

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: Sydney Popota – Chief Executive Officer

SPONSOR



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

Contact Number: +260-211-232456
Website: www.sbz.com.zm

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: 6 March 2019



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TRADING STATEMENT

In accordance with the Lusaka Securities Exchange Listings Requirements (“LuSE Listings Requirements”), the Board of Directors (the “Board”) advises the Shareholders of Real Estate Investments Zambia PLC (“the Company” or “REIZ”) that for the year ended 31 December 2018, the basic Earnings Per Share (“EPS”) is expected to be approximately 89% lower than the basic EPS for the year ended 31 December 2017.

The movement in earnings is primarily attributed to the following:

1. Decline in rental income as a result of vacancies at Arcades shopping mall, one of the Group’s major revenue earners, during the period of the redevelopment which saw vacancy rates peaking at almost 35%. Some of the tenants that remained in the mall during redevelopment only got back to normal trading in the fourth quarter of the year when the redeveloped mall was re-launched.
2. Net increase of K6 million in interest expenses as a result of a combination of increased borrowings to fund the Arcades shopping mall redevelopment and the close to 20% depreciation of the ZMW against the USD during 2018.
3. Accounting adjustment for reversal of straight-lining lease assets whose net impact was a charge of K10m against the revenue line although invoiced rentals at K60.6 million were higher in 2018 than in 2017 when K60.2 million was invoiced. In 2017, the accounting adjustment resulted in a credit of K5m to the revenue. The lease straight-lining adjustment is a requirement per international accounting standards.
4. Depreciation of the ZMW against the USD resulted in exchange losses of K28.3 million on translation of the Company’s foreign currency denominated liabilities in 2018 compared to only K66 thousand exchange loss in 2017. However, the exchange loss was almost entirely compensated for by a K26 million gain in the fair value of the Company’s investment property portfolio in ZMW terms although in USD terms, the fair value of our investment property portfolio declined by 17% due to vacancies and falling market rentals. From an operational perspective, the Company’s profit from operating activities increased by 26.9% from K42.7 million in 2017 to K54.1 million in 2018.

Shareholders are advised that the information contained in this trading statement has not been reviewed or reported on by the external auditors of the Company.

The Company expects its results for the year ended 31 December 2018 to be released on SENS and published in the local press on or about 7 March 2019. Accordingly, shareholders are advised to exercise caution when dealing in the Company’s Securities until publication of the results.

BY ORDER OF THE BOARD

Moses Vera

Company Secretary

Issued in Lusaka, Zambia on 6 March 2019

Lusaka Securities Exchange Sponsoring Broker	
 STOCKBROKERS ZAMBIA LIMITED	<p>T +260-211-232456</p> <p>E advisory@sbz.com.zm</p> <p>W www.sbz.com.zm</p> <p>Stockbrokers Zambia Limited (SBZ) is a founder member of the Lusaka Securities Exchange and is regulated by the Securities and Exchange Commission of Zambia</p>

First issued on 6 March 2019