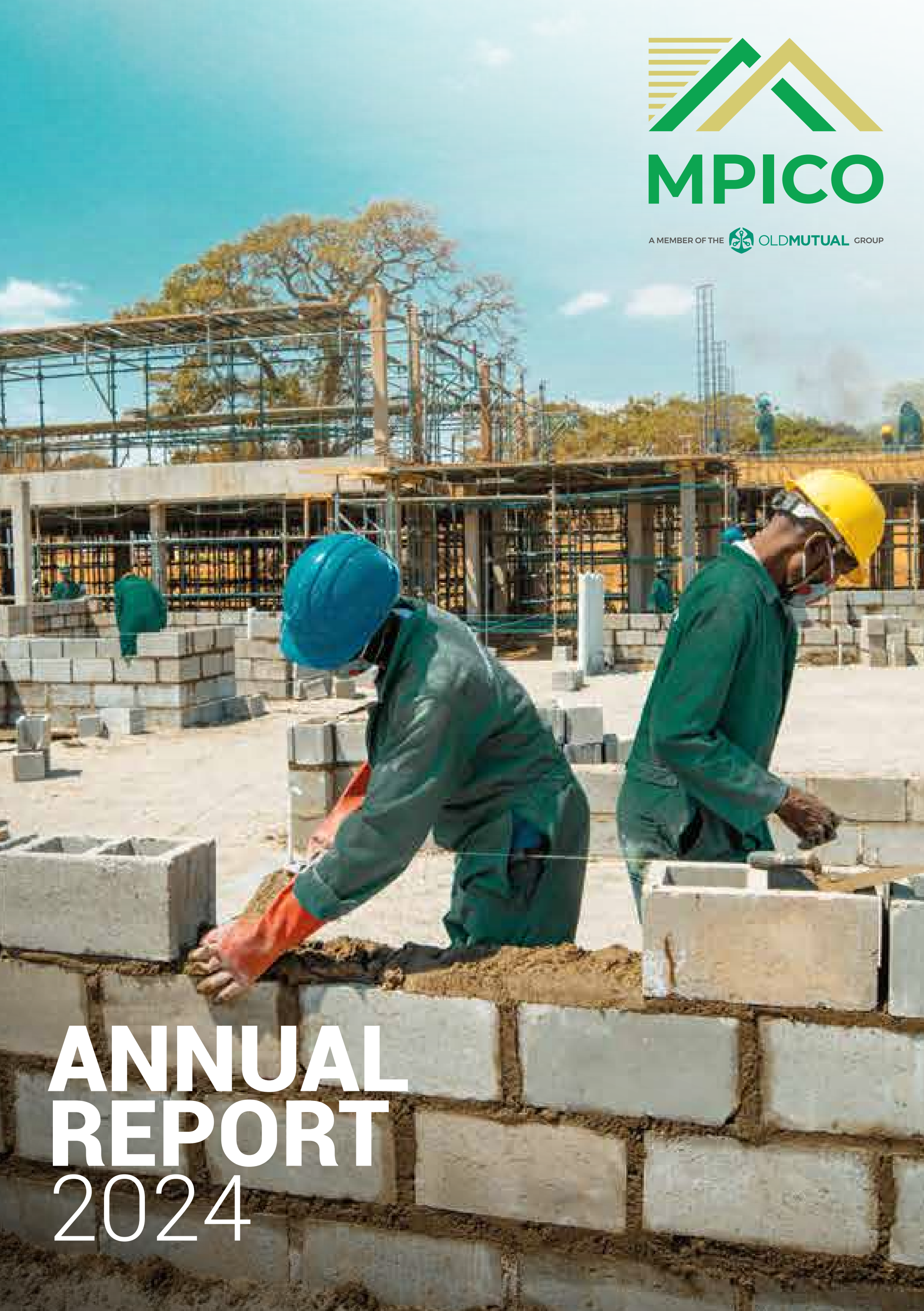
MPICO

A MEMBER OF THE OLDMUTUAL GROUP



ANNUAL REPORT 2024

PROPERTY DEVELOPMENT

PROJECT MANAGEMENT

PROPERTY VALUATION

PROPERTY MANAGEMENT

PROPERTY OWNERSHIP

PROPERTY LEASING

FACILITIES MANAGEMENT

27

PROPERTIES

Commercial, residential, retail and industrial properties with a total of 67,800 square meters of lettable space.

Contents

MPICO

A MEMBER OF THE OLDMUTUAL GROUP

01

CHAIRPERSON'S STATEMENT

Edmund Hami

Economic Overview

Malawi faced significant economic challenges in 2024, with Gross Domestic Product (GDP) growth slowing to 1.8% from an initial projection of over 3%, due to adverse El Niño effects on agricultural output and depressed industrial production following the persisting foreign currency shortages. Inflation averaged 32.2% (2023: 28.8%), driven by high food prices and forex shortages. However, the Monetary Policy Committee decided to maintain the policy rate at 26% to support economic activity.

Despite the economic headwinds, the equity market was resilient, on the back of strong earnings growth for 2024 relative to 2023 and investors' increased demand in light of heighted currency and inflation risks. The Malawi Stock Exchange All share index registered a price return of 55%, albeit lower compared to the 78.85% achieved in 2023. Returns from Interest Bearing Assets lagged average inflation for the year. Despite experiencing significant appreciation on property values, the high-interest rate environment continued to dampen real estate activity.

Group Performance

The MPICO plc Board is pleased to announce the results of the Group for the year ended 31 December 2024.

Revenue growth was 25% from 2023 driven by rental income which increased by 17% to MK8.06 billion in 2024 from MK6.88 billion in 2023 due to rent reviews and fair value gains which increased by 35% to MK12.07 billion from MK8.93 billion in the corresponding period last year. Total operating expenditure for the year marginally increased by 5% to MK6.74 billion from MK6.41 billion in 2023 as efforts to manage expenses continued.

Profit after tax increased to MK12.18 billion from MK7.07 billion in 2023, representing a year-on-year increase of 72% mainly due to improved total income driven by increased rental income and property fair value gains. In addition, tax charge dropped to MK2.71 billion in 2024 from MK3.87 billion in 2023 as, unlike in 2023, there was no deferred tax adjustment. In 2023, the Group had a once-off deferred tax asset adjustment of MK2.6 billion following de-recognition of deferred tax asset relating to investment property.

Government rental arrears marginally decreased to MK3.4 billion as at 31 December 2024 from MK3.5 billion in the same period in 2023 due to payments made by the Government which had offset against 2024 new billings

Property Market in Malawi

The operating environment remained a challenge in 2024 due to rising inflation, rising interest rates and forex shortages. However, the real estate sector in Malawi continued to be resilient on the background of the harsh economic environment.

The retail sector remained strong as shown by the developers increasingly investing in mid-range shopping centres with strong demand for smaller unit shops. he office space remained stable with occupancy rate averaging 85%. Rent reviews improved as most landlords achieved rental escalations in the range of 20% to 28%. This is an improvement on the 15% that was achieved in a similar reporting period of 2023. The relocation of Government offices and parastatals from Blantyre to Lilongwe will possibly have a positive impact on the office and residential market in the short to medium term in Lilongwe.

Group Property Portfolio Performance

The Group property portfolio performance improved in 2024. The occupancy rate for the Group increased to 92% in 2024 from 91% in 2023. The drivers for the strong performance were property refurbishments, prime location of the property portfolio, and superior customer service.

The overall property portfolio for MPICO plc was in a good state of repair as of 31 December 2024. Rehabilitation of Tikwere House which was damaged by fire in May 2023 was at 85% completion in December 2024. The works could not be completed by December 2024 as planned due to the shortage of foreign currency that delayed procurement of the lifts. The works are expected to be completed within the first half of 2025.

Routine maintenance plans were executed on the buildings as per the approved budget for 2024 which targeted the refurbishment of 7,871 square meters of space. Overall execution of the maintenance plan was at 75% as at 31st December 2024 which is below the annual target of 90% owing largely to a budget shortfall caused by escalating costs of maintenance materials and foreign exchange scarcity.

Economic Outlook

Economic growth will likely remain fragile due to weather-related shocks and ongoing foreign currency supply shortages. Authorities project a rebound in Gross Domestic Product (GDP) growth to 3.2% in 2025 compared to an estimated 1.8% in 2024 due to increased agricultural output. Downside risks to the projected growth include potential poor agricultural output due to the recurring weather-related shocks, persisting foreign exchange shortages, and weak external demand driven by escalating geopolitical tensions. Inflation on the other hand is projected to remain elevated due to pressure on both food and non-food costs, and as a result, the authorities are likely to maintain a tight monetary policy stance. This presents a continuing challenging operating environment.

United States of America's decision to cut USAID funding is expected to reduce activities for most non-governmental organisations which will have an impact on demand for space. Despite this threat, we expect the business to remain resilient as it implements mitigating strategies.

Edmund Hami

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BOARD OF DIRECTORS

Mr. Edmund Hami is a Certified Chartered Accountant (ACCA – UK), a holder of Masters Business Administration (MBA) degree from East and Southern Africa Management Institute. He is a Board member of MPICO plc and MPICO Malls Limited and Chairman of the Audit, Risk and Compliance (ARCC) for MPICO group. Previously, he served in several senior finance Management positions in Unilever PLC, Central Africa, East Africa, West Africa and Middle East Regions for over 28 years of which 14 years were in international finance service. He briefly worked for Carlsberg (Malawi) and Kentam products as Chief Finance Officer and Finance & Operations Manager Respectively.

Mr. Charles Kamoto holds a Bachelor of Business Administration (BBA) and a Master of Business Administration (MBA). He has 23 years' experience in the Mobile Phone Industry. He is currently the Managing Director for Airtel in Tanzania. Before that he held a similar role at Airtel Malawi plc, a role he held for at least 8 years. Prior to that he was Chief Commercial Officer of Airtel Malawi plc for 2 years after having been Chief Commercial Officer for TNM for 4 years. Mr Kamoto has leadership and management experience particularly in commercial and operations of telecoms and mobile money/ fintech space. As a Managing Director he has led diverse and multi-disciplinary experts in Commercial, Technology, IT, Finance, and Operations.

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BOARD OF DIRECTORS

Mr. Benard Ndau is a holder of an LLM and LLB (Hons) degree and a qualified legal practitioner with over 25 years post-graduate experience. Mr Ndau has interest and international experience in Commercial Law; Project Due Diligence; Telecommunications Law, International Commercial Arbitration; Mergers and Acquisitions and Corporate Governance.

Mr. Felix Mangani is a former Commissioner for Lands and before that Surveyor General in Government. He holds a Bachelor of science (Hons) degree in Surveying and Mapping Sciences obtained from the University of East London (UK) formerly Northeast London Polytechnic majoring inland Surveying and Land Registration in1985. Mr Mangani retired from Government in 2018 after 37 years of public service. He is currently a practising licenced Land Surveyor and a member of the Land Surveyors Registration Board and the Surveyors Institute of Malawi (SIM).

02

BOARD OF DIRECTORS

Dr. Peter Matipwiri holds a PHD by research in sustainable infrastructure management from University of Bolton, England, Master of Business Administration and Bachelor of Science in Civil Engineering from the University of Malawi. He successfully founded PBM Group of companies comprising PBM construction, PBM Drilling company and PBM consultants.

Mrs. Vera Zulu is a fellow of the Association of Chartered Certified Accountants (FCCA) UK, and a Chartered Accountant (CA) Malawi. She holds a Master' Degree in Business Administration (MBA) from the University of Derby, UK, and a Bachelors Degree in Accountancy (BAC) Malawi. She is currently the Chief Finance Officer of Old Mutual (Malawi) Limited.

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BOARD OF DIRECTORS

Mrs. Martha Mkandawire is a seasoned professional in finance, administration, and management, holding a Bachelor's Degree in Accounting and an MBA from the University of Malawi. Mrs Mkandawire is a Fellow Certified Chartered Accountant (FCCA) of the UK, Associate Member of CIPS, and Full Member of the Institute of Chartered Accountants, CA, Mw. With over 28 years of experience, she has held senior roles in organizations such as KPMG, NCIC and the National Council for Higher Education (NCHE). Mrs Mkandawire is currently serving as Director of Finance and Administration at NCHE. Her leadership extends to various Boards including NGORA and MBTS. Mrs. Mkandawire's expertise underscores her commitment to excellence in finance, administration, and governance across public and private sectors.

Ms. Chifundo Kalaile is a holder of an LLM in Commercial Law from Cardiff University and LLB (Hons) from University of Malawi, Chancellor College. Ms. Kalaile also completed her Management Advancement Programme with the University of Wits in 2013. Ms. Kalaile qualified as a certified Anti Money Laundering Specialist in 2019. Ms. Kalaile currently works for Old Mutual as the Corporate Governance Executive and Company Secretary, a position she has held since 2008. She previously worked for Ministry of Justice for 7 years as a state Advocate. Her legal career spans over 24 years.

03

THE GATEWAY CENTRAL REGION NETBALL CHALLENGE

The Gateway Netball Challenge was rolled out in 2024 for the sixth time since inception in 2016 as MPICO's core Corporate Social Investment towards sports development in Malawi. Through the initiative, MPICO supports efforts towards sports development by creating an enabling environment for girls to showcase their sport potential and thrive. The Gateway Netball Challenge is delivered in collaboration with Central Region Netball Committee (CRNC).

In 2024, MPICO sponsored The Gateway Central Region Netball League with MK 40,000,000. 130 teams from 10 central region districts participated in the competition. The league took place between July and November 2024 with Blue Eagles emerging as the winners with MK4,000,000 in prize money while K 3,000,000 was awarded to Civo Nets as the runners – up.

The Gateway Netball Challenge is instrumental in shaping the netball sport in Malawi as the only initiative for the central region. The tournament provides an opportunity, among others, for scouting for new talent and intensive training of players in preparation for the national games.

As a result of the Gateway Central Region Netball League 2024, central region teams produced the highest number of players not only to the National Team (The Queens) Camp but also the travelling squad to the African Championship that was held in Namibia, Quad series games that were played in South Africa as well as the games played in England. Additionally, three players from the league broke into the National Team (The Queens).

04

DONATION TOWARDS YOU ARE NOT ALONE (YANA) ORGANIZATION

In fulfilling its obligation as a responsible business, MPICO plc made a donation to YANA, a non-profit organization run by Tusaiwe Yana located in Ng'ong'o Village, Ekwendeni Mzuzu. The organization includes a primary school for the underprivileged with a total of 200 children. MPICO plc donated assorted items including exercise books and school bags worth K2,000,000 as well as a cash donation of K3,000,000. In total, K5,000,000 went towards the cause. The visit was part of MPICO's Corporate Social Responsibility which aims at impacting people and communities in which it operates.

05

ANNUAL FINANCIAL STATEMENTS

Consolidated and Separate Financial Statements
For the year ended 31 December 2024

DIRECTORS' RESPONSIBILITY AND APPROVAL STATEMENT

The Directors are responsible for the preparation and fair presentation of the financial statements of MPICO plc ''the Company'' and its subsidiaries together "the Group", comprising the consolidated and separate statements of financial position as at 31 December 2024, consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements which include material accounting policy information and other explanatory notes as contained on pages 45 to 138, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and in the manner required by the Companies Act, 2013 of Malawi. In addition, the Directors are responsible for preparing the Directors' report.

The Companies Act also requires the Directors to ensure the Group keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to ensure the financial statements comply with the Companies Act, 2013 ('the Act') of Malawi.

In preparing the financial statements, the Directors accept responsibility for the following:

- Maintenance of proper accounting records;
- Selection of suitable accounting policy information and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Compliance with applicable accounting standards, when preparing the consolidated and separate financial statements; and
- Preparation of the consolidated and separate financial statements on a going concern basis unless it is inappropriate to presume the Group and/or Company will continue in business in the foreseeable future.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the ability of the Group and Company to continue as a going concern and have no reason to believe the Group and/ or Company will not be a going concern for at least 12 months from the date of issue of financial statements.

The External Auditor is responsible for reporting on whether the consolidated and separate financial statements give a true and fair view in accordance with IFRS Accounting Standards, and in the manner required by the Companies Act, 2013 of Malawi. Their unmodified report appears on pages 41-46.

Approval of Financial Statements

The consolidated and separate financial statements of the Group and Company identified in the first paragraph, were approved and authorised for issue by the Board of Directors on 4 March 2025 and are signed on its behalf by:

Edmund Hami

Board Chairperson
Mr Edmund Hami
Lilongwe
7 April 2025

Director
Mrs Martha Mkandawire

MANAGEMENT'S RESPONSIBILITY STATEMENT

Management as represented below hereby confirm that:

a) the annual financial statements set out on pages 45 to 138, give a true and fair view of the financial position, financial performance and cash flows of the issuer in terms of IFRS;

b) to the best of our knowledge and beliefs, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

c) internal financial controls have been put in place to ensure that material information relating to the issuer, and its consolidated subsidiaries and equity accounted associate have been provided to effectively prepare the financial statements of the issuer;

d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive Directors with primary responsibility for implementation and execution of controls;

e) where we are not satisfied, we have disclosed to the Audit Committee and the Auditors any material deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and

f) we are not aware of any fraud involving Directors.

Mphatso Kasalika
Acting Managing Director
7 April 2025

CORPORATE GOVERNANCE REPORT

These consolidated and separate financial statements are for MPICO plc and its subsidiaries ("the Group"). MPICO plc is the holding Company ("the Company").

The Company has a balanced unitary Board comprising a majority of independent and Non-Executive Directors (the Board). The Non-Executive Chairperson (the Chairperson) of the Board was Mrs E. Jiya until 21st October 2024. Mr. E. Hami was appointed Chairperson of the Board from 21st October 2024.

The Company has an overarching governance structure (Group Governance Framework - GGF), incorporating principles of good governance, to facilitate effective and dynamic management and oversight of the Group. The Group being a subsidiary of Old Mutual Limited resolved to adhere to the GGF, noting that it is a governance framework for the promotion of efficiency and mitigation of risks, in the interests of the Company, whilst maintaining the primary fiduciary duties of the Board.

THE BOARD OF DIRECTORS

Role

The Board has a charter which defines its functions and responsibilities and separates these from the role of management.

Selection and succession planning

The selection and appointment of Directors is effected through a formal and transparent process and is a matter for the Board as a whole. A formal orientation program exists to familiarize incoming Directors with the Group's operations, senior management and its business environment and to induct them in their fiduciary duties and responsibilities.

Rotation and retirement

Newly appointed Directors may hold office only until the next Annual General Meeting at which they retire and become available for re-election by the shareholders on the recommendation of the Board. All Directors are subject to retirement by rotation and re-election by the shareholders at least once every three years.

Performance and assessment

The Board meets regularly, having met four times in 2024. It may also meet as and when required to deal with specific matters that may arise between scheduled meetings. Self-evaluation reviews to assess the Board's effectiveness are conducted annually.

Access to company resources

All Directors have access to management including the Company Secretary and to such information as is needed to carry out their duties and responsibilities fully and effectively. The Company Secretary provides support to the Board to ensure its effective functioning and proper administration of Board proceedings. The Company ensures that the Non-Executive Directors are kept informed on latest developments regarding the Group's business and industry-wide issues through a formal communication process.

Board Committees

Audit, Risk and Compliance Committee

Purpose

MPICO plc ("the Holding Company") has established an umbrella Audit, Risk and Compliance Committee at a holding Company level with overarching control and oversight of its subsidiaries to assist the Board in discharging its responsibilities. The ARCC has provided a report included on page 26 on its composition and execution of its duties.

The Committee is chaired by an Independent Non-Executive Director supported by the corporate secretarial department and is free to take independent professional advice as and when necessary.

Internal control environment

The Board acknowledges its overall responsibility for the Group's system of internal control and for reviewing its effectiveness, whilst executive management is accountable to the Board for monitoring the system of internal control and for providing assurance to the Board that it has done so.

Executive management has implemented an internal control system designed to facilitate effective and efficient operation of the Group aimed at enabling management to respond appropriately to significant business, operational, financial, compliance and other risks to achieving the Group's business objectives. These include safeguarding shareholders' investments, safeguarding assets from inappropriate use or from loss and fraud, and ensuring that risks are identified and managed, and addressing any social, environmental or ethical matters that are significant for the Group's business.

The system of internal control also helps to ensure the quality of internal and external reporting, compliance with applicable laws and regulations, and internal policies with respect to the conduct of business. The Group's internal control system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's business objectives, and can only provide reasonable, and not absolute assurance against material misstatement or loss.

In the past financial year, the Group has substantially implemented its Risk Management Strategy having regard to the risks it is designed to control.

APPROACH TO RISK MANAGEMENT

Creating long-term shareholder value is the Group's business objective and the Group derives its approach to risk management and control from a shareholder value perspective. As a result, the business manages a broad range of risk categories which have been categorised into the following major risk categories: market risk, liquidity risk, strategic risk, credit & counterparty risk, market conduct risk, IT risk, people risk operational risk, legal & regulatory risk, external risk, insurance risk and growth risk. The Groups' overall approach is to understand the diversity and full breadth of risk to its objectives, and to respond to it appropriately, with a strong emphasis on implementing controls that reduce inherent risk to a level calculated to optimize the level of return on investment. However, risk management is not limited solely to risks that may adversely affect the Groups' ability to achieve its objectives; it is also about identifying and seizing new opportunities while ensuring that the risks are understood, evaluated, appropriately taken and managed.

The Group operates a risk management framework, which contains the following components:

(i) a robust risk governance structure;

(ii) risk appetites established at Group level;

(iii) group-wide risk policies; and

(iv) methodologies that focus on risk identification, risk assessment, risk response, action/control plans, monitoring and reporting.

RISK GOVERNANCE

A risk governance model based on three lines of assurance complements the formal governance structure described earlier in this report. This model distinguishes between functions owning and managing risks, functions overseeing risks and functions providing independent assurance.

The first line of assurance (operations and business units) comprises Line Management that is responsible for identifying and managing risks. The Group's Executive Management Committee ("Exco") sets the risk appetite, and risk strategy and is also responsible for managing the system of internal controls. The Group Chief Executive Officer, supported by the ExCo, has overall responsibility for the management of risks facing the Group. Management and staff within each business unit have the primary responsibility for managing risk and are required to take ownership for identification, assessment, management, monitoring and reporting of enterprise risks arising within their areas of responsibility.

The second line of assurance (management assurance): comprises the specialist functions, namely the Risk, Compliance, Tax etc. These functions provide the first line with technical support and advice to assist in the identification, assessment, management, monitoring and reporting of financial and non-financial risks. The Chief Risk Officer recommends the Group's Risk Policies for approval by the Audit, Risk and Compliance Committee, provides objective oversight and co-ordinates Enterprise Risk Management (ERM) activities in conjunction with other specialist risk related functions. The Chief Risk Officer is not accountable for the day-to-day management of financial and non-financial risks.

The third line of assurance (independent assurance): provides independent objective assurance on the effectiveness of the management of enterprise risks across the Group. This is provided by the Internal and External Auditors and the Audit, Risk and Compliance Committee.

RISK APPETITE

The fundamental purpose of the Group's risk appetite is to define how much risk the Group is willing to take. Risks falling outside the agreed risk appetite are identified for immediate remedial action and subjected to executive management and Audit, Risk and Compliance Committee oversight. The Group has set escalation criteria to establish a reporting process that will provide a sound risk culture and identify and escalate to appropriate levels of management significant risks, control breakdowns and material risks.

Risk Methodologies

The risk methodologies adopted by the group include the following:

- *Risk identification*
  Strategic objectives reflect management's choice as to how the Group will seek to create value for its stakeholders. Strategic objectives are translated into business unit objectives. Risks are then identified that would prevent the achievement of both the strategic and business objectives. For this reason, risk identification is part of the annual business planning process. Risks to the achievement of the Group's objectives are continuously being identified throughout the year.

- *Risk assessment and response*
  Risks identified are inherently assessed based on both impact and likelihood criteria in accordance with the company's escalation matrix. The executive management team of the Group then agrees appropriate risk responses for the prioritised risks.

- ***Monitoring and reporting***
  Risks are recorded in a risk register, with details of existing controls and actions to mitigate the risks, any associated timeframe, details of who owns the actions or controls, and a measure of the residual risk. The risk register is reported on a quarterly basis to the Audit, Risk and Compliance Committee, which is responsible for reviewing the adequacy and effectiveness of the Group's system of internal controls and reports to the Board.

- ***Other risk reporting includes;***
  The Executive Directors, together with Executive Management, report to the Board on behalf of their respective businesses on major changes in the business and the external environment that affect the significant risks to the businesses. The Board receives these reports quarterly.

Internal control environment

The Group's Internal Audit function carries out regular risk-focused reviews of the system of internal controls. The Group's Internal Audit function operates independently of executive management, reporting to the Old Mutual Africa Regions Head of Internal Audit based in Kenya, with unrestricted access to the Chairperson of the Audit, Risk and Compliance Committee (ARCC). An Internal Audit Charter, reviewed and approved by the MPICO Audit Committee, governs internal audit activity within the Group. Progress against the plan is reported regularly to the Audit Risk and Compliance Committee (ARCC).

Whistle blowing

The Group has adopted a policy on fraud, theft, corruption and associated irregularities and has provided an employee reporting mechanism through GFS tip-off anonymous to ensure that employees remain anonymous when reporting any Group business or related irregularities.

Corporate citizenship

MPICO plc engages in various social activities required of a responsible business. The Group keeps a comprehensive record of all the activities in which it was involved. The Maadili Charter provides an ethical guide to the Group's business conduct/dealings with employees, customers, communities and stakeholders.

DIRECTORS' REPORT

The Directors of MPICO plc ("the Company") have pleasure in submitting their report on the Consolidated and Separate Financial Statements for the year ended 31 December 2024.

Incorporation and registered office

The Company and its subsidiaries are all incorporated in Malawi under the Malawi Companies Act, 2013. MPICO plc is listed on the Malawi Stock Exchange. The address of the Company's registered office is:

Old Mutual House,
Robert Mugabe Crescent,
P.O. Box 30459,
Lilongwe 3.

Nature of the Business

The principal activity of the Company is the development, rental and management of investment property.

Areas of operation

The Group has 27 (2023: 27) investment properties in the country, mainly in Lilongwe and Blantyre, which it rents out to the Government and the private sector.

Financial performance

The operating results and financial position of the Group and Company are set out in the statements of financial position, the statements of profit or loss and other comprehensive income, the statements of changes in equity, the statements of cash flows and accompanying notes.

Share capital

The authorized share capital of the Company is K150 million (2023: K150 million) divided into 3 000 000 000 ordinary Shares of 5 tambala each (2023: 3 000 000 000 ordinary shares of 5 tambala each). The issued capital is K114.902 million (2023: K114.902 million) divided into 2 298 047 460 ordinary shares of 5 tambala each (2023: 2 298 047 460 ordinary shares of 5 tambala each), fully paid.

The shareholders and their respective shareholding as at year-end were:

	2024	2023
	%	%
Old Mutual Life Assurance Company (Malawi) Limited	42.98	42.98
Old Mutual (Malawi) Limited	11.00	28.58
Public Service Pension Trust Fund	19.46	1.88
General Public	21.55	21.55
Lincoln Investments Limited	5.01	5.01
	100.00	100.00

Dividends

The following dividends were declared in respect of the year ended 31 December 2024 and 31 December 2023:

- 2024 Final ordinary dividend of K873 million in respect of 2023 profits was declared by MPICO plc; and
- 2023 Final ordinary dividend of K503 million in respect of 2022 profits was declared by MPICO plc.

MPICO plc ("the Company") paid dividends of K873 million (2023: K503million) to MPICO plc's shareholders registered on the Malawi Stock Exchange.

Directorate

The details of Directors and Company Secretary currently holding office are below. These are all Malawians unless otherwise stated.

Name	Position as Director	
Mr. E. Hami (Chairperson)[1]	Independent Non-Executive Director	From 21 Oct 2024
Mrs. E. Jiya[2]	Non-Executive Director	Up to 21 Oct 2024
Mr. C. Kapanga	Independent Non-Executive Director	Up to 30 June 2024
Mr. F. Mangani	Independent Non-Executive Director	All year
Dr. P. Matipwiri	Independent Non-Executive Director	All year
Mr. B. Ndau	Independent Non-Executive Director	All year
Mrs. M. Mkandawire	Independent Non-Executive Director	All year
Mr. C Kamoto	Independent Non-Executive Director	18 April 2024
Mrs. V. Zulu	Non-Executive Director	All year
Ms. C Kalaile	Company Secretary	All year

[1]Mr. E. Hami was an Independent Non-Executive Director until 21 October 2024 when he became Chairperson of the Group.

[2] Mrs. E. Jiya was Chairperson of the Board until when she resigned on 21 October 2024

The following Directors served for the subsidiaries during the year.

MPICO MALLS LIMITED

Name	Position as Director	
Mr. K. Phiri (Chairperson)	Non-Executive Director	All year
Mr. E. Hami	Independent Non-Executive Director	Up to 21 Oct 2024
Mr. C. Kapanga	Independent Non-Executive Director	Up to 30 June 2024
Mr. F. Mangani	Independent Non-Executive Director	All year
Mr. B. Ndisale	Independent Non-Executive Director	All year
Ms. J. Namitembo	Independent Non-Executive Director	All year
Mrs. M. Mkandawire	Independent Non-Executive Director	From 21 Oct 2024

CAPITAL INVESTMENTS LIMITED

Name	Position as Director	
Mr. K. Phiri (Chairperson)	Non-Executive Director	All year
Mr. B. Jere	Independent Non-Executive Director	All year
Mr. W. Mabulekesi	Independent Non-Executive Director	All year
Mr. M. Kasalika	Non-Executive Director	16 May to 31 Oct 24
Mr. T. Manda	Non-Executive Director	From 14 Oct 2024

FRONTLINE INVESTMENTS LIMITED

Name	Position as Director	
Mr. K. Phiri (Chairperson)	Non-Executive Director	All year
Mr. P. Fitzsimons	Independent Non-Executive Director	All year
Mr. M. Kasalika	Non-Executive Director	16 May to 31 Oct 24
Mr. T. Manda	Non-Executive Director	From 14 Oct 2024

The Directors for the 100% owned companies New Capital Properties Limited and Capital Developments Limited were the same as for the Company.

Directors' interests

The Directors noted below hold the following ordinary shares in the company as at 31 December 2024:

Mr. C. Kapanga: 452 773 (2023: 452 773) shares
Mr. F. Mangani: 12,000 (2023: 12 000) shares

Auditors

The Group Auditors, Deloitte, have indicated their willingness to continue in office as Auditors in respect of the Group's 31 December 2025 financial statements and a resolution will be proposed at the forthcoming Annual General Meeting to re-appoint them.

Edmund Hami

Board Chairperson
Mr Edmund Hami
Lilongwe

Director
Mrs Martha Mkandawire

7 April 2025

Events after the reporting period

On 3 April 2025, subsequent to the reporting date, a fire incident occurred in one of the sections at Lingadzi House, City Centre. The extent of the damage is currently being assessed by the insurer. In accordance with IAS 10 Events After the Reporting Period, management has evaluated the incident and determined that it is a non-adjusting event. The financial impact will be accounted for in future periods once the insurer's assessment is complete and more information becomes available. Management continues to monitor the situation closely and will ensure appropriate disclosure in the financial statements as required by the standard. Directors are not aware of other material events.

Going concern

The Board has satisfied itself that the Group has adequate resources to continue in operation for at least 12 months from the date of issue of the annual financial statements, taking into account the Group's most recent business plan and the capital and liquidity position. The annual financial statements have accordingly been prepared on a going concern basis.

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT

In addition to having its own statutory responsibilities, the Audit, Risk and Compliance Committee (the Committee) is a Committee of the Board of Directors, and in this regard, serves in an advisory capacity to the Board and assists the Directors to discharge their duties relating to the safeguarding of assets, the operation of adequate systems, risk management and internal controls, the review of financial information and the preparation of the financial statements. This includes satisfying the Board that adequate internal, operating and financial controls are in place and that material corporate risks have been identified and are being effectively managed and monitored.

The Committee's mandate extends to include all companies which fall under the responsibility of MPICO Group. These include Capital Developments Limited, New Capital Properties Limited, Capital Investments Limited, Frontline Investments Limited and MPICO Malls Limited.

Terms of Reference

The Committee has adopted a formal term of reference that has been updated and approved by the Board of Directors and has executed its duties during the past financial year in compliance with these in all material respects.

Composition and Meeting Process

The members of the Committee serving during the year were Mrs. M. Mkandawire (Chairperson from 21 October 2024), Mr. E. Hami (up to 21 October 2024) Mr. B. Ndau and Mrs. V. Zulu. They are all Independent Non-Executive Directors except for Mrs. V. Zulu who is Non-Executive Director.

The Committee which comprises of Independent Non-Executive Directors and Non-Executive Director met four times during the year with senior management which includes the Managing Director, certain senior executive management, and the Corporate Governance Executive. The Independent External Auditor and Company Internal Auditors attend these meetings by invitation and to ensure that their independence is not impaired, have unrestricted access to the Committee and to its Chairperson. Ad hoc meetings are held as required.

Duties

In execution of its statutory duties the Committee has:

- Nominated for appointment as external Auditor of the Company a registered Auditor who, in the opinion of the Committee, was independent of the Company.
- Determined the fees to be paid to the external Auditor and such Auditor's terms of engagement.
- Ensured that the appointment of the external Auditor complies with legislation relating to the appointment of such.
- Considered the independence of the External Auditors and has concluded that the external Auditor has been independent of the Company throughout the year taking into account all other non-audit services performed and circumstances known to the Committee.
- Received and dealt appropriately with any complaints relating to the accounting practices and internal audit of the Company, the content or auditing of its financial statements, the internal financial controls of the Company, or to any related matter.
- Made submissions to the Board on any matter concerning the Company's accounting policies, financial control, records and reporting.

Legal Requirements

To the best of the Committee members' knowledge and belief, the Committee has complied with all applicable legal, regulatory and other responsibilities for the year under review.

Financial Statements

Following our review of the consolidated and separate financial statements of MPICO plc and its subsidiaries for the year ended 31 December 2024, we are of the opinion that, they comply with the relevant provisions of the Companies Act, IFRS Accounting Standards, and that they give a true and fair view of the financial position at 31 December 2024 and the results of its operations and cash flows for the year then ended.

Mrs. M. Mkandawire
Chairperson of the Audit, Risk and Compliance Committee
7 April 2025

ENVIRONMENTAL, SOCIAL, GOVERNANCE REPORT

About the Report

MPICO plc prides itself as a responsible business that pursues commercial success responsibly and sustainably whilst upholding the interests of individuals, society, and the natural environment.

Our approach to Responsible Business is informed by understanding the expectations society has of our business, to meet the governance and regulations of the country we operate in, awareness of growing environmental and social crises, and driven by the business imperative to grow our business whilst creating a positive societal impact.

Our values guide our actions and behaviors in the manner in which we conduct business with our stakeholders. These stakeholders include our customers, the Government, our regulators, the communities we operate in, our suppliers, and our shareholders. MPICO plc sustainability initiatives align to contribute to the attainment of Malawi's long-term vision, the Malawi 2063 which aspires for the country to become a sustainably wealth and self-reliant nation. In the process our initiatives feed to the attainment of the United Nation's Sustainable Development Goals (SDGs) by 2030.

In our 2024 sustainability report, in accordance with the GRI framework, we show our performance and progress with respect to Environment, Social, and Governance (ESG)-related aspects. We report against our impacts in our identified material topics, aligning with the business's strategy. Our Sustainability Report reflects on our sustainability journey, sharing insights into how we manage our most significant ESG risks and opportunities. The report will be of interest to a wide range of stakeholders to have a holistic and empirically grounded understanding of the broader societal impact we make.

Approval

The Board of Directors of MPICO plc acknowledges its responsibility for ensuring the integrity of the Sustainability Report 2024 (this report). In their opinion, this report addresses all the material sustainability initiatives, activities and impacts throughout the Group to create shared value during the period.

Scope

This report covers the sustainability initiatives and activities of MPICO Group for the period 1 January 2024 to 31 December 2024. It provides an overview of key ESG initiatives and activities to create shared value during the period.

Guiding framework

The content of our reporting suite is compiled with reference to multiple sources to guide our thinking and disclosures. For this report, we were guided by:

1. The Companies Act 2013
2. Global Reporting Initiative (GRI) reporting framework, as guided and recommended by the Malawi Stock Exchange
3. Electronic Transactions and Cyber Security Act 2016
4. Labour Relations Act 1996
5. Occupational Safety, Health, and Welfare Act 1997
6. Old Mutual Gender Policy
7. Environmental Management Act
8. Group Environment, Health and Safety Policy
9. National Construction Industry Act
10. Land Act 2016
11. Physical Planning Act 2016
12. Malawi National Urban Policy

Who we are

MPICO was incorporated on 12 August 1972 with a nominal capital of MK4 million by Capital City Development Corporation (CCDC), a parastatal established with the objective of attracting international and Malawian based commercial investment for the development of Malawi's new Capital City, Lilongwe, in accordance with the Capital City Construction Act of 1968.

While CCDC concentrated on fabricating infrastructure for the new Capital City, low-cost shelter, government offices and housing, MPICO concentrated on building private sector offices, housing, shops, factories, hotels, warehousing e.tc with the assistance of private sector capital. MPICO incorporated subsidiary companies to suit the needs of particular investors and development projects. By 1979 the MPICO group comprised 18 companies, 400 residential units, 2 hotels, 11 industrial units and a number of other properties with funds utilized or available of over MK29 million, involving 59 investors other than CCDC.

With CCDC's major objectives having been achieved, the corporation was dissolved in early 1984. Reorganisation of the MPICO group took place between 1980 and 1984 and by 1983 MPICO became autonomous with independent management and operating systems and a focus on industrial and commercial property development. Its investment and development programmes were expanded to a national basis and targeted at Malawi's 3 major urban centres Lilongwe, Mzuzu and Blantyre. In 1987 MPICO launched a consultancy service undertaking valuation, property management and related services.

In the late 1980s and 1990s many of MPICO's industrial and residential interests were sold or transferred. The current portfolio of 27 properties is now worth over MK98.79 billion.

MPICO was established to facilitate private investment into property development in 1972. MPICO's Initial Public Offer (IPO) in 2007 serves to further this original objective by broadening MPICO's ownership base and providing it with access to capital markets to raise finance, if required, in the future.

Our Vision

To be a leading provider of property solutions in Malawi creating shareholder and customer value whilst being an employer of first choice.

A MESSAGE FROM MPICO PLC BOARD CHAIRPERSON

– Mr Edmund Hami

As MPICO plc reflects on its journey of growth and contribution to Malawi's property and asset management sector, it gives me great pleasure to acknowledge the trust our shareholders, customers, communities, and the nation have placed in us. This trust inspires us to pursue our vision of creating spaces that uplift, inspire, and contribute meaningfully to the sustainable development of our country.

Environmental sustainability is no longer a choice but a necessity. Climate change continues to present unprecedented challenges, and as a responsible business, we are committed to playing our part in addressing these pressing concerns. At MPICO plc, we have embraced a green building initiative, incorporating sustainable innovations in our construction projects and the management of existing properties. Our developments are designed to utilize resources like water and energy efficiently while reducing their carbon footprint, ensuring that we contribute to a more sustainable future.

We are also proud of our efforts to foster societal well-being. One of our flagship initiatives, the Gateway Mall Netball Challenge, reflects our belief in the power of sports to bring communities together and empower the youth. Through this sponsorship, we aim to inspire and nurture talent while reinforcing our commitment to the holistic development of our communities. This initiative is a proof to our dedication to making a positive societal impact, just as we prioritize environmental stewardship in our operations.

As we move forward, we remain aligned with Malawi's development aspirations, as outlined in Malawi 2063, and the United Nations Sustainable Development Goals (SDGs). Our focus is on building properties that not only excel in quality and design but also uphold environmental responsibility. By driving innovation in construction, optimising the use of natural resources, and striving towards a green economy, MPICO plc is determined to remain a key player in shaping the infrastructure of tomorrow. Urbanization and city-building are viewed as essential for achieving Industrialization in Malawi 2063.

I would like to take this opportunity to express my gratitude to our Board members, customers, stakeholders, and suppliers for their unwavering support and dedication to our business Together, we will continue to create spaces that inspire, uplift, and drive sustainable progress for Malawi.

Edmund Hami

Thank you.

SUSTAINABILITY STRATEGY OVERVIEW

Central to MPICO plc's sustainability strategy is its commitment to balancing financial success with social responsibility, guided by Environmental Social and Governance (ESG) standards. The company is deeply vested in implementing initiatives that generate meaningful benefits for individuals, families, and society, focusing on key areas such as, sports development, entrepreneurship, and skills development. This approach fosters growth, inclusion, and resilience across Malawi, ensuring alignment with ESG goals and long-term value creation.

Sustainability is key to Old Mutual (Malawi) Limited strategy which MPICO plc is a member company. The business addresses environmental concerns, advancing social equity, and maintaining robust governance practices. The company positions itself to meet both immediate societal needs and future challenges.

Through the integration of ESG principles, MPICO plc blends property management expertise with impactful community investments, solidifying its role as a trusted partner in building a prosperous and sustainable future.

Scope

This report covers the sustainability initiatives and activities of MPICO plc for the period 1 January 2024 to 31 December 2024. It provides an overview of key ESG initiatives and activities to create shared value during the period.

Our Impacts and Material Topics

MPICO applied the double materiality assessment to determine the material topics and to stay abreast of reporting best practice. Materiality is informed by the company's distinctive conditions, the geographies, industries and sectors that it operates within, its value chain and the impact of its services and products on the economy, society and environment over time. The double materiality assessment also aligns with the Malawi Stock Exchange recommended reporting framework, the General Reporting Initiative (GRI) framework. GRI focuses on impact on people and planet.

MPICO plc material topics align with the business's strategy and are carefully selected to feed into the attainment of the Malawi 2063 and the Sustainable Development Goals (SDGs). The topics respond to the following goals of SDG's.

a. Goal number 1 (End Poverty in all its forms)
b. Goal number 5 (Achieve gender equality and empower all women and girls)
c. Goal number 7 (Ensure access to affordable, reliable, sustainable, and modern energy for all)
d. Goal number 9 (Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation)
e. Goal number 11 (Make cities and human settlements inclusive, safe, resilient, and sustainable)
f. Goal number 13 (Take urgent action to combat climate change and its impacts)

Section 1: CLIMATE ACTION (ENVIRONMENT)

The business takes deliberate steps to achieve efficiencies in the use of energy, water, waste management and reforestation efforts. These are some of the initiatives the business implemented in 2024 in contributing to Malawi's sustainability journey.

Reforestation and Decarbonisation Drive

Malawi's total forest cover as of 2021 stands at 22,954 square km representing 24.4% of the total land area. The average annual deforestation rate is estimated at 0.66% ± 0.03% per year, equivalent to approximately 11,565 ± 1,067 hectares of forest loss annually.

To combat deforestation and support reforestation, MPICO plc through Old Mutual (Malawi) Limited participated in the annual tree planting season by planting 10,000 trees across three key communities: Traditional Authority Masumbankhunda in Lilongwe, Michiru Forest Reserve in Blantyre, Mudi Dam catchment area in Blantyre and Mpinganiira village in Mangochi district. These initiatives are not only aimed at replenishing forest cover but also at promoting cleaner air and better water conservation in these areas in the long run.

Reducing Water Consumption.

In 2024, MPICO plc has updated its maintenance policy to include water-saving measures. The plumbing facilities now incorporate flow-restricting devices, which have replaced standard taps with water-saving flow limiters and aerators designed to be eco-friendly. This ongoing effort ensures that our properties use water more efficiently.

Reducing Energy Consumption

MPICO plc is actively reducing energy consumption by retrofitting high-energy light fittings with energy-saving LED lights across 95% of its properties.

Sustainable Construction Practices

MPICO plc is prioritizing eco-friendly materials in all its construction and refurbishment projects. The business stopped using burnt bricks, opting for eco-bricks, and have also specified the use of eco-friendly paints. These choices reflect the business's commitment to sustainable construction and reduced environmental impact. The transitioning from using burned bricks to eco-bricks aligns with the Malawi National Environmental Policy (NEP) and the National Climate Change Management Policy (NCCMP) which are key policies that promote sustainable practices in the construction industry.

Minimizing Emissions from Air Conditioning

To lower greenhouse gas emissions, MPICO plc has revised its maintenance policies to ensure all air conditioning systems use more environmentally friendly gases. The business no longer uses air conditioners that rely on R22 gas and have converted its units to use R410 gas, which is less harmful to the environment.

Section 2: SOCIAL

As a leading provider of property solutions in Malawi, we recognise that the success of our business is integrally linked to the wellbeing of the many communities we form part of and operate in. In this section, we provide details on our impact on key stakeholders and social imperatives, these include:

- Our tenants: In meeting the evolving needs and expectations of tenants, we aim to provide safe, comfortable, and well-maintained spaces, enhance their experience through open communication and fair treatment, ensure financial flexibility and value, foster a sustainable and eco-friendly environment, and build a thriving tenant community where they feel valued and supported.

- Our communities: Where we focus on addressing the prevailing socio-economic challenges within the communities in which we operate

Responsible to our Customers

Committed to Championing the Customer

MPICO plc ensures that its customers are prioritised in all its operations. The business has a Customer Service Charter that defines the services MPICO plc offer and provides channels for customer feedback. Additionally, the business is guided by the MPICO plc Customer complaints framework on how it relates with customers. Among others the business is expected to:

- Ensuring that Customers are provided with clear, consistent, readily available information to our complaint's resolution processes.
- Having employees who are skilled and empowered to deal with all customer complaints.
- Dealing with customer complaints in a timely manner, with each complaint receiving due consideration in a process that is managed appropriately and effectively.
- Complainants are kept informed of the progress of the complaint.
- Ensuring that where the complaint is resolved in a customer's favour, a full and appropriate level of redress (the position the customer would have been in) is offered, with minimal delay.
- Customers are provided with clear and relevant escalation processes where they are dissatisfied with the outcomes of the complaints process and their right to refer complaints to the Internal Arbitrator (where applicable) or to the external ombudsman or regulator (where applicable).
- Maintaining records of all complaints received, for a period of 7 years after the business unit has discharged its obligations in terms of the contract, or such longer period as may be guided by MPICO plc data retention policy, and any other applicable law such as the Consumer Protection Act No 14 of 2003.
- Ensuring that complaint learnings are shared, thereby proactively endeavouring to avoid recurrences of similar situations.
- Adhering to applicable industry standards for complaints management that may be set from time to time for the industry of which MPICO plc is a member.
- Ensuring that if there is a Conflict of Interest between the individual conducting the complaint process and the subject of the complaint, the complaint is escalated to a Senior Manager who is responsible for determining an appropriate course of action.

To ensure that the business is responsive and ably meet the expectation of the customers who are the key stakeholders, the business makes sure that it;

- Efficiently collects and tracks customer feedback through a robust Customer Relationship Management (CRM) system. This powerful tool allows the logging of complaints, Compliments, Enquiries, and Requests, giving the business the ability to provide proactive and effective feedback to the customers.
- Conducts Net Promoter Score survey (NPS) to collect and provide feedback from customers. Reports are generated and sent to business unit managers for monthly management actions which are tracked through the monthly NPS meetings.
- The Net Effort Score survey (NES) is also used to collect and track customer feedback. Agents, as client-facing personnel, are engaged through the survey to explore their experiences with customers.

MPICO plc is committed to helping the customers thrive. Through its service and product offering the business is ably meeting customer in property management.

In 2024, the business participated during International Customer Service Week to raise awareness about how individuals can access MPICO plc services, provide feedback, and lodge complaints.

Responsible to our community

At MPICO plc, we believe in creating sustainable, positive impacts that go beyond providing property solutions. Through investments in skills development, and job creation, we empower individuals and communities to achieve their full potential. Our commitment extends to promoting health and wellness, fostering talent through sports, and championing initiatives that uplift lives across Malawi.

Skills Development

MPICO plc collaborated with Old Mutual Malawi in supporting the training of 35 young people from Mtandire, a peri-urban location in Lilongwe. The 35 youth were equipped with skills in home gadgets repair facilitated by Sanwecka Tech-Companions. In this initiative, MPICO plc provided training space at the Gateway Mall worth MK17.5 million which was occupied for a month.

Sports Development

MPICO plc through its subsidiary MPICO Malls Limited that own The Gateway Mall greatly contributes to the development of sports through its sponsorship of one of Malawi's leading sport and the country's flag carrier Netball. MPICO collaborated with the Central Region Netball Committee an affiliate of the Netball Association of Malawi in sponsoring the Gateway Mall Central region netball league to the tune of MK40 million.

Since 2016, when the competition was first launched, MPICO plc has invested MK184,500,000.00. Apart from providing sponsorship for the tournament, MPICO plc also provide its netball court for the games at the Gateway Mall. Some of the notable achievements of the Gateway netball challenge include:

- Seven new players from the central region were called into the Malawi national netball team who have become regular features in the team.
- Nine players from the central region were called into camp in preparation for the Africa qualification competition for 2024 world under 21 netball championship which was hosted in South Africa.
- Two players Aisha Gama from Young Eagles and Stella matelezi from Blue Eagles were selected into the Vhafuwi African Netball Training Netball Camp in South Africa.

Health

In its commitment to promoting good health and saving lives, MPICO plc, in collaboration with Old Mutual and the Malawi Blood Transfusion Services, organized a blood donation drive at the Gateway Mall. This full-day event served to raise awareness about the critical importance of blood donation and its role in saving lives.

Occupational Health and safety

MPICO plc as the company recognizes the importance of preventing harm to the environment, reducing waste and providing a safe and healthy working conditions to prevent work related injuries, and ill health of employees, contractors, visitors or any other persons using MPICO plc buildings or office space buildings. The business, therefore, commits to, segments and business units to applying best practice in Environment, Health and Safety (EHS) Management and sets itself the following objectives:

- Ensure compliance with all relevant EHS laws, regulations and standards applicable to its business in Malawi i.e. Occupational Safety Health and Welfare Act (SHWA), 1997, Environmental Management Act (EMA) 2017 and all best international IFC/World Bank EHS performance standards.
- Identify hazards and aspects so as to introduce a hierarchy of controls to reduce risks associated with all business activities.
- Set specific, measurable, realistic, achievable and time-bound EHS objectives
- Ensure that EHS objectives are in the Key Performance Indicators (KPI's) of policy compliance enablers.
- Consult and collaborate with management, employees and their representatives to embrace and demonstrate a culture of involvement in the organization's decision-making process supporting the EHS Management system.
- Document, implement and maintain EHS activities based on the policy and ensure that all is communicated to all employees, contractors, visitors and stakeholders with the intent that they are made aware of their individual EHS responsibilities.
- Make EHS policy easily accessible to interested and affected parties.
- Apply EHS policy for effective control over the organizations' outsourced processes.
- Regularly monitor and report on EHS objectives and targets in relevant forums.
- Review EHS targets and objectives annually to ensure continual improvement.
- Ensure that Old Mutual Malawi Limited's EHS performance and the status of its conformance to this policy are included in the management review agenda.
- Review EHS policy annually in conjunction with employees' EHS representatives to ensure it remains relevant and appropriate to the organization.

In 2024 the business implemented the following:

- Conducted EHS inductions to all new employees, to make sure they are aligned with EHS policy as well all emergency response procedures and plans
- Developed and implemented emergency response plans for all MPICO plc buildings.
- Conducted training of first aiders and fire marshals across Malawi and issued them with certificates.

Commitment to ethical standards

We use our values to guide all our dealings with each other, our customers, communities and other stakeholders. It is expected that we conduct ourselves with integrity and within the parameters of the laws applicable to us. In so doing, we inspire the confidence of our shareholders and tenants. The Maadili Charter is one of the ways we put our values into practice, and it is built around the understanding that everything we do is measured against the highest possible standards of ethical business conduct. Every year, the business conducts annual attestation on the Maadili charter which is the business guiding ethics charter.

We extend these principles to our subcontractors and suppliers, emphasising that they too must uphold the highest standards of ethical conduct in their interactions with MPICO plc. Subcontractors and suppliers are expected to align their practices with the Maadili Charter, ensuring compliance with laws, fairness, and integrity in all dealings.

Section 3: GOVERNANCE

We believe that good corporate governance is fundamental to MPICO plc's success, sustainability and legitimacy. Our organisation-wide corporate governance principles, frameworks and risk management practices ensure we make choices that align with our purpose, victory condition, values and strategy across our subsidiaries.

In this section, we provide insight into the governance of key sustainability themes, across.

- Governance Structure
- Our relationship with regulators
- Our risk management and Compliance approach, including our emerging risk methodology
- Our approach to cyber security and data privacy

Our efforts towards combatting financial crimes

A Governance Structure

The Company has a balanced unitary Board comprising a majority of independent and Non-Executive Directors (the Board). The independent Non-Executive Chairperson (the Chairperson) of the Board is Mr. Edmund Hami.

The Company has an overarching governance structure (Group Governance Framework - GGF), incorporating principles of good governance, to facilitate effective and dynamic management and oversight of the business.

The Board has a charter which defines its functions and responsibilities and separates these from the role of management.

Selection and succession planning

The selection and appointment of Directors is effected through a formal and transparent process and is a matter for the Board as a whole. A formal orientation program exists to familiarize incoming Directors with the business's operations, Management Company and its business environment and to induct them in their fiduciary duties and responsibilities.

Rotation and retirement

Newly appointed Directors may hold office only until the next Annual General Meeting at which they retire and become available for re-election by the shareholders on the recommendation of the Board. All Directors are subject to retirement by rotation and re-election by the shareholders at least once every three years.

Performance and assessment

The Board meets regularly, having met four times in 2024 including sessions devoted to strategy and business planning. It may also meet as and when required to deal with specific matters that may arise between scheduled meetings. Self-evaluation reviews to assess the Board's effectiveness are conducted annually.

Access to company resources

All Directors have access to management of the Management Company, including the Company Secretary and to such information as is needed to carry out their duties and responsibilities fully and effectively. The Company Secretary provides support to the Board to ensure its effective functioning and proper administration of Board proceedings. The Company ensures that the Non-Executive Directors are kept informed on latest developments regarding the Group's business and industry-wide issues through a formal communication process.

Board Committees

Audit, Risk and Compliance Committee

Purpose

MPICO plc has an Audit, Risk and Compliance Committee to assist the Board in discharging its responsibilities. The Committee is chaired by an Independent Non-Executive Director supported by the corporate secretarial department and is free to take independent professional advice as and when necessary.

Terms of Reference

The Audit, Risk and Compliance Committee has adopted a formal term of reference that has been updated and approved by the Board of Directors.

ARCC held four meetings in 2024.

Internal control environment

The Board acknowledges its overall responsibility for the business's system of internal control and for reviewing its effectiveness, whilst executive management is accountable to the Board for monitoring the system of internal control and for providing assurance to the Board that it has done so. Executive management has implemented an internal control system designed to facilitate effective and efficient operation of the business aimed at enabling management to respond appropriately to significant business, operational, financial, compliance and other risks to achieving the Group's business objectives. These include safeguarding shareholders' investments, safeguarding assets from inappropriate use or from loss and fraud, and ensuring that risks are identified and managed, and addressing any social, environmental or ethical matters that are significant for MPICO plc.

The system of internal control also helps to ensure the quality of internal and external reporting, compliance with applicable laws and regulations, and internal policies with respect to the conduct of business. The business's internal control system is designed to manage, rather than eliminate, the risk of failure to achieve MPICO plc objectives, and can only provide reasonable, and not absolute assurance against material misstatement or loss. In the past financial year, the business has substantially implemented its Risk Management Strategy having regard to the risks it is designed to control.

B Our relationship with regulators

All our engagements with our regulators are based on five key principles

1. Responsive
2. Purposeful
3. Relevant
4. Open and honest
5. Pro-active

Our key regulators include:

1. National Construction Industry Council
2. Ministry of Lands, Housing and Urban Development
3. Lilongwe City Council
4. Blantyre City Council
5. Mzuzu City Council
6. Land Economy Board
7. Malawi Bureau of Standards.

Key highlights and engagements

We maintain constructive relationships with key stakeholders including the government, professional bodies and regulators to contribute to industry forums that enhance and entrench responsible investment policies and regulations. To enhance our brand and strengthen relationships with key stakeholders, we implemented the following stakeholder engagement activities in 2024:

a) Annual General Meeting: In fulfilling listing requirements by the Malawi Stock Exchange the business successfully conducted an Annual General Meeting for MPICO plc shareholders in June 2024.
b) MPICO plc Investor Engagement: Prior to the MPICO AGM, we engaged with all MPICO plc shareholders on 12 June 2024 to keep them informed and updated on relevant matters.
c) Offered free financial education to tenants

C Our risk Management and compliance approach

Creating long-term shareholder value is the Group's business objective and the Group derives its approach to risk management and control from a shareholder value perspective. As a result, the business manages a broad range of risk categories which have been categorised into the following major risk categories: market risk, liquidity risk, strategic risk, credit & counterparty risk, market conduct risk, IT risk, people risk operational risk, legal & regulatory risk, external risk, insurance risk and growth risk.

The Groups' overall approach is to understand the diversity and full breadth of risk to its objectives, and to respond to it appropriately, with a strong emphasis on implementing controls that reduce inherent risk to a level calculated to optimize the level of return on investment. However, risk management is not limited solely to risks that may adversely affect the Groups' ability to achieve its objectives; it is also about identifying and seizing new opportunities while ensuring that the risks are understood, evaluated, appropriately taken and managed.

The Group operates a risk management framework, which contains the following components:

i. A robust risk governance structure.

ii. Risk appetites established at Group level.

iii. Group-wide risk policies; and

iv. Methodologies that focus on risk identification, risk assessment, risk response, action/control plans, monitoring and reporting.

Corporate Citizenship

MPICO plc engages in various activities required of a responsible business. The business keeps a comprehensive record of all the activities in which it was involved. The Maadili Charter provides an ethical guide to the business's conduct and dealings with employees, customers, communities and stakeholders.

d) Our efforts on combating Financial Crime

We continue to work closely with regulators across all our jurisdictions to support national and international action to combat financial crime. We take an integrated approach to combating financial crime and ensure that our business processes comply with regulations.

Section 5: CONCLUSION

As we reflect on the progress made in this reporting period, we are proud of the strides MPICO plc has taken toward achieving our sustainability goals. Through focused efforts in environmental stewardship, social responsibility, and governance, we have not only contributed to a more sustainable future but also strengthened the resilience of our business and the communities we serve.

We are fully aware that sustainability is an ongoing journey. The challenges we face are complex and evolving, but they also present opportunities for pushing beyond boundaries, collaboration, and growth. As we move forward, we remain committed to continuously improving our practices, setting ambitious targets, and working together with stakeholders to create lasting, positive change.

We are excited about the path ahead and are confident that our collective actions will create positive future for generations to come. Thank you for your continued support and trust in our mission.

LIST OF ACRONYMS

AGM: Annual General Meeting

ARCC: Audit, Risk and Compliance Committee

CRM: Customer Relationship Management

CRS: Corporate Social Responsibility

CRNC: Central Region Netball Committee

CFTC: Competition and Fair-Trading Commission

ESG: Environment Social and Governance

EHS: Environment, Health and Safety

EMA: Environmental Management Act

FIA: Financial Intelligence Authority

GEHSP. Group Environment, Health and Safety Policy

GGF: Group Governance Framework

GRI: Global Reporting Initiative

LED: Light Emitting Diode

NES: Net Effort Score

NPS: Net Promoter Score

SDG: Sustainable Development Goals

UN: United Nations

WESM: Wildlife and Environmental Society of Malawi

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MPICO PLC

Opinion

We have audited the consolidated and separate financial statements ("the financial statements") of MPICO plc and its subsidiaries ("the Group"), set out on pages 45 to 138 which comprise the consolidated and separate statements of financial position as at 31 December 2024, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of MPICO plc as at 31 December 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and the requirements of the Companies Act 2013.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to performing audits of financial statements in Malawi. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Valuation of Investment Properties (Consolidated and Separate financial statements)

The Group and the Company have investment properties which are carried at fair value in accordance with IAS 40 Investment Property (IAS 40) and IFRS13 Fair Value Measurement (IFRS 13). Significant judgement is required by the Directors in determining the fair value of the investment properties.

The valuation of investment properties is considered a key audit matter due to the significance of the balance to the financial statements as a whole, combined with methods used to value the investment properties, the judgement and estimation uncertainty associated with determining the amounts.

The significance of the amount to the financial statements

The most significant assets for the Group and Company are investment properties and had consolidated fair value of K98.8 billion as at 31 December 2024 and K30.6 billion in the Company's separate financial statements.

The use of judgement and assumptions by the valuers and complexity of the methods used.

The investment properties were revalued as at 31 December 2024 by professional independent property valuation expert using the investment method and, wherever appropriate, the direct comparison method and depreciated replacement cost method.

The valuation of investment properties is of a specialised nature and rely on judgmental inputs and assumptions. Key areas of judgement relating to inputs into the valuation of investment properties include capitalisation and rental market rates.

Refer to note G2 to the financial statements for the accounting policy and critical accounting estimates and judgements and for investment properties disclosures.
</td><td>
Our audit procedures included, amongst others:

• We assessed the design and implementation and tested operating effectiveness of controls relating to valuation of investment properties;

• We assessed the competence, capabilities, and objectivity of the management's investment property valuation experts, and we verified their qualifications and experience. In addition, we discussed the scope of their work and reviewed their terms of engagement to determine that there were no matters that affected their independence and objectivity or imposed scope limitations upon them. We confirmed that the approach they used is appropriate and consistent with the prior year and industry norms;

• We also involved our independent investment property valuation expert in evaluating the Directors and their expert valuer's judgements, including the methods and related assumptions used;

• Our independent valuation experts counterchecked the data used for calculation and the output from the calculation of the investment properties and the emerging gain as prepared and presented by the Directors;

• We performed an analysis of the significant assumptions made by the management's expert so as to evaluate the extent of impact on investment properties and assessed the appropriateness of disclosures in the financial statements; and

• In addition, we tested a selection of data inputs underpinning the valuation, including total rental income, percentage rental increase in a year, rental market rates and occupancy levels to appropriate supporting evidence, to assess the accuracy and completeness thereof.

We found that the methods used for valuation of investment properties were appropriate; and the disclosures pertaining to the investment properties were found to be appropriate and comprehensive in the consolidated and separate financial statements.
</td></tr>
</table>

Other information

The Directors are responsible for the other information. The other information comprises the Directors' Report, Directors' responsibility, and approval statement, as required by the Companies Act, Managing Director's responsibility statement, the corporate governance report, Audit, Risk and Compliance Committee Report and the Environmental, Social, Governance Report which we obtained prior to the date of this Auditor's report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our Auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this Auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors are responsible for the preparation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and the requirements of the Companies Act 2013, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and / or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Deloitte

Chartered Accountants

Vilengo Beza
Partner

9 April 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

K'000	Notes	2024	2023
Rental income	D1	8 061 131	6 882 542
Interest income on rental arrears	D2	989 703	1 079 806
Total rental and interest income on rental arrears		**9 050 834**	**7 962 348**
Increase in fair value of investment properties	G2	12 070 336	8 932 121
Other income	D3	511 434	452 582
Total income		**21 632 604**	**17 347 051**
Credit impairment charges		39 703	(166 055)
Property and administrative expenses	D5	(6 133 709)	(5 380 143)
Total operating expenses		**(6 094 006)**	**(6 408 912)**
Finance cost			
Interest on bank deposits and staff loans	D2	193 861	17 758
Finance cost on borrowings	D4	(842 145)	(880 472)
Net finance cost		(648 284)	(862 714)
Profit before tax		14 890 314	10 938 139
Income tax expense	D6	(2 705 696)	(3 871 376)
Profit after tax for the financial year		12 184 618	7 066 763
Appropriation of profit for the year			
Realised profits		996 053	947 031
Unrealised profits		7 544 112	4 521 781
Attributable to			
Equity holders of the parent		8 540 165	5 468 812
Non-controlling interests		3 644 453	1 597 951
		12 184 618	7 066 763
Basic earnings per ordinary share (K)	C1	3.72	2.38
Analysed as:			
Realised (K)	C1	0.43	0.41
Unrealised (K)	C1	3.29	1.97

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

K'000	Notes	At 31 December 2024	At 31 December 2023
Assets			
Property and equipment	G1	**191 509**	231 518
Investment property	G2	**98 789 205**	86 718 868
Deferred tax assets	G6	**138 523**	395 146
Capital work in progress		**98 320**	12 652
Secured staff loans		**11 740**	79 423
Current tax receivable	D6(c)	**2 960 425**	3 062 911
Trade and other receivables	G4	**6 489 565**	7 391 408
Promissory notes receivable	G5	**-**	5 095 690
Cash and cash equivalents	J5	**3 650 573**	326 710
Total assets		**112 329 860**	**103 314 326**
Liabilities			
Borrowed Funds	G8	**2 321 256**	3 086 341
Provisions	G7	**241 865**	441 884
Amounts due to group companies	J1	**1 853 246**	3 460 141
Deferred tax liabilities	G6	**13 306 954**	11 895 931
Trade, other payables and other liabilities	G7	**1 201 778**	947 018
Bank overdraft	J5	**338 609**	1 318 971
Total liabilities		**19 263 708**	**21 150 286**
Net assets		**93 066 152**	**82 164 040**
Shareholders' equity			
Share capital	G9	**114 902**	114 902
Share premium		**8 626 938**	8 626 938
Realisable reserves		**6 473 109**	6 350 314
Unrealisable reserves		**49 709 453**	42 165 340
Equity attributable to the equity holders of the parent		**64 924 402**	57 257 494
Non-Controlling Interest		**28 141 750**	**24 906 546**
Total equity		**93 066 152**	**82 164 040**

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 4 March 2025 and were signed on its behalf by:

Edmund Hami

Board Chairperson
Mr Edmund Hami

Director
Mrs Martha Mkandawire

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

K'000	Notes	2024	2023
Cash flows from operating activities			
Profit before tax		**14 890 314**	10 938 139
Non-cash movements and adjustments to profit before tax	J5.1	**(12 403 915)**	(8 874 212)
Net changes in working capital	J5.1	**4 485 082**	(395 401)
Interest received		**989 703**	1 079 806
Interest paid		**(842 145)**	(778 603)
Taxation paid		**(935 563)**	(2 233 075)
Net cash flows from operating activities		**6 183 476**	(263 346)
Cash flows from investing activities			
Interest received		**193 861**	17 758
Acquisition of property, plant and equipment		**(22 533)**	(19 190)
Increase in capital work in progress		**(85 668)**	-
Proceeds/(costs) from disposal of property, plant and equipment		**14 999**	(893)
Receipts from staff long-term loans		**67 683**	13 776
Net cash outflow from investing activities		**168 342**	11 451
Cash flows from financing activities			
Dividends paid		**(873 258)**	(503 082)
Dividends paid to non-controlling shareholders		**(409 250)**	-
Repayment of long-term debt		**(765 085)**	(616 938)
Net cash outflow from financing activities		**(2 047 593)**	(1 120 020)
Net cash inflow		**4 304 225**	(1 371 915)
Cash and cash equivalents at beginning of the year		**(992 261)**	379 654
Cash and cash equivalents at end of the year		**3 311 964**	(992 261)
Comprising			
Cash and cash equivalents[1]		**3 311 964**	(992 261)

1 Refer to note J5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital	Share premium	Realisable Reserves	Unrealisable Reserves	Equity attributable to owners of the Company	Non-controlling interest	Total
At 1 January 2024	114 902	8 626 938	6 350 314	42 165 340	57 257 494	24 906 546	82 164 040
Comprehensive income							
Realised profit for the year	-	-	996 053	-	996 053	501 117	1 497 170
Unrealised profit for the year	-	-	-	7 544 113	7 544 113	3 143 337	10 687 450
Total comprehensive income	**114 902**	**8 626 938**	**7 346 367**	**49 709 453**	**65 797 660**	**28 551 000**	**94 348 660**
Transactions with owners of the company							
Dividends	-	-	(873 258)	-	(873 258)	(409 250)	(1 282 508)
Balance at 31 December 2024	**114 902**	**8 626 938**	**6 473 109**	**49 709 453**	**64 924 402**	**28 141 750**	**93 066 152**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital	Share premium	Realisable Reserves	Unrealised Reserves	Equity attributable to owners of the Company	Non-controlling interest	Total
At 1 January 2023	114 902	8 626 938	5 906 364	37 643 559	52 291 763	23 308 595	75 600 358
Comprehensive income							
Realised profit for the year	-	-	947 031	-	947 031	498 710	1 445 741
Unrealised profit for the year	-	-	-	4 521 781	4 521 781	1 099 241	5 621 022
Total comprehensive income	**114 902**	**8 626 938**	**6 853 395**	**42 165 340**	**57 760 575**	**24 906 546**	**82 667 121**
Transactions with owners of the company							
Transfers to reserve	-	-	-	-	-	-	-
Dividends declared – Final 2022	-	-	(503 081)	-	(503 081)	-	(503 081)
Balance at 31 December 2023	**114 902**	**8 626 938**	**6 350 314**	**42 165 340**	**57 257 494**	**24 906 546**	**82 164 040**

A: Material accounting policy information

A1: Basis of preparation

1.1 Statement of compliance

MPICO plc, the holding company of the Group, is incorporated in Malawi under the Malawi Companies Act, 2013. The financial statements for the year ended 31 December 2024 consolidates the results of the Group and its subsidiaries (together 'the Group').

The consolidated and separate financial statements (financial statements) comprise the consolidated and separate statements of financial position at 31 December 2024, the consolidated income statement, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year ended 31 December 2024 and explanatory notes to the consolidated and separate financial statements.

The financial statements are prepared on the going concern basis, which the Directors believe is appropriate, taking into account the Group's most recent business plan and the capital and liquidity position. The financial statements were approved by the Board of Directors on 4 March 2025.

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), including interpretations of IFRS as issued by the IFRS Interpretations Committee (IFRIC), IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and the requirements of the Companies Act 2013, the MSE Listings Requirements, and requirements of the Companies Act, 2013.

The annual financial statements give a true and fair view of the financial position, financial performance, and cash flows of the Group in terms of the IFRSs.

Only material information, as determined using the Group's internal framework for materiality has been included in these annual financial statements. The Group's internal framework for materiality was developed taking into cognisance, the requirements of IFRS, the MSE listings requirements as well as other relevant statutory reporting requirements applicable to the Group. Information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of these financial statements make based on these financial statements.

The Group presents separately each material class of similar items. The Group also presents separately items of a dissimilar nature or function unless they are immaterial.

If a line item is not individually material, it is aggregated with other items either in these financial statements or in the notes. An item that is not sufficiently material to warrant separate presentation in the primary statements may warrant separate presentation in the notes.

When applying the IFRS the Group shall decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. The Group does not reduce the understanding of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

IFRS specifies information that is required to be included in the financial statements, which include the notes. The Group does not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material and could detract from providing meaningful and concise financial statements. This is the case even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The Group may also provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

The principal accounting policies applied in the preparation of the consolidated and separate financial statements are set out and included in the specific notes to which they relate. These policies have been consistently applied. The consolidated and separate financial statements have been prepared under the historical cost convention modified to include the fair valuation of investment property and particular financial instruments to the extent required or permitted under IFRS as set out in the relevant accounting policies.

Amounts are stated in thousands of Malawi Kwacha (K'000), which is the presentation and the functional currency of the Group.

1.2 Comparative information

Unless otherwise indicated, comparative information presented at and for the year ended 31 December 2024 within these financial statements has been correctly extracted from the Group's audited financial statements for the year ended 31 December 2023, unless otherwise restated/ represented as indicated.

1.3 Accounting policy elections

The following material accounting policy elections have been made by the Group:

Area	Details
Investment properties	The Group has elected to recognise all investment properties at fair value, with changes in fair value being recognised in profit or loss.
Property, plant and equipment	Plant and equipment are carried at cost less accumulated depreciation and impairment losses. Plant and equipment are depreciated on the straight-line basis at rates that will reduce book amounts to estimated residual values over the anticipated useful lives of the assets. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at every year-end. An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.
Investments in subsidiaries, associated undertakings	The Group has elected to recognise these investments at cost in the Group financial statements.

1.4 Going concern

As part of preparing the financial results, the Group has performed a detailed going concern assessment. This assessment has relied on the Group's 2025 to 2027 business plan and has considered the profitability and solvency projections over the plan period. The business plan delivered strong shareholder value creation while maintaining stable capital and solvency positions throughout the cycle.

Despite the challenging local economic environment, the results of the projections indicate that the Group is expected to continue as a going concern. No material uncertainties that would require disclosure have been identified in relation to the ability of the Group to remain a going concern for at least the next 12 months from the date of issuing annual financial statements. The Directors therefore consider it appropriate for the going concern basis to be adopted in preparing the annual financial statements.

1.5 Basis of preparation of other non IFRS measures

The Group uses adjusted headline earnings in the calculation of various other non IFRS measures which are used by management, alongside IFRS metrics, to assess performance. Non IFRS measures are not defined by IFRS, are not uniformly defined or used by all entities and may not be comparable with similarly labelled measures and disclosures provided by other entities. The basis of preparation of each is outlined below.

(a) Return on adjusted net asset value (RoNAV)

RoNAV (expressed as a percentage), is calculated as profit after tax and non-controlling interest divided by the average of the opening and closing balances of IFRS equity.

RoNAV is used to assess and measure the capital efficiency of the Group, and it is one of a range of measures by which management performance and remuneration is assessed.

A2: Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The critical accounting estimates and judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements of the Group for the year ended 31 December 2023.

Critical accounting estimates and judgements

The following table sets out the items that require the Group to make critical estimates and judgements in the application of the relevant accounting policy, with additional detail provided below on key accounting judgements applied in the current year. As such, additional disclosure has been provided in the relevant notes of the assets and liabilities that require estimation and judgement.

Critical accounting estimates	Accounting policy reference
Fair value measurement of financial assets and liabilities	E1/E2
Investments in subsidiaries and associated undertakings	H1
Measurements of deferred tax assets	G6
Fair value of investment properties	G2

A3: Liquidity analysis of the statement of financial position

The statement of financial position is in order of liquidity as is permitted by IAS 1 'Presentation of Financial Statements'.

Statements of financial position captions generally expected to be recovered no more than 12 months after the reporting date are classified as current and as non-current if the expected recovery or settlement date is more than 12 months after the reporting date. The analysis of significant statements of financial position captions into current and non-current are disclosed in the individual notes to which they relate.

A4: Items labelled as "Other"

Where items have been found to be individually immaterial, they have been disclosed under the 'Other' category. Where applicable comments have also been added to reflect the nature of these amounts and/or the major balances contained within these line items.

B: Segment information

Operating Segments

Operating segments have been identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Products and services from which reportable segments derive their revenues.

The Group has one principal line of business – rental and management of investment property. Information reported to and used by the Managing Director for decision making for the purposes of resource allocation and assessment of segment performance is more specifically focused on each of the Group's current 27 (2023: 27) investment properties.

Geographical information

The Group's investment property is situated principally in the two major cities in Malawi. The following analysis shows the rental income, investment property values and property fair value movements by geographical market.

The Group's investment property is situated principally in the two major cities in Malawi. The following analysis shows the rental income, investment property values and property fair value movements by geographical market:

For the year ended 31 December

K'000	Rental income		Property values		Fair value increase	
	2024	2023	2024	2023	2024	2023
Blantyre	607 572	468 466	7 892 879	6 925 435	967 444	800 360
Lilongwe	7 207 619	6 213 836	89 083 506	78 219 113	10 864 392	7 930 320
Other markets	245 940	200 240	1 812 820	1 574 320	238 500	201 442
Total	8 061 131	6 882 542	98 789 205	86 718 868	12 070 336	8 932 122

C: Other key performance information

C1: Earnings and earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share for the parent are as follows:

At 31 December K'000	2024	2023
Profit after tax for the financial year	12 184 618	7 066 763
Appropriation of profit for the year		
		947 032
Realised profits	996 053	4 521 781
Unrealised profits	7 544 112	
Attributable to		
Equity holders of the parent	8 540 165	5 468 813
Non-controlling interests	3 644 453	1 597 951
	12 184 618	7 066 763
Weighted average number of ordinary shares for the purposes	2 298 047	2 298 047
Basic earnings per share	3.72	2.38
Realised (K)	0.43	0.41
Unrealised (K)	3.29	1.97
	-	

C2: Return on net asset value (RoNAV)

The following table outlines the calculation of RoNAV, using profit after tax and non-controlling interest. The basis of preparation of RoNAV is described in note A1.5.

At 31 December Km or %	2024	2023
Total RoNAV (%)	13.98%	9.98%
Average Adjusted IFRS Equity	61 090 948	54 774 629
Closing Adjusted IFRS Equity	64 924 402	57 257 494

C3: Dividends

For the year ended 31 December Km	Ordinary dividend payment date	2024	2023
2022 Final dividend paid – 22 tambala per share	26 July 2023	-	503 081
2023 Final dividend paid – 38 tambala per share	24 July 2024	873 258	-
Dividend declared to ordinary equity holders for the year			

The total dividend paid to ordinary equity holders is calculated using the number of shares in issue at the record date.

A final dividend of 43 tambala (2023: 38 tambala), per ordinary share in the Company has been declared by the Directors and will be paid on 28 July 2025 to shareholders on the register.

D: Other consolidated income statement notes

D1: Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease. Such rental income recognition commences when an occupancy agreement with a tenant is formalised. The consolidated rental income is K8 billion (2023: K6.9 billion).

IFRS 15 Revenue
The Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

D2: Interest income

Interest and similar income
Interest is charged on receivables in respect of outstanding rentals at 4% above base lending rate. Interest income also included interest from Investment and securities and Cash and cash equivalents. Consolidated interest income for the year is K 990 million (2023: K1.1 billion).

Due to the change in the operating model, MPICO entered into an agreement with Old Mutual Investment Group (OMIG) where OMIG manages the business from both an operations and investment management perspectives. Accordingly, there are no employees in MPICO hence no new loans are granted to staff. The outstanding staff loans relate mainly to legacy car loans which are still being recovered through OMIG and are secured on cars that staff bought through the loans. Due to the latter, no ECL has been provided on staff loans. The loans attract interest at the rate of 50% per annum of the base lending rate of the National Bank of Malawi.

Due to improved cash flows during the year, funds were invested in short-term investments with First Discount House Limited pending utilisation of the same in various projects. The funds were invested at an average rate of 25% per annum.

Year ended 31 December K'000	2024	2023
Interest income on rental arrears	989 703	1 079 806
Interest on bank deposits and staff loans	193 861	17 758
Total	1 183 564	1 097 564

D3: Other income

This note analyses the other income earned by the Group, from consultancy services offered to third parties and pop-up events at The Gateway, the property under the subsidiary entity, MPICO Malls Limited.

Year ended 31 December K'000	2024	2023
Other income	138 710	310 976
Consultancy services	372 724	141 606
Total	511 434	452 582

D4: Finance costs and similar expenses

Finance costs include interest payable on borrowed funds and interest and similar expenses related to financial liabilities measured at amortised cost.

The Group has overdraft facilities of K900 million and K500 million, FDH Bank plc and National Bank of Malawi plc respectively through MPICO plc. The Group has a loan of K2.321 billion with Standard Bank plc through MPICO Malls Limited. MPICO Malls Limited (the subsidiary Company of MPICO plc) initially borrowed K4.6 billion from Standard Bank plc in the year 2018. The is subject to interest charges at 1.1% above the publicly quoted reference lending rate per annum and as at year end the actual interest rate was 25.3% (2023: 24.7%). The loan balances of K3.3 billion as at 30 September 2023 has been extended for a further period of 5 years to 30 September 2028. The loan is secured by investment property, The Gateway, which is included in investment properties as detailed in note G2 to the financial statements and as at 31 December 2024 was valued at K44.1 billion (2023: K38.7 billion)

Year ended 31 December K'000	2024	2023
Finance costs		
Interest on borrowed funds	705 018	653 889
Interest on overdraft facilities	137 127	226 583
Total finance costs	842 145	880 472

D5: Operating and administrative expenses

This note gives further detail on the items included in operating and administrative expenses.

Year ended 31 December K'000	2024	2023
Property expenses	1 960 074	1 672 915
OMIG management fees	608 086	572 541
Shared expenses	935 948	747 541
Listing costs	38 708	32 502
Transfer secretaries' expenses	25 363	38 749
Depreciation	62 542	108 112
Direct expense recoveries	1 286 646	1 528 369
Advertising and marketing expenses	101 030	80 478
Communication costs	34 889	25 041
Computer, software and processing costs	35 535	29 483
Vehicle operating costs and insurance expenses	7 390	18 440
Directors' fees	298 022	234 014
Office space costs	54 462	36 199
Technical and professional fees	188 443	40 755
Printing and stationery costs	40 639	53 576
Travel & subsistence expenses	126 915	94 330
Auditors' remuneration - fees for audit service	163 410	109 938
Other	165 607	(42 840)
Other operating and administration expenses	6 133 709	5 380 143

D6: Income tax expense

Current tax

Current tax is the expected tax payable on the 'taxable income' as contemplated for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The calculation of the Group's tax charge involves a degree of estimation and judgement. Sometimes the Group may have open tax returns with the Malawi Revenue Authority, and this is normally resolved by having frequent engagements with the Authority. Taxation provisions relating to open items are recognised based on the Group's estimate of the most likely outcome, after taking into account external advice where appropriate. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact profit or loss, current and deferred income tax assets and liabilities in the period that such determination is made.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts required to be used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets are recognised for tax losses carried forward, only to the extent that realisation of the related tax benefit is probable, where on the basis of all available evidence, it is considered more likely than not that there will be suitable taxable profits against which the reversal of the deferred tax asset can be applied. In certain circumstances, as required by accounting guidance, deferred tax balances are not recognised. In particular, where the liability relates to the initial recognition of goodwill, or transactions that are not 'business combinations' as contemplated and at the time of their occurrence, affect neither accounting nor taxable profits.

Deferred tax relating to items recognised outside profit or loss (for example, items adjusted for against retained income) is accounted for on a similar basis. Deferred tax is recognised in alignment with the underlying transaction, either in other comprehensive income or directly in equity, as appropriate.

Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

Dividends tax

In Malawi, dividends tax is levied on the recipient of a dividend. In terms of the dividends tax provisions, the tax is withheld at a rate of 10% by the entity which declares such dividend.

Tax laws substantially enacted

In terms of IAS 12, both current and deferred tax assets and liabilities are to be valued applying the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Changes in Malawi tax laws should be regarded as being substantively enacted when the changes in tax laws have been approved by parliament and signed into law, by the president.

IAS 12 requires an entity to recognise deferred tax for temporary differences between the tax base of an asset or liability and its carrying amount in the statement of financial position.

(a) Analysis of total income tax expense

The total income tax expense for the year comprises:

Year ended 31 December Km	2024	2023
Current tax		
Current tax	888 975	540 581
Withholding taxes	-	-
Adjustments to current tax in respect of prior years	-	-
Total current tax	888 975	540 581
Deferred tax		
Deferred tax expense relating to the origination and reversal of temporary differences	1 667 646	736 190
Write down of deferred tax assets	-	2 594 605
Adjustments to deferred tax in respect of prior years	-	-
Total deferred tax	1 667 646	3 330 795
Dividend tax	149 075	-
Total income tax expense	2 705 696	3 871 376

(b) Reconciliation of total income tax expense

The income tax expense charged to profit or loss differs from the income tax expense that would apply if all of the Company's profits from continuing operations from the different revenue categories had been taxed at the standard corporation tax rate. The difference in the effective rate of the continuing operations is explained below:

Year ended 31 December K'000	Note	2024	2023
Profit before tax		14 890 314	10 938 139
Tax at standard rate of 30.0% (2023: 30.0%)		4 467 094	3 281 442
Disallowable expenses[1]		308 561	57 539
Indexation of investment property[2]		(2 069 959)	532 395
		2 705 696	3 871 376

Includes exempt income and capital gains taxed at lower than the corporate tax rate.

1 Disallowable expenses mainly include expenses incurred in the production of non-taxable income and are therefore non-deductible for tax purposes.

2 It mainly relates to the application of Consumer price Indices (CPI) on investment properties to determine the tax base against the book values

(c) Movement in tax

K'000	2024	2023
Tax recoverable at 1 January	3 062 911	1 370 413
Income tax charge for the year	(888 975)	(540 583)
Tax refunds	(1 557 383)	(248 257)
Withholding tax	1 926 572	2 042 266
Tax paid during the year	417 300	439 072
Tax recoverable at 31 December	2 960 425	3 062 911
Tax split:		
Tax recoverable at 31 December	3 426 876	3 501 983
Tax payable at 31 December	(466 451)	(439 072)
Total tax recoverable	2 960 425	3 062 911
Analysis of tax recoverable		
MPICO plc	2 720 221	2 861 540
MPICO Malls Limited	606 453	611 255
Capital Developments Limited	95 048	(92 282)
Capital investments Limited	(188 022)	(190 850)
Frontline Investments Limited	(127 025)	(53 070)
New Capital Properties Limited	(146 250)	(73 682)
Total tax recoverable	2 960 425	3 062 911

E: Financial assets and liabilities

Accounting policy information

Classification and measurement of financial assets and financial liabilities

Initial recognition of financial assets

Financial instruments are measured at initial recognition at fair value net of directly attributable transaction costs, unless the financial instrument is classified as fair value through profit or loss. For instruments classified at fair value through profit or loss attributable transaction costs are immediately expensed.

At initial recognition, the Group considers the appropriate classification as:

- Amortised cost; or
- Fair Value through Profit or Loss (FVTPL).

The classification of financial assets is based on whether the financial assets are equity instruments, debt instruments held or derivative assets. The classification and measurement of debt instruments is dependent on the business model in which the financial asset is managed and its contractual cash flow characteristics.

The business model refers to how the Group is managing its financial instruments to generate cash flows. Business model assessments are performed on shareholder and policyholder portfolios and consider investment mandates, how the portfolios are being managed to generate cash flows and performance indicators. The Group first assesses the business model before considering whether an instrument meets the definition of the contractual cash flow test.

Only if the financial instruments are held in a business model to collect contractual cash flows or a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the cash flows characteristics test is performed.

Transaction costs that are directly attributable to the acquisition of financial assets are expensed in profit or loss for financial assets initially classified at FVTPL. For financial assets not classified at FVTPL, transaction costs are added to or deducted from the fair value at initial recognition.

Subsequent measurement of financial assets

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.
- the Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Initial recognition of financial liabilities

Financial liabilities not measured at FVTPL on initial recognition are measured at fair value less transaction costs that are incremental and directly attributable to the issue of the financial liability. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

Subsequent measurement of financial liabilities

Fair value movements attributable to changes in the credit risk of a financial liability designated at FVTPL is recorded in other comprehensive income and not recycled to profit or loss. On derecognition of the financial liability, the amount included in other comprehensive income is reclassified to retained earnings. The balance of the fair value movement is recorded in profit or loss.

Financial liabilities at amortised cost	These liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign currency exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Financial liabilities at fair value through profit or loss	These liabilities are subsequently measured at fair value. Net fair value gains and losses, including any interest expense are recognised in profit or loss.

Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

E1 : Categories of financial instruments

The analysis of financial assets and liabilities into their categories as defined in IFRS 9 Financial Instruments is set out in the tables below. Assets and liabilities of a non-financial nature, or financial assets and liabilities that are specifically excluded from the scope of IFRS 9, are reflected in the non-financial assets and liabilities category.

Information about the methods and assumptions used in determining fair value is included in note E2.

At 31 December 2024 K'000	Total	Mandatorily fair value through profit or loss	Designated fair value through profit and loss	Amortised cost	Non-financial other assets and liabilities
Assets					
Trade and other receivables	6 489 565	-	-	6 489 565	-
Promissory notes receivable	-	-	-	-	-
Funds at call and on deposit	3 014 511	-	-	3 014 511	-
Cash and cash equivalents	636 062	-	-	636 062	-
Total assets	10 140 138	-	-	10 140 138	-
Liabilities					
Borrowings	2 321 256	-	-	2 321 256	-
Amounts due to group companies	1 853 246	-	-	1 853 246	-
Dividend Payable		-	-		-
Bank overdraft	338 609	-	-	338 609	-
Trade and other payables	1 201 778	-	-	1 201 778	-
Total liabilities	5 714 889	-	-	5 714 889	-

Cash and cash equivalents split by:	Gross carrying amount	Expected credit losses	Net carrying amount
Cash at bank and in hand	636 062	-	636 062
Short term deposits	3 014 511	-	3 014 511
Total	3 650 573	-	3 650 573
Bank overdraft	338 609	-	338 609
Cash and cash equivalents as per cashflows	3 311 964	-	3 311 964

At 31 December 2023 K'000	Total	Mandatorily fair value through profit or loss	Designated fair value through profit and loss	Amortised cost	Non-financial other assets and liabilities
Assets					
Trade and other receivables	6 396 539	-	-	6 396 539	-
Promissory notes receivable	5 095 690	-	-	5 095 690	-
Funds at call and on deposit	-	-	-	-	-
Cash and cash equivalents	326 710	-	-	326 710	-
Total assets	11 818 939	-	-	11 818 939	-
Liabilities					
Borrowings	3 086 341	-	-	3 086 341	-
Amounts due to group companies	3 460 141	-	-	3 460 141	-
Dividend payable	-	-	-	-	-
Bank overdraft	1 318 971	-	-	1 318 971	-
Trade and other payables	1 388 902	-	-	1 388 902	-
Total liabilities	9 254 355	-	-	9 254 355	-

Cash and cash equivalents split by:	Gross carrying amount	Expected credit losses	Net carrying amount
Cash at bank and in hand	326 710	-	326 710
Short term deposits	-	-	-
Total	326 710		326 710

E2: Assets and liabilities not measured at fair value

Certain financial instruments of the Group are not carried at fair value, they are carried at amortised cost. The calculation of the fair value of these financial instruments represents the Company's best estimate of the value at which these financial assets could be exchanged, or transferred, between market participants at the measurement date. Approximations of fair value for amortised costs have also been utilised for sums owed to related companies, as well as for other receivables and payables.

At 31 December 2024 MK'000	Investment assets at amortised cost	Fair value	Level 1	Level 2	Level 3
Financial assets held at amortised cost					
Tade and other receivables	6 489 565	-	-		6 489 565
Funds at call and on deposit	3 014 511	-	-	-	3 014 511
Cash at bank and in hand	636 062	-	-	-	636 062
Total	10 140 138	-	-	-	10 140 138

At 31 December 2023 MK'000					
Financial assets held at amortised cost					
Trade and other receivables	6 396 539	-	-	-	6 396 539
Promissory notes receivable	5 095 690	-	-	-	5 095 690
Funds at call and on deposit	-	-	-	-	-
Cash at bank and in hand	326 710	-	-	-	326 710
Total	11 818 939	-	-	-	11 818 939

E3: Fair values of financial assets and liabilities

The description of the determination of fair value and the fair value hierarchies of financial assets and liabilities described in this section applies to all financial assets and liabilities.

(a) Determination of fair value

The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, or quoted prices cannot be obtained without undue effort, another valuation technique is used.

In general, the following inputs are taken into account when evaluating the fair value of financial instruments:

- assessing whether instruments are trading with sufficient frequency and volume, that they can be considered liquid.

There have been no significant changes in the valuation techniques applied when valuing financial instruments. The general principles applied to those instruments measured at fair value are outlined below:

Investment and securities (investment assets at FVTPL and investment assets at amortised cost)

Other investments and securities that are recognised at fair value are measured at observable market prices where available. In the absence of observable market prices, these investments and securities are fair valued utilising one or more of the following techniques: discounted cash flows, the application of an EBITDA multiple or any other relevant technique.

Investment contract liabilities

The fair value of the investment contract liabilities is determined with reference to the fair value of the underlying funds that are held by the Group.

Other financial assets and liabilities

The fair values of other financial assets and liabilities comprising other receivables and other payables reasonably approximate their carrying amounts as included in the statement of financial position as they are short-term in nature or re-priced to current market rates frequently.

(b) Fair value hierarchy

Fair values are determined according to the following hierarchy:

Description of hierarchy	Types of instruments classified in the respective levels
Level 1 – quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.	Listed equity securities.
Level 2 – valuation techniques using observable inputs: financial assets and liabilities with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.	Unlisted equity and debt securities where the valuation is based on models involving no significant unobservable data, with a majority determined with reference to observable prices. Debt instruments and investment contract liabilities.
Level 3 – valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.	Unlisted equity and securities with significant unobservable inputs, securities where the market is not considered sufficiently active.

The judgement as to whether a market is active may include, for example, consideration of factors such as the magnitude and frequency of trading activity, the availability of prices and the size of bid/offer spreads. In inactive markets, obtaining assurance that the transaction price provides evidence of fair value or determining the adjustments to transaction prices that are necessary to measure the fair value of the asset or liability requires additional work during the valuation process.

The Group has significant processes in place to perform reviews of the appropriateness of the valuation of Level 3 instruments.

The majority of valuation techniques employ only observable data and so the reliability of the fair value measurement is high. However, certain financial assets and liabilities are valued on the basis of valuation techniques that feature one or more significant inputs that are unobservable, and, for them, the derivation of fair value is more judgemental. A financial asset or liability in its entirety is classified as valued using significant unobservable inputs if a significant proportion of that asset or liability's carrying amount is driven by unobservable inputs.

In this context, 'unobservable' means that there is little or no current market data available for which to determine the price at which an arm's length transaction would be likely to occur. It generally does not mean that there is no market data available at all upon which to base a determination of fair value. Furthermore, in some cases the majority of the fair value derived from a valuation technique with significant unobservable data may be attributable to observable inputs.

Consequently, the effect of uncertainty in determining unobservable inputs will generally be restricted to uncertainty about the overall fair value of the asset or liability being measured.

F: Financial risk management

The Group is exposed to financial risk through its financial assets. The most important components of financial risk are credit risk, market risk, interest rate risk and liquidity risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the Audit Risk and Compliance Committee (ARCC), which is responsible for developing and monitoring the Group's risk management policies through the Risk Control Function. The ARCC reports regularly to the Board of Directors on its activities.

The Group's risk preferences and appetite limits are set out in the Group's Strategy and describes specific risk preferences and metrics. This Risk Strategy is regularly reviewed by the Board and subsidiary risk preferences and appetite limits are adjusted accordingly whenever required.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for identification, measurement, monitoring and controlling risk, and the Group's management of capital. Details of the material accounting policy information and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the financial statements.

F1.1: Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and ensuring that tenants pay rentals in advance, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit worthiness of its tenants is continuously monitored. Excluding Government rentals, receivables are from a large number of tenants, spread across diverse sectors and geographical areas.

Apart from the exposure to Government, the Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk exposure is managed by proactively engaging Government on amounts due from it and agreeing on a settlement plan for the outstanding balance. The credit risk on liquid funds is limited because the counterparties are financial institutions in a highly regulated industry.

The carrying amount of receivables (note G4) and cash and cash equivalents (note J5) recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk.

1.7 Impairment of financial assets

(a) Overview

During the current financial year, the Group recognised reversal of credit loss of K40 million (2023: credit loss of K166 million) as disclosed in note G4.

(b) Calculation of ECL

The entity recognises lifetime Expected Credit Losses (ECL) for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the entity's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The process of determining ECL involves high degree of judgement from management, which affects valuation of the balance, hence gives risk to significant risk.

(c) Significant increase in credit risk and default

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers quantitative and qualitative information based on the Group's historical experience, credit assessment and including forward-looking information. The Group's assessment of a significant increase in credit risk from initial recognition consists of a primary and secondary risk driver as follows:

- The primary risk driver aligns to the quantitative credit risk assessments performed, such as the behaviour score, credit rating, probability of default or arrears aging of a financial instrument.

- The secondary risk assessment considers a broad range of qualitative risk factors based on a forward-looking view such as economic and sector outlooks. The secondary risk assessment can be performed on a portfolio basis as opposed to a quantitative assessment at a financial instrument level.

These primary and secondary risk drivers are included by the Group as part of the ongoing credit risk management. When making a quantitative assessment, the Group uses the change in the probability of default occurring over the expected life of the financial instrument. This requires a measurement of the probability of default at initial recognition and at the reporting date. A rebuttable assumption is that the credit risk since initial recognition has increased significantly if a financial instrument is 30 days past due on any payments or is one payment in arrears. It is not anticipated that this assumption will be rebutted. Financial assets at amortised cost can be transferred back to stage 1 or 2 within the ECL model if specific criteria have been met. A financial asset is in default when the financial asset is credit-impaired or if the Basel definition of default is met. Where applicable, the rebuttable presumption that default does not occur later than when a financial asset is 90 days past due, is applied.

(d) Write-off policy

The Group writes off a financial instrument at amortised cost when the entity has no reasonable expectation of recovery of the outstanding balance of the instrument. Determining when to write off financial assets is a matter of judgement and incorporates both quantitative and qualitative information. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

The following are examples of what could result in the write off a financial asset at amortised cost:

- legal prescription;
- settlement campaigns, collection efforts and legal processes do not result in the settlement of balances outstanding;
- receipt of payments from insurers; and
- financial assets have been in arrears for a significant amount of time with no qualifying payments being received in recent months.

F2 Interest rate risk

The Group is exposed to interest rate risk as it has significant borrowings. All borrowings are at commercial rates based on the bank base lending rate. Changes to the base lending rate would have a significant impact on the results for the year.

Sensitivity analysis

As at year-end, MPICO Malls Limited (the subsidiary Company of MPICO plc) had an outstanding loan of K2 321 million with Standard Bank plc. The loan is subject to interest charges at 1.1% above the publicly quoted reference lending rate per annum and as at year end the actual interest rate was 26.4%. An increase or decrease by 5% from the current reference rate of 25.3% per annum would result in actual interest rate of 31.4% or 21.4%, respectively.

An analysis of the sensitivity of the Group's profit or loss to a 5% increase or decrease in interest rates at the reporting date, assuming that all other variables remain constant, is presented below

	Profit or loss	
At 31 December 2024 K'000	Increase	Decrease
Borrowing costs	103 594	103 594
At 31 December 2023 K'000		
Borrowing costs	100 000	100 000

F3: Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements.The entity manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted contractual maturities and cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

At 31 December 2024 K'000	Carrying amount	Gross/ Nominal inflow/ outflow	1-3 months	3-12 months	Over 12
Assets					
Trade and other receivables	6 489 565	6 489 565	4 026 523	933 284	1 529 758
Cash and bank balances	3 650 573	3 650 573	3 650 573	-	-
Total	10 140 138	10 140 138	7 677 096	933 284	1 529 758
Liabilities					
Trade and other payables	1 443 643	1 443 643	1 018 166	-	425 477
Amounts due to related parties	1 853 246	1 853 246	1 853 246	-	-
Borrowings	2 321 256	3 451 540	314 619	887 047	2 249 874
Bank overdraft	338 609	338 609	338 609	-	-
Total financial liabilities measured at fair value	5 956 754	7 087 038	3 524 640	887 047	2 675 351
Liquidity gap	4 183 384	3 053 100	4 152 456	46 237	(1 145 593)

At 31 December 2023 K'000	Carrying amount	Gross/ Nominal inflow/ outflow	1-3 months	3-12 months	Over 12
Assets					
Trade and other receivables	326 710	326 710	326 710	-	-
Promissory notes receivables	5 095 690	5 095 690	2 986 511	2 109 179	-
Cash and bank balances	6 396 539	6 396 539	3 903 179	2 493 360	-
Total	11 818 939	11 818 939	7 216 400	4 602 539	-
Liabilities					
Trade and other payables	1 388 902	1 388 902	949 137	-	439 765
Amounts due to related parties	3 460 141	3 460 141	960 141	2 500 000	-
Borrowings	3 086 341	3 086 341	267 672	497 409	2 321 260
Bank overdraft	1 318 971	1 318 971	1 318 971	-	-
Total financial liabilities measured at fair value	9 254 355	9 254 355	3 495 921	2 997 409	2 761 025

F4: Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of mainly equity comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

The Board reviews the capital situation on an annual basis and based on each review, the Group will balance its overall capital structure through the payment of dividends and raising finance through borrowings or repaying any existing borrowings.

Gearing ratio

The gearing ratio as at year end was as follows:

At 31 December 2024 K'000	2024	2023
Borrowings		
Borrowings	2 321 256	3 086 341
Trade and other payables	1 443 643	1 388 902
Amounts due to related parties	1 853 246	3 460 141
Bank overdraft	338 609	1 318 971
Net debt	5 956 754	9 254 355
Equity	93 066 152	82 164 040
Net debt to equity ratio	6.4%	11.3%

G: Non-Financial Assets and Liabilities

G1: Fixed assets

(a) Plant and equipment

Plant and equipment are shown at cost, less related accumulated depreciation, and impairment losses.

Plant and equipment are depreciated on the straight-line basis at rates that will reduce book amounts to estimated residual values over the anticipated useful lives of the assets as follows:

Fixtures and fittings	5 years
Computers	3 years
Generators and Lifts	10 years
Motor vehicles	4 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at every year-end. An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. In the schedule below, furniture and equipment include computers and lifts.

Category	Valuation Model	Measurement
Equipment	Cost model	• Plant and equipment, principally computer equipment, motor vehicles, fixtures and fittings are stated at cost less accumulated depreciation and impairment losses. The maximum estimated useful life ranges from three to ten years.

(c) Plant and equipment

The following tables analyses plant and equipment.

K'000	Plant and equipment				
	Fixture and fittings	Generators	Motor vehicles	Furniture equipment	Total
Gross carrying amount					
Balance at 1 January 2023	249 552	291 554	118 147	496 514	1 155 767
Additions	3 319	-	-	15 871	19 190
Disposals	-	-	-	(2 190)	(2 190)
Balance at 31 December 2023	252 871	291 554	118 147	510 195	1 172 767
Additions	2 225	-	-	20 308	22 533
Disposals	-	-	(84 360)	(6 023)	(90 383)
Balance at 31 December 2024	255 096	291 554	33 787	524 480	1 104 917

Accumulated depreciation					
Balance at 1 January 2023	195 982	135 876	117 084	386 443	835 385
Depreciation charge for the year	27 775	25 334	1 063	53 941	108 113
Disposal	(59)	-	-	(2 190)	(2 249)
Balance at 31 December 2023	223 698	161 210	118 147	438 194	941 249
Depreciation charge for the year	13 909	22 881	-	25 752	62 542
Disposals	-	-	(84 360)	(6 023)	(90 383)
Balance at 31 December 2024	237 607	184 091	33 787	457 923	913 408
Net carrying amount at:					
31 December 2023	29 174	130 344	-	72 001	231 518
31 December 2024	17 489	107 463	-	66 557	191 509

G2: Investment property

Classification
Investment properties are held to earn rentals or for capital appreciation or both and are not significantly occupied by the Group or any of its related entities.

Measurement
Investment properties are stated at fair value determined as economic conditions dictate by an independent registered valuer. Fair value is based on current prices in an active market for similar properties in the same location and condition. Properties are valued by independent valuers annually on a willing seller, willing buyer basis on an open market value. Any gain or loss arising from a change in fair value is recognized in the income statement. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise.

The increase in the fair value of investment properties, net of the related deferred tax, is appropriated to a non-distributable reserve in compliance with profit distribution restrictions included in the Companies Act, 2013. In the event of disposal of the property held at fair value, the related portion of the reserve is transferred to the distributable reserve. The statement of comprehensive income will then report a profit or loss on disposal based on the difference between proceeds and the carrying value. A property is deemed to have been sold when formal Government consent to the sale is received and that investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal.

Valuation

As of 31 December 2024, and 31 December 2023 the investment properties were revalued at fair value. The valuations were carried out by an independent registered valuer, Desmond N. Namangale, MSc. Intl. Project. Mgmt.; BSc (Est. Man), Pg.Cert. Research; Methods, & PGCert. Prop Dev. & invest. MSIM, of Knight Frank (Malawi) Limited, in accordance with the Appraisal and Valuation Standards laid down by the Royal Institution of Chartered Surveyors and the International Valuation Standards, and the resultant fair value increase was taken to profit or loss in line with the IAS 40 Investments Property requirements.

A register of land and buildings comprising investment properties and giving details under the Companies Act, 2013 is maintained at the Group's registered office and is open for inspection by members or their duly authorised agents.

The value of freehold and leasehold properties are as follows:

Year ended 31 December K'000	2024	2023
Freehold	45 287 197	39 804 369
Leasehold	53 502 008	46 914 499
Total investment properties	98 789 205	86 718 868

Movements in the valuation of investment properties are set out below:

Freehold Year ended 31 December K'000	2024	2023
At the beginning of the year	39 804 369	35 668 369
Fair value adjustment	5 482 828	4 136 000
At the end of the year	45 287 197	39 804 369

Leasehold Year ended 31 December K'000	2024	2023
At the beginning of the year	46 914 499	42 118 378
Fair value adjustment	6 587 509	4 796 121
At the end of the year	53 502 008	46 914 499
Total valuation	98 789 205	86 718 868

Fair value hierarchy of the Group's properties

The fair values of the Group's investment properties are categorised into Level 3 of the fair value hierarchy. The following table reconciles the fair value measurements of Group's investment properties:

Year ended 31 December K'000	Notes	2024 Owned by the Group	2023 Owned by the Group
Balance at beginning of the year		86 718 868	77 786 746
Additions		-	-
Net gain from fair value adjustments		12 070 337	8 932 122
Balance at end of the year		98 789 205	86 718 868

All of the Group's 27 investment properties are located in Malawi.

Amounts recognised in profit or loss for investment properties

The following table analyses the amounts recognised in profit or loss for the owned investment properties:

Year ended 31 December K'000	Notes	2024	2023
Rental income from investment property		8 061 131	6 882 542
Direct operating expense arising from investment property that generated rental income		(1 960 074)	(1 672 915)

Fair value hierarchy of the Group's property

The fair value of the Group's properties is categorised into Level 3 of the fair value hierarchy.

Overall, there has been an increase in the investment properties balance. This was largely attributable fair value gains in the current financial year.

Unobservable inputs are inputs for which there is no market data available. They are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

The information in the table below discloses the significant unobservable inputs used at year end in measuring investment properties categorised at level 3:

Type of property	Valuation technique	Key unobservable inputs	Range of estimates for unobservable inputs
▪ Commercial, retail and industrial properties	▪ The valuation techniques used were investment or income method and, wherever appropriate, the direct comparison method and depreciated replacement cost method were used. ▪ The Income approach relies much on rental income of the property while comparable approach relies on recent sales data and all relevant factors pertaining to the property like age of the buildings and remaining lease life for the land. The rental is benchmarked to market rentals as opposed to rack end rentals that a subject property may be raking due to different varying factors. Replacement method is applied on the assumption of replacing a particular property as new by calculating its valued based current construction rates. Depreciation is subtracted from the replacement cost to reflect the age of the property. The land value is added to the depreciated value of improvements to arrive at the total value.	▪ Capitalisation rates ▪ Market rentals per square metre	▪ Capitalisation rates for office space: 5% to 17% (2023: 5.93% to 16.5%). ▪ Market rentals for office space: MK4 500 to MK15 000 per m² (2023: MK4 500 to MK17 000 per m²) ▪ Capitalisation rates for retail space: 7.5% to 11% (2023: 8.0% to 11%). ▪ Market rentals for retail space: MK5 000 to MK47 300 per m² (2023: MK3 000 to MK36 500 per m²) ▪ Capitalisation rates for industrial space: 8.5% to 17% (2023: 11% to 17%). ▪ Market rentals for industrial space: MK1 950 to MK6 858 per m² (2023: MK1 700 to MK6 000 per m²)

Sensitivity analysis

The table below indicates the sensitivity of the aggregate property market values for a movement in discount and capitalisation rates and market rentals:

Year ended 31 December K'000	2024	2023
An increase of 1% in capitalisation rates would decrease the fair value by:	(9 133 687)	(7 917 830)
A decrease of 1% in capitalisation rates would increase the fair value by:	11 466 592	9 938 440
An increase of 10% in market rentals per m^2 would increase the fair value by:	9 133 467	7 837 080
A decrease of 10% in market rentals per m^2 would decrease the fair value by:	(9 232 543)	(7 385 390)

Cost of the investment properties

Year ended 31 December K'000	2024	2023
At cost	19 572 285	19 572 285
Fair values	79 216 920	67 146 583
Balance at end of the year	98 789 205	86 718 868

Property encumbrance

Included in the investment property balances as at 31 December 2024 were properties encumbered as follows:

1. Aquarius House in Lilongwe valued at K1 681 million (2023: Development House in Lilongwe valued at K1 380 million) and Chief Kilipula House valued at K2 110 million (2023: Tikwere House valued at K2 591 million)

   These properties are the subject of a charge in favour of FDH Bank plc and National Bank of Malawi plc to secure overdraft facilities of K900 million and K500 million, respectively for the Group through MPICO plc. The collaterals were changed from Development House - LL and Tikwere House (buildings belonging to Capital Developments Limited, a 100% owned subsidiary) to Aquarius House and Chief Kilipula, respectively. The latter two buildings are owned by MPICO plc.

2. Gateway Mall valued at K44,108 million (2023: K38 700 million)
   The property is the subject of a charge in favour of Standard Bank plc to secure a loan of K3.3 billion for MPICO Malls Limited.

Increase in fair value of investment properties

During the year, a fair value adjustment to investment properties has been credited and the associated tax has been charged to the statement of comprehensive income. The net of tax balance has been transferred to a non-distributable reserve. This is analysed as follows:

Year ended 31 December K'000	2024	2023
Fair value adjustment credited to statement of comprehensive income	12 070 336	8 932 122
Related deferred tax	(1 382 887)	(3 311 100)
Non-controlling interests	(3 143 337)	(1 099 241)
Amount transferred to non-distributable reserves	7 544 112	4 521 781

G4: Trade, other receivables and other assets

At 31 December K'000	2024			2023		
	Gross carrying value	Expected credit loss provision	Net carrying value	Gross carrying value	Expected credit loss provision	Net carrying value
Rent and service charges	5 324 943	(932 366)	4 392 577	6 256 081	(1 253 504)	5 002 577
Staff loans	159 158	-	159 158	140 458	-	140 458
IFRS 16	1 529 758	-	1 529 758	1 618 635	-	1 618 635
Prepayments	129 481	-	129 481	188 844	-	188 844
Other receivables	278 591	-	278 591	440 894	-	440 894
Total other receivables	7 421 931	(932 366)	6 489 565	8 644 912	(1 253 504)	7 391 408

Interest is charged on receivables in respect of outstanding rentals at 4% above base lending rate. As at year end the amount outstanding from Government was K3 354 million (2023: K3 519 million) for the Group. The total interest charged on overdue Government rentals and other tenants amounted to K990 million (2023: K1 080 million) for the year.

The IFRS 16 receivable of K1 530 million (2023: K1 619 million) relates to a receivable that arose as a result of the entity recognizing income on a straight-line basis over the lease term in line with IFRS 16 Leases. This is applicable to leases that are not renewable on an annual basis.

Due to the change in the operating model, MPICO entered into an agreement with Old Mutual Investment Group (OMIG) where OMIG manages the business from both an operations and investment management perspectives. Accordingly, there are no employees in MPICO hence no new loans are granted to staff. The outstanding staff loans relate mainly to legacy car loans which are still being recovered through OMIG and are secured on cars that staff bought through the loans. Due to the latter, no ECL has been provided on staff loans.

Rentals and service charges receivables which were outstanding as at year end are analysed below:

Year ended 31 December K'000	2024	2023
0-90 days	843 597	501 833
Over 90 days	4 481 347	5 754 248
	5 324 944	6 256 081

Movement in Expected Credit Losses (ECL)

Year ended 31 December K'000	2024	2023
Balance at the beginning of the year	1 253 504	1 087 449
Increase in ECL recognised in the profit or loss	(39 703)	166 055
Amounts written off during the year	(286 050)	-
Amounts recovered during the year	4 615	-
Balance at the end of the year	932 366	1 253 504

In determining the recoverability of rentals receivable, the Group considers any change in the quality of the credit receivable from the date credit was initially granted up to the reporting date. Except for the Government, which for the Group accounts for approximately 34% (2023: 37%) rental income, the concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the loss allowance for trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which debtors operate and on the assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognized a loss allowance of 100% against all receivables that were handed over to external debt collectors. The Group has recognized a loss allowance for all Government receivables at 1.5%. This was based on the Directors' judgment in the determination of the probability of default and loss given default.

The following table details the risk profile of trade receivables other than from Government and those handed over to external collectors based on the Group's provision matrix. As the Group's historical credit loss allowance does not show significantly different loss patterns for different customer segments and based on the future dealings with the Government and forward-looking information the provision for loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Trade receivables for Government – days past due

At 31 December 2024 K'000	Current	93 to 184 days	185 to 275 days	276 to 365 days	Over 365 days
Estimated total gross carrying amount at default	852 047	671 843	461 066	-	1 369 278
Expected loss rate	1.5%	1.5%	1.5%	1.5%	1.5%
Lifetime ECL	12 781	10 078	6 916	-	20 539

Trade receivables for private tenants – days past due

At 31 December 2024 K'000	Current	93 to 184 days	185 to 275 days	276 to 365 days	Over 365 days
Estimated total gross carrying amount at default	186 067	237 884	129 794	107 209	598 003
Expected loss rate	1%	1%	2%	6%	6%
Lifetime ECL	1 860	2 379	2 596	6 433	35 880

Trade receivables with external debt collectors

At 31 December 2024 K'000	Current	93 to 184 days	185 to 275 days	276 to 365 days	Over 365 days
Estimated total gross carrying amount at default	-	-	27 090	-	600 193
Expected loss rate	100%	100%	100%	100%	100%
Lifetime ECL	-	-	27 090	-	600 193

G5: Promissory notes receivable

Promissory amounting to K5.1 billion which were received in 2023 from the Malawi Government being part settlement of rental arrears matured during the year. K2.9 billion matured in March 2024, K1.6 billion in June 2024 and K0.5 billion in September 2024. The promissory notes were at zero coupon rate and the entity elected not to discount them. The movement of the promissory notes is as follows:

At 31 December		
K'000	2024	2023
Malawi Government	-	5 095 690

G6: Deferred tax assets and liabilities

Deferred income taxes are calculated on all temporary differences using the tax rate relevant to a policyholder and shareholder.

(a) Deferred tax assets

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable, where on the basis of all available evidence, it is considered more likely than not that there will be suitable taxable profits against which the reversal of the deferred tax asset can be deducted. Management has made an assessment and is comfortable that there will be sufficient taxable profit against which the deferred tax asset will be utilised. In addition, deferred tax assets is recognised on investments assets due to uplifting of taxable values using consumer price indexes (CPIs) where the taxable values are higher than the carrying values.

The movement on the deferred tax assets account is as follows:

At 31 December K'000	2024	2023
Deferred tax asset		
Tax losses carried forward	-	232 483
Accelerated capital allowances	27 543	20 142
Revaluation of investment property	-	-
Other temporary differences	110 980	142 521
Total	138 523	395 146
Reconciliation of deferred tax asset		
At beginning of the year	395 146	2 989 753
Income statement charge	(256 623)	(2 594 607)
At end of the year	138 523	395 146

(b) Deferred tax liabilities

The following table provides an analysis of the deferred tax liabilities account:

At 31 December K'000	2024	2023
Deferred tax liabilities		
Investment property	(13 518 452)	(12 135 566)
Accelerated tax depreciation	27 292	31 971
Other temporary differences	184 206	207 664
Total	(13 306 954)	(11 895 931)
Reconciliation of deferred tax liability		
At beginning of the year	(11 895 931)	(11 159 741)
Income statement charge	(1 411 023)	(736 190)
Other movements	-	-
At end of the year	(13 306 954)	(11 895 931)

(c) Net deferred tax Movement

At 31 December K'000	2024	2023
Income statement charge		
Deferred tax asset	138 523	395 146
Deferred Tax liability	(13 306 954)	(11 895 931)
Other movements	-	-
Total	(13 168 431)	(11 500 785)

G7 Trade, other payables and other liabilities

At 31 December K'000	Notes	2024	2023
Property expenses payable		374 814	471 414
Accrued expenses		241 865	340 015
Prepaid rentals		637 958	577 473
Other payables		189 006	-
Total other payables		1 443 643	1 388 902

Accruals are in respect of various expenses incurred but whose invoices have not yet been received or received but not booked as at year-end. Included in the accrued expenses is the legal provision amounting to K32.1 million for the cases where there is certainty that it will result in probable loss.

Property expenses payable relate to unpaid but booked invoices for property maintenance and other directly attributable property management costs. No interest is chargeable on these payables and there is no specific credit period from the date of the invoice, but the Group's financial risk management policies include ensuring that invoices are paid within 30 days.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

G8: Borrowed funds

At 31 December K'000	2024	2023
Balance at 1 January	3 086 341	3 601 410
Interest charged	705 018	653 889
Interest paid	(705 018)	(552 020)
Repayments during the year	(765 085)	(616 938)
Total borrowings	2 321 256	3 086 341

At 31 December K'000	2024	2023
Amounts due after 1 year	1 658 040	2 321 260
Amounts due within 1 year	663 216	765 081
Total borrowings	2 321 256	3 086 341

MPICO Malls Limited (the subsidiary Company of MPICO plc) initially borrowed K4.6 billion from Standard Bank plc in the year 2018. The is subject to interest charges at 1.1% above the publicly quoted reference lending rate per annum and as at year end the actual interest rate was 26.4% (2023: 24.7%). The loan balance of K3.3 billion as of 30 September 2023 was extended for a further period of 5 years to 30 September 2028. The loan is amortised over the 5 years and is repayable on a quarterly basis. The loan is secured by investment property, The Gateway Mall as disclosed in the investment properties note G2. The carrying amount approximates the fair value because there is no secondary market in which the financial instrument could be traded.

G9: Share capital

Share capital

(a) Authorised share capital

At 31 December K'000	2024	2023
3 000 000 000 (2023: 3 000 000 000) ordinary shares of 5 tambala each	150 000	150 000

(b) Issued share capital

At 31 December K'000	2024	2023
Share Capital 2 298 047 460 (2023: 2 298 047 460) ordinary shares of 5 tambala each	114 902	114 902

G10: Other reserves

Unrealisable reserves

The unrealisable reserves comprise increases in the carrying amount arising on revaluation of land and buildings (to the extent that the increase does not reverse a revaluation decrease of the same asset previously recognised in profit or loss) and decreases that offset previous increases in respect of the same asset are charged against the property revaluation reserve.

Retained earnings

The retained earnings comprise the cumulative total comprehensive income recognised from inception (reduced by any amounts transferred to a separate reserve), reduced by dividends paid to date.

H: Interests in subsidiaries, associates and joint ventures

Basis of consolidation and equity accounting

	Subsidiaries	Associates	Joint Ventures
Typical shareholding in the assessment of entities that are not structured entities	Greater than 50%	Between 20% and 50%	Between 20% and 50%
Nature of the relationship	Entities over which the group has control as defined in IFRS 10 are consolidated.	Entities over which the group has significant influence as defined in IAS 28.	A joint arrangement in terms of which the group and the other contracting parties have joint control as defined in IFRS 11.

Critical accounting estimates and judgements – Investments in subsidiaries, associated undertakings and joint ventures

The Group has applied the following key judgements in the application of the requirements of the consolidation set of standards (IFRS 10 'Consolidated Financial Statements' and IFRS 11 'Joint Arrangements'):

Consolidation of subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

11: Subsidiaries

(a) Principal subsidiaries and Group enterprises

The following table lists the principal Group undertakings whose results are included in the consolidated financial statements. All shares held are ordinary shares and are held directly and indirectly by the Company.

Name	Nature of business	2024 % holding	2023 % holding
Capital Developments Limited	Development and rental of property	100	100
New Capital Properties Limited	Development and rental of property	100	100
Capital Investments Limited	Development and rental of property	50.75	50.75
Frontline Investments Limited	Development and rental of property	69.50	69.50
MPICO Malls Limited	Development and rental of property	53.10	53.10

All the above companies have a year end of 31 December and their financial results have been incorporated and are included in the Group financial statements. MPICO has control over its subsidiary entities due to its ability to direct strategic direction of the entities and has the ability to use its power to affect the returns of the subsidiaries.

(b) Non-controlling interests in subsidiaries

The following table summarises the information relating to the Group's subsidiaries that have material non-controlling interests:

At 31 December 2024 Km	Capital Investments Limited	Frontline Investments Limited	MPICO Malls Limited	Total
Consolidated statement of financial position				
Total assets	12 874 812	5 851 881	46 886 478	65 613 171
Total liabilities	3 248 594	1 537 463	3 514 606	8 300 663
Net assets	9 625 218	4 314 418	43 371 872	57 311 508
Non-controlling interests				
Non-controlling interests (%)	49.25%	30.5%	46.9%	
Consolidated income statement				
Total revenue	3 060 965	1 338 605	7 247 483	11 647 053
Profit before tax	2 456 540	999 575	5 767 038	9 223 153
Income tax expense	(682 044)	(295 254)	(317 790)	(1 295 088)
Profit/(loss) after tax for the financial year	1 774 496	704 321	5 449 248	7 928 065

Non-controlling interests	873 939	214 818	2 555 697	3 644 454
Consolidated statement of cash flows				
Net increase in cash and cash equivalents	1 244 927	999 979	158 999	2 403 905

At 31 December 2023 Km	Capital Investments Limited	Frontline Investments Limited	MPICO Malls Limited	Total
Consolidated statement of financial position				
Total assets	11 466 771	5 143 285	41 953 230	58 563 286
Total liabilities	2 816 049	1 483 288	4 030 607	8 329 944
Net assets	8 650 722	3 659 997	37 922 623	50 233 342
Non-controlling interests				
Non-controlling interests (%)	50.75%	69.50%	53.1%	
Consolidated income statement				
Total revenue	2 462 347	1 033 524	5 594 477	9 090 348
Profit/(loss) before tax	1 917 742	585 799	4 227 090	6 730 631
Income tax (expense)/credit	(485 566)	(169 508)	(2 594 605)	3 249 679
Profit/(loss) after tax for the financial year	1 432 176	416 291	1 632 485	3 480 952
Non-controlling interests				
Consolidated statement of cash flows				
Net increase/(decrease) in cash and cash equivalents	(5 144)	(102 196)	147 731	40 391

During the year ended 31 December 2024, dividends of K409 million (2023: Nil) were paid to non-controlling interests.

J: Other Notes

J1: Related parties

(a) Transactions with the Holding Group, subsidiaries, and other companies

The intermediate holding companies are Old Mutual Life Assurance Company (Malawi) Limited and Old Mutual Malawi. The ultimate holding Group is Old Mutual Limited, incorporated in South Africa. The Group's principal interest in and the amounts due by or (to) other group companies is disclosed in the note below. Other companies consist of fellow subsidiaries and holding Group. Transactions and balances with holding Group and other group companies are as follows:

Related party	Nature of related party	Type of transaction	Value of transactions 2024	Value of transactions 2023	Balance at year end 2024	Balance at year end 2023
Old Mutual Life Assurance Company	Holding company	Direct operating expenses	-	(386 065)	-	(664 703)
		Rental and service charges	245 921	(202 239)	-	-
		Repayments	664 703	-	-	-
Old Mutual (Malawi) Limited	Holding Company	Dividend paid	(249 576)	(144 491)	-	-
		Director's fees	(15 797)	(15 535)	-	-
Old Mutual Investment Group	Fellow subsidiary	Management fees	(608 086)	(572 541)	(1 853 246)	(2 795 438)
		VAT on fees	(66 875)	(94 469)	-	-
		Shared operating expenses	(2 222 594)	(1 976 585)	-	-
		Repayments	3 250 000	-	-	-
		Rental and service charges	149 607	-	-	-
Total			-	-	(1 853 246)	(3 460 141)

(b) Transactions with key management personnel, remuneration and other compensation

The parent company entered into an agreement with Old Mutual Investment Group Ltd (OMIG) where OMIG manages the business both from an operations and investment management perspectives. Accordingly, there are no employees in MPICO hence no staff compensation carried in the Company's books. Neither were any staff loans advanced by the Company to employees during the year (2023: Nil). At 31 December 2024 the total loans balance outstanding from employees of K12 million (2023: K79 million) relates to legacy loans which are still being recovered through OMIG.

Compensation paid to the Board of Directors is listed below. The fees due to the Non-Executive Directors are paid Old Mutual Malawi Limited.

Year ended 31 December K'000	Position as director	2024 K'000	2023 K'000
Directors' fees paid to Non-Executive Directors and Independent Non-Executive Directors			
Mrs. E. Jiya	Non-Executive Director	7 405	7 836
Mr. C. Kapanga	Independent Non-Executive Director	4 443	7 699
Mr. F. Mangani	Independent Non-Executive Director	8 392	7 699
Dr. P. Matipwiri	Independent Non-Executive Director	8 515	7 699
Mr. E. Hami	Independent Non-Executive Director	9 132	7 699
Mr. B. Ndau	Independent Non-Executive Director	8 392	7 699
Mrs. M. Mkandawire	Independent Non-Executive Director	8 392	6 837
Mrs. V. Zulu	Non-Executive Director	8 392	7 699
Mr. C. Kamoto	Independent Non-Executive Director	6 294	-
			-

J2: Operating lease arrangement

The Group as lessor

Leasing arrangements

Operating leases relate to the investment property owned by the Group with lease terms of between 1 and 10 years, with an option to extend the lease term. All operating lease contracts contain market based rental review clauses in the event that the lessee exercises its option to renew. Additionally, the rentals are renegotiated on an annual basis based on prevailing market conditions. The lessees do not have options to purchase the property at the expiry of the lease period.

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounts to K8 061 million (2023: K6 883 million).

J3: Contingent liabilities

The Group is currently contesting various civil cases filed by various plaintiffs. Based on Group's legal representatives, the outcome will not materialise into any loss..

J4: Commitments

Capital expenditure commitments are financed from internal resources, existing facilities as well as external sources.

At 31 December K'000	2024	2023
Authorised	1 620 000	7 379 952

J5: Cash flow information

Cash and cash equivalents

Cash and cash equivalents comprise:

- Coins and bank notes and;
- Balances with banks and:
- Money at call and short notice;

Cash and cash equivalents only include items held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. Cash and cash equivalents have a maturity of less than three months from the date of acquisition.

Cash and cash equivalents included in the cash flow statement comprise coins and bank notes, money at call and short notice and balances with banks.

Year ended 31 December K'000	2024	2023
Cash and cash equivalents as stated in the statement of financial position		
Funds at call and on deposit	3 014 511	-
Bank balances and cash	636 062	326 710
	3 650 573	326 710
Total funds on deposit and in banks	(338 609)	
Bank overdraft		(1 318 971)
Total cash and cash equivalents	311 964	(992 261)

The Group through the parent company (MPICO plc) has an overdraft facility of K900 million (2023: K900 million) with FDH Bank plc and K500 million (2023: K500 million) with National Bank of Malawi plc. The FDH Bank plc facility is secured on Aquarius House and accrues interest at the rate of 4.6% above the floating bank reference rate. The National Bank of Malawi plc facility is secured on Chief Kilipula House and accrues interest at the rate of 4.6% above the floating bank reference lending rate. Both Aquarius House and Chief Kilipula House are included in investment properties as detailed in note G2 to the financial statements. These bank overdraft facilities are repayable on demand.

The deposit accounts are maintained with National Bank of Malawi Plc and FDH Bank plc and attract interest at an average 7.5% (2023: 7.5%) per annum.

J5.1: Cash flows from operating activities

Year ended 31 December K'000	Notes	2024	2023
Non-cash movements and adjustments to profit before tax			
Depreciation and Impairments of property, plant, and equipment		62 542	108 113
Interest income		(1 183 564)	(1 097 564)
Finance costs		842 145	880 472
Expected credit loss		(39 703)	166 055
(Profit)/loss on disposal of non-current assets		(14 999)	833
Fair value gains and losses on investment property		(12 070 336)	(8 932 121)
Total non-cash movements and adjustments to profit before tax		(12 403 915)	(8 874 212)
Changes in working capital			
Movement in related party payables		(1 606 895)	2 819 176
Movements in trade and other receivables		941 546	1 978 903
Movements in promissory notes receivables		5 095 690	(5 095 690)
Movements in payables, accruals, and provisions		54 741	(97 790)
Total changes in working capital		4 485 082	(395 401)

J6: Events after the reporting date

On 3 April 2025, subsequent to the reporting date, a fire incident occurred in one of the sections at Lingadzi House, City Centre. The extent of the damage is currently being assessed by the insurer. In accordance with IAS 10 Events After the Reporting Period, management has evaluated the incident and determined that it is a non-adjusting event. The financial impact will be accounted for in future periods once the insurer's assessment is complete and more information becomes available. Management continues to monitor the situation closely and will ensure appropriate disclosure in the financial statements as required by the standard. Directors are not aware of other material events.

K: future standards, amendments to standards and interpretations not early adopted in the 2024 financial statements

In the current year, the entity has adopted those new and revised Standards and Interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee of the International Accounting Standards Board that are relevant to its operations and are effective for annual reporting periods beginning on 1 January 2024:

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Non-current Liabilities with Covenants (Amendments to IAS 1;)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information; and
- IFRS S2 Climate-related Disclosures.

The adoption of these new and revised Standards and Interpretations did not have a significant impact on the financial statements of the entity.

New standards and amendments to standards issued but not effective

The following Standards were issued but not effective for the period commencing 1 January 2024:

Annual reporting periods beginning on or after 1 January 2025	Lack of Exchangeability (Amendments to IAS 21) The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
Annual reporting periods beginning on or after 1 January 2025	Amendments to the SASB standards to enhance their international applicability. The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.
Annual reporting periods beginning on or after 1 January 2026	Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments.
Annual reporting periods beginning on or after 1 January 2026	Annual Improvements to IFRS Accounting Standards — Volume 11 The pronouncement comprises the following amendments: • IFRS 1: Hedge accounting by a first-time adopter • IFRS 7: Gain or loss on derecognition • IFRS 7: Disclosure of deferred difference between fair value and transaction price • IFRS 7: Introduction and credit risk disclosures • IFRS 9: Lessee derecognition of lease liabilities • IFRS 9: Transaction price • IFRS 10: Determination of a 'de facto agent' • IAS 7: Cost method

Annual reporting periods beginning on or after 1 January 2027	IFRS 18 Presentation and Disclosures in Financial Statements IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.

The Directors anticipate that these Standards and Interpretations in future periods will have no significant impact on the financial statements of the Group.

L: Exchange rates and inflation

At 31 December K'000	2024	2023
	MK	MK
Malawi Kwacha / GBP	2 270.10	2 213.59
Malawi Kwacha / ZAR	101.08	93.59
Malawi Kwacha / US Dollar	1 751.00	1 686.33
Inflation rate (%)	28.1%	34.5
At the time of approval of these financial statements the exchange rate and inflation rate had moved to:		
Malawi Kwacha / GBP	2 308.74	2 256.24
Malawi Kwacha / ZAR	97.92	95.67
Malawi Kwacha / US Dollar	1 733.83	1 733.83
Inflation rate (%) (February 2025)	30.7	

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

K'000	Notes	2024	2023
Rental income	SD1	3 188 527	2 590 041
Interest income on rental arrears	SD2	355 868	340 186
Total rental and interest income on rental arrears		3 544 395	2 930 227
Increase in fair value of investment properties	SG2	3 657 384	3 014 582
Dividend income from subsidiaries		1 090 750	400 000
Other income	SD3	1 609 942	1 489 940
Total income		9 902 471	7 834 749
Operating expenses			
Credit impairment charges		(56 896)	(80 826)
Property and administrative expenses	SD5	(4 416 664)	(4 243 285)
Total operating expenses		(4 473 560)	(4 324 111)
Finance cost			
Interest income on bank deposits and staff loans	SD2	10 236	13 793
Finance cost on borrowings	SD4	(137 126)	(226 584)
Net finance cost		(126 890)	(212 791)
Profit before tax		5 302 021	3 297 847
Income tax expense	SD6	(900 374)	(242 576)
Profit after tax for the financial year		4 401 647	3 055 271
Appropriation of profit for the year			
Realised reserves		1 301 575	259 523
Unrealised reserves		3 100 072	2 795 748
		4 401 647	3 055 271

SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

K'000	Notes	At 31 December 2024	At 31 December 2023
Assets			
Property and equipment	SG1	150 182	170 331
Investment property	SG2	30 600 673	26 943 289
Investment in subsidiary entities		14 640 612	14 640 612
Secured staff loans		11 740	79 423
Amounts due from related parties	SJ1	1 207 072	1 488 463
Current tax receivable	SD6	2 720 218	2 861 541
Trade and other receivables	SG4	2 375 467	2 495 108
Dividend receivable		-	400 000
Promissory notes receivable	SG5	-	1 369 825
Cash and cash equivalents	SJ5	312 289	8 544
Total assets		**52 018 253**	**50 457 136**
Liabilities			
Provisions	SG7	202 833	222 739
Amounts due to group companies	SJ1	1 853 246	3 460 141
Deferred tax liabilities	SG6	6 581 559	5 994 324
Bank Overdraft	SJ5	338 609	1 318 971
Other payables	SG7	478 846	426 191
Total liabilities		**9 455 093**	**11 422 366**
Net assets		**42 563 160**	**39 034 770**
Shareholders' equity			
Share capital	SG9	114 902	114 902
Share premium		8 626 938	8 626 938
Realisable reserves		9 884 707	9 456 389
Unrealisable reserves		23 936 613	20 836 541
Total equity		42 563 160	39 034 770

SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

K'000	Notes	2024	2023
Cash flows from operating activities			
Profit before tax		**5 302 021**	3 297 847
Non-cash movements and adjustments to profit before tax	SJ5.1	**(4 873 568)**	(3 408 160)
Net changes in working capital	SJ5.1	**124 818**	680 582
Interest received		**355 868**	340 186
Interest paid		**(137 126)**	(226 583)
Taxation paid	SD6(c)	**(171 816)**	(1 579 453)
Net cash flows from operating activities		**600 197**	(895 581))
Cash flows from investing activities			
Interest received		**10 236**	13 793
Dividends received		**1 490 750**	-
Acquisition of property, plant and equipment		**(26 500)**	(13 765)
Proceeds/(costs) from disposal of property, plant and equipment		**14 999**	(893)
Receipts from staff long-term loans		**67 683**	13 776
Net cash outflow from investing activities		**1 557 168**	12 9111
Cash flows from financing activities			
Dividends paid		**(873 258)**	(503 082)
Net cash outflow from financing activities		**(873 258)**	(503 082)
Net cash inflow		**1 284 107**	(1 385 752)
Cash and cash equivalents at beginning of the year		**(1 310 427)**	75 324
Cash and cash equivalents at end of the year		**(26 320)**	(1 310 427)
Comprising			
Cash and cash equivalents[1]		**(26 320)**	(1 310 427)

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital	Share premium	Realisable Reserves	Unrealisable reserve	Equity attributable to owners of the Company
At 1 January 2024	114 902	8 626 938	9 456 389	20 836 541	39 034 770
Comprehensive income					
Realised profit for the year	**-**	**-**	**1 301 576**	**-**	**1 301 576**
Unrealised profit for the year	-	-	-	3 100 072	3 100 072
Total comprehensive income	**114 902**	**8 626 938**	**10 757 965**	**23 936 613**	**43 436 418**
Transactions with owners of the company					
Dividends declared – Final 2023	-	-	(873 258)	-	(873 258)
Balance at 31 December 2024	**114 902**	**8 626 938**	**9 884 707**	**23 936 613**	**42 563 160**

Separate statement of changes in equity
For the year ended 31 December 2023

	Share capital	Share premium	Realised Reserves	Unrealised reserve	Equity attributable to owners of the Company
At 1 January 2023	114 902	8 626 938	9 699 948	18 040 792	36 482 580
Comprehensive income					
Realisable profit for the year	-	-	259 522	-	259 522
Unrealised profit for the year	-	-	-	2 795 749	2 795 749
Total comprehensive income	**114 902**	**8 626 938**	**9 959 470**	**20 836 541**	**39 537 851**
Transactions with owners of the company					
Dividends declared – Final 2022	-	-	(503 081)	-	(503 081)
Balance at 31 December 2023	**114 902**	**8 626 938**	**9 456 389**		**39 034 770**

SA: Material accounting policy information

SA1: Basis of preparation

1.1 Statement of compliance

MPICO plc is incorporated in Malawi under the Malawi Companies Act, 2013.

The separate financial statements (financial statements) comprise separate statements of financial position at 31 December 2024, income statement, the separate statements of comprehensive income, and separate statements of changes in equity and separate statements of cash flows for the year ended 31 December 2024 and explanatory notes to the separate financial statements.

The financial statements are prepared on the going concern basis, which the Directors believe is appropriate, taking into account the Group's most recent business plan and the capital and liquidity position. The financial statements were approved by the Board of Directors on 4 March 2025.

The financial statements have been prepared in accordance with IFRS Accounting Standards , as issued by the International Accounting Standards Board (IASB), including interpretations of IFRS as issued by the IFRS Interpretations Committee (IFRIC),IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and the requirements of the Companies Act 2013 the MSE Listings Requirements, and requirements of the Companies Act, 2013.

The annual financial statements give a true and fair view of the financial position, financial performance, and cash flows of the company in terms of the IFRSs.

Only material information, as determined using the company's internal framework for materiality has been included in these annual financial statements. The company's internal framework for materiality was developed taking into cognisance, the requirements of IFRS, the MSE listings requirements as well as other relevant statutory reporting requirements applicable to the Company. Information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of these financial statements make based on these financial statements.

The Company presents separately each material class of similar items. The Company also presents separately items of a dissimilar nature or function unless they are immaterial.

If a line item is not individually material, it is aggregated with other items either in these financial statements or in the notes. An item that is not sufficiently material to warrant separate presentation in the primary statements may warrant separate presentation in the notes.

When applying the IFRS the Company shall decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. The Company does not reduce the understanding of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

IFRS specifies information that is required to be included in the financial statements, which include the notes. The Company does not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material and could detract from providing meaningful and concise financial statements. This is the case even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The Company may also provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance.

The principal accounting policies applied in the preparation of financial statements are set out and included in the specific notes to which they relate. These policies have been consistently applied. The separate financial statements have been prepared under the historical cost convention modified to include the fair valuation of investment property and particular financial instruments to the extent required or permitted under IFRS as set out in the relevant accounting policies.

Amounts are stated in thousands of Malawi Kwacha (K'000), which is the presentation and the functional currency of the Company.

1.2 Comparative information

Unless otherwise indicated, comparative information presented at and for the year ended 31 December 2024 within these financial statements has been correctly extracted from the Company's audited financial statements for the year ended 31 December 2023, unless otherwise restated/ represented as indicated.

1.3 Accounting policy elections

The following material accounting policy elections have been made by the Company:

Area	Details
Investment properties	The Company has elected to recognise all investment properties at fair value, with changes in fair value being recognised in profit or loss.
Property, plant and equipment	Plant and equipment are carried at cost less accumulated depreciation and impairment losses. Plant and equipment are depreciated on the straight-line basis at rates that will reduce book amounts to estimated residual values over the anticipated useful lives of the assets. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at every year-end. An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.
Investments in subsidiaries, associated undertakings	The Group has elected to recognise these investments at cost in the Group financial statements.

1.4 Going concern

As part of preparing the financial results, the Company has performed a detailed going concern assessment. This assessment has relied on the Group's 2025 to 2027 business plan and has considered the profitability and solvency projections over the plan period. The business plan delivered strong shareholder value creation while maintaining stable capital and solvency positions throughout the cycle.

Despite the challenging local economic environment, the results of the projections indicate that the Company is expected to continue as a going concern. No material uncertainties that would require disclosure have been identified in relation to the ability of the Company to remain a going concern for at least the next 12 months from the date of issuing annual financial statements. The Directors therefore consider it appropriate for the going concern basis to be adopted in preparing the annual financial statements.

1.5 Basis of preparation of other non IFRS measures

The Company uses adjusted headline earnings in the calculation of various other non IFRS measures which are used by management, alongside IFRS metrics, to assess performance. Non IFRS measures are not defined by IFRS, are not uniformly defined or used by all entities and may not be comparable with similarly labelled measures and disclosures provided by other entities. The basis of preparation of each is outlined below.

(a) Return on adjusted net asset value (RoNAV)

RoNAV (expressed as a percentage), is calculated as profit after tax divided by the average of the opening and closing balances of IFRS equity.

RoNAV is used to assess and measure the capital efficiency of the Company, and it is one of a range of measures by which management performance and remuneration is assessed.

SA2: Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The critical accounting estimates and judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements of the Company for the year ended 31 December 2023.

Critical accounting estimates and judgements

The following table sets out the items that require the Company to make critical estimates and judgements in the application of the relevant accounting policy, with additional detail provided below on key accounting judgements applied in the current year. As such, additional disclosure has been provided in the relevant notes of the assets and liabilities that require estimation and judgement.

Critical accounting estimates	Accounting policy reference
Fair value measurement of financial assets and liabilities	SE1/SE2
Investments in subsidiaries and associated undertakings	SH2
Measurements of deferred tax assets	SG6
Fair value of investment properties	SG2

SA3: Liquidity analysis of the statement of financial position

The statement of financial position is in order of liquidity as is permitted by IAS 1 'Presentation of Financial Statements'.

Statements of financial position captions generally expected to be recovered no more than 12 months after the reporting date are classified as current and as non-current if the expected recovery or settlement date is more than 12 months after the reporting date. The analysis of significant statements of financial position captions into current and non-current are disclosed in the individual notes to which they relate.

SA4: Items labelled as "Other"

Where items have been found to be individually immaterial, they have been disclosed under the 'Other' category. Where applicable comments have also been added to reflect the nature of these amounts and/or the major balances contained within these line items.

SB: Segment information

Operating Segments

Operating segments have been identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Products and services from which reportable segments derive their revenues

The Company has one principal line of business – rental and management of investment property. Information reported to and used by the Managing Director for decision making for the purposes of resource allocation and assessment of segment performance is more specifically focused on each of the Company's current 13 (2023: 13) investment properties.

Geographical information

The Company's investment property is situated principally in the two major cities in Malawi. The following analysis shows the rental income, investment property values and property fair value movements by geographical market.

For the year ended 31 December K'000	Rental income		Property values		Fair value increase	
	2024	2023	2024	2023	2024	2023
Blantyre	607 572	468 466	7 892 879	6 925 435	967 444	800 360
Lilongwe	2 344 502	1 929 291	20 965 194	18 504 843	2 460 350	2 019 090
Other markets	236 453	192 284	1 742 600	1 513 011	229 590	195 132
Total	3 188 527	2 590 041	30 600 673	26 943 289	3 657 384	3 014 582

SC: Other key performance information

SC1: Earnings and earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share for the parent are as follows:

At 31 December K'000	2024	2023
Profit after tax for the financial year	4 401 647	3 055 271
	1 301 575	259 523
Realised profits	3 100 072	2 795 748
Unrealised profits		
Profit for the year attributable to equity holders of the parent	4 40 1 647	3 055 271
Weighted average number of ordinary shares for the purposes	2 298 047	2 298 047
Basic earnings per share	1.92	1.33
Realised (K)	0.57	0.11
Unrealised (K)	1.35	1.22
	-	

SC2: Return on net asset value (RoNAV)

The following table outlines the calculation of RoNAV, using profit after tax. The basis of preparation of RoNAV is described in note A1.5.

At 31 December Km or %	2024	2023
Total RoNAV (%)	**10.8%**	8.1%
Average Adjusted IFRS Equity	**40 798 966**	37 758 675
Closing Adjusted IFRS Equity	**42 563 160**	39 034 770

SC3: Dividends

For the year ended 31 December Km	**Ordinary dividend payment date**	2024	2023
2022 Final dividend paid – 22 tambala per share	26 July 2023	**-**	503 081
2023 Final dividend paid – 38 tambala per share	24 July 2024	**873 258**	-
Dividend declared to ordinary equity holders for the year			

The total dividend paid to ordinary equity holders is calculated using the number of shares in issue at the record date.

A final dividend of 43 tambala (2023: 38 tambala), per ordinary share in the Company has been declared by the Directors and will be paid on 28 July 2025 to shareholders on register.

SD: Other consolidated income statement notes

SD1: Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease. Such rental income recognition commences when an occupancy agreement with a tenant is formalised. The company's rental income is K3.2 billion (K2.6 billion).

IFRS 15 Revenue

The Company as a lessor

The Company enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

SD2: Interest income

Interest and similar income

Interest is charged on receivables in respect of outstanding rentals at 4% above base lending rate. Interest income also included interest from Investment and securities and Cash and cash equivalents. Interest and similar income is K355 million (K340 million).

Due to the change in the operating model, MPICO entered into an agreement with Old Mutual Investment Group (OMIG) where OMIG manages the business from both an operations and investment management perspectives. Accordingly, there are no employees in MPICO hence no new loans are granted to staff. The outstanding staff loans relate mainly to legacy car loans which are still being recovered through OMIG and are secured on cars that staff bought through the loans. Due to the latter, no ECL has been provided on staff loans. The loans attract interest at the rate of 50% per annum of the base lending rate of the National Bank of Malawi.

Due to improved cash flows during the year, funds were invested in short-term investments with First Discount House Limited pending utilisation of the same in various projects. The funds were invested at an average rate of 25% per annum.

Year ended 31 December K'000	2024	2023
Interest income on rental arrears	355 868	340 186
Interest income on bank deposits and staff loans	10 236	13 793
	366 104	353 979

SD3: Other income

This note analyses the other income earned by the Company, from consultancy services offered to third parties and pop-up events at The Gateway, the property under the subsidiary entity, MPICO Malls Limited.

Year ended 31 December K'000	2024	2023
Management fees	1 218 922	1 333 946
Consultancy income	372 724	141 606
Other income	3 296	15 221
Profit/(loss) on sale of non-current asset	14 999	(833)
	1 609 941	1 489 940

SD4: Finance costs and similar expenses

Finance costs include interest payable on borrowed funds and interest and similar expenses related to financial liabilities measured at amortised cost.

The Company has overdraft facilities of K900 million and K500 million with FDH Bank plc and National Bank of Malawi plc respectively.

Year ended 31 December K'000	**2024**	**2023**
Finance costs		
Interest on overdraft facilities	**137 126**	226 583
Total finance costs	**137 126**	226 583

SD5: Operating and administrative expenses

This note gives further detail on the items included in operating and administrative expenses.

Year ended 31 December K'000	2024	2023
Property expenses	642 603	707 600
OMIG management fees	608 086	572 541
Shared expenses	935 948	747 541
Listing costs	38 708	32 502
Transfer secretaries' expenses	25 363	38 748
Depreciation	46 648	52 991
Direct expense recoveries	1 286 646	1 528 360
Advertising and marketing expenses	44 136	43 727
Communication costs	34 889	25 041
Computer, software and processing costs	33 659	29 483
Vehicle operating costs and insurance expenses	7 390	18 440
Directors' fees	137 545	93 102
Office space costs	54 282	36 199
Technical and professional fees	145 410	16 462
Printing and stationery costs	40 738	44 347
Travel & subsistence expenses	116 209	85 561
Auditors' remuneration - fees for audit service	70 643	47 527
Other	147 761	123 104
Other operating and administration expenses	**4 416 664**	**4 243 285**

SD6: Income tax expense

Current tax

Current tax is the expected tax payable on the 'taxable income' as contemplated for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The calculation of the Company's tax charge involves a degree of estimation and judgement. Sometimes the Company may have open tax returns with the Malawi Revenue Authority, and this is normally resolved by having frequent engagements with the Authority. Taxation provisions relating to open items are recognised based on the Company's estimate of the most likely outcome, after taking into account external advice where appropriate. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact profit or loss, current and deferred income tax assets and liabilities in the period that such determination is made.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts required to be used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets are recognised for tax losses carried forward, only to the extent that realisation of the related tax benefit is probable, where on the basis of all available evidence, it is considered more likely than not that there will be suitable taxable profits against which the reversal of the deferred tax asset can be applied. In certain circumstances, as required by accounting guidance, deferred tax balances are not recognised. In particular, where the liability relates to the initial recognition of goodwill, or transactions that are not 'business combinations' as contemplated and at the time of their occurrence, affect neither accounting nor taxable profits.

Deferred tax relating to items recognised outside profit or loss (for example, items adjusted for against retained income) is accounted for on a similar basis. Deferred tax is recognised in alignment with the underlying transaction, either in other comprehensive income or directly in equity, as appropriate.

Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

Dividends tax

In Malawi, dividends tax is levied on the recipient of a dividend. In terms of the dividends tax provisions, the tax is withheld at a rate of 10% by the entity which declares such dividend.

Tax laws substantially enacted

In terms of IAS 12, both current and deferred tax assets and liabilities are to be valued applying the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Changes in Malawi tax laws should be regarded as being substantively enacted when the changes in tax laws have been approved by parliament and signed into law, by the president.

IAS 12 requires an entity to recognise deferred tax for temporary differences between the tax base of an asset or liability and its carrying amount in the statement of financial position.

(a) Analysis of total income tax expense

The total income tax expense for the year comprises:

Year ended 31 December Km	2024	2023
Current tax		
Current tax	**164 064**	-
Withholding taxes	**-**	-
Adjustments to current tax in respect of prior years	**-**	-
Total current tax	**164 064**	-
Deferred tax		
Deferred tax expense relating to the origination and reversal of temporary differences	**587 235**	242 576
Write down of deferred tax assets	**-**	-
Adjustments to deferred tax in respect of prior years	**-**	-
Total deferred tax		
Dividend tax	**149 075**	-
Total income tax expense	**900 374**	242 576

(b) Reconciliation of total income tax expense

The income tax expense charged to profit or loss differs from the income tax expense that would apply if all of the Company's profits from continuing operations from the different revenue categories had been taxed at the standard corporation tax rate. The difference in the effective rate of the continuing operations is explained below:

Year ended 31 December K'000	Note	2024	2023
Profit before tax		5 302 020	3 297 847
Tax at standard rate of 30.0% (2023: 30.0%)		1 590 606	989 354
Disallowable expenses[2]		237 387	48 207
Indexation of investment property[3]		(927 619)	(794 985)
		900 374	242 576

Includes exempt income and capital gains taxed at lower than the corporate tax rate.

[2] Disallowable expenses mainly include expenses incurred in the production of non-taxable income and are therefore non-deductible for tax purposes.

[3] Mainly relates to the application of Consumer Prices Indices (CPI) on investment properties to determine the tax base against the book values

(c) Movement in tax

K'000	2024	2023
Tax recoverable at 1 January	2 861 541	1 282 086
Income tax charge for the year	(164 064)	-
Tax refund	(1 304 363)	-
Withholding tax	1 327 104	1 579 455
Tax paid during the year	-	-
Tax recoverable at 31 December	2 720 218	2 861 541
Tax split:		
Tax recoverable at 31 December	2 720 218	2 861 541
Tax payable at 31 December	-	-
Total tax recoverable	2 720 218	2 861 541

SE: Financial assets and liabilities

Accounting policy

Classification and measurement of financial assets and financial liabilities

Initial recognition of financial assets

Financial instruments are measured at initial recognition at fair value net of directly attributable transaction costs, unless the financial instrument is classified as fair value through profit or loss. For instruments classified at fair value through profit or loss attributable transaction costs are immediately expensed.

At initial recognition, the Company considers the appropriate classification as:

- Amortised cost; or
- Fair Value through Profit or Loss (FVTPL).

The classification of financial assets is based on whether the financial assets are equity instruments, debt instruments held or derivative assets. The classification and measurement of debt instruments is dependent on the business model in which the financial asset is managed and its contractual cash flow characteristics.

The business model refers to how the Company is managing its financial instruments to generate cash flows. Business model assessments are performed on shareholder and policyholder portfolios and consider investment mandates, how the portfolios are being managed to generate cash flows and performance indicators. The Company first assesses the business model before considering whether an instrument meets the definition of the contractual cash flow test.

Only if the financial instruments are held in a business model to collect contractual cash flows or a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the cash flows characteristics test is performed.

All debt instrument financial assets that were not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Company may irrevocably designate a debt instrument financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Transaction costs that are directly attributable to the acquisition of financial assets are expensed in profit or loss for financial assets initially classified at FVTPL. For financial assets not classified at FVTPL, transaction costs are added to or deducted from the fair value at initial recognition.

Subsequent measurement of financial assets

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Derecognition of financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.
- the Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Initial recognition of financial liabilities

Financial liabilities not measured at FVTPL on initial recognition are measured at fair value less transaction costs that are incremental and directly attributable to the issue of the financial liability. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

Subsequent measurement of financial liabilities

Fair value movements attributable to changes in the credit risk of a financial liability designated at FVTPL is recorded in other comprehensive income and not recycled to profit or loss. On derecognition of the financial liability, the amount included in other comprehensive income is reclassified to retained earnings. The balance of the fair value movement is recorded in profit or loss.

Financial liabilities at amortised cost	These liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign currency exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Financial liabilities at fair value through profit or loss	These liabilities are subsequently measured at fair value. Net fair value gains and losses, including any interest expense are recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

SE1 : Categories of financial instruments

The analysis of financial assets and liabilities into their categories as defined in IFRS 9 Financial Instruments is set out in the tables below. Assets and liabilities of a non-financial nature, or financial assets and liabilities that are specifically excluded from the scope of IFRS 9, are reflected in the non-financial assets and liabilities category.

Information about the methods and assumptions used in determining fair value is included in note E2.

At 31 December 2024 K'000	Total	Mandatorily fair value through profit or loss	Designated fair value through profit and loss	Amortised cost	Non-financial other assets and liabilities
Assets					
Trade and other receivables	2 375 467	-	-	2 375 467	-
Promissory notes receivable	-	-	-	-	-
Funds at call and on deposit	-	-	-	-	-
Cash and cash equivalents	312 289	-	-	312 289	-
Total assets	2 687 756	-	-	2 687 756	-
Liabilities					
Amounts due to group companies	1 853 246	-	-	1 853 246	-
Bank overdraft	338 609	-	-	338 609	-
Trade and other payables	681 679	-	-	681 679	-
Total liabilities	2 873 534	-	-	2 873 534	-

Cash and cash equivalents split by:	Gross carrying amount	Expected credit losses	Net carrying amount
Cash at bank and in hand	312 289	-	312 289
Short term deposits	-	-	-
Total	312 289	-	312 289
Bank overdraft	338 609	-	338 609
Cash and cash equivalents as per cashflows	26 320	-	26 320

At 31 December 2023 K'000	Total	Mandatorily fair value through profit or loss	Designated fair value through profit and loss	Amortised cost	Non-financial other assets and liabilities
Assets					
Trade and other receivables	2 495 108	-	-	2 495 108	-
Promissory notes receivable	-	-	-	-	-
Funds at call and on deposit	-	-	-	-	-
Cash and cash equivalents	8 544	-	-	8 544	-
Total assets	2 503 652	-	-	2 503 652	-
Liabilities	-	-	-	-	-
Amounts due to group companies	3 460 141	-	-	3 460 141	-
Dividend payable	-	-	-	-	-
Bank overdraft	1 318 971	-	-	1 318 971	-
Trade and other payables	648 928	-	-	648 928	-
Total liabilities	5 428 040	-	-	5 428 040	-

Cash and cash equivalents split by:	**Gross carrying amount**	**Expected credit losses**	**Net carrying amount**
Cash at bank and in hand	8 544	-	8 544
Short term deposits	-	-	-
Total	-	-	-

SE2: Assets and liabilities not measured at fair value

E2: Assets and liabilities not measured at fair value

Certain financial instruments of the Company are not carried at fair value, they are carried at amortised cost. The calculation of the fair value of these financial instruments represents the Company's best estimate of the value at which these financial assets could be exchanged, or transferred, between market participants at the measurement date. Approximations of fair value for amortised costs have also been utilised for sums owed to related companies, as well as for other receivables and payables.

At 31 December 2024 MK'000	Investment assets at amortised cost	Fair value	Level 1	Level 2	Level 3
Financial assets held at amortised cost					
Trade and other receivables	2 375 467	-	-		2 375 467
Cash at bank and in hand	312 289	-			312 289
Total	2 687 756	-			2 687 756

At 31 December 2023 MK'000					
Financial assets held at amortised cost					
Tade and other receivables	2 330 028	-	-	-	2 330 028
Amounts due from related parties	1 369 825	-	-	-	1 369 825
Cash at bank and in hand	8 544	-	-		8 544
Total	3 699 853	-	-	-	3 699 853

SE3: Fair values of financial assets and liabilities

The description of the determination of fair value and the fair value hierarchies of financial assets and liabilities described in this section applies to all financial assets and liabilities.

(a) Determination of fair value

The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, or quoted prices cannot be obtained without undue effort, another valuation technique is used.

In general, the following inputs are taken into account when evaluating the fair value of financial instruments:

- assessing whether instruments are trading with sufficient frequency and volume, that they can be considered liquid.

There have been no significant changes in the valuation techniques applied when valuing financial instruments. The general principles applied to those instruments measured at fair value are outlined below:

Investment and securities (investment assets at FVTPL and investment assets at amortised cost)

Other investments and securities that are recognised at fair value are measured at observable market prices where available. In the absence of observable market prices, these investments and securities are fair valued utilising one or more of the following techniques: discounted cash flows, the application of an EBITDA multiple or any other relevant technique.

Investment contract liabilities

The fair value of the investment contract liabilities is determined with reference to the fair value of the underlying funds that are held by the Company.

Other financial assets and liabilities

The fair values of other financial assets and liabilities comprising other receivables and other payables reasonably approximate their carrying amounts as included in the statement of financial position as they are short-term in nature or re-priced to current market rates frequently.

(b) Fair value hierarchy

Fair values are determined according to the following hierarchy:

Description of hierarchy	Types of instruments classified in the respective levels
Level 1 – quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.	Listed equity securities.
Level 2 – valuation techniques using observable inputs: financial assets and liabilities with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.	Unlisted equity and debt securities where the valuation is based on models involving no significant unobservable data, with a majority determined with reference to observable prices. Debt instruments and investment contract liabilities.
Level 3 – valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.	Unlisted equity and securities with significant unobservable inputs, securities where the market is not considered sufficiently active.

The judgement as to whether a market is active may include, for example, consideration of factors such as the magnitude and frequency of trading activity, the availability of prices and the size of bid/offer spreads. In inactive markets, obtaining assurance that the transaction price provides evidence of fair value or determining the adjustments to transaction prices that are necessary to measure the fair value of the asset or liability requires additional work during the valuation process.

The Company has significant processes in place to perform reviews of the appropriateness of the valuation of Level 3 instruments.

The majority of valuation techniques employ only observable data and so the reliability of the fair value measurement is high. However, certain financial assets and liabilities are valued on the basis of valuation techniques that feature one or more significant inputs that are unobservable, and, for them, the derivation of fair value is more judgemental. A financial asset or liability in its entirety is classified as valued using significant unobservable inputs if a significant proportion of that asset or liability's carrying amount is driven by unobservable inputs.

In this context, 'unobservable' means that there is little or no current market data available for which to determine the price at which an arm's length transaction would be likely to occur. It generally does not mean that there is no market data available at all upon which to base a determination of fair value. Furthermore, in some cases the majority of the fair value derived from a valuation technique with significant unobservable data may be attributable to observable inputs.

Consequently, the effect of uncertainty in determining unobservable inputs will generally be restricted to uncertainty about the overall fair value of the asset or liability being measured.

SE4: Disclosure of financial assets and liabilities measured at fair value

(a) Financial assets and liabilities measured at fair value, classified according to fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at armotised costs, but their carrying amounts approximates the fair values, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

At 31 December 2024 K'000	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Trade and other receivables	2 375 467	-	-	2 375 467
Amounts due from related parties	1 207 072	-		1 207 072
Cash and bank balances	312 289	-		312 289
Total financial assets measured at fair value	3 894 828	-		3 894 828
Financial liabilities measured at fair value	-	-	-	-
Trade and other payables	681 679	-	-	681 679
Amounts due to related parties	1 853 246	-	-	1 853 246
Bank overdraft	338 609			338 609
Total financial liabilities measured at fair value	2 873 534	-	-	2 873 534

At 31 December 2023 K'000	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Trade and other receivables	2 330 028	-		2 330 028
Amounts due from related parties	1 369 825	-		1 369 825
Cash and bank balances	8 544	-		8 544
Total financial assets measured at fair value	3 708 397			3 708 397
Financial liabilities measured at fair value				
Trade and other payables	426 193	-		426 193
Amounts due to related parties	3 460 141	-		3 460 141
Bank overdraft	1 318 971			1 318 971
Total financial liabilities measured at fair value	5 205 305		-	5 205 305

SF: Financial risk management

The Company is exposed to financial risk through its financial assets. The most important components of financial risk are credit risk, market risk, interest rate risk and liquidity risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Audit Risk and Compliance Committee (ARCC), which is responsible for developing and monitoring the Company's risk management policies through the Risk Control Function. The ARCC reports regularly to the Board of Directors on its activities.

The Company's risk preferences and appetite limits are set out in the Company's Strategy and describes specific risk preferences and metrics. This Risk Strategy is regularly reviewed by the Board and subsidiary risk preferences and appetite limits are adjusted accordingly whenever required.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for identification, measurement, monitoring and controlling risk, and the Company's management of capital. Details of the material accounting policy information and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in A1.3 to the financial statements.

SF1.1: Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and ensuring that tenants pay rentals in advance, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit worthiness of its tenants is continuously monitored. Excluding Government rentals, receivables are from a large number of tenants, spread across diverse sectors and geographical areas.

Apart from the exposure to Government, the Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The credit risk exposure is managed by proactively engaging Government on amounts due from it and agreeing on a settlement plan for the outstanding balance. The credit risk on liquid funds is limited because the counterparties are financial institutions in a highly regulated industry.

The carrying amount of receivables and cash and cash equivalents recorded in the financial statements, grossed up for any allowances for losses, represents the Company's maximum exposure to credit risk.

1.6 Impairment of financial assets

(a) Overview

During the current financial year, the Company recognised expected credit loss of K57 million (2023: K80 million) as disclosed in note G4.

(b) Calculation of ECL

The entity recognises lifetime Expected Credit Losses (ECL) for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the entity's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The process of determining ECL involves high degree of judgement from management, which affects valuation of the balance, hence gives risk to significant risk.

(c) Significant increase in credit risk and default

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers quantitative and qualitative information based on the Company's historical experience, credit assessment and including forward-looking information. The Company's assessment of a significant increase in credit risk from initial recognition consists of a primary and secondary risk driver as follows:

- The primary risk driver aligns to the quantitative credit risk assessments performed, such as the behaviour score, credit rating, probability of default or arrears aging of a financial instrument.

- The secondary risk assessment considers a broad range of qualitative risk factors based on a forward-looking view such as economic and sector outlooks. The secondary risk assessment can be performed on a portfolio basis as opposed to a quantitative assessment at a financial instrument level.

These primary and secondary risk drivers are included by the Company as part of the ongoing credit risk management. When making a quantitative assessment, the Company uses the change in the probability of default occurring over the expected life of the financial instrument. This requires a measurement of the probability of default at initial recognition and at the reporting date. A rebuttable assumption is that the credit risk since initial recognition has increased significantly if a financial instrument is 30 days past due on any payments or is one payment in arrears. It is not anticipated that this assumption will be rebutted. Financial assets at amortised cost can be transferred back to stage 1 or 2 within the ECL model if specific criteria have been met. A financial asset is in default when the financial asset is credit-impaired or if the Basel definition of default is met. Where applicable, the rebuttable presumption that default does not occur later than when a financial asset is 90 days past due, is applied.

(d) Write-off policy

The Company writes off a financial instrument at amortised cost when the entity has no reasonable expectation of recovery of the outstanding balance of the instrument. Determining when to write off financial assets is a matter of judgement and incorporates both quantitative and qualitative information. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

The following are examples of what could result in the write off a financial asset at amortised cost:

- legal prescription;
- settlement campaigns, collection efforts and legal processes do not result in the settlement of balances outstanding;
- receipt of payments from insurers; and
- financial assets have been in arrears for a significant amount of time with no qualifying payments being received in recent months.

SF2 Interest rate risk

The Company is exposed to interest rate risk as it has overdraft facilities with FDH Bank plc and National Bank of Malawi plc. All borrowings are at commercial rates based on the bank base lending rate.

SF3: Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted contractual maturities and cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

At 31 December 2024 K'000	Carrying amount	Gross/ Nominal inflow/ outflow	1-3 months	3-12 months	Over 12 months
Assets					
Trade and other receivables	2 375 467	2 375 467	2 200 642	174 825	-
Intercompany receivables	1 207 072	1 207 072	335 615	871 457	-
Cash and bank balances	312 289	312 289	312 289	-	-
Total	3 894 828	3 894 828	2 848 546	1 046 282	-
Liabilities	-		-	-	-
Trade and other payables	681 679	681 679	482 067	-	199 612
Amounts due to related parties	1 853 246	1 853 246	1 853 246	-	-
Bank overdraft	338 609	338 609	338 609	-	-
Total financial liabilities measured at fair value	2 873 534	2 873 534	2 673 922	1 353 246	199 612
Liquidity gap	1 021 294	1 021 294	174 624	1 046 282	(199 612)

The liquidity gap of K199.6 million is driven by tenants' rental deposits. Rental deposits are refunded to the tenants upon exiting the portfolio. It is not anticipated that significant number of tenants will exit the portfolio hence there will be no immediate demand for refunds.

At 31 December 2023 K'000	Carrying amount	Gross/ Nominal inflow/ outflow	1-3 months	3-12 months	Over 12 months
Assets					
Trade and other receivables	2 659 384	2 659 384	2 333 149	326 235	-
Intercompany receivables	1 488 463	1 488 463	1 488 463		
Promissory notes receivables	1 369 825	1 369 825	877 455	492 370	-
Cash and bank balances	8 544	8 544	8 544	-	-
Total	5 526 216	5 526 216	4 707 611	818 605	-
Liabilities	-		-	-	-
Trade and other payables	648 928	648 928	481 761	-	-
Amounts due to related parties	3 460 141	3 460 141	960 141	2 500 000	-
Bank overdraft	1 318 971	1 318 971	1 318 971	-	-
Total financial liabilities measured at fair value	5 428 040	5 428 040	2 760 873	2 500 000	-

SF4: Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of mainly equity comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

The Board reviews the capital situation on an annual basis and based on each review, the Company will balance its overall capital structure through the payment of dividends and raising finance through borrowings or repaying any existing borrowings.

SG: Non-Financial Assets and Liabilities

SG1: Fixed assets

(a) Plant and equipment

Plant and equipment are shown at cost, less related accumulated depreciation, and impairment losses.

Plant and equipment are depreciated on the straight-line basis at rates that will reduce book amounts to estimated residual values over the anticipated useful lives of the assets as follows:

Fixtures and fittings	5 years
Computers	3 years
Generators and Lifts	10 years
Motor vehicles	4 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at every year-end. An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Included in the schedule below, included in furniture and equipment are computers and lifts.

Category	Valuation Model	Measurement
Equipment	Cost model	• Plant and equipment, principally computer equipment, motor vehicles, fixtures and fittings are stated at cost less accumulated depreciation and impairment losses. The maximum estimated useful life ranges from three to ten years.

c) Plant and equipment

The following tables analyses plant and equipment.

	Plant and equipment				
K'000	Fixture and fittings	Generators	Motor vehicles	Furniture equipment	Total
Gross carrying amount					
Balance at 1 January 2023	90 438	179 367	118 147	293 979	681 931
Additions	2 992	-	-	10 773	13 765
Disposals	-	-	-	(1 441)	(1 441)
Balance at 31 December 2023	93 430	179 367	118 147	303 311	694 255
Additions	2 225	-	-	24 274	26 499
Disposals	-	-	(84 360)	(6 023)	(90 383)
Balance at 31 December 2024	95 655	179 367	33 787	321 562	630 371

Accumulated depreciation					
Balance at 1 January 2023	66 910	76 216	117 084	212 225	472 435
Depreciation charge for the year	8 642	16 374	1 063	26 912	52 991
Disposal	(61)	-	-	(1 441)	(1 502)
Balance at 31 December 2023	75 491	92 590	118 147	237 696	523 924
Additions	-	-	-	-	-
Depreciation charge for the year	7 458	15 114	-	24 076	46 648
Disposals	-	-	(84 360)	(6 023)	(90 383)
Balance at 31 December 2024	82 950	107 704	33 787	255 749	480 190
Net carrying amount at:					
31 December 2023	17 939	86 777	-	65 615	170 331
31 December 2024	12 705	71 663	-	65 814	150 182

SG2: Investment property

Classification

Investment properties are held to earn rentals or for capital appreciation or both and are not significantly occupied by the Company or any of its related entities.

Measurement

Investment properties are stated at fair value determined as economic conditions dictate by an independent registered valuer. Fair value is based on current prices in an active market for similar properties in the same location and condition. Properties are valued by independent valuers annually on a willing seller, willing buyer basis on an open market value. Any gain or loss arising from a change in fair value is recognized in the income statement. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise.

The increase in the fair value of investment properties, net of the related deferred tax, is appropriated to a non-distributable reserve in compliance with profit distribution restrictions included in the Companies Act, 2013. In the event of disposal of the property held at fair value, the related portion of the reserve is transferred to the distributable reserve. The statement of comprehensive income will then report a profit or loss on disposal based on the difference between proceeds and the carrying value. A property is deemed to have been sold when formal Government consent to the sale is received and that investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal.

Valuation

As of 31 December 2024, and 31 December 2023 the investment properties were revalued at fair value. The valuations were carried out by an independent registered valuer, Desmond N. Namangale, MSc. Intl. Project. Mgmt.; BSc (Est. Man), Pg.Cert. Research; Methods, & PGCert. Prop Dev. & invest. MSIM, of Knight Frank (Malawi) Limited, in accordance with the Appraisal and Valuation Standards laid down by the Royal Institution of Chartered Surveyors and the International Valuation Standards, and the resultant fair value increase was taken to profit or loss in line with the IAS 40 Investments Property requirements.

A register of land and buildings comprising investment properties and giving details under the Companies Act, 2013 is maintained at the Company's registered office and is open for inspection by members or their duly authorised agents.

The value of freehold and leasehold properties are as follows:

Year ended 31 December K'000	2024	2023
Freehold	27 452 063	24 194 209
Leasehold	3 148 610	2 749 080
Total investment properties	30 600 673	26 943 289

Movements in the valuation of investment properties are set out below:

Freehold Year ended 31 December K'000	2024	2023
At the beginning of the year	24 194 209	21 508 329
Fair value adjustment	3 257 854	2 685 880
At the end of the year	27 452 063	24 194 209

Leasehold Year ended 31 December K'000	2024	2023
At the beginning of the year	2 749 080	2 420 378
Fair value adjustment	399 530	328 702
At the end of the year	3 148 610	2 749 080
Total valuation	30 600 673	26 943 289

Fair value hierarchy of the Company's properties

The fair values of the Company's investment properties are categorised into Level 3 of the fair value hierarchy. The following table reconciles the fair value measurements of Company's investment properties:

Year ended 31 December K'000	Notes	2024 Owned by the Company	2023 Owned by the Company
Balance at beginning of the year		26 943 289	23 928 707
Additions		-	-
Net gain from fair value adjustments		3 657 384	3 014 582
Balance at end of the year		30 600 673	26 943 289

All of the Company's 13 investment properties are located in Malawi.

Amounts recognised in profit or loss for investment properties

The following table analyses the amounts recognised in profit or loss for the owned investment properties:

Year ended 31 December K'000	Notes	2024	2023
Rental income from investment property		3 188 527	2 590 041
Direct operating expense arising from investment property that generated rental income		(642 603)	(707 600)

Fair value hierarchy of the Group's property

The fair value of the Company's properties is categorised into Level 3 of the fair value hierarchy. Overall, there has been an increase in the investment properties balance. This was largely attributable to fair value gains in the current financial year.

Unobservable inputs are inputs for which there is no market data available. They are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

The information in the table below discloses the significant unobservable inputs used at year end in measuring investment properties categorised at level 3:

Type of property	Valuation technique	Key unobservable inputs	Range of estimates for unobservable inputs
▪ Commercial, retail and industrial properties	▪ The valuation techniques used were investment or income method and, wherever appropriate, the direct comparison method and depreciated replacement cost method were used. ▪ The Income approach relies much on rental income of the property while comparable approach relies on recent sales data and all relevant factors pertaining to the property like age of the buildings and remaining lease life for the land. The rental is benchmarked to market rentals as opposed to rack end rentals that a subject property may be raking due to different varying factors. ▪ Replacement method is applied on the assumption of replacing a particular property as new by calculating its valued based current construction rates. Depreciation is subtracted from the replacement cost to reflect the age of the property. The land value is added to the depreciated value of improvements to arrive at the total value.	▪ Capitalisation rates ▪ Market rentals per square metre	▪ Capitalisation rates for office space: 5% to 17% (2023: 5.93% to 16.5%). ▪ Market rentals for office space: MK4 500 to MK15 000 per m² (2023: MK4 500 to MK17 000 per m²) ▪ Capitalisation rates for retail space: 7.5% to 11% (2023: 8.0% to 11%). ▪ Market rentals for retail space: MK5 000 to MK47 300 per m² (2023: MK3 000 to MK36 500 per m²) ▪ Capitalisation rates for industrial space: 8.5% to 17% (2023: 11% to 17%). ▪ Market rentals for industrial space: MK1 950 to MK6 858 per m² (2023: MK1 700 to MK6 000 per m²)

Sensitivity analysis

The table below indicates the sensitivity of the aggregate property market values for a movement in discount and capitalisation rates and market rentals:

Year ended 31 December K'000	2024	2023
An increase of 1% in capitalisation rates would decrease the fair value by:	(9 133 687)	(7 917 830)
A decrease of 1% in capitalisation rates would increase the fair value by:	11 466 592	9 938 440
An increase of 10% in market rentals per m^2 would increase the fair value by:	9 133 467	7 837 080
A decrease of 10% in market rentals per m^2 would decrease the fair value by:	(9 232 543)	(7 385 390)

Cost of the investment properties

Year ended 31 December K'000	2024	2023
At cost	305 956	305 956
Fair values	30 294 717	26 637 333
Balance at end of the year	30 600 673	26 943 289

Property encumbrance

Included in the investment property balances as at 31 December 2024 were properties encumbered as follows:

Aquarius House in Lilongwe valued at K1 681 million (2023: Development House in Lilongwe valued at K1 380 million) and Chief Kilipula House valued at K2 111 million (2023: Tikwere House valued at K2 591 million)These properties are the subject of a charge in favour of FDH Bank plc and National Bank of Malawi plc to secure overdraft facilities of K900 million and K500 million, respectively for the Company. The collaterals were changed from Development House - LL and Tikwere House (buildings belonging to Capital Developments Limited, a 100% owned subsidiary) to Aquarius House and Chief Kilipula, respectively.

Increase in fair value of investment properties

During the year, a fair value adjustment to investment properties has been credited and the associated tax has been charged to the statement of comprehensive income. The net of tax balance has been transferred to a non-distributable reserve. This is analysed as follows:

Year ended 31 December K'000	2024	2023
Fair value adjustment credited to statement of comprehensive income	3 657 384	3 014 582
Related deferred tax	(557 312)	(218 834)
Amount transferred to non-distributable reserves	3 100 072	2 795 748

SG3: Investment in subsidiary companies

The investments in subsidiary companies comprise ordinary shares and are stated at cost. The subsidiaries have no other forms of shares in issue.

Name	Nature of business	2024 % holding	2023 % holding
Capital Developments Limited	Development and rental of property	100	100
New Capital Properties Limited	Development and rental of property	100	100
Capital Investments Limited	Development and rental of property	50.75	50.75
Frontline Investments Limited	Development and rental of property	69.50	69.50
MPICO Malls Limited	Development and rental of property	53.10	53.10

SG4: Trade, other receivables and other assets

At 31 December K'000	2024			2023		
	Gross carrying value	Expected credit loss provision	Net carrying value	Gross carrying value	Expected credit loss provision	Net carrying value
Rent and service charges	2 273 635	(266 396)	2 007 239	2 518 929	(398 495)	2 120 434
Staff loans	159 158	-	159 158	140 458	-	140 458
Prepayments	54 560	-	54 560	86 447	-	86 447
Other receivables	154 510	-	154 510	147 769	-	147 769
Total other receivables	2 641 863	(266 396)	2 375 467	2 893 603	(398 495)	2 495 108

Interest is charged on receivables in respect of outstanding rentals at 4% above base lending rate. As at year end the amount outstanding from Government was K1 319 million (2023: K1 216 million). The total interest charged on overdue Government rentals and other tenants amounted to K356 million (2023: K340 million).

Due to the change in the operating model, MPICO entered into an agreement with Old Mutual Investment Group (OMIG) where OMIG manages the business from both an operations and investment management perspectives. Accordingly, there are no employees in MPICO hence no new loans are granted to staff. The outstanding staff loans relate mainly to legacy car loans which are still being recovered through OMIG and are secured on cars that staff bought through the loans. Due to the latter, no ECL has been provided on staff loans

Rentals and service charges receivables which were outstanding as at year end are analysed below:

Year ended 31 December K'000	2024	2023
0-90 days	386 198	238 830
Over 90 days	1 887 437	2 280 099
	2 273 635	2 518 929

Movement in Expected Credit Losses (ECL)

Year ended 31 December K'000	2024	2023
Balance at the beginning of the year	398 495	317 669
Increase in ECL recognised in the profit or loss	56 896	80 826
Amounts written off during the year	(190 340)	-
Amounts recovered during the year	1 345	-
Balance at the end of the year	266 396	398 495

In determining the recoverability of rentals receivable, the Company considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. Except for the Government which for the accounts for approximately 31% (2023: 36%) rental income, the concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the loss allowance for trade receivables.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which debtors operate and on the assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has recognized a loss allowance of 100% against all receivables that were handed over to external debt collectors. The Company has recognized a loss allowance for all Government receivables at 1.5%. This was based on the Directors' judgment in the determination of the probability of default and loss given default.

The following table details the risk profile of trade receivables other than from Government and those handed over to external collectors based on the Company's provision matrix. As the Company's historical credit loss allowance does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base.

Trade receivables for Government – days past due

At 31 December 2024 K'000	Current	93 to 184 days	185 to 275 days	276 to 365 days	Over 365 days
Estimated total gross carrying amount at default	317 137	187 806	206 516	222 668	384 980
Expected loss rate	1.5%	1.5%	1.5%	1.5%	1.5%
Lifetime ECL	4 757	2 817	3 098	3 340	5 775

Trade receivables for private tenants – days past due

At 31 December 2024 K'000	Current	93 to 184 days	185 to 275 days	276 to 365 days	Over 365 days
Estimated total gross carrying amount at default	141 445	189 616	58 852	43 414	271 781
Expected loss rate	1%	1%	2%	6%	6%
Lifetime ECL	1 414	1 896	1 177	2 605	16 307

Trade receivables with external debt collectors

At 31 December 2024 K'000	Current	93 to 184 days	185 to 275 days	276 to 365 days	Over 365 days
Estimated total gross carrying amount at default	-	-	25 351	10 173	174 056
Expected loss rate	100%	100%	100%	100%	100%
Lifetime ECL	-	-	25 351	10 173	174 056

SG5: Promissory notes receivable

Promissory amounting to K1.370 billion which were received in 2023 from the Malawi Government being part settlement of rental arrears matured during the year. The movement of the promissory notes is shown as follows:

At 31 December K'000	2024	2023
Malawi Government	-	1 369 825

SG6: Deferred tax assets and liabilities

Deferred income taxes are calculated on all temporary differences.

Deferred tax liabilities

The following table provides an analysis of the deferred tax liabilities account:

At 31 December K'000	2024	2023
Deferred tax liabilities		
Investment property	(6 696 180)	(6 138 870)
Accelerated tax depreciation	19 224	24 997
Other temporary differences	95 397	119 549
Total	(6 581 559)	(5 994 324)
Reconciliation of deferred tax liability		
At beginning of the year	(5 994 324)	(5 751 748)
Income statement charge	(587 235)	(242 576)
Other movements	-	-
At end of the year	(6 581 559)	(5 994 324)

SG7: Trade, other payables and other liabilities

At 31 December K'000	Notes	2024	2023
Property expenses payable		195 054	197 878
Accrued expenses		202 833	222 737
Prepaid rentals		269 593	228 315
Other payables		14 200	-
Total other payables		681 680	648 930

Accruals are in respect of various expenses incurred but whose invoices had not yet been received or received but not booked as at year-end. Included in the accrued expenses is the legal provision amounting to K16.4 million for the cases where there is certainty that it will result in probable loss.

Property expenses payable relate to unpaid but booked invoices for property maintenance and other directly attributable property management costs. No interest is chargeable on these payables and there is no specific allowed credit period from the date of the invoice, but the Group's financial risk management policies include ensuring that invoices are paid within 30 days.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

SG8: Share capital

Share capital

(a) Authorised share capital

At 31 December K'000	2023	2023
3 000 000 000 (2023: 3 000 000 000) ordinary shares of 5 tambala each	150 000	150 000

(b) Issued share capital

At 31 December K'000	2023	2023
Share Capital 2 298 047 460 (2023: 2 298 047 460) ordinary shares of 5 tambala each	114 902	114 902

SG9: Other reserves

Unrealisable reserves

The unrealisable reserves comprise increases in the carrying amount arising on revaluation of land and buildings (to the extent that the increase does not reverse a revaluation decrease of the same asset previously recognised in profit or loss) and decreases that offset previous increases in respect of the same asset are charged against the property revaluation reserve.

Retained earnings

The retained earnings comprise the cumulative total comprehensive income recognised from inception (reduced by any amounts transferred to a separate reserve), reduced by dividends paid to date.

SH: Interests in subsidiaries, associates and joint ventures

Basis of consolidation and equity accounting

	Subsidiaries	Associates	Joint Ventures
Typical shareholding in the assessment of entities that are not structured entities	Greater than 50%	Between 20% and 50%	Between 20% and 50%
Nature of the relationship	Entities over which the group has control as defined in IFRS 10 are consolidated.	Entities over which the group has significant influence as defined in IAS 28.	A joint arrangement in terms of which the group and the other contracting parties have joint control as defined in IFRS 11.

Critical accounting estimates and judgements – Investments in subsidiaries, associated undertakings and joint ventures

The Company has applied the following key judgements in the application of the requirements of the consolidation set of standards (IFRS 10 'Consolidated Financial Statements' and IFRS 11 'Joint Arrangements'):

Consolidation of subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When the Company loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

SJ: Other Notes

SJ1: Related parties

(a) Transactions with the Holding Group, subsidiaries, and other companies

At the year-end, the Company had the following balances with subsidiary companies.

At 31 December K'000	2024	2023
New Capital Properties Limited	109 311	213 922
Capital Developments Limited	21 149	426 258
Frontline Investments Limited	90 903	210 754
Capital Investments Limited	114 252	47 731
MPICO Malls Limited	871 457	589 798

Net amount due from subsidiaries	1 207 072	1 488 463

The intermediate holding companies are Old Mutual Life Assurance Company (Malawi) Limited and Old Mutual Malawi. The ultimate holding Group is Old Mutual Limited, incorporated in South Africa. The Group's principal interest in and the amounts due by or (to) other group companies is disclosed in the note below. Other companies consist of fellow subsidiaries and holding Group. Transactions and balances with holding Group and other group companies are as follows:

			Value of transactions		Balance at year end	
Related party	Nature of related party	Type of transaction	2024	2023	2024	2023
Old Mutual Life Assurance Company	Holding company	Direct operating expenses	-	(386 065)	-	(664 703)
		Rental and service charges	245 921	(202 239)	-	-
		Repayments	664 703	-	-	-
Old Mutual (Malawi) Limited	Holding Company	Dividend paid	(249 576)	(144 491)	-	-
		Director's fees	(15 797)	(15 535)	-	-
Old Mutual Investment Group	Fellow subsidiary	Management fees	(608 086)	(572 541)	(1 853 246)	(2 795 438)
		VAT on fees	(66 875)	(94 469)	-	-
		Shared operating expenses	(2 222 594)	(1 976 585)	-	-
		Repayments	3 250 000	-	-	-
		Rental and service charges	149 607	-	-	-
Total			-	-	(1 853 246)	(3 460 141)

At 31 December K'000	2024	2023
Management fees charged to subsidiaries	1 218 922	1 333 946

(b) Transactions with key management personnel, remuneration and other compensation

The Company entered into an agreement with Old Mutual Investment Group Ltd (OMIG) where OMIG manages the business both from an operations and investment management perspectives. Accordingly, there are no employees in MPICO hence no staff compensation carried in the Company's books. Neither were any staff loans advanced by the Company to employees during the year (2023:

Nil). At 31 December 2024 the total loans balance outstanding from employees of K12 million (2023: K79 million) relates to legacy loans which are still being recovered through OMIG.

Compensation paid to the Board of Directors is listed below. The fees due to the Non-Executive Directors are paid Old Mutual Malawi Limited.

Year ended 31 December K'000	Position as director	2024 K'000	2023 K'000
Directors' fees paid to Non-Executive Directors and Independent Non-Executive Directors			
Mrs. E. Jiya	Non-Executive Director	7 405	7 836
Mr. C. Kapanga	Independent Non-Executive Director	4 443	7 699
Mr. F. Mangani	Independent Non-Executive Director	8 392	7 699
Dr. P. Matipwiri	Independent Non-Executive Director	8 515	7 699
Mr. E. Hami	Independent Non-Executive Director	9 132	7 699
Mr. B. Ndau	Independent Non-Executive Director	8 392	7 699
Mrs. M. Mkandawire	Independent Non-Executive Director	8 392	6 837
Mrs. V. Zulu	Non-Executive Director	8 392	7 699
Mr. C. Kamoto	Independent Non-Executive Director	6 294	-

SJ2: Operating lease arrangement

The Group as lessor

Leasing arrangements

Operating leases relate to the investment property owned by the Group with lease terms of between 1 and 10 years, with an option to extend the lease term. All operating lease contracts contain market based rental review clauses in the event that the lessee exercises its option to renew. Additionally, the rentals are renegotiated on an annual basis based on prevailing market conditions. The lessees do not have options to purchase the property at the expiry of the lease period.

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounts to K3 188 million (2023: K2 590 million).

SJ3: Contingent liabilities

The Company is currently contesting various civil cases filed by various plaintiffs. Based on Group's legal representatives, the outcome will not materialise into any loss. .

SJ4: Commitments

Capital expenditure commitments are financed from internal resources, existing facilities as well as external sources.

At 31 December K'000	2024	2023
Authorised	195 000	547 500

J5: Cash flow information

Cash and cash equivalents

Cash and cash equivalents comprise:
- Coins and bank notes and;
- Balances with banks and:
- Money at call and short notice;

Cash and cash equivalents only include items held for the purpose of meeting short-term cash commitments rather than for investing.

Year ended 31 December K'000	2024	2023
Cash and cash equivalents as stated in the statement of financial position		
Funds at call and on deposit	-	-
Bank balances and cash	312 289	8 544
Total funds on deposit and in banks	312 289	8 544
Bank overdraft	(338 609)	(1 318 971)
Total cash and cash equivalents	(26 320)	(1 310 427)

The Company has an overdraft facility of K900 million (2023: K900 million) with FDH Bank plc and K500 million (2023: K500 million) with National Bank of Malawi plc. The FDH Bank plc facility is secured on Aquarius House and accrues interest at the rate of 4.6% above the floating bank reference rate. The National Bank of Malawi plc facility is secured on Chief Kilipula House and accrues interest at the rate of 4.6% above the floating bank reference lending rate. Both Aquarius House and Chief Kilipula House are included in investment properties as detailed in G2 to the financial statements. These bank overdraft facilities are repayable on demand.

The deposit accounts are maintained with National Bank of Malawi Plc and FDH Bank plc and attract interest at an average 7.5% (2023: 7.5%) per annum.

SJ5.1: Cash flows from operating activities

Year ended 31 December K'000	Notes	2024	2023
Non-cash movements and adjustments to profit before tax			
Depreciation and Impairments of property, plant, and equipment		46 648	52 991
Interest income		(366 104)	(353 979)
Finance costs		137 126	226 584
Dividend income		(1 090 750)	(400 000)
Expected credit loss		56 896	80 826
Fair value gains and losses on investment property		(3 657 384)	(3 014 582)
Total non-cash movements and adjustments to profit before tax		(4 873 568)	(3 408 160)
Changes in working capital			-
Movement in related party receivables		281 391	(1 208 887)
Movements in trade and other receivables		62 745	582 819
Movements in promissory notes receivables		1 369 825	(1 369 825)
(Profit)/loss on disposal of non-current assets		(14 999)	833
Movements in related party payables		(1 606 895)	2 809 751
Movements in payables, accruals, and provisions		32 751	(134 109)
Total changes in working capital		124 818	680 582

SJ6: Events after the reporting date

On 3 April 2025, subsequent to the reporting date, a fire incident occurred in one of the sections at Lingadzi House, City Centre. The extent of the damage is currently being assessed by the insurer. In accordance with IAS 10 Events After the Reporting Period, management has evaluated the incident and determined that it is a non-adjusting event. The financial impact will be accounted for in future periods once the insurer's assessment is complete and more information becomes available. Management continues to monitor the situation closely and will ensure appropriate disclosure in the financial statements as required by the standard. Directors are not aware of other material events.

SK: Future standards, amendments to standards and interpretations not early adopted in the 2024 financial statements

In the current year, the entity has adopted those new and revised Standards and Interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee of the International Accounting Standards Board that are relevant to its operations and are effective for annual reporting periods beginning on 1 January 2024:

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Non-current Liabilities with Covenants (Amendments to IAS 1;)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information; and
- IFRS S2 Climate-related Disclosures.

The adoption of these new and revised Standards and Interpretations did not have a significant impact on the financial statements of the entity.

New standards and amendments to standards issued but not effective

The following Standards were issued but not effective for the period commencing 1 January 2024:

Annual reporting periods beginning on or after 1 January 2025	Lack of Exchangeability (Amendments to IAS 21) The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
Annual reporting periods beginning on or after 1 January 2025	Amendments to the SASB standards to enhance their international applicability. The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.
Annual reporting periods beginning on or after 1 January 2026	Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments.
Annual reporting periods beginning on or after 1 January 2026	Annual Improvements to IFRS Accounting Standards — Volume 11 The pronouncement comprises the following amendments: • IFRS 1: Hedge accounting by a first-time adopter • IFRS 7: Gain or loss on derecognition • IFRS 7: Disclosure of deferred difference between fair value and transaction price • IFRS 7: Introduction and credit risk disclosures • IFRS 9: Lessee derecognition of lease liabilities • IFRS 9: Transaction price • IFRS 10: Determination of a 'de facto agent' • IAS 7: Cost method
Annual reporting periods beginning on or after 1 January 2027	IFRS 18 Presentation and Disclosures in Financial Statements IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.

The Directors anticipate that these Standards and Interpretations in future periods will have no significant impact on the financial statements of the Company.

SL: Exchange rates and inflation

At 31 December K'000	2024	2023
	MK	MK
Malawi Kwacha / GBP	2270.10	2 213.59
Malawi Kwacha / ZAR	101.08	93.59
Malawi Kwacha / US Dollar	1 751.00	1 686.33
Inflation rate (%)	28.1%	34.5
At the time of approval of these financial statements the exchange rate and inflation rate had moved to:		
Malawi Kwacha / GBP	2 308.74	2 256.24
Malawi Kwacha / ZAR	97.92	95.67
Malawi Kwacha / US Dollar	1 733.83	1 733.83
Inflation rate (%) (February 2025)	30.7	

NOTICE OF THE 52ND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 52nd Annual General Meeting (AGM) of the shareholders of MPICO plc will be held physically at Sunbird Capital Hotel, Lilongwe, Friday 27th June 2025 at 11.00 am

Notes

1. The AGM Pack and proxy form will be sent via email, post and be available on the MPICO website (www.mpicomw.com) from 11th June 2025 onwards.
2. Shareholders can raise their questions during a two-week period by email, WhatsApp or post, starting from 16th June to 25th June 2025.
3. The Company will collate all questions and publish these on its website. Questions and answers will be read out and commented upon to give context by the Chairperson during the meeting.
4. Shareholders will be required to send the proxy forms by 25th June 2025.
5. To facilitate this process, all shareholders are requested to send their email addresses and mobile phone numbers to: mpicoshareholders@natbankmw.com or WhatsApp Number +265 885 932 787 by 4th June 2025.

ORDINARY BUSINESS

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolutions.

For an ordinary resolution to be adopted, it is required to be supported by a simple majority of the total number of voting rights entitled to be exercised by shareholders present or represented by proxy at the AGM.

1. MINUTES

To approve the minutes of the 51st Annual General Meeting held on 28th June 2024.

2. FINANCIAL STATEMENTS

To receive and consider the Directors and Auditors' report and Financial Statements of the Company for the year ended 31st December 2024.

3. DIVIDEND

To declare a **final dividend of K988,160,407.80** in respect of 2024 profits, representing 43 tambala per share. There was no interim dividend in 2024. The final dividend in respect of 2023 profits was K873.3 million representing 38 tambala per share.

The dividend will be payable on Friday, 25th July 2025 to those shareholders appearing in the register of members by close of business on Friday, 18th July 2025. MPICO plc shares will trade ex-dividend from Wednesday, 16th July 2025.

4. RE-APPOINTMENT OF Auditors

To re-appoint Deloitte – Certified Accountants as Auditors for the ensuing year and authorize the Directors to determine the Auditors' remuneration for the period.

5. RESIGNATION OF Directors

To note the resignation of the following Directors following the reduction of the combined shareholding by Old Mutual:

5.1 The resignation of Director Vera Zulu
5.2 The resignation of Director Charles Kamoto
5.3 The resignation of Director Benard Ndau
5.4 To note the resignation of Director Edith Jiya who resigned following her relocation to a new role outside Malawi.

6. **<u>RE-ELECTION OF Directors</u>**
To individually re-elect Directors comprising one-third of the Non-Executive Directors of the Company, who retire from office at this AGM in accordance with Article 30 of the Company's Articles of Association.

6.1 **To re-elect Mrs. Martha Mkandawire as a Director of the company who retires by rotation and being eligible, offers herself for re-election. The Board recommends her re-election.**

Name: Martha Mkandawire (51 years old)
Appointed: 6th March 2023
Qualifications: MBA, Fellow Chartered Certified Accountant, (FCCA)
Committee Membership: Audit, Risk and Compliance Committee
Key Skills and Experience: Finance, general business administration and over twenty-eight (28) years' progressive experience in senior management developing systems in finance, administration and governance.

7. **<u>APPOINTMENT OF Directors</u>**

1.1 To confirm the appointment of Mr. Gibson Mapfidza as Director to fill a vacant position.
Name: Gibson Mapfidza (44 years old)
Appointed: 15th May 2025
Qualifications: MBA, Fellow Chartered Certified Accountant, (FCCA), Masters in Real Estate Investments, Master of Science in Construction Project Management.
Committee Membership: Audit, Risk and Compliance Committee and Technical Committee.
Major external positions, Directorships or associations: Chief Business Officer at Shelter Afrique Development Bank, Royal Institute of Chartered Surveyors (RICS), Member Estate Agents Council of Zimbabwe.
Key Skills and Experience: Professional experience in the built environment, investment management and development finance, real estate investment analysis and management, infrastructure financing and development.

1.2 To confirm the appointment of Mr. Tavona Biza as a Director to fill a vacant position
Name: Tavona Biza (43 years old)
Appointed: 19 February 2025
Qualifications: MBA, Fellow Institute and Faculty of Actuaries
Committee Membership: None
Major external positions, Directorships or associations: Group CEO Old Mutual (Malawi) Limited, Board Member-Old Mutual (Malawi) Limited, Old Mutual Life Assurance Company (Malawi) Limited and Old Mutual Investment Group Limited.
Key Skills and Experience: Business Leadership and Management experience across Zimbabwe, Ghana and Malawi in various management and leadership positions.

8. **<u>Non-Executive Directors' FEES AND SITTING ALLOWANCES</u>**
To approve the increase in Directors' fees and sitting allowances of the Chairperson and Non-Executive Directors with effect from 1st January 2025 as follows:

i. **<u>Directors' fees</u>**
Chairperson – MK12,735,902 per annum payable in arrears (MK9,872,792 – 2024)
Non-Executive Directors – MK10,825,272 per annum payable in arrears (MK8,391,684 – 2024).

ii. **<u>Sitting Allowances</u>**
Chairperson - MK376,890 per sitting (MK292,163 – 2024)
Non-Executive Directors – MK288,835 per sitting (MK223,903 – 2024).

9. **<u>OTHER BUSINESS</u>**
To transact such other business as may be transacted at an Annual General Meeting of members and which the Secretary will have been duly notified not less than 28 days before the date of the meeting.

Dated 23rd May 2025
BY ORDER OF THE Board

CHIFUNDO KALAILE
COMPANY SECRETARY

Registered Office:
MPICO plc

Old Mutual House, P.O. Box 30459, Lilongwe 3

A member entitled to attend and vote at the meeting is entitled to appoint a proxy (or more than one proxy) to attend and vote in his / her stead. A proxy need not to be a member of the company.

The instrument appointing a proxy and the power of attorney or the other authority, if any, under which if it is signed or a notarially certified copy of that power or authority shall be deposited at the Company Secretary's Office not less that forty-eight hours before the time for holding the meeting and in default the instrument of proxy shall not be treated as valid.

MINUTES OF THE 51ST ANNUAL GENERAL MEETING OF THE COMPANY HELD ON FRIDAY 28TH JUNE 2024 AT AMARYLLIS HOTEL, BLANTYRE

SHAREHOLDERS PRESENT

Lovemore Tinto
Frank Harawa
C. Makadia
Major Juma
G. Mwamira
M Kaumphawi
Joe Maere
Augustina Maere
George Samabakunsi
Andrew Mkandawire
Alex Chinyamu
Richard Butao
Lucia Chola
Takondwa Mlenga
Francis Chikadza
Wesley Mankhomwa
Lucy Kadawati
Christopher Banda
Abel Kwelani

PROXIES

Cuthbert Mnyenyembe	-	All clients under Old Mutual Investment Group Ltd
James Mbingwa	-	All clients under Continental Asset Management
Brian Kumpanje	-	MISALICO
Lilian Macheso	-	All clients under LifeCo
Joe Maere	-	Addelle Maere

IN ATTENDANCE

Directors

Mrs. E. Jiya	Chairperson
Mr. C. Kapanga	Director
Mr. F. Mangani	Director
Mr. P. Matipwiri	Director
Mr. E. Hami	Director
Mrs. M. Mkandawire	Director
Mr. B. Ndau	Director
Mr. C. Kamoto	Director
Mrs. V. Zulu	Director

EXECUTIVE MANAGEMENT

Ms. C. Kalaile	Company Secretary
Mr. E. Jambo	Head of Property
Mr. R. Butao	Senior Accountant
Mr. L. Mwabutwa	Facilities Manager
Mrs. G. Mkandawire	Gateway Manager

EXTERNAL AUDITORS

Mr. C. Kapenda	Deloitte, Audit Partner
Ms. Z. Undi	Deloitte, Audit Manager

1. QUORUM AND NOTICE

a. The Chairperson called the meeting to order at 11:00am. The Company Secretary confirmed that a quorum had been formed and that the meeting was duly constituted.

b. The Chairperson proposed that the notice of the meeting having been previously circulated be taken as read.

c. The Chairperson proceeded to declare the meeting duly constituted and welcomed all present.

2. CONFIRMATION OF THE MINUTES OF 50TH ANNUAL GENERAL MEETING

a. It was noted that the Annual Report that was sent by post did not include a copy of the Notice and Minutes of the previous meeting. Nevertheless, it was agreed that the meeting proceed.

b. The minutes of the 50th Annual General Meeting held on Friday, 30th June 2023 were tabled before the meeting for adoption and confirmation. The Chairperson took the members through the minutes.

c. After confirmation from the Company Secretary that there were no corrections to the minutes received, the members voted for the resolution to adopt the minutes.

d. Members commended the Company Secretary for the good set of the minutes which they compared with other organisations in which they were invested in despite the fact that the minutes were circulated late.

e. **Resolved:** THAT the said minutes be hereby adopted and confirmed as a correct record of the proceedings.

3. APPROVAL OF FINANCIAL STATEMENTS FOR THE PERIOD ENDING 31ST DECEMBER 2023

a. The audited financial statements for the year ended 31st December 2023 were tabled before the shareholders.

b. The External Auditors informed the members that the 2023 financial statements were a fair reflection of the financial performance for the year ended 2023.

c. The motion to receive, consider and adopt the Annual Report and Financial Statements for the year ended 31 December 2023 together with the Reports of the Auditors thereon was adopted by the members.

e. **Resolved:** THAT the audited financial statements for the year ended 31st December 2023 together with the reports of the Auditors and Directors thereon be approved and adopted.

4. DIVIDEND PROPOSAL

a. A proposal was made for a final dividend of K873.3 million representing 38 tambala per share, from the profits of the year ended 31st December 2023.

b. The members voted for the resolution to declare the dividend.

e. **Resolved:** THAT a final dividend of MK873.3 million be declared from the profits of the year ended 31st December 2023.

5. RE-APPOINTMENT OF EXTERNAL AUDITORS

a. A proposal was made to re-appoint Deloitte Certified Public Accountants as the Auditors of the Company for the ensuing year and authorise Management to fix their remuneration.

b. Some of the members and the Board deliberated on the integrity of Deloitte as External Auditors following some litigation cases in which Deloitte was fined. 13 members voted against the motion to reappoint Deloitte.

c. The minority members noted with concern that most of the institutional members had proxies which were represented by one name; Mr. Mark Mikwamba. Management responded that the institutional investors delegate proxy voting to Investment Manager as part of the engagement hence the name of the representative of the Investment Manager on the proxy forms for institutional investors.

d. The majority of the members **resolved:** That Deloitte, Certified Public Accountants, be re-appointed as Auditors of the Company for the ensuing financial year and that Management be authorised to fix their remuneration.

6. DIRECTOR'S RESIGNATION, RE-ELECTION AND APPOINTMENT

Resignation of Directors

a. The members noted the resignation of Director Christopher Kapanga, who had served on the Board since 2011.

Re-election of Directors

b. A proposal was made to re-elect Dr. Peter Matipwiri as Director of the Company.
Resolved: That the re-election of Dr. Peter Matipwiri be approved.

c. A Proposal was made to re-elect Mr. Edmund Hami as Director of the Company.
Resolved: That the re-election of Mr. Edmund Hami be approved.

d. The members requested that the tenure and age of the proposed Directors be included going forward.

Appointment of Directors

e. A proposal was made to confirm the appointment of Mr. Charles Kamoto as Director of the Company to fill a vacant position.
Resolved: That the appointment of Mr. Charles Kamoto be approved.

7. DIRECTOR'S REMUNERATION

a. A proposal was made that the remuneration of the Chairperson and other Non-Executive Directors be approved with effect from 1st January 2024.
Resolved: That the remuneration of the Chairperson and Non-Executive Directors be fixed with effect from 1st January 2024 as follows:

Directors' fees
Chairperson – MK9,872,792 per annum payable in arrears (MK7,835,549-2023)
Non-Executive Directors-MK8,391,684 per annum payable in arrears (MK7,698,793- 2023).

Sitting Allowances
Chairperson-MK292,163 per sitting (MK231,875-2023)
Non-Executive Directors-MK223,903 per sitting (MK177,701-2023).

8. SPECIAL BUSINESS

a. A proposal was made to consider and if deemed fit to pass the following special resolution:

"That the Articles of Association of the company be amended to align with the amendments under Section 7: Continuing Obligations of the Malawi Stock Exchange Listing Requirements."

b. A summary of the changes was provided to the members in the Notice of the meeting.

c. It was noted that the correct section to be quoted for the Public Finance Management Act 2022 was Part VII sections 61 to 67.
Resolved: that the Articles of Association of the company be amended to align with the amendments under Section 7: Continuing Obligations of the Malawi Stock Exchange Listing Requirements.

9. OTHER BUSINESS

There was no further business of which due notice was given. The meeting was declared closed at 1:47 pm

....
Edith Jiya
CHAIRPERSON

....
DATE

MPICO

A MEMBER OF THE OLDMUTUAL GROUP

Reg. No. COYR – A5K1E78

PROXY FORM

I/We .... (name/s in block letters)

of ....(address)

being the member/members of the above-named company and entitled to vote do hereby appoint:

1. ....of ....or failing him/her.

2. ....of .... or failing him/her

3. the Chairperson of the meeting as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Fifty-seconf Annual General Meeting of the company to be held physically at Sunbird Capital Hotel in Lilongwe on Friday, 27th June 2025 at 11.00 am and at any adjourned meeting thereof as follows:

	Agenda Item	**Mark with √ where applicable**		
	Ordinary Business	In favour	Against	Abstain
1.	Approval of Minutes of the 51st AGM.			
2.	Adoption of 2024 Directors' and Auditors' Report and Financial Statements of the Company for the Year Ended 31st December 2024			
3.	Declaration of a Final Dividend of **K988,160,407.80**.			
4.	To re-appoint Deloitte – Certified Accountants as Auditors for the ensuing year and to authorize the Directors to determine the Auditors' remuneration for the period.			
5.1	To note the resignation of Director Vera Zulu			
5.2	To note the resignation of Director Charles Kamoto			
5.3	To note the resignation of Director Benard Ndau			
5.4	To note the resignation of Director Edith Jiya			
6.1	To re-elect Martha Mkandawire as a Director of the Company			
7.1	To confirm the appointment of Mr. Gibson Mapfidza			
7.2	To confirm the appointment of Mr. Tavona Biza			

8(i)	To approve the increase in the director's fees of **MK12,735,902** per annum for the Chairperson and ***MK10,825,272*** per annum for the Non-Executive Directors			
8(ii)	To approve the increase in the sitting allowances of **K376,890** per sitting for the Chairperson and **MK288,835** per sitting for the Non-Executive Directors.			
9	Any other Business			

Signed at ....on this ....day of 2025

Signature ....

Assisted by me (where applicable) (see note 3):

....

Full name/s of signatory/ies if signing in a representative capacity (see note 4):

....

NOTE

1.	A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company.	4.	In order to be effective, proxy forms must reach the registered office of the company or the Transfer Secretaries, National Bank of Malawi, P O Box 945, Blantyre or at 7 Henderson Street, Blantyre OR deposited at the Company Secretary's office not later than 48 hours before the time for holding the meeting.
2.	If this proxy form is returned without any indication as to how the proxy should vote, the proxy will be entitled to vote or abstain from voting as he/she thinks fit.	5.	If two of more proxies attend the meeting, then that person attending the meeting whose name appears first on the proxy form, and whose name is not deleted shall be regarded as the validly appointed proxy.
3.	A minor must be assisted by his or her guardian.		

A proxy need not be a member of the company.

MPICO

A MEMBER OF THE OLDMUTUAL GROUP

- Property Development
- Project Management
- Property Valuation
- Property Management
- Property Ownership
- Property Leasing
- Facilities Management

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