

SENS ANNOUNCEMENT

(the "Notice" or "Announcement")

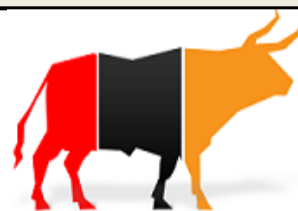
ISSUER



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

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

SPONSOR



Stockbrokers Zambia Limited

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

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APPROVAL

The captioned Notice or Announcement has been approved by:

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

RISK WARNING

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

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

ISSUED: 06 April 2022

Audited Final Results – 2021

Statement of financial results for Real Estate Investments Zambia PLC and its subsidiaries (“the Group”) for the year ended 31 December 2021

In compliance with the requirements of the Securities Act No. 41 of 2016 and the listing rules of the Lusaka Securities Exchange, Real Estate Investments Zambia PLC announces the financial results of the Company and its subsidiaries (collectively referred to as the Group) for the year ended 31 December 2021. These financial results are derived from the Group and Company’s audited financial statement which were approved by the Directors on 25th March 2022.

ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
	GROUP		COMPANY	
	Year to 31.12.21 ZMW’ 000	Year to 31.12.20 ZMW’ 000	Year to 31.12.21 ZMW’ 000	Year to 31.12.20 ZMW’000
Revenue	58,801	62,522	58,801	43,521
Profit from operations before change in fair value of investment property	24,685	25,061	26,102	20,435
Change in fair value of investment property	(403,428)	141,721	(403,428)	141,721
(Loss)/ profit from operations	(378,743)	166,782	(377,326)	162,156
Net finance costs	(33,285)	(40,212)	(33,285)	(38,091)
Exchange gain/(loss)	93,273	(150,887)	93,065	(129,067)
Loss before tax	(318,755)	(24,317)	(317,546)	(5,002)
Income tax expense	(5,753)	(5,535)	(5,712)	(3,599)
Loss after tax	(324,508)	(29,852)	(323,258)	(8,601)
Headline Earnings per share: <i>(Zambian Kwacha)</i>	0.44	0.44	0.57	0.36
Basic Earnings per share after tax: <i>(Zambian Kwacha)</i>	(5.75)	(0.53)	(5.73)	(0.15)
Interim dividend per share: <i>(Zambian Kwacha)</i>	-	-	-	-
Weighted average number of ordinary shares	56,460,198	56,460,198	56,460,198	56,460,198
ABRIDGED STATEMENT OF FINANCIAL POSITION				
Assets				
Plant and equipment	10,250	11,719	416	550
Investment property	756,937	1,179,970	756,937	1,179,970
Investment property under development	16,660	35,596	16,660	35,596
Lease straight-lining receivable	10,514	7,159	10,514	7,159
Investment in subsidiaries	-	-	146,961	146,961
Current assets	22,676	30,816	21,586	27,841
Total assets	817,037	1,265,260	953,074	1,398,077
Equity and liabilities				
Total equity	457,045	781,553	(19,952)	303,306
Non-current liabilities	128,165	409,020	128,165	409,020
Current liabilities	231,827	74,687	844,861	685,751
Total equity and liabilities	817,037	1,265,260	953,074	1,398,077
ABRIDGED STATEMENT OF CHANGES IN EQUITY				
Share capital	565	565	565	565
Share premium	90,340	90,340	90,340	90,340
Retained earnings	690,648	720,500	212,401	221,002
Balance at beginning of the year	781,553	811,405	303,306	311,907
Loss for the year	(324,508)	(29,852)	(323,258)	(8,601)
Total closing equity	457,045	781,553	(19,952)	303,306
ABRIDGED STATEMENT OF CASH FLOWS				
Net cash generated from operating activities	11,436	47,377	12,088	42,895
Net cash generated from/(used in) investing activities	38,321	(377)	38,478	(28)
Net cash used in financing activities	(53,396)	(44,048)	(53,396)	(42,436)
Net (decrease)/increase in cash & cash equivalents	(3,639)	2,952	(2,830)	431
Cash & cash equivalents at beginning of the year	6,070	6,094	3,963	2,860
Effect of exchange rate fluctuations on cash held	(1,311)	(2,976)	(211)	672
Cash and cash equivalents at end of the year	1,120	6,070	922	3,963

Note:

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

FINANCIAL PERFORMANCE

The Group reported a loss after tax of ZMW 324.5 million for 2021 compared with a loss of ZMW 29.9 million in 2020.

The Group and Company losses occurred predominantly due to the decreases in the fair values of the investment properties. The investment property values reduced by 20% in United States Dollar terms and by 37% when reported in Zambian Kwacha. The local currency appreciated by 21% against the US Dollar during the financial year from ZMW21.15 at commencement to ZMW 16.16 at year-end. Arcades Shopping mall yet again felt the full adverse effects of the second and third wave of the Covid -19 pandemic leading to an overall increase in the Group vacancy rates from 26.8 % at the end of December 2020 to 33% as at 31 December 2021. This 6.2% vacancy rate increase across the Group contributed to the fair value reduction on investment properties.

Despite a challenging economic environment and the continuing negative impact of the Covid 19 pandemic the Group revenue increased by 5%. The Group and Company increased its capping rate from ZMW14 to a United States Dollar to ZMW18 in the first half of the year which was still 25 % below the average market rate of ZMW22 to the United States Dollar. In order to assist the Group's tenants cope with the effects of the pandemic and the depreciation of the Zambian Kwacha in the first half of the year, rental discounts amounting to ZMW4,706,000 were provided to tenants. The United States Dollar capping of the exchange rate at ZMW18 to a US dollar resulted in a revenue decrease of ZMW5,570,000. The aggregate sum of these measures resulted in a Group revenue loss of ZMW10,276,000. No further reliefs were granted to our clients in the second half as the Kwacha appreciated below the cap during the second half of the year.

FAIR VALUE OF INVESTMENT PROPERTY PORTFOLIO

The fair value of the Group's investment property portfolio decreased from ZMW1,179 million, to ZMW733 million mainly on account of the appreciation of the Zambian Kwacha against the United States Dollar by 24% during the financial year from ZMW21.15 at at 31st December 2020 to ZMW 16.16 as at 31st December 2021. The fair value of the Group's investment property portfolio was determined by external independent and professional property valuation experts, Rochdale Property Consultants, who possess the appropriate internationally recognised professional qualifications and have the requisite experience in the location and category of the properties that were valued. The fair valuation of the investment properties is performed twice a year as at 30th June and at 31st December in order for the Group's financial statements to provide reliable, relevant and up-to-date information about its financial position and performance.

CASHFLOWS

The Group recorded a decrease in net cash generated from operating activities from ZMW47.3 million in the prior year to ZMW 11.4 million in 2021. This represents a 76% decrease and is mainly attributable to higher payment of interest arrears in 2021 as compared to 2020. Overall, the Group experienced a decrease in cash and cash equivalents during the year to ZMW1,120 in 2021 from ZMW6,070 in 2020.

DIVIDEND

The Directors resolved not to pay any dividend for the year ended 31 December 2021.

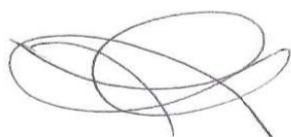
BUSINESS OUTLOOK

The Group is expected to perform better in 2022 as demonstrated by the early indicators. The group vacancy rates post year-end have reduced significantly from 33% to 21.1% as at end of February 2022. A more stable business environment brought about by the reduction in the COVID 19 pandemic and the optimism brought about by the change of Government have positively impacted on the property investment sector.

Issued in Lusaka, Zambia on 6 April 2022

BY ORDER OF THE BOARD

Louis Pulu
Company Secretary
Lusaka



First issued in Lusaka, Zambia on 06 April 2022

Lusaka Securities Exchange Sponsoring Broker



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