

Annual Report  
and Financial Statements  
2024



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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.

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### Vision

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

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### Mission

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

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### Values

 Accountability

 Sincerity

 Courtesy

 Transparency

 Objectivity

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2024

## History of the Group



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.

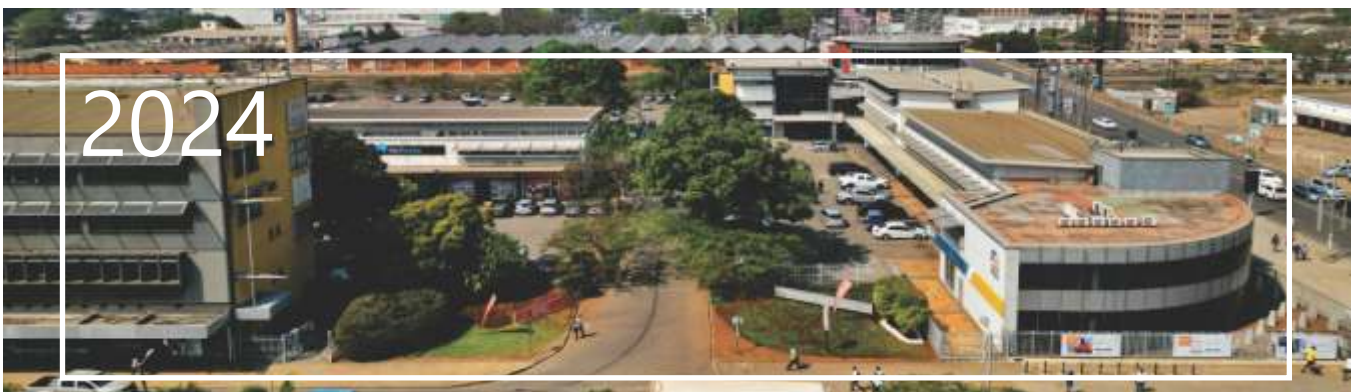
The business was therefore principally owned by commercial farmers who traded their shares on an annual basis at their annual general meetings. It was felt that this should be changed and so the Directors actively reviewed the options for wider ownership of the business. The opportunity arose for the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



## 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 650,000,000 new shares taking the number of issued share capital to 864,920,876. The company acquired three properties and issued shares as consideration to acquire Acacia Park, Jacaranda Mall, and Lewanika Mall, at a total cost of ZMW 1.3 billion.
- 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 1 July 2024 the three acquired properties Acacia Park, Jacaranda Mall, and Lewanika Mall properties were incorporated in the REIZ annual financial statements. As a REIT (Real Estate Investment Trust) REIZ will be legally obliged to distribute 80% 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, the "Group"), I am pleased to present this statement on the performance of the Group in the 2024 financial year and an outlook of its prospects going forward.

### The Economy

According to the Bank of Zambia fourth Quarter Monetary Policy Statement the Zambian economy was projected to grow by 5.4 percent in 2024. However, sluggish economic activity continued in the year as business conditions deteriorated further due to the severe impact of the drought and the reduced electricity generation experienced in the country. Consequently, real GDP growth for 2024 was significantly lower, at 1.2 percent. Average inflation rose to 16.3 percent from 13.5 percent at the beginning of the year under review. The kwacha depreciated further having started the year at an exchange rate of ZMW25.98 to a dollar and closing the year at ZMW28.02. The Bank of Zambia raised the Policy Rate by 50 basis points to 14.5 percent in an effort to combat the ever-rising inflation and bring it in line with the 6-8 percent medium-term objective, a measure which effectively increases the cost of financing projects. These economic indicators affected the Company's operations as most tenants with dollar denominated leases were grappling with increased monthly rentals due to the weakening of the kwacha. The company which had embarked on renovating its flagship properties had to readjust its capital expenditure budget as most imported fitout and construction materials kept escalating.

### The industry

The retail sector in Zambia is still poised for strong growth, driven by substantial investments in malls and the expansion of major retailers. There is a continuous demand for shopping malls, reflecting the sector's resilience and potential. Retail tenants are actively renegotiating lease terms to better align with the economic environment. This includes adopting hybrid leases, turnover-based rents, shorter lease durations, and reductions in rental rates. Such adaptations demonstrate a commitment to maintaining business operations despite economic challenges. Prominent retailers like LC Waikiki, Shoprite, and Pick n Pay are expanding by opening new stores in key malls across Zambia. This ongoing expansion highlights the retailers' confidence in the market's potential and indicates sustained demand for retail space within shopping malls. Occupancy rates in malls have generally improved, with retailers and landlords finding common ground to facilitate business. This improvement suggests that there is sufficient demand from retailers for retail spaces, contributing to the overall health of the sector. Rental rates vary based on factors such as the size, location, and quality of shopping centers. Prime shopping centers command higher rents, while smaller convenience centers also experience demand, albeit at lower rental rates. This indicates that there is demand across different market segments, catering to the diverse needs of retailers.

Between 2010 and 2020, Zambia has seen a significant increase in per capita income, especially among the urban population. The

average income has grown substantially during this period. This economic growth is expected to continue, with a burgeoning middle class projected to expand considerably over the next two decades. The change in the general income profile has led to the rise of a prosperous middle class with high aspirational values and a growing demand for diverse and luxury items. With rising income levels and relatively low debt levels, the propensity to spend is increasing among Zambians. As income levels rise, there is a growing preference for shopping at upscale retail outlets and boutiques rather than mass-market chains. The affluent urban population shows a strong demand for a high-end retail experience, which can be capitalized on by developing premium retail spaces.

### **REIT status and acquisition of prime properties**

I am pleased to announce that REIZ was granted a real estate investment trust (REIT) status in May 2024. It is the first ever REIT in the country and remains the only property company listed on the Lusaka Stock Exchange (LuSE). The REIT status provides an opportunity for investors to effectively become landlords without owning brick and mortar. A REIT is required by law to pay out in dividends 80% of its distributable income each financial year. It is obliged to limit its operating expenses to no more than 30% of revenue. Further, a REIT enjoys tax incentives and is exempt from paying rental income tax (now 16% of revenue as of February 2025). These tax benefits are passed on to its shareholders through guaranteed dividends. The REIZ REIT also got approval to trade its shares in US dollars. The US dollar listing on the LuSE presents an opportunity for increased access to foreign investment. The Board has expressed desire to list the entity on other regional stock markets such as the Johannesburg Stock Exchange (JSE). Another landmark achievement during the year under

review was the acquisition of three prime properties, namely Lewanika Mall, Jacaranda Mall and Acacia Office Park at a cost of ZMW1.30 billion (US\$65 million). The transactions were concluded in July. The properties were acquired by the Company issuing 650,000,000 shares as consideration. The acquisition strategy and the REIT status has turned the Company's fortunes around, REIZ is going back to paying dividends annually.

### **Financial performance**

The acquisition of the three properties and attainment of a REIT status were a game changer. During the financial year ended 31 December 2024, the Group posted a profit after tax of ZMW576.5 million compared to a loss of ZMW34.3 million in the previous year. Revenue drastically increased from ZMW65.3 million in 2023 to ZMW159.3 million in 2024 largely due to the strategic acquisition. The balance sheet increased from a net asset value position of ZMW591.8 million to ZMW2.4 billion representing a 305% growth. I am pleased to report that for the first time in five years the board has recommended a dividend payout of ZMW57.1 million (US\$2.0 million) to the REIZ shareholders.

### **Board and management changes**

The Board complement grew from six to nine in the course of the year, the new directors being Messrs Rory Mackey, Samson Mojalefa, Mrs. Gillian Casilli, Ms. Faith Kashweka and Dr. Harrison Banda. Two of the long serving directors bade farewell. The Board is indebted to Mrs. Efi O'Donnell and Mr. Muna Hantuba for the invaluable contributions that the departing Directors have made to the Company over the many years.

### **Business outlook**

The Company is poised to see continued financial

growth in 2025. Last November, the Board approved management's recommendation for REIZ to acquire East Park Mall (EPM), the biggest shopping mall in the country. This is in keeping with the Board's strategy to grow the REIT to sufficiently noticeable size to attract international investment. The directors will in due course be recommending to the shareholders that the Company acquires the asset. More details on the proposed acquisition are covered in the CEO's report on page 8.

### **Acknowledgment**

On behalf of the Board, I express our gratitude for the continuing support and trust that you favoured us with. The dedication of management and staff has been outstanding.



**Kenny H. Makala**

Chairman



## Chief Executive Officer's Report



Kambeu Banda  
CHIEF EXECUTIVE OFFICER

## Chief Executive Officer's Report

### Overview

I am so pleased to present my second Chief Executive Officer's report to the shareholders on REIZ's performance for the financial year 2024 and give an insight of the future business strategy of the company.

### Financial results

The strong desire by the Board and Management to ensure the company gets back on track to paying out dividends was actualised after the successful completion of the acquisition of three properties on 1 July 2024. The company's turnaround strategy was anchored on a business strategy to acquire three prime properties and on the conversion of the entity into Zambia's first ever Real Estate Investment Trust (REIT). The 2024 financial year was positive with significant growth in revenue especially in the second half of the year. During the financial year ended 31 December 2024 the Group posted a profit after tax of ZMW576 million as compared to a loss of ZMW34.2 million for the same prior year period. Rental income increased by 144% from ZMW65.3 million in 2023 to ZMW159.3 million in 2024 due to the strategic acquisition of Lewanika Mall, Jacaranda Mall and Acacia Park at a cost of ZMW1.3 billion (US\$65 million). Property expenses increased in line with the management services agreement and finance costs also increased as a result of two additional loan facilities which come along with the acquired properties. REIT status granted from 1 July 2024 came with a tax incentive of being exempt from paying rental income tax which was at 16% of the revenue. The tax savings benefit will be passed on to shareholders in form of dividends with 80% of the distributable income to be paid out as per REIT guidelines. With this strong financial performance I am glad to report that the company will declare dividends for the first time in six years.

The company recognised a fair value gain on its investment properties of ZMW637 million mainly

due to an increase in value of the Arcades Shopping Mall which was recently refurbished. As you may be aware, during the 2023 financial year REIZ had raised US\$5 million dollars by issuing a 3-year Corporate Bond to improve and upgrade Arcades Shopping mall. The renovations and upgrades resulted in an increase of 3000 square meters in the total Gross Lettable Area (GLA).

The value of investment properties including the right of use assets as at 31 December 2024 grew drastically from ZMW765 million in 2023 to ZMW3.0 billion. The increase in value was largely due to the acquisition of three prime high yielding properties namely Lewanika Mall, Jacaranda Mall and Acacia Park with effect from 1 July 2024 and also the increase in value on Arcades by 74% after the completion of the refurbishments. The year-end valuations were carried out by independent professional property valuers and were independently verified by our external auditor's appointed experts. Further details on individual investment properties which are first valued in USD and then translated into kwacha are found on page 16 of the CEO report. Distributable income was determined by considering rental income and then deducting administration and property expenses, interest expense and tax paid before REIT status.

### Business strategy

The company has continued to execute the same business strategy of identifying high yielding prime properties for acquisition and then offer the property owners shares in REIZ as consideration. The medium-term overall business strategy is to grow the REIT to US\$500 million in assets and to achieve this goal, the Board identified East Park Mall (EPM)

which is the biggest shopping mall in the country as a good acquisition target. The board of directors following a due diligence which involved the engagement of consultants, legal firms and tax experts, passed a resolution to acquire the property pending shareholder and regulatory approvals. Once approved, management forecasts indicate that the acquisition of East Park Mall will double the company's rental revenues and its net operating income. Management's financial projections also indicate growth in dividend per share in the next three to five years to all existing shareholders due to the tax savings to be enjoyed when the property becomes part of the REIT and its already high rental yielding status. Graduare Properties Limited, the owners of EPM, have offered the property to REIZ at a gross price of US\$121 million with a net acquisition price of US\$76 million after deducting the debt. The acquisition of EPM will grow the REIT to a gross property portfolio of US\$228 million.

The Group was also granted dollar listing rights in May 2024 and its shares have been trading in dollars from October 2024. In an effort to increase more access to capital for future acquisitions and to make the shares more tradeable, management has initiated discussions and consultations on how to list the company on more liquid stock markets within the region with the primary target being to list the company on the Johannesburg

Stock Exchange (JSE) and the Botswana Stock Exchange. This strategy will ensure REIZ taps into a more robust capital market with access to global capital and will enable the REIT units to be more liquid.

Napoli Property Development Limited was retained to manage all the REIZ property portfolio through a management services contract. 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. More details are covered in the Corporate governance report on page 21.

### REIZ shares performance during the year

On the Lusaka Securities Exchange (LuSE), the REIZ stock price opened the year at ZMW1.30 per share. The price increased by 54% to ZMW2.0 in September 2024. The LuSE had approved the dollar listing of the REIZ shares during the year and in October the share price was converted to dollars and was pegged at US\$0.072 per share. Since October, the share price has been trading in dollars and remained unchanged as at 31 December 2024.

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	8,357	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
2024 ZMW up 15 October 2024	1,013	107	6,900,811	726,401	2.00	1.80
2024 USD from 16 October 2024	16	6	982,069	392,827	US\$ 0.072	US\$0.072

## Property Portfolio Analysis

REIZ is primarily involved in investment 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 2024 increased from 48,887m<sup>2</sup> to 95,285 m<sup>2</sup> as a result of the acquisition of three prime properties and the expansion of Arcades shopping mall . The total property portfolio including land banks were valued by R.M. Fumbeshi & Co. Limited at 31 December 2024 at ZMW 3.0 billion (2023: K809 million by Quadrant Properties (PTY) Limited).

### 1.0 Reiz Properties

#### 1.1 Arcades Development PLC (ADP)



US\$3.5 million to renovate Arcades and improve its drainage systems, plumbing and electrical installations. The upgrades increased the GLA from the current total Gross Lettable Area (GLA) of 22,547 m<sup>2</sup> to 25,500 m<sup>2</sup>. The redevelopment of the centre is expected to reduce vacancies to about 45% by mid March 2025.

Arcades Shopping Centre was valued by R.M. Fumbeshi & Co. Limited on 31 December 2024 at ZMW808.2 million (2023 at ZMW322.1 million).

The property, which was the main flagship of the Group before the acquisition of three other prime properties, is undergoing major renovations and uplift. In August 2023, the Group raised US\$5 million through issuing a corporate bond specifically for capital improvements of the REIZ properties to bring them to a standard where they could compete with the new malls such as East Park Mall and Manda Hill. The Board approved a budget of



## 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 m<sup>2</sup> each and totalling a lettable area of (GLA) of 3,039 m<sup>2</sup>. 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 R.M. Fumbeshi & Co. Limited on 31 December 2024 at ZMW78.4 million. (2023: ZMW60.6 million by Quadrant Properties (PTY) Limited).

## 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 m<sup>2</sup>. 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 R.M. Fumbeshi & Co. Limited on 31 December 2024 at ZMW67.1 million (2023: ZMW58.5 million by Quadrant Properties (PTY) Limited).



## 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 6,274m<sup>2</sup>. The property is well tenanted by wholesale truck spares retailers and a major solar products distributor.

Eureka Park was valued by R.M. Fumbeshi & Co. Limited on 31 December 2024 at ZMW71.2 million (2023: ZMW64.9 million by Quadrant Properties (PTY) Limited).



## 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 9,034m<sup>2</sup>. 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 2024 at 31% as compared to 35% at the end of 2023. The Board approved a budget of US\$1million for the upgrade of the property with works expected to be completed in the second quarter of 2025.

Central Park was valued by R.M. Fumbeshi & Co. Limited at 31 December 2024 at ZMW166.7 million (2023: ZMW145.5 million by Quadrant Properties (PTY) Limited).



## 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 m<sup>2</sup> and was 100% leased throughout the year.

The Nyerere Road property was valued by R.M. Fumbeshi & Co. Limited on 31 December 2024 at ZMW28.5 million (2023: ZMW52.7 million by Quadrant Properties (PTY) Limited).



### 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 m<sup>2</sup>. The property was 100% let during the year with a single tenant, the Judiciary of Zambia.

The Dedan Kimathi Road property was valued by R.M. Fumbeshi & Co. Limited on 31 December 2024 at ZMW26.0 million (2023: ZMW25.5 million by Quadrant Properties (PTY)).



### 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 31 December 2024, the property was 9% 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 R.M. Fumbeshi & Co. Limited on 31 December 2024 at ZMW50.9 million. (2023: ZMW45.5 million by Quadrant Properties (PTY)).



### 1.9 Lewanika Shopping Centre

The shopping Centre is located on the corner of Mosi-o-Tunya and Buluwe Roads in the prime catchment area of Woodlands which is surrounded by Chilenje, Kabwata and Nyumba Yanga residential zones. The Shopping Centre offers a unique blend of budget stores with Shoprite as the anchor tenant.

The subject property extends to a total land extent of about 6.7368 hectares (16.4663 Acres) comprising mainly commercial shops, chain stores, bars, stadium, restaurants and offices mainly developed to modern commercial mall standards and finishes. Tenants include; Hungry Lion, Eco Bank, Indo Zambia Bank, MTN Zambia, Nandos and Mobile City.

Lewanika was valued by R.M. Fumbeshi & Co. Limited on 31 December 2024 at ZMW 669.5 million.



### 1.10 Acacia Office Park



Acacia Park is conveniently located in the centre of Lusaka's burgeoning new Central Business District on the corner of Thabo Mbeki and Great East Road. It benefits from excellent accessibility to Kenneth Kaunda Airport and prime destinations within the area, such as Protea and Radisson Blu hotels.

The office park has lush landscaped gardens. It has a welcoming theme and a high-profile tenant mix. The subject property extends to 2.0345 hectares (5.0273 acres) comprising office and bank buildings well developed to good and modern standards. Tenants include; FNB, ZANACO, AB Bank, Eco Bank, Access Bank, United Bank of Africa and Mint Lounge.

Acacia Park was valued by R.M. Fumbeshi & Co. Limited on 31 December 2024 at ZMW676.6 million.



### 1.11 Jacaranda Mall



Jacaranda Mall is located in Skyways Industrial area along the Ndola-Kabwe and Mushili Road, about 2 kilometres from the prime business district of Ndola. Jacaranda Mall offers an excellent shopping experience in a beautiful surrounding. With a selection of over 50 stores, you are bound to find what you are looking for. From grocery shopping, dining to personal and business banking, Jacaranda Mall has it all. The total land area extends to 2.3683 hectares (5.852 Acres) enclosed by a decorative steel grille fencing. Tenants include; Shoprite, Hungry Lion, Nandos, Debonairs and Bata. Jacaranda was valued by R.M. Fumbeshi & Co. Limited on 31 December 2024 at ZMW399.8 million.



## INVESTMENT PROPERTY ANALYSIS

Property values as per valuation by R.M. Fumbeshi & Co. Limited.

### Property values as at 31 December 2024

PROPERTY	TYPE	Leaseable Area (M <sup>2</sup> )	2024			2023		
			Valuation K'000	Valuation US\$'000	% of Total	Valuation K'000	Valuation US\$'000	% of Total
Arcades Shopping Centre	Retail Mall	22,547	808,153	28,500	26.5%	322,132	12,400	39.8%
Central Park	Office Park	9,034	166,681	5,900	5.5%	145,479	5,600	18.0%
Counting House Square	Office Park	3,039	78,397	2,775	2.6%	60,634	2,310	7.4%
Deloitte Square	Office Park	1,821	67,096	2,375	2.2%	58,452	2,250	7.2%
Nyerere Road	Office Park	1,518	28,534	1,010	0.9%	52,736	2,030	6.5%
Eureka Park	Industrial Park	6,274	71,193	2,520	2.3%	64,946	2,500	8.0%
Dedan Kimathi	Office Park	885	25,991	920	0.9%	25,459	980	3.1%
South View Park	Housing Complex	3,769	50,852	1,800	1.7%	45,462	1,750	5.6%
Parkway	Undeveloped	-	-	-	0.0%	33,771	1,300	4.2%
Acacia Park	Office Park	12,639	676,611	23,950	22.3%	-	-	-
Jacaranda Mall	Retail Mall	15,459	399,752	14,150	13.2%	-	-	-
Lewanika Mall	Retail Mall	18,300	669,549	23,700	22.0%	-	-	-
<b>Total</b>		<b>95,285</b>	<b>3,039,808</b>	<b>107,600</b>	<b>100%</b>	<b>809,071</b>	<b>31,120</b>	<b>100%</b>

### Property Occupancy December 2024

PROPERTY	TYPE	Leaseable Area (M <sup>2</sup> )	2024		2023	
			Vacant Space (M <sup>2</sup> )	Vacancy %	Vacant Space (M <sup>2</sup> )	Vacancy %
Arcades Shopping Centre	Retail Mall	22,547	13,555	63%	14,438	64%
Central Park	Office Park	9,034	2,783	31%	3,194	35%
Counting House Square	Office Park	3,039	311	10%	1,495	49%
Deloitte Square	Office Park	1,821	-	0%	30	2%
Nyerere Road	Office Park	1,518	-	0%	-	0%
Eureka Park	Industrial Park	6,274	3,240	52%	1,978	32%
Dedan Kimathi	Office Park	885	-	0%	-	0%
South View Park	Housing Complex	3,769	330	9%	1,060	28%
Acacia Park	Office Park	12,639	130	1%	-	-
Jacaranda Mall	Retail Mall	15,459	2,990	19%	-	-
Lewanika Mall	Retail Mall	18,300	984	5%	-	-
<b>Total</b>		<b>95,285</b>	<b>24,323</b>	<b>26%</b>	<b>22,195</b>	<b>46%</b>

## FIVE YEAR FINANCIAL SUMMARY (KWACHA)

### STATEMENT OF COMPREHENSIVE INCOME – ZMW

For the ended 31 December	2024		2023		2022 Restated		2021 Restated		2020	
	K'000	%	K'000	%	K'000	%	K'000	%	K'000	%
Gross rental income	159,316		65,338		55,894		58,801		62,521	
Total property expenses	(45,365)	29%	(17,334)	27%	(8,100)	14%	(10,671)	18%	(15,271)	24%
Total administration expenses	(7,963)	5%	(10,838)	17%	(10,703)	19%	(11,492)	20%	(7,833)	13%
Impairment loss on trade receivables	-	0%	-	0%	(6,672)	12%	(7,848)	13%	(11,291)	18%
Rental income tax	(4,103)	3%	(9,522)	15%	(6,841)	12%	(5,753)	10%	(5,534)	9%
Total depreciation	(1,765)	1%	(1,884)	3%	(1,930)	3%	(1,727)	3%	(3,551)	6%
<b>Profit from operation</b>	<b>100,120</b>	<b>63%</b>	<b>25,760</b>	<b>39%</b>	<b>21,648</b>	<b>39%</b>	<b>21,310</b>	<b>36%</b>	<b>19,041</b>	<b>30%</b>
Other operating income / (loss)	(7,908)		-		-		(2,376)		483	
Change in fair value of Investment property, net of exchange gains	637,710		22,817		81,519		(403,428)		141,721	
Net interest expense	(42,797)		(22,543)		(28,933)		(33,275)		(40,211)	
Exchange (losses)/gains	(110,644)		(60,333)		(11,860)		93,261		(150,887)	
<b>Total comprehensive income /(loss) for the year</b>	<b>576,481</b>		<b>(34,299)</b>		<b>62,374</b>		<b>(324,508)</b>		<b>(29,853)</b>	
Dividends declared	(57,085)		-		-		-		-	
<b>Income after dividends distributions</b>	<b>519,396</b>		<b>(34,299)</b>		<b>62,374</b>		<b>(324,508)</b>		<b>(29,853)</b>	

### STATEMENT OF FINANCIAL POSITION-ZMW

	2024 K'000	2023 K'000	2022 Restated K'000	2021 Restated K'000	2020 K'000
Equipment & motor vehicles	6,228	7,963	9,314	10,250	11,719
Investment properties	3,027,106	765,857	781,840	756,937	1,179,970
Investment property under development	-	43,214	23,504	16,660	35,596
Rental income receivable after 12 months	9,585	16,285	11,497	10,514	7,159
Current assets	102,636	136,914	29,590	22,676	30,816
<b>Total Assets</b>	<b>3,145,555</b>	<b>970,233</b>	<b>855,745</b>	<b>817,037</b>	<b>1,265,260</b>
<b>Shareholders' funds and liabilities</b>					
Total equity	2,403,472	591,853	626,152	457,045	781,553
Non – current liabilities	352,670	312,423	168,977	128,165	409,020
Total current liabilities	389,413	65,957	60,616	231,827	74,687
<b>Total equity and liabilities</b>	<b>3,145,555</b>	<b>970,233</b>	<b>855,745</b>	<b>817,037</b>	<b>1,265,260</b>

<b>Number of shares</b>	<b>864,920,876</b>	<b>214,920,876</b>	<b>77,326,073</b>	56,460,198	56,460,198
<b>EPS</b>	<b>0.67</b>	(0.16)	0.81	(5.75)	- 0.53
<b>Headline EPS</b>	<b>0.12</b>	0.16	0.28	0.38	0.34
<b>NAV</b>	<b>2.78</b>	2.75	8.10	8.09	13.84
<b>Dividend proposed (paid prior years) per share</b>	<b>0.066</b>	-	-	-	-

## FIVE YEAR FINANCIAL SUMMARY (UNITED STATES DOLLARS)

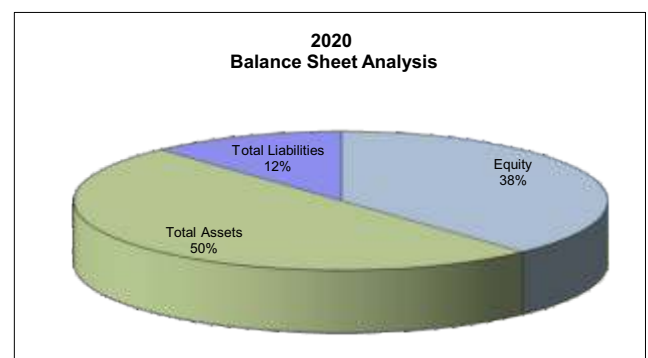
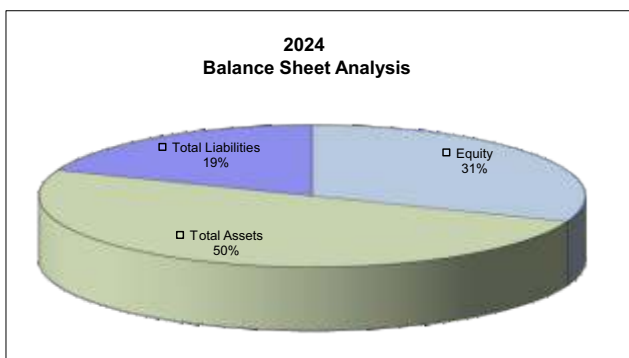
### STATEMENT OF COMPREHENSIVE INCOME-US\$

#### Five Year Financial Summary - USD

	2024 US\$'000	%	2023 US\$'000	%	2022 Restated US\$'000	%	2021 Restated US\$'000	%	2020 US\$'000	%
<b>Average exchange rate</b>	<b>26.17</b>		<b>20.20</b>		<b>16.98</b>		<b>19.80</b>		<b>18.57</b>	
Gross rental income	6,088		3,235		3,292		2,970		3,367	
Total property expenses	(1,734)	29%	(858)	27%	(477)	14%	(539)	18%	(822)	24%
Total administration expenses	(304)	5%	(537)	17%	(630)	19%	(580)	20%	(422)	13%
Impairment loss on trade receivables	-	0%	-	0%	(393)	12%	(396)	13%	(608)	18%
Tax expense	(157)	3%	(471)	15%	(403)	12%	(291)	10%	(298)	9%
Total depreciation	(67)	1%	(93)	3%	(114)	3%	(87)	3%	(191)	6%
<b>Profit from operation</b>	<b>3,826</b>	<b>63%</b>	<b>1,275</b>	<b>39%</b>	<b>1,275</b>	<b>39%</b>	<b>1,075</b>	<b>36%</b>	<b>1,025</b>	<b>30%</b>
Other operating income	-		-		-		(120)		26	
Change in fair value of Investment property, net of exchange	24,368		1,130		4,801		(20,375)		7,632	
Net Interest expense	(1,635)		(1,116)		(1,704)		(1,681)		(2,165)	
Translation differences	(4,228)		(2,987)		(698)		4,710		(8,125)	
<b>Total comprehensive income /(loss) for the year</b>	<b>22,330</b>		<b>(2,973)</b>		<b>3,673</b>		<b>(16,390)</b>		<b>(1,607)</b>	
<b>Dividends</b>	<b>(2,181)</b>		<b>-</b>		<b>-</b>		<b>-</b>		<b>-</b>	
<b>Income after dividends Distributions</b>	<b>20,149</b>		<b>(2,973)</b>		<b>3,673</b>		<b>(16,390)</b>		<b>(1,607)</b>	

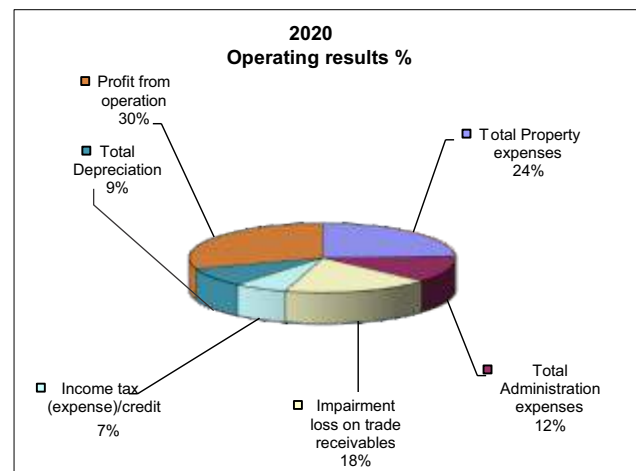
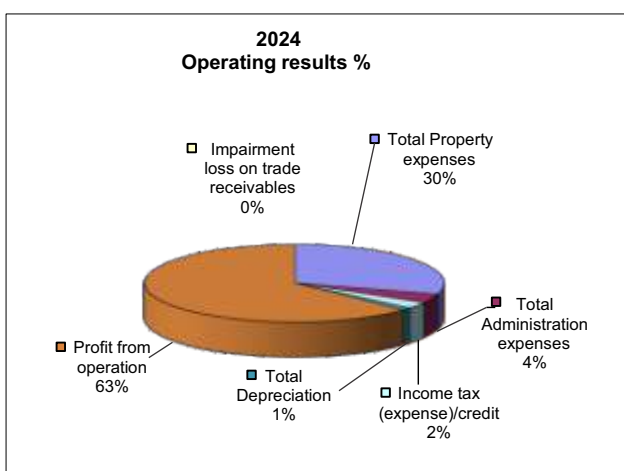
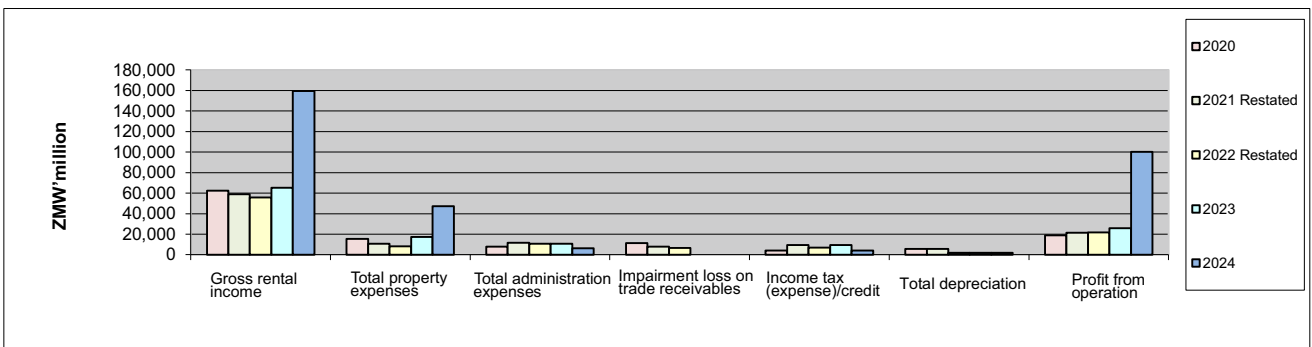
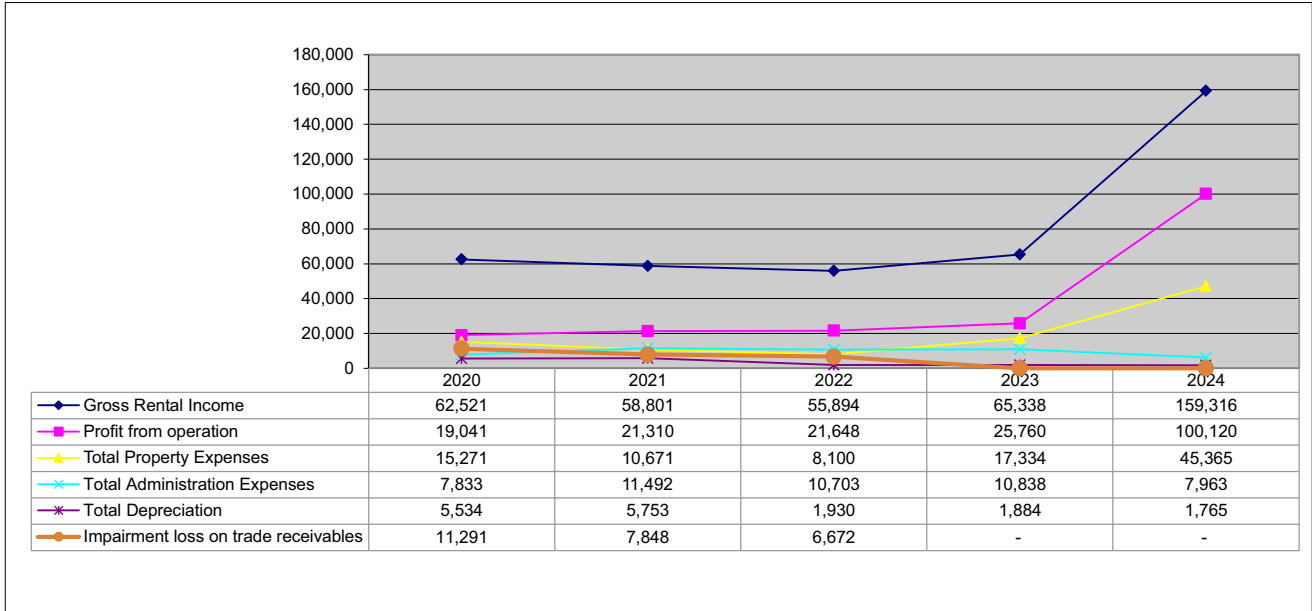
### STATEMENT OF FINANCIAL POSITION -US\$

	2024	2023	2022 Restated	2021 Restated	2020
<b>Closing exchange rate</b>	<b>28.15</b>	<b>25.97</b>	<b>18.08</b>	<b>16.66</b>	<b>21.15</b>
Equipment & motor vehicles	221	307	515	615	554
Investment properties	107,535	29,490	43,243	45,434	55,791
Investment property under development	-	1,664	1,300	1,000	1,683
Rental income receivable after 12 months	340	627	636	631	338
Current assets	<b>3,645</b>	<b>5,272</b>	<b>1,637</b>	<b>1,361</b>	<b>1,457</b>
<b>Total assets</b>	<b>111,742</b>	<b>37,360</b>	<b>47,330</b>	<b>49,042</b>	<b>59,823</b>
<b>Shareholders' funds and liabilities</b>					
Total equity	85,381	22,790	34,632	27,434	36,953
Non – current liabilities	12,528	12,030	9,346	7,693	19,339
Total current liabilities	13,832	2,540	3,353	13,915	3,531
<b>Total equity and liabilities</b>	<b>111,742</b>	<b>37,360</b>	<b>47,330</b>	<b>49,042</b>	<b>59,823</b>
<b>Number of share</b>	<b>864,920,876</b>	<b>214,920,876</b>	<b>77,326,073</b>	<b>56,460,198</b>	<b>56,460,198</b>
<b>EPS</b>	<b>0.03</b>	<b>(0.01)</b>	<b>0.05</b>	<b>(0.29)</b>	<b>(0.03)</b>
<b>Headline EPS</b>	<b>0.00</b>	<b>0.01</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>
<b>NAV</b>	<b>0.10</b>	<b>0.11</b>	<b>0.45</b>	<b>0.49</b>	<b>0.65</b>
<b>Dividend proposed (paid prior years) per share</b>	<b>0.0025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

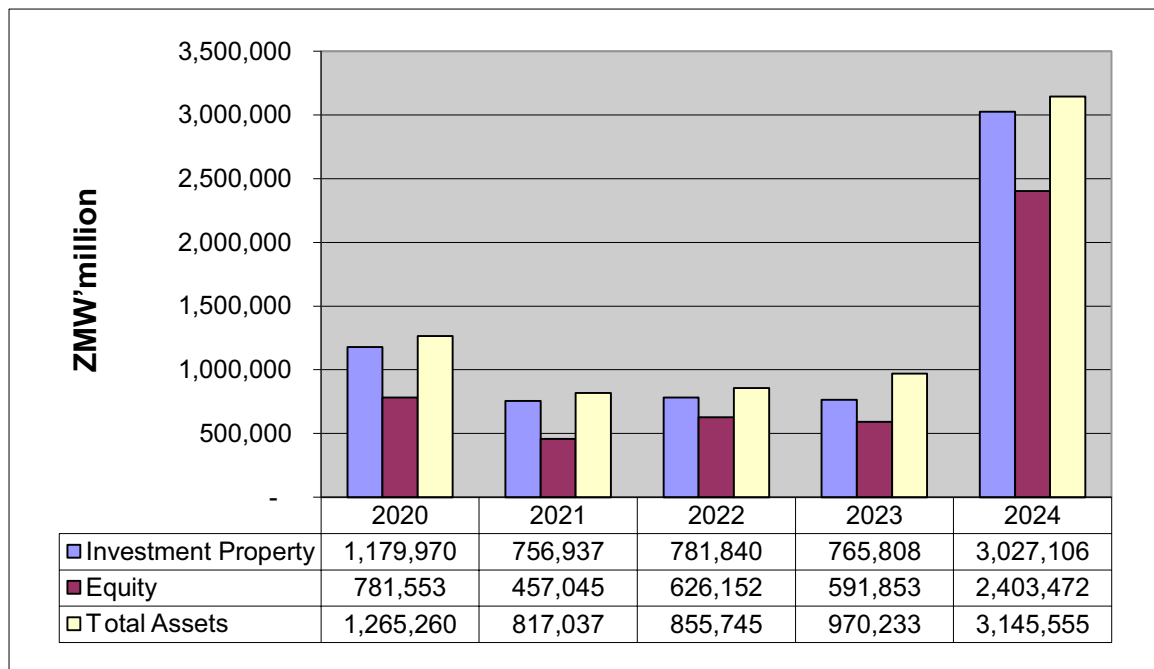


## ANALYSIS OF FIVE YEAR FINANCIAL RESULTS

### OPERATING RESULTS



## STATEMENT OF FINANCIAL POSTION



### Business outlook

Being the first REIT in Zambia was 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 80% of its distributable income each year as dividends and the acquisition of 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 share swaps 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

## Statement on Corporate Governance



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 US\$1,100 and quarterly retainer of US\$3,046. The Chairman is entitled to a gross meeting attendance allowance of US\$1,862 and quarterly retainer of US\$4,738. There were no other emoluments applicable. During the financial year 2020 board fees were reduced 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 at that time. However, at a Board meeting held in November 2023 the Board resolved not to pay any sitting allowances for the year ended 2024. The Board instead resolved to work on a more incentive based scheme once the company starts to declare dividends.

### 1.1 Composition of the Board

The Board had initially consisted of six directors at the beginning of the year in 2024, however during the financial year ended 31 December 2024, five directors were appointed to the Board Mr Rory Mackey and Mr Samson Mojalefa on 1 March 2024, Mrs Gillian Casilli, Ms Faith Kashweka and Dr Harrison Banda on 1 November 2024. Two directors resigned with Director Efi O'Donnell resigning on 30 May 2024 and Director Muna Hantuba on 1 October 2024, hence as at 31 December 2024, the Board consisted of nine directors.

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

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.



**Rory Mackey**

Non-Executive Director,  
March 2024, South African  
BSc Eng, Postgrad Dip Eng, Pr Eng, Pr CPM

Rory is the Chief Executive Officer of the JSE listed REIT SA Corporate Real Estate Limited ("SA Corporate") where he is responsible for formulating and executing the investment strategy and portfolio management. Mr. Mackey joined SA Corporate as Chief Operating Officer on 1 August 2012 and took over the role of Managing Director on 6 December 2012. He was previously part of the team managing the Old Mutual Investment Group South Africa Alternative Investments boutique from 2008 where he managed an international infrastructure fund. Prior to that Mr. Mackey was Group Executive: Commercial at Airports Company South Africa Limited. He was also General Manager of Africa's largest airport, OR Tambo International Airport, from 1996 to 2001.



**Samson Mojalefa**  
Non-Executive Director,  
March 2024, South African

Mr. Mojalefa is currently the Head of Corporate Finance at SA Corporate where his responsibilities inter alia include: Assisting the executive directors with the implementation of the Board's strategy. Identifying of opportunities and transactions that add substantial value to the business and meet the Company's strategic objectives; and Management of relationships with financial institutions and liaising with external organisations including auditors, sponsors and other relevant professional bodies in respect of mergers & acquisitions. Mr. Mojalefa has previously held various management positions which include: Chief Executive Officer for Beijing Automobile Works South Africa; Senior Manager at Barclays Bank Africa and Associate Director at KPMG South Africa.



**Dr Harrison Banda**  
Non-Executive Director,  
November 2024, Zambian  
PHD, MSC. FCCA, FZICA

Dr H. Banda is a Fellow Member (FCCA) of The Association of Chartered Certified Accountants (ACCA), a United Kingdom and worldwide full-fledged international professional accounting body, studied at Chart Foulks Lynch, London, UK. Fellow Member of the Zambia Institute of Chartered Accountants (FZICA), where he served on the Taxation Committee from 1996 to 2003. He has a Master of Science Degree (Msc.) in Financial Services Management, studied at the University of Salford in Manchester, UK, graduated with a Merit. A Doctor of Philosophy (PhD) in Business Management, studied at Atlantic International University in Miami, USA and achieved the grade of **Cum Laude** (with high honour). He has High level skills in Audit (including forensic auditing), Finance and Accounting, various forms of Insolvency assignments, Taxation, Tax Revenue Administration and Operation, General Administration, Institutional Development (including change management and systems re-engineering), Project Management, Computerization and general consultancy. Dr Banda is a performance-oriented person and to date, he has gained over 40 years of practical experience at senior management level, covering auditing (both external and internal), finance and accounting, taxation and tax administration, general management, computerization, business consultancy, insolvency assignments including Business Rescue Administration, Receiverships, and Liquidations. **He is currently the Managing Partner at Harrison and Associates, a professional firm of Chartered Accountants, providing high quality services in all business cycles including auditing, accounting, investigations, taxation and management consultancy.**



**Gillian Lee Campbell Casilli**

Executive Director,  
November 2024, Zambian

Mrs. Gillian Casilli is a highly skilled and detail-oriented property developer with over 20 years of experience designing, developing, and deploying real estate development projects. Gillian Casilli has a proven track record of successfully completing challenging projects, across property development and the commercial/industrial field, on schedule and within tight budgetary constraints. Her experience encompasses a diverse range of property development and management endeavours, spanning from commercial to residential sectors. Throughout her career, she has demonstrated an exceptional ability to thrive in demanding environments, including upstream locations with limited communications and logistical support. Possessing a solid foundation in interpersonal skills, coupled with a professional demeanour and strong leadership capabilities, she is adept at managing projects both independently and as a collaborative team member. Her skill in assembling highly motivated teams enables her to foster a culture of excellence and drive project success. Gillian's proactive approach to problem-solving and her firm personality ensure efficient project execution and stakeholder satisfaction.

One of Gillian's key strengths lies in her capacity to identify and capitalize on high-yielding opportunities. By advising and accelerating projects, she has consistently delivered tangible results, transforming potential ventures into profitable developments or products. In addition to her project management expertise, she excels in strategic planning, presentation, and project delivery. Her ability to navigate complex challenges while adhering to strict timeframes and budgets underscores her commitment to achieving organizational objectives.



**Faith Kashweka**

Non-Executive Director,  
November 2024, Zambian

Faith is a certified Chartered Accountant who is an Innovative Governance, Risk and Compliance (GRC) Specialist experienced with developing and implementing risk, compliance, policy frameworks and strategies. Having successfully built the GRC Function for the Aflife Holdings Group, Faith is an advocate for collaborative and progressive change management within an organization by ensuring holistic employee inclusion at all levels of management. Furthermore, she is enthusiastic about gaining new skills and continuous learning. Her affiliations include Zambia Institute of Chartered Accountants ( ZICA) Zambia Institute of Risk Management Association of Certified Chartered Accountants ( ACCA). She has a Bachelor of Accountancy from the Copperbelt University, a Compliance Management Certification and Business Risk Management Certification from University of Cape Town. She is currently the Head- Governance, Risk and Compliance at Aflife Holdings Group and a Non-Executive Director at Real Estate Investment Zambia Plc.

## 1.2 Directors emoluments

There were no Board fees paid during the 2024 financial year end.

Director	Meeting attendance fees	Retainer fees	Total emoluments 2024	Total emoluments 2023
K.H. Makala (Chairman)	-	-	-	315,664.65
M. Hantuba	-	-	-	235,206.57
E. O'Donnell	-	-	-	235,206.57
M. O'Donnell	-	-	-	197,565.68
D. Casilli	-	-	-	235,206.57
D. Patel	-	-	-	197,565.68
G.Casilli	-	-	-	-
F. Kashweka	-	-	-	-
H.Banda	-	-	-	-
	-	-	-	<b>1,416,415.72</b>

Attendance at Board Meetings during the year was as follows:

REIZ Board Meetings 2024											
Date of meeting	KH Makala (Chairman)	M Hantuba	E O'Donnell	M O'Donnell	D Casilli	D Patel	R Mackey	S Mojelofa	G Casilli	F Kashweka	H Banda
29/02/2024	√	√	√	√	√	√	√	√	-	-	-
30/05/2024	√	√	√	√	√	√	√	√	-	-	-
28/08/2024	√	√	-	N/A	√	√	√	√	-	-	-
28/11/2024	√	-	-	√	√	N/A	√	√	√	√	√
<b>Total</b>	<b>4/4</b>	<b>3/3</b>	<b>2/2</b>	<b>3/4</b>	<b>4/4</b>	<b>3/4</b>	<b>4/4</b>	<b>4/4</b>	<b>1/1</b>	<b>1/1</b>	<b>1/1</b>

## 1.3 Audit and Risk Committee

This Audit and Risk Committee (ARC) committee was chaired by Mr. Muna Hantuba until his resignation on 1 October 2024. Ms Faith Kashweka was appointed as the new Chairperson for the Committee on 14 November 2024. The Committee is responsible for reviewing and monitoring the integrity of statutory accounts, published annual 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:

- 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;
- considers and monitors the Group's risk profile and risk management procedures and processes.
- 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:

<b>REIZ Audit and Risk Committee Meetings 2024</b>					
<b>Date of meeting</b>	<b>M Hantuba (Chairperson)</b>	<b>E O'Donnell</b>	<b>D Casilli</b>	<b>S Mojalefa</b>	<b>F Kashweka</b>
15/02/2024	√	√	√	√	-
16/05/2024	√	√	√	√	-
26/08/2024	N/A	-	√	√	-
14/11/2024	-	-	√	N/A	√
<b>Total</b>	<b>2/3</b>	<b>2/2</b>	<b>4/4</b>	<b>3/4</b>	<b>1/1</b>

#### 1.4 Investments Committee

The Investment Committee 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 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 Director's 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
Rory Mackey	Nil	Nil	Nil	Nil
Mark O'Donnell	57,326	9,273,779	Nil	Nil
Samson Mojalefa	Nil	Nil	Nil	Nil
Gillian Casilli	Nil	Nil	Nil	Nil
Diego Casilli	10,073,152	10,073,152	Nil	Nil
Dipak Patel	Nil	Nil	Nil	Nil
Harrison Banda	Nil	Nil	Nil	Nil
Faith Kashweka	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 1 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 15 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 11 January 2021. He is an ACCA qualified professional accountant with over 25 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

The Board of directors appointed Napoli Property Development Limited to manage the REIZ property portfolio through a management services contract which was signed on 17 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 m<sup>2</sup> of commercial and retail space with high occupancy rates and reputable tenants. Napoli developed and operates one 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, residential properties.

## 4.0 External Auditor

The Auditor for the year under review was PricewaterhouseCoopers following their appointment at the Annual General Meeting held on 6 December 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 77.

## 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 corepart of REIZ's business strategy.



**Cairo road island attended to by REIZ**

## 7.0 Shareholders

At the beginning of the financial year 2024 REIZ had 214,920,876 ordinary shares in issue with LM&C Properties being the majority shareholders at 59.80%. However, at an Extraordinary General Meeting (EGM) which was held on 3 November 2023, a resolution had been passed by 93.78% of the existing shareholders to raise funds through the rights issue which took the number of ordinary shares of the company from 214,920,876 to 864,920,876 in 2024. 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. 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 of 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](http://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

Major Shareholders as at 31 December 2024		
Shareholders	Number of REIZ shares held	Holding Percentage (%)
LM AND C PROPERTIES LTD	346,836,358	40.10%
FORLI LIMITED	267,257,161	30.90%
ANCONA PROPERTIES LTD	164,071,936	18.97%
LHG MALTA HOLDINGS LTD	13,209,977	1.53%
SATURNIA REGNA PENSION FUND	10,784,625	1.25%
CASILLI DIEGO	10,073,152	1.16%
UNION GOLD (Z) LTD	9,273,779	1.07%
NATIONAL PENSION SCHEME AUTHORITY	5,691,431	0.66%
GRADUARE PROPERTY DEVELOPMENT LIMITED	5,000,000	0.58%
WORKERS' COMPENSATION FUND CONTROL BOAD	4,206,691	0.49%
<b>Top Ten Shareholders</b>	<b>836,405,110</b>	<b>96.70%</b>
<b>Others</b>	<b>28,515,766</b>	<b>3.30%</b>
<b>Total Shareholding</b>	<b>864,920,876</b>	<b>100.00%</b>

### 8.0 Dividend

The Board recommended to declare and pay dividends for the 2024 financial year (2023 Nil).

### 9.0 Conclusion

The Board of Directors hereby confirms that the Group has complied with all 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 conformity with International Financial Reporting Standards (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.

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 2024, 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 and restructuring of commercial, residential and other non-commercial property for commercial letting. As a result of REIT status, the Group is no longer in development of properties.

### 2 Share capital and beneficial owner(s)

The authorised share capital of the Company changed during the year to 864,920,876 ordinary "A" shares of US\$0.072 each. The issued and fully paid-up share capital remained at 864,920,876 ordinary "A" shares of US\$0.072 each.

The Group shareholding and beneficial ownership is represented as follows:

Name of shareholder	Percentage of shareholding	Beneficial ownership
LM and C Properties Limited	40.11 %	Gillian Casilli
Forli Ltd	30.92%	Gillian Casilli
Ancona Properties Ltd	18.98%	Gillian Casilli
Saturnia Regna Pension Trust Fund	1.25%	
LHG Malta Holdings Limited	1.53%	
Diego Casilli	1.16%	
Other shareholders	6.05%	

### 3. Significant events during the year

In June 2024, the Group 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 Group will therefore operate under the Securities Exchange Commission REIT guidance. As part of this transition, REIZ acquired Jacaranda Mall, Acacia Park and Lewanika Mall for ZMW1.3 billion in exchange of 650 million shares. As part of this purchase transactions REIZ inherited loans associated with these properties.

### 4 Results and dividend

The Group profit for the year of ZMW576.5million (2023: Loss of ZMW34.3 million), has been added to retained earnings. The Directors have declared a dividend of ZMW57.09million (2023 : nil) for the year in line with the REIT guidelines where a minimum of 80% of the distributable income of the REIT, for each accounting period, shall be distributed to unit holders.

## 5 The Board of Directors

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	Resigned 01 October 2024	K. Kashweka
Mark O'Donnell	Non Executive Director	Full year	R. Frangeskides
Efi O'Donnell	Non Executive Director	Resigned 30 May 2024	C. O'Donnell
Diego Casilli	Non Executive Director	Full year	
Dipak Patel	Non Executive Director	Full year	
Rory Mackey	Non Executive Director	Appointed 1 January 2024	
Samson Mojalefa	Non Executive Director	Appointed 1 January 2024	
Gillian Casilli	Non Executive Director	Appointed 1 November 2024	
Faith Kashweka	Non Executive Director	Appointed 1 November 2024	
Harrison Banda	Non Executive Director	Appointed 1 November 2024	

## 6 Secretary

Louis Chilufya Pulu

## 7 Directors' fees

No Directors' fees were paid during the year (2023: ZMW1.42 million) as disclosed in the annual financial statements. These fees were for the Group and Company.

## 8 Interests register information

During the year, the Group officers (Directors and Company Secretary) did not have any interests in the transactions and business of the group (2023: 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.

## 9 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.

## 10 Average number of employees and remuneration

The total remuneration of employees during the year amounted to ZMW3.6 million (2023: ZMW7.24 million). The average number of employees was 4 (2023 : 10).

## 11 Gifts and donations

During the year the Group did not make any donations (2023: ZMW0.016 million).

## 12 Equipment and motor vehicles

During the year, the Group purchased equipment and motor vehicles amounting to ZMW0.03 million (2023: ZMW0.53 million). In the opinion of the Directors, the carrying value of equipment and motor vehicles is not more than their recoverable value.

## 13 Events occurring after the end of the reporting period

The Company is in the process of acquiring East park mall assets. As part of the purchase transactions REIZ will inherit loans associated with their properties.

## 14 Going concern

At year end, the Group's current liabilities exceeded its current assets by ZMW283.1 million, and the total assets exceeded the total liabilities by ZMW2,407.1 million.

The investment property values increased due to increased group occupancy rates which stood at 72.71% as at 31 December 2024, an increase of 18.29 % from 54.42% as at 31 December 2023.

**14 Going concern (continued)**

The group conducted a rights issue in December 2023 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 had a synergic effect and will result in an estimated excess cash of over US\$2.3 million (ZMW64.15 million) for distribution among the shareholders for 2025. Group is also in discussion to acquire new properties in exchange of shares. This will have a positive impact on cashflow and improve Group current ratio.

In addition, Management is currently in discussion with Stanbic bank regarding the restructuring of Group's existing loans, including a US\$7.5 million and a ZMW 51.7 million loan. The proposal is to extend these loans by three years, with a bullet payment at the end of the term. This restructuring is aimed at easing short-term cash flow pressure and giving the Group greater flexibility in managing its financial obligation. Drawing on their past experience of successful loan restructurings with the same bank, the directors are confident of achieving the desired outcomes. This will also help in mitigating any going concern issues arising from the current net liabilities position.

Given the facts, management's focus for the year 2025 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.

**15 Corporate 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.

The Board is responsible for ensuring the effectiveness of the Company's internal control systems, including those related to financial reporting and disclosure controls. The year ended 2024 marked the implementation period for reporting on the effectiveness of the Company's internal controls over financial reporting.

The company underwent significant transitional events in 2023 and 2024 which prompted management to request for a temporary exemption from the Securities Exchange Commission on the reporting of internal controls over financial reporting for the year ended 2024.

The request was accepted by the Securities Exchange Commission on 21 February 2025. Management will submit a Gap Analysis report on internal controls over financial reporting to the Securities Exchange Commission by June 2025 and report on the internal controls over financial reporting for the year ending 31 December 2025.

**16 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 (2023 : ZMW1.3 million) as regards audit services.

Signed on behalf of the Board of Directors



**Board Chairman**

Date: 18 March 2025



**Director**

**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 46 to 94 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.

Directors are aware that the Group's current liabilities exceeded its current assets by K283.1 million. Management is currently in discussion with Stanbic bank regarding the restructuring of Group's existing loans, including a US\$7.5 million and a ZMW 51.7 million loan. The proposal is to extend these loans by three years, with a bullet payment at the end of the term. This restructuring is aimed at easing short-term cash flow pressure and giving the Group greater flexibility in managing its financial obligation. Drawing on their past experience of successful loan restructurings with the same bank, the directors are confident of achieving the desired outcomes This will also help in mitigating any going concern issues arising from the current net liabilities position.

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 and restructuring of loan will improve the Group and the Company results and improve the liquidity in the business.

**Signed on behalf of the Board of Directors**

  
 .....  
 Authorised Director

  
 .....  
 Authorised Director



## Independent auditor's report

To the Shareholders of Real Estate Investments Zambia Plc

### Report on the audit of the Group and Company annual financial statements

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#### Our opinion

In our opinion, the Group and Company annual financial statements give a true and fair view of Group and Company financial position of Real Estate Investments Zambia Plc (the "Company") and its Subsidiaries (together the "Group") as at 31 December 2024, and of the Group and Company financial performance and their 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's Group and Company annual financial statements are set out on page 46 to 94 and comprise:

- the Group and Company statements of financial position as at 31 December 2024;
- the Group and Company statements of profit or loss and other comprehensive income for the year then ended;
- the Group and Company statements of changes in equity for the year then ended;
- the Group and Company statements of cash flows for the year then ended; and
- the notes to the Group and Company annual financial statements, comprising material accounting policies and other explanatory information.

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#### 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 Group and Company 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.

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PricewaterhouseCoopers, PwC Place, Stand No 2374, Thabo Mbeki Road, P.O. Box 30942, Lusaka, Zambia  
T: +260 (0) 211 334000, F: +260 (0) 211 256474, [www.pwc.com/zm](http://www.pwc.com/zm)

A list of Partners is available from the address above



## Report on the audit of the Group and Company annual financial statements (continued)

### Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of investment property</b></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 estimation uncertainty.</p> <p>The fair value of investment properties as of 31 December 2024 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"> <li>• Tested the design and operating effectiveness of controls relating to valuation of investment properties;</li> <li>• Assessed the competence, independence and objectivity of the valuation expert by examining their qualifications and experience and obtaining confirmation of their Independence;</li> <li>• Assessed the information provided by management to the valuer for accuracy and completeness;</li> <li>• Involved our valuation specialists to perform an independent review of the valuations;</li> <li>• Assessed the reasonableness of assumptions used and appropriateness of the valuation methodologies applied;</li> <li>• Tested mathematical accuracy of the computations and reconciled the results of the valuations performed by the expert to the financial statements; and</li> <li>• 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></li> </ul>

### Other information

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



## Report on the audit of the Group and Company annual financial statements (continued)

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Our opinion on the Group and Company 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 Group and Company 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 Group and Company 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.

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### Responsibilities of the Directors for the Group and Company annual financial statements

The Directors are responsible for the preparation of the Group and Company 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 Group and Company annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Company 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 Group and Company 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.

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### Auditor's responsibilities for the audit of the Group and Company annual financial statements

Our objectives are to obtain reasonable assurance about whether the Group and Company 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 Group and Company annual financial statements.



## Report on the audit of the Group and Company annual financial statements (continued)

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

- Identify and assess the risks of material misstatement of the Group and Company annual 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 Group and Company 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 Group and Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the Group and Company annual financial statements, including the disclosures, and whether the Group and Company 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.
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## Report on the audit of the Group and Company annual financial statements (continued)

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### Auditor's responsibilities for the audit of the Group and Company annual financial statements (continued)

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 Group and Company 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.

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## Report on other legal and regulatory requirements

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### 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:

- i. 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;
- ii. 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
- iii. 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.



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## 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 Group and Company annual financial statements of the Bank have been properly prepared in accordance with Securities and Exchange Commission rules;
- ii) the Bank has, throughout the financial year, kept proper accounting records in accordance with the requirements of Securities and Exchange Commission rules;
- iii) the Group and Company statement of financial position and Group and Company statement of profit or loss and other comprehensive income, together with the Company statement of financial position and Company statement of profit or loss and other comprehensive income are in agreement with the Bank'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.

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

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

**PricewaterhouseCoopers**  
**Chartered Accountants**  
Lusaka

**28 March 2025**

A handwritten signature in blue ink that reads 'Martin Bamukunde'.

**Martin Bamukunde**  
**Practicing Certificate Number: AUD/F009933**  
**Partner signing on behalf of the firm**

	Notes	Group	
		2024	2023
Rental Income	6	159,316	65,338
Recoveries revenue	8	9,346	9,623
Property expenses	7	(56,476)	(28,841)
Rental income tax	11	(4,103)	(9,522)
Fair value gain on investment property	13b	637,710	12,549
Fair value gain on investment property under development	13b	-	10,268
Operating expenses	7	(7,963)	(10,838)
Net impairment losses on financial assets	4b	-	-
<b>Operating profit</b>		<b>737,829</b>	<b>48,577</b>
Finance income	9	1,300	16
Finance costs	9	(154,741)	(82,892)
Net Finance costs	9	(153,441)	(82,876)
<b>Profit/(Loss) before income tax</b>		<b>584,388</b>	<b>(34,299)</b>
Income tax expense		-	-
<b>Profit/(Loss) for the year</b>		<b>584,388</b>	<b>(34,299)</b>
<b>Loss on sale of investment property</b>		<b>(7,908)</b>	<b>-</b>
			(34,299)
<b>Total comprehensive income/(loss) for the year</b>		<b>576,480</b>	<b>(34,299)</b>
<b>Earnings per share</b>			
Basic earnings per share (ZMW)	21	<b>0.67</b>	(0.16)
Diluted earnings per share (ZMW)	21	<b>0.67</b>	(0.14)

	Notes	Company	
		2024	2023
Rental income	6	159,316	65,338
Recoveries revenue	8	9,346	9,623
Property expenses	7	(55,020)	(27,385)
Rental income tax	11	(4,103)	(9,522)
Fair value gain on investment property	13b	637,710	12,549
Fair value gain on investment property under development	13b	-	10,268
Operating expenses	7	(7,952)	(10,835)
Net impairment losses on financial assets	4b	-	-
<b>Operating profit</b>		<b>739,296</b>	<b>50,036</b>
Finance income	9	1,300	16
Finance costs	9	(154,741)	(82,892)
Net Finance costs	9	(153,441)	(82,892)
<b>Profit/(Loss) before income tax</b>		<b>585,855</b>	<b>(32,856)</b>
Income tax expense		-	-
<b>Profit/(Loss) for the year</b>		<b>585,855</b>	<b>(32,856)</b>
<b>Loss on sale of Investment Property</b>		<b>(7,908)</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>577,947</b>	<b>(32,856)</b>

The notes on pages 52 to 94 are an integral part of these financial statements.

		<b>Group</b>	
		<b>31 DEC 2024</b>	<b>31 DEC 2023</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Equipment and motor vehicles	12	6,228	7,963
Lease straight-lining receivable	16	9,585	16,285
Investment property	13	3,027,106	765,857
Investment property under development	14	-	43,214
		<b>3,042,919</b>	<b>833,319</b>
<b>Current assets</b>			
Current tax receivable	11	-	445
Lease straight-lining receivable	16	3,144	688
Other current assets	17	-	14,186
Trade and other receivables	18	12,956	9,887
Cash and cash equivalents	19	86,536	111,708
		<b>102,636</b>	<b>136,914</b>
<b>Total Assets</b>		<b>3,145,555</b>	<b>970,233</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners</b>			
Share capital	20	8,649	2,149
Share premium	20	1,530,984	245,261
Retained earnings		863,838	344,443
<b>Total equity attributable to equity holders of the parent</b>		<b>2,403,472</b>	<b>591,853</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Convertible redeemable cumulative preferred stock	22	7,824	7,824
Security deposits	23	22,609	8,486
Corporate bond	24	259,642	238,755
Bank loan	24	-	10,987
Lease liabilities	25	62,595	46,371
		<b>352,670</b>	<b>312,423</b>
<b>Current liabilities</b>			
Corporate bond	24	-	-
Bank loan	24	263,664	32,137
Lease liabilities	25	4,663	4,233
Current tax payable	11	1,590	4,055
Trade and other payables	26	77,896	25,532
Amounts due to related parties	28	41,600	-
		<b>389,413</b>	<b>65,956</b>
<b>Total Equity and liabilities</b>		<b>3,145,555</b>	<b>970,233</b>

The annual financial statements on pages 46 to 94 were approved and authorised for issue by the Board of Directors on 18 March 2025 and signed on its behalf by:



\_\_\_\_\_  
Director



\_\_\_\_\_  
Director

		<b>Company</b>	
		<b>31 DEC 2024</b>	<b>31 DEC 2023</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Equipment and motor vehicles	12	818	1,097
Lease straight-lining receivable	16	9,585	16,285
Investment property	13	3,027,107	765,857
Investment property under development	14	-	43,214
Investment in subsidiaries	15	146,961	146,961
		<b>3,184,470</b>	<b>973,414</b>
<b>Current assets</b>			
Current tax receivable	11	343	-
Lease straight-lining receivable	16	3,144	688
Other current assets	17	-	14,186
Trade and other receivables	18	13,476	10,407
Cash at bank and on hand	19	86,540	111,698
		<b>103,502</b>	<b>136,979</b>
<b>Total Assets</b>		<b>3,287,972</b>	<b>1,110,393</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners</b>			
Share capital	20	8,649	2,149
Share premium	20	1,530,984	245,261
Retained earnings		391,301	(129,561)
<b>Total equity attributable to equity holders of the parent</b>		<b>1,930,935</b>	<b>117,849</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Convertible redeemable cumulative preferred stock	22	7,824	7,824
Security deposits	23	22,609	8,486
Corporate bond	24	259,642	238,755
Bank loan	24	-	10,987
Lease liabilities	25	62,595	46,371
		<b>352,670</b>	<b>312,423</b>
<b>Current liabilities</b>			
Corporate bond	24	-	-
Bank loan	24	263,664	32,137
Lease liabilities	25	4,663	4,233
Rental Income tax payable	11	-	1,678
Trade and other payables	26	79,468	27,100
Amounts due to related parties	28	656,572	614,973
		<b>1,004,367</b>	<b>680,121</b>
<b>Total Equity and liabilities</b>		<b>3,287,972</b>	<b>1,110,393</b>

The annual financial statements on pages 46 to 94 were approved and authorised for issue by the Board of Directors on 18 March 2025 and signed on its behalf by:



\_\_\_\_\_  
**Director**



\_\_\_\_\_  
**Director**

<b>Group</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Year ended 31 December 2023</b>				
At start of year as previously stated	2,149	245,261	378,742	626,152
Restated balance at the start of the year	2,149	245,261	378,742	626,152
Loss for the year	-	-	(34,299)	(34,299)
Total comprehensive loss	-	-	(34,299)	(34,299)
<b>At 31 December 2023</b>	<b>2,149</b>	<b>245,261</b>	<b>344,443</b>	<b>591,853</b>
<b>Year ended 31 December 2024</b>				
At start of year	2,149	245,261	344,443	591,853
Profit for the year	-	-	576,480	576,480
Dividend declared	-	-	(57,085)	(57,085)
<b>Other comprehensive income</b>	<b>2,149</b>	<b>245,261</b>	<b>863,838</b>	<b>1,111,248</b>
<b>Transactions with owners</b>				
Issue of new shares net proceeds	6,500	-	-	6,500
Transfer to share premium	-	1,285,723	-	1,285,273
	<b>6,500</b>	<b>1,285,723</b>	<b>-</b>	<b>1,292,223</b>
<b>At 31 December 2024</b>	<b>8,649</b>	<b>1,530,984</b>	<b>863,838</b>	<b>2,403,472</b>

<b>Company</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Year ended 31 December 2023</b>				
At start of year as previously stated	2,149	245,261	(96,705)	150,705
Restated balance at the start of the year	2,149	245,261	(96,705)	150,705
Loss for the year	-	-	(32,856)	(32,856)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(32,856)</b>	<b>(32,856)</b>
<b>At end of year</b>	<b>2,149</b>	<b>245,261</b>	<b>(129,561)</b>	<b>117,849</b>
<b>Year ended 31 December 2024</b>				
At start of year	2,149	245,261	(129,561)	117,849
Profit for the year	-	-	577,947	577,947
Dividend declared	-	-	(57,085)	(57,085)
<b>Total comprehensive income</b>	<b>2,149</b>	<b>245,261</b>	<b>391,301</b>	<b>638,711</b>
<b>Transactions with owners</b>				
New shares issued during the year	6,500	-	-	6,500
Transfer to share premium	-	1,285,723	-	1,285,723
	<b>6,500</b>	<b>1,285,723</b>	<b>-</b>	<b>1,292,224</b>
<b>At end of year</b>	<b>8,649</b>	<b>1,530,984</b>	<b>391,301</b>	<b>1,930,935</b>

		<b>Group</b>	
		<b>2024</b>	<b>2023</b>
	<b>Notes</b>		
<b>Cashflows from operating activities</b>			
Cash generated from operations	27	141,635	37,166
Income taxes paid	11	(6,124)	(10,435)
		<u>135,511</u>	<u>26,731</u>
<b>Cash flows from investing activities</b>			
Interest received	9	1,300	-
Capital expenditure	13	(114,566)	-
Disposal of property	13	33,320	-
Purchase of equipment and motor vehicles	12	(3)	(9,975)
Net cash outflow from investing activities		<u>(79,948)</u>	<u>(9,975)</u>
<b>Cash flows from financing activities</b>			
Coupon interest on preferred stock paid	21	(4,185)	(3,259)
Corporate bond interest paid	27	(20,077)	(9,694)
Corporate bond principal paid	27	-	-
Interest on other loans and borrowings	27	(15,519)	(3,538)
Repayment of principal on other loans and borrowings	27	(48,722)	(24,823)
Interest on lease liability	25	(4,317)	(6,069)
Lease principle payment	25	(2,848)	(3,902)
Issue of new corporate bond	27	-	95,305
Net cash inflows from financing activities		<u>(95,667)</u>	<u>44,020</u>
<b>Net increase in cash at bank and on hand</b>		<u>(40,105)</u>	<u>60,776</u>
<b>Movement in cash at bank and on hand</b>			
Cash at bank and on hand at the beginning of the financial year		111,708	1,120
Net Increase		(40,105)	60,776
Effects of exchange rate changes on cash at bank and on hand		14,933	49,812
<b>Cash at bank and on hand at end of year</b>		<u>86,536</u>	<u>111,708</u>

	Notes	Company	
		2024	2023
<b>Cashflows from operating activities</b>			
Cash generated from operations	27	141,651	37,146
Income taxes paid	11	(6,124)	(10,395)
		<u>135,526</u>	<u>26,751</u>
<b>Cash flows from investing activities</b>			
Interest received	9	1,300	-
Capital expenditure	13	(114,566)	-
Disposal of property	13	33,320	-
Purchase of equipment and motor vehicles	12	(3)	(9,975)
Net cash outflow from investing activities		<u>(79,948)</u>	<u>(9,975)</u>
<b>Cash flows from financing activities</b>			
Coupon interest on preferred stock paid	21	(4,185)	(3,259)
Corporate bond interest paid	27	(20,077)	(9,694)
Interest on other loans and borrowings	27	(15,519)	(3,538)
Repayment of principal on other loans and borrowings	27	(48,722)	(24,823)
Interest on lease liability	25	(4,317)	(6,069)
Lease principle payment	25	(2,848)	(3,902)
Issue of new corporate bond	27	-	95,305
Net cash inflows from financing activities		<u>(95,667)</u>	<u>44,020</u>
<b>Net increase in cash at bank and on hand</b>		<u>(40,089)</u>	<u>60,819</u>
<b>Movement in cash at bank and on hand</b>			
Cash at bank and on hand at the beginning of the financial year		111,698	922
Net Increase		(40,089)	60,819
Effects of exchange rate changes on cash at bank and on hand		14,931	49,957
<b>Cash and cash at bank and on hand at end of year</b>		<u>86,540</u>	<u>111,698</u>

## 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, Stand 2713, Cairo Road, Lusaka. The consolidated financial statements of the Group as at and for the year ended 31 December 2024 comprise the Company and subsidiaries (together referred to as 'the Group' and individually as 'Group entities'). The Group is primarily involved in investment, 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).

#### *Going concern*

The accompanying Group and Company annual financial statements have been prepared assuming that the Group will continue as a going concern. As discussed in the notes to the Group and Company annual financial statements. Management is currently in discussion with Stanbic bank regarding the restructuring of Group's existing loans, including a US\$7.5 million and a ZMW 51.7 million loan. The proposal is to extend these loans by three years, with a bullet payment at the end of the term. This restructuring is aimed at easing short-term cash flow pressure and giving the Group greater flexibility in managing its financial obligation. Drawing on their past experience of successful loan restructurings with the same bank, the Directors are confident of achieving the desired outcomes. This will also help in mitigating any going concern issues arising from the current net liability position.

#### *Historical cost convention*

The Group and Company 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 and Securities and Exchange Commission of Zambia, the group annual financial statements for the year ended 31 December 2024 have been approved for issue by the Directors.

The preparation of Group and Company 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 Group and Company annual financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024. 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) Taxation**

Income tax expense represents the sum of the tax currently payable.

**Rental income 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.

Foreign currency differences arising on retranslation are recognised in other comprehensive income.

**(I) Financial instruments****(I) 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.

**1 Material accounting policies** (continued)**(I) Financial instruments** (continued)*(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 paybles 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.

*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.

## 1 Material accounting policies (continued)

### (k) Motor vehicles and equipment

#### *Recognition and measurement*

Items of motor vehicles 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 motor vehicles 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. Motor vehicles and equipment is derecognised when the item is disposed off, stolen or fully impaired. Motor vehicles 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 motor vehicles 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.

Investment property under development is subsequently revalued by registered independent property valuation experts with appropriate recognised professional qualifications. The difference between fair value and cost is recognised as a gain in profit or loss. 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 until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

### (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 Material accounting policies** (continued)**(n) Leases** (continued)*i. 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.

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 reasonably 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)**Non-derivative financial assets** (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 recovery 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 2024.

**2 Changes in accounting policies** (continued)

*(i) New and amended standards adopted by the Group (continued)*

The amendments to accounting standards below effective for the reporting period 1 January 2024 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 2024.

<b>Number</b>	<b>Effective date</b>	<b>Executive summary</b>
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.
IAmendment 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 theIASB's response to investors' concerns that some companies' suppliers finance arrangements are not sufficiently visible, hindering investors' analysis.

**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 2024 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 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.
Amendment to IFRS 9, - Classification and Measurement of Financial Instruments	Annual periods beginning on or after 1 January 2026  (Published May 2024)	These amendments: <ul style="list-style-type: none"> <li>•clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;</li> <li>•clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;</li> <li>•add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and</li> <li>•make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).</li> </ul>
IFRS 18, 'Presentation and Disclosure in Financial Statements'	Annual periods beginning on or after 1 January 2027  (Published April 2024)	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.  IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.  Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.
IFRS 19, 'Subsidiaries without Public Accountability'	Annual periods beginning on or after 1 January 2027  (Published May 2024)	The objective of IFRS 19 is to provide reduced disclosure requirements for subsidiaries, with a parent that applies the Accounting Standards in its consolidated financial statements.  IFRS 19 is a voluntary Accounting Standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements.

### 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 2024 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 – Right of use fair value; and
- Note 4 – Financial instruments - expected credit losses.

#### 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.

#### 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 (ZMW). 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.

**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 2024			31 December 2023		
	Kwacha	USD	Total	Kwacha	USD	Total
	<b>Financial assets</b>					
Trade receivables	4,568	6,876	<b>11,444</b>	2,774	7,113	9,887
Cash at bank and on hand	3,825	82,711	<b>86,536</b>	313	111,395	111,708
	<b>8,393</b>	<b>89,587</b>	<b>97,981</b>	<b>3,087</b>	<b>118,508</b>	<b>121,595</b>
<b>Financial liabilities</b>						
Corporate bonds	-	259,642	<b>259,642</b>	-	238,755	238,755
Lease liability	-	67,258	<b>67,258</b>	-	50,604	50,604
Security deposits	2,693	19,916	<b>22,609</b>	1,076	7,410	8,486
Bank loan	51,781	211,883	<b>263,664</b>	-	43,123	43,123
Trade and other payables	23,643	64,700	<b>88,344</b>	10,469	12,119	22,588
	<b>78,118</b>	<b>623,399</b>	<b>701,516</b>	<b>11,545</b>	<b>352,011</b>	<b>363,556</b>
<b>Net exposure</b>	<b>(69,724)</b>	<b>(533,811)</b>	<b>(603,536)</b>	<b>(8,458)</b>	<b>(233,503)</b>	<b>(241,961)</b>

Company	31 December 2024			31 December 2023		
	Kwacha	USD	Total	Kwacha	USD	Total
	<b>Financial assets</b>					
Trade receivables	4,568	6,876	<b>11,444</b>	2,774	7,113	9,887
Cash at bank and on hand	3,829	82,711	<b>86,540</b>	313	111,395	111,708
	<b>8,397</b>	<b>89,587</b>	<b>97,984</b>	<b>3,087</b>	<b>118,508</b>	<b>121,595</b>
<b>Financial liabilities</b>						
Corporate bonds	-	259,642	<b>259,642</b>	-	238,755	238,755
Lease liability	-	67,258	<b>67,258</b>	-	50,604	50,604
Security deposits	2,693	19,916	<b>22,609</b>	1,076	7,410	8,486
Bank loan	51,781	211,883	<b>263,664</b>	-	43,123	43,123
Trade and other payables	14,046	64,700	<b>78,746</b>	625,920	12,119	638,039
	<b>68,520</b>	<b>623,399</b>	<b>691,919</b>	<b>626,996</b>	<b>352,011</b>	<b>979,007</b>
<b>Net exposure</b>	<b>(60,123)</b>	<b>(533,811)</b>	<b>(593,935)</b>	<b>(623,909)</b>	<b>(233,503)</b>	<b>(857,412)</b>

The following significant exchange rates applied during the year:

	Average rate		Mid-spot rate	
	31 Dec 24	31 Dec 23	31 Dec 24	31 Dec 23
	USD 1.00 to ZMW	<b>26.1734</b>	19.95	<b>27.975</b>

As at 31 December 2024, with all other variables held constant, a 10% (2023: 10%) decrease/increase in the exchange rate would have resulted in a change in profit or loss for the year of ZMW53 million (2023: ZMW24.13 million) on the Group and ZMW53 million (2023: ZMW24.13 million) on the Company.

#### 4 Financial risk management (continued)

##### a) Market risk (continued)

###### (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 2024, with all other variables held constant, a 1% (2023: 1%) decrease / increase in the base interest rate would have resulted in a change in profit or loss for the year of ZMW2.67 million (2023: ZMW1.97 million).

##### 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 deposits 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	
	2024	2023	2024	2023
Trade receivables	16,263	17,212	16,263	17,212
Other receivables	2,633	13	2,633	533
Bank balances	86,536	111,705	86,540	111,695
	<u>105,432</u>	<u>128,930</u>	<u>97,984</u>	<u>129,440</u>

#### 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 (2023: 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 on hand
- 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 2024 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
	2024	2023	2024	2023
Financial services sector	1,603	2,060	1,603	2,060
Retail sector	2,326	3,293	2,326	3,293
IT and Telecommunications	301	1,946	301	1,946
Accountancy and Consultancy	133	43	133	43
Food & restaurants	805	45	805	45
Other sectors	11,095	9,824	11,095	9,824
	<b>16,263</b>	<b>17,211</b>	<b>16,263</b>	<b>17,211</b>

There was no interest income recognised on impaired assets.

**(ii) Impairment losses**

The fair value of investment property was determined by management's appointed external, independent property valuation experts RM Fumbeshi & Co. Limited, having appropriate recognized 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 fair value measurement for investment property of ZMW637.7 million (31 December 2023: ZMW765 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.

**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	<b>1,611</b>	<b>1,930</b>	<b>1,666</b>	<b>1,540</b>	<b>3,127</b>	<b>9,874</b>

**Group and Company - 31 December 2024**

	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	3,715	1,498	357	226	10,468	16,263
Expected loss rate	3.40%	9.40%	10.82%	13.12%	67.84%	
Loss allowance	(126)	(141)	(39)	(30)	(7,116)	(7,452)
Net carrying amount	<b>3,589</b>	<b>1,357</b>	<b>318</b>	<b>196</b>	<b>3,352</b>	<b>8,811</b>

**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.

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Group and Company</b>		
Opening balance at 1 January	7,337	39,734
Bad debts recovered	115	(32,397)
Closing balance at 31 December	<u>7,452</u>	<u>7,337</u>

**iii) Cash at bank and cash on hand**

The Group held cash at bank and cash on hand of ZMW86.5 million at 31 December 2024 (2023: ZMW111.7 million). The cash at bank are held with highly rated bank and financial institution counter parties in Zambia. Impairment assessment on cash at bank and cash on hand 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 at bank and cash on hand have low credit risk. The Group uses a similar approach for assessment of ECLs for cash at bank and cash on hand.

The impairment allowance on cash and cash equivalents in 2024 was immaterial (2023: 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 (2023: nil).

**ii. Remaining contractual maturities of financial liabilities**
**Group - 31 Dec 2024**

	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	259,642	345,513	5,367	16,101	21,468	21,468	281,110	-
Convertible cumulative redeemable preferred stock	7,824	8,450	-	626	-	-	-	7,824
Lease liability	67,258	848,304	1,166	3,497	4,719	14,505	29,009	795,408
Security deposits	22,609	22,609	-	22,609	-	-	-	-
Trade and other payables	85,344	88,344	88,344	-	-	-	-	-
Bank loan	263,664	325,430	7,763	286,952	-	-	-	-
<b>Total financial liabilities</b>	<b>709,341</b>	<b>1,638,649</b>	<b>102,639</b>	<b>329,785</b>	<b>26,187</b>	<b>35,972</b>	<b>310,119</b>	<b>803,232</b>

**Group - 31 Dec 2023**

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	-	-	-
<b>Total financial liabilities</b>	<b>372,470</b>	<b>456,939</b>	<b>38,182</b>	<b>51,421</b>	<b>33,236</b>	<b>22,106</b>	<b>266,849</b>	<b>45,144</b>

**Company - 31 Dec 2024**

	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	259,642	345,513	5,367	16,101	21,468	21,468	281,110	-
Convertible cumulative redeemable preferred stock	7,824	8,450	-	626	-	-	-	7,824
Lease liability	67,258	848,304	1,166	3,497	4,719	14,505	29,009	795,408
Amounts due to related party	645,688	645,688	-	645,688	-	-	-	-
Security deposits	22,609	22,609	-	22,609	-	-	-	-
Trade and other payables	86,916	89,916	89,916	-	-	-	-	-
Bank loan	263,664	325,430	7,763	286,952	-	-	-	-
<b>Total financial liabilities</b>	<b>1,356,601</b>	<b>2,285,909</b>	<b>104,211</b>	<b>975,473</b>	<b>26,187</b>	<b>35,972</b>	<b>310,119</b>	<b>803,232</b>

**Company - 31 Dec 2023**

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	-	-	-	-
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	-	-	-
<b>Total financial liabilities</b>	<b>987,443</b>	<b>1,071,912</b>	<b>38,182</b>	<b>666,394</b>	<b>33,236</b>	<b>22,106</b>	<b>266,849</b>	<b>45,144</b>

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	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade and other receivables	11,444	11,444	9,887	9,887
Cash at bank and on hand	86,536	86,536	111,708	111,708
Convertible redeemable cumulative preferred stock	(7,824)	(8,450)	(7,824)	(8,450)
Lease liability	(67,258)	(67,258)	(50,604)	(55,032)
Corporate bonds	(259,642)	(266,782)	(238,755)	(315,454)
Bank loan	(263,664)	(263,664)	(43,123)	(45,839)
Trade and other payables	(88,344)	(88,344)	(23,678)	(23,678)
	<u>(588,750)</u>	<u>(596,517)</u>	<u>(242,389)</u>	<u>(326,858)</u>

Company	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade and other receivables	11,444	11,444	10,407	14,787
Cash and cash equivalents	86,540	86,540	111,698	12,395
Convertible redeemable cumulative preferred stock	(7,824)	(8,450)	(7,824)	(8,450)
Lease liability	(67,258)	(67,258)	(50,604)	(55,032)
Corporate bonds	(259,642)	(266,782)	(238,755)	(315,454)
Bank loan	(263,664)	(263,664)	(43,123)	(45,839)
Trade and other payables	(746,489)	(746,489)	(638,651)	(638,651)
	<u>(1,246,892)</u>	<u>238,319</u>	<u>(856,852)</u>	<u>(1,036,244)</u>

## 5 Operating segments

The Group has two reportable segments. These two segments represent strategic revenue streams. For each of the strategic revenue streams, the Group's Chief Executive Officer reviews internal management reports on a quarterly basis.

The following summary describes the nature of each of the revenue streams:

- 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 2023

	Retail	Office and residential	Total
Rental income	26,802	38,536	65,338
Depreciation	-	1,844	1,844
Net rental income	<b>15,953</b>	<b>20,544</b>	<b>36,497</b>
Rental income 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)/profit before tax	(14,577)	(19,722)	(34,299)
Income tax expense	-	-	-
(Loss)/profit for the year	<u>(14,577)</u>	<u>(19,722)</u>	<u>(34,299)</u>

**5 Operating segments (continued)**

<b>Year ended December 2024</b>	<b>Retail</b>	<b>Office and residential</b>	<b>Total</b>
Rental income	75,378	83,938	159,316
Depreciation	-	(1,765)	(1,765)
Net rental income	75,378	82,173	157,551
Rental income tax	(1,928)	(2,175)	(4,103)
Change in fair value of investment property	299,724	337,986	637,710
Loss on sale of investment property	-	(7,908)	(7,908)
Recoveries	4,393	4,953	9,346
Operating expenses	(30,286)	(33,388)	(62,674)
Interest expense	(72,117)	(81,324)	(153,441)
(Loss)/profit before tax	<u>275,162</u>	<u>301,318</u>	<u>576,480</u>
Income tax expense	-	-	-
(Loss)/profit for the year	<u>275,162</u>	<u>301,318</u>	<u>576,480</u>

The segment assets and liabilities and cash flows were as follows:

<b>Year ended 31 December 2023</b>	<b>Retail</b>	<b>Office and residential</b>	<b>Total</b>
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

<b>Year ended 31 December 2024</b>	<b>Retail</b>	<b>Office and residential</b>	<b>Total</b>
Segment assets	1,478,411	1,667,144	3,145,555
Investment property	1,422,740	1,604,366	3,027,106
Investment property under development	-	-	-
Segment liabilities	51,654	58,248	109,901
Corporate bond	122,032	137,610	259,642
Bank loan	123,922	139,742	263,664
Lease liability	31,611	35,647	67,258
Capital expenditure	98,011	20,887	118,899

## 5 Operating segments (continued)

Segment assets comprise primarily equipment and motor vehicles, 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 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	<b>562</b>	<b>53,637</b>	<b>54,199</b>
Cash at bank and on hand at beginning of the year	996	11,426	12,422
Effect of exchange rate fluctuations on cash held	451	44,636	45,087
Cash at bank and on hand at end of the year	<b>2,009</b>	<b>109,699</b>	<b>111,708</b>

Year ended 31 December 2024			
	Retail	Office and residential	Total
Net cash outflows from operating activities	<b>63,690</b>	<b>71,821</b>	<b>135,511</b>
Net cash inflows/outflows from investing activities	<b>(37,576)</b>	<b>(42,373)</b>	<b>(79,948)</b>
Net cash inflows from financing activities	<b>(44,964)</b>	<b>(50,704)</b>	<b>(95,667)</b>
Net decrease/increase in cash and cash equivalents	<b>(18,849)</b>	<b>(21,255)</b>	<b>(40,105)</b>
Cash at bank and on hand at beginning of the year	<b>52,508</b>	<b>59,200</b>	<b>111,708</b>
Effect of exchange rate fluctuations on cash held	<b>7,013</b>	<b>7,920</b>	<b>14,933</b>
Cash at bank and on hand at end of the year	<b>40,672</b>	<b>45,864</b>	<b>86,536</b>

## 6 Rental income

	Group		Company	
	2024	2023	2024	2023
Rental income- office and residential	<b>85,858</b>	26,801	<b>85,858</b>	26,801
Rental income- retail	<b>75,378</b>	35,200	<b>75,378</b>	35,200
Lease straight-lining income	<b>(1,920)</b>	3,337	<b>(1,920)</b>	3,337
<b>Gross rental income</b>	<b>159,316</b>	<b>65,338</b>	<b>159,316</b>	<b>65,338</b>

There were no rental remissions granted during the year (2023: Nil)

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	
	2024	2023	2024	2023
<i>Property expenses</i>				
Salaries	565	979	565	979
Repairs and maintenance	4,270	3,392	4,270	3,392
Letting costs	847	402	847	402
Electricity and water	10,501	9,468	10,501	9,468
Council rates and leased land rentals	4,444	1,922	4,444	1,922
Security	3,319	2,540	3,319	2,540
Cleaning and refuse removal	2,529	952	2,529	952
Insurance	634	833	634	833
Depreciation expense	1,765	1,884	309	428
Legal and professional expenses	694	1,198	694	1,198
Property management fees	26,179	5,116	26,179	5,116
Valuation fees	728	155	728	155
	<b>56,476</b>	<b>28,841</b>	<b>55,020</b>	<b>27,385</b>
<i>Operating expenses</i>				
Advertising and promotion	955	333	955	333
Salaries	3,045	6,263	3,045	6,263
Audit fees	1,470	1,320	1,470	1,320
Secretarial fees	-	8	-	8
Computer expenses	46	190	46	190
Consultancy	9	132	9	132
Listing fees	870	342	870	341
Printing and stationery	154	285	154	285
Telephone and postage	82	23	82	23
Bank charges	574	155	564	153
Directors' fees	-	1,416	-	1,416
Board expenses	38	117	38	117
Medical, staff welfare and training	518	87	518	87
Workers compensation	6	5	6	5
Motor vehicle expenses	197	162	197	162
	<b>7,963</b>	<b>10,838</b>	<b>7,952</b>	<b>10,835</b>
<b>Total expenses</b>	<b>64,440</b>	<b>39,679</b>	<b>62,972</b>	<b>38,220</b>

## 8 Recoveries revenue

Council rates recovery
Electricity
Water and Sewerage
Ground maintenance
Security
Cleaning and refuse collection

Group	
2024	2023
315	489
4,615	3,912
1,330	2,578
120	575
2,048	1,405
918	664
<u>9,346</u>	<u>9,623</u>

Company	
2024	2023
315	489
4,615	3,912
1,330	2,578
120	575
2,048	1,405
918	664
<u>9,346</u>	<u>9,623</u>

Recoveries revenue relate to amounts billed to tenants in recovery of expenses paid on behalf of the tenants.

## 9 Finance income / (costs)

<i>Finance Income</i>
Foreign exchange gain
Interest income on bank deposits
<i>Finance costs</i>
Foreign exchange (loss)
Interest on corporate bonds
Interest on bank loan
Interest on lease liability
Coupon interest on convertible cumulative redeemable preferred stock
<b>Net finance costs</b>

Group	
2024	2023
-	16
1,300	-
<u>1,300</u>	<u>16</u>
(110,644)	(60,333)
(20,077)	(9,694)
(15,519)	(3,538)
(4,317)	(6,069)
(4,185)	(3,258)
<u>(154,741)</u>	<u>(82,892)</u>
<u>(153,441)</u>	<u>(82,876)</u>

Company	
2024	2023
-	-
1,300	-
<u>1,300</u>	<u>-</u>
(110,644)	(60,333)
(20,077)	(9,694)
(15,519)	(3,538)
(4,317)	(6,069)
(4,185)	(3,258)
<u>(154,741)</u>	<u>(82,892)</u>
<u>(153,441)</u>	<u>(82,892)</u>

## 10 Employee benefits

Salaries and wages
Retirement benefits costs:
Pension costs (NAPSA)
Allocated as :
Property expenses
Administrative expenses

Group	
2024	2023
3,610	7,191
-	51
<u>3,610</u>	<u>7,242</u>
565	979
3,045	6,263
<u>3,610</u>	<u>7,242</u>

Company	
2024	2023
3,610	7,191
-	51
<u>3,610</u>	<u>7,242</u>
565	979
3,045	6,263
<u>3,610</u>	<u>7,242</u>

## 11 Taxation

### (a) Rental income tax

	Group		Company	
	2024	2023	2024	2023
Total income tax expense recognised in the statement of profit or loss	<u>4,103</u>	<u>9,522</u>	<u>4,103</u>	<u>9,522</u>

Effective 1 January 2022, withholding tax was replaced by rental income tax and the rate applied on rental turnover is 12.5%. The rental income tax is a final tax and therefore there is no deferred income 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. The Group obtained REIT status during the year, and therefore exempt from tax on income and therefore exempt from paying rental tax and income tax. Eureka and Southview are not part of REIT, and therefore group is still be liable for rental income tax on income from these properties.

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>

Year ended 31 Dec 2024	Group			Company		
	Income	Tax rate	Tax	Income	Tax rate	Tax
Gross rental income before REIT	29,767	12.5%	3,718	29,767	12.5%	3,718
Gross rental income after REIT	124,930			124,930		
Gross rental income property not under REIT	3,547	12.5%	385	3,547	12.5%	385
Bank interest	1,300	0.0%	-	1,300	0.0%	-
	<u>159,544</u>		<u>4,103</u>	<u>159,544</u>		<u>4,103</u>

### (b) Current taxation movement in statement of financial position

	Group		Company	
	2024	2023	2024	2023
Balance at 1 January	3,610	4,523	1,678	2,550
Prior period under provision	-	1,768	-	1,768
Rental tax expense	4,103	7,754	4,103	7,754
	<u>7,713</u>	<u>14,045</u>	<u>5,781</u>	<u>12,072</u>
Less: tax paid	(6,124)	(10,435)	(6,124)	(10,394)
Rental tax payable	<u>1,589</u>	<u>3,610</u>	<u>(343)</u>	<u>1,678</u>
<b>Analysis of tax payable</b>				
Rental tax receivable	-	(445)	-	-
Rental tax payable	1,589	4,055	(343)	1,678
Rental tax payable/receivable	<u>1,589</u>	<u>3,610</u>	<u>(343)</u>	<u>1,678</u>

**12 Equipment and motor vehicles**

Group	Equipment	Furniture, fittings and office equipment	Motor vehicles	Fixtures and fittings	Total
<b>Year ended 31 December 2023</b>					
Opening net book value	7,653	729	145	787	9,314
Additions	-	533	-	-	533
Depreciation charge	(887)	(271)	(141)	(585)	(1,884)
<b>Closing net book amount</b>	<b>6,766</b>	<b>991</b>	<b>4</b>	<b>202</b>	<b>7,963</b>
<b>At 31 December 2023</b>					
Cost	22,067	4,401	2,011	11,268	39,747
Accumulated depreciation	(15,301)	(3,410)	(2,007)	(11,066)	(31,784)
<b>Net book value</b>	<b>6,766</b>	<b>991</b>	<b>4</b>	<b>202</b>	<b>7,963</b>
<b>Year ended 31 December 2024</b>					
Opening net book value	6,766	991	4	202	7,963
Additions	30	-	-	-	30
Depreciation charge	(1,141)	(406)	(4)	(215)	(1,765)
<b>Closing net book amount</b>	<b>5,655</b>	<b>585</b>	<b>(0)</b>	<b>(13)</b>	<b>6,228</b>
<b>At 31 December 2024</b>					
Cost	22,097	4,401	2,011	11,268	39,777
Accumulated depreciation	(16,442)	(3,816)	(2,011)	(11,281)	(33,549)
<b>Net book value</b>	<b>5,655</b>	<b>585</b>	<b>(0)</b>	<b>(13)</b>	<b>6,228</b>

\* Included in equipment and motor vehicles are fully depreciated assets with a cost of ZMW0.08 million (2023 : ZMW0.08 million)

Company	Equipment	Furniture, fittings and office equipment	Motor vehicles	Fixtures and fittings	Total
<b>Year ended 31 December 2023</b>					
Opening net book value	59	748	145	39	991
Additions	-	-	-	534	534
Depreciation charge	-	(246)	(141)	(18)	(428)
<b>Closing net book amount</b>	<b>36</b>	<b>502</b>	<b>4</b>	<b>555</b>	<b>1,097</b>
<b>At 31 December 2023</b>					
Cost	2,958	1,291	2,011	7,135	13,395
Accumulated depreciation	(2,922)	(789)	(2,007)	(6,580)	(12,298)
<b>Net book value</b>	<b>36</b>	<b>502</b>	<b>4</b>	<b>555</b>	<b>1,097</b>
<b>Year ended 31 December 2024</b>					
Opening net book value	36	502	4	555	1,097
Additions	30	-	0	-	30
Depreciation charge	(66)	(49)	(4)	(190)	(309)
<b>Closing net book amount</b>	<b>(0)</b>	<b>453</b>	<b>-</b>	<b>365</b>	<b>818</b>
<b>At 31 December 2024</b>					
Cost	2,988	1,291	2,011	7,135	13,425
Accumulated depreciation	(2,988)	(838)	(2,011)	(6,770)	(12,607)
<b>Net book value</b>	<b>(0)</b>	<b>453</b>	<b>-</b>	<b>365</b>	<b>818</b>

\* Included in equipment and motor vehicles are fully depreciated assets with a cost of ZMW2 million (2023 : ZMW0.12 million). These items are being available at company premises as per companies act.

**13 Investment property**

	Group		Company	
	2024	2023	2024	2023
<b>Buildings</b>				
Opening balance	548,043	456,543	548,043	456,543
Add: Investment property	1,530,359	-	1,530,359	-
Straight line adjustment	(12,729)	-	(12,729)	-
Net gain/(loss) from fair value adjustment	574,690	91,500	574,690	91,500
Closing balance at 31 December	<u>2,640,363</u>	<u>548,043</u>	<u>2,640,363</u>	<u>548,043</u>
<b>Right of use assets - land</b>				
Opening balance	217,814	325,297	217,814	325,297
Less: Land sold	(33,320)	-	(33,320)	-
Add: New properties value of ROU	139,230	-	139,230	-
Lease remeasurements	-	(28,532)	-	(28,532)
	<u>323,724</u>	<u>296,765</u>	<u>323,724</u>	<u>296,765</u>
Net gain/(loss) gain from fair value adjustment	63,020	(78,951)	63,020	(78,951)
Closing balance at 31 December	<u>386,744</u>	<u>217,814</u>	<u>386,744</u>	<u>217,814</u>
<b>Total investment property</b>	<u><u>3,027,106</u></u>	<u><u>765,857</u></u>	<u><u>3,027,106</u></u>	<u><u>765,857</u></u>

(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 23 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 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.

## 13 Investment property (continued)

### b) Measurement of fair value

The fair value of investment property was determined by management's appointed external, independent property valuation experts RM Fumbeshi & Co. Limited, 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 purchase of the investment property during the year was accounted for as an asset acquisition.

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 ZMW645 million (31 December 2023: ZMW765 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	
	2024	2023	2024	2023
<b>Fair value gain on investment property</b>				
-Fair value of investment property determined by external valuer	574,690	91,500	574,690	91,500
- Fair value adjustment on right of use assets	63,020	(78,951)	63,020	(78,951)
<b>Total fair value gain on investment property</b>	<b>637,710</b>	<b>12,549</b>	<b>637,710</b>	<b>12,549</b>
- Fair value gain on investment property under development	-	10,268	-	10,268
<b>Total changes in fair value</b>	<b>637,710</b>	<b>22,817</b>	<b>637,710</b>	<b>22,817</b>

### 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, with high voids while Central Park and Arcades occupancy rate have improved. In view of the marketing projections that were made for properties with higher occupancy rates, these tendered to have an effect of higher 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><b>Discounted cash flows:</b> 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"> <li>• Expected market rental growth (3.25%).</li> <li>• Void periods (average 6 months after the end of each lease).</li> <li>• Occupancy rate (38%).</li> <li>• Rent-free periods (1- 3 months period on new leases).</li> <li>• Risk-adjusted discount rates (13%).</li> </ul>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>• expected market rental growth were higher (lower);</li> <li>• void periods were shorter (longer);</li> <li>• the occupancy rates were higher (lower)</li> <li>• Rent-free periods were shorter (longer); or</li> <li>• the risk-adjusted discount rate was lower (higher).</li> </ul>

**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><b>Discounted cash flows:</b> 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"> <li>Expected market rental growth (3.25%).</li> <li>Void periods (average 6 months after the end of each lease).</li> <li>Occupancy rate (68 - 98%, weighted average 70%)</li> <li>Rent-free periods (1- 3 months period on new leases).</li> <li>Risk-adjusted discount rate (12.50% - 13.00%. Weighted average 12.75%).</li> </ul>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>expected market rental growth were higher (lower);</li> <li>void periods were shorter (longer);</li> <li>the occupancy rates were higher (lower)</li> <li>Rent-free periods were shorter (longer); or</li> <li>the risk-adjusted discount rate was lower (higher).</li> </ul>

**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"> <li>Expected market rental growth (3.25%).</li> <li>Void periods (average 6 months after the end of each lease).</li> <li>Occupancy rate (90.00%)</li> <li>Rent-free periods (1- 3 months period on new leases).</li> <li>Risk-adjusted discount rate (11.75%).</li> </ul>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>expected market rental growth were higher (lower);</li> <li>void periods were shorter (longer);</li> <li>the occupancy rates were higher (lower)</li> <li>Rent-free periods were shorter (longer); or</li> <li>the risk-adjusted discount rate was lower (higher).</li> </ul>

**( c ) Minimum lease payments of rental income**

	Group		Company	
	2024	2023	2024	2023
Falling due within				
- One year	220,917	49,702	220,917	49,702
- 2 - 5 years	385,057	74,102	385,057	74,102

## 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	
	2024	2023	2024	2023
Opening balance at 1 January	43,214	23,504	43,214	23,504
Additions	(43,214)	9,442	(43,214)	9,442
Change in fair value	-	10,268	-	10,268
Closing balance at 31 December	-	43,214	-	43,214

## 15 Investments in subsidiaries

	Group		Company	
	2024	2023	2024	2023
Subsidiaries				
Thistle Land Development Company Limited	-	-	13,004	13,004
Arcades Development Plc	-	-	133,957	133,957
	-	-	146,961	146,961

Real Estates Investments Zambia Plc holds 100% shareholding in both Thistle Land Development Company Limited and Arcades Development Plc. There was no change in shareholding during the year.

## 16 Lease straight-lining receivable

	Group		Company	
	2024	2023	2024	2023
Opening balance at 1 January	16,973	13,304	16,973	13,304
Effect of exchange gains	(6,163)	332	(6,163)	332
Effects of straight line lease income	1,920	3,337	1,920	3,337
Closing balance at 31 December	12,729	16,973	12,729	16,973
Non-current	9,585	16,285	9,585	16,285
Current	3,144	688	3,144	688
	12,729	16,973	12,729	16,973

**17 Other current assets**

Prepayments

Group	
2024	2023
=	14,186

Company	
2024	2023
-	14,186

**18 Trade and other receivables**

Trade receivables
Loss allowance (note 4b)
Other receivables

Group	
2024	2023
16,263	17,212
(7,452)	(7,338)
8,811	9,874
4,145	13
12,956	9,887

Company	
2024	2023
16,263	17,212
(7,452)	(7,337)
8,811	9,875
4,664	532
13,476	10,407

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

**19 Cash and bank balances**

Bank balances
Cash on hand
<b>Cash in hand and at bank</b>

Group	
2024	2023
86,510	111,705
26	3
86,536	111,708

Company	
2024	2023
86,514	111,695
26	3
86,540	111,698

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 ZMW22.6 million relating to security deposit and ZMW1.61 million relating to unclaimed dividends as restricted cash.

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

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

Group	
2024	2023
2,149	2,149
6,500	-
8,649	2,149

Company	
2024	2023
2,149	2,149
6,500	-
8,649	2,149

The authorised share capital of the Company changed during the year at 864,920,876 ordinary "A" shares of ZMW0.01 each. The issued and fully paid-up share capital remained at 864,920,876 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)

### Share capital (continued)

#### ii) Share premium

	Group		Company	
	2024	2023	2024	2023
Opening balance at 1 January	245,261	245,261	245,261	245,261
Issued during the year	1,293,500	-	1,293,500	-
Issue costs	(7,777)	-	(7,777)	-
Net proceeds from the issue of shares	1,285,723	-	1,285,723	-
		-		-
Closing balance at 31 December	1,530,984	245,261	1,530,984	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. During the financial year 2024 the Group successfully conducted another right issue worth ZMW1.3billion, which was used to acquire 3 new properties namely Jacaranda Mall, Acacia Mall, Lewanika Mall. The total number of shares therefore increased from 214,920,876 to 864,920,876.

### 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 2024 was based on the profit attributable to ordinary shareholders of ZMW576.5 million (2023: Loss of ZMW34.30 million) and weighted average number of ordinary shares during the year ended 31 December 2024 of 864.92 million (2023: 214.92 million).

	Group	
	2024	2023
Profit attributable to ordinary shares	576,480	(34,299)
Number of ordinary shares at 1 January	214,921	214,921
Issued during the year	650,000	-
Weighted number of ordinary shares at 31 December	864,921	214,921
Basic earnings per share	0.67	(0.16)

**21 Earnings per share** (continued)

**Diluted earnings per share**

The calculation of the Group diluted earnings per share at 31 December 2024 was based on the profit attributable to ordinary shareholders of ZMW576.5 million (2023: Loss of ZMW31.04 million) and weighted average number of ordinary shares during the year ended 31 December 2024 of 864.92 million (2023: 214.92 million).

	Group	
	2024	2023
Profit attributable to ordinary shares	576,480	(34,299)
Interest on convertible cumulative redeemable preferred stock	4,185	3,259
Profit attributable to diluted shares	580,665	(31,040)
Weighted number of shares at 1 January	214,921	214,921
Issued during the year (adjusted for time weighting factor)	650,000	-
Effect of convertible cumulative redeemable preferred stock	1,979	1,979
Weighted number of ordinary shares at 31 December	866,900	216,900
Diluted earnings per share *	0.67	-

\* 2023 Computation of diluted earnings per share is anti-dilutive and has therefore not been disclosed

**22. Convertible redeemable cumulative preferred stock**

	Group		Company	
	2024	2023	2024	2023
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	
	2024	2023	2024	2023
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.
- 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

## 22. Convertible redeemable cumulative preferred stock (continued)

### Terms and conditions (continued)

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

Security deposits

Group		Company	
2024	2023	2024	2023
<b>22,609</b>	8,486	<b>22,609</b>	8,486

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

<b>Non-current portion</b>
Corporate bond
Bank loan
<b>Current portion</b>
Corporate bond
Bank loan
<b>Total borrowings</b>

Group		Company	
2024	2023	2024	2023
<b>259,642</b>	238,755	<b>259,642</b>	238,755
-	10,987	-	10,987
<b>259,642</b>	<b>249,742</b>	<b>259,642</b>	<b>249,742</b>
-	-	-	-
<b>263,664</b>	32,137	<b>263,664</b>	32,137
<b>263,664</b>	32,137	<b>263,664</b>	32,137
<b>523,306</b>	281,879	<b>523,306</b>	281,879

### Corporate bond

The Group 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

**24 Borrowings** (continued)

*Corporate bond (continued)*

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 K13.9 million with almost all the proceeds being used to pay the bondholders 50% of the principal and arrears on the interest coupon.

As of 31 December 2024, the outstanding balance on the corporate bond was US\$4.19 million. In August 2023 the Group issued another fixed rate long term corporate bond for US\$ 5 million (ZMW95.31 million) to fund rehabilitation of Arcades mall at rate of 9% having maturity date of August 2026.

*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 was 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 repaid this loan in full during the year.

As part of the acquisition of properties, the Company assumed two new loans totaling US\$7.5 million and ZMW57.4 million. These loans mature in November 2025. As of December 31, 2024, the loans bear interest at rates of SOFR plus 5% and Bank of Zambia base rate plus liquidity premium of 3.25% respectively.

**25 Leases**

	Group		Company	
	2024	2023	2024	2023
<b>Non-current portion</b>				
Lease liabilities	<u>62,595</u>	<u>46,371</u>	<u>62,595</u>	<u>46,371</u>
<b>Current portion</b>				
Lease liabilities	<u>4,663</u>	<u>4,233</u>	<u>4,663</u>	<u>4,233</u>
<b>Lease liabilities</b>				
The maturity analysis of contractual undiscounted lease payments outstanding was as follows:				
Within 1 year	4,663	4,233	4,663	4,233
Later than 1 year but not later than 5 years	<u>62,595</u>	<u>46,371</u>	<u>62,595</u>	<u>46,371</u>
Minimum lease payments	<u>67,258</u>	<u>50,604</u>	<u>67,258</u>	<u>50,604</u>
Future finance charges	<u>4,317</u>	<u>6,069</u>	<u>4,317</u>	<u>6,069</u>
	<u>71,575</u>	<u>56,673</u>	<u>71,575</u>	<u>56,673</u>
The amounts recognised in the statement of profit or loss were as follows:				
Interest charged on lease liabilities	4,317	6,069	4,317	6,069
Effects of exchange differences	<u>5,118</u>	<u>23,319</u>	<u>5,118</u>	<u>23,319</u>
	<u>9,435</u>	<u>29,388</u>	<u>9,435</u>	<u>29,388</u>

**26 Trade and other payables**

	Group		Company	
	2024	2023	2024	2023
Trade payables	(5,919)	640	(5,919)	2,208
Divided payable	57,085	-	57,085	-
Advance receipts - rental income	6,509	1,090	6,509	1,090
Accruals	8,294	22,187	8,294	22,187
Unclaimed dividends	11,928	1,615	11,928	1,615
	<u>77,896</u>	<u>25,532</u>	<u>77,896</u>	<u>27,100</u>

Included in accruals is interest expense accrued on the corporate bond of ZMW4.04million (31 December 2023: ZMW6.74 million), merchant funds of ZMW3.11 million (31 December 2023: ZMW3.11 million), and bank interest of ZMW0.77 million (31 December 2023: ZMW0.36 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 (2023: ZMW2.12 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 2024 (2023 : Nil).

**27 Cash flow information**
**a) Cash generated from operations**

	Group		Company	
	2024	2023	2024	2023
<b>Profit before income tax</b>	<b>584,388</b>	<b>(34,299)</b>	<b>585,855</b>	<b>(32,856)</b>
<b>Adjustments for:</b>				
Depreciation	1,765	1,884	309	428
Change in fair value of investment property	(637,710)	(12,549)	(637,710)	(12,549)
Change in fair value of investment property under development	-	(10,268)	-	(10,268)
Corporate bond, principal converted to equity	-	-	-	-
Net finance costs	153,441	82,876	153,441	82,892
Rental tax expense	4,103	9,522	4,103	9,522
Changes in working capital				
- Lease interest receivable	4,244	-	4,244	-
- Other current assets	14,186	-	14,186	-
- Trade and other receivables	(3,069)	-	(3,069)	-
- Security deposits	14,123	-	14,123	-
- Trade and other payables	6,163	-	6,167	-
<b>Cash generated from operations</b>	<u><b>141,635</b></u>	<u><b>37,166</b></u>	<u><b>141,651</b></u>	<u><b>37,169</b></u>

**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	
	2024	2023	2024	2023
Corporate bond	259,642	238,755	259,642	238,755
Lease liabilities	67,258	50,604	67,258	50,604
Bank loan	263,664	43,124	263,664	43,124
Security deposits	22,609	8,486	22,609	8,486
Net debt	<u>353,531</u>	<u>102,214</u>	<u>353,531</u>	<u>102,214</u>

**Group**

Year ended 31 December 2023	
At start of year	53,782
Net movement in cash and cash equivalents	-
Issue of new bond	-
Repayment of loans and borrowings	(24,823)
Interest expense	3,538
Interest paid	(3,538)
Effects of exchange gains	14,165
	<u>43,124</u>

Bank loan	Corporate bond	Security deposits	Cash and cash equivalents
53,782	100,259	7,524	(12,421)
-	-	302	(54,199)
-	70,910	-	-
(24,823)	-	-	-
3,538	17,400	-	-
(3,538)	(17,400)	-	-
14,165	67,586	660	(45,088)
<u>43,124</u>	<u>238,755</u>	<u>8,486</u>	<u>(111,708)</u>

**Group**

Year ended 31 December 2024	
At start of year	43,124
Net movement in cash and cash equivalents	-
Issue of new bond/loan	214,955
Repayment of loans and borrowings	(48,722)
Interest expense	15,519
Interest paid	(15,519)
Effects of exchange gains	54,307
	<u>263,664</u>

Bank loan	Corporate bond	Security deposits	Cash and cash equivalents
43,124	238,755	8,486	(111,708)
-	-	11,830	40,105
214,955	-	-	-
(48,722)	-	-	-
15,519	20,077	-	-
(15,519)	(20,077)	-	-
54,307	20,887	2,293	(14,933)
<u>263,664</u>	<u>259,642</u>	<u>22,609</u>	<u>(86,536)</u>

**Company**

Year ended 31 December 2023	
At start of year	53,782
Net movement in cash and cash equivalents	-
Issue of new bond	-
Repayment of loans and borrowings	(24,823)
Interest expense	3,538
Interest paid	(3,538)
Effects of exchange gains	14,165
	<u>43,124</u>

Bank loan	Corporate bond	Security deposits	Cash and cash equivalents
53,782	75,864	7,524	(12,395)
-	-	302	(54,243)
-	95,305	-	-
(24,823)	-	-	-
3,538	17,400	-	-
(3,538)	(17,400)	-	-
14,165	67,586	660	(45,060)
<u>43,124</u>	<u>238,755</u>	<u>8,486</u>	<u>(111,698)</u>

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

 in thousands of **Zambian Kwacha**

Company	Bank loan	Corporate bond	Security deposits	Cash and cash equivalents
<b>Year ended 31 December 2024</b>				
At start of year	43,124	238,755	8,486	(111,698)
Net movement in cash and cash equivalents	-	-	-	40,089
Issue of new bond/loan	214,955	-	11,830	-
Repayment of loans and borrowings	(48,722)	-	-	-
Interest expense	15,519	20,077	-	-
Interest paid	(15,519)	(20,077)	-	-
Effects of exchange gains	54,307	20,887	2,293	(14,931)
	<b>263,664</b>	<b>259,642</b>	<b>22,609</b>	<b>(86,540)</b>

**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	
	2024	2023	2024	2023
Short term benefits	340	357	340	357
Termination benefits	-	5,906	-	5,906
	<b>340</b>	<b>6,263</b>	<b>340</b>	<b>6,263</b>

**ii) Directors' remuneration**

Non - executive Director fees

	2024	2023		2024	2023
	-	1,416		-	1,416

*Other transactions with Directors*

There were no loans to Directors during the year (2023 : Nil)

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

Name of Director	Shareholding
Mark O'Donnell	57,236
Efi O'Donnel	Nil
Diego Casilli	10,073

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)

**iii) Other related party transactions**

At 31 December 2024, 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).

	Group		Company	
	2024	2023	2024	2023
<b>Amounts due to subsidiaries</b>				
Opening balance at 1 January	-	-	614,973	614,982
Amount payable	10,884	-	10,884	-
Amount received	30,716	-	30,715	4,992
Amount repaid	-	-	-	(5,001)
Closing balance at 31 December	<b>41,600</b>	-	<b>645,688</b>	614,973

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

**iv) Transactions**

		Group	
		2024	2023
LM&C Properties Ltd.	Purchase of investment property	436,887	-
Forli Ltd.	Purchase of investment property	534,804	-
Ancona Properties Ltd	Purchase of investment property	328,308	-
Napoli Property Ltd	Management fee	26,179	-
Diego Casilli	Corporate bond	-	95,310

**29 Contingencies**
**Legal and Regulatory Proceedings:**

The Group is not a direct party to the legal action involving Lewanika Mall, which the Group acquired in 2024. However, the outcome of this case could impact the company due to its ownership of the property.

On 9 December 2024, judgement was awarded in favour of the plaintiff in a matter related to Lewanika Mall. The company was not a party to the action, but the judgement could potentially affect the company because of its ownership of the mall. Following the judgement, an appeal has been lodged before the Court of Appeal. City of Lusaka Football Club (2000) PLC has been joined as the third appellant in the case and has filed ground of appeal. The appeal is ongoing, and the company is monitoring the proceedings closely.

At this time, it is not possible to determine the potential financial impact of the judgement and appeal. The Group will continue to assess the situation and make provisions or disclosures as necessary in future periods based on the outcome of the appeal.

**30 Capital commitments**

Capital commitments approved but not contracted for as at 31 December 2024 amounted to ZMW16.95 million (2024: ZMW100 million).



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