

SENS ANNOUNCEMENT

(the "Announcement")

ISSUER



Real Estate Investment Zambia PLC.

Incorporated in the Republic of Zambia

Company Registration Number: 10951

SHARE CODE: REIZ

ISIN: ZM0000000045

BROKER



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

DISCLAIMER AND RISK WARNING

The announcement contained herein contains information that may be of a price sensitive nature. Investors are advised to seek the advice of their investment advisor, stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide securities advice.

ISSUE DATE: 25 July 2023



Real Estate Investment Zambia Plc
[Incorporated in the Republic of Zambia]
Company Registration No: 10951
Share Code: REIZ
ISIN: ZM0000000045

TRANSACTION ANNOUNCEMENT

Further to the Cautionary Announcement made on 22 May 2023, the Board of Directors (the "Board") of Real Estate Investments Zambia PLC ("REIZ" or the "Company") wishes to inform its shareholders ("Shareholders"), and the market that the Company intends on acquiring income generating real estate properties (the "Properties") to be part of its portfolio (the "Proposed Transaction").

Further, the Board intends to publish a Circular to REIZ Shareholders, in line with the Listing Requirements (the "Listing Rules") of the Lusaka Securities Exchange (the "LuSE") for a Category 1 Transaction, on or after 10th August, 2023. The Circular will detail the acquisition of the properties named in this announcement.

In line with the Listing Rules for a Category 1 Transaction, this announcement hereby sets out the details of the Transaction.

1. Salient features of the Proposed Transaction

REIZ is a listed company, incorporated in the Republic of Zambia which is primarily involved in investment, development and restructuring of commercial and non-commercial property for letting. REIZ wishes to announce its intention to acquire three real estate properties which will enhance its market position and drive sustainable returns. The properties under consideration are:

- i. Acacia Park owned by LM&C Properties;
- ii. Jacaranda Mall owned by Ancona Properties Limited; and
- iii. Lewanika Mall owned by Forli Limited.

The properties under consideration align with the Company's core investment strategy, offering significant potential for rental income, capital appreciation, and overall portfolio diversification. The details of the rights offer and the Transactions will be published in a Circular to shareholders prior to an Extraordinary General Meeting ("EGM"). The details of the EGM will be announced in due course.

2. Key Highlights of the Intended Acquisition

- i. **Diversification:** The acquisition of the properties will broaden REIZ's real estate portfolio further by the acquisition of performing assets across the different segments in its portfolio. This diversification will mitigate risk and position REIZ for long-term stability. Moreover, the Company has undertaken to dispose of non-performing assets to align with its diversification objective.
Consideration: the consideration for the acquisition of the properties will be cash, equity (renounceable rights offering) or both. Kindly note that the consideration for the above properties is yet to be concluded and more information will be provided in due course.
- ii. **Prime Locations:** The properties are situated in highly desirable locations known for their growth potential and strong rental demand. This factor will provide stability and consistent cash flows over time.
- iii. **Value-Add Potential:** The acquisition will unlock additional value and generate higher returns for REIZ shareholders.
- iv. **Profoma effect of the Transaction- Positive Financial Impact:** The intended acquisition is projected to contribute significantly to the Company's overall financial performance. It will not

only generate substantial rental income but also drive capital appreciation, bolstering the net asset value per share. The exact financial impact will be set out in the circular to shareholders.

- v. **Effective date:** this Transaction will be subject to shareholder approval, regulatory approvals including but not limited to Securities and Exchange Commission, Lusaka Securities Exchange (LUSE), Competition and Consumer Protection Commission and the Zambia Revenue Authority. Therefore the effective date will be communicated in an announcement to be issued at a later date once regulatory approvals have been obtained.

3. Description of the Properties

i. **Acacia Park**

Acacia Park is situated in a prime business location at the intersection of Thabo Mbeki and Great East Road. Its location offers convenient accessibility to hotels, shopping malls and is 20 minutes' drive from Kenneth Kaunda International Airport. The office park spans across an area of 2.0345 hectares (5.0273 acres), comprising modern offices and bank buildings. Some of the tenants of the Acacia include FNB Zambia, Zanaco PLC, AB Bank Zambia, Eco Bank Zambia, Access Bank Zambia, United Bank of Africa, and Mint Lounge. Further, the Gross Leasable Area Per Square Metre for Acacia is 12, 553.70 with an occupancy rate of 97% and a monthly rental income estimated at USD 261, 531.77.

ii. **Jacaranda Park**

Jacaranda Mall is situated in the Skyways Industrial area along the Ndola-Kabwe and Mushili Road, which is approximately 2 Kilometers away from the business district of Ndola. It offers a diverse range of more than 50 stores. The Mall has tenants ranging from grocery stores, restaurants and banks. The mall encompasses land area of 2.3683 hectares (5.852 acres). Key tenants of the mall include Shoprite, Hungry Lion, Nandos, Debonairs, and Bata. Further, the Gross Leasable Area Per Square Metre for Jacaranda is 14,933.00 with an occupancy rate of 90% and a monthly rental income estimated at USD 147, 294.42.

iii. **Lewanika Shopping Centre**

The Shopping Centre is situated at the intersection of Mosi-o-Tunya and Buluwe Roads within Woodlands catchment area. Woodlands is surrounded by residential zones such as Woodlands, Chalala, Chilenje, Kabwata, and Nyumba Yanga, making it an ideal location for the Shopping Centre. This mall offers a distinctive combination of budget-friendly stores, with Shoprite serving as the anchor tenant. The property spans across land area of approximately 6.7368 hectares (16.4663 Acres) and primarily consists of commercial shops, chain stores, bars, a stadium, restaurants, and offices, all developed to meet modern commercial Mall standards. The key tenants include Hungry Lion, Eco Bank, Indo Zambia Bank, MTN Zambia, Nandos and Mobile City. Further, the Gross Leasable Area Per Square Metre for Lewanika is 16, 058.00 with an occupancy rate of 96% and a monthly rental income estimated at USD 266,331.87.

4. Nature of the Proposed Transaction and details of the Vendors

The nature of the Proposed Transaction is classified as a Category 1 Related-Party Transaction and is subject to Shareholder approval in accordance with Section 9.15 and 10.4 of the Listings Rules. Below is a description of the vendors and their relations with REIZ:

(i) **LM & C Properties Limited**

LM & C Properties Limited is a real estate company incorporated in Zambia and owns Acacia Park. LM & C Properties is a related party to REIZ because it holds 59.8% shares in REIZ.

(ii) **Ancona Properties Limited**

Ancona Properties Limited is a real estate company incorporated in Zambia and owns Lewanika Mall. It is a related party to REIZ as one of its directors, Gillian Casilli, is a shareholder in LM & C Properties Limited which is a shareholder in REIZ.

(iii) Forli Limited

Forli Limited is a real estate company incorporated in Zambia and owns Jacaranda Mall. Forli Limited is a related party to REIZ because one of the shareholders of Forli Limited, Diego Casilli, is a shareholder and director in REIZ. Further, the other shareholder of Forli Limited, Gillian Casilli is a director in REIZ and a shareholder in LM & C Properties Limited which is 58.9% shareholder in REIZ.

At an Extraordinary General Meeting to be announced at a later date, Shareholders will have an opportunity to vote on this Transaction.

Shareholders are advised to continue to exercise caution when dealing in the Company's securities until the completion of the Transaction.

By order of the Board,
Louis Chilufya Pulu
Company Secretary and Finance Manager

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
Pangaea Office Park, 1st Floor, Great East Road, P.O. Box 30163 Lusaka, Zambia
Issue Date: 25 July 2023