

SENS ANNOUNCEMENT

(the "Announcement")

ISSUE



REAL ESTATE INVESTMENTS ZAMBIA PLC ("REIZ" or the "Company")

Incorporated in the Republic of Zambia

Company registration number: 119810010951

Share Code: REIZ

ISIN: ZM0000000045

BROKER



A FOUNDING MEMBER OF THE LUSAKA STOCK EXCHANGE
REGULATED & LICENSED BY THE SECURITIES & EXCHANGE COMMISSION

Pangaea Securities Limited

[a member of the Lusaka Securities Exchange]

Regulated and Licensed by the Securities and Exchange Commission Zambia

Telephone Number: +260-211-220707 | Website: www.pangaea.co.zm

AUTHORISATION

Approval for this Announcement has been granted by:

- The Lusaka Securities Exchange ("LuSE")
- The Securities and Exchange Commission Zambia ("SEC")
- Real Estate Investments Zambia PLC ("REIZ")

DISCLAIMER AND RISK WARNING

The announcement contained herein contains information that may be of a price sensitive nature.

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

ISSUED ON: 17 June 2024



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REAL ESTATE INVESTMENT TRUST STATUS

Real Estate Investments Zambia PLC ("REIZ" or the "Company") is pleased to announce that it has officially acquired a Real Estate Investment Trust ("REIT") status from the Securities and Exchange Commission, and has obtained approval for the subsequent listing of the REIT in United States Dollars ("USD") on the Lusaka Securities Exchange (the "LuSE" or the "Exchange"). This milestone marks a significant step forward in the Company's strategic growth and diversification objectives.

As a REIT, REIZ will benefit from a favorable tax structure and regulatory framework that is specifically tailored for real estate investments and management. This transition aligns with the Company's long-term vision to enhance shareholder value and capitalize on opportunities within the real estate sector.

A REIT is a unique investment vehicle that enables individuals to invest in a diversified portfolio of income-generating real estate assets. REITs have gained immense popularity worldwide due to their potential for stable income streams, tax advantages, and overall investment value. The primary characteristic that distinguishes REITs from other investment options is the obligation to distribute at least 75% of their earnings as dividends to shareholders. By doing so, REITs can enjoy preferential tax treatment, exempting them from corporate taxes at the entity level. This structure, in turn, enhances the potential returns for shareholders.

1. Key highlights of the REIZ REIT include;

- 1.1. **Tax Efficiency:** REITs are subject to specific tax regulations that allow for favorable treatment of income generated from qualifying real estate activities. This tax-efficient structure will enhance REIZ's ability to maximize returns for shareholders. REITs are not subject to corporate tax given that the REIT distributable income is distributed to the shareholders.
- 1.2. **Distribution Requirement:** As a REIT, REIZ is required to distribute at least 75% of the distributable income to shareholders for each accounting period. This commitment to regular distributions provides the Shareholders with a reliable income stream and aligns the Company's interests with theirs.
- 1.3. **Dollar Listing: Currency Match:** The intention is for the REIT to be listed in USD on the LuSE, this will provide a measure of diversification to the REIZ shareholders as they will have dollar investments in their portfolio. REIZ's existing company debts, assets, and rental income are already significantly denominated in USD which further supports the USD listing. When distributing income to Shareholders, the Company plans to pay dividends from its USD rentals, reducing the need for currency conversion and mitigating Shareholder currency risk. With a significant portion of revenues earned in USD, a USD listing aligns with the Company's revenue profile making it more compatible with its underlying financial operation. Shareholders and the general public will be advised when

and how they will be able to buy and sell REIZ shares in USD on the Exchange within the next few weeks.

- 1.4. **Access to Capital:** As a REIT, The Company will have enhanced access to capital markets, allowing REIZ to raise funds for property acquisitions, development projects, and other strategic initiatives. This access to capital will support REIZ's growth objectives and enable the Company to capitalize on attractive investment opportunities.
- 1.5. **Increased Transparency and Governance:** REITs are subject to rigorous regulatory requirements, including financial reporting and governance standards. By adhering to these standards, the Company will enhance transparency, accountability, and trust among stakeholders.

2. REIT Investment Guidelines

Following the acquisition of the REIT status, in compliance with the Securities (Real Estate Investment Trust) Guidelines, 2020, the investment operations of the REIZ REIT will be as follows:

- 2.1. The REIT shall invest only in real estate and permissible cash equivalents;
- 2.2. The REIT shall invest a minimum of 80% of its net asset value in real estate and a maximum of 20% shall be invested in cash and cash equivalent, government treasury bills, fixed deposits and any other liquid financial instruments.
- 2.3. The REIT shall not invest more than 25% of its net asset value in a single property; and
- 2.4. The REIT is prohibited from investing in vacant properties or participating in property development activities.

The decision to acquire the REIT Status reflects the Board's dedication to maximizing Shareholder value, enhancing the Company's growth prospects, and solidifying its position as a leading real estate investment company. The Board is of the view that this strategic move will bring mutual benefits to both the Shareholders and the Company as a whole.

REIZ is the first REIT authorized in Zambia. The Board of REIZ would like to extend their gratitude to the Shareholders, employees, advisors and stakeholders for their continued support as the Company embarks on this exciting new chapter as a REIT.

For further information, please contact:

BY ORDER OF THE BOARD
Louis Pulu – Company Secretary
Lusaka, Zambia - 17 June 2024





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Sponsoring Broker

Pangaea Securities Limited

(Member of the Lusaka Securities Exchange)

(Regulated by the Securities and Exchange Commission)

Tel: +260 (211) 220 707 or 238 709 / 16 Fax +260 (211) 220 925

First Floor, Pangaea Office Park, Great East Road, P.O. Box 30163 Lusaka, Zambia

First Issued: 17 June 2024

