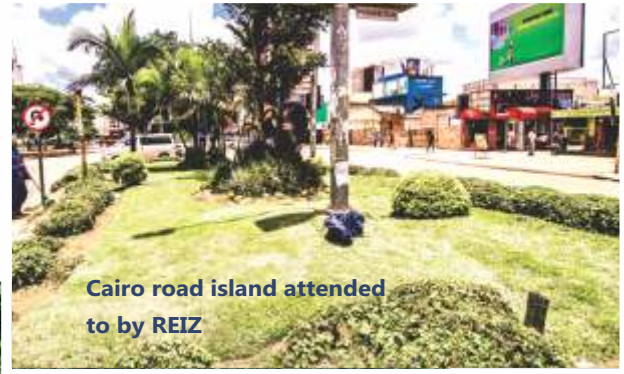
terms of artifacts, curios, crafts, music etc. This famous market which has become very popular to both international and local tourists is held on a weekly basis on Sundays throughout the year. REIZ is committed to continue providing this platform in the foreseeable future and in this vein, the Pakati Market platform is provided for in the current redevelopment of the Arcades shopping mall.



- 2.2 Bus stop and Taxi rank maintenance - REIZ has adopted maintenance of both the bus stop and the taxi rank at Arcades thereby giving traders, commuters and pedestrians easy and clean access to the mall and surrounding areas. REIZ works hand in hand with the bus stop and taxi rank operators to ensure order and cleanliness is maintained at all times. Both bus stop and taxi rank operators have a committee that sits with Arcades Centre Management to ensure order is maintained and the surroundings are kept clean.



2.3 Cairo Road island - REIZ has adopted the Cairo road island section covering Central Park's perimeter along the road and maintains it in promoting keep Lusaka clean and green. This stretch under REIZ's care stands out on the whole of Cairo Road from north end to south end as the best maintained garden.



Corporate social responsibility remains a core part of REIZ's business strategy.

7.0 Shareholders

During the financial year 2023 REIZ had 214,920,876 ordinary shares in issue with LM&C Properties being the majority shareholders at 59.80%.

At an Extraordinary General Meeting held on 3rd November 2023 a resolution was passed by 93.78% of the existing shareholders to raise funds through the rights issue which took take the number of ordinary shares of the company from 214,920,876 to 864,920,876 after the year end. The company through this process issued 650,000,000 shares with 218,321,358 issued to LM&C Properties Limited, 164,061,936 issued to Ancona

Properties, 267,402,130 issued to Forli limited and 364,545 issued to minority shareholders. The Rights Issue achieved the principal objective of issuing of new shares aimed at ensuring the successful acquisition of three prime real estate properties; Acacia Park, Jacaranda Mall, and Lewanika Mall, at a cost of ZMW 1,300,000,000.00. The allotment of shares was sanctioned in the first quarter of 2024 following regulatory approval by the Competition and Consumer Protection Commission of Zambia.

REIZ has a 100% float on the Lusaka Securities Exchange (LuSE) with over 400 shareholders. In



addition to the Group's general meetings, REIZ continues to engage shareholders and attend to their questions, feedback and information needs. This is done through emails, phone calls and one on one meetings with senior management of the Group particularly the Chief Executive Officer and the Company Secretary. A number of shareholders visit the Group's offices throughout the year.

The Group also maintains close interactions with stockbrokers and research analysts who play an

important role in the investment community. Our corporate website www.realinvestzambia.com continues to be key resource for announcements and annual reports. To ensure fair and prompt dissemination of information, we post all new announcements on our website immediately after release on the Securities Exchange News Services (SENS).

Major Shareholders as at 31 December 2023

Shareholders	Number of REIZ shares held	Holding Percentage (%)
LM&C Properties Ltd	128,515,000	59.80%
Saturnia Regna Pension Trust Fund	15,147,206	7.05%
LHG Malta Holdings Ltd	13,209,977	6.15%
Diego Casilli	10,073,152	4.69%
Union Gold (z) Ltd	9,273,779	4.31%
National Pension Scheme Authority	5,691,431	2.65%
Workers' Compensation Fund Control Board	4,206,691	1.96%
Standard Chartered Zambia Securities Services Nominees Ltd	3,602,500	1.68%
First Alliance Bank	3,032,018	1.41%
Kwacha Pension Trust Fund	2,076,931	0.97%
Top Ten Shareholders	194,828,685	90.65%
Others	20,092,191	9.35%
Total Shareholding	214,920,876	100.00%

8.0 Dividend

The Board recommend not to declare and pay dividends for the 2023 financial year (2022 Nil).

9.0 Conclusion

The Board of Directors hereby confirms that the Group has complied with the internal control aspects of the principles of good governance. The financial statements attached to this Annual Report have been approved by the Directors and have been prepared, as reported by the Group's independent auditor, in accordance with IFRS Accounting Standards and its interpretations adopted by the International Accounting Standards Board and

comply with the Companies Act of Zambia.

The Directors are not aware of any material fact, circumstance or event which has occurred between the accounting date and the date of this report which might influence an assessment of the Group's financial position or the results of its operations.

Louis Pulu
Company Secretary

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REGISTERED OFFICE:

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East Park Mall, Plot 5005
Corner of Great East/Thabo Mbeki Roads
P O Box 30012
Lusaka

Telephone 260 211 258057/8

TRANSFER SECRETARIES

Corpserve Transfer Agents Ltd
6 Mwaleshi Road
Olympia Park
Lusaka

COMPANY SECRETARY

Louis Chilufya Pulu
P. O. Box 30012
East Park Mall
Lusaka

AUDITORS

PricewaterhouseCoopers (Zambia)
Stand No. 2374, Thabo Mbeki Road
P. O. Box 30942
Lusaka

SOLICITORS

J&M Advocates
P.O Box FW 202
Lusaka

Solly Patel Hamir & Lawrence
P O Box 34091
Lusaka

BANKERS

Stanbic Bank (Zambia) Limited
Head Office
P.O. Box 31955
Lusaka

Directors' report to the members

The Directors submit their report together with the audited annual financial statements for the year ended 31 December 2023, which disclose the state of affairs and performance of Real Estate Investments Zambia Plc (the "Company") and its subsidiaries (together "the Group").

1 Principal activities

The principal activity of the Group is investment, development and restructuring of commercial, residential and other non-commercial property for commercial letting. There have been no significant changes in the Group's business during the year.

2 Share capital and beneficial owner(s)

The authorised share capital of the Company remained unchanged at 214,920,876 ordinary "A" shares of ZMW1 each. The issued and fully paid-up share capital remained at 214,920,876 ordinary "A" shares of ZMW1 each.

The Group shareholding and beneficial ownership is represented as follows:

Name of shareholder	Percentage of shareholding	Beneficial owner(s)
LM and C Properties Limited	59.80 %	LM and C Properties Limited
Saturnia Regna Pension Trust Fund	7.05%	Saturnia Regna Pension Trust Fund
LHG Malta Holdings Limited	6.15%	LHG Malta Holdings Limited
Other shareholders	27.00%	Other shareholders

3. Significant events during the year

A prior year adjustment has been made to the financial statements to reverse a duplication on the value of right of use assets. The Group duplicated the fair value of right of use assets relating to the land leased from the Agricultural and Commercial Society of Zambia on 3 of their properties, Arcades Mall, Abacus Square and Counting House. Fair values were included in both the investment properties (buildings) value and in the right of use assets value.

4 Results and dividend

The Group loss for the year of ZMW34.3 million (2022: Profit of ZMW62.37 million) has been deducted from retained earnings. The Directors have not declared a dividend (2022 : nil) nor have any dividends been paid during the year.

5 Directorate and Secretary

The Directors who held office during the year and to the date of this report were:

Name	Position	Tenure	Alternates
Kenny H. Makala	Non Executive Director, Chairman	Full year	I. M. Mabbolobolo
Munakupya Hantuba	Non Executive Director	Full year	K . Kashweka
Mark O'Donnell	Non Executive Director	Full year	R. Frangeskides
Efi O'Donnell	Non Executive Director	Full year	C. O'Donnell
Diego Casilli	Non Executive Director	Appointed 1 January 2023	
Dipak Patel	Non Executive Director	Appointed 1 January 2023	

Directors' report to the members *(continued)*

5 Directorate and Secretary *(continued)*

SECRETARY

Louis Chilufya Pulu

6 Directors' fees

Directors' fees of ZMW1.42 million were paid during the year (2022: ZMW0.90 million) as disclosed the financial statements. These fees were for the Group and Company.

7 Interests register information

During the year, the Group officers (Directors and Company Secretary) did not declare any interests in the transactions and business of the group (2022: nil).

The interests register as required by the Companies Act, 2017 of Zambia, that should contain particulars of the interest declared is available for inspection at the Company's registered office.

8 Health and safety

The Group is committed to ensuring the protection of other persons against risks to health or safety arising out of, or in connection with, the activities of the Group.

9. Average number of employees and remuneration

The total remuneration of employees during the year amounted to ZMW7.24 million (2022: ZMW7.70 million). The average number of employees was 10 (2022 : 18).

10 Gifts and donations

During the year the Group did not make any donations (2022: ZMW0.016 million).

11 Property, plant and equipment

During the year, the Group purchased property, plant and equipment amounting to K0.53 million (2022: ZMW0.99 million). In the opinion of the Directors, the carrying value of property, plant and equipment is not more than their recoverable value..

12 Events occurring after the end of the reporting period

In June 2024, the Company acquired a Real Estate Investment Trust ("REIT") status from the Securities and Exchange Commission, and obtained approval for the subsequent listing of the REIT in United States Dollars ("USD") on the Lusaka Securities Exchange (the "LuSE" or the "Exchange"). Going forward the Company will therefore operate under the Securities Exchange Commission REIT guidance. As part of this transition, REIZ acquired Jacaranda Mall, Acacia Park and Lewanika Mall via a share swap. A rights issue was successfully conducted with 650,000,000 new shares being issued taking the total number of issued share capital to 864,920,876. As part of the purchase transactions REIZ will inherit loans associated with these properties.

Directors' report to the members *(continued)***12 Events occurring after the end of the reporting period** *(continued)*

In January 2024, the Company sold part of the leased land at Arcades for U\$1.2 million and also sold the non-income generating land bank at Parkway for US\$ 1 million. Part of the proceeds were used to redeem in full the two Stanbic Bank loans.

13 Going concern

At year end, the Company's current liabilities exceeded its current assets by ZMW543.14 million.

Total liabilities for the Company include a related party payable amounting to ZMW614.97 million. These amounts have been subordinated for the benefit of other creditors of the Company both present and future. In this regard, the claims of all the other creditors of the borrower shall rank preferentially to the claim of the lender (related party). The Groups current liabilities will be paid off during the financial year 2024 through internally generated cashflows.

The investment property values decreased due to deteriorating group occupancy rates which stood at 54% as at 31 December 2023, a decrease of 20% from 74% as at 31 December 2022. The biggest fall in occupancy rates was at Arcades Shopping Mall from 72% in 2022 occupancy rate to 36 % in 2023. This is due to renovations at the mall.

In August 2023, the Company issued a new corporate bond of US\$5 million (ZMW95.04 million) with an interest rate of 9% per annum, which will mature after 3 years for the rehabilitation of Arcades Mall. The Company conducted a rights issue in October 2022 to raise funds to acquire new properties mainly Acacia Park, Jacaranda Mall, and Lewanika Mall.

These properties do generate individually and collectively positive cash flow, thus acquiring these properties under REIZ will have a synergic effect and result in an estimated excess cash of over US\$4.5 million (ZMW116.90 million) for distribution among the shareholders.

Given the facts management's focus for the year 2024 is a positive operating cashflow and a profit after tax for both the Group and Company as a result of the measures noted above.

The Directors are therefore of the opinion that the Group and Company are a going concern on the basis that new strategies that involve acquiring new properties will improve the Group and the Company results and improve the liquidity in the business.

Directors' report to the members *(continued)***14 Corporate governance**

The Board of Directors hereby confirms that the Group and Company have complied with all the internal control aspects of the principles of good governance.

The financial statements have been prepared in accordance with IFRS Accounting Standards and interpretations adopted by the International Accounting Standards Board and comply with the Companies Act 2017, of Zambia and the Securities Act, 2016 of Zambia.

In accordance with Section 147 of the Securities Act 2016, of Zambia the Board of Directors confirms that the Group and Company have in place robust systems of internal controls over financial reporting and security of assets. A gap assessment was performed in 2021 and during the year by an external consulting firm and a report for the year ended 31 December 2021 was issued and shared with the Securities and Exchange Commission focusing on the internal controls and reporting framework. The report highlighted any weaknesses in the control environment and assessed the current internal control framework in place in comparison with the COSO internal controls reporting framework. This financial year end 31 December 2023 the independent external auditors are expected to issue an independent opinion on the effectiveness of the Real Estate Investment Zambia Plc Internal controls in accordance with Section 149 of the Securities and Exchange Act 2016, of Zambia.

15 Group Auditor and remuneration

The Auditor, PricewaterhouseCoopers Zambia, has indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the next annual general meeting.

The Auditor remuneration for the year was ZMW1.3 million (2022 : ZMW1.2 million) as regards audit services.

Signed on behalf of the Board of Directors



Board Chairman

Director

Date: 20 September 2024

Directors' responsibilities in respect of the preparation of the Group and Company financial statements

The Companies Act, 2017 of Zambia requires the Directors to prepare annual financial statements for each financial year that give a true and fair view of the state of affairs of the Group as at the end of the financial year and of its financial performance. It also requires the Directors to ensure that the Group keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group. They are also responsible for safeguarding the assets of the Group. The Directors are further required to ensure the Group adheres to the corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, 2017 of Zambia and the Securities Act 2016, of Zambia.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of annual financial statements, and for such internal controls as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors are of the opinion that the annual financial statements set out on pages 44 to 95 give a true and fair view of the state of the financial affairs of the Company and of its financial performance in accordance with IFRS Accounting Standards as issued by the IASB, the requirements of the Companies Act, 2017 of Zambia, and the Securities Act, 2016 of Zambia.

Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for at least twelve months from the date of these annual financial statements.

Signed on behalf of the Board of Directors

.....
Authorised Director



.....
Authorised Director



Independent auditor's report

Report on the audit of the consolidated and separate annual financial statements

Our opinion

In our opinion, the consolidated financial statements of Real Estate Investments Zambia Plc (the "Company") and its subsidiaries (together the "Group") give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, 2017 of Zambia and the Securities Act, 2016 of Zambia.

What we have audited

Real Estate Investments Zambia Plc consolidated and separate annual financial statements on pages 44 to 95 comprise:

- the consolidated and separate statements of financial position as at 31 December 2023;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate annual financial statements, comprising accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate annual financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate annual financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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A list of Partners is available from the address above





Report on the audit of the consolidated and separate annual financial statements (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of investment property</p> <p>Investment properties are carried at fair value in line with the requirements of IAS 40 <i>Investment Properties</i> and IFRS 13 <i>Fair Value Measurement</i>.</p> <p>The valuation of investment properties is considered a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the complexity of methods used to value the investment properties which involves significant judgement and high estimation uncertainty.</p> <p>The fair value of investment properties as of 31 December 2023 was determined by external property valuation experts appointed by management using the income approach.</p> <p>This approach involves the application of key assumptions and the use of key inputs including: rates per square meter, capitalisation rates, discount rates, vacancy rates, voids, exit capitalisation rates and rental and expense growth rates.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> • Tested the design and operating effectiveness of controls relating to valuation of investment properties; • Assessed the competence, independence and objectivity of the valuation expert by examining their qualifications and experience; • Assessed the information provided by management to the valuer for accuracy and completeness; • Involved our valuation specialists to perform an independent review of the valuations; • Assessed the reasonableness of assumptions used and appropriateness of the valuation methodologies applied; • Tested mathematical accuracy of the computations and reconciled the results of the valuations performed by the expert to the financial statements; and • Reviewed the disclosures in the financial statements for compliance with the requirements of IAS 40: <i>Investment Properties</i> and IFRS 13: <i>Fair Value Measurement</i>

Other information

The Directors are responsible for the other information. The other information comprises the Annual Report but does not include the consolidated and separate annual financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate annual financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate annual financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate annual financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Report on the audit of the consolidated and separate annual financial statements (continued)

Responsibilities of the Directors for the consolidated and separate annual financial statements

The Directors are responsible for the preparation of the consolidated and separate annual financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the requirements of the Companies Act, 2017 of Zambia and the Securities Act, 2016 of Zambia, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate annual financial statements, the Directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated and separate or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Group's and Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate annual financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate annual 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 ISAs 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 consolidated and separate annual financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 for 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 Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' 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 Group's and Company'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 consolidated and separate annual 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 consolidated and separate to cease to continue as a going concern.



Report on the audit of the consolidated and separate annual financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated and separate annual financial statements, including the disclosures, and whether the consolidated and separate annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group annual financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors 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.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated and separate annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Companies Act, 2017 of Zambia

The Companies Act, 2017 of Zambia requires that in carrying out our audit of Real Estate Investments Zambia Plc, we report on whether:

- as required by Section 259 (3)(a), there is a relationship, interest or debt which, ourselves, as the Group and Company Auditor, have in the Group and Company;
- as required by Section 259 (3)(b), there are serious breaches by the Group's and Company's Directors, of corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia; and
- in accordance with Section 250 (2), as regards loans made to a Group or Company Officer (a director, group or Company secretary or executive officer of the group or company), the Group or Company does not state the:
 - particulars of any relevant loan made during the financial year to which the accounts apply, including any loan which was repaid during that year; or
 - amount of any relevant loan, whenever made, which remained outstanding at the end of the financial year.

In respect of the foregoing requirements, we have no matters to report.



Report on other legal and regulatory requirements (continued)

The Securities Act, 2016 of Zambia

Part III, Rule 18 of the Securities (accounting and financial reporting requirements) Rules of the Securities Act, 2016 of Zambia, require that in carrying out our audit of Real Estate Investments Zambia Plc we report on whether:

- i) the consolidated annual financial statements of the Group have been properly prepared in accordance with Securities and Exchange Commission rules;
- ii) the Group has, throughout the financial year, kept proper accounting records in accordance with the requirements of Securities and Exchange Commission rules;
- iii) the consolidated statement of financial position and consolidated statement of comprehensive income are in agreement with the Group's accounting records; and
- iv) we have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In respect of the foregoing requirements, we have no matters to report.

The engagement partner on the audit resulting in this independent auditor's report is Martin Bamukunde.

PricewaterhouseCoopers
Chartered Accountants
Lusaka

30 October 2024

Martin Bamukunde
Practicing Certificate Number: AUD/A009933
Partner signing on behalf of the firm

	Notes	Consolidated	
		2023	2022
			Restated
Rental Income	6	65,338	55,894
Recoveries revenue	8	9,623	-
Property expenses	7	(28,841)	(10,030)
Rental tax	11	(9,522)	(6,841)
Fair value gain on investment property	13b	12,549	74,675
Fair value gain on investment property under development	13b	10,268	6,844
Operating expenses	7	(10,838)	(10,703)
Net impairment losses on financial assets	4b	-	(6,672)
Operating profit		48,577	103,167
Finance income	9	16	19
Finance costs	9	(82,892)	(40,812)
Net Finance costs	9	(82,876)	(40,793)
(Loss)/Profit before income tax		(34,299)	62,374
Income tax expense		-	-
(Loss)/Profit for the year		(34,299)	62,374
Other comprehensive income		-	-
Total comprehensive (loss) / income for the year		(34,299)	62,374
Earnings per share			
Basic earnings per share (ZMW)	21	(0.16)	0.81
Diluted earnings per share (ZMW)	21	-	0.82

Refer to note 32 for details of restatement

	Notes	Company	
		2023	2022
			Restated
Rental Income	6	65,338	55,894
Recoveries revenue	8	9,623	-
Property expenses	7	(27,385)	(8,519)
Rental tax	11	(9,522)	(6,840)
Fair value gain on investment property	13b	12,549	74,675
Fair value gain on investment property under development	13b	10,268	6,844
Operating expenses	7	(10,835)	(10,687)
Net impairment losses on financial assets	4b	-	(6,672)
Operating profit		50,036	104,695
Finance income	9	16	17
Finance costs	9	(82,892)	(40,788)
Net Finance costs	9	(82,892)	(40,771)
(Loss)/Profit before income tax		(32,856)	63,924
Income tax expense		-	-
(Loss)/Profit for the year		(32,856)	63,924
Other comprehensive income		-	-
Total comprehensive (loss) / income for the year		(32,856)	63,924

Refer to note 32 for details of restatement

		Consolidated		
		31 DEC 2023	31 DEC 2022	1 JAN 2022
			Restated	Restated
Assets				
Non-current assets				
Equipment and motor vehicles	12	7,963	9,314	10,250
Lease straight-lining receivable	16	16,285	11,497	10,514
Investment property	13	765,857	781,840	707,165
Investment property under development	14	43,214	23,504	16,660
		833,319	826,155	744,589
Current assets				
Current tax receivable	11	445	444	345
Lease straight-lining receivable	16	688	1,807	734
Other current assets	17	14,186	131	709
Trade and other receivables	18	9,887	14,787	19,768
Cash and cash equivalents	19	111,708	12,421	1,120
		136,914	29,590	22,676
Total Assets		970,233	855,745	767,265
Equity and liabilities				
Equity attributable to owners				
Share capital	20	2,149	2,149	565
Share premium	20	245,261	245,261	90,340
Retained earnings		344,443	378,742	316,368
Total equity attributable to equity holders of the parent		591,853	626,152	407,273
Liabilities				
Non current liabilities				
Convertible redeemable cumulative preferred stock	22	7,824	7,824	7,824
Security deposits	23	8,486	7,524	6,673
Corporate bond	24	238,755	71,692	-
Bank loan	24	10,987	27,747	65,973
Lease liabilities	25	46,371	54,190	47,695
		312,423	168,977	128,165
Current liabilities				
Corporate bond	24	-	4,172	199,050
Bank loan	24	32,137	26,035	2,477
Lease liabilities	25	4,233	5,196	3,678
Current tax payable	11	4,055	4,967	4,382
Trade and other payables	26	25,531	20,245	22,240
		65,956	60,616	231,827
Total Equity and liabilities		970,233	855,745	767,265

Refer to note 32 for details of restatement

The annual financial statements on pages 44 to 95 were approved and authorised for issue by the Board of Directors on 20 September 2024 and signed on its behalf by:

Director

Director

		Company		
		31 DEC 2023	31 DEC 2022	1 JAN 2022
			Restated	Restated
Assets				
Non-current assets				
Equipment and motor vehicles	12	1,097	991	416
Lease straight-lining receivable	16	16,285	11,497	10,514
Investment property	13	765,857	781,840	707,165
Investment property under development	14	43,214	23,504	16,660
Investment in subsidiaries	15	146,961	146,961	146,961
		<u>973,414</u>	<u>964,793</u>	<u>881,716</u>
Current assets				
Current tax receivable	11	-	-	-
Lease straight-lining receivable	16	688	1,807	734
Other current assets	17	14,186	131	172
Trade and other receivables	18	10,407	14,787	19,758
Cash and cash equivalents	19	111,698	12,395	922
		<u>136,979</u>	<u>29,120</u>	<u>21,586</u>
Total Assets		<u>1,110,393</u>	<u>993,913</u>	<u>903,302</u>
Equity and liabilities				
Equity attributable to owners				
Share capital	20	2,149	2,149	565
Share premium	20	245,261	245,261	90,340
Retained earnings		(129,561)	(96,705)	(160,629)
Total equity attributable to equity holders of the parent		<u>117,849</u>	<u>150,705</u>	<u>(69,724)</u>
Liabilities				
Non current liabilities				
Convertible redeemable cumulative preferred stock	22	7,824	7,824	7,824
Security deposits	23	8,486	7,524	6,673
Corporate bond	24	238,755	71,692	-
Bank loan	24	10,987	27,747	65,973
Lease liabilities	25	46,371	54,190	47,695
		<u>312,423</u>	<u>168,977</u>	<u>128,165</u>
Current liabilities				
Corporate bond	24	-	4,172	199,050
Bank loan	24	32,137	26,035	2,477
Lease liabilities	25	4,233	5,196	3,678
Current tax payable	11	1,678	2,550	1,966
Trade and other payables	26	27,100	21,296	22,273
Amounts due to related parties	28	614,973	614,982	615,417
		<u>680,121</u>	<u>674,231</u>	<u>844,861</u>
Total Equity and liabilities		<u>1,110,393</u>	<u>993,913</u>	<u>903,302</u>

Refer to note 32 for details of restatement

The annual financial statements on pages 44 to 95 were approved and authorised for issue by the Board of Directors on 20 September 2024 and signed on its behalf by:



Director



Director

Consolidated	Share capital	Share premium	Retained earnings	Total
Year ended 31 December 2022				
At start of year as previously stated	565	90,340	366,140	457,045
Restatements - correction of overstated fair values for land under lease (note 32)	-	-	(49,772)	(49,772)
Restated balance at the start of the year	565	90,340	316,368	407,273
Profit for the year	-	-	62,374	62,374
Total comprehensive income	-	-	62,374	62,374
Transactions with owners				
Issue of new shares net proceeds	1,584	154,921	-	156,505
At 31 December 2022	2,149	245,261	378,742	626,152
Year ended 31 December 2023				
At start of year	2,149	245,261	378,742	626,152
(Loss) for the year	-	-	(34,299)	(34,299)
Other comprehensive income	-	-	-	-
Total comprehensive (loss)	-	-	(34,299)	(34,299)
At 31 December 2023	2,149	245,261	344,443	591,853

Refer to note 32 for details of restatement

Company	Share capital	Share premium	Retained earnings	Total
Year ended 31 December 2022				
At start of year as previously stated	565	90,340	(110,857)	(19,952)
Restatements - correction of overstated fair values for land under lease (note 32)	-	-	(49,772)	(49,772)
Restated balance at the start of the year	565	90,340	(160,629)	(69,724)
Profit for the year	-	-	63,924	63,924
Total comprehensive income	-	-	63,924	63,924
Transactions with owners				
Transfer to share premium	1,584	154,921	-	156,505
At 31 December 2022	2,149	245,261	(96,705)	150,705
Year ended 31 December 2023				
At start of year	2,149	245,261	(96,705)	150,705
(Loss) for the year	-	-	(32,856)	(32,856)
Total comprehensive (loss)	-	-	(32,856)	(32,856)
At 31 December 2023	2,149	245,261	(129,561)	117,849

Refer to note 32 for details of restatement

		Consolidated	
		2023	2022
			Restated
	Notes		
Cashflows from operating activities			
Cash generated from operations	27	30,590	2,809
Taxes paid	11	(10,435)	(6,355)
		<u>20,155</u>	<u>(3,546)</u>
Cash flows from investing activities			
Interest received	9	-	19
Purchase of equipment and motor vehicles and investment property	12. 14	(9,975)	(994)
Net cash outflow from investing activities		<u>(9,975)</u>	<u>(975)</u>
Cash flows from financing activities			
Coupon interest on preferred stock paid	21	(3,259)	(2,704)
Corporate bond interest paid	27	(9,694)	(17,400)
Corporate bond principal paid	27	-	(105,785)
Interest on other loans and borrowings	27	(3,538)	(4,099)
Repayment of principal on other loans and borrowings	27	(24,823)	(20,589)
Interest on lease liability	25	(6,069)	(111)
Lease principle payment		(3,902)	(1,160)
Proceeds from issue of shares	20	-	156,505
Issue of new corporate bond	27	95,305	-
Net cash inflows from financing activities		<u>44,020</u>	<u>4,657</u>
Net increase in cash and cash equivalents		<u>54,200</u>	<u>136</u>
Movement in cash and cash equivalents			
Cash and cash equivalents at the beginning of the financial year		12,421	1,120
Net Increase		54,200	136
Effects of exchange rate changes on cash and cash equivalents		45,087	11,165
Cash and cash equivalents at end of year		<u>111,708</u>	<u>12,421</u>

Refer to note 32 for details of restatement

		Company	
		2023	2022
			Restated
	Notes		
Cashflows from operating activities			
Cash generated from operations	27	30,594	4,016
Taxes paid	11	(10,394)	(6,256)
		<u>20,199</u>	<u>(2,240)</u>
Cash flows from investing activities			
Interest received	9	-	17
Purchase of equipment and motor vehicles	12, 14	(9,975)	(994)
Net cash outflow from investing activities		<u>(9,975)</u>	<u>(977)</u>
Cash flows from financing activities			
Coupon interest on preferred stock paid	20	(3,259)	(2,704)
Corporate bond interest paid	27	(9,694)	(17,400)
Corporate bond principal paid	27	-	(105,785)
Interest on other loans and borrowings	27	(3,538)	(4,099)
Repayment of principal on other loans and borrowings	27	(24,823)	(20,589)
Interest on lease liability	25	(6,069)	(111)
Lease principle payment		(3,902)	(1,160)
Proceeds from issue of shares	20	-	163,943
Cost of issue of shares	20	-	(7,438)
Issue of new corporate bond	27	95,305	-
Net cash inflows from financing activities		<u>44,020</u>	<u>4,657</u>
Net increase in cash and cash equivalents		<u>54,244</u>	<u>1,440</u>
Movement in cash and cash equivalents			
Cash and cash equivalents at the beginning of the financial year		12,395	922
Net Increase		54,244	1,440
Effects of exchange rate changes on cash and cash equivalents		45,059	10,033
Cash and cash equivalents at end of year		<u>111,698</u>	<u>12,395</u>

Refer to note 32 for details of restatement

1 Material accounting policies

Real Estate Investments Zambia Plc (the "Company") is domiciled in Zambia. The address of the Company's registered office is Real Estate Investments Zambia Plc, East Park Mall, Corner of Great East and Thabo Mbeki Roads, Lusaka. The consolidated financial statements of the Group as at and for the year ended 31 December 2023 comprise the Company and subsidiaries (together referred to as 'the Group' and individually as 'Group entities'). The Group is primarily involved in investment, development and restructuring of commercial, residential and non-commercial property for commercial letting.

(a) Basis of preparation

Compliance with IFRS Accounting Standards

The annual financial statements are prepared in accordance with IFRS Accounting Standards and interpretations issued by the IFRS interpretations Committee (IFRS IC) applicable to entities reporting under IFRS Accounting Standards. The annual financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standard Board (IASB)

Historical cost convention

The annual financial statements have been prepared on historical cost basis, except where otherwise stated in the accounting policies below. The annual financial statements are presented in Zambian Kwacha (ZMW). Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period when assessed as immaterial.

In accordance with the Companies Act, 2017 of Zambia, the annual financial statements for the year ended 31 December 2023 have been approved for issue by the Directors.

The preparation of annual financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(b) Basis of consolidation

The annual financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

1 Material accounting policies (continued)**(b) Basis of consolidation** (continued)*Loss of control*

When the group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related Non-Controlling Interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost

Transactions eliminated on consolidation

Intra- group balances and transactions, and unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised losses are eliminated in the same way as gains, but only to the extent that there is evidence of impairment.

(c) Rental Income

Rental income from investment property is recognised on a straight - line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income receivable recognised on the statement of financial position is derived from the effects of straight lining of operating lease rental income. Rentals in arrears are included under trade and other receivables.

Rental remissions are accounted for as a reduction against rental income in the period that they are granted.

Any security deposit refundable upon the termination of the lease is recognised as a liability in the statement of financial position. The security deposit is derecognised upon being paid when a tenant vacates the premises and restores the premises to its original status or the tenant requests the Company to offset any renovations and repair costs when vacating the premises. It is also derecognised when a tenant with arrears is evicted.

(d) Finance income and finance costs

Finance income comprises interest income on funds invested, bank interest received and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings and dividends on preference shares classified as liabilities. All non – qualifying borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(e) Rental Tax

The tax currently payable is based on gross rental income for the year and this is a final tax. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by reporting date.

1 Material accounting policies (continued)**(f) Borrowing costs**

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period and time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. Substantial period for the Group is any period greater than 6 months. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds

The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised as from the commencement date until substantially all activities necessary to prepare the asset for its intended use or sale to complete development work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

(g) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares, which comprise convertible redeemable cumulative preferred stock.

(h) Foreign currency transactions

Transactions in foreign currencies are translated to Zambian Kwacha (ZMW) at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in other currencies at the reporting date are retranslated to ZMW at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the ZMW at the beginning of the period, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the ZMW at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

1 Material accounting policies (continued)**(h) Foreign currency transactions** (continued)**(i) Financial instruments***(l) Recognition and initial measurement*

Trade receivables are made up of rentals due from tenants. They are generally due for settlement within 30 days and are therefore all classified as current. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets comprise of trade and other receivables and cash and cash equivalents.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at Fair Value Through Profit and Loss (FVTPL):

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities are comprised of bank loans, corporate bond, lease liability, convertible redeemable cumulative preferred stock and qualifying trade and other payables are classified as measured at amortised cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

*(iii) Derecognition**Financial assets*

The Group may enter into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred, or liabilities assumed) is recognised in profit or loss.

(j) Share capital*Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Income tax relating to transactions costs of an equity nature are accounted for in accordance with IAS 12.

1 Material accounting policies (continued)

(j) Share capital (continued)

(iii) *Classification and subsequent measurement*

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Group's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Group's shareholders.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(k) Motor vehicles and equipment

Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Any gains and losses on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. Plant and equipment is derecognised when the item is disposed off, stolen or fully impaired. Plant and equipment which is fully depreciated is still keep in the books with its historical cost equal to the accumulated depreciation.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Depreciation is calculated to write off the cost of items of plant and equipment less their estimated residual value using the method over their estimated useful lives and is generally recognised. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Items of property and equipment are depreciated from the date that they are installed and are ready for use. The estimated useful lives for the current and comparative years of significant items of equipment and motor vehicles are as follows:

	Useful lives	Rates
Equipment	4 - 10 years	10% - 25%
Furniture, fittings and office equipment	4 years	25%
Motor vehicles	3 years	33%
Fixtures and fittings	10 years	10%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. There were no revised estimates in respect of items of plant and equipment during the year.

1 Material accounting policies (continued)**(l) Investment property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. The fair value of investment property is determined by external, independent property valuation experts, having appropriate recognised professional qualifications and have experience in the location and category of the property being valued. The independent valuation experts provide the fair value of the Group's investment property portfolio twice every year.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the costs of material and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

The date of disposal for investment property that is sold is the date the recipient obtains control of the investment property in accordance with the requirements for determining when a performance obligation is satisfied in IFRS 15.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and carrying amount of the item) is recognised in the profit or loss.

Right of Use assets that meet the definition of investment properties are presented within the investment property.

(m) Investment property under development

Property that is being constructed or developed for future use as investment property is classified as investment property under development (development projects) and stated initially at cost. All costs directly associated with the purchase and construction of a property and all subsequent capital expenditure for the development qualify as acquisition costs and are capitalised.

(n) Leases

At inception of a contract, the Group assesses whether a contract is or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The policy is applied to contracts entered, on or after 1 January 2019.

1. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

1 Material accounting policies (continued)**(n) Leases** (continued)

The Group recognizes a right-of-use asset and a lease liability at the commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset relates to land and is accounted for as investment property and has therefore been measured at fair value.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external sources and makes adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability include the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonable certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

1 Material accounting policies (continued)**(n) Leases** (continued)*ii. As a lessor*

At inception or modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not then the lease is an operating lease.

As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interest in the head lease and in the sub-lease separately. It assesses the classification of the sub-lease with reference to the right-of-use asset arising from the head lease, not from the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements of IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under an operating lease as income on a straight-line basis over the lease term as "revenue".

(o) Impairment**Non-derivative financial assets***Financial instruments*

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

1 Material accounting policies (continued)
(o) Impairment (continued)

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 360 days past due.

Measurement of ECLs

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the lease status of each tenant.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 360 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial re-organisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 360 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

1 Material accounting policies (continued)**(p) Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Group's other components whose operating results are reviewed regularly by the Group Board of Directors (being the Group chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

(q) Short term benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, and income taxes.

(s) Fair value measurement

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities (see note 4).

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

1 Material accounting policies (continued)**(s) Fair value measurement** (continued)

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

(t) Investments in subsidiaries

Investments in subsidiaries relate to the cost of stock in the subsidiaries and capital contributions. Investments are initially stated at historical cost and subsequently measured at historical cost less impairment. Historical cost includes expenditure that is directly attributable to the acquisition.

The Company evaluates its investments in subsidiaries for impairment annually and records an impairment loss when the carrying amount of such assets exceeds the recoverable amount. Any impairment loss is recognised in profit and loss.

(u) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to insignificant risk of changes in fair value and are used in the management of short-term commitments.

(v) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amount of its non-financial assets other than investment properties and properties under development to determine whether there is any indication of impairment. If any indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in profit or loss.

2 Changes in accounting policies**(i) New and amended standards adopted by the Group**

The Group has adopted the applicable new, revised or amended accounting pronouncements as issued by the International and Accounting Standards Board (IASB), which were effective for the Group from 1 January 2023.

2 Changes in accounting policies (continued)

The amendments to accounting standards below effective for the reporting period 1 January 2023 did not have any material impact on the Group's accounting policies and required no retrospective adjustments to the annual financial statements of the Group.

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023.

Number	Effective date	Executive summary
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023. (Published May 2021)	The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
IFRS 17, Insurance contracts Amendments	Annual periods beginning on or after 1 January 2023 (Published June 2020)	In response to some of the concerns and challenges raised, the Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard.
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	Annual periods beginning on or after 1 January 2023. (Published February 2021)	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates. At 31 December 2023, the amendments to the standard have no significant impact on the Group.
IFRS 17, 'Insurance contracts'	Annual periods beginning on or after 1 January 2023 (Published May 2017)	The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. At 31 December 2023, the amendments to the standard have no significant impact on the Group.

2 Changes in accounting policies (continued)

(ii) New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 1 January 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. These standards are not expected to have a material impact on the annual financial statements.

Number	Effective date	Executive summary
Amendments to IAS 1 - Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
Amendment to IFRS 16 – Leases on sale and leaseback	Annual periods beginning on or after 1 January 2024 (Published September 2022)	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)	Annual periods beginning on or after 1 January 2024 (Published May 2024)	The amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cashflows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' suppliers finance arrangements are not sufficiently visible, hindering investors' analysis.
Amendments to IAS 21 - Lack of Exchangeability	Annual periods beginning on or after 1 January 2025 (Published August 2023)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

3 Use of estimates and judgement

In preparing these consolidated and separate financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

3.1 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 12 – Investment property - determination of fair value;
- Note 13 – Investment property under development - determination of fair value; and
- Note 4 – Financial instruments - expected credit losses.

3 Use of estimates and judgement (continued)

3.2 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, and reports to the Chief Executive Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS Accounting Standards, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3.3 Recoveries revenue

The Group applied the following judgements that significantly affect the determination of the amount and timing of recoveries revenue:

3.3.1 Determination of performance obligations

For the services provided to tenants of the investment property, (such as cleaning, security etc) as part of the lease agreements into which the Group enters as lessor, the Group has determined that the promise is overall property management service and that the service performed each day is distinct and substantially the same. Although the individual activities that comprise the performance obligation vary significantly throughout the day and from day to day, the nature of the overall promise to provide management service is the same from day to day. Therefore, the Group has concluded that the services to tenants represent a series of daily services that are individually satisfied over time, using a time elapsed measure of progress, because tenants simultaneously receive and consume the benefits provided by the Group.

3.3.2 Principal versus agent considerations - services to tenants

The Group arranges for certain services provided to tenants of investment property included in the contract the group enters into as lessor, to be provided by third parties. The Group has determined that it controls the services before they are transferred to tenants, because it has the ability to direct the use of these services and obtain the benefits from them. In making this determination, the Group has considered that it is primarily responsible for fulfilling the promise to provide these specified services because it directly deals with tenants' complaints and it is primarily responsible for the quality or sustainability of the services. In addition, the Group has discretion in establishing the price that it charges to the tenants for the specified services.

3 Use of estimates and judgement (continued)**3.3 Recoveries revenue** (continued)*3.3.2 Principal versus agent considerations - services to tenants (continued)*

Therefore, the Group has concluded that it is the principal in these contracts. In addition, the Group has concluded that it transfers control of these services over time, as services are rendered by the third party service providers, because this is when tenants receive and at the same time, consume the benefits from these services

4 Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's risk management framework and governance structures are intended to provide comprehensive controls and ongoing management of its major risks. The Board of Directors exercises oversight through delegation from the Board to various sub-committees, notably the Finance and Audit Committee and the Executive Committee.

Financial risk management is carried out by the finance department under policies approved by the Board of Directors.

An overview of the key aspects of risk management and use of financial instruments is provided below:

a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign exchange risk exposure

The Group and Company is exposed to currency risk on purchases that are denominated in a currency other than the functional currency of the Group entities, which is the Zambian Kwacha (K). The other currency in which these transactions primarily are denominated is the United States Dollar (USD).

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(ii) Cash flow and fair value Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument or the future cash flows will fluctuate due to changes in market interest rates.

The Group's exposure to interest rate risk is considered as high as most of its financial liabilities are held on a variable rate basis.

As at 31 December 2023, with all other variables held constant, a 1% (2022: 1%) decrease / increase in the base interest rate would have resulted in a change in profit or loss for the year of ZMW2.89 million (2022: ZMW1.97 million).

4 Financial risk management (continued)
a) Market risk (continued)
(ii) Cash flow and fair value Interest rate risk (continued)

The Group's exposure to foreign currency risk was as follows, based on notional amounts:

Group	31 December 2023			31 December 2022		
	Kwacha	USD	Total	Kwacha	USD	Total
Financial assets						
Trade receivables	2,774	7,113	9,887	7,062	7,725	14,787
Cash and cash equivalents	313	111,395	111,708	252	12,169	12,421
Total	3,087	118,508	121,595	7,314	19,894	27,208
Financial liabilities						
Convertible cumulative redeemable preferred stock	-	7,824	7,824	-	7,824	7,824
Corporate bonds	-	238,755	238,755	-	75,864	75,864
Lease liability	-	50,604	50,604	-	59,386	59,386
Security deposits	1,076	7,410	8,486	1,271	6,253	7,524
Bank loan	-	43,123	43,123	-	53,782	53,782
Trade and other payables	10,469	12,119	22,588	1,069	1,615	2,684
	11,545	359,835	371,380	2,340	204,724	207,064
Net exposure	(8,458)	(241,327)	(249,785)	4,974	(184,830)	(179,856)

Company	31 December 2023			31 December 2022		
	Kwacha	USD	Total	Kwacha	USD	Total
Financial assets						
Trade receivables	2,774	7,113	9,887	7,062	7,725	14,787
Cash and cash equivalents	313	111,395	111,708	252	12,143	12,395
Total	3,087	118,508	121,595	7,314	19,868	27,182
Financial liabilities						
Convertible cumulative redeemable preferred stock	-	7,824	7,824	-	7,824	7,824
Corporate bonds	-	238,755	238,755	-	75,864	75,864
Lease liability	-	50,604	50,604	-	59,386	59,386
Security deposits	1,076	7,410	8,486	1,271	6,253	7,524
Bank loan	-	43,123	43,123	-	53,782	53,782
Trade and other payables	625,920	12,119	638,039	1,069	616,597	617,666
	626,996	359,835	986,831	2,340	819,706	822,046
Net exposure	(623,909)	(241,327)	(865,236)	4,974	(799,838)	(794,864)

4 Financial risk management (continued)
a) Market risk (continued)
(ii) Cash flow and fair value Interest rate risk (continued)

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22
	USD 1.00 to ZMW	20.20	16.98	25.98

As at 31 December 2023, with all other variables held constant, a 10% (2022: 10%) decrease/increase in the exchange rate would have resulted in a change in profit or loss for the year of ZMW24.13 million (2022: ZMW18.48 million) on the Group and ZMW24.13 million (2022 : ZMW29,983 million) on the Company.

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from tenants.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The credit risk is managed by requiring tenants to pay in advance. The quality of a tenant is assessed based on the Audit and Risk Committee's established credit policy under which each new tenant is analysed individually for creditworthiness before entering into a lease agreement.

More than 50 percent of the Group's tenants have been transacting with the Group for at least three years. The Group also requires security deposit from new tenants. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, their industry, trading history with the Group and existence of previous financial difficulties.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date was:

	Group Carrying amounts		Company Carrying amounts	
	2023	2022	2023	2022
	Trade receivables	9,874	12,694	9,874
Other receivables	13	2,093	533	2,093
Bank balances	111,705	12,416	111,695	12,390
	121,592	27,203	122,102	27,177

Note

4 Financial risk management (continued)**b) Credit risk** (continued)**(i) Exposure to credit risk** (continued)*a) Risk management*

For banks and financial institutions, the Group only accepts reputable well-established financial institutions. The Group's risk control unit assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by the board.

b) Security

The Group does not hold any financial instruments subject to price risk (2022: Nil).

c) Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- Trade receivables
- Cash at bank and cash equivalents
- Other financial assets at amortised cost

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months to 31 December 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Management exercises judgement in the assessment of the credit risk for the measurement of the expected credit losses. The following information is taken into account when assessing the credit risk:

- The existing and expected changes in business and economic conditions that may cause a significant decrease in the debtors ability to meet its debt obligations.
- Historical recoverability and financial viability of the debt is assessed using the simplified approach.
- Irrespective of the outcome of the above, the Company presumes that the credit risk on trade receivables has increased significantly since initial recognition when contractual payments are more than past due, unless the Company has reasonable information that demonstrates otherwise.

The amount that best represents the Group's maximum exposure to credit risk is the carrying value of its financial assets as presented in the statement of financial position.

4 **Financial risk management** (continued)

b) **Credit risk** (continued)

(I) **Exposure to credit risk** (continued)

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Group		Company	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
Financial services sector	2,060	2,734	2,060	2,734
Retail sector	3,293	2,084	3,293	2,084
IT and Telecommunications	1,946	1,508	1,946	1,508
Accountancy and Consultancy	43	108	43	108
Food & restaurants	45	853	45	853
Other sectors	2,487	5,407	2,487	5,407
	9,874	12,694	9,874	12,694

There was no interest income recognised on impaired assets.

(ii) **Impairment losses**

Expected credit loss assessment for individual customers.

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the lease status of each tenant.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from individual customers.

Group and Company - 31 December 2022

	Current	31-60 days past due	61-90 days past due	91-180 days past due	Over 180 days past due	Total
Gross carrying amount	2,277	2,225	1,215	847	45,868	52,432
Expected Loss rate	3.86%	9.40%	10.80%	13.12%	85.46%	
Loss allowance	(88)	(209)	(131)	(111)	(39,199)	(39,738)
Net carrying amount	2,189	2,016	1,084	736	6,669	12,694

Group and Company - 31 December 2023

	Current	31-60 days past due	61-90 days past due	91-180 days past due	Over 180 days past due	Total
Gross carrying amount	1,669	2,130	1,868	1,773	9,771	17,211
Expected Loss rate	3.45%	9.40%	10.80%	13.12%	68.00%	
Loss allowance	(58)	(200)	(202)	(233)	(6,644)	(7,337)
Net carrying amount	1,611	1,930	1,666	1,540	3,127	9,874

4 Financial risk management (continued)
b) Credit risk (continued)
(ii) Impairment losses (continued)

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows.

Group and Company	31 December 2023	31 December 2022
Opening balance at 1 January	39,734	37,004
Net trade receivables written off	(32,397)	2,734
Closing balance at 31 December	7,337	39,738

iii) Cash and cash equivalents

The Group held cash and cash equivalents of ZMW111.7 million at 31 December 2023 (2022: ZMW12.42 million). The cash and cash equivalents are held with highly rated bank and financial institution counterparties in Zambia. Impairment assessment on cash and cash equivalents was measured on a 12-month expected loss basis and, due to the short maturities of the exposures (3 months), the Group considers that its cash and cash equivalents have low credit risk. The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities.

The impairment allowance on cash and cash equivalents in 2023 was immaterial (2022: Immaterial).

iv) Other receivables

Other receivable constitutes of the VAT recoverable. The impairment allowance on VAT recoverable was immaterial.

c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its forecast liquidity reserve on the basis of expected cashflows. Then Group maintains the level of its cash flow and cash equivalents at an amount in excess of expected cash outflows on financial liabilities through cash flow forecasts.

4 Financial risk management (continued)
c) Liquidity risk (continued)
i. Financial arrangements

The Group had no undrawn borrowing facilities at the end of the reporting period (2020: nil).

ii. Remaining contractual maturities of financial liabilities

Group - 31 Dec 2023		Carrying amount	Contractual cash flow	Due within 3 months	Due between 3-12 months	Due between 1-2 years	Due between 2-3 years	Due between 3-5 years	Due over 5 years
Corporate bond	238,755	315,454	4,419	13,258	17,678	17,678	262,421	-	
Convertible cumulative redeemable preferred stock	7,824	8,450	-	626	-	-	-	7,824	
Lease liability	50,604	55,032	1,107	3,321	4,428	4,428	4,428	37,320	
Security deposits	8,486	8,486	-	8,486	-	-	-	-	
Trade and other payables*	23,678	23,678	23,678	-	-	-	-	-	
Bank loan	43,123	45,839	8,978	25,730	11,130	-	-	-	
Total financial liabilities	372,470	456,939	38,182	51,421	33,236	22,106	266,849	45,144	

Group - 31 Dec 2022		Carrying amount	Contractual cash flow	Due within 3 months	Due between 3-12 months	Due between 1-2 years	Due between 2-3 years	Due between 3-5 years	Due over 5 years
Corporate bond	75,864	80,037	1,043	3,129	4,173	4,173	67,519	-	
Convertible cumulative redeemable preferred stock	7,824	8,450	-	626	-	-	-	7,824	
Lease liability	59,386	64,581	1,298	3,897	5,196	5,196	5,196	43,798	
Security deposits	7,524	7,524	-	7,524	-	-	-	-	
Trade and other payables*	20,246	20,246	20,246	-	-	-	-	-	
Bank loan	53,782	57,332	7,097	20,862	27,816	1,557	-	-	
Total financial liabilities	224,626	238,170	29,684	36,038	37,185	10,926	72,715	51,622	

Company - 31 Dec 2022		Carrying amount	Contractual cash flow	Due within 3 months	Due between 3-12 months	Due between 1-2 years	Due between 2-3 years	Due between 3-5 years	Due over 5 years
Corporate bond	75,864	80,037	1,043	3,129	4,173	4,173	67,519	-	
Convertible cumulative redeemable preferred stock	7,824	8,450	-	626	-	-	-	7,824	
Lease liability	59,386	64,581	1,298	3,897	5,196	5,196	5,196	43,798	
Security deposits	7,524	7,524	-	7,524	-	-	-	-	
Trade and other payables*	617,666	617,666	1,681	615,985	-	-	-	-	
Bank loan	53,782	57,332	7,097	20,862	27,816	1,557	-	-	
Total financial liabilities	822,046	835,590	11,119	652,023	37,185	10,926	72,715	51,622	

Company - 31 Dec 2023		Carrying amount	Contractual cash flow	Due within 3 months	Due between 3-12 months	Due between 1-2 years	Due between 2-3 years	Due between 3-5 years	Due over 5 years
Corporate bond	238,755	315,454	4,419	13,258	17,678	17,678	262,421	-	
Convertible cumulative redeemable preferred stock	7,824	8,450	-	626	-	-	-	7,824	
Lease liability	50,604	55,032	1,107	3,321	4,428	4,428	4,428	37,320	
Security deposits	614,973	614,973	-	614,973	-	-	-	-	
Trade and other payables*	8,486	8,486	-	8,486	-	-	-	-	
Bank loan	23,678	23,678	23,678	-	-	-	-	-	
Bank loan	43,123	45,839	8,978	25,730	11,130	-	-	-	
Total financial liabilities	987,443	1,071,912	38,182	666,394	33,236	22,106	266,849	45,144	

It is not expected that the cash flows included in the above maturity analysis could occur significantly earlier, or at significantly different amounts.

4 Financial risk management (continued)
(d) Fair values versus carrying amounts

The fair values of the corporate bonds, convertible redeemable cumulative preferred stock and the Bank loan are estimated using discounted cash flow techniques, applying the observable contractual rates and maturities, making the instruments rank as Level 2 in the fair value hierarchy. Due to the short-term maturity periods of all the other financial instruments, their fair values approximate their carrying amounts. All financial instruments are at amortised cost in the financial statements.

The fair values of the Group's financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

Group	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade and other receivables	9,887	9,887	14,787	14,787
Cash and cash equivalents	111,708	111,708	12,421	12,421
Convertible redeemable cumulative preferred stock	(7,824)	(8,450)	(7,824)	(8,450)
Lease liability	(50,604)	(55,032)	(59,386)	(64,852)
Corporate bonds	(238,755)	(315,454)	(75,864)	(80,037)
Bank loan	(43,123)	(45,839)	(53,782)	(57,332)
Trade and other payables	(23,678)	(23,678)	(2,684)	(2,684)
	(242,389)	(326,858)	(172,332)	(186,147)

Company	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade and other receivables	10,407	14,787	14,787	14,787
Cash and cash equivalents	111,698	12,395	12,395	12,395
Convertible redeemable cumulative preferred stock	(7,824)	(8,450)	(7,824)	(8,450)
Lease liability	(50,604)	(55,032)	(59,386)	(64,852)
Corporate bonds	(238,755)	(315,454)	(75,864)	(80,037)
Bank loan	(43,123)	(45,839)	(53,782)	(57,332)
Trade and other payables	(638,651)	(638,651)	(617,666)	(617,666)
	(856,852)	(1,036,244)	(787,340)	(801,155)

5 Operating segments

The Group has two reportable segments. These two segments represent strategic supply lines. For each of the strategic supply lines, the Group's Board of directors reviews internal management reports on a quarterly basis.

The following summary describes the nature of each of the supply lines:

- Retail
- Office and residential

Office and residential is reported as one segment since the revenue and operation costs are reported the same way. The Company issues invoices and accounts for service and utility costs the same way for office and residential clients. Information related to each reportable segment is included below and has been presented using the Group's presentation currency. Performance is measured based on services, growth and profit before income tax, as included in the internal management reports that are reviewed by the Board. Segment growth and profit are used to measure performance as management believes that such information is relevant in evaluating the results of the segment.

The Group operates in one geographical segment (Zambia).

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred to acquire segment assets that are expected to be used for more than one year.

Year ended December 2022

	Retail	Office and residential	Total
Rental Income	21,949	33,945	55,894
Depreciation	-	1,930	1,930
Net rental income	18,018	27,846	45,864
Rental tax	(2,744)	(4,097)	(6,841)
Change in fair value of investment property	(15,285)	89,960	74,675
Change in fair value of investment property under development	(1,401)	8,245	6,844
Operating expenses	(4,281)	(6,422)	(10,703)
Other operating expenses	(2,669)	(4,003)	(6,672)
Interest income	3	16	19
Interest expense	-	(40,788)	(40,788)
Realised exchange losses	(24)	-	(24)
(Loss)/profit before tax	(8,383)	70,757	62,374
Income tax expense	-	-	-
(Loss)/profit for the year	(8,383)	70,757	62,374

5 Operating segments (continued)

Year ended December 2023	Retail	Office and residential	Total
Rental Income	26,802	38,537	65,339
Depreciation	-	1,844	1,844
Net rental income	15,953	20,544	36,497
Rental tax	(3,904)	(5,618)	(9,522)
Change in fair value of investment property	4,385	8,164	12,549
Change in fair value of investment property under development	3,588	6,680	10,268
Recoveries	3,849	5,774	9,623
Operating expenses	(4,443)	(6,395)	(10,838)
Interest expense	(34,005)	(48,871)	(82,876)
(Loss) before tax	(14,577)	(19,722)	(34,299)
Income tax expense	-	-	-
(Loss) for the year	(14,577)	(19,722)	(34,299)

The segment assets and liabilities and cash flows as at 31 December 2022 were as follows:

Year ended 31 December 2022	Retail	Office and residential	Total
Segment assets	564,238	291,507	855,745
Investment property	319,528	462,312	781,840
Investment property under development	-	23,504	23,504
Segment liabilities	2,959	226,634	229,593
Corporate bond	75,864	-	75,864
Bank loan	26,890	26,890	53,780
Lease liability	36,788	22,598	59,386
Capital expenditure	994	-	994

Year ended 31 December 2023	Retail	Office and residential	Total
Segment assets	623,374	346,859	970,233
Investment property	376,072	389,784	765,856
Investment property under development	-	43,214	43,214
Segment liabilities	37,838	340,541	378,379
Corporate bond	23,876	214,880	238,756
Bank loan	4,312	38,811	43,123
Lease liability	5,060	45,544	50,604
Capital expenditure	-	533	533

5 Operating segments (continued)

Segment assets comprise primarily plant and equipment, lease straight lining, receivable, investment property, investment property under development, trade and other receivables and operating cash. Segment liabilities comprise operating liabilities, long term loans and corporate borrowings.

Capital expenditure comprises additions to plant and equipment, and development of investment property and investment property under development.

The segment cashflows during the year were as follows:

Year ended 31 December 2022		Retail	Office and residential	Total
Net cash outflows from operating activities	(47)	(3,499)	(3,546)	
Net cash inflows/(outflows) from investing activities	3	(978)	(975)	
Net cash inflows from financing activities	-	4,657	4,657	
Net decrease/increase in cash and cash equivalents	(44)	180	136	
Cash and cash equivalents at beginning of the year	87	1,033	1,120	
Effect of exchange rate fluctuations on cash held	(24)	11,189	11,165	
Cash and cash equivalents at end of the year	19	12,402	12,421	

Year ended 31 December 2023		Retail	Office and residential	Total
Net cash outflows from operating activities	222	19,933	20,155	
Net cash inflows/outflows from investing activities	853	84,476	85,329	
Net cash inflows from financing activities	(513)	(50,772)	(51,285)	
Net decrease/increase in cash and cash equivalents	562	53,637	54,199	
Cash and cash equivalents at beginning of the year	996	11,426	12,422	
Effect of exchange rate fluctuations on cash held	451	44,636	45,087	
Cash and cash equivalents at end of the year	2,009	109,699	111,708	

6 Rental income

	Group		Company	
	2023	2022	2023	2022
Rental income- office and residential	26,801	32,727	26,801	32,727
Rental income- retail	35,200	21,949	35,200	21,949
Lease straight-lining income	3,337	1,218	3,337	1,218
Gross rental income	65,338	55,894	65,338	55,894

There were no rental remissions granted during the year (2022: ZMW1.99 million)

The Group leases out its commercial properties under operating leases. All operating leases are for terms of 1 – 5 years with varying escalation, renewal and termination clauses. There are no contingent rents included in the rental income.

7 Breakdown of expenses by nature

	Group		Company	
	2023	2022	2023	2022
<i>Property expenses</i>				
Salaries	979	1,502	979	1,502
Repairs and maintenance	3,392	1,554	3,392	1,554
Letting costs	402	179	402	179
Electricity and water	9,468	586	9,468	586
Council rates and leased land rentals	1,922	1,339	1,922	1,339
Security	2,540	983	2,540	983
Cleaning and refuse removal	952	444	952	444
Insurance	833	675	833	675
Depreciation expense	1,884	1,930	428	419
Legal and professional expenses	1,198	592	1,198	592
Property management fees	5,116	-	5,116	-
Valuation fees	155	246	155	246
	28,841	10,030	27,385	8,519
<i>Operating expenses</i>				
Advertising and promotion	333	82	333	82
Taxation fees	-	85	-	85
Salaries	6,263	6,199	6,263	6,199
National Pension Scheme Authority	-	118	-	118
Audit fees	1,320	1,228	1,320	1,228
Secretarial fees	8	31	8	31
Computer expenses	190	302	190	302
Consultancy	132	329	132	329
Donations	-	16	-	16
Listing fees	342	702	341	702
Printing and stationery	285	158	285	158
Telephone and postage	23	31	23	31
Bank charges	155	142	153	126
Directors' fees	1,416	904	1,416	904
Board expenses	117	33	117	33
Medical, staff welfare and training	87	193	87	193
Workers compensation	5	5	5	5
Motor vehicle expenses	162	145	162	145
	10,838	10,703	10,835	10,687
Total Expenses	39,679	20,733	38,220	19,206

The donations wholly relate to the maintenance of Cairo road gardens.

8 Recoveries revenue

	Group		Company	
	2023	2022	2023	2022
Council rates recovery	489	-	489	-
Electricity	3,912	-	3,912	-
Water and Sewerage	2,578	-	2,578	-
Ground maintenance Security	575	-	575	-
Cleaning and refuse collection	1,405	-	1,405	-
	664	-	664	-
	9,623	-	9,623	-

9 Finance income / (costs)

	Group		Company	
	2023	2022	2023	2022
<i>Finance Costs</i>	16	-	-	-
Foreign exchange gain	-	19	-	17
Interest income on bank deposits	16	19	-	17
<i>Finance costs</i>	(60,333)	(11,860)	(60,333)	(11,836)
Foreign exchange (loss)	(9,694)	(17,400)	(9,694)	(17,400)
Interest on corporate bonds	(3,538)	(4,099)	(3,538)	(4,099)
Interest on bank loan	(6,069)	(4,749)	(6,069)	(4,749)
Interest on lease liability	(3,258)	(2,704)	(3,258)	(2,704)
Coupon interest on convertible cumulative redeemable preferred stock	(82,892)	(40,812)	(82,892)	(40,788)
Net finance costs	(82,876)	(40,793)	(82,892)	(40,771)

10 Employee benefits

	Group		Company	
	2023	2022	2023	2022
Salaries and wages	7,191	7,646	7,191	7,646
Retirement benefits costs:				
Pension costs (NAPSA)	51	55	51	55
	7,242	7,701	7,242	7,701
Allocated as :				
Property expenses	979	1,502	979	1,502
Administrative expenses	6,263	6,199	6,263	6,199
	7,242	7,701	7,242	7,701

11 Taxation
(a) Rental tax

Total income tax expense recognised in the statement of profit or loss
--

Group		Company	
2023	2022	2023	2022
<u>9,522</u>	<u>6,841</u>	<u>9,522</u>	<u>6,840</u>

Following the change in the tax legislation the Group is no longer subject to tax on profits. From 2014 to 2021, the Group was subject to withholding tax at 10% on gross rental income which was a final tax. Effective 1 January 2022, Withholding tax was replaced by rental tax and the rate applied on rental turnover is 12.5%. The rental tax is a final tax and therefore there is no deferred tax. Other sources of income are liable to tax at 30% apart from dividends and property transfer tax which are taxed at 15% and 5% respectively.

Year ended 31 Dec 2022	Group			Company		
	Income	Tax rate	Tax	Income	Tax rate	Tax
Gross rental income	54,676	12.5%	6,835	54,676	12.5%	6,835
Bank interest	19	30%	6	17	30%	5
	<u>54,695</u>		<u>6,841</u>	<u>54,693</u>		<u>6,840</u>

Year ended 31 Dec 2023	Group			Company		
	Income	Tax rate	Tax	Income	Tax rate	Tax
Gross rental income	62,001	12.5%	7,754	62,001	12.5%	7,754
Prior period under provision	14,144	12.5%	1,768	14,144	12.5%	1,768
	<u>76,145</u>		<u>9,522</u>	<u>76,145</u>		<u>9,522</u>

(b) Current taxation movement in statement of financial position

	Group		Company	
	2023	2022	2023	2022
Balance at 1 January	4,523	4,037	2,550	1,966
Prior period under provision	1,768	-	1,768	-
Current tax expense	7,754	6,841	7,754	6,840
	<u>14,045</u>	<u>10,878</u>	<u>12,072</u>	<u>8,806</u>
Less: tax paid	(10,435)	(6,355)	(10,394)	(6,256)
Tax payable	<u>3,610</u>	<u>4,523</u>	<u>1,678</u>	<u>2,550</u>
Analysis of tax payable				
Tax receivable	(445)	(444)	-	-
Tax payable	4,055	4,967	1,678	2,550
Net tax payable	<u>3,610</u>	<u>4,523</u>	<u>1,678</u>	<u>2,550</u>

12 Equipment and motor vehicles

Group	Plant and equipment	Furniture, fittings and office equipment	Motor vehicles	Fixtures and fittings	Total
Year ended 31 December 2022					
Opening net book value	8,540	6	286	1,418	10,250
Additions	-	994	-	-	994
Depreciation	(887)	(271)	(141)	(631)	(1,930)
Closing net book amount	7,653	729	145	787	9,314
At 31 December 2022					
Cost	22,067	3,868	2,011	11,268	39,214
Accumulated depreciation	(14,414)	(3,139)	(1,866)	(10,481)	(29,900)
Net book value	7,653	729	145	787	9,314
Year ended 31 December 2023					
Opening net book value	7,653	729	145	787	9,314
Additions	-	533	-	-	533
Depreciation	(887)	(271)	(141)	(585)	(1,884)
Closing net book amount	6,766	991	4	202	7,963
At 31 December 2022					
Cost	22,067	4,401	2,011	11,268	39,747
Accumulated depreciation	(15,301)	(3,410)	(2,007)	(11,066)	(31,784)
Net book value	6,766	991	4	202	7,963

* Included in equipment and motor vehicles are fully depreciated assets with a cost of ZMW0.08 million (2022 : ZMW0.08 million)

Company	Plant and equipment	Furniture, fittings and office equipment	Motor vehicles	Fixtures and fittings	Total
Year ended 31 December 2022					
Opening net book value	82	-	286	48	416
Additions	-	994	-	-	994
Depreciation	(23)	(246)	(141)	(9)	(419)
Closing net book amount	59	748	145	39	991
At 31 December 2022					
Cost	2,958	1,291	2,011	6,601	12,861
Accumulated depreciation	(2,899)	(543)	(1,866)	(6,562)	(11,870)
Net book value	59	748	145	39	991
Year ended 31 December 2023					
Opening net book value	59	748	145	39	991
Additions	-	-	-	534	534
Depreciation	(23)	(246)	(141)	(18)	(428)
Closing net book amount	36	502	4	555	1,097
At 31 December 2022					
Cost	2,958	1,291	2,011	7,135	13,395
Accumulated depreciation	(2,922)	(789)	(2,007)	(6,580)	(12,298)
Net book value	36	502	4	555	1,097

* Included in equipment and motor vehicles are fully depreciated assets with a cost of ZMW0.12 million (2022 : ZMW0.12 million)

13 Investment property

	Group		Company	
	2023	2022 Restated	2023	2022 Restated
Buildings				
Opening balance	456,543	417,416	456,543	417,416
Net (loss)/gain from fair value adjustment	91,500	39,127	91,500	39,127
Closing balance at 31 December	548,043	456,543	548,043	456,543
Right of use assets - land				
Opening balance	325,297	289,749	325,297	289,749
Lease remeasurements	(28,532)	-	(28,532)	-
	296,765	289,749	296,765	289,749
Net (loss) / gain from fair value adjustment	(78,951)	35,548	(78,951)	35,548
Closing balance at 31 December	217,814	325,297	217,814	325,297
Total investment property	765,857	781,840	765,857	781,840

In the prior year, the Company did not present or disclose separately the value of right of use assets for Government leased land and this contravened the Zambia Institute of Chartered Accountants guidance which requires a lessee to present in the statement of financial position, or disclose in the notes right-of-use assets separately from other assets. A reclassification prior year adjustment has been made.

In the prior year, the Company presented the change in fair value on investment property and the change in fair value of investment property under development under one line in the statement of comprehensive income despite presenting the related asset balances separately in the statement of financial position. A reclassification prior year adjustment has been made to correct the inconsistency.

Refer to note 32 for further detail of the restatements.

(a) **Investment property comprises a number of commercial and residential properties that are leased to third parties.**

A 1 to 5-year lease contract is drawn up for each customer containing terms and conditions which include the commencement date, duration and termination, security deposit, maintenance of premises, security and insurance. No contingent rent is charged.

A rental security deposit of up to a maximum of three months rental payments is paid prior to occupying the property. The security deposit is refundable to customers on leaving the premises, provided the property is left in accordance with the agreed terms and conditions of the lease contract. The security deposits are disclosed at note 21 in the notes to the Group and Company financial statements.

The Group leases out its investment property and these have been classified as operating leases. The investment property includes leased land upon which buildings owned by the Group sit and this has been accounted for as investment property in accordance with IAS 40 Investment Property. When both leasehold land and buildings is classified as investment property, separate measurement of the land and buildings elements is not required. The land leases contain initial

13 Investment property (continued)

non-cancellable lease terms of 50 (fifty) to 70 (seventy) years. The leases provide the Group with options to extend at the end of the initial term.

Three investment properties (Nyerere Road Office park, Farmers House Main Building and Eureka Industrial Park) and one investment property under development (Parkway Development) with a combined fair value of ZMW200 million (2022: ZMW176 million) were pledged as security for bank loans with a tenor of 5 years at an interest rate of 6.6% (see note 22).

b) Measurement of fair value

The fair value of investment property was determined by management's appointed external, independent property valuation experts Quadrant Properties (PTY) Ltd., having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuation experts provide the fair value of the Group's investment property portfolio every year as at the reporting date.

As various inputs are used in the valuation, calculations are based on assumptions and hence property valuations are inherently subjective and subject to a degree of uncertainty. The external valuers have made a number of assumptions in forming their opinion on the valuation of the investment properties and although these assumptions are in accordance with Global Professional Valuation Standards, if any prove to be incorrect, it may mean that the value of the Group's properties differs from their valuation reported in the financial statements, which could have a material effect on the Group's financial position.

The fair value measurement for investment property of ZMW765 million (31 December 2022: ZMW781 million) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 3). The following table shows a reconciliation of the change in fair values where straight lining income is recognised in the statement of profit or loss and other comprehensive income, the fair value of level 3 asset are reduced by corresponding amount to ensure no duplication of the impact on fair values of future increase in the income stream expected from assets.

Reconciliation of change in fair value

	Group		Company	
	2023	2022	2023	2022
Fair value gain on investment property				
-Fair value of investment property determined by external valuer	91,500	39,127	91,500	39,127
- Fair value adjustment on right of use assets	(78,951)	35,548	(78,951)	35,548
Total fair value gain on investment property	12,549	74,675	12,549	74,675
- Fair value gain on investment property under development	10,268	6,844	10,268	6,844
Total changes in fair value	22,817	81,519	22,817	81,519

Valuation technique and significant unobservable inputs used

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used. The valuations are performed in United States Dollars and then translated into Zambian Kwacha using the closing exchange rate at the year end. This is because most rentals are billed in United States Dollars.

13 Investment property (continued)
b) Measurement of fair value (continued)

Valuation technique and significant unobservable inputs used (continued)

The appropriate discount rates were determined from analysis of the rates implicit in comparable transactions derived with market transactions. The single discount rate used reflected the highest risk-adjusted discount rate in the property portfolio. The rental growth applied in the valuation assessment are in accordance with the escalation rates indicated in contractual signed lease agreements which are in the ranges indicated in the table below. In view of the oversupply of office and retail space these rental growths are being constrained and even being capped in most cases.

Void periods vary on a case-by-case basis depending on the landlords marketing aggression. The valuations considered the size of the unit, permitted use and location within the site. Smaller units tend to have shorter leasing periods with a period of one year while bigger units are leased for longer periods up to 24 months and 36 months.

Occupancy rate weighted average rate took into account that the fact that units such as Abacus, Nyerere and Judiciary are fully occupied, others such as Eureka Industrial Park, Central Park with high voids while Arcades had the highest voids. In view of the marketing projections that were made for properties with lower occupancy rates, these tendered to have an effect of lowering the market values.

Rent-free periods also referred to as "fit out periods" are offered to tenants for period of one month to provide them with an opportunity to fit out their units before commencing business operations. The valuation assessments did not consider these rent-free periods and only took in to account the rental income from the date revenues starts flowing in.

The right of use assets- land leases are included as part of investment property since they operate under the same market conditions.

Retail properties

Valuation technique	Significant unobservable inputs	Inter-relationships between Key unobservable inputs and fair value measurement
<p>Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary) tenant credit quality and lease terms.</p>	<ul style="list-style-type: none"> • Expected market rental growth (3.25%). • Void periods (average 6 months after the end of each lease). • Occupancy rate (38%). • Rent-free periods (1- 3 months period on new leases). • Risk-adjusted discount rates (13%). 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • expected market rental growth were higher (lower); • void periods were shorter (longer); • the occupancy rates were higher (lower) • Rent-free periods were shorter (longer); or • the risk-adjusted discount rate was lower (higher).

13 Investment property (continued)
b) Measurement of fair value (continued)

Office properties

Valuation technique	Significant unobservable inputs	Inter-relationships between Key unobservable inputs and fair value measurement
<p>Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary) tenant credit quality and lease terms.</p>	<ul style="list-style-type: none"> • Expected market rental growth (3.25%). • Void periods (average 6 months after the end of each lease). • Occupancy rate (68 - 98%, weighted average 73%) • Rent-free periods (1- 3 months period on new leases). • Risk-adjusted discount rate (12.50% - 13.00%. Weighted average 12.75%). 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • expected market rental growth were higher (lower); • void periods were shorter (longer); • the occupancy rates were higher (lower) • Rent-free periods were shorter (longer); or • the risk-adjusted discount rate was lower (higher).

Residential properties

Valuation technique	Significant unobservable inputs	Inter-relationships between Key unobservable inputs and fair value measurement
<p>Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary) tenant credit quality and lease terms.</p>	<ul style="list-style-type: none"> • Expected market rental growth (3.25%). • Void periods (average 6 months after the end of each lease). • Occupancy rate (69.00%) • Rent-free periods (1- 3 months period on new leases). • Risk-adjusted discount rate (11.75%). 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • expected market rental growth were higher (lower); • void periods were shorter (longer); • the occupancy rates were higher (lower) • Rent-free periods were shorter (longer); or • the risk-adjusted discount rate was lower (higher).

(c) Minimum lease payments of rental income

	Group		Company	
	2023	2022	2023	2022
Falling due within				
- One year	49,702	54,347	49,702	54,347
- 2 - 5 years	74,102	19,350	74,102	19,350

14 Investment property under development

Investment property under development comprises expenditure incurred to the reporting date on investment property in the course of construction.

	Group		Company	
	2023	2022	2023	2022
Balance at 1 January	23,504	16,660	23,504	16,660
Additions	9,442	-	9,442	-
Change in fair value	10,268	6,844	10,268	6,844
Balance at end 31 December	43,214	23,504	43,214	23,504

The fair value of investment property under development was determined by management's appointed external, independent property valuation experts Quadrant Properties (PTY) Ltd., having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuation experts provide the fair value of the Group's investment property portfolio every year as at the reporting date. The method used in valuing investment property under development is the market approach. The valuation expert uses the amount payable for similar property in similar areas. There were no disposal of investment properties under development during the financial year.

15 Investments in subsidiaries

	Group		Company	
	2023	2022	2023	2022
Subsidiaries				
Thistle Land Development Company Limited	-	-	13,004	13,004
Arcades Development Plc	-	-	133,957	133,957
	-	-	146,961	146,961

16 Lease straight-lining receivable

	Group		Company	
	2023	2022	2023	2022
Opening balance at 1 January	13,304	11,248	13,304	11,248
Effect of translation differences	332	838	332	838
Effects of straight-lined lease income	3,337	1,218	3,337	1,218
Closing balance at 31 December	16,973	13,304	16,973	13,304
Non-current	16,285	11,497	16,285	11,497
Current	688	1,807	688	1,807
	16,973	13,304	16,973	13,304

17 Other current assets

Prepayments

Group	
2023	2022
14,186	131

Company	
2023	2022
14,186	131

18 Trade and other receivables

Trade receivables
Loss allowance (note 4b)
Other receivables

Group	
2023	2022
17,212	52,432
(7,338)	(39,738)
9,874	12,694
13	2,093
9,887	14,787

Company	
2023	2022
17,212	52,432
(7,337)	(39,738)
9,875	12,694
532	2,093
10,407	14,787

The carrying value of trade and other receivables approximates their fair value.

19 Cash and bank balances

Bank balances
Cash on hand
Cash in hand and at bank

Group	
2023	2022
111,705	12,416
3	5
111,708	12,421

Company	
2023	2022
111,695	12,390
3	5
111,698	12,395

The Group's exposure to credit, currency and interest rate risks related to cash and cash equivalents is disclosed in note 4 in the notes to the Group and Company financial statements. Included in the cash and cash equivalents is an amount of ZMW8.48 million relating to security deposit and ZMW1.61 million relating to unclaimed dividends as restricted cash.

20 Share Capital and reserves
a) Share capital
i) Ordinary share capital

Opening balance at 1 January
Issued during the year
Closing balance at 31 December

Group	
2023	2022
2,149	565
-	1,584
2,149	2,149

Company	
2023	2022
2,149	565
-	1,584
2,149	2,149

The authorised share capital of the Company remained unchanged at 214,920,876 ordinary "A" shares of ZMW0.01 each. The issued and fully paid-up share capital remained at 214,920,876 ordinary "A" shares of ZMW0.01 each. All shares rank equally with regard to the Group's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at poll meetings of the Group. At general meetings, each shareholder is entitled to one vote by show of hands unless a poll vote is requested.

20 Capital and reserves (continued)

a) Share capital

ii) Share premium

	Group		Company	
	2023	2022	2023	2022
Opening balance at 1 January	245,261	90,340	245,261	90,340
Issued during the year	-	162,359	-	162,359
Issue costs	-	(7,438)	-	(7,438)
Net proceeds from the issue of shares	-	154,921	-	154,921
Closing balance at 31 December	245,261	245,261	245,261	245,261

During the financial year 2022 the company successfully conducted a rights issue which was underwritten by LM&C Properties Limited and raised net proceeds of ZMW156,505,000. The Company through this process issued 135,129,315 at ZMW1 per share to the existing shareholders and the underwriter and 23,331,363 shares were issued to corporate bond holders at ZMW1.235 per share who agreed to convert 15% of the bond into equity. The bonds were denominated in the USD currency and the exchange rate used to convert into equity was ZMW16.044 to 1USD. The total number of shares therefore increased from 56,460,198 to 214,920,876 with a nominal value of ZMW0.01 per share.

Capital management

The Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital, which the Group defines as total shareholders' equity, excluding non-redeemable preference shares. The Board of Directors also monitors the level of dividends to ordinary shareholders.

21 Earnings per share

Basic earnings per share

The calculation of the Group basic earnings per share at 31 December 2023 was based on the loss attributable to ordinary shareholders of ZMW34.30 million (2022: Profit of ZMW62.37 million) and weighted average number of ordinary shares during the year ended 31 December 2023 of 214.92 million (2022: 77.34 million).

	Group	
	2023	2022
Profit attributable to ordinary shares	(34,299)	62,374
Number of ordinary shares at 1 January	214,921	56,460
Issued during the year (adjusted for time weighting factor)	-	20,866
Weighted number of ordinary shares at 31 December	214,921	77,326
Basic earnings per share	(0.16)	0.81

21 Earnings per share (continued)

Diluted earnings per share

The calculation of the Group diluted earnings per share at 31 December 2023 was based on the loss attributable to ordinary shareholders of ZMW31.04 million (2022: Profit of ZMW65.08 million) and weighted average number of ordinary shares during the year ended 31 December 2023 of 216.90 million (2022: 79.31 million).

	Group	
	2023	2022
Profit attributable to ordinary shares	(34,299)	62,374
Interest on convertible cumulative redeemable preferred stock	3,259	2,704
Profit attributable to diluted shares	(31,040)	65,078
Weighted number of shares at 1 January	214,921	56,460
Issued during the year (adjusted for time weighting factor)	-	20,866
Effect of convertible cumulative redeemable preferred stock	1,979	1,979
Weighted number of ordinary shares at 31 December	216,900	79,305
Diluted earnings per share *	-	0.82

* Computation of diluted earnings per share is anti-dilutive and has therefore not been disclosed

22. Convertible redeemable cumulative preferred stock

	Group		Company	
	2023	2022	2023	2022
Issued at par	79	79	79	79
Issued inclusive of premium	7,824	7,824	7,824	7,824

The number of preferred stock shares in issue during the year was as follows:

	Group		Company	
	2023	2022	2023	2022
Authorised	2,000,000	2,000,000	2,000,000	2,000,000
Issued	1,979,904	1,979,904	1,979,904	1,979,904

Terms and conditions

- i) The interest on the preference shares will be paid on an annual coupon rate of the higher of 8% or 200 basis points – i.e. 2% above the prevailing yield on two-year U.S. Treasury Bonds with a maximum coupon of 10% and will be paid semi-annually in arrears. These coupon payments will be cumulative in that if they are not paid in any given period, they will carry over to the next period for payment. The annual coupon will be paid before any dividends that may be declared and paid. The preference shares have been recognised as a liability.

22. Convertible redeemable cumulative preferred stock (continued)
Terms and conditions (continued)

- ii) The preference shares will be non-voting and preference shareholders do not have the right to participate in any additional dividends declared for ordinary shareholders.
- iii) At any time after the third anniversary date of the issue at its sole discretion, and with a six (6) month advance notice in writing, the Group may redeem any or all of the preference shares at the issue price, provided that all holders of preference shares must be treated equally in any such redemption. Any accrued or cumulative interest that may be due on any coupon payment shall be paid at the time of any redemption.
- iv) At anytime after the third anniversary date of issue (which was 26 November 2001) and with a three months advance notice in writing a holder of preference shares may convert any or all of his/her preference shares into ordinary shares of the company on the basis of one preference shares for one ordinary share. Any such conversion will be at the sole discretion of the holder of any preference shares.
- v) At any time after the third anniversary date of the issue, and with a three (3) month advance notice in writing, a holder of preference shares may convert any or all of his/her preference shares into ordinary shares of the Group on the basis of one preference share for one ordinary share. Any such conversion will be at the sole discretion of the holder of any preference shares.

23 Security deposits

	Group		Company	
	2023	2022	2023	2022
Security deposits	8,486	7,524	8,486	7,524

Real Estate Investment Zambia Plc has the right to receive any interest accrued on the security deposits. The security deposit is placed in the day-to-day operational bank accounts of the Group and Company.

24 Borrowings

	Group		Company	
	2023	2022	2023	2022
Non-current portion				
Corporate bond	238,755	71,692	238,755	71,692
Bank loan	10,987	27,747	10,987	27,747
	249,742	99,439	249,742	99,439
Current portion				
Corporate bond	-	4,172	-	4,172
Bank loan	32,137	26,035	32,137	26,035
	32,137	30,207	32,137	30,207
Total borrowings	281,879	129,646	281,879	129,646

24 Borrowings (continued)
Corporate bond

Real Estate Investments Zambia Plc (REIZ) issued a fixed rate long term corporate bond for US\$ 15 million in October 2010 of which US\$12 million was subscribed to in US\$. The funds were meant to redeem the short-term borrowings and to secure and commit on properties targeted for acquisition and thereby accelerate the Group's growth and expansion strategy and to optimise its capital structure. The bonds bore interest at 8.75% per annum payable semi-annually in arrears and had a maturity date of 26 November 2022. During the financial year 2022 the company agreed with the bondholders to restructure the corporate bond. The bondholders through a written resolution agreed to be paid 50% cash settlement, convert 15% into ordinary shares and rollover 35% of the corporate bond for the next 5 years on a reduced interest rate of 5.5% from 8.75% per annum. The company successfully conducted a right issue which was underwritten by LM&C Properties Limited. The company through this process in December 2022 raised US\$7 million and ZMW13.9 million with almost all the proceeds being used to pay the bondholders 50% of the principal and arrears on the interest coupon. The rolled over corporate bond is now US\$4.19 million. REIZ issued another fixed rate long term corporate bond for US\$ 5 million (ZMW95.31 million) in August 2023 to fund rehabilitation of Arcades mall at rate of 9% having maturity date of August 2026. This bond was fully subscribed by Diego Casilli, a director and shareholder.

Bank loan

Commercial property loans were obtained from Stanbic Bank Zambia Limited with a total facility limit of US\$7.7 million. The loans are secured over land and buildings with a carrying amount of ZMW200 million (2022: ZMW176 million). Interest is charged at 6.6% per annum. As at 31 December 2023, the Company was not in compliance with covenants relating to the total liabilities to equity (not to exceed 100%), debt service cover ratio (not below 1.5x) and minimum total equity (ZMW92 million). The Company obtained a waiver before the end of the reporting period and the breach did not result in the loan being recalled. The loan remained being classified as long term.

25 Leases

	Group		Company	
	2023	2022	2023	2022
Non-current portion				
Lease liabilities	<u>46,371</u>	<u>54,190</u>	<u>46,371</u>	<u>54,190</u>
Current portion				
Lease liabilities	<u>4,233</u>	<u>5,196</u>	<u>4,233</u>	<u>5,196</u>
Lease liabilities				
The maturity analysis of contractual undiscounted lease payments outstanding was as follows:				
Within 1 year	<u>4,233</u>	<u>5,196</u>	<u>4,233</u>	<u>5,196</u>
Later than 1 year but not later than 5 years	<u>46,371</u>	<u>54,190</u>	<u>46,371</u>	<u>54,190</u>
Minimum lease payments	<u>50,604</u>	<u>59,386</u>	<u>50,604</u>	<u>59,386</u>
Future finance charges	<u>6,069</u>	<u>4,749</u>	<u>6,069</u>	<u>4,749</u>
	<u>56,673</u>	<u>64,135</u>	<u>56,673</u>	<u>64,135</u>
The amounts recognised in the statement of profit or loss were as follows:				
Interest charged on lease liabilities	<u>6,069</u>	<u>4,749</u>	<u>6,069</u>	<u>4,749</u>
Effects of exchange differences	<u>17,583</u>	<u>4,535</u>	<u>17,583</u>	<u>4,535</u>
	<u>23,652</u>	<u>9,284</u>	<u>23,652</u>	<u>9,284</u>

26 Trade and other payables

	Group		Company	
	2023	2022	2023	2022
Trade payables	640	1,069	2,208	1,069
Advance receipts - rental income	1,090	2,401	1,090	2,401
Accruals	11,682	15,161	11,682	16,211
Unclaimed dividends	12,119	1,615	12,119	1,615
	<u>25,531</u>	<u>20,246</u>	<u>27,099</u>	<u>21,296</u>

Included in accruals is interest expense accrued on the corporate bond of ZMW6.74 million (31 December 2022: ZMW2.95 million), merchant funds of ZMW3.11 million (31 December 2022: ZMW2.64 million), and bank interest of ZMW0.36 million (31 December 2022: ZMW3.25 million).

Unclaimed dividends

Dividend payments are made either by cheque, and posted to shareholders' respective registered addresses, or directly into the bank accounts of those shareholders who have issued such instructions.

Based on the information available to the Company, some of the dividend payments made by cheque amounting to ZMW2.12 million (2022: ZMW1.62 million) remain unclaimed by the intended shareholders.

Dividends that remain unclaimed for a period of fifteen (15) years from the date of declaration of the dividend are liable to be transferred to the Securities and Exchange Commission (SEC) and deposited in an investor fund for purposes of investor protection and market development activities as provided by Section 158(3) of the Securities Act of Zambia. No transfers were made in 2023 (2022 : Nil).

27 Cash flow information

a) Cash generated from operations

	Group		Company	
	2023	2022	2023	2022
Profit before income tax	(34,299)	62,374	(32,856)	63,924
Adjustments for:				
Depreciation	1,884	1,930	428	419
Change in fair value of investment property	(12,549)	(74,675)	(12,549)	(74,675)
Change in fair value of investment property and property under development	(10,268)	(6,844)	(10,268)	(6,844)
Corporate bond, principal converted to equity	82,876	40,793	82,892	40,771
Net finance costs	9,522	6,841	9,522	6,840
Changes in working capital				
- Lease interest receivable	(3,669)	-	(3,669)	-
- Other current assets	(14,055)	(578)	(14,055)	41
- Trade and other receivables	4,900	2,925	4,380	2,915
- Security deposits	962	-	962	-
- Trade and other payables	5,285	(1,143)	5,806	(561)
Cash generated from operations	30,589	2,809	30,594	4,016

27 Cash flow information (continued)
(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	Group		Company	
	2023	2022	2023	2022
Corporate bond	238,755	75,864	238,755	75,864
Lease liabilities	50,604	59,386	50,604	59,386
Bank loan	43,124	53,782	43,124	53,782
Security deposits	8,486	7,524	8,486	7,524
Cash and cash equivalents	(111,708)	(12,421)	(111,698)	(12,395)
Net debt	229,261	184,135	229,271	184,161

Group

	Lease liability	Bank loan	Corporate bond	Security deposits	Cash and cash equivalents
Year ended 31 December 2022					
At start of year	51,373	68,450	199,050	6,673	(1,120)
Net movement in cash and cash equivalents	-	-	-	233	(136)
Conversion to equity	-	-	(28,814)	-	-
Repayment of loans and borrowings	-	(20,589)	(105,785)	-	-
Lease payments	(1,271)	-	-	-	-
Interest expense	4,749	4,099	17,400	-	-
Interest paid	-	(4,099)	(17,400)	-	-
Effects of exchange differences	4,535	5,921	11,413	618	(11,165)
	59,386	53,782	75,864	7,524	(12,421)

Group

	Lease liability	Bank loan	Corporate bond	Security deposits	Cash and cash equivalents
Year ended 31 December 2023					
At start of year	59,386	53,782	75,864	7,524	(12,421)
Net movement in cash and cash equivalents	-	-	-	302	(54,199)
Issue of new bond	-	-	95,305	-	-
Repayment of loans and borrowings	-	(24,823)	-	-	-
Lease payments	(3,902)	-	-	-	-
Interest expense	6,069	3,538	9,694	-	-
Interest paid	-	(3,538)	(9,694)	-	-
Lease remeasurement	(28,532)	-	-	-	-
Effects of exchange differences	17,583	14,165	67,586	660	(45,088)
	50,604	43,124	238,755	8,486	(111,708)

Company

	Lease liability	Bank loan	Corporate bond	Security deposits	Cash and cash equivalents
Year ended 31 December 2022					
At start of year	51,373	68,450	199,050	6,673	(922)
Net movement in cash and cash equivalents	-	-	-	233	(1,440)
Repayment of loans and borrowings	-	(20,589)	(105,785)	-	-
Conversion to equity	-	-	(28,814)	-	-
Lease payments	(1,271)	-	-	-	-
Interest expense	4,749	4,099	17,400	-	-
Interest paid	-	(4,099)	(17,400)	-	-
Effects of exchange differences	4,535	5,921	11,413	618	(10,033)
	59,386	53,782	75,864	7,524	(12,395)

27 Cash flow information (continued)
(b) Net debt reconciliation (continued)

Company	Lease liability	Bank loan	Corporate bond	Security deposits	Cash and cash equivalents
Year ended 31 December 2023					
At start of year	59,386	53,782	75,864	7,524	(12,395)
Net movement in cash and cash equivalents	-	-	-	302	(54,243)
Issue of new bond	-	-	95,305	-	-
Repayment of loans and borrowings	-	(24,823)	-	-	-
Lease payments	(3,902)	-	-	-	-
Interest expense	6,069	3,538	9,694	-	-
Interest paid	-	(3,538)	(9,694)	-	-
Lease remeasurement	(28,532)	-	-	-	-
Effects of exchange differences	17,583	14,165	67,586	660	(45,060)
	50,604	43,124	238,755	8,486	(111,698)

28 Related party transactions

The Group is comprised of Real Estate Investments Zambia Plc (the parent company) and its two 100% owned subsidiaries, Arcades Development Plc and Thistle Land Development Company Limited. The Group in the ordinary course of business, enters into various purchase, service, and lease transactions with the investing entities, their subsidiaries and joint ventures. These transactions were as follows:

i) Key management compensation

Key management includes Directors (Executive and Non-Executive) and members of senior management personnel. The compensation paid or payable to key management for employee services is shown below:

	Group		Company	
	2023	2022	2023	2022
Short term benefits	357	4,356	357	4,356
Termination benefits	5,906	881	5,906	881
	6,263	5,237	6,263	5,237

ii) Directors' remuneration

Non - executive Director fees	6,263	5,237	6,263	5,237
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Other transactions with Directors

In August 2023, REIZ issued a long term corporate bond for US\$5million (ZMW 95.31 million). The bond was fully subscribed by Diego Casilli, a director and shareholder.

The Group's Directors with share ownership in the Group at year end were as shown below:

Name of Director	Shareholding
Mark O'Donnell	57,326
Diego Casilli	10,073,152

The terms and conditions of the transactions with directors and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non- key management personnel or non-related entities on an arm's length basis.

28 Related party transactions (continued)

ii) Other related party transactions

At 31 December 2023, there were outstanding balances with other related parties included in trade and other receivables (see note 17) as well as trade and other payables (see note 22).

	Company	
	2023	2022
Opening balance at 1 January	614,982	615,417
Amount received	4,992	13,199
Amount repaid	(5,001)	(13,634)
Closing balance at 31 December	614,973	614,982

The amounts are interest free, unsecured and have no fixed repayment terms.

29 Contingencies

There were no contingent liabilities as at 31 December 2023

30 Capital commitments

Capital commitments approved but not contracted for as at 31 December 2023 amounted to ZMW100 million (2022: Nil).

31 Events occurring after the reporting period

In June 2024, the Company acquired a Real Estate Investment Trust ("REIT") status from the Securities and Exchange Commission, and obtained approval for the subsequent listing of the REIT in United States Dollars ("USD") on the Lusaka Securities Exchange (the "LuSE" or the "Exchange"). Going forward the Company will therefore operate under the Securities Exchange Commission REIT guidance. As part of this transition, REIZ acquired Jacaranda Mall, Acacia Park and Lewanika Mall via a share swap. A rights issue was successfully conducted with 650,000,000 new shares being issued taking the total number of issued share capital to 864,920,876. As part of the purchase transactions REIZ will inherit loans associated with these properties.

In January 2024, the Company sold part of the leased land at Arcades for U\$1.2 million and also sold the non-income generating land bank at Parkway for US\$ 1 million. Part of the proceeds were used to redeem in full the two Stanbic bank Loans.

32 Restatement

Restatement errors

(a) Overstatement of right of use asset values

The entity duplicated the fair value of right of use assets relating to the land leased from the Agricultural and Commercial Society of Zambia on 3 of their properties, Arcades Mall, Abacus Square and Counting House. Fair values were included in both the investment properties (buildings) value and in the right of use assets value. A prior year adjustment has been made to reverse the duplication.

32 Restatement (continued)
Restatement reclassifications
(b) Rental tax expense

The Company erroneously classified the tax on rental income as income tax expense instead of rental tax in the prior year. This reclassification error overstated the income tax expense and understated rental tax.

Statement of comprehensive income

Company	As previously stated - 31 December 2022	Reclassification adjustments	Adjustment - to correct overstatement of right of use assets	Restated amount - 31 December 2022
Change in fair value of investment property and investment property under development (note 13)	86,811	(86,811)	-	-
Change in fair value of investment property (a & note 13)	-	79,967	5,292	74,675
Change in fair value of investment property under development (note 13)	-	6,844	-	6,844
Rental tax (b)	-	(6,840)	-	(6,840)
Income tax expense (b)	(6,840)	6,840	-	-

Statement of comprehensive income

Group	As previously stated - 31 December 2022	Reclassification adjustments	Adjustment - to correct overstatement of right of use assets	Restated amount - 31 December 2022
Change in fair value of investment property and investment property under development (note 13)	86,811	(86,811)	-	-
Change in fair value of investment property (a & note 13)	-	79,967	5,292	74,675
Change in fair value of investment property under development (note 13)	-	6,844	-	6,844
Rental tax (b)	-	(6,840)	-	(6,840)
Income tax expense (b)	(6,840)	6,840	-	-

32 Restatement (continued)
Statement of financial position - 1 January 2022

Company	As previously stated - 1 January 2022	Reclassification adjustments	Adjustment - to correct overstatement of right of use assets	Restated amount - 1 January 2022
Investment property (a)	765,937	-	(49,772)	707,165
Retained earnings (a)	(110,857)	-	(49,772)	(160,629)

Group	As previously stated - 1 January 2022	Reclassification adjustments	Adjustment - to correct overstatement of right of use assets	Restated amount - 1 January 2022
Investment property (a)	765,937	-	(49,772)	707,165
Retained earnings (a)	366,140	-	(49,772)	316,368

Statement of financial position - 31 December 2022

Company	As previously stated - 31 December 2022	Reclassification adjustments	Adjustment - to correct overstatement of right of use assets	Restated amount - 31 December 2022
Investment property (a)	836,904	-	(55,064)	781,840
Retained earnings (a)	(41,641)	-	(55,064)	(96,705)

Group	As previously stated - 31 December 2022	Reclassification adjustments	Adjustment - to correct overstatement of right of use assets	Restated amount - 31 December 2022
Investment property (a)	836,904	-	(55,064)	781,840
Retained earnings (a)	433,806	-	(55,064)	378,742

32 Restatement (continued)
Statement of cashflows

Company	As previously stated - 31 December 2022	Reclassifi cation adjustments	Adjustment - to correct overstatement of right of use assets	Restated amount - 31 December 2022
Change in fair value of investment property and investment property under development (note 13)	(86,811)	86,811	-	-
Change in fair value of investment property (a & note 13)	-	(79,967)	5,292	(74,675)
Change in fair value of investment property under development (note 13)	-	(6,844)	-	(6,844)
	-	(6,844)	-	(6,844)

Group	As previously stated - 31 December 2022	Reclassifi cation adjustments	Adjustment - to correct overstatement of right of use assets	Restated amount - 31 December 2022
Change in fair value of investment property and investment property under development (note 13)	(86,811)	86,811	-	-
Change in fair value of investment property (a & note 13)	-	(79,967)	5,292	(74,675)
Change in fair value of investment property under development (note 13)	-	(6,844)	-	(6,844)
	-	(6,844)	-	(6,844)



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