

THE ZAPOA PRESIDENTS SPEECH TO THE AGM 25th MARCH 2021

Fellow Property Owners and members of the Zambia Property Owners Association. It is a proud day for me to preside over the 5th Annual General Meeting of the Association since its establishment in June 2014 and the first ZOOM AGM of our association in its history.

It has been over 1 year that we have continued to experience the COVID-19 global pandemic. The experience has been harrowing from both a personal safety perspective as well as a commercial perspective that has changed the world forever. Under the circumstances as the council we were awaiting the wave of the pandemic to roll back somewhat to have the AGM last year but unfortunately the COVID Tsunami continued rolling into 2021 and likely into 2022 as well. From a Zambian perspective the economic recession that we had felt in 2019 has developed into an economic crisis with the collapse of many large retail franchises, such as SPAR, Food Lovers Market, Edgars, Jet, Legit; and Carnival Furnishers with many other smaller local retailers which has increased vacancies in many shopping centres around Zambia.

The kwacha continues to depreciate from 13.6 kwacha to 1 USD at the start of 2020 to 22 kwacha per 1 USD today which is a 60% depreciation in the past 15 months. Similarly, inflation is presently sitting at 22.2% and likely to rise in line with the depreciation of the kwacha. It is not surprising that with the depreciation of the currency that we have recorded a negative - 4.8% GDP growth and have opted out of making the Eurobond repayment, becoming the first African nation to default on its debt in the Covid-19 era.

At present it does seem that this recession may continue, on the other hand, there are some positive signs which may improve our economic situation given that our main export commodity, copper is currently trading at over USD9,000/Ton with the price forecasted to continue to rise over USD10,000 for the next few years. We have also had some good rainfall and the harvest is forecasted to be good which is a welcome addition to the bumper harvest for last year. Consequently, the IMF forecast for Zambia's GDP growth for 2021 is a rate of 0.6%, which is positive considering the negative growth rate realised last year and is likely to improve as the year progresses. Although with the election in August this year, we are likely to experience continued volatility for the next few months but I believe that with the

forecasted price of copper we are likely to see some stability in the exchange rate in the latter part of the year.

Undoubtedly the economic situation has continued to slow down major developments and transactions in the property sector, with some of the main highlights being the development of the Standard Chartered Head Office and the impending opening of the Lusaka International Airport. Demand across all property sectors has softened to a larger degree and at the moment landlords are having to find novel solutions to retain tenants for example, turnover based rentals, reducing tenants space, capping rentals and general discounts on rentals to manage the low levels of demand for space especially with the diminishing value in consumer spending and COVID measures such as closure of bars, gyms and take away only for restaurants.

As ZAPOA we have been active in our response to the COVID Crisis as part of the founding members of the Business Coalition Council Emergency Taskforce (BCCET) which includes several other associations such as, Zambia Chamber of Commerce and Industry, Zambia Association of Manufacturers, Tourism Council of Zambia, Bankers Association of Zambia, Chamber of Mines, Zambia Association of Manufacturers, Truckers Association of Zambia, Millers Association of Zambia. Together we presented various solutions for government to mount an economic response and directly engaged government to try and assist them to find solutions to the economic challenges, some of which were taken into consideration by government. We also managed to raise significant funds to purchase PPE together with ventilators from China which were donated to several hospitals around Zambia to help the COVID patients, and also arranged meals for frontline workers to directly combat the Pandemic.

ZAPOA also partnered with and assisted with the first virtual ZAMREAL Conference which under the circumstances was relatively well attended. ZAPOA also engaged with the Ministry of Commerce directly to provide them with a presentation on continued challenges with the Property Sector and our requests for certain alleviations in the tax regime to assist the sector to navigate these stormy waters. In addition, we are also engaging directly with Bank of Zambia and to obtain clarity on certain policy announcements by the politicians regarding implementing any restrictions on the use of dollar pricing in rentals.

The Agenda going forward under the present circumstances is a rather difficult one and the new Council will have to set their own agenda. Nonetheless, the new council will need to continue our engagement with the Bank of Zambia, Ministry of Finance and Ministry of Commerce to seek further clarity on the government policy in the near term and with the new government following elections to address the economic challenges together as key contributors to development.

We are also keen to progress the movements on the Property index and have engaged in discussions with ZAMSTATS and hope to receive volunteers to assist in this program and may also co-opt some members to participate in such key committees to further enhance our impact in the property sector for Zambia.

Thank you all for your continued support and have enjoyed my challenging time as President, with the new council I am confident that we have a strong platform to continue to further the interests of our members to develop and grow the property sector for Zambia.