ANNUAL REPORT 2013

reiz | REAL ESTATE INVESTMENTS ZAMBIA PLC reiz | REAL ESTATE INVESTMENTS ZAMBIA PLC

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OUR MISSION is to be Zambia's leading property investment and development company by the ownership of high quality properties that are well constructed and managed. To provide a reputable and informed common entry point (the Lusaka Stock Exchange) for all Zambian and international investors into the premium but diversified Zambian real estate sector.

OUR VISION is to achieve the highest possible standards of the real estate industry while establishing our business as the property company of choice within Zambia.

OUR VALUES are to achieve our mission by setting the highest ethical standards in our dealings with our tenants, service providers and stakeholders through attention to detail, commitment, sincerity and self-expression. We value all our stakeholders and strive to create and maintain long lasting relationships through innovative business practices. We seek to be honest, reliable, and fair in dealing with all our interest groups and colleagues.

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HISTORY OF THE GROUP

Real Estate Investments Zambia Plc was originally the North Western Rhodesia Farmers Co-operative in the 1920's. This was principally a commercial farmer's co-op which secured the current location of Central Park on Cairo Road as a collection centre for farming produce. The Co-op went through various guises until after independence in 1964 when it was renamed the Zambian Farmers Co-operative. The construction of the Farmers House building was completed in the 1970's, hence the name by which that property became known.

In 1981 a limited liability company was formed called Farmers House Ltd to which all the real estate assets of the Co-op were transferred. The cooperative owners became shareholders of the new Company on a one-for-one share basis. From that time the Company was solely a real estate investment vehicle.

The business was therefore principally owned by commercial farmers which traded their shares on an annual basis at the AGM. It was felt that this should be changed and so the Directors actively reviewed the options for wider ownership of the business. The opportunity arose for the Company to become public under the Companies Act 1994. Thereafter the shareholders agreed to list the Company on the Lusaka Stock Exchange (LuSE) at the inception of this exchange. Farmers House Plc was registered in 1996 as the second company to list on LuSE.

Farmers House Plc entered into an active period of development of its flagship property at the time – Farmers House. The old building was completely refurbished in 1999/2000 and thereafter a phased development of what was renamed Central Park was undertaken. The Stock Exchange building was the final part of this development, which is a landmark as you enter the business district of Lusaka.

The further progress of the Group is detailed in the Timeline on the next page. One of the key milestones in this period was the 'rights issue' in 2004, in which the Company actively encouraged and achieved the participation of institutional investors – these now make up a large portion of the shareholding, as demonstrated in the Governance section of this report.

In order to more actively reflect the core operations of the Group, Farmers House Plc was renamed in 2012 to Real Estate Investments Zambia Plc which also more accurately states that the Group is a property company and a "truly Zambian" business.

1999

TIMELINE

1920s Original North Western Rhodesia Farmers Co-operative

1996 Listed on the LuSE.

1999 Issued first LuSE listed corporate bond and raised US$1 million to develop phase II of Central Park; all converted into Equity.

2001 Raised US$1.98m via a preference share rights issue for the purpose of developing phase III of Central Park.

2003 Raised Zambia's first bank loan (US$2.6m) specifically for a property development – The Lusaka Stock Exchange building - secured on its' own cash flows; fully repaid.

2004 Raised US$10m via a rights issue for the development of the Celtel/Zain/Airtel Head Office – completed and operational.

2008 Joint Venture formed (Burnet Investments Ltd) with Standard Bank Properties (Pty) Ltd for the development of the Stanbic Head Office – completed and operational.

2009 Issued a short-term Commercial Paper of US$10m for the purpose of raising bridging finance to secure & develop certain properties.

2010 Issued a 12 year US$15m Corporate Bond tradable on the LuSE to retire commercial paper and to acquire Thistle Land Development Company Ltd (TLD).

2011 Acquired Counting House Square; the sole property of TLD.

2012 Completed Abacus Square whose tenants are Deloitte, Konkola Copper Mines Plc and Copperbelt Energy Corporation Plc

2012 Secured a US$12.5m term loan from Investec Asset Management (Pty) Ltd, and US$2.5m from African Life Financial Services Ltd as part funding to acquire Arcades Development Plc. Shareholders in Arcades received part payment in equity of Real Estate Investments Zambia Plc to the value of US$10m. Transaction completed in February 2012.

2013 Transferred the lease of Airtel House to Airtel Zambia Networks Plc for a consideration of K114.8m and the purchase of the Nyerere Road Airtel property at K16.8m. The net proceeds of this transaction were utilised to settle the US$12.5m term loan from Investec Asset Management (Pty) Ltd, and the US$2.5m from African Life Financial Services Ltd. This transaction was completed in November 2013.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty-second Annual General Meeting of Real Estate Investments Zambia Plc will take place at The Indaba Conference Rooms, 1st Floor, Protea Arcades Hotel, Lusaka on Thursday 27th March 2014 at 10:00 Hrs.

AGENDA

1. To call the meeting to order; to record apologies and proxies received.
2. To read the Notice of the Meeting.
3. To read and approve the minutes of the Thirty-first Annual General Meeting held on 27th March 2013.
4. To consider any matters arising from these minutes.
5. To read and approve the minutes of the Extraordinary General Meeting held on 29th August 2013.
6. To consider any matters arising from these minutes.
7. To receive the Report of the Directors (the Managing Director's Report, the Chairman's Report and the Governance Report), the Auditors Report and the Financial Statements for the year ended 31st December 2013.
8. To appoint Auditors for the ensuing year and to authorise the Directors to fix their remuneration.
9. To elect Directors to fill any vacancies. In terms of the Articles Mrs. Deborah A. Bwalya, Mr. K.H. Makala and Mr. R. P. S. Miller retire. Mrs. Deborah A. Bwalya, Mr. K.H. Makala and Mr. R. P. S. Miller, being eligible, offer themselves for re-election.
10. To approve the Directors' remuneration.
11. To declare a Final Dividend. The proposed Final Dividend of K0.08 per share (8 Ngwee per share), if approved, will be declared payable to members registered in the books of the company on close of business on 26th March 2014. The transfer books and register of members will be closed from 27th March 2014 – 9th April 2014 (both dates inclusive). Warrants in payment will be posted for payment in Kwacha at K0.08 per share (8 Ngwee per share) on or about 30th June 2014.
12. To authorise the increase of the nominal value per share from K0.001 to K1.00 per share in response to the rebasing of the Kwacha.
13. To consider any competent business of which due notice has been given.

BY ORDER OF THE BOARD
R.P.S. MILLER - Managing Director

Article 16.1

"A member entitled to attend and vote is entitled to appoint a proxy, who need not also be a member, to attend and vote instead of him." **See Proxy Form at the end of this report.**

Article 18.8

"The instrument appointing a proxy and the power of attorney or authority (if any) under which it is signed, or a notarially certified copy of the power or authority, must be deposited, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, at the registered office or at such other place as is nominated by the Board. In default the instrument of proxy shall not be treated as valid."

Article 24.5

"No person other than a Director retiring at the meeting shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting, unless not less than 21 days before the date appointed for the meeting there has been left at the registered office notice in writing signed by a member (not being the person to be proposed) duly qualified to attend and vote at the meeting, of his intention to propose the person for election, and a notice in writing signed by that person of his willingness to be elected."

PREVIOUS GENERAL MEETING MINUTES

MINUTES OF THE THIRTY-FIRST ANNUAL GENERAL MEETING OF REAL ESTATE INVESTMENTS ZAMBIA PLC HELD AT THE SOUTHERN SUN, RIDGEWAY HOTEL, LUSAKA ON WEDNESDAY 27TH MARCH 2013 AT 10:00 HOURS.

Directors Present	
Mr. Timothy T. Mushibwe	Chairman
Mr. Robin P. S. Miller	Managing Director
Mr. Kenny H. Makala	Director
Mrs. Debora A. Bwalya	Director
Mr. William P. Saunders	Director
Dr. Elizabeth C. Lungu Nkumbula	Director
Mrs. Efi O'Donnell	Director

Apologies (Directors)	
Mr. Patrick Wanjelani	Director
Mr. Muna Hantuba	Director
Mrs. Doreen Kabunda	Director
Mr. Mark O'Donnell	Director

Company Secretary

Sydney E. Popota

Shareholders Present

NAME	REPRESENTING
Mr. Robin P. S. Miller	Self
Mr. Paul Hibusenga	Self
Mr. Tom Kamwendo	Self
Mr. Ngenda Lindunda	Self
Ms. Christine B. Musambachime	Self
Mr. Frank Green	Self
Mrs. Nazia Azizhusein	Self
Mr. Severino Lunamba	Self
Mrs. Efi O'Donnell	Union Gold
Mr. A. L. Francis	Wendy Kirby
Mr. John Janes	Hurford Investments Ltd
Mr. Benson Muchelemba	M B Consulting
Mr. Geoffrey Musekiwa	Barclays Bank Staff Pension Trust Fund
Mr. Geoffrey Musekiwa	Saturnia Regna Pension Trust Fund
Mr. Geoffrey Musekiwa	CEC Pension Trust Fund Scheme
Mr. Geoffrey Musekiwa	Standard Chartered Bank Pension Trust Fund
Mr. Geoffrey Musekiwa	Sun International Pension Trust Fund Scheme
Mr. Geoffrey Musekiwa	Stanbic Bank Pension Trust Fund
Mr. Geoffrey Musekiwa	Sandvik Mining Pension Trust Fund Scheme
Mr. Geoffrey Musekiwa	National Breweries Pension Trust Fund
Mr. Geoffrey Musekiwa	KCM Pension Trust Fund
Mr. Geoffrey Musekiwa	Chilanga Cement Pension Trust Fund (Lafarge)
Mr. Geoffrey Musekiwa	Cavmont Capitol Bank ltd Pension Trust Fund
Mrs. Banja Mkwanazi Kayumba	Barclays Bank Pension Fund
Dr. Elizabeth C. L. Nkumbula	Workers Compensation Fund Control Board
Mrs. Makwebo Peggy Minja	National Pension Scheme Authority
Mr. Mtumbi Goma	UNZALARU
Mr. Pascal Kaunda Kaibele	Peter Banda
Mrs. Kunda Musonda Chola	Zambia State Insurance Pension Trust Fund
Mrs. Sandra Agyemang	Zambia State Insurance Pension Trust Fund
Mr. Jonathan Mwila	Stanbic Nominee

In Attendance

Ms. Mary Ann Franks	Real Estate Investments PLC
Ms. Liseli Bull	Real Estate Investments PLC
Mr. Dumi Tshuma	KPMG Partner
Mrs. F. Musiniwa Kwenda	KPMG Manager
Mr. Cheelo Hamuwele	KPMG Manager
Mr. A. L. Francis	Amazon Associates (Company Transfer Secretary)
Ms. Jayne Backhouse	Imara Botswana Ltd
Mr. Chitalu Chisenga	Pangaea Securities Ltd
Mr. Joseph Lungu	ZCCM-IH
Ms. Jean N. Tembo	Lusaka Stock Exchange
Ms. Tryness Mbale	Zambia Daily Mail
Mr. Mbaita Maka	African Alliance Securities Zambia

1.00	**To call the meeting to order.**
1.01	The Chairman called the meeting to order at 10.00 hours.
1.02	The Chairman requested the Company Secretary to read the apologies and proxies received.
1.03	Mr Sydney E . Popota read the proxies as noted above and confirmed that the meeting was quorate.
1.04	The meeting observed a minute of silence in honour of Mr. Solomon Ngulube of 24th October Farming Cooperative Limited, a long standing shareholder, who passed away during the year.
2.00	**To read the Notice of the Meeting.**
2.01	The Managing Director read the Notice of the Meeting.
2.02	**Re. item 7.00 - Election of Directors** – The Managing Director clarified that Mr. P. Wanjelani was to retire as noted in the agenda. The Managing Director notified the meeting that there had been a nomination from a member for the election of Mrs. Banja Mkwanazi Kayumba as Director for this seat on the board. The nominations committee of the board had reviewed the nomination and had recommended to the board that Mrs. Banja Mkwanazi Kayumba be considered as a replacement for Mr. P. Wanjelani by the Shareholders at this AGM. The Board had accepted this nomination.
2.03	The Managing Director notified the meeting that agenda item 7.00 needed to be amended to include Mrs. Banja Mkwanazi Kayumba as a valid nomination to be considered for election.
2.04	The amendment was approved on the proposal of Mr. Tom Kamwendo and seconded by Mr. Geoffrey Musekiwa.
3.00	**To read and approve the minutes of the Thirtieth Annual General Meeting held on 28th June 2012.**
3.01	The minutes were reviewed and the following amendments were proposed:
3.02	**Item 9.00** – replace the word "ensuring " with "ensuing " for the sentence to read: *"To appoint Auditors for the ensuing year and to authorise the Directors to fix their remuneration."*
3.03	**Item 11.02** – the name "Ms Hope Minkwale" was amended to read "Mrs Hope Mukwala."

3.04	With the above corrections made, the minutes were approved as a true record of the AGM held on 28th June 2012 on the proposal of Mr. Mtumbi Goma and seconded by Mr. Benson Muchelemba. The Chairman signed a copy of the minutes.
4.00	**To consider any matters arising from these minutes.**
4.01	**Re. 1.08: SI33** – Mr. Tom Kamwendo asked what the Company was doing regarding SI 33.
4.02	The Chairman responded that the matter would be addressed in the Chairman's report.
5.00	**To receive the Report of the Directors (the Managing Director's Report, the Chairman's Report, and the Governance Report), the Auditors Report and the Financial Statements for the nine month period ended 31st December 2012.**
5.01	The Managing Director took the Meeting through the Managing Director's Report and asked for comments from the shareholders.
5.02	Mr. Mtumbi Goma commended the Board for the good results posted.
5.03	The Managing Director's Report was approved on the proposal of Mr. Tom Kamwendo and seconded by Mr. Ngenda Lindunda.
5.04	The Chairman took the Meeting through the Chairman's Report.
5.05	Mr. Tom Kamwendo confirmed that the Chairman's Report addressed his earlier question about the actions being taken by REIZ to address the challenges arising from the introduction of Statutory Instruments (SI) SI 33 and SI 78.
5.06	The Chairman reported that REIZ was working in collaboration with other institutions such as NAPSA, Securities and Exchange Commission (SEC), African Life Financial Services (AfLife) and others in engaging with the Government of the Republic of Zambia on restructuring that is required in the property sector to promote growth in property development.
5.07	Mr. Benson Muchelemba enquired if the Board had considered hedging instruments to mitigate the foreign exchange risks.
5.08	The Chairman confirmed that various hedging instruments had been considered, but that there were no instruments in the market that provided a hedge for tenors that covered the Company's foreign currency liabilities at an affordable cost. The Chairman stated that the Board had determined that the best way forward was to advance to the Government a structure suitable for the industry that would be a win win situation for all parties.
5.09	The Chairman stated that results of engagements with the Government would be announced in a future shareholders' meeting.
5.10	The Chairman reiterated the Managing Director's announcement earlier that Mr. P. Wanjelani had resigned from the Board as he had taken up an appointment with ABSA/Barclays in South Africa. He thanked Mr. P. Wanjelani for his input on the Board.
5.11	The Chairman thanked the shareholders for their support on the Arcades acquisition transaction.
5.12	The Chairman ended his report by thanking the Shareholders, Directors, Management, LuSE, SEC and all the partners of REIZ.
5.13	The Chairman's Report was approved on the proposal of Mr. Mtumbi Goma and seconded by Mrs. Makwebo Peggy Minja.
5.14	The Chairman took the Meeting through the Governance Report.

5.15	The Chairman reported on the gender balance of the Board stating that 40% of the Board was represented by women and that the percentage was expected to rise by the end of the meeting.
5.16	The Governance Report was approved on the proposal of Mr. Tom Kamwendo and seconded by Mrs. Kunda Musonda Chola.
5.17	Mr. Dumi Tshuma, representing Mr. Jason Kazilimani, the KPMG Audit Engagement Partner read the Auditor's Report and concluded by stating that KPMG had issued a "clean audit report".
5.18	Mr. Tshuma stated that he was happy to report to the members that there were no material issues that needed to be brought to the attention of members.
5.19	Mr. Tshuma thanked the Directors and Management for the cooperation accorded to the Audit Team in carrying out their mandate.
5.20	The Managing Director took the Meeting through the consolidated and separate financial statements for the nine month period ended 31st December 2012 and gave detailed explanation of the statement of comprehensive income and statement of financial position.
5.21	The Managing Director commended Mr. Sydney Popota and the Finance Team for having finalised the financial statements in good time.
5.22	The Managing Director thanked Mr. Jason Kazilimani (Engagement Partner), Mr. Cheelo Hamuwele (Audit Manager) and the KPMG Audit Team for the work done.
5.23	The Financial Statements for the period ended 31st December 2012 were approved on the proposal of Mr. Benson Muchelemba and seconded by Mr. Geoffrey Musekiwa.
6.00	**To appoint Auditors for the ensuing year and to authorise the Directors to fix their remuneration.**
6.01	The Managing Director proposed the retention of KPMG as the Auditors for the ensuing year and that the Directors be authorised to fix the remuneration of the Auditors.
6.02	KPMG were appointed as the Auditor for the ensuing year and the Directors were authorised to fix the Auditor's remuneration on the proposal of Mr. Robin P. S. Miller and seconded by Mr. John Janes.
7.00	**To elect Directors to fill any vacancies. In terms of the Articles Mr. M. Hantuba, Mr. W.P. Saunders and Mr. P. Wanjelani retire. Mr. M. Hantuba and Mr. W.P. Saunders, being eligible, offer themselves for re-election.**
7.01	The Chairman confirmed that Mr. M. Hantuba and Mr. W. P. Saunders, being eligible, offer themselves for re-election.
7.02	The Chairman reminded Shareholders of the amendment passed earlier in the meeting to include the election of Mrs. Banja Mkwanazi Kayumba. He stated that Mrs. Mkwanazi Kayumba was nominated by Barclays Bank Zambia Pension Trust Fund and that the Nomination Committee of the Board confirmed that the nomination was valid.
7.03	The Chairman confirmed that there were no other valid nominations, and that there were 3 candidates for 3 available Board seats.
7.04	Mr. M. Hantuba, Mr. W.P. Saunders, and Mrs. B. M. Kayumba were duly elected to the Board of REIZ on the proposal of Mr. Timothy Mushibwe and seconded by Mr. Tom Kamwendo.

8.00	**To approve the Directors' remuneration.**
8.01	The Directors fees of K1,095,000,000 (KR1,095,000 rebased) was approved on the proposal of Mr. Geoffrey Musekiwa and seconded by Mr. Tom Kamwendo.
9.00	**To declare a Final Dividend. The proposed Final Dividend of K80 per share, if approved, will be declared payable to members registered in the books of the company on close of business on 26th March 2013. The transfer books and register of members will be closed from 27th March 2013 – 9th April 2013 (both dates inclusive). Warrants in payment will be posted for payment in rebased Kwacha at KR0.08 per share on or about 31st May 2013.**
9.01	The Final Dividend of K80 (K0.08 rebased) per share was approved on the proposal of the Board and seconded by Mr. Tom Kamwendo.
10.00	**To consider any competent business of which due notice has been given.**
10.01	The Managing Director confirmed that there was no other competent business for which due notice had been received.
10.02	There being no further business to discuss the Chairman thanked the Members, Board, Management and all those who had attended the AGM.
10.03	The Chairman declared the meeting closed at 11:05 hours

Signed

Mr. Timothy T. Mushibwe
Chairman

MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF REAL ESTATE INVESTMENTS ZAMBIA PLC HELD AT THE SOUTHERN SUN, RIDGEWAY HOTEL, LUSAKA ON THURSDAY 29TH AUGUST 2013 AT 10:00 HOURS.

Directors Present

Mr. Timothy T. Mushibwe	Chairman
Mr. Robin P. S. Miller	Managing Director
Mr. Kenny H. Makala	Director
Dr. Elizabeth C. Lungu Nkumbula	Director
Mrs. Efi O'Donnell	Director
Mr. Muna Hantuba	Director
Mr. S Mark O'Donnell	Director

Apologies (Directors)

Mrs. Banja Mkwanazi Kayumba	Director
Mr. William P. Saunders	Director
Ms. Doreen Kabunda	Director
Mrs. Debora A. Bwalya	Director

Company Secretary

Sydney E. Popota

Shareholders Present

NAME	REPRESENTING
Mr. Robin Miller	Self
Mr. Nyondo Ezekiel	Self
Mr. Charles Mate	Self
Mr. Mark O'Donnell	Self
Mr. Peter G. S. Radford	Self
Mr. Ngenda Lindunda	Self
Mr. Remmy Mbuzi	Self
Mr. Ackim Nyagonye	Self
Mr. Robin Miller	Mr. Luke Miller
Mr. Robin Miller	Mr. Harry Miller
Mr. Robin Miller	Ms. Cecelia Miller
Mr. Robin Miller	Mrs. M. A. Miller
Mr. Robin Miller	Mr. Frank A. Green
Mr. A. L. Francis	Wendy Kirby
Mrs. Efi O'Donnell	Union Gold
Mr. Chama C. Ngwira	Worker Compensation Fund Control Board
Fr. Bronislav Kondizat S. J.	Jesuit Fathers
Mr. John Janes	Hurford Investments Ltd
Mr. Jack Kanyanga	Barclays Bank Staff Pension Trust Fund
Mr. Jack Kanyanga	Saturnia Regna Pension Trust Fund
Mr. Jack Kanyanga	CEC Pension Trust Fund Scheme
Mr. Jack Kanyanga	Standard Chartered Bank Pension Trust Fund
Mr. Jack Kanyanga	Sun International Pension Trust Fund Scheme
Mr. Jack Kanyanga	Stanbic Bank Pension Trust Fund
Mr. Jack Kanyanga	Sandvik Mining Pension Trust Fund Scheme
Mr. Jack Kanyanga	National Breweries Pension Trust Fund
Mr. Jack Kanyanga	KCM Pension Trust Fund
Mr. Jack Kanyanga	Chilanga Cement Pension Trust Fund (Lafarge)
Mr. Jack Kanyanga	Cavmont Capitol Bank ltd Pension Trust Fund
Mr. Moses Simbeye	National Pension Scheme Authority
Mrs Kunda Musonda Chola	Zambia State Insurance Pension Trust Fund
Mr. Jackson Malunda	Kwacha Pension Trust Fund

Others Present

NAME	REPRESENTING
Ms. Mary Ann Franks	Real Estate Investments PLC
Ms. Liseli Bull	Real Estate Investments PLC
Mr. Jason Kazilimani	KPMG - Auditor
Mr. Rod Macleod	Imara - Advisor
Mr. Mike Burrell	Imara
Mr. Arshad Dudhia	Musa Dudhia & Company
Mr. Zach Truscott	Musa Dudhia & Company
Ms. Abigail Chimuka	Musa Dudhia & Company
Ms. Tina Nawa	Self
Mr. Banda Augustine	Ms. Mary Lungu
Ms. Prisca Nyagonye	Mr. Ackim Nyagonye
Mr. Chris O'Donnell	Union Gold Zambia Ltd
Mrs. Nyangu Kayamba	Zambia Sugar PLC
Mrs. Nancy K.. Mate	Worker Compensation Fund Control Board
Dr. Elizabeth C. Lungu Nkumbula	Worker Compensation Fund Control Board
Ms. Mwaka Kopakopa	ZSIC Life Ltd
Mr. Kamwenje Phiri	ZSIC Life Ltd
Mr. Jonathan Mwila	Stanbic Nominees
Ms. Tamara Bbuku	Stanbic Nominees
Mr. Mtumbi Goma	UNZALARU
Mr. Kamwi Lindani	A. F. S. Kamwi
Mr. A. L. Francis	Amazon Associates - Company Transfer Secretary
Mr. Munyumba Mulwale	LUSE
Ms. Pamela Kando	Stock Brokers Z Ltd

1.00	**To call the meeting to order.**
1.01	The Chairman called the meeting to order at 10.14 hours and welcomed the shareholders present.
1.02	The Chairman called upon the Managing Director to read the Notice of the Meeting.
1.03	The Chairman announced the apologies from the Directors as noted above.
1.04	The Chairman asked the Company Secretary to read proxies received as noted above.
1.05	The Chairman asked all present to consider the agenda. The agenda was unanimously approved on the proposal of Mr. Mark O'Donnell and seconded by Mr. Peter Radford.
2.00	**To consider the proposed Disposal and Acquisition, and if deemed appropriate, pass the following resolutions to give effect to these both: The Disposal and Acquisition**
2.01	The Chairman asked the Managing Director to read the notice of the meeting and to give the background activities that led to calling an EGM.
2.02	The Managing Director explained that the EGM was to consider the disposal of Airtel House, following an approach by Airtel Networks Zambia PLC ("Airtel") to purchase the building, and concurrent to the disposal, to consider the acquisition of the leasehold property owned by Airtel, the Nyerere Road Property.
2.03	The Managing Director explained that, this being a Category 1 transaction in terms of the LuSE Listing Rules, approval is required for the Disposal and Acquisition from a simple majority of REIZ Shareholders. He reconfirmed that the details of the Acquisition and Disposal were set out in the Circular that had been distributed to Shareholders prior to the meeting.

2.04	The Managing Director explained that the other agenda item was to consider the recapitalisation plans for REIZ, and that this would be addressed separately under agenda item 3.
2.05	The Managing Director stated that if the meeting deemed this appropriate, it would be necessary to pass the proposed ordinary resolutions outlined in the EGM Notice.
2.06	The Managing Director reported that the Executive Committee comprising of Mr. William P. Saunders, Mr. Mark O'Donnell, Mr. Kenny H. Makala, Mr. Timothy Mushibwe, and Mr. Robin P. S. Miller was constituted and mandated by the REIZ Board to handle the Airtel negotiation process, and thanked these Directors for their assistance in this process.
2.07	The Chairman asked the Meeting if there were any questions or issues that needed to be addressed.
2.08	Mr. John James asked for confirmation of the transaction price. The Managing Director confirmed that the net consideration payable by Airtel to REIZ was K98 million, being the sale price of Airtel House at K114.8 million less the acquisition price of the Nyerere Road property at K16.8 million. The Managing Director confirmed that the net proceeds had been paid into an escrow account and was being held by the Escrow Agent in United States Dollars. Mr. Janes expressed satisfaction with that process.
2.09	Mr. Ezekiel Nyondo raised his concern about the transaction, and in particular the acquisition of the Nyerere Road property which he stated was not as attractive as the property that was being sold (Airtel House). He stated that he felt the Company was losing ground and reiterated that he did not see value in the acquisition of the Nyerere Road Property 15 – 25 years from today.
2.10	The Managing Director stated it was not REIZ's preference to sell properties and this had been demonstrated over the last 15 years. He confirmed that these were exceptional circumstances. He reported that Airtel (formerly Celtel) had expressed desire to purchase the building but the REIZ Board did not welcome Airtel's proposals to purchase in the past.
2.11	The Chairman confirmed that this transaction was necessary and was being done in the best interest of the Shareholders. He assured Mr. Nyondo that the transaction was needed in order to sustain the Company 15 – 25 years from today.
2.12	Mr. Jack Kanyanga in appreciating the work that had been done leading to this EGM stated that the Pension funds represented by AfLife were in support of the transaction. He stated that he was aware that the Directors were trying to fix the current challenges but the Company should not lose focus of continuing to grow the property portfolio
2.13	The Managing Director agreed and stated it was important for the company to move forward.
2.14	**The following ordinary resolutions were duly passed by the Shareholders:** **1 RESOLVED** REIZ may proceed with the Disposal on the terms and conditions as set out in the Circular on the proposal of Mr. Mark O'Donnell and seconded by Mr. Jack Kanyanga. **2 RESOLVED** REIZ may proceed with the Acquisition on the terms and conditions as set out in the Circular on the proposal of Mr. Chama C. Ngwira and seconded by Mr. Ezekiel Nyondo.

3.00	**To update REIZ Shareholders on the recapitalisation plans for REIZ, as set out in the Circular.**
3.01	The Managing Director updated the Shareholders on the recapitalisation plans for REIZ, as set out in the Circular relating to the creation of a Property Loan Structure (PLS). He read out resolution 3.1 as outlined in the EGM Notice.
3.02	Mr. Jack Kanyanga indicated that he was concerned that the PLS structure may not be achieved and therefore he wished to be assured that the Board had alternative plans should this structure not materialize and therefore reconsider the resolution 3.1.
3.03	The Managing Director agreed with Mr. Kanyanga and assured shareholders that several alternative structures had been examined by the financial advisers and the Board. The Board believed that the optimal structure in the interests of the shareholders was the PLS.
3.04	The Chairman confirmed that the Board has always been development orientated, and what was now being conducted was the Group having to negotiate a pothole which was being circumvented.
3.05	Mr. Mark O'Donnell stated that the priority was to bring the company to a position of solidity following SI 33 and 78. He reported that interim results from operations have been affected by the statutory instruments, and the company has moved from reporting consistent profits over the years to potential losses. He confirmed that there is a commitment by the Board to reverse this.
3.06	Mr. Mark O'Donnell stated that if the proposed PLS structure does not get approved, then alternative options would be explored. He stated that the current situation facing the property industry presents the Company with an opportunity to turn matters around to the advantage of the Company.
3.07	Mr. Jack Kanyanga insisted that Resolution 3.1 should be reworded and Mr. Mark O'Donnell asked if there was proposed wording for a revised resolution. Mr. Jack Kanyanga passed the revised resolution to the Company Secretary who read it to the members.
3.08	Mr. Arshad Dudhia of Musa Dudhia & Company, legal counsel to the Group, confirmed that the proposed changes were legally acceptable, but stated that if it was unanimously approved, it should be included as a separate resolution. It was unanimously agreed that it would be resolution 4.

3.09	**The following ordinary resolutions were duly passed by the Shareholders:** 3 RESOLVED REIZ may proceed with the process of preparing to implement the recapitalisation plans leading to the conversion of the Company to a Property Loan Stock ("PLS") type structure. The implementation of the recapitalisation plans remains subject to regulatory approval and to the Shareholders approving the terms, conditions and effects thereof at a further Extraordinary General Meeting to be held at a later date. Additionally, the implementation of the recapitalisation plans shall comply with all applicable provisions of the LuSE Listings Requirements, including, inter alia, sending to Shareholders a circular setting out detailed information pertaining to the recapitalisation plans. On the proposal of Mr. Ngenda Lindunda and seconded by Mr. Jack Kanyanga, the resolution was unanimously passed 4 RESOLVED Management should table a detailed roadmap to the Board encompassing elimination of foreign currency debt and strategic plan to fund and grow the business, to be implemented in the event that the PLS structure is not approved or is delayed. The roadmap must be submitted by 30 September 2013 which coincides with the satisfaction or waiver of the other Conditions Precedent as outlined in the Circular to shareholders. On the proposal of Mr. Ngenda Lindunda and seconded by Mr. Jack Kanyanga, the resolution was unanimously passed.
4.00	**Any other business.**
4.01	The Chairman gave his thanks to the Board, Management and the Shareholders for their commitment to REIZ.
4.03	There being no further business to discuss the Chairman closed the meeting at 11:45 hours.

Signed

Mr. Timothy T. Mushibwe
Chairman

MANAGING DIRECTOR'S REPORT

It is with great pleasure that I report on the Group's performance in this Annual Report. The attached financial statements show that gross rental income is K34.715 million. Operating profit is K23.68 million whilst profit after tax has increased by K102.43 million from K24.79 million in 2012 to K127.22 million in 2013.

1.0 Significant changes in the Zambian operating environment

In 2012 and 2013 there were several significant amendments made by the Government of the Republic of Zambia. The introduction of Statutory Instrument (SI) Numbers 33 and 78 had important effects on the income stream of the Group as result of the SIs requiring the denomination of all domestic transactions in Zambian Kwacha. The real estate industry had previously hedged exchange rate risks by indexing rental income against the US Dollar. With the introduction of SI 78 any indexing was specifically disallowed, and all rental agreements were "pegged" by statute at the SI exchange rate of K5.30 to US$1 as at 18th May 2012. The Group therefore received all income in Kwacha from that date and at that rate. This created a "mismatch" between the Group's income and its debt which was denominated in US Dollars.

In order to address this SI the Board of Directors determined to act as follows:

i. To address the currency mismatch by restructuring the US$ debt. Management were instructed to assess all forms of alternative Kwacha debt facilities, but none were found to be viable alternatives where US$ interest rates are in the range of 7-8.5% whereas Kwacha debt is priced in the 14-18% range. The Board also assessed alternative capital structures including a) Rights Issues and b) The creation of Property Loan Stock (PLS)/Real Estate Investment Trust structures. Although much progress was made in the PLS structure with Government approving such a capital formation in the 2014 National Budget, the intended re-capitalisation of the Group was put in abeyance by the introduction of a presumptive final tax on rental income in the same National Budget. **(See overleaf 4.0).**

ii. To address the currency mismatch by repayment of the US$ debt. Management were also requested to assess alternative avenues available to pay off debt. For some years the Board had been receiving overtures from Airtel Zambia Plc for the purchase of the Airtel Head Office which was leased from REIZ. These advances had been rejected on several occasions, but management were authorised by the Board in early 2013 to negotiate for the sale of this property. It was intended that the proceeds of this sale would go towards the retirement of a large part of the Group's debt. **(See below 2.0 and 3.0).**

iii. To address SI 33/78 through the replacement of US$ denominated leases with Kwacha denominated leases. Although existing leases were compliant with the law, the Board determined that all new leases and renewals of existing leases were to be executed in Kwacha with amended escalation clauses in line with anticipated inflationary pressures. This process is on-going.

2.0 Disposal of Airtel House and Acquisition of Nyerere Road property.

As mentioned above the Board considered this transaction following the appointment of, and advice received from, Stockbrokers Zambia/Imara as joint financial advisers and sponsoring brokers, culminating in an Extraordinary General Meeting that was held on 29th August 2013.

A Circular detailing the transaction was presented to shareholders in which resolutions as follows were placed before the members:

2.1 **RESOLVED** REIZ Plc may proceed with the Disposal on the terms and conditions as set out in the Circular;
2.2 **RESOLVED** REIZ Plc may proceed with the Acquisition on the terms and conditions as set out in the Circular.

These resolutions were unanimously approved by shareholders. **(See EGM minutes)**

On completion of the conditions precedent to the transaction the Proceeds for the Disposal and Acquisition was settled by a net cash payment by Airtel of K98 million, made up of the consideration for Airtel House less the consideration paid by REIZ for the Nyerere Road Property. These funds were received by REIZ on 16th October 2013.

3.0 Repayment of Investec Asset Management (Pty) Ltd (IAM) and African Life Financial Services Ltd (AfLife) debt facilities.

On receipt of the net proceeds of the Airtel transaction the Board unanimously approved a resolution to repay IAM US$12.5m and AfLife US$2.5m and management were authorised to negotiate the early settlement of these loans. Following conclusion of these negotiations these repayments were made on 29th November 2013 and all securities in relation to these facilities were discharged. The Group will therefore see a substantial reduction in the interest expense in 2014, and the exposure to foreign exchange risks have been significantly mitigated by the settlement of these US Dollar liabilities.

4.0 Government of the Republic of Zambia (GRZ) National Budget 2014

In the announcement of the GRZ National Budget at the end of 2013 the Honourable Minister of Finance and National Planning introduced a new "final" tax on gross rental income of 10% of invoice value. This measure is applicable from 1st January 2014 and has two major effects on the Group. Firstly, as a final tax on the Group's principle source of revenue – rental income – the group will need to cover all operating and finance costs from 90% of its income. Secondly, as a final top-line tax, no expenditure is allowable as a deduction against profits for tax purposes. This has especially detrimental effects in that finance costs are no longer a deductible expense for tax purposes. Following this announcement and in line with the Board's consideration of the reduction of the Group's foreign exchange debt exposure noted above, the Board resolved that it was essential to consider the possible repayment of all debt. It was partly due to these circumstances that the IAM and AfLife debt was repaid during the year. The Board has further resolved that Management consider strategies for the repayment of the Group's remaining US$ denominated Corporate Bonds that are currently shown as a long term liability of K64,093,304 ($12,005,929.) This process is on-going and the Investment Committee of the Board has been tasked with managing this process in the best interests of all stakeholders in 2014.

As reported in the financial statements there has been one immediate effect of this new tax. Shareholders will note that profit after tax has substantially risen for the year from K24.97 million for the nine month period ended 31st December 2012 to K127.22 million for the year ended 31st December 2013. This is a result of the write back of deferred tax of K124.11 million and has created a credit for the tax year of K76.85 million. Deferred Tax is the amount of tax that may arise in future years. Over the years these have been shown as a liability in the Statement of Financial Position. With the introduction of the "final tax" on rental income as at 1st January 2014 there shall be no tax on profits; hence the amounts shown as deferred tax in previous years have been reversed.

This has resulted in a dramatic increase in earnings per share (EPS) from K0.44/share in 2012 to K2.25/share in 2013. Headline EPS has moved from K0.39 to K0.42. Net asset value per share has increased form K4.87 in 2012 to K7.04 in 2013. This compares to the current market price of K3.20/share.

5.0 Performance of Group Companies

5.1 Arcades Development Plc (ADP)

As reported in last year's Annual Report the acquisition of ADP was completed in FY2012 and the Group results now include a full year's income for ADP. An abridged statement of results for ADP is provided later in this report. The Arcades Centre continues to be well tenanted with over 60 tenants – the prime tenants being Spar, Ster Kinekor, Rhapsody's, Airtel and Mica. Management have successfully completed the process of assimilating this property into its administrative and management systems.

The Arcades Shopping & Entertainment Centre has a total Gross Lettable Area (GLA) of 18,382m² and currently has 61 tenants. ADP had previously approved the development of a further hotel offering at Arcades Shopping Centre. This 4-star boutique hotel is adjacent to the current Protea Hotel at the Arcades Shopping Centre. The financial structure of this hotel will be very similar to that of the current Protea Hotel, whereby Protea develop the hotel at their own cost, but all rental income derived from the ground floor of the property will accrue to ADP. The total GLA of the rental portion of this property is expected to be 640m² and the target tenants will be similar to that of Arcades Shopping Centre. Whilst these tenants have not yet been secured, the Board is confident that this area will be fully occupied on completion of the Hotel in April 2014 as there is significant demand for retail space in this area. Alongside this on-going construction, Management and the Board are in the process of assessing additional future development plans for this property.

The ADP Portfolio includes two additional properties, the proposed retail sites at the Parkway and Solwezi Properties. The Parkway Property is a new development originally initiated by ADP. The property is situated along the Kafue Road in Lusaka and is made up of 33,300m² of land which is intended to be developed into a retail centre. ADP had purchased the land and the REIZ Group will continue with its development on receipt of funding for the development.

The Solwezi Property continues to be pursued by ADP to develop a multi-use retail building on the site. ADP is completing the process of securing the lease for the land, after which development of the property will commence. On completion, the GLA of the Solwezi Development is expected to be 3,000m². As with the Parkway Property, the REIZ Group takes on the development costs of this property going forward. The Board believes that this property is a strategic investment as there is significant demand in Solwezi for such property, and will extend the Company's geographical spread to the Copperbelt. The Board believe that considerable further growth of the Group can be achieved in this region which has seen substantial investment by the copper mining companies.

The management of this Company has been ably overseen by members of the REIZ Board, Mr. Timothy Mushibwe (Chair), Mrs. Efi O'Donnell, Mr. Muna Hantuba, Mr. Kenny Makala and Mr. Robin Miller.

The contribution to Group turnover of this property is K15.49 million and to Group operating profits is K9 million and has had two major effects on the business. The first is the uplift in contribution noted above, and the second is the inclusion of a major retail centre in the Group's real estate portfolio.

5.2 Thistle Land Development Company Limited (TLD)

The property, Counting House Square, held under this Company is fully tenanted with BDO, Ericsson and Spar as tenants. Previous tenants CIDRZ vacated the property during the year and we are pleased to welcome First National Bank (FNB) – the major regional banker – as new tenants to the property. The results for this 100% subsidiary are shown in the abridged statement later in this report and have contributed K2.8 million to group turnover and K1.73 million to group profits. The Main Board Directors that represent REIZ on TLD are Mr. Kenny Makala (Chair), Ms. Banja Mkwanazi Kayumba and Mr. Robin Miller.

5.3 Burnet Investments Limited (BIL)

This joint venture with Standard Bank Properties (Pty) Limited remains in place with both parties providing Directors to the Company. Mr. Rory Roriston (Chair), Mr. Stewart Shaw Taylor, Mr. Wezi Gondwe represent Standard Bank Properties (51%) and Mr. Timothy Mushibwe, Mr. Bill Saunders and Mr. Robin Miller represent REIZ (49%).

This property, Stanbic House, is single tenanted by Stanbic Bank Zambia Limited under a triple net lease and has contributed K7.4 million to Group results as the sole equity accounted investment of the Group.

6.0 REIZ properties

6.1 Abacus Square

The construction of the Abacus Square property was completed during the 2011/2012 year as planned, providing just under 2,000m² of Gross Lettable Area (GLA) and is fully let. Deloitte & Touche have taken occupation of the ground floor of this building, whilst the upper floor is being let to Konkola Copper Mines Plc (KCM) and to Copperbelt Energy Corporation Plc (CEC). We welcome our fellow listed Company to the property.

6.2 Eureka Park

The construction of this property (GLA – 6,000m²) was completed during the year. We are pleased to report that Turbo Agencies (agents for international brands such as Hilti) have taken occupation alongside Mica and Bell Equipment. GUD Filters completed their internal fit out and started trading during the year. We also welcome Omnilyne Ltd as new tenants of the property. Tenants for the remaining unlet portions of this property are being identified for occupation during 2014.

6.2 Central Park

Central Park remains an attractive destination in the central business district of Lusaka for a number of businesses. Major tenants include The Lusaka Stock Exchange, Barclays Bank, and the Bond and Derivative Exchange Ltd. Dunavant vacated during the year and were replaced with the Pan African Building Society (PABS). Part of Farmers House was also redeveloped and we are pleased to welcome 6 new tenants taking up that redeveloped space.

GROUP STRUCTURE

reiz REAL ESTATE INVESTMENTS ZAMBIA PLC

DIRECTLY HELD PROPERTIES


CENTRAL PARK

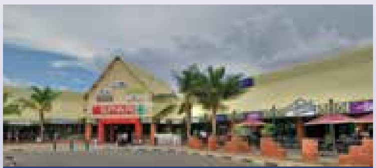

CETZAM HOUSE


ABACUS SQUARE


EUREKA PARK

100% SUBSIDIARIES


THISTLE LAND DEVELOPMENT COMPANY LTD

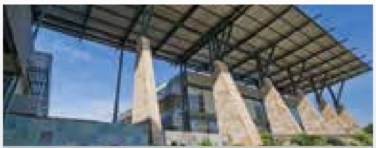

ARCADES DEVELOPMENT PLC

PECKERWOOD DEVELOPMENT LTD

DREADNAUGHT INVESTMENTS LTD

JOINT VENTURE COMPANY

BURNET INVESTMENTS LTD


STANBIC HOUSE


reiz

FIVE YEAR FINANCIAL SUMMARY FOR THE YEAR ENDED 31ST DECEMBER 2013

Shareholders attention is brought to the 5 year abridged Financial Summary in Zambian Kwacha.

	12 Months to 31.12.2013		9 Months to 31.12.2012		12 Months to 31.03.2012		12 Months to 31.03.2011		12 Months to 31.03.2010	
	K'000	%	K'000	%	K'000	%	K'000	%	K'000	%
STATEMENT OF COMPREHENSIVE INCOME										
Gross rental income	**34,715**		**34,317**		**26,847**		**22,443**		**20,140**	
Other operating income	6,386		23		21		-		-	
Total property expenses	(8,197)	20%	(6,305)	18%	(4,663)	17%	(3,263)	15%	(3,612)	18%
Total administration expenses	(7,870)	19%	(5,116)	15%	(5,209)	19%	(5,100)	23%	(3,898)	19%
Total depreciation	(1,356)	3%	(1,121)	3%	(1,684)	6%	(1,109)	5%	(1,113)	6%
Profit from operation	**23,678**	**58%**	**21,798**	**64%**	**15,312**	**58%**	**12,971**	**57%**	**11,517**	**57%**
Change in fair value of investment property, net of exchange gains	37,755		20,736		47,212		12,580		13,778	
Net finance cost	(18,472)		(8,511)		(8,670)		(6,920)		(4,258)	
Share of profits from equity accounted investees	7,407		2,014		5,299		323		1,619	
Profit before tax	**50,368**		**36,037**		**59,153**		**18,954**		**22,656**	
Income tax credit/(expense)	76,853		(11,241)		(16,635)		(5,434)		(2,795)	
Profit after tax	**127,221**		**24,796**		**42,518**		**13,520**		**19,861**	
STATEMENT OF FINANCIAL POSITION										
ASSETS										
Plant and equipment	1,897		5,475		6,596		4,787		5,373	
Investment properties	359,181		439,987		415,587		255,494		224,577	
Investment property under development	43,254		39,022		41,480		596		-	
Investments	16,156		8,749		6,735		1,449		546	
Amount due from equity accounted investee	11,978		11,245		11,438		5,909		3,013	
Other long term assets	1,060		10,460		9,305		3,985		3,138	
Goodwill	32,607		32,607		32,901		2,703		-	
Current assets	15,093		9,372		11,853		27,479		42,744	
Total Assets	**481,226**		**556,917**		**535,895**		**302,402**		**279,391**	
SHAREHOLDERS' FUNDS AND LIABILITIES										
Total equity	397,642		274,938		252,965		233,576		158,545	
Non – current liabilities	74,088		148,727		151,848		56,712		7,824	
Deferred tax liabilities	-		124,111		116,395		4,990		64,306	
Total current liabilities	9,496		9,141		14,687		7,124		48,716	
Total equity and liabilities	**481,226**		**556,917**		**535,895**		**302,402**		**279,391**	

Share capital	56,460,198	56,460,198	42,745,912	42,745,912	42,745,912
EPS	2.25	0.44	0.99	0.32	0.46
Headline EPS	0.42	0.39	0.36	0.30	0.27

FIVE YEAR FINANCIAL SUMMARY FOR THE YEAR ENDED 31ST DECEMBER 2013

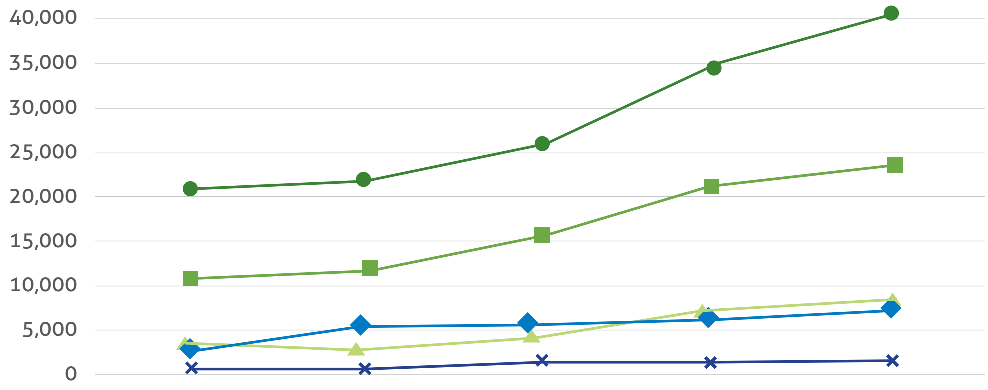
Shareholders attention is brought to the 5 year abridged Financial Summary in United States Dollars

	12 Months to 31.12.2013		9 Months to 31.12.2012		12 Months to 31.03.2012		12 Months to 31.03.2011		12 Months to 31.03.2010	
	US$	%	US$	%	US$	%	US$	%	US$	%
STATEMENT OF COMPREHENSIVE INCOME										
Average exchange rate	**5.443**		**5.228**		**5.034**		**4.939**		**4.990**	
Gross rental income	**6,377,917**		**6,564,078**		**5,333,135**		**4,544,037**		**4,036,072**	
Other operating income	1,173,250		4,399		4,172					
Total property expenses	(1,505,971)	20%	(1,206,006)	-18%	(926,301)	-17%	(660,660)	-15%	(723,848)	-18%
Total administration expenses	(1,445,894)	19%	(978,577)	-15%	(1,034,764)	-19%	(1,032,598)	-23%	(781,162)	-19%
Total depreciation	(249,127)	3%	(214,422)	-3%	(334,525)	-6%	(224,539)	-5%	(223,046)	-6%
Profit from operation	**4,350,175**	**58%**	**4,169,472**	**64%**	**3,041,717**	**58%**	**2,626,240**	**57%**	**2,308,016**	**57%**
Change in fair value of investment property, net of exchange gains	6,936,432		3,966,335		9,378,625		2,547,074		2,761,122	
Net finance cost	(3,393,717)		(1,627,965)		(1,722,288)		(1,401,093)		(853,307)	
Share of Profits from equity accounted investees	1,360,830		385,233		1,052,642		65,398		324,449	
Profit before tax	**9,253,720**		**6,893,075**		**11,750,696**		**3,837,619**		**4,540,280**	
Income tax credit/(expense)	14,119,603		(2,150,153)		(3,304,529)		(1,100,223)		(560,120)	
Profit after tax	**23,373,323**		**4,742,9232**		**8,446,167**		**2,737,396**		**3,980,160**	

	12 Months to 31.12.2013		9 Months to 31.12.2012		12 Months to 31.03.2012		12 Months to 31.03.2011		12 Months to 31.03.2010	
STATEMENT OF FINANCIAL POSITION										
ASSETS										
Year end exchange rate	**5.5185**		**5.181**		**5.270**		**4.690**		**4.730**	
Plant and equipment	343,753		1,056,746		1,251,613		1,020,682		1,135,941	
Investment properties	65,086,708		84,923,181		78,859,013		54,476,333		47,479,281	
Investment property under development	7,837,999		7,531,751		7,870,968		127,079		-	
Investments	2,927,607		1,688,670		1,277,989		308,955		115,433	
Amount due from equity accounted investee	2,170,517		2,170,430		2,170,398		1,259,915		636,998	
Other long term assets	192,082		2,018,915		1,765,655		849,680		663,425	
Goodwill	5,908,671		6,293,573		6,243,074		576,333		-	
Current assets	2,734,982		1,808,916		2,249,146		5,859,062		9,036,787	
Total Assets	**87,202,319**		**107,492,182**		**101,687,856**		**64,478,039**		**59,067,865**	
SHAREHOLDERS' FUNDS AND LIABILITIES										
Total equity	72,056,175		53,066,589		48,000,949		49,802,985		33,519,027	
Non – current liabilities	13,425,387		28,706,234		28,813,662		12,092,111		1,654,123	
Deferred tax liabilities	-		23,955,028		22,086,338		1,063,966		13,595,349	
Total current liabilities	1,720,757		1,764,331		2,786,907		1,518,977		10,299,366	
Total equity and liabilities	**87,202,319**		**107,492,182**		**101,687,856**		**64,478,039**		**59,067,865**	

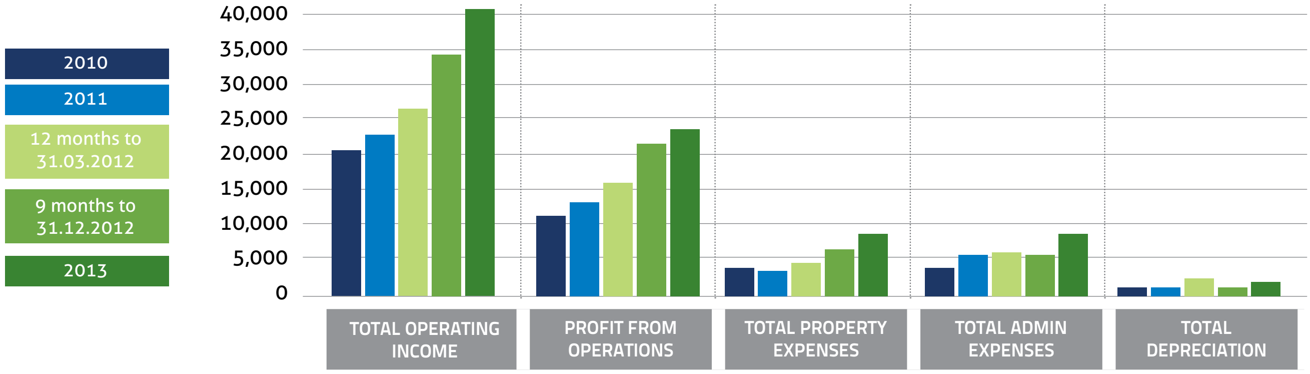
ANALYSIS OF FINANCIAL RESULTS

Growth of Operating Profit // K'000

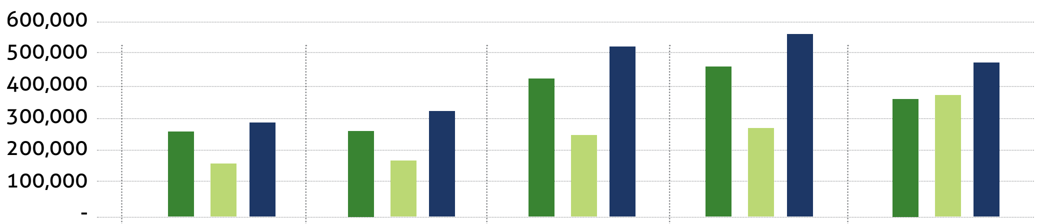


	2010	2011	2012	9 months to 31.12.2012	12 months to 31.12.2013
● TOTAL OPERATING INCOME	20,140	22,443	26,868	34,340	**41,101**
■ PROFIT FROM OPERATIONS	11,517	12,971	15,312	21,798	**23,678**
▲ TOTAL PROPERTY EXPENSES	3,612	3,263	4,663	6,305	**8,197**
◆ TOTAL ADMIN EXPENSES	3,898	5,100	5,209	5,116	**7,870**
× TOTAL DEPRECIATION	1,113	1,109	1,684	1,121	**1,356**

Analysis of Operating Profit // K'000

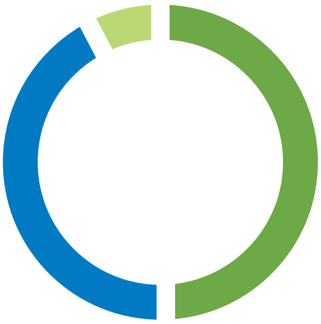


Statement of Financial Position// K'000



	2010	2011	12 months to 31.03.2012	9 months to 31.12.2012	2013
INVESTMENT PROPERTY	224,577	255,494	415,587	439,987	359,181
EQUITY	159,125	167,943	252,965	274,938	397,642
TOTAL ASSETS	279,971	302,402	535,895	556,917	481,226

2013 Statement of Financial Position Analysis



50%	TOTAL ASSETS
41%	EQUITY
9%	TOTAL LIABILITIES
0%	DEFERRED TAX

31st December 2012 Statement of Financial Position Analysis

50%	TOTAL ASSETS
25%	EQUITY
14%	TOTAL LIABILITIES
11%	DEFERRED TAX

FINANCIAL SUMMARY GROUP COMPANIES

Shareholders are referred to the Financial Statements included in this Annual Report but we provide below an abridged summary of the Group's major trading companies in Zambian Kwacha and United States§ Dollars for the year ended 31st December 2013:

	REIZ - Co.		Arcades		Thistle	
	K'000	%	K'000	%	K'000	%
STATEMENT OF COMPREHENSIVE INCOME	47%		45%		8%	
Gross rental income	**16,406**		**15,498**		**2,811**	
Other operating income	**6,209**		**21**		**-**	
Total property expenses	(4,267)	19%	(3,302)	15%	(470)	17%
Total administration expenses	(4,151)	18%	(3,112)	20%	(602)	21%
Total depreciation	(1,254)	6%	(101)	1%	(1)	0%
Profit from operation	**12,943**	**57%**	**9,004**	**64%**	**1,738**	**62%**
	47%		**45%**		**8%**	
Change in fair value of Investment property	10,882		22,781		4,092	
Net finance (expense)/income	(18,570)		88		10	
Other income	9,315		-		-	
Profit before tax	**14,570**		**31,873**		**5,840**	
Income tax credit	42,462		30,032		4,359	
Profit after tax	**57,032**		**61,905**		**10,199**	

	REIZ - Co.		Arcades		Thistle	
	US$	%	US$	%	US$	%
STATEMENT OF COMPREHENSIVE INCOME // US$						
Average exchange rate	**5.443**		**5.443**		**5.443**	
Gross rental income	**3,014,147**		**2,847,327**		**516,443**	
Other operating income	**1,140,731**		**3,858**		**-**	
Total property expenses	(783,943)	19%	(606,651)	21%	(86,349)	17%
Total administration expenses	(762,631)	18%	(571,744)	20%	(110,601)	21%
Total depreciation	(230,388)	6%	(18,556)	1%	(184)	0%
Profit from operation	**2,377,916**	**57%**	**1,654,234**	**58%**	**319,309**	**62%**
Change in fair value of Investment property, net of exchange gains	1,999,265		4,185,375		751,791	
Net finance (expense)/income	(3,411,721)		16,168		1,837	
Other non-operating income	1,711,372		-		-	
Profit before tax	**2,676,832**		**5,855,777**		**1,072,937**	
Income tax credit	7,801,213		5,517,545		800,845	
Profit after tax	**10,478,045**		**11,373,322**		**1,873,782**	

ABRIDGED FINANCIAL RESULTS

Shareholders are referred to the Financial Statements included in this Annual Report but we provide below an abridged summary of the Group's major trading companies in Zambian Kwacha and United States Dollars for the year ended 31st December 2013 :

	REIZ - Co.	Arcades	Thistle
	K'000	K'000	K'000
STATEMENT OF FINANCIAL POSITION // K'000			
Assets			
Plant and equipment	1,864	14	20
Rental income receivable after 12 months	623	225	211
Investment properties	201,776	129,002	28,403
Investment property under development	-	43,254	-
Investments	146,965	-	-
Amount due from equity accounted investee	11,978	-	-
Current assets	14,654	3,976	485
Total Assets	**377,860**	**176,471**	**29,119**
Shareholders' funds and liabilities			
Total equity	297,549	171,818	25,944
Total non–current liabilities	73,100	1,143	77
Total current liabilities	7,211	3,510	3,098
Total equity and liabilities	**377,860**	**176,471**	**29,119**

	REIZ - Co.	Arcades	Thistle
	US$	US$	US$
STATEMENT OF FINANCIAL POSITION // US$			
Assets			
Year end exchange rate	5.5185	5.5185	5.5185
Plant and equipment	337,773	2,537	3,624
Rental income receivable after 12 months	112,893	40,772	38,235
Investment properties	36,563,559	23,376,280	5,146,870
Investment property under development	-	7,837,999	-
Investments	26,631,331	-	-
Amount due from equity accounted investee	2,170,517	-	-
Current assets	2,655,432	720,486	87,886
Total Assets	**68,471,505**	**31,978,074**	**5,276,615**
Shareholders' funds and liabilities			
Total equity	53,919,015	31,134,760	4,701,348
Non – current liabilities	13,245,922	166,654	13,719
Total current liabilities	1,306,568	676,660	561,548
Total equity and liabilities	**68,471,505**	**31,978,074**	**5,276,615**

ANALYSIS OF FINANCIAL RESULTS

CONTRIBUTION TO GROUP TURNOVER // K'000

47%	REIZ COMPANY	16,406
8%	THISTLE	2,811
45%	ARCADES	15,498

CONTRIBUTION TO GROUP OPERATING PROFIT // K'000

55%	REIZ COMPANY	12,943
7%	THISTLE	1,738
38%	ARCADES	9,004

GROUP TOTAL ASSETS // K'000

65%	REIZ COMPANY	377,860
5%	THISTLE	29,119
30%	ARCADES	176,471

GROUP INVESTMENT PROPERTIES // K'000

56%	REIZ COMPANY	201,776
8%	THISTLE	28,403
36%	ARCADES	129,002

PROPERTY ANALYSIS

REIZ RENTAL AREA ANALYIS AS AT 31ST DECEMBER 2013

Tenant	Area	%
Spar Zambia Limited	5,279	13.0%
Mica Zambia Limited	3,400	8.4%
Ster-Kinekor Zambia Ltd	1,663	4.1%
Intermarket Banking Corporation	1,057	2.6%
International Gaming Africa t/a Lusaka Royal Casino	1,000	2.5%
Deloitte & Touche	905	2.2%
CETZAM Financial Services	885	2.2%
Bell Equipment	820	2.0%
Elajics Ltd t/a Rhapsody's	800	2.0%
BDO Zambia	784	1.9%
Ericsson AB	760	1.9%
First National Bank Zambia Limited	738	1.8%
Microlink Technologies Ltd	712	1.7%
Mikes Kitchen	687	1.7%
GUD Filters Zambia Limited	627	1.5%
Omnilyne Limited	627	1.5%
Other Tenants Under 600 m2	19,949	49.0%
TOTAL G.L.A.	40,693	100%

GLA M² BY SECTOR

25%	OFFICE	10,373
32%	RETAIL	13,140
16%	ENTERTAINMENT	6,572
16%	INDUSTRIAL	6,300
11%	FINANCIAL	4,308
100%		40,693

PROPERTY ANALYSIS (continued)

PROPERTY BY VALUATION			US$1 - K5.185		
Properties by Value	**Type**	**Rentable Area - M²**	**Valuation - K'000**	**Valuation - US$**	**% of Total**
Arcades Centre	Retail Mall	18,492	135,966	24,638,302	33.8%
Central Park	Office Park	8,702	128,349	23,258,015	31.9%
Parkway	Retail Mall (Under Development)	14,000	31,180	5,650,086	7.7%
Counting House Square	Office Park	2,968	28,403	5,146,951	7.1%
Abacus Square	Office Park	1,821	26,561	4,813,120	6.6%
Eureka Park	Industrial (under development)	6,300	21,759	3,942,871	5.4%
Nyerere Road	Office	1,525	18,130	3,285,314	4.5%
CETZAM House	Office	885	6,977	1,264,256	1.7%
Solwezi	Retail Mall (Under Development)	3,000	5,110	925,976	1.3%
Total		**57,693**	**402,435**	**72,924,891**	**100%**

PROPERTY BY GLA			US$1 - K5.185		
Properties by Area	**Type**	**Rentable area - M²**	**Valuation - K'000**	**Valuation - US$**	**% of Total**
Arcades Centre	Retail Mall	18,492	135,966	24,638,302	32.1%
Parkway	Retail Mall (Under Development)	14,000	31,180	5,650,086	24.3%
Central Park	Office Park	8,702	128,349	23,258,015	15.1%
Eureka Park	Industrial (under development)	6,300	21,759	3,942,871	10.9%
Solwezi	Retail Mall (Under Development)	3,000	5,110	925,976	5.2%
Counting House Square	Office Park	2,968	28,403	5,146,951	5.1%
Abacus Square	Office Park	1,821	26,561	4,813,120	3.2%
Nyerere Road	Office	1,525	18,130	3,285,314	2.6%
CETZAM House	Office	885	6,977	1,264,256	1.5%
Total		**57,693**	**402,435**	**72,924,891**	**100%**

REIZ's Property Portfolio 31^{st} December 2013

- Total property portfolio decreased from 2012 from 66,339 m^2 to 57,693 m^2 with the sale of Airtel Park and the acquisition of Nyerere Road Offices
- Total investment property value decreased from K479.009m/US$92.4m to K402.435m/US$72.9m
- Total gross lettable area at 31 December 2013 - 40,693 m^2
- Total tenants stand at 131 leases
- Vacancies at year end stand at 1,526 m^2 (3.51% of operating GLA)
- Rental arrears have improved to K0.722m - 8 Debtors Days at 31/12/2013 from K1.849m - 19 Debtors Days at 31/12/2012

Robin Miller
Managing Director

CHAIRMAN'S REPORT

It gives me great pleasure to present the Annual Report for REIZ Plc for the year ended 31st December 2013.

Country Overview

During the year, the state of the World economy continued to cause concern following the budget deficit and standoff between the Democrats and Republicans regarding government expenditure in the USA, the sovereign debt issues faced by Eurozone countries, and a slowing down economic growth in China and Asia. By the end of the calendar year, however, some of these pressures had started to ease off, and we anticipate a resurgence of the US economy, which may lead to pressures on emerging market currencies. This matter will need to be closely watched in 2014.

The Zambian economy was not immune from these global effects, which put pressure on macro-economic indicators leading to a slight increase in the inflation rate from 6.5% to 7.0%. Set against that backdrop, the economy saw a depreciation of the Kwacha from US$1 - K5.181 at 1st January 2013 to US$1 - K5.5185 at 31st December 2013. Largely due to the country's internal dynamics with the continued long term investment in the mining industry, in particular Copper and other base metals, base metal and oil explorations, agriculture, construction and manufacturing, the country still demonstrated a GDP growth of 6.5 % in 2013 down from 7.3% in 2012.

Shareholders will be aware that the Government of the Republic of Zambia introduced Statutory Instrument No. 33 – The Bank of Zambia (Currency) Regulation Number 33 of 2012 - on 18th May 2012 and Statutory Instrument No. 78 of 2012 – The Bank of Zambia (Currency) (Amendment) Regulations, 2012 on 19th November 2012. These Statutory Instruments (SIs) have had an important impact on the business operations of REIZ Plc and the Group, as all rental transactions are now required to be denominated in Kwacha. Shareholders will be aware that SI Number 33 and SI 78 in particular create a currency mismatch between the Group's income (now denominated in Kwacha) and the Group's debt which is predominantly denominated in United States Dollars. This currency mismatch and the foreign currency debt placed an enormous and onerous burden on the Group's financial sustainability through exchange losses and debt service.

As indicated in the Managing Director's Report, the Board engaged in and actively assessed various options to negate the effects of this mismatch. The Board entered into detailed consideration of a Property Loan Stock (PLS) structure and worked very closely with the Government of the Republic of Zambia, the Bank of Zambia, the Securities and Exchange Commission (SEC), and with institutional investors in an attempt to re-organise the Group's

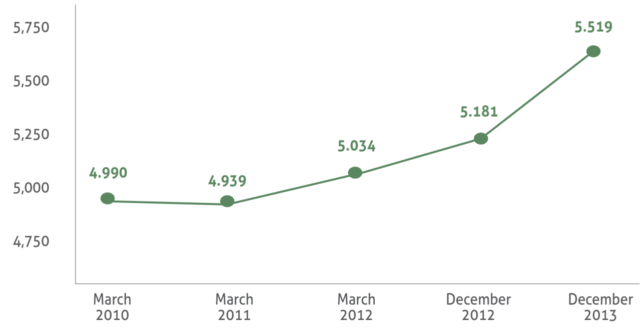
capital structure in the best interests of all our stakeholders in response to and in compliance with the SIs. The Directors' believed that this inter-reaction had been successful with the approval of such a structure in the 2014 National Budget presented by the Minister of Finance and National Planning, Honourable Alexander B. Chikwanda, MP. However, as reported above in the Managing Director's Report, the Minister also introduced, in the same budget, a Withholding Tax on rental income, as a final tax, which made the introduction of the PLS structure inoperable and superfluous.

The Board has, therefore, determined that not only should all US$ debt be repaid as soon as practicable but that the Balance Sheet of the Group should be "regeared" in order to focus on new development projects that would enhance and grow shareholder value. Initially this saw the repayment of the Group's US Dollar debt facilities with Investec Asset Management (Pty) Ltd (IAM) and African Life Financial Services Ltd (AfLife). I wish to express the gratitude and thanks of the Board to IAM and AfLife in working closely with our management and team of advisors in accepting the early redemption of these facilities. The Board has further requested management to assess the options available to retire the liabilities to our Corporate Bond holders.

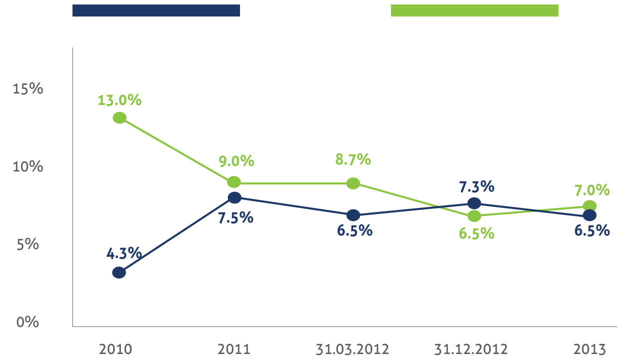
The funds for the early redemption of the Investec & AfLife facilities were sourced through the Airtel transaction, which was described in detail in the Circular to Shareholders dated 1st August 2013 leading to the approval of the transaction at the EGM held on 29th August 2013. This transaction was not sought by the Board (being the first disposal transaction of its kind in the Group's history), but whilst it was a satisfactory deal, in its own right, it also provided the necessary funding to reduce the Group's foreign exchange debt necessitated by the introduction of SI 33 & 78. On behalf of the Board, I thank shareholders for their support and unanimous consent to this transaction.

Some of the major macro-economic indicators are graphically shown below:

Average Exchange Rate (ZMK-US%)



GDP Movements **Inflation Movements**



REIZ Overview

The Board

The Board comprises highly experienced Directors – 10 non-executive Directors and 1 executive Director- as shown in the Directors' Profiles on the following pages. Please join me and the Board in extending our warm welcome to Ms. Banja Mkwanazi Kayumba, who was elected as a Director at the AGM held in March 2013. On a sad note, the Shareholders will have noted that Mrs. Annette Miller passed away in October 2013. Annette was an enigmatic shareholder and loyal servant of the company who served as a Director for many years.

My duties as Chairman are, of course, made easier by having such a committed group of Directors. I heartily thank my fellow Directors for their dedicated service to the Group. The regulatory changes noted above have posed serious challenges to the Group and required a great deal of input and contribution from Directors who rose to the challenges in overseeing the affairs of the business. Needless to state, the Sub-Committees of the Board were very busy in this process.

Directors' Profiles

Timothy T. Mushibwe
CHAIRMAN

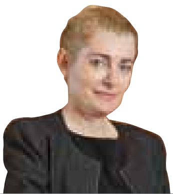
Resident Partner of Baker Tilly Meralis Zambia

Timothy manages Baker Tilly Meralis Zambia, a member firm of Baker Tilly International, the 8th largest professional accounting firm in the World. Timothy holds various senior board membership positions on key Zambian companies and institutions including the Lusaka Stock Exchange, Professional Life Assurance Limited, the Zambia Wildlife Authority, and others. Timothy is an avid and passionate conservationist and environmentalist who sits as a board member and/or Trustee of the David Shepherd Wildlife Fund/Game Rangers International, African Parks, and Conservation Lower Zambezi.

Robin P. S. Miller
MANAGING DIRECTOR

Managing Director of Real Estate Investments Zambia Plc

Director of a number of Zambian institutions including Standard Chartered Bank (Z) Plc, Madison General Insurance Company Limited and City Investments Limited. He has also been in the past a member of the Board of the Zambia Wildlife Authority, Chairman of "The Post" newspaper, a member of the Government of the Republic of Zambia/European Union Trade Enterprise Support Facility and was the founding Chairman of the Tourism Council of Zambia. Robin is a Trustee of the David Shepherd Wildlife Fund/ Game Rangers International.



Deborah A. Bwalya
NON- EXECUTIVE DIRECTOR

Company Secretary of Konkola Copper Mines Plc

Deborah is also a Trustee of Konkola Copper Mines Plc Pension Fund. Admitted to the Zambian Bar in 2005, she practised law with Corpus Legal Practitioners, a law firm specialising in corporate law, for two years, before joining Konkola Copper Mines Plc in 2007. She holds an MBA from the University of Birmingham UK, an LLM from the University of South Africa, an LLB from the University of London and a BA Hons in French from the University of Exeter, UK.

Plot No. 555, Makeni, Lusaka

Muna Hantuba
NON- EXECUTIVE DIRECTOR

Chief Executive Officer of African Life Financial Services (Zambia)

Muna is the Chief Executive Officer of African Life Financial Services (Zambia) Ltd. Muna holds numerous directorships in Zambia including that of Chairman of Lafarge Cement Zambia Plc, and a Director of CEC Zambia Plc. He began his career with Meridien Bank Zambia Limited in 1986 and joined the Anglo-American Corporation in the Financial Services division where he rose through the ranks to the position of Head of Corporate Services. He is a past Chairman of the Securities & Exchange Commission of Zambia and the Economics Association of Zambia.

Doreen Kabunda
NON- EXECUTIVE DIRECTOR

Director at Zambia Sugar Plc

Doreen is the Director of Human Resources at Zambia Sugar Plc. She is also the Chairperson of the Saturnia Regna Pension Trust Fund Board of Trustees. In addition, she has held numerous posts in various bodies including the Southern Water and Sewerage Company Board, Chikankata Hospital Board of Management, the Mazabuka Multi-sector Aids Project and Vice Chairperson of the Zambia Telecommunications Corporation Board.

Kenny H. Makala
NON- EXECUTIVE DIRECTOR

Legal Practitioner

Kenny is a lawyer and is senior partner of Makala & Company. He is a Director of various Zambian institutions including Makaland Agricultural Enterprises Limited, Lofty Reflections Limited, Sunrise Property Limited, C&K Consultancy Limited, Pivot Capital Finance Company Limited, Avionix Services Limited, Nabuzoka Limited and Bayport Financial Services Limited.

Elizabeth C. Lungu Nkumbula
NON- EXECUTIVE DIRECTOR

Commissioner and Chief Executive Officer -Workers' Compensation Fund Control Board

Elizabeth is a Director of a number of institutions including Mukuba Pension Trust, Zambia International Trade Fair/Mukuba Hotel, Lusaka Trust Hospital, and Audit Committee member of Alexander Forbes Limited. Elizabeth has also served as the first Zambian female President of the Agricultural and Commercial Society of Zambia (2010/2011) and also as the Deputy President of the Royal Agricultural Society of the Commonwealth. She holds a Doctor of Philosophy (PhD) in Business Administration, (USA) and a Master's Degree in Business Administration (UK) both Majoring in Finance

Mark O'Donnell
NON- EXECUTIVE DIRECTOR

Managing Director of Union Gold(Zambia) Ltd

Mark is a member of the Institute of Directors and the immediate past Chairman of the Tourism Council of Zambia. Mark also holds a number of Non-Executive Directorships including Lafarge Zambia Ltd, Madison Life Insurance Company Ltd, Care For Business Medical Centre, and the Zambia Bureau of Standards.

Efi O'Donnell
NON- EXECUTIVE DIRECTOR

Finance Director of Union Gold (Zambia) Ltd

Efi received a B.Sc.(Eng) Computer Science degree with honours from the Imperial College of London and is an Associate of the City & Guilds Institute London. She also attended the Harvard Business School Executive Education programme on Strategic Finance in 2005. The Union Gold group has interests in, among others, the Protea Hotels Group and SPAR Group in Zambia, a plastics division, a property development division, a brick manufacturer, and a large national drinks distributor.

William P. Saunders
NON- EXECUTIVE DIRECTOR

Senior Partner of BDO Zambia

Bill is a Director of several other BDO Zambia subsidiaries. He is an experienced financial consultant and Zambian taxation expert with 28 years' experience, mainly in Zambia. Bill also serves on a number of committees/boards throughout Zambia and is a Fellow of the Institute of Chartered Accountants (in England, Wales and Zambia).

Banja Mkwanazi Kayumba
NON- EXECUTIVE DIRECTOR

Corporate Banking Director Barclays Bank Zambia Plc

Banja has over 14 years experience in the Banking sector having graduated from the Copperbelt University with a Bachelor's Degree in Business Administration. Banja joined Barclays Bank in 1999 and became the 1st Female Treasurer in the Zambian Financial Markets. Banja has also worked for Citibank Zambia before re-joining Barclays Bank in 2003 where she held the position of Country Treasurer before being recently appointed as Corporate Banking Director.

Performance of the REIZ Group

REIZ has once more produced solid results despite some of the global and in-country challenges outlined above. As you will note from the Financial Statements, the positive effects of the acquisition of Arcades are beginning to work their way through into the results of the Company. Whilst turnover has fallen with the disposal of Airtel, results from operating activities have risen from K42.53m to K61.43m.

As explained in the Managing Director's Report, profit after tax has substantially risen from K24.8m in 2012 to K127.2m in 2013. This extra-ordinary increase is largely attributable to the accounting treatment of deferred tax. Shareholders should be aware that in previous years a charge for deferred tax was made to the income statement. As indicated earlier in the Managing Director's Report, with the introduction of a turnover tax, the basis upon which the deferred tax was made no longer applies and must be reversed. This has resulted in the tax credit to the income statement that in large part creates the extraordinary profit for the year.

More details on these results and the Group's property portfolio are provided in the Managing Director's Report and in the Financial Statements.

Thanks

On behalf of the Board I wish to convey our sincere thanks to all our shareholders, stakeholders, and to the Government of the Republic of Zambia; in particular the Minister of Finance and National Planning, Hon. A. B. Chikwanda, MP, with whom we have had several meetings in attempting to spur the Real Estate sector to further growth and the much desired job creation. I also wish to extend our thanks to the business partners of our Group; without your unwavering support we cannot achieve much. Chief among these are, of course, our customers – the tenants of our properties - we wish all our tenants good health and continued prosperity. The Board continues to maintain strong relationships with our regulators, the Securities and Exchange Commission (SEC), the Lusaka Stock Exchange (LuSE), and the Zambia Revenue Authority who continue to provide advice and guidance in the operations of the Group for the benefit of our shareholders and business partners.

Finally I wish to thank all our shareholders in the Group. The interactions held between the shareholders and the Company in connection with the Airtel Purchase and Acquisition led to a successful conclusion to the transaction.

The Board is very conscious of the challenges that the Group faces moving forward and has determined that the principle objective for 2014 is further consideration of the settlement of foreign exchange debt, consolidation of our business and charting a new path to prosperity. As is the tradition in our Group, the shareholders will be kept aware of the developments in this respect in a timely and candid manner.

Timothy Mushibwe
Chairman

GOVERNANCE & REMUNERATION REPORT

Real Estate Investments Zambia Plc (REIZ) attaches great importance to the highest ethical standards and principles of corporate governance. The Board therefore ensures that it is in compliance with the requirements of various legislation under which REIZ and its subsidiaries operate. The Group's companies are incorporated in Zambia under the provisions of the Companies Act. REIZ is listed on the Lusaka Stock Exchange (LuSE) and is regulated by the Securities and Exchange Commission (SEC). The Group's corporate governance systems and practices are therefore based on the LuSE's Code of Conduct.

The Board

The Board is collectively responsible to the Group's shareholders for the long term success of the business and for the overall strategic direction and control of the Group. The Board monitors and directs the management team of the Group. The Board operates under a Board Charter that provides Terms of Reference, which has been approved unanimously by all Directors. The major matters covered in the Board Charter is as follows:

Responsibilities

The Board of the Company has responsibility for the overall management of the Company and is primarily accountable to the shareholders for the proper conduct of the business of the Company. In particular, the Board has responsibility for the matters set out below.

Strategy and Management

1. Approve the Company's long term strategy and objectives.
2. Approve the Company's annual operating plan, cash flow and budget and any material changes to it.
3. Oversee the management of the business and affairs of the Company ensuring:
   (a) competent and prudent management
   (b) sound planning
   (c) an adequate system of internal controls
   (d) adequate record keeping, accountancy and other Group Company's records and information
   (e) compliance with statutory and regulatory obligations

4. Review the performance of the Company in the light of the prevailing economic conditions, its strategy, objectives, plans and budgets and ensure that any necessary corrective action is taken.
5. Approve any extension of the Company's activities into new business or geographic areas.
6. Approve any decision to cease to operate all or any material part of the Company's business.

Capital

7. Keep under review and determine appropriate levels for the capital and liquidity positions of the Company.
8. Review and approve proposals for the allocation of capital and other resources within the Company.

Financial Reporting

9. Approve the Company's financial statements, annual report and quarterly management accounts, including other qualitative and quantitative information.
10. Approve any significant changes to accounting policies or practices.

Internal Control

11. Maintain a sound system of internal control and risk management including:
    (a) receiving reports on, and reviewing the effectiveness of the Company's risk and control processes to support its strategy and objectives
    (b) approving an appropriate statement for inclusion in the annual report
    (c) approving any corporate governance reports
    (d) approve internal and external audit reports

Major Contracts and Engagements

12. Approve material acquisitions and disposals of businesses, assets or shares which are outside the ordinary course of business of the Company and significant in terms of the business of the Company.

Board and Other Appointments

13. Review the structure size and composition of the Management and Board from time to time and make any changes deemed necessary.
14. Approve the appointment and removal of designated senior executive officers of the Company.

Delegation of Authority

15. Approve delegated authorities for expenditure and for lending and for other risk exposures.

Other

16. Establish, review and agree changes as appropriate to the membership and terms of reference of the Committees of the Board.
17. Receive the minutes of and/or reports from the Committees of the Board.
18. Review the terms of reference of Board Committees from time to time.

Composition of the Board

The Board composition is as follows:

Timothy T. Mushibwe (Chairman), Robin P.S. Miller (Managing Director), Deborah A. Bwalya, Muna Hantuba, Doreen Kabunda, Banja Mkwanazi Kayumba, Kenny H. Makala, Elizabeth C. Lungu Nkumbula, Efi O'Donnell, S.M. (Mark) O'Donnell and W.P. (Bill) Saunders.

- The details of the qualifications and experience of the Directors of REIZ are shown in the Chairman's Report; the Board is confident that they have sufficient knowledge, talent and experience to adequately direct the affairs of the business;
- The composition of the Board includes 10 non-executive members and 1 executive member, 5 of whom are women.
- The majority of non-executive Directors are considered independent of management and exercise their independent judgement gained from their knowledge and experience.
- The roles of the Chairman and Managing Director are separate and the office of Chairman is occupied by an independent, non-executive director.
- The position of Managing Director/Chief Executive Officer is appointed by the Board on the recommendation of the Management Structure Committee of the Board (MSCB). The terms and conditions of the Managing Director's employment contract are determined by the Remuneration Committee, and has been recommended to, and approved by the Board of Reiz.
- 45% of the Board composition is of the female gender.
- A third of the Board is required under the articles of the Company to retire annually.
- A "fit and proper" test of new Director appointments are made by the Nominations Committee that also assesses that appointments comply with the Company's articles.
- Shareholders approve by ordinary resolution the appointment of Directors duly recommended to the Annual General Meeting.
- The Agenda for Board meetings is prepared by the Managing Director, in consultation with the Board Chairman and Company Secretary. The Agenda is formally approved by Directors at Board Meetings and additional matters may be added to the Agenda at the request of a Director, and following approval by the Board.
- Directors' declarations of interests are tabled at every Board Meeting, and all Directors are required to assess any potential conflict of interest and to bring such circumstances to the attention of the Chairman and the Board. For a matter in which a Director may have an interest, such Director is requested to recuse him/herself in consideration of that matter.
- The Board has an on-going process of self –evaluation to ensure adherence to the best practices of corporate governance. To this end Board induction and training is instituted to ensure a continual improvement in these practices.
- The Board meets with its external Auditors to ensure adherence to international accounting practices.

Attendance at Board Meetings

Meeting:	19/02/13	16/05/13	25/07/13	15/08/13	26/09/13	07/11/13	03/12/13	Total
T.T. Mushibwe (Chair)	√	√	√	√	√	√	√	7/7
R.P.S. Miller (Managing Director)	√	√	√	√	√	√	√	7/7
D.A. Bwalya	√	√	√	√	√			5/7
D. Kabunda	√	√	√			√		4/7
B. Mkwanazi Kayumba Appointed 27/03/2013	N/A	√		√	√		√	4/6
M. Hantuba	√	√	√	√	√	√	√	7/7
E. C. Lungu Nkumbula	√	√	√	√	√	√	√	7/7
K.H. Makala	√	√	√	√	√	√	√	7/7
E. O'Donnell	√	√		√	√	√	√	6/7
S.M. O'Donnell	√	√		√	√	√	√	6/7
W.P. Saunders	√	√	√	√	√	√	√	7/7
Total	**10/10**	**11/11**	**8/11**	**10/11**	**10/11**	**9/11**	**9/11**	**67/76**

The remuneration of the Board is shown in Note 8 of the financial statements and is a total K1,990,000 for the year.

Directors' Share Holding Interest

The Directors' shareholding interest as at 31 December 2013 is shown in the table below:

	Beneficial		Non-beneficial	
	Direct	Indirect	Direct	Indirect
Executive Directors				
Robin P.S. Miller	574,506	NIL	NIL	NIL
Non-Executive Directors				
Timothy T. Mushibwe	NIL	NIL	NIL	NIL
Deborah A. Bwalya	NIL	NIL	NIL	NIL
Muna Hantuba	NIL	NIL	NIL	NIL
Doreen Kabunda	NIL	NIL	NIL	NIL
Banja Mkwanazi Kayumba	NIL	NIL	NIL	NIL
Kenny H. Makala	NIL	NIL	NIL	NIL
Elizabeth C. Lungu Nkumbula	NIL	NIL	NIL	NIL
Mark O'Donnell	9,850	9,283,379	NIL	NIL
Efi O'Donnell	NIL	9,287,379	NIL	NIL
William P. Saunders	NIL	NIL	NIL	NIL

Contracts in which Directors have an interest - Nil

Board Committees

The Audit and Risk, Investment, Nomination and Remuneration committees during the year were made up of the following Board members, each of which includes a majority of non-executives Directors:

Audit and Risk Committee	Investment Committee
Efi O'Donnell (Chair) Muna Hantuba Banja Mkwanazi Kayumba Robin P.S. Miller	William P. Saunders (Chair) Muna Hantuba Kenny H. Makala Timothy T. Mushibwe Mark O'Donnell Robin P.S. Miller

Remuneration Committee	Nomination Committee
Kenny H. Makala (Chair) Deborah A. Bwalya Doreen Kabunda Muna Hantuba Elizabeth C. Lungu Nkumbula	Kenny H. Makala (Chair) Deborah A. Bwalya Doreen Kabunda Elizabeth C. Lungu Nkumbula

The Board committees operate under Terms of Reference that have been unanimously approved by the Board.

Members of the Board are represented on, and direct the affairs of, all subsidiary/associate companies of the Group.

During the period, these Committees of Directors met regularly and were extremely busy overseeing the financial and operational affairs of the Group.

Corporate Social Responsibility

The Board supports a number of charitable, social and educational causes on a case by case basis. These include the maintenance of the Aylmer May Cemetery, and the Pakati Market held on a weekly basis at the Arcades Centre at which many emergent retailers and manufactures sell traditional and artwork products.

Major Shareholders

Real Estate Investments Zambia Plc shareholding currently has approximately 300 shareholders. As at 31st December 2013 the top ten REIZ shareholders held approximately 76.7% of the issued share capital of the Company:

SHAREHOLDER	NUMBER OF REIZ SHARES HELD	HOLDING(%)
SATURNIA REGNA PENSION TRUST FUND	14,912,900	26.4%
UNION GOLD (Z) LTD	9,283,379	16.4%
WORKERS' COMPENSATION FUND CONTROL BOARD	4,203,691	7.5%
SCBZ NOMINEES - BBZ STAFF PENSION FUND	3,480,368	6.2%
KCM PENSION TRUST SCHEME	3,246,270	5.7%
STANDARD CHARTERED BANK PENSION TRUST FUND	2,197,808	3.9%
NATIONAL PENSION SCHEME AUTHORITY	2,097,576	3.7%
STANDARD CHARTERED ZAMBIA SECURITIES ZAMBIA LTD	1,415,187	2.5%
STANDARD CHARTERED ZAMBIA SECURITIES NOMINEES LTD	1,310,000	2.3%
ZAMBIA STATE INSURANCE PENSION TRUST FUND	1,200,000	2.1%
TOTAL TOP TEN	**43,347,179**	**76.7%**
OTHERS	13,110,019	23.3%
	56,460,198	**100%**

Note:

- SCBZ – Standard Chartered Bank Zambia Plc; and
- KCM – Konkola Copper Mines Plc.

Conclusion

The Board of Directors hereby confirms that the Group has complied with all the internal control aspects of the principles of good governance. The financial statements attached to this Annual Report have been approved by the Directors and have been prepared, as reported by the Group's independent Auditor, in accordance with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board and comply with the Companies Act of Zambia.

The Directors are not aware of any material fact, circumstance or event which has occurred between the accounting date and the date of this report which might influence an assessment of the Group's financial position or the results of its operations.


CENTRAL
PARK

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2013

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COMPANY INFORMATION

REGISTERED OFFICE:

Real Estate Investments Zambia Plc
Stand 2713
Cairo Road
PO Box 30012, Lusaka, Zambia
Telephone 260 211 227684-9

TRANSFER SECRETARIES

Amazon Associates Limited
PO Box 32001
Lusaka

COMPANY SECRETARY

Sydney E. Popota
PO Box 30012
Lusaka

AUDITORS

KPMG Chartered Accountants
PO Box 31282
Lusaka

SOLICITORS

Musa Dudhia & Co.
PO Box 31198
Lusaka

BANKERS

Standard Chartered Bank (Zambia) Plc
Main Branch
PO Box 32238
Lusaka

Stanbic Bank (Zambia) Limited
Head Office
PO Box 31955
Lusaka

DIRECTORS' REPORT TO THE MEMBERS

The Directors are pleased to present their report and audited consolidated and separate financial statements for the year ended 31 December 2013.

1 Activities

Real Estate Investments Zambia Plc ("the Company") is primarily involved in investment, development and restructuring of commercial and non-commercial property for commercial letting.

During the prior period, the Company changed its financial year end from 31 March to 31 December. This was done in order to align the financial year to the tax year.

2 Authorised and issued share capital

Full details of the authorised and issued share capital are set out under note 21 of the notes to the financial statements.

3 Results for the year

A summary of the operating results of the Group and the Company for the year is as follows:

	GROUP		COMPANY	
In Thousands of Zambian Kwacha	31 December 2013	9 months to 31 December 2012	31 December 2013	9 months to 31 December 2012
Revenue	**34,715**	34,317	**16,406**	20,055
Results from operating activities	**61,433**	42,534	**33,140**	27,620
Profit before taxation	**50,368**	36,037	**14,570**	19,394
Income tax credit/(expense)	**76,853**	(11,241)	**42,462**	(5,432)
Profit for the year/period	**127,221**	24,796	**57,032**	13,962

4 Dividend

Dividends paid and proposed are disclosed under note 21 of the notes to the financial statements.

5 Directors and Secretary

The names of the Directors and of the Secretary, together with business and postal address of the latter, are shown below:

DIRECTORS	ALTERNATES	SECRETARY
Timothy T. Mushibwe (Chairman)	R. Sombe	Sydney E. Popota
Robin P.S. Miller (Managing Director)	A.T.S. Miller	P O Box 30012
Deborah A. Bwalya	S. Mwape	Lusaka
Muna Hantuba	G. Musekiwa	
Doreen Kabunda	N. Kayamba (Ms.)	
Kenny H. Makala	I. M. Mabbolobbolo	
William P. Saunders	D.G.A. Ironside	
Mark O'Donnell	R.A.B. Lethbridge	
Efi O'Donnell	N. Frangeskides	
Elizabeth C. Lungu Nkumbula	A. Nyangu (Ms.)	
B. M. Kayumba (Ms.) - (Appointed 27th March 2013)	M. Wambulawae	
Patrick Wanjelani - (Resigned on 27th March 2013)	B.M. Kayumba (Ms.)	

DIRECTORS' REPORT TO THE MEMBERS (CONTINUED)

6 Directors' fees

Directors' fees of K1,990,000 were paid during the year (9 months ended 31 December 2013: K1,095,000).

7 Loans to directors

There were no loans advanced to the Directors during the year (9 months ended 31 December 2012: nil).

8 Health and safety

The Group is committed to ensuring protection of other persons against risks to health or safety arising out of, or in connection with, the activities of the Group.

9 Employees

During the year, there were nine employees (9 months ended 31 December 2012: six).

10 Property, plant and equipment

The Group acquired property worth K18,670,000 during the year (9 months ended 31 December 2012 –nil) and disposals of property, plant and equipment with carrying amount of K135,340,000 were made during the year (2012 – nil). In the opinion of the Directors, the recoverable amounts of property, plant and equipment are not less than the amounts at which they are included in the financial statements.

11 Other material facts, circumstances and events

The Directors are not aware of any material fact, circumstance or event which has occurred between the reporting date and the date of this report which might influence an assessment of the Group and Company's financial position or the results of its operations.

12 Financial statements

The financial statements set out on pages 51 to 106 have been approved by the Directors.

13 Corporate governance

The Board of Directors hereby confirms that the Group has complied with all the internal control aspects of the principles of good governance.

The financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board and comply with the Companies Act of Zambia.

By order of the Board

Timothy T. Mushibwe
Chairman

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements of Real Estate Investments Zambia Plc, comprising the consolidated and separate statements of financial position at 31 December 2013 and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, and the Directors' report, in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of Zambia. In addition, the Directors are responsible for preparing the Directors' report.

The Directors are also responsible for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The Directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead .

The Auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of consolidated and separate financial statements

The consolidated and separate financial statements of Real Estate Investments Zambia Plc, as identified in the first paragraph, were approved by the Board of Directors on 18 February 2014 and signed on its behalf by:

Timothy T. Mushibwe
Director

Mark O'Donnell
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF REAL ESTATE INVESTMENTS ZAMBIA PLC

KPMG Chartered Accountants
First Floor, Elunda Two
Addis Ababa Roundabout
Rhodes Park, Lusaka
PO Box 31282
Lusaka, Zambia

Telephone +260 211 372 900
Website www.kpmg.com

Report on the financial statements

We have audited the consolidated and separate financial statements of Real Estate Investments Zambia Plc ("the Company"), which comprise the statements of financial position as at 31 December 2013 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 51 to 106.

Directors' responsibility for the financial statements

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Zambia and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Real Estate Investments Zambia Plc as at 31 December 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of Zambia.

Report on other legal and regulatory requirements

In accordance with Section 173 (3) of the Companies Act of Zambia, we report that, in our opinion the required accounting records, other records and registers have been properly kept in accordance with the Act.

KPMG

KPMG Chartered Accountants
Lusaka, Zambia

25th February 2014

Jason Kazilimani, Jr
Partner

Real Estate Investments Zambia Plc
GROUP & COMPANY STATEMENT OF COMPREHENSIVE INCOME - *FOR THE YEAR ENDED 31 DECEMBER 2013*

		GROUP		COMPANY	
In Thousands of Zambian Kwacha	*NOTE*	Year ended 31 December 2013	9 months to 31 December 2012	Year ended 31 December 2013	9 months to 31 December 2012
Revenue	*7a*	**34,715**	34,317	**16,406**	20,055
Property operating expenses	*13d*	**(9,553)**	(7,426)	**(5,521)**	(4,158)
Net rental income		**25,162**	26,891	**10,885**	15,897
Change in fair value of investment property	*13*	**37,755**	20,736	**10,882**	11,735
Other operating income	*7b*	**6,386**	23	**15,524**	2,997
Administrative expenses	*12*	**(7,870)**	(5,116)	**(4,151)**	(3,009)
Results from operating activities		**61,433**	42,534	**33,140**	27,620
Finance income		**323**	2,166	**236**	2,451
Finance cost		**(18,795)**	(10,677)	**(18,806)**	(10,677)
Net finance cost	*9*	**(18,472)**	(8,511)	**(18,570)**	(8,226)
Share of profits of equity accounted investee, net of tax	*17*	**7,407**	2,014	**-**	-
Profit before income tax		**50,368**	36,037	**14,570**	19,394
Income tax credit/(expense)	*10a*	**76,853**	(11,241)	**42,462**	(5,432)
Profit and total comprehensive income for the year/period		**127,221**	24,796	**57,032**	13,962
Earnings per share					
Basic earnings per share (Kwacha)	*11a*	**2.25**	0.44	**1.01**	0.25
Diluted earnings per share (Kwacha)	*11b*	**2.19**	0.43	**0.99**	0.25

There were no items of other comprehensive income during the year (9 months ended 31 December 2012: nil).

The notes on pages 56 to 106 are an integral part of these financial statements

Real Estate Investments Zambia Plc
GROUP & COMPANY STATEMENT OF FINANCIAL POSITION- *AS AT 31 DECEMBER 2013*

		GROUP		COMPANY	
In Thousands of Zambian Kwacha	*NOTE*	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Assets					
Plant and equipment	15	**1,897**	5,475	**1,864**	5,340
Lease straight-lining receivable	16	**1,060**	10,460	**623**	9,929
Investment property	13	**359,181**	439,987	**201,776**	305,342
Investment property under development	14	**43,254**	39,022	**-**	-
Other Investments	28	**16,156**	8,749	**146,965**	146,965
Amount due from equity accounted investee	26b	**11,978**	11,245	**11,978**	11,245
Goodwill	18	**32,607**	32,607	**-**	-
Total non-current assets		**466,133**	547,545	**363,206**	478,821
Trade and other receivables	*19a*	**2,371**	3,902	**4,405**	4,900
Prepayments and deposits	*19b*	**616**	340	**601**	301
Tax recoverable	*10e*	**1,093**	1,212	**1,093**	1,212
Cash and cash equivalents	*20*	**11,013**	3,918	**8,555**	1,144
Total current assets		**15,093**	9,372	**14,654**	7,557
Total assets		**481,226**	556,917	**377,860**	486,378
Equity					
Share capital	*21*	**57**	57	**57**	57
Share premium		**90,848**	90,848	**90,848**	90,848
Retained earnings		**306,737**	184,033	**206,644**	154,129
Total equity attributable to equity holders of the parent		**397,642**	274,938	**297,549**	245,034
Liabilities					
Convertible redeemable cumulative preferred stock	*21*	**7,824**	7,824	**7,824**	7,824
Corporate bonds	*22a*	**64,093**	60,078	**64,093**	60,078
Long-term loans	*22b*	**-**	77,715	**-**	77,715
Security deposits	*23*	**2,171**	3,110	**1,183**	2,050
Deferred taxation	*10c*	**-**	124,111	**-**	86,004
Total non-current liabilities		**74,088**	272,838	**73,100**	233,671
Trade and other payables	*24*	**7,971**	8,188	**7,211**	7,673
Tax payable	*10e*	**1,525**	953	**-**	-
Total current liabilities		**9,496**	9,141	**7,211**	7,673
Total liabilities		**83,584**	281,979	**80,311**	241,344
Total equity and liabilities		**481,226**	556,917	**377,860**	486,378

The notes on pages 56 to 106 are an integral part of these financial statements

The financial statements on pages 51 to 106 were approved by the Board of Directors on **18 February 2014** and were signed on its behalf by:

TIMOTHY T. MUSHIBWE (DIRECTOR)

MARK O'DONNELL (DIRECTOR)

Real Estate Investments Zambia Plc
GROUP STATEMENT OF CHANGES IN EQUITY - *FOR THE YEAR ENDED 31 DECEMBER 2013*

	GROUP			
In Thousands of Zambian Kwacha	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TOTAL
At 1 April 2012	57	90,848	162,060	252,965
Total comprehensive income for the period - Profit for the period	-	-	24,796	24,796
Transactions with owners recorded directly in equity Dividends recognised (note 21)	-	-	(2,823)	(2,823)
At 31 December 2012	57	90,848	184,033	274,938
At 1 January 2013	**57**	**90,848**	**184,033**	**274,938**
Total comprehensive income for the year Profit and total comprehensive income for the year	**-**	**-**	**127,221**	**127,221**
Transactions with owners recorded directly in equity Dividends recognised (note 21)	**-**	**-**	**(4,517)**	**(4,517)**
At 31 December 2013	**57**	**90,848**	**306,737**	**397,642**

Retained earnings are the carried forward recognised income, net of expenses, of the Group plus current year profit less dividends paid to shareholders.

Share premium is the excess paid by shareholders over the nominal value for their shares.

The notes on pages 56 to 106 are an integral part of these financial statements

Real Estate Investments Zambia Plc
COMPANY STATEMENT OF CHANGES IN EQUITY - *FOR THE YEAR ENDED 31 DECEMBER 2013*

	COMPANY			
In Thousands of Zambian Kwacha	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TOTAL
At 1 April 2012	57	90,848	142,990	233,895
Total comprehensive income for the period - Profit for the period	-	-	13,962	13,962
Transactions with owners recorded directly in equity Dividends recognised (note 21)			(2,823)	(2,823)
At 31 December 2012	57	90,848	154,129	245,034
At 1 January 2013	**57**	**90,848**	**154,129**	**245,034**
Total comprehensive income for the year Profit and total comprehensive income for the year	**-**	**-**	**57,032**	**57,032**
Transactions with owners recorded directly in equity Dividends recognised (note 21)	**-**	**-**	**(4,517)**	**(4,517)**
At 31 December 2013	**57**	**90,848**	**206,644**	**297,549**

Retained earnings are the carried forward recognised income, net of expenses, of the Company plus current period profit less dividends paid to shareholders.

Share premium is the excess paid by shareholders over the nominal value for their shares.

The notes on pages 56 to 106 are an integral part of these financial statements

Real Estate Investments Zambia Plc
GROUP & COMPANY STATEMENT OF CASH FLOW- *FOR THE YEAR ENDED 31 DECEMBER 2013*

		GROUP		COMPANY	
In Thousands of Zambian Kwacha	*NOTE*	Year ended 31 December 2013	9 months to 31 December 2012	Year ended 31 December 2013	9 months to 31 December 2012
Cash flows from operating activities					
Profit for the year/ period		**127,221**	24,796	**57,032**	13,962
Adjustment for:					
- Depreciation	*15*	**1,356**	1,121	**1,254**	1,041
- Share of profit of equity accounted investee (net of tax)	*17*	**(7,407)**	(2,014)	**-**	-
- Change in fair value of investment property	*13b*	**(37,755)**	(20,736)	**(10,882)**	(11,735)
- Net finance cost	9	**18,472**	8,511	**18,570**	8,226
- Dividend income receivable	*7b*	**-**	-	**(9,315)**	(2,997)
- Profit on sale of fixed assets	*7b*	**(6,089)**	-	**(6,089)**	-
- Income tax (credit)/ expense	*10a*	**(76,853)**	11,241	**(42,462)**	5,432
		18,945	22,919	**8,108**	13,929
Change in trade and other receivables		**1,200**	(638)	**70**	1,294
Change in prepayments and deposits		**(276)**	531	**(300)**	560
Change in trade and other payables		**(1,156)**	(6,636)	**(1,329)**	(6,131)
		18,713	16,176	**6,549**	9,652
Income tax paid	*10e*	**(4,506)**	(4,646)	**(1,362)**	(924)
Net cash from operating activities		**14,207**	11,530	**5,187**	8,728
Cash flows from investing activities					
Interest received	*9*	**323**	43	**236**	17
Acquisition of plant and equipment	*15*	**(30)**	-	**(30)**	-
Acquisition of investment property	*13 & 14*	**(18,759)**	-	**(18,640)**	-
Sale of investment property		**114,800**	-	**114,800**	-
Net cash used in investing activities		**96,334**	(1,163)	**96,366**	(1,187)
Cash flows from financing activities					
Coupon interest on preferred stock	*9*	**(832)**	(842)	**(832)**	(842)
Corporate bond interest paid		**(5,756)**	(5,399)	**(5,756)**	(5,399)
Term loans interest paid		**(9,038)**	(3,353)	**(9,038)**	(3,353)
Dividend paid	*21*	**(4,517)**	(2,823)	**(4,517)**	(2,823)
Dividend received	*7b*	**-**	-	9,315	2,997
Proceeds from issue of a corporate bond	*22a*	**-**	24	**-**	24
Repayment of term loans	*22b*	**(82,919)**	-	**(82,919)**	-
Net cash used in financing activities		**(103,062)**	(12,393)	**(93,747)**	(9,396)
Net increase/ (decrease) in cash and cash equivalents		**7,479**	(2,026)	**7,806**	(1,855)
Cash and cash equivalents at beginning of period		**3,918**	6,563	**1,144**	3,307
Effect of exchange rate fluctuations on cash held		**(384)**	(619)	**(395)**	(308)
Cash and cash equivalents at end of year/period		**11,013**	3,918	**8,555**	1,144

The notes on pages 56 to 106 are an integral part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *FOR THE YEAR ENDED 31 DECEMBER 2013*

1 Reporting entity

Real Estate Investments Zambia Plc (the "Company") is domiciled in Zambia. The address of the Company's registered office is Real Estate Investments Zambia Plc, Stand 2713, Cairo Road, Lusaka. The consolidated financial statements of the Company as at and for the year ended 31 December 2013 comprise the Company, subsidiaries and a jointly controlled entity (together referred to as 'the Group' and individually as 'Group entities'). The Group is primarily involved in investment, development and restructuring of commercial and non-commercial property for commercial letting.

In 2012, the Company, its subsidiaries and its jointly controlled entity changed its financial year end from 31 March to 31 December. This was done in order to align the financial year to the tax year. Therefore, the amounts presented in these Group and Company financial statements are not entirely comparable.

2 Basis of preparation

(a) Statement of compliance

The Group and Company financial statements (financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act of Zambia.

The accounting policies disclosed for the Group are equally relevant to, and reflect the accounting policies of, the Company, unless otherwise noted.

The financial statements were authorised for issue by the Board of Directors on 18 February 2014.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the investment property which is measured at fair value.

The methods used to measure fair values are discussed further in note 5.

(c) Functional and presentation currency

These financial statements are presented in Zambian Kwacha, which is the Company's functional currency. All financial information presented in Zambian Kwacha has been rounded to the nearest thousand, except where otherwise indicated.

The Zambian currency (The Kwacha) was rebased effective 1 January 2013 by dividing the nominal value of the existing currency by a multiple of one thousand so that one thousand Kwacha yielded a face value of one Kwacha. All reporting entities with financial year ends after 31 December 2012 are required to prepare financial statements in the new (rebased) currency. The comparatives have also been rebased for comparability.

(d) Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Classification of joint arrangements – note
- Consolidation – whether the Group has de facto control over an investee.

2 Basis of preparation (continued)

(d) Use of judgements and estimates (continued)

(ii) Assumptions and estimation uncertainty
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2014 is included in the following notes:

- Note 13 - determination of fair value for investment property with significant unobservable inputs;
- Note 18 - impairment testing for CGUs containing goodwill: key assumptions underlying
- recoverable amounts; and
- Notes 29 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

3 Significant accounting policies

Except for changes below, the accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

(a) Changes in accounting policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities.
- IFRS 13 Fair Value Measurements.
- Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7).
- Presentation of Items of Other Comprehensive Income (OCI) (Amendments to IAS 1).

The nature and the effects of the changes are explained below.

(i) Subsidiaries
As a result of IFRS 10, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates other entities. IFRS 10 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns.

In accordance with the transitional provisions of IFRS 10, the Group reassessed its control conclusions as of 1 January 2013. The change did not have a material impact on the Group's financial statements.

(ii) Interests in other entities and joint arrangements
As a result of IFRS 12, the Group has expanded disclosures about its interests in subsidiaries (see note 3b).

(iii) Fair value measurements
In accordance with the transitional provisions of IFRS 13, the Group has applied the new definition of fair value, as set out in Note 3(g), prospectively. The change had no significant impact on the measurements of the Group's assets and liabilities, but the group has included new disclosures in the financial statements, which are required under IFRS 13. These new disclosure requirements are not included in the comparative information. However, to the extent that disclosures were required by other standards before the effective date of IFRS 13, the Group has provided the relevant comparative disclosures under those standards.

(iv) Offsetting financial assets and financial liabilities
There was no impact during the year.

(v) Presentation of items of OCI
There was no impact during the year.

3 Significant accounting policies (continued)

(b) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see (b) (iii)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see (j) (ii)). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities (see (p)).

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) 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.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI 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.

3 Significant accounting policies (continued)

(b) Basis of consolidation (continued)

(v) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements includes the Group's share of the profits or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

(vi) Transactions eliminated on consolidation

Intra- group balances and transactions, and unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised gains arising from transactions with equity accounted for investees are eliminated against the investments to the extent of the Group's interests in the investee. Unrealised losses are eliminated in the same way as gains, but only to the extent that there is evidence of impairment.

(c) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(d) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non – derivative financial assets into the loans and receivables category. This will mostly include trade and other receivables.

3 Significant accounting policies (continued)

(d) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables as well as cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short term commitments.

(ii) Non – derivative financial liabilities

The Group initially recognises debt securities issued on the trade date. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequently to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, debt securities issued (including preference shares (see note 3(c) (iii)), corporate bonds, security deposits and trade and other payables. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequently to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

3 Significant accounting policies (continued)

(d) Financial instruments (continued)

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and preference shares are recognised as a deduction from equity, net of any tax effects.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Group's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Group's shareholders.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(e) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Any gains and losses on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

3 Significant accounting policies (continued)

(e) Plant and equipment (continued)

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

(iii) Depreciation

Items of plant and equipment are depreciation on a straight-line basis over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Items of property and equipment are depreciated from the date that they are installed and are ready for use.

The estimated useful lives for the current and comparative years of significant items of plant and equipment are as follows:

		Useful lives	Rates
•	Furniture, fittings and office equipment	4 years	25%
•	Plant and equipment	4 – 10 years	25%-10%
•	Motor vehicles	3 years	33%

Depreciation methods, useful lives and residual values are reviewed at each reporting date, and adjusted if appropriate. There were no revised estimates in respect of items of plant and equipment during the year.

(f) Goodwill

Recognition and measurement

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see 3 (b) (i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

3 Significant accounting policies (continued)

(g) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the costs of material and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and carrying amount of the item) is recognised in the profit or loss.

(h) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and, except for investment property, the leased assets are not recognised in the Group's statement of financial position. Investment property held under an operating lease is recognised in the Group's statement of financial position at its fair value. The Group's capacity in respect of these leases is as a lessor.

(i) Investment property under development

Property that is being constructed or developed for future use as investment property is classified as investment property under development (development projects) and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property. At the date of transfer, the difference between fair value and cost is recognised as a gain in profit or loss

All costs directly associated with the purchase and construction of a property and all subsequent capital expenditure for the development qualify as acquisition costs and are capitalised.

(j) Impairment

(i) Non – derivative financial assets

A financial asset including an interest in an equity accounted investee not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

3 Significant accounting policies (continued)

(j) Impairment (continued)

(i) Non – derivative financial assets (continued)

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that the debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below cost is objective evidence of impairment.

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised costs (loans and receivables) at both a specific assets and collective level. All individual significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amount of the Group's non-financial assets, other than investment property, and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. An impairment loss is recognised if the carrying amount of an assets or cash generating unit (CGU) exceeds its recoverable amounts.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

3 Significant accounting policies (continued)

(j) Impairment (continued)

(ii) Non-financial assets (continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Employee benefits

(i) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Gratuity

A liability is recognised for the amount expected to be paid under the gratuity if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Obligations for termination gratuity are recognised as an employee benefit expense in profit or loss when they are due. They are payable on a pro-rata basis based on the contract of employment.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3 Significant accounting policies (continued)

(m) Revenue

Rental income from investment property is recognised on a straight - line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income receivable recognised on the statement of financial position is derived from the effects of straight lining of operating lease rental income. Rentals in arrears are included under trade and other receivables.

Any security deposit refundable upon the termination of the lease is recognised as a liability in the statement of financial position.

(n) Finance income and finance costs

Finance income comprises interest income on funds invested, bank interest received and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings and dividends on preference shares classified as liabilities. All non – qualifying borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3 Significant accounting policies (continued)

(o) Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity, or in other comprehensive income or business combination.

Current tax is the expected tax payable or receivable on the taxable income or loss 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. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future and any taxable temporary differences arising as the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and the deferred tax assets and deferred tax liabilities relate to the income taxes levied by the same tax authority on either the same taxable entity, or on different taxable entities, which they intend to settle current tax liabilities against current tax assets on a net basis or to realise the tax assets and settle the liabilities which will be realised simultaneously. In each future period in which significant amount of the deferred tax liabilities or assets are expected to be settled or recovered.

The deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

3 Significant accounting policies (continued)

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period and time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. Substantial period for the Group is any period greater than 6 months. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised as from the commencement date until substantially all activities necessary to prepare the asset for its intended use or sale to complete development work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

(q) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares, which comprise convertible redeemable accumulative preferred stock.

(r) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Group's other components whose operating results are reviewed regularly by the Group Board of Directors (being the Group chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

4 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. Those that may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

Effective date	Standard, Amendment or Interpretation	Summary of Requirements
1 January 2014	IAS 32 Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities	The amendments clarify when an entity can offset financial assets and financial liabilities. This amendment will result in the Group no longer offsetting two of its master netting arrangements. This amendment is effective for annual periods beginning on or after 1 January 2014 with early adoption permitted. The impact of the adoption of the standard on the financial statements for the Group has not yet been quantified.
1 January 2014	Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	The amendments reverse the unintended requirement in IFRS 13 Fair Value Measurement to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed. The amendments apply retrospectively for annual periods beginning on or after 1 January 2014 with early adoption permitted. The impact of the adoption of the standard on the financial statements for the Group has not yet been quantified.
1 January 2014	IFRIC 21 Levies	Levies have become more common in recent years, with governments in a number of jurisdictions introducing levies to raise additional income. Current practice on how to account for these levies is mixed. IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37 Provisions, Contingent Liabilities and Assets. The Interpretation is effective for annual periods commencing on or after 1 January 2014 with retrospective application. The impact of the adoption of the standard on the financial statements for the Group has not yet been quantified.
Unknown	IFRS 9 (2012): Financial Instruments	IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting. The effective date of IFRS 9 was 1 January 2015. The effective date has been postponed and a new date is yet to be specified. The company will adopt the standard in the first annual period beginning on or after the mandatory effective date (once specified). The impact of the adoption of IFRS 9 has not yet been estimated as the standard is still being revised and impairment and macro-hedge accounting guidance is still outstanding. The Group will assess the impact once the standard has been finalised and the effective date is known. The impact on the financial statements for the Group has not yet been quantified.

5 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes appointment of independent valuers. The Management regularly reviews significant unobservable inputs and valuation adjustments.

If third party information is used to measure fair values, then Management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i .e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following note 13 – investment property

(a) Investment property

An external, independent valuation expert, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every year. The fair value is the price that will be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using other valuation technique.

When there is no available information on market prices, the income approach is used. The valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A market yield is applied to the estimated rental value, adjustments are made to reflect actual rentals.

i. current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
ii. recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;
iii. discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows; and
iv. capital income projections based upon Group's estimate of net market rental income which is assumed to be a level annuity in perpetuity, and a capitalisation rate derived from the analysis of market evidence. Reversions associated with short term leasing risk/costs, incentive and capital expenditure maybe deducted from the capitalised net income figure.

5 Measurement of fair values (continued)

(a) Investment property (continued)

v. Valuations also reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

(b) Trade and other receivables

The fair value of trade and other receivable is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date, unless the impact of discounting would be immaterial in which case they are stated at cost. This fair value is determined for disclosure purposes.

(c) Loan to equity accounted investee

The loan to the equity accounted investee is stated at amortised cost net of impairment losses. The estimated fair value represents the discounted amount amortised of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(d) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

6 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk- see note 27(a)
- liquidity risk- see note 27(b)
- market risk- see note 27(c)

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

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

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit and Risk Committee undertakes both regular and ad hoc reviews of risk management controls and procedures.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from tenants' and the amount due from equity accounted investee.

Trade and other receivables

The credit risk is managed by requiring tenants to pay in advance .The quality of a tenant is assessed based on the Audit and Risk Committee's established credit policy under which each new tenant is analysed individually for creditworthiness before entering into lease agreement.

More than 85 percent of the Group's tenants have been transacting with the Group for over three years, and losses have occurred infrequently. The Group also requires security deposit from new tenants.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowance is a specific loss component that relates to individual exposures.

6 Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Group is exposed to currency risk on purchases that are denominated in a currency other than the functional currency of Group entities, which is the Zambian Kwacha (K). The other currency in which these transactions primarily are denominated is the United States Dollar (USD).

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument or the future cash flows will fluctuate due to changes in market interest rates.

The Group's exposure to interest rate risk is low as all of its financial liabilities are held on a zero or fixed rate basis.

6 Financial risk management (continued)

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Audit and Risk Committee. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for independent authorisation of transactions.
- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements.
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- requirements for the reporting of operational losses and proposed remedial action.
- development of contingency plans.
- ethical and business standards.
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by the Board of Directors.

6 Financial risk management (continued)

(e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital, which the Group defines as total shareholders' equity, excluding non-redeemable preference shares. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group's policy is to ensure that the total borrowings do not exceed 50% of the tangible net worth.

Tangible net worth is defined as paid up share capital and reserves after adding back deferred income tax less proposed dividends and goodwill.

The Group's debt to capital ratio at the end of the reporting year was as follows:

	GROUP		COMPANY	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Borrowings				
Convertible redeemable cumulative preferred stock	**7,824**	7,824	**7,824**	7,824
Corporate bonds	**64,093**	60,078	**64,093**	60,078
Long-term loans	**-**	77,715	**-**	77,715
Total borrowings	**71,917**	145,617	**71,917**	145,617
Tangible net worth				
Total equity attributable to equity holders	**397,642**	274,938	**297,549**	245,034
Deferred tax liability	**-**	124,111	**-**	86,004
Proposed final dividend	**(4,517)**	(4,517)	**(4,517)**	(4,517)
Goodwill	**(32,607)**	(32,607)	**-**	-
Tangible net worth	**360,518**	361,925	**293.032**	326,521
Total borrowing to tangible net worth	**19.95%**	40.23%	**24.54%**	44.60%

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements.

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7(a) Revenue

All revenue in the statement of comprehensive income is in respect of investment property rentals. The Group leases out its commercial properties under operating leases. All operating leases are for terms of one year or more. There are no contingent rents included in the rental income.

	GROUP		COMPANY	
	Year ended 31 December 2013	9 months to 31 December 2012	Year ended 31 December 2013	9 months to 31 December 2012
Real Estate Investments Zambia Plc	**16,406**	20,055	**16,406**	20,055
Thistle Land Development Company Limited	**2,811**	2,504	**-**	-
Arcades Development Plc	**15,498**	11,758	**-**	-
	34,715	34,317	**16,406**	20,055

7(b) Other operating income

	GROUP		COMPANY	
	Year ended 31 December 2013	9 months to 31 December 2012	Year ended 31 December 2013	9 months to 31 December 2012
Profit on sale of fixed assets	**6,089**	-	**6,089**	-
Dividend received from Arcades Development Plc	**-**	-	**9,315**	2,997
Administration fees	**120**	-	**120**	-
Bad debts recovered	**156**	-	**-**	-
Hire of car park for activities	**21**	23	**-**	-
	6,386	23	**15,524**	2,997

8 Staff costs and directors' remuneration

	GROUP		COMPANY	
	Year ended 31 December 2013	9 months to 31 December 2012	Year ended 31 December 2013	9 months to 31 December 2012
National Pension Scheme Authority	**39**	17	**39**	17
Directors fees (included in administrative expenses) (note 12)	**1,990**	1,095	**1,764**	957
Salaries (note 12)	**3,931**	2,407	**3,931**	2,407
	5,960	3,519	**5,734**	3,381

9 Net finance costs

	GROUP		COMPANY	
	Year ended 31 December 2013	9 months to 31 December 2012	Year ended 31 December 2013	9 months to 31 December 2012
Interest income on bank deposits	**323**	43	**236**	17
Net foreign exchange gain on operating activities	**-**	2,123	**-**	2,434
Total finance income	**323**	2,166	**236**	2,451
Net foreign exchange loss on operating activities	**(5,282)**	-	**(5,293)**	-
Interest on long term loans	**(12,681)**	(9,835)	**(12,681)**	(9,835)
Coupon interest on preferred stock	**(832)**	(842)	**(832)**	(842)
Interest expense on finance liabilities	**(18,795)**	(10,677)	**(18,806)**	(10,677)
Net financing cost	**(18,472)**	(8,511)	**(18,570)**	(8,226)

10 Taxation

	GROUP		COMPANY	
a) Income tax expense	Year ended 31 December 2013	9 months to 31 December 2012	Year ended 31 December 2013	9 months to 31 December 2012
Current tax expense	**5,197**	3,525	**1,481**	456
Origination and reversal of temporary differences	**(82,050)**	7,716	**(43,943)**	4,976
Deferred tax (credit)/ expense	**(82,050)**	7,716	**(43,943)**	4,976
Total income tax (credit) / expense recognised in statement of comprehensive income	**(76,853)**	11,241	**(42,462)**	5,432

b) Reconciliation of effective tax rate

The tax on the profit before tax differs from the theoretical amount that would arise using the basic rate as follows:

	GROUP				COMPANY			
	Year ended 31 December 2013		9 months to 31 December 2012		Year ended 31 December 2013		9 months to 31 December 2012	
Profit for the period	127,221		24,796		57,032		13,962	
Total income tax (credit)/ expense	(76,853)		11,241		(42,462)		5,432	
Profit excluding income tax	50,368		36,037		14,570		19,394	
Tax on accounting profit	17,629	35%	12,613	35%	5,100	35%	6,788	35%
Net of non-deductible expenses and capital allowances	(1,303)	(3%)	212	24%	(1,227)	(8%)	105	0%
Exchange differences	3,280	6%	(879)	(37%)	3,280	23%	(862)	(4%)
Reversal of timing differences	(82,050)	(163%)	-	(284%)	(43,943)	(302%)	-	0%
Unrecognised deferred tax on fair value adjustment	(13,214)	(26%)	-		(3,809)	(26%)		0%
Difference in effective tax rate of equity accounted investee	(2,592)	(5%)	(705)	0%	-	0%	-	0%
Effect of lower tax rate on dividend income	1,397	3%	-	(12%)	(1,863)	(13%)	(599)	(3%)
Total income tax (credit)/ expense	(76,853)	(153%)	11,241	(274%)	(42,462)	(291%)	5,432	28%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN THOUSANDS OF ZAMBIAN KWACHA - FOR THE YEAR ENDED 31 DECEMBER 2013

10 Taxation (continued)

c) Recognised deferred tax assets and liabilities

Deferred tax liabilities are attributable to the following (Group):

	ASSETS		LIABILITES		NET	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Plant and equipment	-	-	-	7,089	-	7,089
Exchange differences	-	-	-	1,148	-	1,148
Straight-line lease income	-	-	-	3,592	-	3,592
Tax losses	-	(276)	-	-	-	(276)
Revaluation of investment property	-	-	-	112,558	-	112,558
	-	(276)	-	124,387	-	124,111

Deferred tax liabilities are attributable to the following (Company):

	ASSETS		LIABILITES		NET	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Plant and equipment	-	-	-	4,162	-	4,162
Exchange differences	-	-	-	33	-	33
Straight-line lease income	-	-	-	3,234	-	3,234
Tax losses	-	(276)	-	-	-	(276)
Revaluation of investment property	-	-	-	78,851	-	78,851
	-	(276)	-	86,280	-	86,004

10 Taxation (continued)

d) Movement in temporary differences during the period (Group)

31 December 2013	Balance 1 January 2013	Recognised through asset disposal	Recognised in profit or loss	Balance 31 December 2013
Plant and equipment	**7,089**	**(1,933)**	**(5,156)**	**-**
Tax losses	**(276)**	**-**	**276**	**-**
Exchange differences	**1,148**	**-**	**(1,148)**	**-**
Straight-line lease income	**3,592**	**(3,406)**	**(186)**	**-**
Revaluation of investment property	**112,558**	**(36,722)**	**(75,836)**	**-**
	124,111	**(42,061)**	**(82,050)**	**-**

31 December 2012	Balance 1 April 2012	Recognised through asset disposal	Recognised in profit or loss	Balance 31 December 2012
Plant and equipment	6,352	-	737	7,089
Tax losses	(222)	-	(54)	(276)
Exchange differences	1,288	-	(140)	1,148
Straight-line lease income	3,173	-	419	3,592
Revaluation of investment property	105,804	-	6,754	112,558
	116,395	-	7,716	124,111

Movement in temporary differences during the period (Company)

31 December 2013	Balance 1 January 2013	Recognised through asset disposal	Recognised in profit or loss	Balance 31 December 2013
Plant and equipment	**4,162**	**(1,933)**	**(2,229)**	**-**
Exchange differences	**33**	**-**	**(33)**	**-**
Straight-line lease income	**3,234**	**(3,406)**	**172**	**-**
Tax losses	**(276)**	**-**	**276**	**-**
Revaluation of investment property	**78,851**	**(36,722)**	**(42,129)**	**-**
	86,004	**(42,061)**	**(43,943)**	**-**

31 December 2012	Balance 1 April 2012	Recognised through asset disposal	Recognised in profit or loss	Balance 31 December 2012
Plant and equipment	3,640	-	522	4,162
Exchange differences	180	-	(147)	33
Straight-line lease income	2,686	-	548	3,234
Tax losses	(222)	-	(54)	(276)
Revaluation of investment property	74,744	-	4,107	78,851
	81,028	-	4,976	86,004

The reversal of the deferred tax liability was due to change in the legalisation announced in the 2014 budget by the Minister of Finance, whereby withholding tax on gross rental income is now deemed the final tax with effect from 1 January 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN THOUSANDS OF ZAMBIAN KWACHA - *FOR THE YEAR ENDED 31 DECEMBER 2013*

10 Taxation (continued)

e) Statement of financial position current income tax

	GROUP		COMPANY	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Tax recoverable	**(1,093)**	(1,212)	**(1,093)**	(1,212)
Tax payable	**1,525**	953	**-**	-
	432	(259)	**(1,093)**	(1,212)

Statement of financial position current income tax movement

	GROUP		COMPANY	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Balance at beginning of year/period	**(259)**	862	**(1,212)**	(744)
Current tax expense	**5,197**	3,525	**1,481**	456
	4,938	4,387	**269**	(288)
Less: Tax paid	**(4,506)**	(4,646)	**(1,362)**	(924)
Balance at end of year/period	**432**	(259)	**(1,093)**	(1,212)

11 Earnings per share

(a) Basic earnings per share

The calculation of the Group basic earnings per share at 31 December 2013 was based on the profit attributable to ordinary shareholders of K127,221,000 (31 December 2012: K24,796,000) and weighted average number of ordinary shares during the period ended 31 December 2013 of 56,460,198 (31 December 2012: 56,460,198).

	GROUP		COMPANY	
	Year ended 31 December 2013	9 months to 31 December 2012	Year ended 31 December 2013	9 months to 31 December 2012
Profit attributable to ordinary shares	**K127,221**	K24,796	**K57,032**	K13,962
Weighted average number of ordinary shares				
Issued at beginning of year/period	**56,460,198**	56,460,198	**56,460,198**	56,460,198
Issued during the year	**-**	-	**-**	-
Weighted average number of ordinary shares at end of year/period	**56,460,198**	56,460,198	**56,460,198**	56,460,198

11 Earnings per share (continued)

(b) Diluted earnings per share

Profit attributable to ordinary shareholders of K127,762,000 (31 December 2012: K25,343,000) and weighted average number of ordinary shares during the year of 58,440,102 (31 December 2012: 58,440,102).

	GROUP		COMPANY	
	Year ended 31 December 2013	9 months to 31 December 2012	Year ended 31 December 2013	9 months to 31 December 2012
Profit attributable to ordinary shares				
Profit attributable to ordinary shares (basic)	**127,221**	24,796	**57,032**	13,962
Coupon interest on preferred stock net of tax at 35%	**541**	547	**541**	547
Profit attributable to ordinary shares (diluted)	**127,762**	25,343	**57,573**	14,509
Weighted average number of ordinary shares				
Issued at 1 January (1 April)	**56,460,198**	56,460,198	**56,460,198**	56,460,198
Effect of convertible redeemable preferred stock	**1,979,904**	1,979,904	**1,979,904**	1,979,904
Weighted average number of ordinary shares at 31 December	**58,440,102**	58,440,102	**58,440,102**	58,440,102

12 Administrative expenses

	GROUP		COMPANY	
	Year ended 31 December 2013	9 months to 31 December 2012	Year ended 31 December 2013	9 months to 31 December 2012
Administrative costs appropriation	**-**	-	**(3,118)**	(1,530)
Advertising and promotion	**683**	465	**658**	455
Taxation fees	**97**	80	**48**	23
Salaries (note 8)	**3,931**	2,407	**3,931**	2,407
National Pension Scheme Authority	**39**	17	**39**	17
Audit fees	**484**	546	**225**	209
Secretarial fees	**11**	9	**11**	9
Computer expenses	**55**	29	**51**	28
Donations (note 26 (d))	**13**	10	**13**	10
Listing fees	**100**	84	**94**	78
Entertainment	**1**	-	**-**	-
Printing and stationery	**116**	100	**112**	97
Telephone and postage	**74**	40	**74**	40
Bank charges	**61**	54	**37**	34
Directors' fees (note 8)	**1,990**	1,095	**1,764**	957
Board expenses	**89**	66	**86**	61
Medical, staff welfare & training	**44**	22	**44**	22
Workers compensation	**3**	2	**3**	2
Motor vehicle expenses	**68**	35	**68**	35
Consultancy	**5**	55	**5**	55
Travelling expenses	**6**	-	**6**	
	7,870	5,116	**4,151**	3,009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN THOUSANDS OF ZAMBIAN KWACHA - *FOR THE YEAR ENDED 31 DECEMBER 2013*

13 Investment property

	GROUP		COMPANY	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
At valuation:				
Balance at beginning of the year/period	**439,987**	415,587	**305,342**	288,503
Disposal	**(133,088)**	-	**(133,088)**	-
Additions	**18,640**	-	**18,640**	-
Transfer from property under development (note 14)	**-**	5,104	**-**	5,104
Change in fair value	**33,642**	19,296	**10,882**	11,735
Balance at end of the year/period	**359,181**	439,987	**201,776**	305,342

a) Investment property comprises a number of commercial properties that are leased to third parties.

A three to ten year lease contract is drawn up for each customer containing terms and conditions which include the commencement date, durations and termination, security deposit, maintenance of premises, security and insurance. No contingent rents are charged. Further information about these leases is included in note 13 (c)

b) Measurement of fair value

(i) Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers Anderson & Anderson International, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio every year as at the balance sheet date.

The fair value measurement for investment property of K359 million (31 December 2012: K440 million) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 5(b).

(ii) Level 3 fair value

The following table shows a reconciliation from the opening balance to the closing balance for level 3 fair values:

Reconciliation of change in fair value	Year ended 31 December 2013	9 months to 31 December 2012	Year ended 31 December 2013	9 months to 31 December 2012
- Fair value adjustment	**33,586**	20,466	**11,351**	13,300
- Less straight lining income	**56**	(1,170)	**(469)**	(1,565)
- Fair value on investment	**33,642**	19,296	**10,882**	11,735
Property under development (note 14)	**4,113**	1,440	**-**	-
Change in fair value	**37,755**	20,736	**10,882**	11,735

13 Investment property (continued)

Valuation technique and significant unobservable inputs used

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationships between key unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking in to account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants and the residual value. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary) tenant credit quality and lease terms.	• Expected market rental growth (10-13%. Weighted average 11.5%). • Void periods (average 1 months after the end of each cancelled lease). • Occupancy rate (92.5-97.5%, weighted average (95%). • Rent-free periods (1-month period on new leases). • Risk-adjusted discount rates (10-15%. weighted average 12.5%).	The estimated fair value would increase (decrease) if: • expected market rental growth were higher (lower); • void periods were shorter (longer); • the occupancy rate were higher (lower): • Rent-free periods were shorter (longer); or • the risk-adjusted discount rate were lower (higher).

(c) Minimum lease payments of rental income

	GROUP		COMPANY	
	31 December 2013	9 months to 31 December 2012	31 December 2013	9 months to 31 December 2012
Falling due within				
- One year	**38,192**	46,392	**16,786**	26,678
- 1 - 5 years	**48,743**	51,220	**21,424**	29,455
- Over 5 years	**61,508**	56,443	**27,034**	32,458

A rental security deposit of up to a maximum of three months rental payments is paid prior to occupying the property. The security deposit is refundable to customers on leaving the premises, provided the property is left in accordance with agreed terms and conditions of the lease contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN THOUSANDS OF ZAMBIAN KWACHA - FOR THE YEAR ENDED 31 DECEMBER 2013

13 Investment property (continued)

(d) Property operating expenses

	GROUP		COMPANY	
	Year ended 31 December 2013	9 months to 31 December 2012	Year ended 31 December 2013	9 months to 31 December 2012
Property management expenses (note 26 (d))	**2,477**	1,668	**932**	624
Merchant costs	**75**	387	**-**	-
Provision for bad debts	**-**	306	**-**	-
Bad debts written off	**42**	-	**-**	-
Repairs & maintenance	**1,293**	798	**897**	599
Letting costs (note 26 (d))	**8**	149	**8**	99
Electricity and water	**275**	360	**251**	247
Council rates and leased land rental	**1,316**	885	**640**	528
Security	**1,597**	982	**679**	421
Cleaning and refuse removal	**283**	173	**265**	156
Insurance	**721**	502	**518**	383
Depreciation expense (note 15)	**1,356**	1,121	**1,254**	1,041
Legal and professional expenses	**28**	36	**26**	22
Fire protection	**26**	9	**16**	6
Valuation fees	**56**	50	**35**	32
	9,553	7,426	**5,521**	4,158

14 Investment property under development

Investment property under development comprises expenditure incurred to the reporting date on investment property in the course of construction.

	GROUP		COMPANY	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Balance at 1 January (April)	**39,022**	41,480	**-**	3,900
Cost capitalised	**119**	1,206	**-**	1,204
Transfer to investment property	**-**	(5,104)	**-**	(5,104)
Change in fair value (note 13)	**4,113**	1,440	**-**	-
Balance at end of the period	**43,254**	39,022	**-**	-

Investment property under development was revalued by Anderson & Anderson International, an experienced and registered independent valuer with an appropriate recognised professional qualification, on 31 December 2013.

The method used in valuing investment property under development is the capital value basis. The valuer uses the amount payable for similar property in similar areas.

15 Plant and equipment (Group)

	Plant and equipment	Furniture, fittings and office equipment	Motor vehicles	Fixtures and fittings	Total
Cost					
At 1 April 2012	12,952	2,696	369	10,340	26,357
At 31 December 2012	12,952	2,696	369	10,340	26,357
At 1 January 2013	**12,952**	**2,696**	**369**	**10,340**	**26,357**
Additions	**23**	**-**	**7**	**-**	**30**
Disposals	**(3,369)**	**-**	**-**	**(1,635)**	**(5,004)**
At 31 December 2013	**9,606**	**2,696**	**376**	**8,705**	**21,383**
Depreciation and impairment losses					
At 1 April 2012	9,516	2,371	111	7,763	19,761
Charge for the year	603	115	83	320	1,121
At 31 December 2012	10,119	2,486	194	8,083	20,882
At 1 January 2013	**10,119**	**2,486**	**194**	**8,083**	**20,882**
Disposals	**(1,853)**	**-**	**-**	**(899)**	**(2,752)**
Charge for the period	**838**	**150**	**112**	**256**	**1,356**
At 31 December 2013	**9,104**	**2,636**	**306**	**7,440**	**19,486**
Carrying amount					
At 31 December 2013	**502**	**60**	**70**	**1,265**	**1,897**
At 31 December 2012	**2,833**	**210**	**175**	**2,257**	**5,475**

Included in plant and equipment are fully depreciated assets with a cost of K15,014,000 (31 December 2012: K14,954,800).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN THOUSANDS OF ZAMBIAN KWACHA - *FOR THE YEAR ENDED 31 DECEMBER 2013*

15 Plant and equipment (Company)

	Plant and equipment	Furniture, fittings and office equipment	Motor vehicles	Fixtures and fittings	Total
Cost					
At 1 April 2012	6,104	237	369	8,147	14,857
At 31 December 2012	6,104	237	369	8,147	14,857
At 1 January 2013	**6,104**	**237**	**369**	**8,147**	**14,857**
Additions	**23**	**-**	**7**	**-**	**30**
Disposals	**(3,369)**	**-**	**-**	**(1,635)**	**(5,004)**
At 31 December 2013	**2,758**	**237**	**376**	**6,512**	**9,883**
Depreciation and impairment losses					
At 1 April 2012	2,668	123	111	5,574	8,476
Charge for the year	603	37	83	318	1,041
At 31 December 2012	3,271	160	194	5,892	9,517
At 1 January 2013	**3,271**	**160**	**194**	**5,892**	**9,517**
Disposals	**(1,853)**	**-**	**-**	**(899)**	**(2,752)**
Charge for the year	**838**	**49**	**112**	**255**	**1,254**
At 31 December 2013	**2,256**	**209**	**306**	**5,248**	**8,019**
Carrying amount					
At 31 December 2013	**502**	**28**	**70**	**1,264**	**1,864**
At 31 December 2012	2,833	77	175	2,255	5,340

Included in plant and equipment are fully depreciated assets with a cost of K4,656,000 (31 December 2012 K4,470,300).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN THOUSANDS OF ZAMBIAN KWACHA - FOR THE YEAR ENDED 31 DECEMBER 2013

16 Lease straight-lining receivable

	GROUP		COMPANY	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Balance at 1 January (April)	**11,271**	10,037	**10,064**	8,450
Effect of disposal of investment property	**(9,731)**	-	**(9,731)**	-
Effect of straight lined lease payments	**(56)**	1,170	**469**	1,565
Effect of movement in exchange rates	**-**	64	**-**	49
Balance at 31 December	**1,484**	11,271	**802**	10,064
Non current	**1,060**	10,460	**623**	9,929
Current (19a)	**424**	811	**179**	135
Balance at 31 December	**1,484**	11,271	**802**	10,064

17 Equity accounted investees

Burnet Investments Limited (Burnet) is the only joint arrangement in which the Group participates. Burnet owns a propety in one of the prime locations in Lusaka.

The Group has residual interest in the net assets of Burnet and has classified it as a joint venture.

The Group's share of profit in its equity accounted investee (Burnet Investments Limited) for the year was K7,407,000 (31 December 2012: K2,014,000) as noted in the table below:

Summary financial information

	31 December 2013	31 December 2012
Percentage ownership interest	**49%**	49%
Non-current assets	**81,146**	73,294
Current assets	**3,691**	3,141
Total assets	**84,837**	76,435
Non-current liabilities	**27,190**	34,566
Current liabilities	**235**	1,010
Total liabilities	**27,425**	35,576
Revenues	**7,020**	5,273
Interest received	**59**	13
Expenses	**(2,596)**	(2,026)
Exchange (loss)/gain	**(3,242)**	835
Change in fair value of investment property	**7,072**	1,779
Income tax expense	**6,803**	(1,764)
Profit for the year/period	**15,116**	4,110
Share of profit	**7,407**	2,014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN THOUSANDS OF ZAMBIAN KWACHA - *FOR THE YEAR ENDED 31 DECEMBER 2013*

18 Goodwill

	GROUP	
	31 December 2013	31 December 2012
Balance at 1 January (1 April)	**32,607**	32,901
Amount received on final settlement	**-**	(294)
Balance at 31 December	**32,607**	32,607

Impairment testing for cash-generating units (CGU) containing goodwill

For the purposes of impairment testing, the goodwill is allocated to the Office and Retail CGUs as follows:

	GROUP		COMPANY	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Business Unit				
Office	**2,703**	2,703	**-**	-
Retail	**29,904**	29,904	**-**	-
	32,607	32,607	**-**	-

No impairment losses on goodwill were recognised during the period (31 December 2012: nil).
The recoverable amounts for the Office and Retail CGUs has been calculated based on their value in use, determined by discounting the future cash flows to be generated from the continuing use of these CGUs. Value in use was determined in a similar manner as at 31 December 2012.

- The key assumption used in the calculation of the value in use was the following: Cash flows were projected based on forecasts and budgets for short/medium term growth (one to five years) using budgets compiled for the following year, which take into account actual results for the current year. The forecast period is based on the Group's medium term perspective with respect to the operations of these CGUs. The growth rate used to extrapolate the cash flow projections was 7%. This in line with the forecast average GDP growth rates for Zambia.
- Management uses pre-tax cash flows hence applies a pre-tax discount rate in determining the recoverable amount of CGUs. Since the CGUs are a business unit, the Group's Weighted Average Cost of Capital of 14% was used but adjusted to 16% for the retail unit to take into account the risks specific to the CGUs.
- The assumptions described above may change as the economic and market conditions change. Management estimates that reasonably possible changes in these assumptions are not expected to cause the recoverable amount of the CGUs to decline below the carrying amount.

19 (a) Trade and other receivables

	GROUP		COMPANY	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Trade receivables	**403**	1,543	**107**	566
Receivable recognised on straight-lining of rental income (note 16)	**424**	811	**179**	135
Related party balances (note 26 (a))	**-**	-	**4,026**	3,784
Other receivables	**1,544**	1,548	**93**	415
	2,371	3,902	**4,405**	4,900

There were no specific repayment terms and conditions of related party balances.

The Group's exposure to credit and currency risks related to trade receivable is disclosed in note 27.

(b) Prepayments

	GROUP		COMPANY	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Prepayments	**616**	340	**601**	301
	616	340	**601**	301

20 Cash and cash equivalents

	GROUP		COMPANY	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Cash and bank balances:				
Bank balances	**2,524**	1,143	**2,126**	678
Cash on hand	**2**	2	**2**	2
	2,526	1,145	**2,128**	680
Short term deposits:				
Standard Chartered - ZMW	**11**	6	**11**	6
Standard Chartered - USD	**5,519**	-	**5,519**	-
Stanbic - ZMW	**2,903**	2,767	**843**	458
Stanbic - USD	**54**	-	**54**	-
	8,487	2,773	**6,427**	464
Cash and cash equivalents in the statement of cash flows	**11,013**	3,918	**8,555**	1,144

The Group's exposure to credit, currency and interest rate risks related to cash and cash equivalents is disclosed in note 27.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN THOUSANDS OF ZAMBIAN KWACHA - FOR THE YEAR ENDED 31 DECEMBER 2013

21 Share capital

(a) Ordinary share capital

	GROUP		COMPANY	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Authorised				
500,000,000 (2012: 500,000,000) ordinary shares of K0.001 each	**500**	500	**500**	500
Issued and fully paid				
At beginning of the period - 56,460,198 (2012: 56,460,198) ordinary shares of K0.001 each	**57**	57	**57**	57
At the end of the year	**57**	57	**57**	57

Ordinary shares

All shares rank equally with regard to the Group's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at poll meetings of the Group. At general meetings, each shareholder is entitled to one vote by show of hands.

Dividends

The following dividends were declared and paid by the Group:

	GROUP		COMPANY	
	Year eneded 31 December 2013	9 months to 31 December 2012	Year eneded 31 December 2013	9 months to 31 December 2012
Interim dividend for the year ended 31 December 2013: Nil (31 December 2012: Nil)	**-**	-		-
Final dividend of K0.08 per ordinary share for the period ended 31 December 2012 (31 March 2012: K0.05 per ordinary share	**4,517**	2,823	**4,517**	2,823
	4,517	2,823	**4,517**	2,823

21 Share capital (continued)

(b) Convertible redeemable cumulative preferred stock

	GROUP		COMPANY	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Authorised				
2,000,000 (2012: 2,000,000) preference shares of US$0.01 each	**2**	2	**2**	2
Issued				
1,979,904 (2012: 1,979,904) preference share of US$ 0.01 each	**7,824**	7,824	**7,824**	7,824

Terms and conditions

i. The interest on the preference shares will be paid on annual coupon rate of the higher of 8% or 200 basis points – i.e. 2% above the prevailing yield on two-year U.S. Treasury Bonds with a maximum coupon of 10%, and will be paid semi-annually in arrears. These coupon payments will be cumulative in that if they are not paid in any given period, they will carry over to the next period for payment. The annual coupon will be paid before any dividends may be declared and paid.

ii. The preference shares holders do not have the right to participate in any additional dividends declared for ordinary shareholders.

iii. At any time after the third anniversary date of the issue at its sole discretion, and with a six (6) month advance notice in writing, the Group may redeem any or all of the preference shares at the issue price, provided that all holders of preference shares must be treated equally in any such redemption. Any accrued or cumulative interest that may be due on any coupon payment shall be paid at the time of any redemption.

iv. At any time after the third anniversary date of the issue, and with a three (3) month advance notice in writing, a holder of preference shares may convert any or all of his/her preference shares into ordinary shares of the Group on the basis of one preference share for one ordinary share. Any such conversion will be at the sole discretion of the holder of any preference shares. The effect of this term is that the preference shares are compound instruments (i.e. they contain both a financial liability and an equity component). However, since the dividends are payable in perpetuity and the liability component is measured first under IAS 39 Financial Instruments: Recognition and Measurement, the effect is that the equity component has a value of zero. The impact is that the whole item is treated as a financial liability.

v. In the opinion of the directors, given the prevailing market conditions, there is limited scope for a material impact on the earnings per share.

vi. The preference shares are non-voting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN THOUSANDS OF ZAMBIAN KWACHA - FOR THE YEAR ENDED 31 DECEMBER 2013

22 Borrowings

Non - current liabilities

(a) Long-term loan - corporate bonds

	GROUP		COMPANY	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
At 1 January (1 April)	**60,078**	60,865	**60,078**	60,865
Issued during the period	**-**	24	**-**	24
Amortisation of capital raising costs	**101**	196	**101**	196
Effect of movements in exchange rates	**3,914**	(1,007)	**3,914**	(1,007)
At 31 December	**64,093**	60,078	**64,093**	60,078

Real Estate Investments Zambia Plc (REIZ) issued a fixed rate long term corporate bond for US$ 15 million. This was to be subscribed in US$. The funds were meant to redeem the short term commercial paper and to secure and commit on properties targeted for acquisition and thereby accelerate the Group's growth and expansion strategy and to optimise its capital structure. The bond matures on 26th November 2022. The Company has an option to call the bond on 26th November 2016.

The bond bears interest at 8.75 % per annum payable semi-annually in arrears.

(b) Long-term loans

African Life Financial Services (Zambia) Limited (AfLife)

	GROUP		COMPANY	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Balance at beginning of year/period	**12,952**	13,175	**12,952**	13,175
Repaid during the year	**(13,750)**	-	**(13,750)**	-
Effect of movements in exchange rates	**798**	(223)	**798**	(223)
Balance at end of year/period	**-**	12,952	**-**	12,952

Investec Asset Management (Property) Limited

	GROUP		COMPANY	
	31 December 2013	9 months to 31 December 2012	31 December 2013	9 months to 31 December 2012
Balance at beginning of year/period	**64,763**	65,875	**64,763**	65,875
Repaid during the year	**(69,169)**	-	**(69,169)**	-
Effect of movements in exchange rates	**4,406**	(1,112)	**4,406**	(1,112)
	-	64,763	**-**	64,763
Balance at end of year/period	**-**	77,715	**-**	77,715

22 Borrowings (continued)

(b) Long-term loans (continued)

In the prior year, term loans were obtained from Investec Asset Management (Property) Limited (Investec) and African Life Financial Services (Zambia) Limited (AfLife) of $12.5 million and $2.5 million respectively. These funds were fully used to purchase Arcades Development Plc and were fully repaid on 30th November 2013.

	Currency	Nominal Interest rate	Year of maturity	Carrying amount 2013	Carrying amount 2012
Investec	USD	Libor + 6.50%	2018	-	64,763
AfLife	USD	8.75%	2024	-	12,952
				-	77,715

23 Security deposit on rentals

	GROUP		COMPANY	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
At beginning of period	**3,110**	4,109	**2,050**	3,080
Received during the period	**293**	166	**293**	145
Paid out during the period	**(1,232)**	(1,192)	**(1,160)**	(1,192)
Effect of movements in exchange rates	**-**	27	**-**	17
At end of the period	**2,171**	3,110	**1,183**	2,050

Real Estate Investment Zambia Plc has the right to receive any interest accrued on the security deposits.

24 Trade and other payables

	GROUP		COMPANY	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Trade creditors	**198**	164	**89**	67
Rentals received in advance	**342**	406	**49**	129
Amount due to group companies (note 26 c)	**-**	-	**571**	804
Accruals	**6,200**	6,953	**5,271**	6,008
Unclaimed dividends	**1,231**	665	**1,231**	665
	7,971	8,188	**7,211**	7,673

Included in accruals is interest expense accrued on the corporate bond of K573,000 (9 months to 31 December 2012: K538,000).

The Group's exposure to liquidity, currency and interest rate risks related to trade and other payables is disclosed in note 27.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN THOUSANDS OF ZAMBIAN KWACHA - FOR THE YEAR ENDED 31 DECEMBER 2013

25 Commitments

	GROUP		COMPANY	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Property management and administrative contracts Within one year:				
- Property management contract with JHI Properties Zambia Limited	**2,777**	2,871	**1,054**	1,149
	2,777	2,871	**1,054**	1,149
After one year:				
- Property management contract with JHI Properties Zambia Limited	**3,055**	2,993	**1,159**	1,195
	3,055	2,993	**1,159**	1,195

These commitments will be funded from existing cash resources, future operating cash flows, borrowings and any other funding strategies embarked on by the Group.

There were no capital commitments to acquire plant or equipment, intangibles assets or investment property during the year (9 months to 31 December 2012: nil).

26 Related party transactions

The Group in the ordinary course of business, enters into various purchase, service, and lease transactions with the investing entities, their subsidiaries and -joint ventures. These transactions were as follows:

Transactions with key management personnel

Loans to directors

There were no loans to directors during the year (9 months to 31 December 2012: nil).

Key management personnel compensation

Key management personnel compensation comprised the following:

	GROUP		COMPANY	
	Year ended 31 December 2013	9 months to 31 December 2012	Year ended 31 December 2013	9 months to 31 December 2012
Short term benefits	**3,086**	1,832	**3,086**	1,832
Termination benefits	**603**	195	**603**	195
	3,689	2,027	**3,689**	2,027

Transactions with directors

The Group's Directors with beneficial and non-beneficial share ownership in the Group at year end were as shown below:

Name of Director	**Direct**	**Indirect**
Robin P.S. Miller	574,506	Nil
Mark O'Donnell	9,850	9,283,379
Efi O'Donnell	Nil	9,287,379

26 Related party transactions (continued)

Contracts in which directors have an interest are as follows:

- The Managing Director has a contract of employment.
- Other Directors' transactions include Directors' fees which are disclosed under note 8.

The terms and conditions of the transactions with directors and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel or non related entities on an arm's length basis.

Other related party transactions

At 31 December 2013, there were outstanding balances with other related parties included in trade and other receivables (see note 19) as well as trade and other payables (see note 24). The terms and conditions of the transactions are detailed below each note.

(a) Amounts due from subsidiaries

	31 December 2013	31 December 2012
Balance at beginning of period	**3,784**	5,460
Amount advanced	**1,233**	84
Amounts repaid	**(991)**	(1,795)
Effect of movements in exchange rates	**-**	35
Balance at end of the period	**4,026**	3,784

Brought forward balance due arose as a result of the acquisition of Thistle Land Development Company Limited in 2010. The amount is interest free and does not have fixed repayment terms and is repayable on demand. The amount is presented as a non-current asset because realisation is expected in a period of more than 12 months from the year end. K1,233,000 was advanced to Arcades Development Plc during the year on allocation of administrative expenses.

The aggregate value of other transactions and outstanding balances relating to entities over which they have control or significant influence were as follows:

(b) Amount due from equity accounted investee

	31 December 2013	31 December 2012
Balance at beginning of period	**11,245**	11,438
Effect of movements in exchange rates	**733**	(193)
Balance at end of the period	**11,978**	11,245

This represents a loan of US$2.17 million advanced to Burnet Investments Limited as part of initial funding for its development project under a joint venture with Standard Bank Properties (Pty) Limited. The loan is interest free and does not have a fixed repayment date but is repayable on demand after 10 years from date of completion of the development project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN THOUSANDS OF ZAMBIAN KWACHA - FOR THE YEAR ENDED 31 DECEMBER 2013

26 Related party transactions (continued)

Other related party transactions (continued)

(c) Amounts due to subsidiaries

	31 December 2013	31 December 2012
Balance at 1 April	804	593
Amount advanced	-	226
Amounts repaid	(233)	(15)
Balance at end of the period	571	804

The amounts are interest free and have no fixed repayment period.

(d) Administrative and management fees during the period

		GROUP		COMPANY	
	NOTE	Year ended 31 December 2013	9 months to 31 December 2012	Year ended 31 December 2013	9 months to 31 December 2012
Property management fees	*13d*	**2,477**	1,668	**932**	624
Labour fees (included in repairs and maintenance)	*13 d*	**325**	230	**265**	186
Material fees (included in repairs and maintenance)	*13 d*	**30**	12	**22**	8
Kilometrage fees (included in repairs and maintenance)	*13 d*	**-**	20	**-**	13
Letting costs	*13d*	**8**	149	**8**	99
Donation (Aylmer May cemetery repair and maintenance)	*12*	**13**	10	**13**	10
		2,853	2,089	**1,240**	940

All the above transactions with these related parties are priced on an arm's length basis.

27 Financial instruments

(a) Credit risk

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		Carrying amounts GROUP		Carrying amounts COMPANY	
	NOTE	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Trade receivables	*19(a)*	**403**	1,543	**107**	566
Other receivables	*19(a)*	**1,968**	2,359	**272**	415
Cash and cash equivalents	*20*	**11,013**	3,918	**8,556**	1,144
Amount due from equity accounted investee	*26(b)*	**11,978**	11,245	**11,978**	11,245
Amount due from subsidiaries	*26(a)*	**-**	-	**3,112**	3,784
Total		**25,362**	19,065	**24,025**	17,154

The Company takes 1-3 months rent as security deposit from tenants. None of the tenants are rated externally.

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Carrying amounts GROUP		Carrying amounts COMPANY	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Financial services sector customers	**70**	147	**19**	121
Retail sector customers	**84**	1,033	**-**	266
IT and telecommunications sector customers	**87**	214	**66**	119
Accountancy and consultancy	**147**	91	**7**	13
Non-governmental organisation	**-**	11	**-**	-
Other sectors	**15**	47	**15**	47
Total	**403**	1,543	**107**	566

There was no interest income recognised on impaired assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN THOUSANDS OF ZAMBIAN KWACHA - ***FOR THE YEAR ENDED 31 DECEMBER 2013***

27 Financial instruments (continued)

(a) Credit risk
(ii) Impairment losses

Individually impaired

	GROUP - 31 DECEMBER 2013			GROUP - 31 DECEMBER 2012		
	GROSS	**IMPAIRMENT**	**NET**	GROSS	IMPAIRMENT	NET
Not past due	**343**	**(58)**	**285**	971	-	971
Past due 0 - 30 days	**112**	**(38)**	**74**	368	-	368
Past due 31 - 120 days	**35**	**-**	**35**	257	(122)	135
More than 120 days	**254**	**(245)**	**9**	444	(375)	69
	744	**(341)**	**403**	2,040	(497)	1,543

The aging of trade receivables at the reporting date was:

Individually impaired

	COMPANY -31 DECEMBER 2013			COMPANY -31 DECEMBER 2012		
	GROSS	**IMPAIRMENT**	**NET**	GROSS	IMPAIRMENT	NET
Not past due	**377**	**-**	**377**	301	-	301
Past due 0 - 30 days	**114**	**-**	**114**	128	-	128
Past due 31 - 120 days	**48**	**-**	**48**	14	(9)	5
More than 120 days	**218**	**(191)**	**27**	183	(183)	-
	757	**(191)**	**566**	626	(192)	434

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 120 days except for instances where specific bad debts have been identified.

The related credit risk on rental debtors is relatively low. The risk is managed by legally binding rental agreements and requirements for rentals in advance. The Group holds collateral in the form of deposit payable on signing lease agreements.

The impairment account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off directly against the financial asset.

The movement in the allowance for impairment in respect of trade and other receivable during the period was as follow:

	GROUP		COMPANY	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Balance at 1 January (April)	**497**	192	**191**	192
Impairment loss recognised	**-**	306	**-**	-
Effect of exchange movement	**-**	(1)	**-**	(1)
Amounts recovered	**(156)**	-	**-**	-
Balance at end of the period	**341**	497	**191**	191

27 Financial instruments (continued)

(b) Liquidity risk

The following are the contractual maturities of financial liabilities including estimated interest payments and, excluding the impact of netting agreements:

Residual contractual maturities of financial liabilities (Group)

	Carrying amount	Contractual cash flow	On demand	Due within 3 months	Due between 3-12 months	Due between 1-5 years	Due after 5 years
31 December 2013							
Non-derivative financial liabilities							
Corporate bond	**64,093**	**69,701**	**-**	**-**	**-**	**-**	**69,701**
Security deposits	**2,171**	**2,171**	**-**	**-**	**-**	**2,017**	**154**
Trade and other payables	**7,971**	**7,971**	**2,658**	**3,641**	**1,672**	**-**	**-**
Total financial liabilities	**74,235**	**79,843**	**2,658**	**3,641**	**1,672**	**2,017**	**69,855**
31 December 2012							
Non-derivative financial liabilities							
Corporate bond	60,078	65,335	-	-	-	-	65,335
Term loans	77,715	84,944	-	-	-	-	84,944
Security deposits	3,110	3,110	-	-	-	1,923	1,187
Trade and other payables	8,188	8,188	2,161	5,145	882	-	-
Total financial liabilities	149,091	161,577	2,161	5,145	882	1,923	151,466

Residual contractual maturities of financial liabilities (Company)

	Carrying amount	Contractual cash flow	On demand	Due within 3 months	Due between 3-12 months	Due between 1-5 years	Due after 5 years
31 December 2013							
Non-derivative financial liabilities							
Corporate bond	**64,093**	**69,701**	**-**	**-**	**-**	**-**	**69,701**
Security deposits	**1,183**	**1,183**	**-**	**-**	**-**	**1,029**	**154**
Trade and other payables	**7,211**	**7,211**	**2,449**	**3,090**	**1,672**	**-**	**-**
Total financial liabilities	**72,487**	**78,095**	**2,449**	**3,090**	**1,672**	**1,029**	**69,855**
31 December 2012							
Non-derivative financial liabilities							
Corporate bond	60,078	65,335	-	-	-	-	65,335
Term loans	77,715	84,944	-	-	-	-	84,944
Security deposits	2,050	2,050	-	-	-	863	1,187
Trade and other payables	7,673	7,673	1,884	4,647	1,142	-	-
Total financial liabilities	147,516	160,002	1,884	4,647	1,142	863	151,466

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN THOUSANDS OF ZAMBIAN KWACHA - *FOR THE YEAR ENDED 31 DECEMBER 2013*

27 Financial instruments (continued)

(b) Liquidity risk (continued)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(c) Market risk

(i) Currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	31 DECEMBER 2013			31 DECEMBER 2012		
GROUP	**Kwacha**	**USD**	**Total**	**Kwacha**	**USD**	**Total**
Financial assets						
Trade receivables	**403**	**-**	**403**	1,543	-	1,543
Amounts due from equity/ accounted investees	**-**	**11,978**	**11,978**	-	11,245	11,245
Cash and cash equivalents	**4,303**	**6,710**	**11,013**	3,698	220	3,918
Total foreign currency assets	**4,706**	**18,688**	**23,394**	5,241	11,465	16,706
Foreign currency liabilities						
Convertible redeemable preferred stock	**-**	**7,824**	**7,824**	-	7,824	7,824
Corporate Bonds	**-**	**64,093**	**64,093**	-	60,078	60,078
Long-term loans	**-**	**-**	**-**	-	77,715	77,715
Security deposits	**2,171**	**-**	**2,171**	3,110	-	3,110
Trade and other payables	**7,971**	**-**	**7,971**	8,188	-	8,188
Total foreign currency liabilities	**10,142**	**71,917**	**82,059**	11,298	145,617	156,915
Net exposure	**(5,436)**	**(53,229)**	**(58,665)**	(6,057)	(134,152)	(140,209)

	31 DECEMBER 2013			31 DECEMBER 2012		
COMPANY	**Kwacha**	**USD**	**Total**	**Kwacha**	**USD**	**Total**
Financial assets						
Trade receivables	**107**	**-**	**107**	566	-	566
Amounts due from equity/ accounted investees	**-**	**11,978**	**11,978**	-	11,245	11,245
Cash and cash equivalents	**2,095**	**6,460**	**8,555**	1,094	50	1,144
Total foreign currency assets	**2,202**	**18,438**	**20,640**	1,660	11,295	12,955
Foreign currency liabilities						
Convertible redeemable preferred stock	**-**	**7,824**	**7,824**	-	7,824	7,824
Corporate Bonds	**-**	**64,093**	**64,093**	-	60,078	60,078
Long-term loans	**-**	**-**	**-**	-	77,715	77,715
Security deposits	**1,183**	**-**	**1,183**	2,050	-	2,050
Trade and other payables	**7,211**	**-**	**7,211**	7,673	-	7,673
Total foreign currency liabilities	**8,394**	**71,917**	**80,311**	9,723	145,617	155,340
Net exposure	**(6,192)**	**(53,479)**	**(59,671)**	(8,063)	(134,322)	(142,385)

(c) Market risk (continued)

(i) Currency risk (continued)

The following significant exchange rates applied during the year

	AVERAGE RATE		MID-SPOT RATE	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
US$ 1.00	**5.4473**	**5.2280**	5.5185	5.1810

Sensitivity analysis

A 10 percent strengthening of the US Dollar against the Kwacha at 31 December 2013 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 31 December 2012.

	GROUP	COMPANY
	EQUITY & PROFIT OR LOSS	EQUITY & PROFIT OR LOSS
31 December 2013		
- US$	(5,323)	(5,348)
31 December 2012		
- US$	(13,415)	(13,432)

A 10 percent weakening of the US Dollar against the Kwacha at 31 December 2013 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN THOUSANDS OF ZAMBIAN KWACHA - FOR THE YEAR ENDED 31 DECEMBER 2013

27 Financial instruments (continued)

(ii) Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	GROUP CARRYING AMOUNTS	
	31 DECEMBER 2013	31 DECEMBER 2012
Variable rate instruments		
Financial assets	**8,487**	2,773
Financial liabilities	**(71,917)**	(145,617)
	(63,430)	(142,844)

	COMPANY CARRYING AMOUNTS	
	31 DECEMBER 2013	31 DECEMBER 2012
Variable rate instruments		
Financial assets	**6,427**	464
Financial liabilities	**(71,917)**	(145,617)
	(65,490)	(145,153)

A charge of 100 basic points in interest rate would have increase/(decreased) on profit or loss by the amounts shown below:

	GROUP EQUITY	COMPANY EQUITY
31 December 2013	634	655
31 December 2012	1,428	1,456

27 Financial instruments (continued)

(d) Fair values versus carrying amounts

The fair values of the Group's financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

Fair value sensitivity analysis for fixed rate instruments

	GROUP			
	31 DECEMBER 2013		31 DECEMBER 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	**403**	**403**	1,543	1,543
Amount due from equity accounted investees	**11,978**	**11,978**	11,245	11,245
Cash and cash equivalents	**11,013**	**11,013**	3,918	3,918
Convertible redeemable cumulative preferred stock	**(7,824)**	**(8,450)**	(7,824)	(8,450)
Corporate Bonds	**(64,093)**	**(69,701)**	(60,078)	(65,335)
Long-term loans	**-**	**-**	(77,715)	(84,944)
Trade and other payables	**(7,971)**	**(7,971)**	(8,188)	(8,188)
	(56,494)	**(62,728)**	(137,099)	(150,211)

	COMPANY			
	31 DECEMBER 2012		31 MARCH 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	**107**	**107**	566	566
Amount due from equity accounted investees	**11,978**	**11,978**	11,245	11,245
Cash and cash equivalents	**8,555**	**8,555**	1,144	1,144
Convertible redeemable cumulative preferred stock	**(7,824)**	**(8,450)**	(7,824)	(8,450)
Corporate Bonds	**(64,093)**	**(69,701)**	(60,078)	(65,232)
Long-term loans	**-**	**-**	(77,715)	(84,944)
Trade and other payables	**(7,211)**	**(7,211)**	(7,673)	(7,673)
	(58,488)	**(64,722)**	(140,335)	(153,344)

Due to the short term maturity periods of all the instruments, except for the convertible redeemable preference stock and long term loan, the fair value approximates carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN THOUSANDS OF ZAMBIAN KWACHA - FOR THE YEAR ENDED 31 DECEMBER 2013

28 Significant investments and jointly controlled entities

	PERCENTAGE SHAREHOLDING	31 DECEMBER 2013	PERCENTAGE SHAREHOLDING	31 DECEMBER 2012
Subsidiaries				
Peckerwood Development Limited	**100**	**2**	100	2
Dreadnought Investments Limited	**100**	**-**	100	-
Thistle Land Development Company Limited	**100**	**13,004**	100	13,004
Arcades Development Plc	**100**	**133,957**	100	133,957
Jointly controlled entities				
Burnet Investments Limited	**49**	**2**	49	2
Balance at 31 December		**146,965**		146,965

Equity accounted investment - Burnet Investments Limited

Retained earnings at1 January (1 April)		**17,851**		**13,741**
Profit for the year/ period		**15,116**		4,110
Retained profit at 31 December		**32,967**		**17,851**
Share of profit in equity accounted investee		**16,154**		**8,747**
Cost of investment (K 2,450)		**2**		**2**
Investment in equity accounted investee		**16,156**		**8,749**

29 Contingent liabilities

In the opinion of the Directors, there are no known contingent liabilities at the reporting date that might change the status of the financial statements, or need disclosure separately.

30 Subsequent events

There were no material post-reporting date events, which require disclosure in, or adjustment to, these financial statements.

31 Operating segments

The Group has two reportable segments as detailed below as at 31 December 2013 following the acquisition of Arcades Development Plc in the prior year. These 2 segments represent strategic supply lines. For each of the strategic supply lines, the Group's Managing Director reviews internal management reports on a monthly basis. The following summary describes the nature of each of the supply lines.
Retail
Office

Information regarding the results of each reportable segment is included below. Performance is measured based on services, growth and profit before income tax, as included in the internal management reports that are reviewed by the Managing Director. Segment growth and profit are used to measure performance as management believes that such information is relevant in evaluating the results of the segment.

The group operates in one geographical segment (Zambia).

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred to acquire segment assets that are expected to be used for more than one period.

31 DECEMBER 2013	RETAIL	OFFICE	TOTAL
Revenue - external	**15,498**	**19,217**	**34,715**
Depreciation and amortisation	**101**	**1,255**	**1,356**
Operating profit	**31,785**	**29,648**	**61,433**
Finance costs net	**88**	**(18,560)**	**(18,472)**
Profit from equity accounted investee	**-**	**-**	**7,407**
Profit before income tax	**31,873**	**11,088**	**50,368**
Income tax credit	**30,032**	**46,821**	**76,853**
Profit for the year	**61,905**	**57,909**	**127,221**

31 DECEMBER 2012	RETAIL	OFFICE	TOTAL
Revenue - external	11,758	22,559	34,317
Depreciation and amortisation	77	1,044	1,121
Operating profit	14,965	27,569	42,534
Finance costs net	(235)	(8,276)	(8,511)
Profit from equity accounted investee	-	-	2,014
Profit before income tax	14,730	19,293	36,037
Income tax expenses	(4,787)	(6,454)	(11,241)
Profit for the period	9,943	12,839	24,796

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN THOUSANDS OF ZAMBIAN KWACHA - FOR THE YEAR ENDED 31 DECEMBER 2013

The segment assets and liabilities and cash flows as at 31 December 2013 were as follows:

31 DECEMBER 2013	RETAIL	OFFICE	TOTAL
Segment assets	**176,471**	**304,755**	**481,226**
Segment liabilities	**4,653**	**78,931**	**83,584**
Cash flows from operating activities	**8,915**	**5,293**	**14,208**
Cash flows (used in)/generated from investing activities	**(41)**	**96,435**	**96,394**
Cash flows from financing activities	**9,315**	**(93,747)**	**(103,062)**
Capital expenditure	**-**	**-**	**-**

The segment assets and liabilities and cash flows as at 31 December 2012 were as follows:

31 DECEMBER 2012	RETAIL	OFFICE	TOTAL
Segment assets	155,312	401,605	556,917
Segment liabilities	36,085	245,894	281,979
Cash flows from operating activities	2,787	(1,131)	11,530
Cash flows used in investing activities	24	(1,187)	(1,163)
Cash flows from (used in)/financing activities	2,997	(9,396)	(12,393)
Capital expenditure	-	-	-

Segment assets comprise primarily property, plant and equipment, rental income receivable, investment property, other investments, trade and other receivables and operating cash. They exclude deferred tax assets and goodwill.

Segment liabilities comprise operating liabilities, deferred tax, long term loans and corporate borrowings.

Capital expenditure comprises additions to property, plant and equipment.

One customer accounted for 9% of the Group's revenue.

BE IT KNOWN, that I/We, ...

the undersigned Ordinary Shareholder(s) of Real Estate Investments Zambia Plc, hereby constitute and appoint:

.... of ....

Or failing him/her,

.... of ....

Or failing him/her,

.... of ....

as my/our true and lawful PROXY for me/us and in my/our name, place and stead, to vote as my/our proxy at the **Annual General Meeting** of the Shareholders of the said Group, to be held on **Wednesday, 27th March 2014** at 10.00hrs or any adjournment thereof, for the transaction of any business which may legally come before the meeting, and for me/us and in my/our name, to act as fully as I/we could do if personally present; and I/we herewith revoke any other proxy heretofore given.

For and on Behalf of ....

Signed this .... day of .... , 2014 by:

NAME: .... Signature: ....

NAME: .... Signature: ....

Please see overleaf an extract of the Articles of Association related to the appointment of proxies

The registered office is Real Estate Investments Zambia Plc, 1st Floor, Central Park, Cairo Road,

P.O. Box 30012, Lusaka, Zambia.

Article 18.6, 18.7 and 18.8 of the Company's Articles provide as follows:

Article 18.6
"The instrument appointing a proxy must be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if the appointer is a corporation either under its common seal or under the hand of an officer or attorney so authorized. The Directors may, but shall not be bound to, require evidence of the authority of the officer or attorney. A proxy need not be a member of the Company.'

Article 18.7
"A corporation holding shares conferring to the right to vote may, by resolution of its directors or other governing body, authorize any of its officials or any other person to act as its representative at any meeting of the Company or at any meeting of holders of any class of shares of the Company. The authorized person shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he had been an individual member of the Company.'

Article 18.8
"The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of the power or authority, must be deposited not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, at the registered office or at such other place as is nominated by the Board. In default the instrument of proxy shall not be treated as valid.'