

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: 26 May 2023



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TRANSACTION ANNOUNCEMENT

Further to the Cautionary Announcement made on 22 May 2023, the Board of Directors (the “Board”) of Real Estate Investment Zambia Plc (“REIZ” or the “Company”) wishes to inform its shareholders (“Shareholders”), and the market that the Company intends on disposing part of the assets (“property”) under its portfolio (the “Transaction”).

Further, the Board intends to publish a Circular to REIZ Shareholders, in line with the Listing Requirements of the Lusaka Securities Exchange for a Category 1 Transaction, on or around 02 June, 2023. This Circular will detail the disposal of the properties named in this announcement and the use of the resulting proceeds.

In line with the Listing Requirements of the Lusaka Securities Exchange for a Category 1 Transaction, this announcement hereby sets out the salient features of the Transaction.

Asset	Arcades – Subleases (Protea Hotel Lease and Union Gold Lease)
Location of the Asset	The property is located on the corner of Thabo Mbeki Road and Great East Road, Lusaka. It is also within the Agricultural and Commercial Show Society of Zambia area.
Description of the Asset	The property is rented to Protea Hotels who offer amenity-laden accommodation to the public.
Type of Property	Commercial property
Consideration	The property has an agreed consideration of USD1,304,347.83
Purchaser	Square Diamond Partners
Conditions Precedent	<ol style="list-style-type: none"> 1. Completion shall be subject to the following precedent being fulfilled or waived as the case may be: <ol style="list-style-type: none"> i. (if applicable) the Competition and Consumer Protection Commission (“CCPC”) providing either negative clearance or its approval of the Transaction in terms of the Competition and Consumer Protection Act No. 24 of 2010 for the acquisition of the Sale of Assets by the Purchaser, or if conditional approval is obtained, that the Parties accept such conditions in writing with 14 (fourteen) Business Days of the Receipt of the CCPC’s notification; ii. Proof that REIZ has complied with the notification and approval requirements of LuSE and SEC in respect of the Transaction; iii. The passing of a Resolution by the Board of Directors of the Seller approving the Transaction as set out in this Agreement; iv. The passing of a Resolution of the shareholders of REIZ approving the sale of the Assets to the Purchaser; v. The Agriculture and Commercial Cooperative Society of Zambia (“ACSZ”) and the purchaser entering into a new lease agreement on terms satisfactory to the Purchaser in respect of the extent covered by the Leased Premises including the option to renew; vi. The delivery of written confirmation of the ACSZ approving the sale of the Sale Assets to the Purchaser by the Seller;

	<ul style="list-style-type: none"> vii. The execution of deeds of novation in respect of each one of the Tenant Leases by the Seller and the Purchaser; viii. Proof from the Seller that the Union Gold Lease and Protea Hotel Lease have been novated to the Seller by Arcades; ix. The execution of the deeds of novation in respect of the Union Gold Lease and the Protea Hotel Lease from the Seller to the Purchaser; x. Proof from the Seller that its lenders and/or third parties have no objection to the Transaction contemplated in this agreement; and xi. The execution of the Escrow Agreement by the Parties and the Escrow Agent; <p>2. The Parties shall use their respective commercially reasonable endeavors to procure the fulfilment of the Conditions Precedent as soon as is reasonably possible after the Signature Date, but in any event by not later than the Long Stop Date;</p> <p>3. If any of the Conditions Precedent have not been fulfilled (or waived) by the Longstop Date, then the respective rights and obligations of each of the Parties shall cease to be of any further force and effect, save and except for clauses 1, 10 to 16 (inclusive) and the Parties shall be restored as nearly as possible to the positions in which they would have been had this Agreement not been entered into.</p>
Effective Date	To be advised

Note:

The valuation of the property will be provided for in a later announcement once made available. Further, the information on the rentable area of the property and the weighted average rental per square metre for the rentable area will be provided in another announcement aswell as required by Section 13.19 of the LuSE Listing Rules.

The Directors are also considering the disposal of the following assets:

Southview Park: The property is located on Kafue Road, opposite Lilayi Roundabout approximately 12 kilometres southwest of the Central Business District of Lusaka.
It is a housing complex developed with 1x4-bedroom house, 15x3 bedroom houses and 6x2 bedrooms. Other developments on the site include storerooms, shower rooms with toilets, a guardroom and a vacant parcel of land.
The property has a market valuation of USD2,858,000.00

Parkway: The property is located on Kafue Road in Eureka Park approximately 10 kilometres south of the Central Business District of Lusaka.
It is an agricultural property consisting of two parcels of land developed as one property.
The property has a market valuation of USD1,300,000.00

8 Nyerere Road: The property is located on Nyerere Road within Prospect Hill, Lusaka.
It is a commercial property consisting of a single storey and part double storey office building, detached office building and ancillary buildings all leased out to two tenants.
The property has a market valuation of USD2,560,000.00

Judiciary House: The property is located on Dedan Kimathi Road within Kamwala commercial area.
It is a commercial property consisting of a double storey office block occupied and fully

let to the Judiciary of the Republic of Zambia.
The property has a market valuation of USD933,000.00

Note: Please note that all the properties above were valued by an independent property valuer.

The gross proceeds from the disposal of the assets are estimated to be USD 8,000,000 The proceeds will be used as follows:

- To finance the refurbishment of Central Park and increase its flow area and hence income.
- To finance the refurbishment of Arcades and increase its flow area and hence the incomes as we introduce a new anchor tenant and improve our vacancy levels.
- To redeem some of the company's debt.

The Directors are still in the process of finding purchasers of the properties listed above.

At the next Annual General Meeting, 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
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