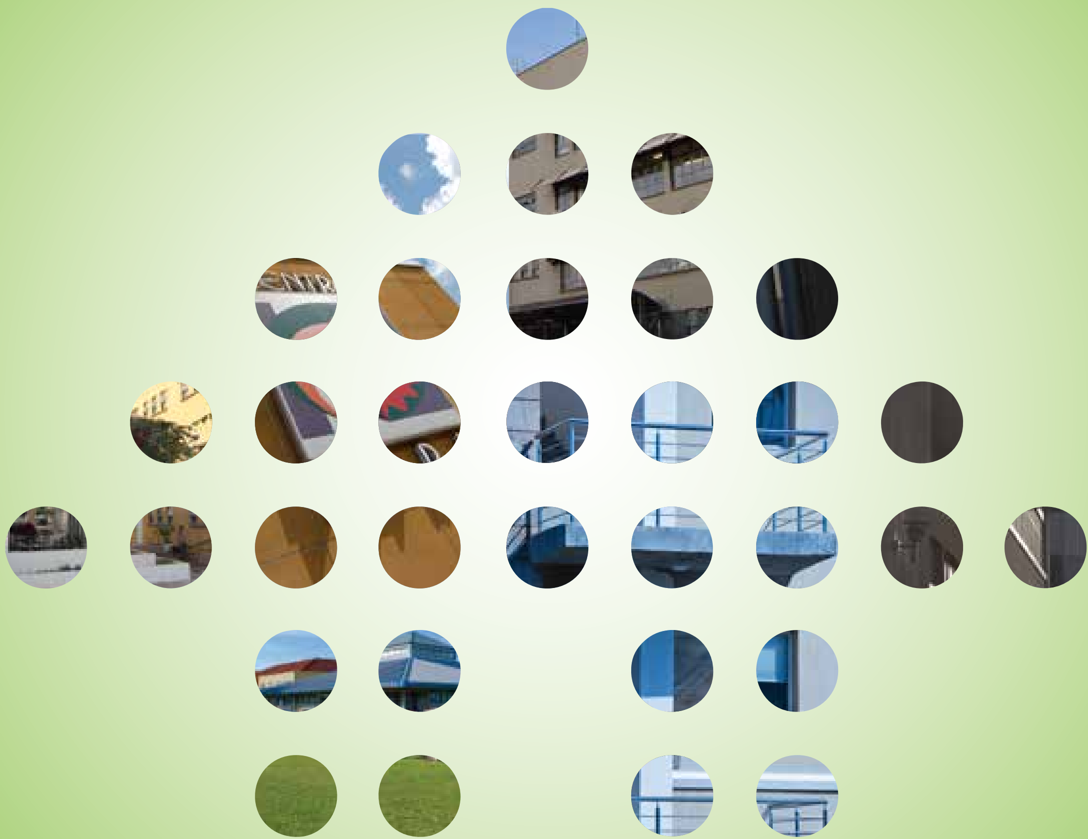


Annual Report 2014

REAL ESTATE INVESTMENTS ZAMBIA PLC

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.

reiz REAL ESTATE INVESTMENTS ZAMBIA PLC

1st Floor, Farmers House
Central Park, Cairo Road
PO Box 30012
Lusaka, Zambia | 10101

www.reiz.co.zm

CONTENTS

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.

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.

2014 The title deed for the Nyerere Road property was secured in November 2014 and tenants for the premises will be in place in 2015.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the thirty-third Annual General Meeting of Real Estate Investments Zambia Plc will take place at Southern Sun, Ridgeway Hotel, Lusaka on Thursday 26th March 2015 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-second Annual General Meeting held on 27th March 2014.
4. To consider any matters arising from these minutes.
5. To receive the Report of the Directors (the Managing Director's Report, the Statement of the Directors and the Governance Report), the Auditor's Report and the Financial Statements for the year ended 31st December 2014.
6. To appoint Auditors for the ensuing year and to authorise the Directors to fix their remuneration.
7. To elect Directors to fill any vacancies. In terms of the Articles, Mr. William P. Saunders, Mr. Mark O'Donnell and Mrs. Efi O'Donnell retire. Mr. Mark O'Donnell and Mrs. Efi O'Donnell, being eligible, offer themselves for re-election. Mr. William P. Saunders does not offer himself for re-election.
8. To approve the Directors' remuneration.
9. To declare a Final Dividend. The proposed Final Dividend of K0.15 per share (15 Ngwee per share), if approved, will be declared payable to members registered in the books of the company on close of business on 26th June 2015. The transfer books and register of members will be closed from 24th June 2015 – 26th June 2015 (both dates inclusive). Warrants in payment will be posted for payment in Kwacha at K0.15 per share (15 Ngwee per share) on or about 29th June 2015.
10. 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-SECOND ANNUAL GENERAL MEETING OF REAL ESTATE INVESTMENTS ZAMBIA PLC HELD AT PROTEA ARCADES HOTEL, LUSAKA ON THURSDAY 27TH MARCH 2014 AT 10:00 HOURS.

Directors Present	
Mr. Timothy T. Mushibwe	Chairman
Mr. Robin P. S. Miller	Managing Director
Mr. Kenny H. Makala	Director
Ms. Banja M. Kayumba	Director
Mr. Munakupya Hantuba	Director
Dr. Elizabeth C. L. Nkumbula	Director
Mrs. Efi O'Donnell	Director
Mr. Mark O'Donnell	Director
Mrs. Doreen Kabunda	Director

Apologies (Directors)	
Mr. William Saunders	Director

Company Secretary

Sydney E. Popota

Shareholders Present

NAME	REPRESENTING
Mr. Sydney E. Popota	Mr. David Sibayumba
Ms. Banja M. Kayumba	Barclays Bank Staff Pension Fund
Mr. Danny Meyer	Danny Meyer Family Trust
Mr. Robin Miller	Self
Mrs. Efi O'Donnell	Union Gold (Z) Limited
Mr. Ngenda Lindunda	Self
Mr. N. Beckett	Momba Farm Limited
Dr. Elizabeth C.L Nkumbula	Workers Compensation Fund Control Board
Mr. Mtumbi Goma	UNZALARU
Mrs. Kunda Musonda - Chola	Zambia State Insurance Pension Trust Fund
Ms. Lindani Kamwi	Mr. A.F.S Kamwi
Mr. Mark O'Donnell	Self
Mr. Remmy Mbuzi	Self
Mr. Ezekiel Nyondo	Self
Mr. Mwiya Musokotwane	Barclays Bank Staff Pension Trust Fund
Mr. Mwiya Musokotwane	Saturnia Regna Pension Trust Fund
Mr. Mwiya Musokotwane	CEC Pension Trust Fund Scheme
Mr. Mwiya Musokotwane	Standard Chartered Bank Pension Trust Fund
Mr. Mwiya Musokotwane	Sun International Pension Trust Fund Scheme
Mr. Mwiya Musokotwane	Stanbic Bank Pension Trust Fund
Mr. Mwiya Musokotwane	Sandvik Mining Pension Trust Fund Scheme
Mr. Mwiya Musokotwane	National Breweries Pension Trust Fund
Mr. Mwiya Musokotwane	KCM Pension Trust Fund
Mr. Mwiya Musokotwane	Chilanga Cement Pension Trust Fund (Lafarge)
Mr. Mwiya Musokotwane	Cavmont Capitol Bank ltd Pension Trust Fund
Mr. Patrick S. Ngoma	Self
Mr. Ken Simwaba	Self
Ms. Virginia Bond	Cecelia Miller
Ms. Virginia Bond	Luke Miller
Ms. Virginia Bond	Harry Miller
Mr. Eran Kanjanga	Self
Mr. Frank Green	Self
Ms. Nazia Azizhusein Adam	Self

In Attendance	
Ms. Mary Ann Franks	Real Estate Investments PLC
Mr. Jason Kazilimani	KPMG Partner
Mr. Cheelo Hamuwele	KPMG Manager
Mr. A. L. Francis	Amazon Associates (Company Transfer Secretary)
Ms. Valarie Bwalya	Workers Compensation Fund Control Board
Mr. Frank C. Chanda	Workers Compensation Fund Control Board
Mr. Enock M. Chilumbu	Workers Compensation Fund Control Board
Mrs. Nelly Chapu	CNBC Africa
Mr. George Shaba	Self
Mr. Chitalu Chisanga	Pangaea Nominees Securities Limited
Ms. Maxime Halaar	Lusaka Stock Exchange
Mr. Bruce Mulenga	Securities and Exchange Commission
Mr. Mataka Nkhoma	African Alliance
Mrs. Dorothy Soko	National Pensions Authority
Mr. Moses Simbeye	National Pensions Authority
Mr. Joseph Mazila	Intermarket Securities
Mrs. Prisca Nyagonye	Mr. Ackim Nyagonye
Mr. Rod MacLeod	Imara Corporate Finance
Mr. Jonathan Mwila	Stanbic Nominees Zambia Limited
Mr. Mbaita Maka	African Alliance Securities Zambia

1.00	**To call the Meeting to order; to record apologies and proxies received.**
1.01	The Chairman called the meeting to order at 10.10 hours and welcomed everyone to the Meeting.
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.
2.00	**To read the Notice of the Meeting.**
2.01	The Managing Director read the Notice of the Meeting.
2.02	With reference to item 9.00 of the agenda dealing with the election of Directors, the Managing Director reported that Mrs. Deborah A. Bwalya had stopped working for Konkola Copper Mines (KCM) and had consequently resigned from the REIZ Board. He reported that KCM had proposed a replacement for Mrs. Bwalya but the proposed replacement also left KCM hence at this meeting only Mr. K.H. Makala and Mr. R.P.S Miller were available for re-election.
2.03	The Agenda was approved on the proposal of Mr. Frank Chanda and seconded by Mr. Ezekiel Nyondo.
3.00	**To read and approve the Minutes of the Thirty-first Annual General Meeting held on 27th March 2013.**
3.01	The Minutes of the Thirty-first Annual General Meeting held on 27th March 2013 were approved as a true record of the Meeting on the proposal of Mr. Mwiya Musokotwane and seconded by Mr. Remmy Mbuzi. The Chairman signed a copy of the Minutes.
4.00	**To consider any matters arising from these Minutes.**
4.01	There were no matters arising from the Minutes.

5.00	**To read and approve the Minutes of the Extraordinary General Meeting held on 29th August 2013.**
5.01	The following corrections were made to the list of shareholders present at the Meeting: 1. Mr. Chama C. Ngwira was amended to read Ms. Chama C. Ngwira 2. Mr. Kamwi Lindani was amended to read Ms. Lindani Kamwi.
5.02	With the above corrections made, the Minutes of the Extraordinary General Meeting held on 29th August 2013 were approved as a true record of the Meeting on the proposal of Ms. Lindani Kamwi and seconded by Ms. Kunda Musonda-Chola. The Chairman signed a copy of the Minutes.
6.00	**To consider any matters arising from these Minutes.**
6.01	There were no matters arising from the Minutes.
7.00	**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 year ended 31st December 2013.** **Managing Director's Report**
7.01	The Managing Director took the Members through the Managing Director's Report and stated that there had been some changes to the economic environment since the distribution of this report, particularly the revocation of Statutory Instruments 33 and 55 (SI 33 and 55)
7.02	The Managing Director thanked the Minister of Finance and National Planning for the bold decision of revoking the two Statutory Instruments. He explained the significance of the revocation to REIZ Group's business activities.
7.03	The Managing Director reported on the REIZ Board's engagements with the Zambian Government regarding the two Statutory Instruments and how the announcement in the National Budget of 10% withholding tax on rental revenue as a final tax made the Government approved Property Loan Stock (PLS) structure inoperable.
7.04	The Managing Director took the Members through the financial and graphical summaries of the performance of the Company.
7.05	Mr. Danny Meyer complimented the Managing Director for a comprehensive report and stated that if there was a competition to be conducted by the Lusaka Stock Exchange and the Institute of Directors based on the depth of reporting, he believed REIZ would emerge winner.
7.06	Both the Chairman and the Managing Director appreciated Mr. Meyer's compliment.
7.07	Mr. Meyer informed the Members that the Managing Director takes time to reply to emails which was not very common with other Chief Executive Officers.
7.08	Mr. Frank Chanda wished to know how soon the Company was going to change to invoicing in US Dollars to ensure the Company gets back to economic viability.
7.09	The Managing Director responded that tenants with Dollar leases would be billed in US Dollars effective 1st April 2014 and that tenants would have a choice to pay in Dollar or Kwacha at the ruling exchange rate on date of payment.
7.10	Mr. Ezekiel Nyondo while appreciating the Managing Director's presentation of the Managing Director's report wondered whether the presentation could be done through Powerpoint in future. He also wished to have an update on the property acquired from Airtel (the Nyerere Road Property).

7.11	The Managing Director responded that, Powerpoint could be considered and that the title deed for the Nyerere Road Property was awaited from Ministry of Lands but that the premises were being marketed for tenanting.
7.12	The Managing Director's Report was approved on the proposal of Mr. Danny Meyer and seconded by Mrs. Dorothy Soko.
	Chairman's Report
7.13	The Chairman took the Members through the Chairman's Report.
7.14	The Chairman commended the Board and Management for their efforts in engaging the Government through the Ministry of Finance and National Planning which culminated into the approval of the Property Loan Stock (PLS) structure which as pointed out by the Managing Director had unfortunately been rendered inoperable by the 10% withholding tax on rental income.
7.15	The Chairman thanked institutions that collaborated with REIZ in pushing for the PLS structure among them NAPSA, Securities and Exchange Commission (SEC), African Life Financial Services (AfLife) and others in engaging with the Government of the Republic of Zambia.
7.16	The Chairman informed the members that the Company's Balance Sheet was much stronger with the sale of the Airtel Building whose proceeds were used to repay Loans.
7.17	The Chairman thanked the Board for their efforts and dedication to the Company during the year. He also wished Director Mrs. D.A Bwalya well in her future endeavours in view of her not seeking re-election.
7.18	The Chairman called for members to stand and observe a moment of silence in honour of the Late Mrs. M. A. Miller.
7.19	Mr. Ezekiel Nyondo wished to know what the Board would have done differently if SI 33 had been revoked before the Airtel Building sale.
7.20	The Chairman responded that the sale of the Airtel Building was inevitable and that the action taken by the Board was the best taking into account circumstances that were prevailing at the time. He reported that the tenant (Airtel) had given notice to move out of the building and that the building was "tailor made" for Airtel, which made it difficult to lease to other parties.
7.21	The Chairman's Report was approved on the proposal of Mr. Frank Chanda and seconded by Mr. Remmy Mbuzi.
	Governance Report
7.22	The Chairman took the Members through the Governance Report.
7.23	The Governance Report was approved on the proposal of Mr. Danny Meyer and seconded by Mr. Moses Simbeye.
	Auditor's Report
7.24	Mr. Jason Kazilimani, the KPMG Audit Engagement Partner read the Auditor's Report and explained that the nature of an audit is that it is conducted on a sample basis. He stated that based on the work KPMG conducted, he could confirm that overall, REIZ has a strong control environment.
7.25	The Managing Director then took the Members through the detail of the financial statements. He thanked Mr. Sydney Popota, the Finance Manager and his finance team for producing quality financial statements and in good time.
7.26	The Managing Director thanked Mr. Jason Kazilimani (Engagement Partner), Mr. Cheelo Hamuwele (Audit Manager) and the KPMG Audit Team for their audit work.

7.27	The Auditor's Report was adopted and the financial statements for the year ended 31st December 2013 were approved on the proposal of Mr. Mwiya Musokotwane and seconded by Mr. Danny Meyer.
8.00	**To appoint Auditors for the ensuing year and to authorise the Directors to fix their remuneration.**
8.01	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.
8.02	KPMG were appointed as the Auditors for the ensuing year and the Directors were authorised to fix their remuneration on the proposal of Mr. Mwiya Musokotwane and seconded by Mr. Patrick Ngoma.
9.00	**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.**
9.01	The Managing Director reminded the Members about his earlier report that Mrs. Deborah A. Bwalya was not available for re-election and that only Mr. R.P.S. Miller and Mr. K.H. Makala being eligible, had offered themselves for re-election. The Managing Director reported that there were no further nominations.
9.02	Mr. R.P.S. Miller and Mr. K.H. Makala were duly re-elected to the Board of REIZ on the proposal of Mr. Danny Meyer and seconded by Mr. Frank Green.
10.00	**To approve the Directors' remuneration.**
10.01	The Directors' fees of K1,990,000 were unanimously approved on the proposal of Mr. Danny Meyer and seconded by Mr. Frank Green.
11.00	**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 30st June 2014.**
11.01	The Managing Director reported that the Directors would have loved to recommend a higher dividend per share but the Board considered the need to invest additional funds in the development of its properties.
11.02	The Final Dividend of K0.08 (8 Ngwee) per share was approved on the proposal of the Mr. Mwiya Musokotwane and seconded by Mrs. Kunda Musonda-Chola.
12.00	**To authorise the increase of nominal value per share from K0.001 to K1.00 per share in response to the rebasing of the Kwacha.**
12.01	The Chairman explained that this item was a house keeping measure in response to the rebasing of the Kwacha.
12.02	The nominal value per share was discussed in detail. On the proposal of Mr. Mwiya Musokotwane and seconded by Mrs. Dorothy Soko, Management was authorised to increase the nominal value per share of Real Estate Investments Zambia Plc in response to the rebasing of the Kwacha and to determine the most efficient way of actualising the increase, and the Board were authorised to make the necessary changes.

13.00	**To consider any competent business of which due notice has been given.**
13.01	The Managing Director confirmed that there was no other competent business for which due notice had been received.
13.02	Mr. Danny Meyer commented that the value of the Pakati Market was being under played. He stated that the Pakati Market was giving opportunities to artists and emerging entrepreneurs thereby promoting enterprise culture. He advised that there should be more public relations attached to the Pakati Market.
13.03	The Managing Director concurred and stated that more of the Pakati Market would be highlighted in future reports.
13.04	Mr. Ezekiel Nyondo stated that he had noted that in most Annual General Meetings that he had attended in Zambia, company directors either do not attend at all or walk away in the course of the meeting. He sought a comment from the Chairman on this matter.
13.05	The Chairman stated that REIZ Directors take Annual General Meetings extremely seriously and that in this meeting for instance, only Director W. Saunders was not in attendance and that he had given prior apology.
13.06	Mr. Moses Simbeye stated that he had noted that the Company's Shares were facing liquidity problems hence leading to their undervaluation. He wished to know what plans were being considered to mitigate the undervaluation of the REIZ shares due to liquidity challenges.
13.07	The Managing Director encouraged Shareholders to ensure that they make the market for their shares. He stated that the Company itself had limited capacity to create liquidity.
13.08	The Chairman stated that there were things that the Company could do without being deemed to be manipulating the market and that such things that the company can do, would be done.
13.09	There being no further business to discuss the Chairman thanked the Members, Board, Management and all those who had attended the AGM.
13.10	The Chairman declared the meeting closed at 11:52 hours

Signed

Chairman.. Date..

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 Revenue is K41.707 million (2013 - K34.715 million) - a 20% increase year on year. Net rental income is K31.386 million (2013 - K25.162 million) whilst profit after tax has decreased by K84.668 million from K127.22 million in 2013 to K42.553 in 2014. The significant reduction in profit after tax is entirely the result of the K76,853 million credit shown in the 2013 accounts as a result of the statutory changes in the Zambian tax regime through the introduction of a 10% tax on the rental income of the Group as described in the 2013 Annual Report.

1.0 Significant changes in the Zambian operating environment

In 2012 and 2013 the introduction of Statutory Instrument (SI) Numbers 33 and 78 had important effects on the income stream of the Group as a result of the SIs requiring the denomination of all domestic transactions in Zambian Kwacha. The revocation of these Statutory Instruments by the Minister of Finance in March 2014 through the issue of SI26 of 2014 was warmly welcomed by the business community, and we congratulate the Government on its actions in this regard.

2.0 Performance of Group Companies

2.1 Arcades Development Plc (ADP)

As reported in last year's Annual Report the acquisition of ADP was completed in FY2012. 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. 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. 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 completed the process of securing the lease for the land in December 2014, following 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 believes 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 K21.46 million (2013 - K15.49 million) and to Group operating profits is K13.847 million (2014 - 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.

2.2 Thistle Land Development Company Limited. (TLD)

The property, Counting House Square, held under this Company is fully tenanted with BDO, Ericsson, Spar and First National Bank (FNB) – a major regional banker – as tenants of the property. The results for this 100% subsidiary are shown in the abridged statement below and have contributed K3.92 million (2013 - K2.8 million) to group turnover and K2.584 million to group profits (2013 - K1.73). The Main Board Directors that represent REIZ on TLD are Mr. Kenny Makala (Chair), Ms. Banja Kayumba and Mr. Robin Miller.

2.3 Burnet Investments Limited. (BIL)

This joint venture with Standard Bank Properties (Pty) Limited continues to work well with both parties providing directors to the Company. Mr. Rory Roriston (Chair), Mr. Stewart Shaw Taylor and Mr. Paul Richards 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 K3.3 million (2013 - K7.4 million) to Group results as the sole equity accounted investment of the Group.

3.0 REIZ properties

3.1 Abacus Square

This property provides 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).

3.2 Eureka Park

We are pleased to report that Kemach JCB Zambia Ltd (agents for the international JCB earth moving brand) have taken occupation alongside Bell Equipment. GUD Filters and Omnilyne Ltd. Although Mica vacated the property in 2013 alternative tenants for the unlet portions of this property are being identified for occupation during 2015.

3.3 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 Pan African Building Society (PABS). The 3rd floor of Farmers House was also redeveloped and we are pleased to welcome new tenants taking up that redeveloped space.

3.4 Nyerere Road

As shareholders will recall, this property was acquired as part of the transaction with Airtel. Title deeds for this property were received in November 2014 and the Group welcomes World Vision International who will take occupancy of one floor of the property in February 2015. Further negotiations are being concluded to ensure that this property is fully tenanted.

GROUP STRUCTURE

REIZ REAL ESTATE INVESTMENTS ZAMBIA PLC

DIRECTLY HELD PROPERTIES

CENTRAL PARK

CETZAM HOUSE

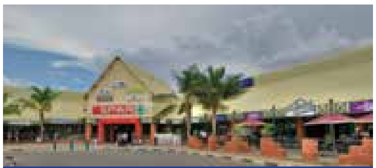
ABACUS SQUARE

EUREKA PARK

NYERERE ROAD PROPERTY

100% SUBSIDIARIES

THISTLE LAND DEVELOPMENT COMPANY LTD



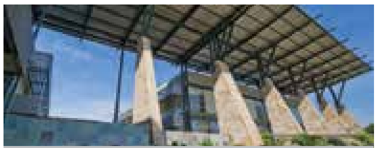
ARCADES DEVELOPMENT PLC

PECKERWOOD DEVELOPMENT LTD

DREADNOUGHT INVESTMENTS LTD

JOINT VENTURE COMPANY

BURNET INVESTMENTS LTD



STANBIC HOUSE

FIVE YEAR FINANCIAL SUMMARY FOR THE YEAR ENDED 31ST DECEMBER 2014

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

	12 Months to 31.12.2014		12 Months to 31.12.2013		9 Months to 31.12.2012		12 Months to 31.03.2012		12 Months to 31.03.2011	
	K'000	%	K'000	%	K'000	%	K'000	%	K'000	%
STATEMENT OF COMPREHENSIVE INCOME										
Gross rental income	**41,707**		**34,715**		**34,317**		**26,847**		**22,443**	
Total property expenses	(9,408)	23%	(8,197)	24%	(6,305)	18%	(4,663)	17%	(3,263)	15%
Total administration expenses	(8,345)	20%	(7,870)	23%	(5,116)	15%	(5,209)	19%	(5,100)	23%
Total depreciation	(913)	2%	(1,356)	4%	(1,121)	3%	(1,684)	6%	(1,109)	5%
Profit from operations	**23,041**	**55%**	**17,292**	**49%**	**21,775**	**64%**	**15,291**	**58%**	**12,971**	**57%**
Other income	355		6,386		23		21		-	
Change in fair value of investment property, net of exchange gains	36,092		37,755		20,736		47,212		12,580	
Net finance cost	(15,602)		(18,472)		(8,511)		(8,670)		(6,920)	
Share of profits from equity accounted investees	3,300		7,407		2,014		5,299		323	
Profit before tax	**47,186**		**50,368**		**36,037**		**59,153**		**18,954**	
Income tax credit/(expense)	(4,633)		76,853		(11,241)		(16,635)		(5,434)	
Profit after tax	**42,553**		**127,221**		**24,796**		**42,518**		**13,520**	
STATEMENT OF FINANCIAL POSITION										
ASSETS										
Plant and equipment	2,858		1,897		5,475		6,596		4,787	
Investment properties	400,144		359,181		439,987		415,587		255,494	
Investment property under development	40,125		43,254		39,022		41,480		596	
Investments	19,456		16,156		8,749		6,735		1,449	
Amount due from equity accounted investee	13,891		11,978		11,245		11,438		5,909	
Other long term assets	3,225		1,060		10,460		9,305		3,985	
Goodwill	32,607		32,607		32,607		32,901		2,703	
Current assets	15,620		15,093		9,372		11,853		27,479	
Total Assets	**527,926**		**481,226**		**556,917**		**535,895**		**302,402**	
SHAREHOLDERS' FUNDS AND LIABILITIES										
Total equity	435,678		397,642		274,938		252,965		233,576	
Non – current liabilities	85,017		74,088		148,727		151,848		56,712	
Deferred tax liabilities	-		-		124,111		116,395		4,990	
Total current liabilities	7,231		9,496		9,141		14,687		7,124	
Total equity and liabilities	**527,926**		**481,226**		**556,917**		**535,895**		**302,402**	

Share capital	56,460,198	56,460,198	56,460,198	42,745,912	42,745,912
EPS	0.75	2.25	0.44	0.99	0.32
Headline EPS	0.41	0.30	0.38	0.36	0.30

FIVE YEAR FINANCIAL SUMMARY FOR THE YEAR ENDED 31ST DECEMBER 2014

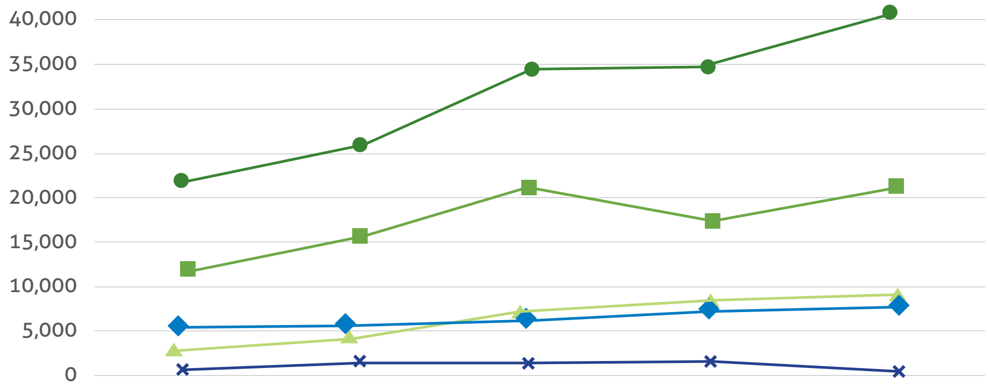
Shareholders attention is brought to the 5 year abridged Financial Summary in United States Dollars

	12 Months to 31.12.2014		12 Months to 31.12.2013		9 Months to 31.12.2012		12 Months to 31.03.2012		12 Months to 31.03.2011	
	US$	%	US$	%	US$	%	US$	%	US$	%
STATEMENT OF COMPREHENSIVE INCOME										
Average exchange rate	**6.206**		**5.443**		**5.228**		**5.034**		**4.939**	
Gross rental income	**6,720,432**		**6,377,917**		**6,564,078**		**5,333,135**		**4,544,037**	
Total property expenses	(1,515,952)	23%	(1,505,971)	24%	(1,206,006)	18%	(926,301)	17%	(660,660)	15%
Total administration expenses	(1,344,666)	20%	(1,445,894)	23%	(978,577)	15%	(1,034,764)	19%	(1,032,598)	23%
Total depreciation	(147,116)	2%	(249,127)	4%	(214,422)	3%	(334,525)	6%	(224,539)	5%
Profit from operations	**3,712,698**	**55%**	**3,176,925**	**49%**	**4,165,073**	**64%**	**3,037,545**	**58%**	**2,626,240**	**57%**
Other income	57,203		1,173,250		4,399		4,172			
Change in fair value of investment property, net of exchange gains	5,815,663		6,936,432		3,966,335		9,378,625		2,547,074	
Net finance cost	(2,514,019)		(3,393,717)		(1,627,965)		(1,722,288)		(1,401,093)	
Share of Profits from equity accounted investees	531,743		1,360,830		385,233		1,052,642		65,398	
Profit before tax	**7,603,288**		**9,253,720**		**6,893,075**		**11,750,696**		**3,837,619**	
Income tax credit/(expense)	(746,536)		14,119,603		(2,150,153)		(3,304,529)		(1,100,223)	
Profit after tax	**6,856,752**		**23,373,323**		**4,742,922**		**8,446,167**		**2,737,396**	

	12 Months to 31.12.2014	12 Months to 31.12.2013	9 Months to 31.12.2012	12 Months to 31.03.2012	12 Months to 31.03.2011
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Year end exchange rate	**6.40**	**5.5185**	**5.181**	**5.270**	**4.690**
Plant and equipment	446.562	343,753	1,056,746	1,251,613	1,020,682
Investment properties	62,522,500	65,086,708	84,923,181	78,859,013	54,476,333
Investment property under development	6,269,531	7,837,999	7,531,751	7,870,968	127,079
Investments	3,040,000	2,927,607	1,688,670	1,277,989	308,955
Amount due from equity accounted investee	2,170,469	2,170,517	2,170,430	2,170,398	1,259,915
Other long term assets	503,906	192,082	2,018,915	1,765,655	849,680
Goodwill	5,094,844	5,908,671	6,293,573	6,243,074	576,333
Current assets	2,440,625	2,734,982	1,808,916	2,249,146	5,859,062
Total Assets	**82,488,437**	**87,202,319**	**107,492,182**	**101,687,856**	**64,478,039**
SHAREHOLDERS' FUNDS AND LIABILITIES					
Total equity	68,074,687	72,056,175	53,066,589	48,000,949	49,802,985
Non – current liabilities	13,283,906	13,425,387	28,706,234	28,813,662	12,092,111
Deferred tax liabilities	-	-	23,955,028	22,086,338	1,063,966
Total current liabilities	1,129,844	1,720,757	1,764,331	2,786,907	1,518,977
Total equity and liabilities	**82,488,437**	**87,202,319**	**107,492,182**	**101,687,856**	**64,478,039**

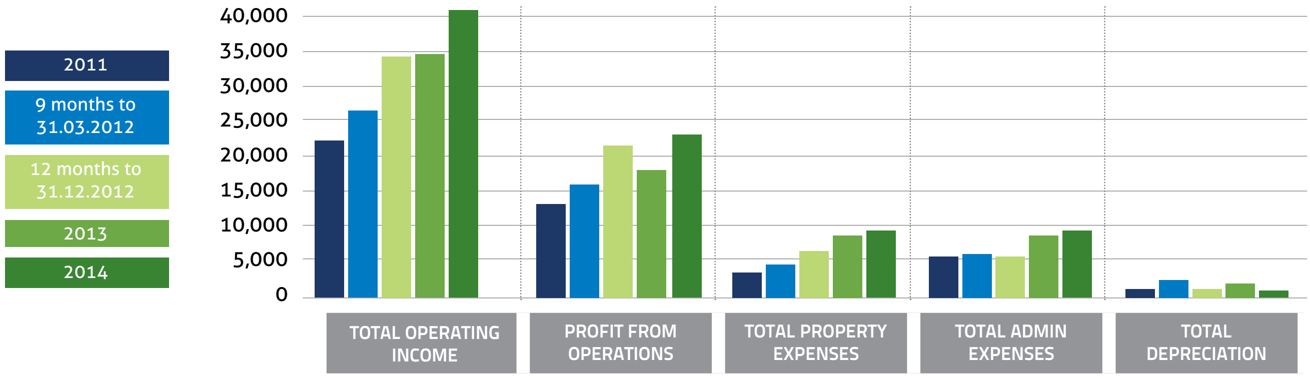
ANALYSIS OF FINANCIAL RESULTS

Growth of Operating Profit // K'000

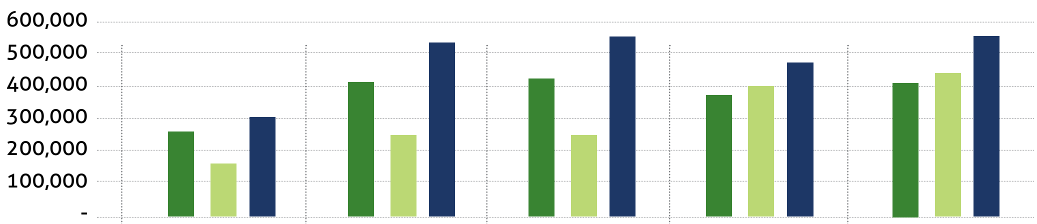


		2011	2012	9 months to 31.12.2012	12 months to 31.12.2013	12 months to 31.12.2014
●	TOTAL OPERATING INCOME	22,443	26,847	34,317	34,715	**41,707**
■	PROFIT FROM OPERATIONS	12,971	15,291	21,775	17,292	**23,041**
▲	TOTAL PROPERTY EXPENSES	3,263	4,663	6,305	8,197	**9,408**
◆	TOTAL ADMIN EXPENSES	5,100	5,209	5,116	7,870	**8,345**
×	TOTAL DEPRECIATION	1,109	1,684	1,121	1,356	**913**

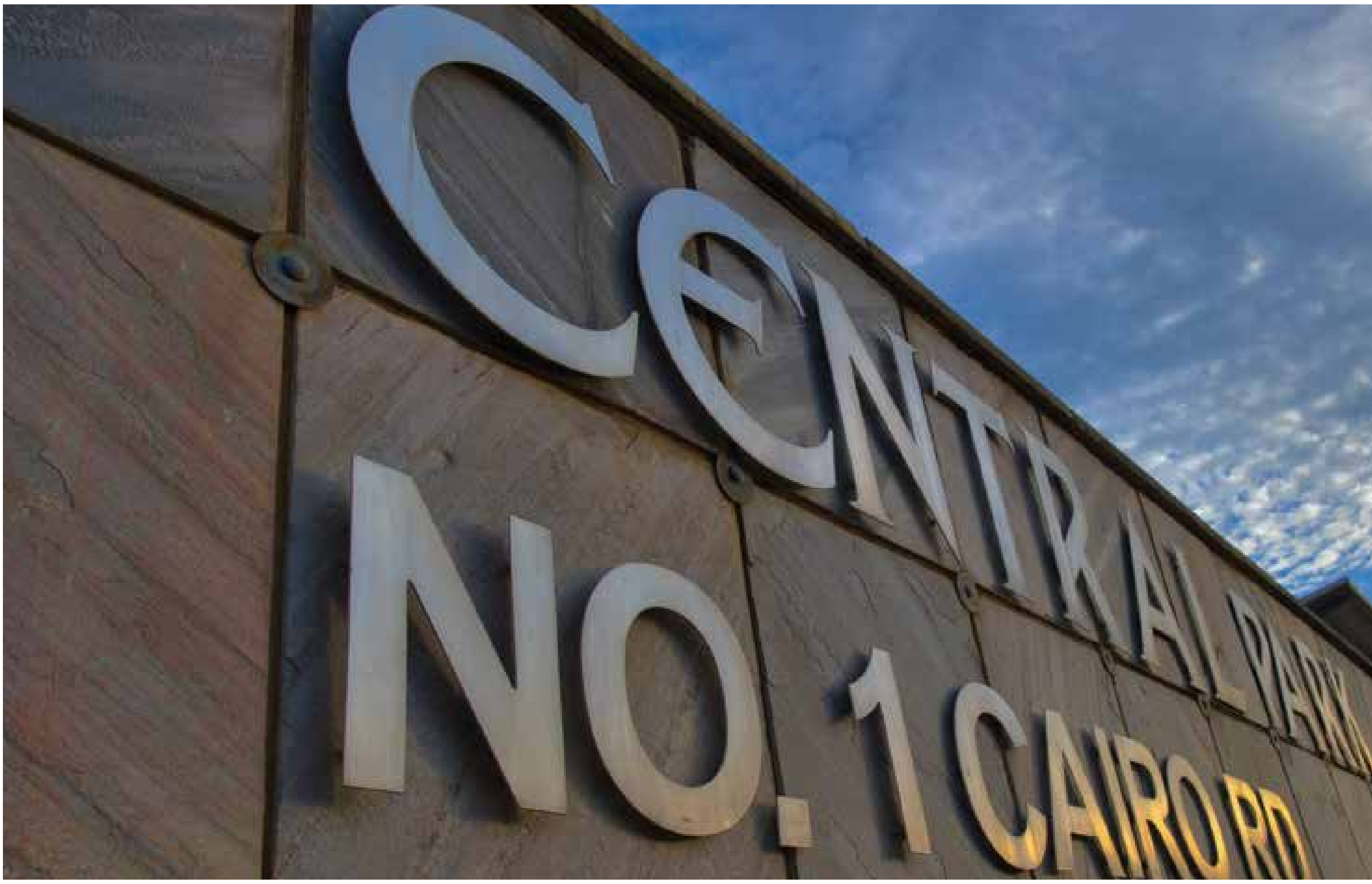
Analysis of Operating Profit // K'000



Statement of Financial Position// K'000

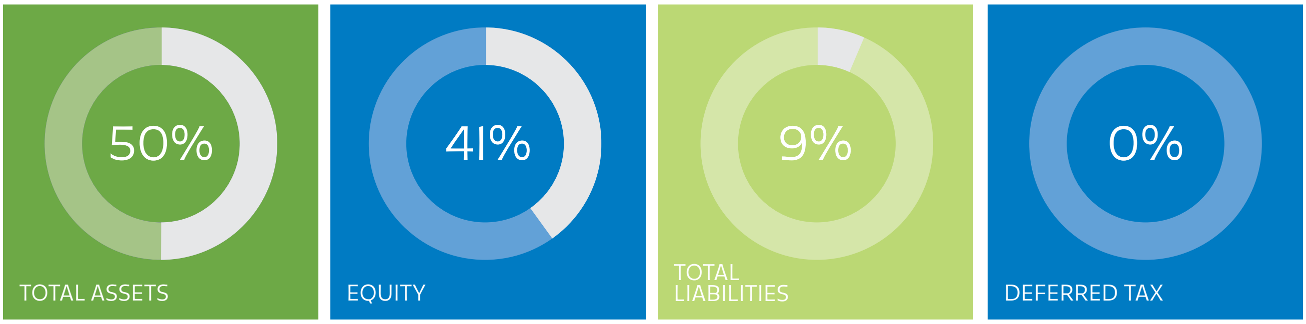


	2011	12 months to 31.03.2012	9 months to 31.12.2012	2013	2014
INVESTMENT PROPERTY	255,494	415,587	439,987	359,181	400,144
EQUITY	167,943	252,965	274,938	397,642	436,160
TOTAL ASSETS	302,402	535,895	556,917	481,226	527,926

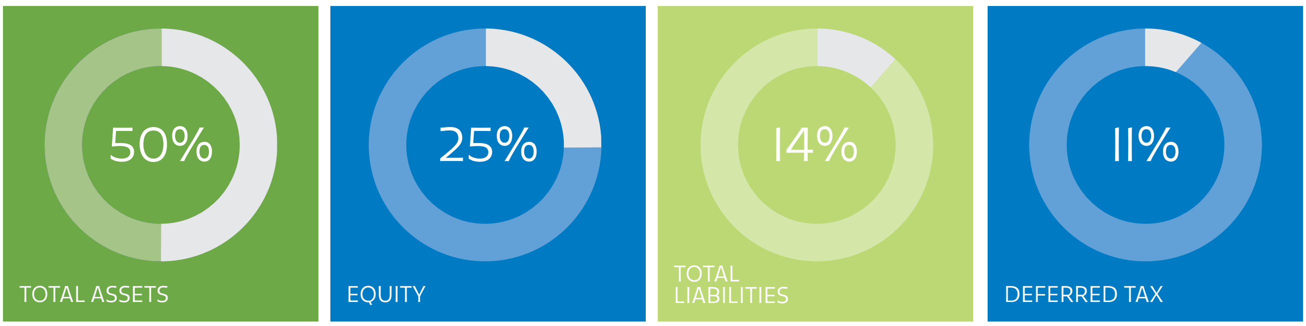


Comparison of Financial Position

31st December 2014



31st December 2012



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 2014:

	REIZ - Co.		Arcades		Thistle	
	K'000	%	K'000	%	K'000	%
STATEMENT OF COMPREHENSIVE INCOME	**39%**		**51%**		**10%**	
Gross rental income	**16,248**		**21,467**		**3,992**	
Total property expenses	(4,326)	26%	(4,427)	21%	(652)	16%
Total administration expenses	(2,699)	17%	(2,951)	14%	(611)	16%
Total board expenses	(1,865)	11%	(169)	1%	(53)	1%
Total depreciation	(748)	5%	(73)	-	(92)	2%
Profit from operations	**6,610**	**41%**	**13,847**	**64%**	**2,584**	**65%**
Change in fair value of Investment property	14,642		19,964		1,487	
Net finance (expense)/income	(15,562)		(35)		(7)	
Other income	3,363		168		65	
Profit before tax	**9,053**		**33,944**		**4,129**	
Income tax expense	(2,117)		(2,117)		(399)	
Profit after tax	**6,936**		**31,827**		**3,730**	

	REIZ - Co.		Arcades		Thistle	
	US$	%	US$	%	US$	%
STATEMENT OF COMPREHENSIVE INCOME // US$						
Average exchange rate	**6.206**		**6.206**		**6.206**	
Gross rental income	**2,618,112**		**3,459,072**		**643,248**	
Total property expenses	(697,067)	26%	(713,342)	21%	(105,060)	16%
Total administration expenses	(434,902)	17%	(475,507)	14%	(98,453)	16%
Total board expenses	(300,516)	11%	(27,232)	1%	(8,540)	1%
Total depreciation	(120,529)	5%	(11,763)	-	(14,824)	2%
Profit from operations	**1,065,098**	**41%**	**2,231,228**	**64%**	**416,371**	**65%**
Change in fair value of Investment property, net of exchange gains	2,359,330		3,216,887		239,607	
Net finance (expense)/income	(2,507,573)		(5,640)		(1,128)	
Other income	541,894		27,070		10,474	
Profit before tax	**1,458,749**		**5,469,545**		**665,324**	
Income tax expense	(341,121)		(341,121)		(64,293)	
Profit after tax	**1,117,628**		**5,128,424**		**601,031**	

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 2014 :

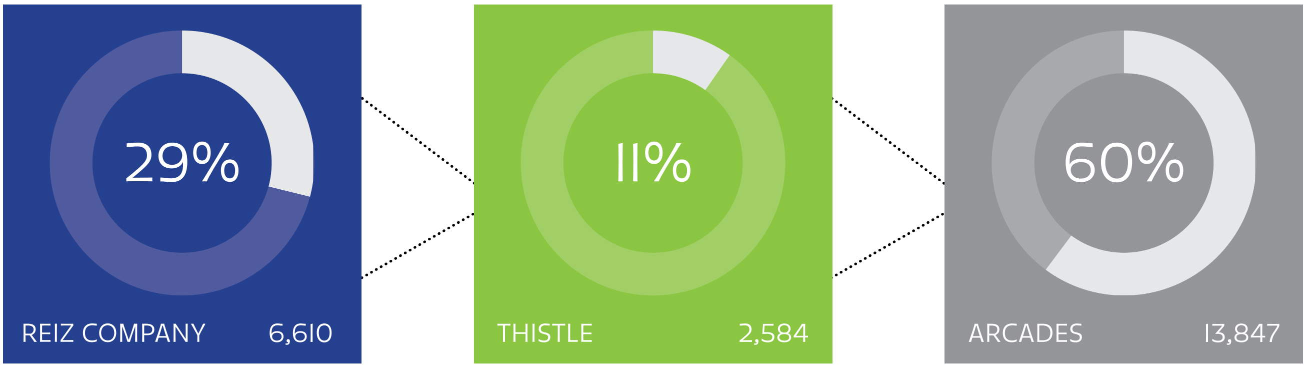
	REIZ - Co.	Arcades	Thistle
	K'000	K'000	K'000
STATEMENT OF FINANCIAL POSITION // K'000			
Assets			
Plant and equipment	2,055	506	298
Rental income receivable after 12 months	1,102	1,639	483
Investment properties	216,634	153,141	30,369
Investment property under development	55	40,070	-
Investments	146,965	-	-
Amount due from equity accounted investee	13,891	-	-
Current assets	9,075	7,708	1,005
Total Assets	**389,777**	**203,064**	**32,155**
Shareholders' funds and liabilities			
Total equity	299,968	200,405	29,674
Total non–current liabilities	83,783	1,291	154
Total current liabilities	6,026	1,368	2,327
Total equity and liabilities	**389,777**	**203,064**	**32,155**

	REIZ - Co.	Arcades	Thistle
	US$	US$	US$
STATEMENT OF FINANCIAL POSITION // US$			
Assets			
Year end exchange rate	**6.40**	**6.40**	**6.40**
Plant and equipment	321,094	79,062	46,562
Rental income receivable after 12 months	172,188	256,094	75,469
Investment properties	33,849,062	23,928,281	4,745,156
Investment property under development	8,594	6,260,938	-
Investments	22,963,281	-	-
Amount due from equity accounted investee	2,170,469	-	-
Current assets	1,417,968	1,204,375	157,032
Total Assets	**60,902,656**	**31,728,750**	**5,024,219**
Shareholders' funds and liabilities			
Total equity	46,870,000	31,313,281	4,636,562
Non – current liabilities	13,091,094	201,719	24,062
Total current liabilities	941,562	213,750	363,595
Total equity and liabilities	**60,902,656**	**31,728,750**	**5,024,219**

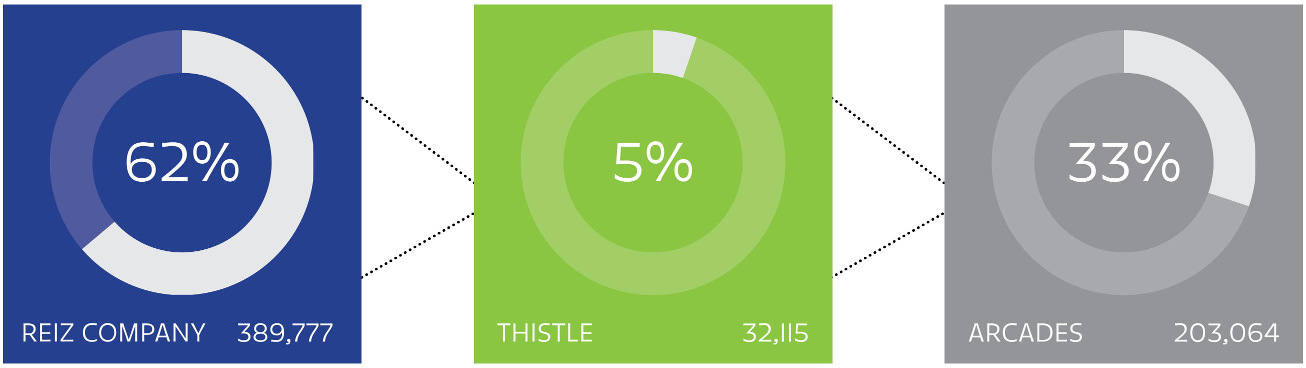
ANALYSIS OF FINANCIAL RESULTS

CONTRIBUTION TO GROUP TURNOVER // K'000

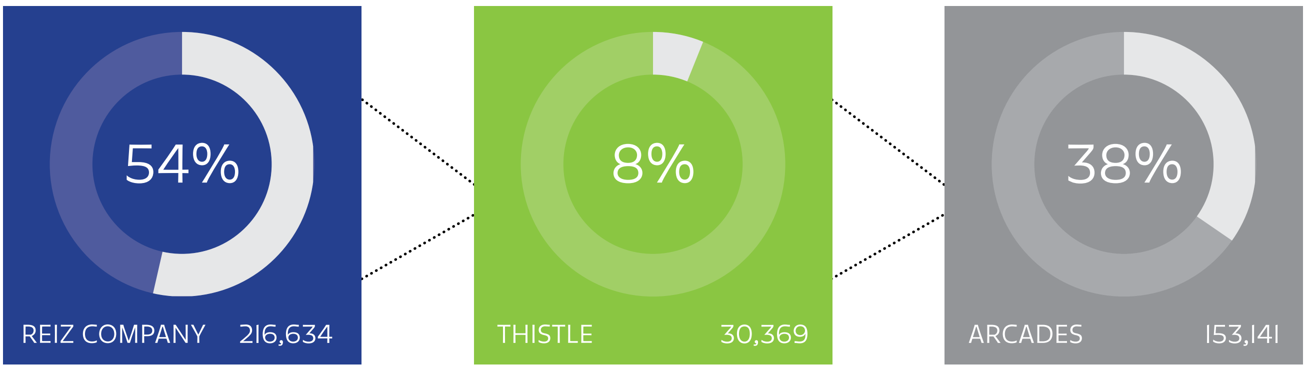
CONTRIBUTION TO GROUP OPERATING PROFIT // K'000



GROUP TOTAL ASSETS // K'000



GROUP INVESTMENT PROPERTIES // K'000

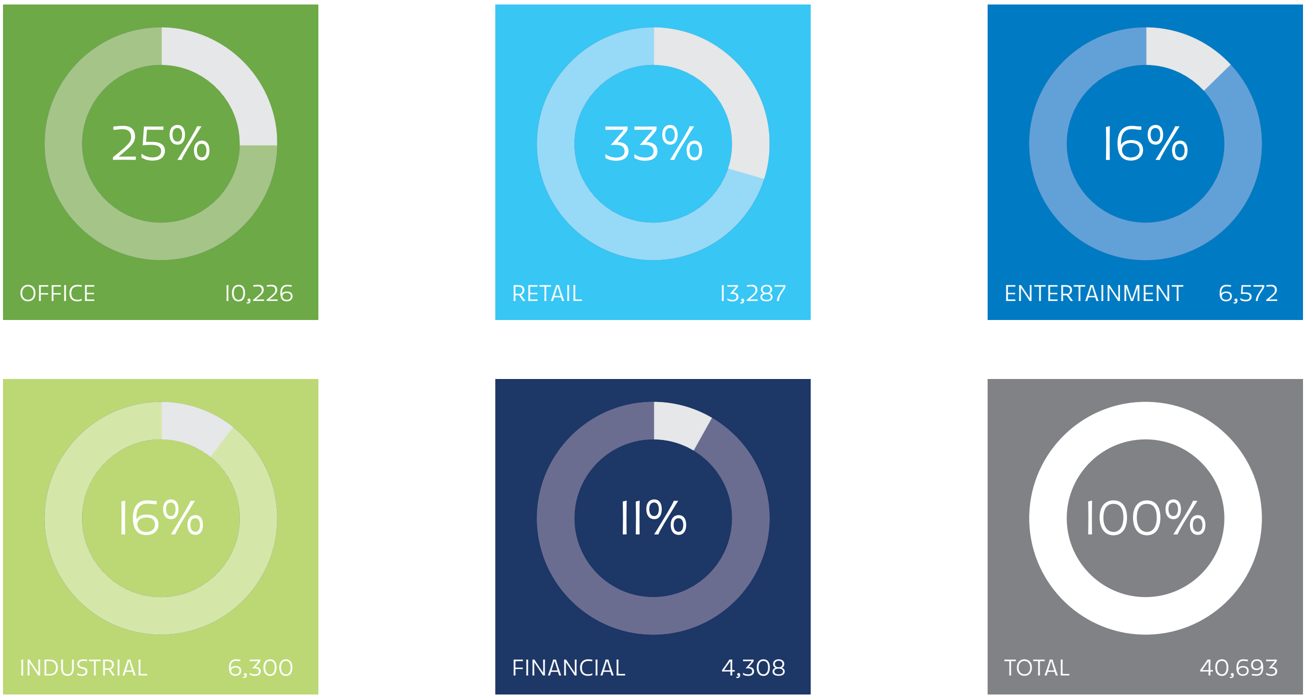


PROPERTY ANALYSIS

REIZ RENTAL AREA ANALYSIS AS AT 31ST DECEMBER 2014

Tenant	Area	%
Spar Zambia Limited	5,279	13.0%
Ster-Kinekor Zambia Ltd	1,663	4.1%
Mica Zambia Limited	1,300	3.2%
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	22,049	54.2%
TOTAL G.L.A.	40,693	100%

GLA M² BY SECTOR



PROPERTY ANALYSIS (continued)

PROPERTY BY VALUATION		US$1 - K6.40			
Properties by Value	**Type**	**Rentable Area - M²**	**Valuation - K'000**	**Valuation - US$**	**% of Total**
Arcades Centre	Retail Mall	18,492	154,251	24,101,719	35.0%
Central Park	Office Park	8,702	137,062	21,415,938	31.1%
Parkway	Retail Mall (Under Development)	14,000	33,570	5,245,313	7.6%
Counting House Square	Office Park	2,968	30,369	4,745,156	6.9%
Abacus Square	Office Park	1,821	28,941	4,522,031	6.6%
Eureka Park	Industrial	6,300	23,680	3,700,000	5.4%
Nyerere Road	Office	1,526	19,348	3,023,125	4.4%
CETZAM House	Office	885	7,620	1,190,625	1.7%
Solwezi	Retail Mall (Under Development)	3,000	5,428	848,125	1.2%
Total		**57,693**	**440,269**	**68,792,032**	**100%**

PROPERTY BY GLA		US$1 - K6.40			
Properties by Area	**Type**	**Rentable area - M²**	**Valuation - K'000**	**Valuation - US$**	**% of Total**
Arcades Centre	Retail Mall	18,492	154,251	24,101,719	32.1%
Parkway	Retail Mall (Under Development)	14,000	33,570	5,245,313	24.3%
Central Park	Office Park	8,702	137,062	21,415,938	15.1%
Eureka Park	Industrial	6,300	23,680	3,700,000	10.9%
Solwezi	Retail Mall (Under Development)	3,000	5,428	848,125	5.2%
Counting House Square	Office Park	2,968	30,369	4,745,156	5.1%
Abacus Square	Office Park	1,821	28,941	4,522,031	3.2%
Nyerere Road	Office	1,526	19,348	3,023,125	2.6%
CETZAM House	Office	885	7,620	1,190,625	1.5%
Total		**57,693**	**440,269**	**68,792,032**	**100%**

CONCLUSION

In concluding this report, I would like to particularly comment on the sudden passing of our Chairman, Mr. Timothy Mushibwe, on 25th January 2015. Timothy and I served together on the Board of the Group since his appointment in 2001. Timothy was appointed Chairman in 2010 and was always available to me with advice and guidance in dealing with Company matters. I have greatly appreciated his wisdom in this regard. I know the Board, Management and Shareholders will join with me in thanking him for his dedicated service to the Group.

Finally, shareholders will have noted the announcement issued on 4th February 2015 which indicated to the market that I shall be stepping down in June 2015. This will therefore be my final Annual General Meeting as Managing Director of the Company after almost 20 years of service.

I take this opportunity to thank Shareholders for their support over the years, and wish the Group continued success in the years ahead.

Robin Miller
Managing Director


reiz

STATEMENT OF THE DIRECTORS

The Directors present the Annual Report for REIZ Plc for the year ended 31st December 2014.

It is with great sadness that the Directors report on the sudden passing of the Chairman of the Group Mr. Timothy T. Mushibwe on 25th January 2015. The Board offer their deepest condolences to Mrs. Lilian Mushibwe and family on this terrible loss. Timothy served as a member of the Board from 2001 and as Chairman from 2010. His dedication and service to the Group was unstinting and his contribution to the Board will be sorely missed.

Timothy T. Mushibwe
1959 – 2015
May His Soul Rest in Peace

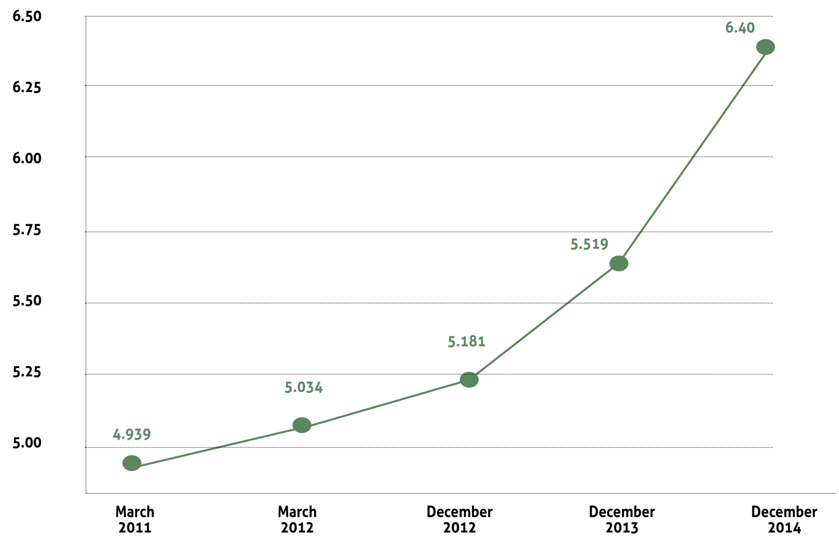
Country Overview

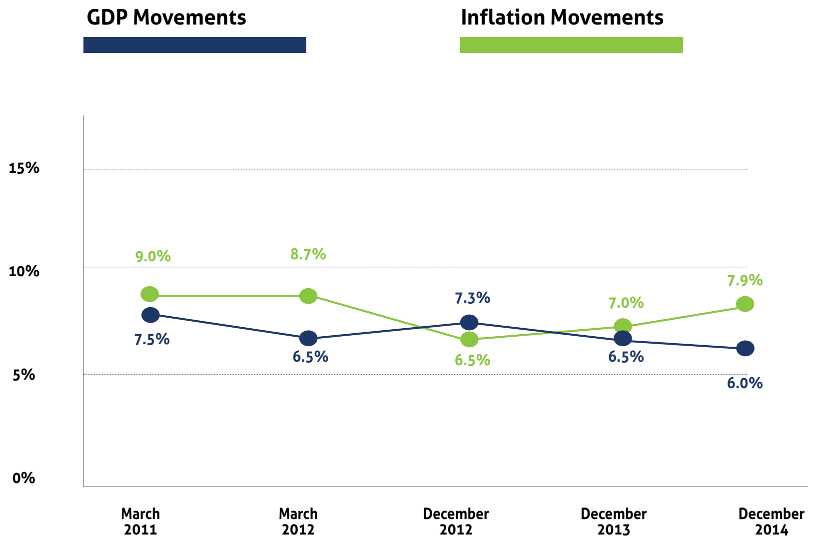
During the year, the state of the World economy continued to cause concern although the anticipated resurgence of the US economy towards the end of the year was counteracted by a slowdown in the Chinese economy and a general weakening in commodity prices, in particular that of copper. The reduced demand and the falling price of copper will have effects on the Zambian economy. However this was partly offset by the reduction in oil costs. These matters will need to be closely watched in 2015.

The Zambian economy was not immune from these global effects, and additional pressure was placed on macro-economic indicators following the passing of President Michael C. Sata in October 2014. The inflation rate rose to 7.9% from 7.0%, and there was a depreciation of the Kwacha from US$1 - K5.51 at 31st December 2013 to US$1 – K6.40 at 31st December 2014. Largely due to these international and domestic dynamics GDP growth was 6.0 % in 2014 down from 6.5% in 2013.

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. As indicated in the Managing Directors Report these Statutory Instruments (SIs) were revoked in April 2014.

Average Exchange Rate (ZMK-US%)





REIZ Overview

The Board

The Board comprises the following highly experienced Directors – 9 non-executive Directors and 1 executive Director.

Directors' Profiles

Timothy T. Mushibwe (R.I.P)
CHAIRMAN

Resident Partner of Baker Tilly Meralis Zambia

Timothy managed Baker Tilly Meralis Zambia, a member firm of Baker Tilly International, the 8th largest professional accounting firm in the World. Timothy held 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 was an avid and passionate conservationist and environmentalist who sat 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

Robin is a 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.

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 Head of Corporate Strategy at Zambia Sugar Plc. She is also the Chairperson of the Saturnia Regna Pension Trust Fund Board of Trustees and a Board member of the Pensions and Insurance Authority. 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 Group turnover has increased by 20% from K34.715 million to K41.707 million, net rental income has increased from K25.162 million in 2013 to K31.386 million in 2014 - an increase of 25%. The result of the revocation of SI33 are beginning to be reflected in operating profits.

As explained in the Managing Director's Report profit after tax has substantially fallen from K127.22m in 2013 to K43.04m in 2014. This extra-ordinary fall is largely attributable to the accounting treatment of deferred tax. Shareholders will be aware that in previous years a charge for deferred tax was made to the income statement. As indicated in the 2013 Annual Report, with the introduction of a turnover tax, the basis upon which the deferred tax was made no longer applies, and was reversed in 2013.

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

Shareholders will have noted that Mr. Robin P. S. Miller will step down as Managing Director as at 30th June 2015. The Board wish to convey their appreciation to Mr. Miller for his dedicated service to the Group over the last 19 years. We wish Mr. Miller all the best in his future endeavours.

The Directors also wish to convey our sincere thanks to all our shareholders, stakeholders, and to the Government of the Republic of Zambia. We 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.

Appointment of Chairman of the Board

Following the passing of Mr. Timothy Mushibwe the Board met on 12th February 2015, in terms of the articles, and elected Mr. Kenny H. Makala as Chairman of the Board.

K. H. Makala
Director

R. P. S. Miller
Director

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 are 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

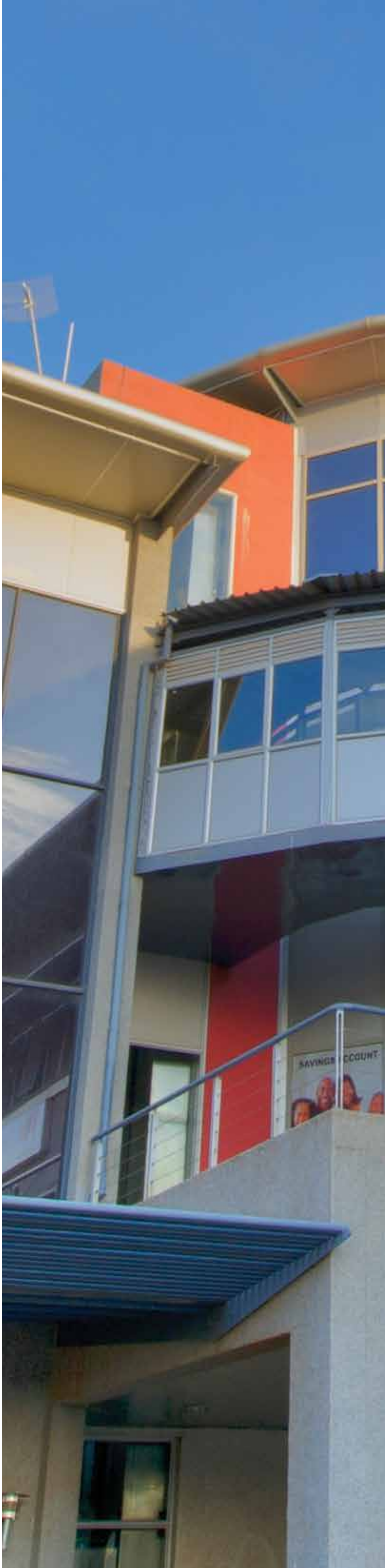
9. Approve the Company's financial statements, annual report and quarterly management accounts, including other qualitative and quantitative information.
10. Approve any significant changes to accounting policies or practices.

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 during the year was 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 9 non-executive members and 1 executive member, 4 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.
- 40% 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:	18/02/14	29/05/14	25/07/14	15/08/14	28/08/14	27/11/14	19/12/14	Total
T.T. Mushibwe (Chair)	√	√	√	√	√	√	√	7/7
R.P.S. Miller (Managing Director)	√	√	√	√	√	√	√	7/7
D. Kabunda	√					√	√	3/7
B. Kayumba	√	√				√	√	4/7
M. Hantuba	√	√	√	√		√	√	6/7
E. Lungu-Nkumbula	√		√	√		√	√	5/7
K.H. Makala		√	√	√	√	√	√	6/7
E. O'Donnell	√		√	√	√	√	√	6/7
S.M. O'Donnell	√		√	√	√	√	√	6/7
W.P. Saunders	√	√			√	√	√	5/7
Total	**9/10**	**6/10**	**7/10**	**7/10**	**6/10**	**10/10**	**10/10**	**55/70**

The remuneration of the Board is shown in Note 7 of the financial statements and was a total of K2,050,000 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	57,326	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
Efi O'Donnell (Chair)
Muna Hantuba
Banja Mkwanazi Kayumba
Robin P.S. Miller

Investment Committee
William P. Saunders (Chair)
Muna Hantuba
Kenny H. Makala
Timothy T. Mushibwe
Mark O'Donnell
Robin P.S. Miller

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

Nomination Committee
Kenny H. Makala (Chair)
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 2014 the top ten REIZ shareholders held approximately 80.95% of the issued share capital of the Company:

SHAREHOLDER	NUMBER OF REIZ SHARES HELD	HOLDING(%)
SATURNIA REGNA PENSION TRUST FUND	14,531,811	25.74%
UNION GOLD (Z) LTD	9,283,379	16.44%
NATIONAL PENSION SCHEME AUTHORITY	5,646,019	10.00%
WORKERS' COMPENSATION FUND CONTROL BOARD	4,206,691	7.45%
STANDARD CHARTERED BANK NOMINEES - BBZ STAFF PENSION FUND	2,843,092	5.04%
KONKOLA COPPER MINES PENSION TRUST SCHEME	2,711,165	4.80%
STANBIC BANK ZAMBIA NOMINEES	2,272,158	4.02%
STANDARD CHARTERED BANK PENSION TRUST FUND	1,641,719	2.91%
STANDARD CHARTERED ZAMBIA SECURITIES NOMINEES LTD	1,364,083	2.42%
ZAMBIA STATE INSURANCE PENSION TRUST FUND	1,200,000	2.13%
TOTAL TOP TEN	**45,700,117**	**80.95%**
OTHERS	10,760,081	19.05%
	56,460,198	**100%**

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.

GROUP AND COMPANY FINANCIAL STATEMENTS

For the year ended 31st December 2014

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

The Directors are pleased to present their report and audited group financial statements and financial statements of Real Estate Investments Zambia Plc for the year ended 31 December 2014.

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.

2 Authorised and issued share capital

Full details of the authorised and issued share capital are set out under note 20 of the notes to the financial statements.

3 Results for the year

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

	GROUP		COMPANY	
ZMW'000	**31 December 2014**	31 December 2013	**31 December 2014**	31 December 2013
Revenue	**41,707**	34,715	**16,248**	16,406
Results from operating activities	**59,488**	61,433	**24,615**	33,140
Profit before taxation	**47,186**	50,368	**9,053**	14,570
Income tax (expense)/credit	**(4,633)**	76,853	**(2,117)**	42,462
Profit for the year	**42,553**	127,221	**6,936**	57,032

4 Dividend

Dividends paid and proposed are disclosed under note 20 of the notes to the financial statements.

5 Directors and Secretary

The names of the Directors and of the Secretary are shown below:

DIRECTORS	ALTERNATES
Timothy T. Mushibwe (Chairman) - Deceased	R. Sombe
Robin P.S. Miller (Managing Director)	A.T.S. Miller
Deborah A. Bwalya (Resigned 7th March 2014)	S. Mwape
Munakupya 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	F. Chanda
Banja M. Kayumba	M. Wambulawae

SECRETARY

Sydney E. Popota

DIRECTORS' REPORT (CONTINUED)

6 Directors' fees

Directors' fees of K2,050,000 were paid during the year (2014: K1,990,000).

7 Loans to directors

There were no loans advanced to the Directors during the year (2013: 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 9 employees (2013: 9).

10 Property, plant and equipment

The Group acquired plant and equipment worth K1,879,000 during the year (2013: K30,000) and disposals of plant and equipment with a carrying amount of K5,000 were made during the year (2013: K2,252,000). The Group acquired investment property worth Knil during the year (2013: K18,640,000) and disposals of investment property with a carrying amount of Knil were made during the year (2013: K133,088,000). 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 47 to 95 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

K. H. Makala
Director

R. P. S. Miller
Director

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are responsible for the preparation and fair presentation of the group financial statements and financial statements of Real Estate Investments Zambia Plc comprising the statements of financial position as at 31 December 2014, and the statements of profit or loss and other 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, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Zambia. In addition, the Directors are responsible for preparing the Directors report.

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

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

The Auditor is responsible for reporting on whether the group financial statements and financial statements of Real Estate Investments Zambia Plc are fairly presented in accordance with the applicable financial reporting framework.

Approval of consolidated and separate financial statements

The group financial statements and financial statements of Real Estate Investments Zambia Plc as identified in the first paragraph were approved by the Board of Directors on **12 February 2015** and were signed on its behalf by:

K. H. Makala
Director

R. P. S. Miller
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 group financial statements and financial statements of Real Estate Investments Zambia Plc ("the Company"), which comprise the statements of financial position as at 31 December 2014 and the statements of profit or loss and other 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 47 to 95.

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 the requirements of 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 fair 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 2014, 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 the requirements of 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

19th February 2015

Jason Kazilimani, Jr
Partner

Partners: A list of partners is available at the above mentioned address.

Real Estate Investments Zambia Plc
STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

		GROUP		COMPANY	
ZMW'000	*NOTE*	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Assets					
Plant and equipment	13	**2,858**	1,897	**2,055**	1,864
Lease straight-lining receivable	19	**3,225**	1,060	**1,102**	623
Investment property	15	**400,144**	359,181	**216,634**	201,776
Investment property under development	16	**40,125**	43,254	**55**	-
Other investments	18	**19,456**	16,156	**146,965**	146,965
Amount due from equity accounted investee	27b	**13,891**	11,978	**13,891**	11,978
Goodwill	14	**32,607**	32,607	**-**	-
Total non-current assets		**512,306**	466,133	**380,702**	363,206
Trade and other receivables	11a	**2,552**	2,371	**3,209**	4,405
Prepayments and deposits	11b	**200**	616	**176**	601
Tax recoverable	10d	**1,238**	1,093	**1,193**	1,093
Cash and cash equivalents	12	**11,630**	11,013	**4,497**	8,555
Total current assets		**15,620**	15,093	**9,075**	14,654
Total assets		**527,926**	481,226	**389,777**	377,860
Equity					
Share capital	20a	**565**	57	**565**	57
Share premium		**90,340**	90,848	**90,340**	90,848
Retained earnings		**344,773**	306,737	**209,063**	206,644
Total equity attributable to equity holders of the parent		**435,678**	397,642	**299,968**	297,549
Liabilities					
Convertible redeemable cumulative preferred stock	*20b*	**7,824**	7,824	**7,824**	7,824
Corporate bonds	22	**74,471**	64,093	**74,471**	64,093
Security deposits	24	**2,722**	2,171	**1,488**	1,183
Total non-current liabilities		**85,017**	74,088	**83,783**	73,100
Trade and other payables	*23*	**6,774**	7,971	**6,026**	7,211
Tax payable	10d	**457**	1,525	**-**	-
Total current liabilities		**7,231**	9,496	**6,026**	7,211
Total liabilities		**92,248**	83,584	**89,809**	80,311
Total equity and liabilities		**527,926**	481,226	**389,777**	377,860

The financial statements on pages 47 to 95 were approved by the Board of Directors on **12 February 2015** and were signed on its behalf by:

K. H. Makala
Director

R. P. S. Miller
Director

The notes on pages 52 to 95 are an integral part of these financial statements

Real Estate Investments Zambia Plc
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

		GROUP		COMPANY	
ZMW'000	*NOTE*	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Revenue	*6a*	**41,707**	34,715	**16,248**	16,406
Property operating expenses	*15d*	**(10,321)**	(9,553)	**(5,074)**	(5,521)
Net rental income		**31,386**	25,162	**11,174**	10,885
Change in fair value of investment property	*15b*	**36,092**	37,755	**14,642**	10,882
Other operating income	*6b*	**355**	6,386	**3,363**	15,524
Administrative expenses	*7a*	**(8,345)**	(7,870)	**(4,564)**	(4,151)
Results from operating activities		**59,488**	61,433	**24,615**	33,140
Finance income		**259**	323	**110**	236
Finance cost		**(15,861)**	(18,795)	**(15,672)**	(18,806)
Net finance cost	*8*	**(15,602)**	(18,472)	**(15,562)**	(18,570)
Share of profits of equity accounted investee, net of tax	*17*	**3,300**	7,407	**-**	-
Profit before income tax		**47,186**	50,368	**9,053**	14,570
Income tax (expense)/credit	*10a*	**(4,633)**	76,853	**(2,117)**	42,462
Profit and total comprehensive income for the year		**42,553**	127,221	**6,936**	57,032
Earnings per share					
Basic earnings per share (Kwacha)	*9*	**0.75**	2.25	**0.12**	1.01
Diluted earnings per share (Kwacha)	*9*	**0.74**	2.19	**0.13**	0.99

The notes on pages 52 to 95 are an integral part of these financial statements

Real Estate Investments Zambia Plc
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	GROUP			
ZMW'000	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TOTAL
At 1 January 2013	57	90,848	184,033	274,938
Total comprehensive income for the year - Profit for the year	-	-	127,221	127,221
Transactions with owners recognised directly in equity Dividend paid (note 20)	-	-	(4,517)	(4,517)
At 31 December 2013	57	90,848	306,737	397,642
At 1 January 2014	**57**	**90,848**	**306,737**	**397,642**
Total comprehensive income for the year Profit and total comprehensive income for the year	**-**	**-**	**42,553**	**42,553**
Transactions with owners recorded directly in equity				
Adjustment of nominal value (note 20)	**508**	**(508)**	**-**	**-**
Dividend paid (note 20)	**-**	**-**	**(4,517)**	**(4,517)**
At 31 December 2014	**565**	**90,340**	**344,773**	**435,678**

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, adjusted for an increase in share capital as explained at note 20.

The notes on pages 52 to 95 are an integral part of these financial statements

Real Estate Investments Zambia Plc
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	COMPANY			
ZMW'000	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TOTAL
At 1 January 2013	57	90,848	154,129	245,034
Total comprehensive income for the year - Profit for the year	-	-	57,032	57,032
Transactions with owners recognised directly in equity Dividend paid (note 20)	-	-	(4,517)	(4,517)
At 31 December 2013	57	90,848	206,644	297,549
At 1 January 2014	**57**	**90,848**	**206,644**	**297,549**
Total comprehensive income for the year Profit and total comprehensive income for the year	**-**	**-**	**6,936**	**6,936**
Transactions with owners recorded directly in equity				
Adjustment of nominal value (note 20)	**508**	**(508)**	**-**	**-**
Dividend paid (note 20)	**-**	**-**	**(4,517)**	**(4,517)**
At 31 December 2014	**565**	**90,340**	**209,063**	**299,968**

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, adjusted for an increase in share capital as explained at note 20.

The notes on pages 52 to 95 are an integral part of these financial statements

Real Estate Investments Zambia Plc
STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

		GROUP		COMPANY	
ZMW'000	*NOTE*	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Cash flows from operating activities					
Profit for the year		**42,553**	127,221	**6,936**	57,032
Adjustment for:					
- Depreciation	13	**913**	1,356	**748**	1,254
- Share of profit of equity accounted investee (net of tax)	17	**(3,300)**	(7,407)	**-**	-
- Change in fair value of investment property	15b	**(36,092)**	(37,755)	**(14,642)**	(10,882)
- Net finance cost	8	**15,602**	18,472	**15,562**	18,570
- Dividend income receivable	6b	**-**	-	**(3,240)**	(9,315)
- Profit on sale of plant and equipment	6b	**(65)**	**(6,089)**	**-**	**(6,089)**
- Income tax (credit)/ expense	10	**4,633**	(76,853)	**2,117**	(42,462)
		24,244	18,945	**7,481**	8,108
(Increase)/decrease in trade and other receivables		**(2,346)**	1,200	**717**	70
Decrease/(increase) in prepayments and deposits		**416**	(276)	**425**	(300)
Decrease in trade and other payables		**(646)**	(1,156)	**(880)**	(1,329)
		21,668	18,713	**7,743**	6,549
Income tax paid	10d	**(5,846)**	(4,506)	**(2,217)**	(1,362)
Net cash from operating activities		**15,822**	14,207	**5,526**	5,187
Cash flows from investing activities					
Interest received	8	**259**	323	**110**	236
Acquisition of plant and equipment	13	**(1,879)**	(30)	**(944)**	(30)
Acquisition of investment property	15	**-**	(18,640)	**-**	(18,640)
Development of investment property	15 & 16	**(1,742)**	(119)	**(271)**	-
Proceeds on sale of investment property		**-**	114,800	**-**	114,800
Dividend received	6b	**-**	-	3,240	9,315
Net cash (used in)/from investing activities		**(3,362)**	96,334	**2,135**	105,681
Cash flows from financing activities					
Coupon interest on preferred stock	8	**(1,007)**	(832)	**(1,007)**	(832)
Corporate bond interest paid		**(6,627)**	(5,756)	**(6,627)**	(5,756)
Term loans interest paid		**-**	(9,038)	**-**	(9,038)
Dividend paid	20	**(4,517)**	(4,517)	**(4,517)**	(4,517)
Repayment of term loans		**-**	(82,919)	**-**	(82,919)
Net cash used in financing activities		**(12,151)**	(103,062)	**(12,151)**	(103,062)
Net increase/ (decrease) in cash and cash equivalents		**309**	7,479	**(4,490)**	7,806
Cash and cash equivalents at beginning of year		**11,013**	3,918	**8,555**	1,144
Effect of exchange rate fluctuations on cash held		**308**	(384)	**432**	(395)
Cash and cash equivalents at end of year		**11,630**	11,013	**4,497**	8,555

The notes on pages 52 to 95 are an integral part of these financial statements

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 Group financial statements as at and for the year ended 31 December 2014 comprise the Company, subsidiaries and a joint venture (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.

2 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of Zambia.

Details of the Company's accounting policies are included in note 30.

3 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.

4 Use of estimates and judgement

In preparing these consolidated and separate financial statements, management has made judgments, 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.

A. Judgments

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

- Note 30(A)(v) - classification of the joint arrangement;
- Notes 30(M)(i) - leases: whether an arrangement contains a lease.

4 Use of estimates and judgement (continued)

B. Assumptions and estimation

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2015 is included in the following notes:

- Note 14 - impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- Notes 28 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and

i. 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 a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team 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's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market 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 fall into 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 notes:

- Note 15 - investment property;
- Note 25 - financial instruments;

5 Operating segments

The Group has two reportable segments as detailed below as at 31 December 2014. 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 2014 *ZMW'000*	RETAIL	OFFICE	TOTAL
Revenue - external	**21,467**	**20,240**	**41,707**
Depreciation and amortisation	**73**	**840**	**913**
Operating profit	**33,980**	**25,508**	**59,488**
Finance costs net	**(35)**	**(15,567)**	**(15,602)**
Profit from equity accounted investee	**-**	**-**	**3,300**
Profit before income tax	**33,946**	**9,940**	**47,186**
Income tax expense	**(2,117)**	**(2,516)**	**(4,633)**
Profit for the year	**31,829**	**7,424**	**42,553**

31 DECEMBER 2013 *ZMW'000*	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

5 Operating segments (continued)

The segment assets and liabilities and cash flows as at 31 December 2014 were as follows:

31 DECEMBER 2014 *ZMW'000*	RETAIL	OFFICE	TOTAL
Segment assets	**203,064**	**324,862**	**527,926**
Segment liabilities	**2,659**	**89,589**	**92,248**
Cash flows from operating activities	**9,000**	**6,822**	**15,822**
Cash flows used in investing activities	**(1,421)**	**(895)**	**(2,316)**
Cash flows from financing activities	**(3,240)**	**(8,911)**	**(12,151)**
Capital expenditure	**(1,556)**	**(1,019)**	**(2,575)**

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

31 DECEMBER 2013 *ZMW'000*	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 investing activities	(41)	96,435	96,394
Cash flow from/(used in) financing activities	9,315	(93,747)	(103,062)
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.

6(a) Gross rental income

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 3 to 10 years. There are no contingent rents included in the rental income.

	GROUP		COMPANY	
ZMW'000	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Rental income	**39,324**	34,771	**15,495**	15,937
Lease straight-lining income/(cost)	**2,383**	(56)	**753**	469
Gross rental income	**41,707**	34,715	**16,248**	16,406

NOTES TO THE FINANCIAL STATEMENTS - *FOR THE YEAR ENDED 31 DECEMBER 2014*

6(b) Other operating income

ZMW'000	GROUP 31 December 2014	GROUP 31 December 2013	COMPANY 31 December 2014	COMPANY 31 December 2013
Profit on sale of fixed assets	**65**	6,089	**-**	6,089
Dividend received from Arcades Development Plc	**-**	-	**3,240**	9,315
Administration fees	**120**	120	**120**	120
Bad debts recovered	**-**	156	**-**	-
Hire of car park for activities	**170**	21	**3**	-
	355	6,386	**3,363**	15,524

7 Expenses

(a) Administrative expenses

ZMW'000	GROUP 31 December 2014	GROUP 31 December 2013	COMPANY 31 December 2014	COMPANY 31 December 2013
Administrative costs apportionment	**-**	-	**(3,212)**	(3,118)
Advertising and promotion	**566**	683	**566**	658
Taxation fees	**16**	97	**-**	48
Salaries (note 7(b))	**4,463**	3,931	**4,463**	3,931
National Pension Scheme Authority defined contribution	**39**	39	**39**	39
Audit fees	**522**	484	**243**	225
Secretarial fees	**13**	11	**13**	11
Computer expenses	**61**	55	**59**	51
Donations (note 27 (d))	**13**	13	**13**	13
Listing fees	**113**	100	**101**	94
Entertainment	**2**	1	**-**	-
Printing and stationery	**112**	116	**111**	112
Telephone and postage	**75**	74	**75**	74
Bank charges	**73**	61	**38**	37
Directors' fees (note 7(b))	**2,050**	1,990	**1,828**	1,764
Board expenses	**37**	89	**37**	86
Medical, staff welfare & training	**63**	44	**63**	44
Workers compensation	**3**	3	**3**	3
Motor vehicle expenses	**88**	68	**88**	68
Consultancy	**-**	5	**-**	5
Travelling expenses	**36**	6	**36**	6
	8,345	7,870	**4,564**	4,151

(b) Staff costs and directors' remuneration

ZMW'000				
National Pension Scheme Authority	**39**	39	**39**	39
Directors fees (included in administrative expenses) (note 7(a))	**2,050**	1,990	**1,828**	1,764
Salaries (note 7(a))	**4,463**	3,931	**4,463**	3,931
	6,552	5,960	**6,330**	5,734

8 Net finance costs

	GROUP		COMPANY	
ZMW'000	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Interest income on bank deposits	259	323	110	236
Total finance income	259	323	110	236
Net foreign exchange loss on operating activities	**(8,088)**	(5,282)	**(7,899)**	(5,293)
Interest on long term loans	**(6,766)**	(12,681)	**(6,766)**	(12,681)
Coupon interest on preferred stock	**(1,007)**	(832)	**(1,007)**	(832)
Interest expense on finance liabilities	**(15,861)**	(18,795)	**(15,672)**	(18,806)
Net financing cost	**(15,602)**	(18,472)	**(15,562)**	(18,570)

9 Earnings per share

Basic earnings per share

The calculation of the Group basic earnings per share at 31 December 2014 was based on the profit attributable to ordinary shareholders of K42,553,000 (31 December 2013: K127,221,000) and weighted average number of ordinary shares during the year ended 31 December 2014 of 56,460,198 (2013: 56,460,198).

	GROUP		COMPANY	
ZMW'000	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Profit attributable to ordinary shares	**42,553**	127,221	**6,936**	57,032
Weighted average number of ordinary shares				
Issued at beginning of year	**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	**56,460,198**	56,460,198	**56,460,198**	56,460,198

Diluted earnings per share

Profit attributable to ordinary shareholders of K43,208,000 (2013: K 127,762,000) and weighted average number of ordinary shares during the year of 58,440,102 (2013: 58,440,102).

	GROUP		COMPANY	
ZMW'000	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Profit attributable to ordinary shares				
Profit attributable to ordinary shares (basic)	**42,553**	127,221	**6,936**	57,032
Coupon interest on preferred stock	**655**	541	**655**	541
Profit attributable to ordinary shares (diluted)	**43,208**	127,762	**7,591**	57,573
Weighted average number of ordinary shares				
Issued at 1 January	**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

NOTES TO THE FINANCIAL STATEMENTS - *FOR THE YEAR ENDED 31 DECEMBER 2014*

10 Taxation

ZMW'000	GROUP		COMPANY	
a) Income tax expense	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Current tax expense	**4,633**	5,197	**2,117**	1,481
Origination and reversal of temporary differences	-	(82,050)	-	(43,943)
Deferred tax credit	-	(82,050)	-	(43,943)
Total income tax expense/(credit) recognised in statement of comprehensive income	**4,633**	(76,853)	**2,117**	(42,462)

b) Reconciliation of effective tax rate

Following change in the tax legislation announced by the Minister of Finance and National Planning in the 2014 national budget, the group is no longer subject to tax on profits. The Group is subject to withholding tax at 10% on gross rental income which is also the final tax effective 1 January 2014. Other sources of income are liable to tax at 35%. As there is no tax rate to apply to the tax bases, this will result in a deferred tax of nil.

ZMW'000	GROUP			COMPANY		
2014	**INCOME**	**TAX RATE**	**TAX**	**INCOME**	**TAX RATE**	**TAX**
Gross rent	**39,324**	10%	3,932	**15,495**	**10%**	1,550
Other income	**355**	35%	124	**123**	**35%**	43
Bank interest	**259**	35%	91	**110**	**35%**	38
Dividend received	**3,240**	15%	486	**3,240**	**15%**	486
	43,178		4,633	**18,968**		2,117

2013

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

	GROUP		COMPANY	
ZMW'000	2013		2013	
Profit for the year	127,221		57,032	
Total income tax credit	(76,853)		(42,462)	
Profit excluding income tax	50,368		14,570	
Tax on accounting profit	17,629	*35%*	5,100	*35%*
Net of non-deductible expenses and capital allowances	(1,303)	*(3%)*	(1,227)	*(8%)*
Exchange differences	3,280	*6%*	3,280	*23%*
Reversal of timing differences	(82,050)	*(163%)*	(43,943)	*(302%)*
Unrecognised deferred tax on fair value adjustment	(13,214)	*(26%)*	(3,809)	*(26%)*
Difference in effective tax rate of equity accounted investee	(2,592)	*(5%)*	-	*0%*
Effect of lower tax rate on dividend income	1,397	*3%*	(1,863)	*(13%)*
Total income tax credit	(76,853)	*(153%)*	(42,462)	*(291%)*

10 Taxation (continued)

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

ZMW'000

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)**	**-**

Movement in temporary differences during the period (Company)

ZMW'000

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)	-

d) Statement of financial position current income tax

ZMW'000	GROUP		COMPANY	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Tax recoverable	**(1,238)**	(1,093)	**(1,193)**	(1,093)
Tax payable	**457**	1,525	**-**	-
	(781)	432	**(1,193)**	(1,093)

Statement of financial position current income tax movement

ZMW'000	GROUP		COMPANY	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Balance at 1 January	**432**	(259)	**(1,093)**	(1,212)
Current tax expense	**4,633**	5,197	**2,117**	1,481
	5,065	4,938	**1,024**	269
Less: Tax paid	**(5,846)**	(4,506)	**(2,217)**	(1,362)
	(781)	432	**(1,193)**	(1,093)

11 (a) Trade and other receivables

	GROUP		COMPANY	
ZMW'000	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Trade receivables	**951**	403	**476**	107
Receivable recognised on straight-lining of rental income (note 19)	**642**	424	**453**	179
Related party balances (note 27(a))	**-**	-	**2,170**	4,026
Other receivables	**959**	1,544	**110**	93
	2,552	2,371	**3,209**	4,405

(b) Prepayments

	GROUP		COMPANY	
ZMW'000	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Prepayments	**200**	616	**176**	601

12 Cash and cash equivalents

	GROUP		COMPANY	
ZMW'000	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Cash and bank balances:				
Bank balances	**4,629**	2,524	**2,331**	2,126
Cash on hand	**3**	2	**3**	2
	4,632	2,526	**2,334**	2,128
Short term deposits:				
Standard Chartered - ZMW	**11**	11	**11**	11
Standard Chartered - USD	**-**	5,519	**-**	5,519
Stanbic - ZMW	**5,758**	2,903	**923**	843
Stanbic - USD	**1,229**	54	**1,229**	54
	6,998	8,487	**2,163**	6,427
Cash and cash equivalents in the statement of cash flows	**11,630**	11,013	**4,497**	8,555

The Group's exposure to credit, currency and interest rate risks related to cash and cash equivalents is disclosed in note 25.

13 Plant and equipment (Group)

ZMW'000	Machinery	Furniture, fittings and office equipment	Motor vehicles	Fixtures and fittings	Total
Cost					
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
At 1 January 2014	**9,606**	**2,696**	**376**	**8,705**	**21,383**
Additions	**385**	**-**	**944**	**550**	**1,879**
Disposals	**(102)**	**-**	**(369)**	**-**	**(471)**
At 31 December 2014	**9,889**	**2,696**	**951**	**9,255**	**22,791**
Depreciation and impairment losses					
At 1 January 2013	10,119	2,486	194	8,083	20,882
Disposals	(1,853)	-	-	(899)	(2,752)
Charge for the year	838	150	112	256	1,356
At 31 December 2013	9,104	2,636	306	7,440	19,486
At 1 January 2014	**9,104**	**2,636**	**306**	**7,440**	**19,486**
Disposals	**(102)**		**(364)**		**(466)**
Charge for the year	**369**	**42**	**250**	**252**	**913**
At 31 December 2014	**9,371**	**2,678**	**192**	**7,692**	**19,933**
Carrying amount					
At 31 December 2014	**518**	**18**	**759**	**1,563**	**2,858**
At 31 December 2013	502	60	70	1,265	1,897

Included in plant and equipment are fully depreciated assets with a cost of K18,593,770 (31 December 2013: K15,014,000).

13 Plant and equipment (Company)

ZMW'000	Machinery	Furniture, fittings and office equipment	Motor vehicles	Fixtures and fittings	Total
Cost					
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
At 1 January 2014	**2,758**	**237**	**376**	**6,512**	**9,883**
Additions	**-**	**-**	**944**	**-**	**944**
Disposals	**-**	**-**	**(369)**	**-**	**(369)**
At 31 December 2014	**2,758**	**237**	**951**	**6,512**	**10,458**
Depreciation and impairment losses					
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
At 1 January 2014	**2,256**	**209**	**306**	**5,248**	**8,019**
Disposals	**-**	**-**	**(364)**	**-**	**(364)**
Charge for the year	**273**	**28**	**250**	**197**	**748**
At 31 December 2014	**2,529**	**237**	**192**	**5,445**	**8,403**
Carrying amount					
At 31 December 2014	**229**	**-**	**759**	**1,067**	**2,055**
At 31 December 2013	502	28	70	1,264	1,864

Included in plant and equipment are fully depreciated assets with a cost of K7,113,000 (31 December 2013 K4,656,000).

14 Goodwill

ZMW'000	GROUP 31 December 2014	GROUP 31 December 2013
Balance at 1 January	**32,607**	32,607
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:

ZMW'000	GROUP		COMPANY	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
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 year (31 December 2013: 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 2013.

- 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.

15 Investment property

ZMW'000	GROUP		COMPANY	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
At valuation:				
Balance at beginning of the year	**359,181**	439,987	**201,776**	305,342
Disposal	**-**	(133,088)	**-**	(133,088)
Additions - acquisitions	**-**	18,640	**-**	18,640
Additions - subsequent expenditure	**696**	-	**216**	-
Transfer from property under development (note 16)	**7,360**	-	**-**	-
Change in fair value	**32,907**	33,642	**14,642**	10,882
Balance at end of the year	**400,144**	359,181	**216,634**	201,776

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 15 (c).

b) Measurement of fair value

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 K400 million (31 December 2013: K359 million) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used note 4. 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 *ZMW'000*	31 December 2014	31 December 2013	31 December 2014	31 December 2013
- Fair value adjustment	**35,299**	33,586	**15,405**	11,351
- Less straight lining income	**(2,392)**	56	**(763)**	(469)
- Fair value on investment	**32,907**	33,642	**14,642**	10,882
Property under development (note 16)	**3,185**	4,113	**-**	-
Change in fair value	**36,092**	37,755	**14,642**	10,882

15 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 sum as rent-free periods and other costs not paid by tenants. 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 (2-3%. Weighted average 2.6%). • Void periods (average 6 months after the end of each lease). • Occupancy rate (90-95%, weighted average 92.5%). • Rent-free periods (1-year period on new leases). Risk-adjusted discount rates (5-6.3%. weighted average 5.8%).	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	
ZMW'000	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Falling due within				
- One year	**49,124**	38,192	**20,603**	16,786
- 1 - 5 years	**55,579**	48,743	**23,310**	21,424
- Over 5 years	**62,696**	61,508	**26,295**	27,034

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.

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15 Investment property (continued)

(d) Property operating expenses

	GROUP		COMPANY	
ZMW'000	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Property management expenses (note 27 (d))	**2,918**	2,477	**930**	932
Merchant costs	**-**	75	**-**	-
Bad debts written off	**-**	42	**-**	-
Repairs & maintenance	**1,996**	1,293	**1,075**	897
Letting costs (note 27 (d))	**123**	8	**123**	8
Electricity and water	**309**	275	**287**	251
Council rates and leased land rental	**1,240**	1,316	**413**	640
Security	**1,886**	1,597	**831**	679
Cleaning and refuse removal	**263**	283	**239**	265
Insurance	**596**	721	**377**	518
Depreciation expense (note 13)	**913**	1,356	**748**	1,254
Legal and professional expenses	**4**	28	**2**	26
Fire protection	**13**	26	**11**	16
Valuation fees	**60**	56	**38**	35
	10,321	9,553	**5,074**	5,521

16 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	
ZMW'000	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Balance at 1 January	**43,254**	39,022	**-**	-
Cost capitalised	**1,046**	119	**55**	-
Transfer to investment property (note 15)	**(7,360)**	-	**-**	-
Change in fair value (note 15)	**3,185**	4,113	**-**	-
Balance at 31st December	**40,125**	43,254	**55**	-

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 2014.

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. The fair value of investment property under development has been classified as level 3 based on the inputs to the valuation technique used. The key assumptions were as follows:

i. Prevailing market conditions and likely future trends;
ii. Factors affecting values for similar properties in the same or similar locations;
iii. Development potential for each site; and
iv. Current and expected demand for commercial properties.

17 Equity accounted investee

The Group's share of profit in its equity accounted investee (Burnet Investments Limited) for the year was K3,300,000 (31 December 2013: Profit of K7,407,000). The Group has joint control over Burnet Investments Limited.

Summary financial information

ZMW'000	31 December 2014	31 December 2013
Non-current assets	**91,115**	81,146
Current assets	**4,926**	3,691
Total assets	**96,041**	84,837
Non-current liabilities	**27,664**	27,190
Current liabilities	**327**	235
Total liabilities	**27,991**	27,425
Revenues	**8,064**	7,020
Interest received	**149**	59
Expenses	**(2,637)**	(2,596)
Exchange loss	**(7,785)**	(3,242)
Change in fair value of investment property	**9,756**	7,072
Income tax expense	**(812)**	6,803
Profit for the year	**6,735**	15,116
Share of profit (49%)	**3,300**	7,407

18 Significant investments and jointly controlled entities

ZMW'000	PERCENTAGE SHAREHOLDING	31 DECEMBER 2014	PERCENTAGE SHAREHOLDING	31 DECEMBER 2013
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 at 1 January		**32,967**		**17,851**
Profit for the year		**6,735**		15,116
Retained profit at 31 December		**39,702**		**32,967**
Share of profit in equity accounted investee		**19,454**		**16,154**
Cost of investment (K 2,450)		**2**		**2**
Investment in equity accounted investee		**19,456**		**16,156**

NOTES TO THE FINANCIAL STATEMENTS - *FOR THE YEAR ENDED 31 DECEMBER 2014*

19 Lease straight-lining receivable

ZMW'000	GROUP		COMPANY	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Balance at 1 January	**1,484**	11,271	**802**	10,064
Effect of disposal of investment property	**-**	(9,731)	**-**	(9,731)
Effect of straight lined lease payments	**2,383**	(56)	**753**	469
	3,867	1,484	**1,555**	802
Non current	**3,225**	1,060	**1,102**	623
Current (Note 11(a))	**642**	424	**453**	179
Balance at 31 December	**3,867**	1,484	**1,555**	802

20 Share capital

(a) Ordinary share capital

ZMW'000	GROUP		COMPANY	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Authorised				
500,000,000 of K0.01 (2013: 500,000,000 of K0.001) ordinary shares each	**5,000**	500	**5,000**	500
Issued and fully paid				
At beginning of the year - 56,460,198 (2013: 56,460,198) ordinary shares of K0.001 each	**57**	57	**57**	57
Capitalisation of share premium	**508**	-	**508**	-
At the end of the year - 56,460,198 of K0.01 (2013: 56,460,198 of K0.001) ordinary shares of K0.001 each	**565**	57	**565**	57

Ordinary shares

At the Annual General Meeting (AGM) held on 27th March 2014, the shareholders resolved to increase the nominal value per share from K0.001 to K0.01 in response to the rebasing of the Kwacha. This was facilitated by recapitalisation of the share premium in order to increase the value of authorised share capital to K5,000,000 (500,000,000 shares of K0.01 per share) from K500,000 (500,000,000 shares of K0.001 per share). Share premium of K508,000 was capitalised during the year (2013: Knil). 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:

ZMW'000	GROUP		COMPANY	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Final dividend of K0.08 per ordinary share for the year ended 31 December 2013 (31 December 2012: K0.08 per ordinary share)	**4,517**	4,517	**4,517**	**4,517**
	4,517	**4,517**	**4,517**	**4,517**

At the Board meeting held on 12 February 2015, the Directors recommended for Shareholders' approval a final dividend of K0.15 per share (2013: K0.08 per share).

20 Share capital (continued)

(b) Convertible redeemable cumulative preferred stock

	GROUP		COMPANY	
ZMW'000	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Authorised				
2,000,000 (2013: 2,000,000) preference shares of US$0.01 each	**79**	79	**79**	79
Issued				
1,979,904 (2013: 1,979,904) preference shares of US$ 0.01 each issued at a premium of $0.99 each	**78**	78	**78**	78
Preference share premium	**7,746**	**7,746**	**7,746**	**7,746**
	7,824	**7,824**	**7,824**	**7,824**

Preference share premium is the excess paid by the holders over the nominal value.

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.

21 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	
ZMW'000	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Borrowings				
Convertible redeemable cumulative preferred stock	**7,824**	7,824	**7,824**	7,824
Corporate bonds	**74,471**	64,093	**74,471**	64,093
Total borrowings	**82,295**	71,917	**82,295**	71,917
Tangible net worth				
Total equity attributable to equity holders	**435,678**	397,642	**299,968**	297,549
Proposed final dividend	**(8,469)**	(4,517)	**(8,469)**	(4,517)
Goodwill	**(32,607)**	(32,607)	**-**	-
Tangible net worth	**394,602**	360,518	**291,499**	293,032
Total borrowing to tangible net worth	**20.86%**	19.95%	**28.23%**	24.54%

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.

22 Borrowings

Non - current liabilities

(a) Long-term loan - corporate bonds

ZMW'000	GROUP 31 December 2014	GROUP 31 December 2013	COMPANY 31 December 2014	COMPANY 31 December 2013
At 1 January	**64,093**	60,078	**64,093**	60,078
Amortisation of capital raising costs	**139**	101	**139**	101
Effect of movements in exchange rates	**10,239**	3,914	**10,239**	3,914
At 31 December	**74,471**	64,093	**74,471**	64,093

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

23 Trade and other payables

ZMW'000	GROUP 31 December 2014	GROUP 31 December 2013	COMPANY 31 December 2014	COMPANY 31 December 2013
Trade creditors	**290**	198	**87**	89
Rentals received in advance	**558**	342	**227**	49
Amount due to group companies (note 27 (c))	**-**	-	**571**	571
Accruals	**5,164**	6,200	**4,379**	5,271
Unclaimed dividends	**762**	1,231	**762**	1,231
	6,774	7,971	**6,026**	7,211

Included in accruals is interest expense accrued on the corporate bond of K663,000 (31 December 2013: K573,000).

The Group's exposure to liquidity, currency and interest rate risks related to trade and other payables is disclosed in note 25.

24 Security deposit on rentals

ZMW'000	GROUP 31 December 2014	GROUP 31 December 2013	COMPANY 31 December 2014	COMPANY 31 December 2013
At beginning of year	**2,171**	3,110	**1,183**	2,050
Received during the year	**262**	293	**236**	293
Paid out during the year	**(122)**	(1,232)	**(83)**	(1,160)
Effect of movements in exchange rates	**411**	-	**152**	-
At end of the year	**2,722**	2,171	**1,488**	1,183

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

25 Financial instruments – Fair value and risk management

Overview

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

- credit risk;
- liquidity risk;
- market risk; and
- operational risk.

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.

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.

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.

25 Financial instruments – Fair value and risk management (continued)

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 (ZMW). 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.

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.

25 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	
ZMW'000	*NOTE*	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Trade receivables	*11(a)*	**951**	403	**476**	107
Other receivables	*11(a)*	**959**	1,544	**110**	93
Cash and cash equivalents	*12*	**11,630**	11,013	**4,497**	8,556
Amount due from equity accounted investee	*27(ii)(b)*	**13,891**	11,978	**13,891**	11,978
Amount due from subsidiaries	*27(ii)(a)*	**-**	-	**2,170**	4,026
Total		**27,431**	24,938	**21,144**	24,760

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

	Carrying amounts GROUP		Carrying amounts COMPANY	
ZMW'000	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Financial services sector customers	**379**	70	**301**	19
Retail sector customers	**331**	84	**-**	-
IT and telecommunications sector customers	**9**	87	**-**	66
Accountancy and consultancy	**13**	147	**10**	7
Other sectors	**219**	15	**165**	15
Total	**951**	403	**476**	107

There was no interest income recognised on impaired assets.

25 Financial instruments (continued)

(a) Credit risk (continued)

(ii) Impairment losses

Individually impaired

ZMW'000	GROUP - 31 DECEMBER 2014			GROUP - 31 DECEMBER 2013		
	GROSS	**IMPAIRMENT**	**NET**	GROSS	IMPAIRMENT	NET
Not past due	**349**	**-**	**349**	343	(58)	285
Past due 0 - 30 days	**223**	**-**	**223**	112	(38)	74
Past due 31 - 120 days	**195**	**-**	**195**	35	-	35
More than 120 days	**414**	**(230)**	**184**	254	(245)	9
	1,181	**(230)**	**951**	744	(341)	403

The aging of trade receivables at the reporting date was:

Individually impaired

ZMW'000	COMPANY -31 DECEMBER 2014			COMPANY -31 DECEMBER 2013		
	GROSS	**IMPAIRMENT**	**NET**	GROSS	IMPAIRMENT	NET
Not past due	**231**	**-**	**231**	93	-	93
Past due 0 - 30 days	**140**	**-**	**140**	5	-	5
Past due 31 - 120 days	**62**	**-**	**62**	-	-	-
More than 120 days	**273**	**(230)**	**43**	200	(191)	9
	706	**(230)**	**476**	298	(191)	107

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 year was as follows:

ZMW'000	GROUP		COMPANY	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Balance at 1 January	**341**	497	**191**	191
Effect of exchange movement	**39**	-	**39**	-
Amounts recovered	**(150)**	(156)	**-**	-
Balance at 31 December	**230**	341	**230**	191

NOTES TO THE FINANCIAL STATEMENTS - *FOR THE YEAR ENDED 31 DECEMBER 2014*

25 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)

ZMW'000	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 2014							
Non-derivative financial liabilities							
Corporate bond	**74,471**	**80,987**	**-**	**-**	**-**	**-**	**80,987**
Security deposits	**2,722**	**2,722**	**-**	**-**	**-**	**2,552**	**170**
Trade and other payables	**6,216**	**6,216**	**2,377**	**3,839**	**-**	**-**	**-**
Total financial liabilities	**83,409**	**89,925**	**2,377**	**3,839**	**-**	**2,552**	**81,157**
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	7,629	7,629	2,658	3,641	1,330	-	-
Total financial liabilities	73,893	79,501	2,658	3,641	1,330	2,017	69,855

Residual contractual maturities of financial liabilities (Company)

ZMW'000	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 2014							
Non-derivative financial liabilities							
Corporate bond	**74,471**	**80,987**	**-**	**-**	**-**	**-**	**80,987**
Security deposits	**1,488**	**1,488**	**-**	**-**	**-**	**1,318**	**170**
Trade and other payables	**5,799**	**5,799**	**2,360**	**3,439**	**-**	**-**	**-**
Total financial liabilities	**81,758**	**88,274**	**2,360**	**3,439**	**-**	**1,318**	**81,157**
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	7,162	7,162	2,449	3,090	1,623	-	-
Total financial liabilities	72,438	78,046	2,449	3,090	1,623	1,029	69,855

25 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) Currency risk

(i) Exposure to currency risk

The USD represents amounts measured in Zambian Kwacha that are denominated in USD. The Group's exposure to foreign currency risk was as follows based on notional amounts:

ZMW'000	31 DECEMBER 2014			31 DECEMBER 2013		
GROUP	Kwacha	USD	Total	Kwacha	USD	Total
Financial assets						
Trade receivables	203	748	951	403	-	403
Amounts due from equity/ accounted investees	-	13,891	13,891	-	11,978	11,978
Cash and cash equivalents	6,387	5,243	11,630	4,303	6,710	11,013
Total foreign currency assets	6,590	19,882	26,472	4,706	18,688	23,394
Foreign currency liabilities						
Convertible redeemable preferred stock	-	7,824	7,824	-	7,824	7,824
Corporate bond	-	74,471	74,471	-	64,093	64,093
Security deposits	574	2,148	2,722	2,171	-	2,171
Trade and other payables	5,749	1,025	6,774	7,971	-	7,971
Total foreign currency liabilities	6,323	85,468	91,791	10,142	71,917	82,059
Net exposure	267	(65,586)	(65,319)	(5,436)	(53,229)	(58,665)

ZMW'000	31 DECEMBER 2014			31 DECEMBER 2013		
COMPANY	Kwacha	USD	Total	Kwacha	USD	Total
Financial assets						
Trade receivables	96	380	476	107	-	107
Amounts due from equity/ accounted investees	-	13,891	13,891	-	11,978	11,978
Cash and cash equivalents	1,360	3,137	4,497	2,095	6,460	8,555
Total foreign currency assets	1,456	17,408	18,864	2,202	18,438	20,640
Foreign currency liabilities						
Convertible redeemable preferred stock	-	7,824	7,824	-	7,824	7,824
Corporate bond	-	74,471	74,471	-	64,093	64,093
Security deposits	508	980	1,488	1,183	-	1,183
Trade and other payables	5,001	1,025	6,026	7,211	-	7,211
Total foreign currency liabilities	5,509	84,300	89,809	8,394	71,917	80,311
Net exposure	(4,053)	(66,892)	(70,945)	(6,192)	(53,479)	(59,671)

25 Financial instruments (continued)

(c) Currency risk (continued)

(i) Exposure to currency risk (continued)

The following exchange rates applied during the year

	AVERAGE RATE		MID-SPOT RATE	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
US$ 1.00 to ZMW	**6.2058**	**5.4473**	6.40	5.5185

(ii) Sensitivity analysis

A 10 percent strengthening of the US Dollar against the Kwacha at 31 December 2014 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 2013.

	GROUP	COMPANY
	EQUITY & PROFIT OR LOSS	EQUITY & PROFIT OR LOSS
31 December 2014		
- US$	(6,559)	(6,689)
31 December 2013		
- US$	(5,323)	(5,348)

A 10 percent weakening of the US Dollar against the Kwacha at 31 December 2014 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.

25 Financial instruments (continued)

(d) Interest rate risk

Profile

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

ZMW'000	GROUP CARRYING AMOUNTS 31 DECEMBER 2014	GROUP CARRYING AMOUNTS 31 DECEMBER 2013
Variable rate instruments		
Financial assets	**6,998**	8,487
Financial liabilities	**(82,295)**	(71,917)
	(75,297)	(63,430)

ZMW'000	COMPANY CARRYING AMOUNTS 31 DECEMBER 2014	COMPANY CARRYING AMOUNTS 31 DECEMBER 2013
Variable rate instruments		
Financial assets	**2,163**	6,427
Financial liabilities	**(82,295)**	(71,917)
	(80,132)	(65,490)

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 2014	**753**	**801**
31 December 2013	634	655

NOTES TO THE FINANCIAL STATEMENTS - *FOR THE YEAR ENDED 31 DECEMBER 2014*

25 Financial instruments (continued)

(e) 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 2014		31 DECEMBER 2013	
ZMW'000	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	**951**	**951**	403	403
Amount due from equity accounted investees	**13,891**	**13,891**	11,978	11,978
Cash and cash equivalents	**11,630**	**11,630**	11,013	11,013
Convertible redeemable cumulative preferred stock	**(7,824)**	**(8,450)**	(7,824)	(8,450)
Corporate bond	**(74,471)**	**(80,987)**	(64,093)	(69,701)
Trade and other payables	**(6,216)**	**(6,216)**	(7,629)	(7,629)
	(62,039)	**(69,181)**	(56,152)	(62,386)

	COMPANY			
	31 DECEMBER 2014		31 DECEMBER 2013	
ZMW'000	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	**476**	**476**	107	107
Amount due from equity accounted investees	**13,891**	**13,891**	11,978	11,978
Cash and cash equivalents	**4,497**	**4,497**	8,555	8,555
Convertible redeemable cumulative preferred stock	**(7,824)**	**(8,450)**	(7,824)	(8,450)
Corporate bond	**(74,471)**	**(80,987)**	(64,093)	(69,701)
Trade and other payables	**(5,799)**	**(5,799)**	(7,162)	(7,162)
	(69,230)	**(76,372)**	(58,439)	(64,673)

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.

26 Commitments

ZMW'000	GROUP 31 December 2014	GROUP 31 December 2013	COMPANY 31 December 2014	COMPANY 31 December 2013
Property management and administrative contracts Within one year:				
- Property management contract with JHI Properties Zambia Limited	**3,521**	2,777	**1,330**	1,054
	3,521	2,777	**1,330**	1,054
After one year:				
- Property management contract with JHI Properties Zambia Limited	**3,697**	3,055	**1,397**	1,159
	3,697	3,055	**1,397**	1,159

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 (31 December 2013: nil)

27 Related party transactions

The Group in the ordinary course of business entered into the following transactions with related parties:

(i) Transactions with key management personnel

(a) Loans to directors

There were no loans to directors during the year (2013: nil)

(b) Key management personnel compensation

Key management personnel compensation comprised the following:

ZMW'000	GROUP 31 December 2014	GROUP 31 December 2013	COMPANY 31 December 2014	COMPANY 31 December 2013
Short term benefits	**3,417**	3,086	**3,417**	3,086
Termination benefits	**667**	603	**667**	603
	4,084	3,689	**4,084**	3,689

(c) 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	57,326	9,283,379
Efi O'Donnell	Nil	9,287,379

27 Related party transactions (continued)

- Other Directors' transactions include Directors' fees which are disclosed under note 7b.

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.

(ii) Other related party transactions

At 31 December 2014, there were outstanding balances with other related parties included in trade and other receivables (see note 11) as well as trade and other payables (see note 23). The terms and conditions of the transactions are detailed below each note.

(a) Amounts due from subsidiaries

ZMW'000	31 December 2014	31 December 2013
Balance at beginning of the year	**4,026**	3,784
Amount advanced	**3,889**	1,233
Amounts repaid	**(5,745)**	(991)
Balance at end of the year	**2,170**	4,026

The balance due arose from 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. The amounts advanced to Arcades Development Plc and Thistle Land Development Company Limited during the year, were on account of 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

ZMW'000	31 December 2014	31 December 2013
Balance at beginning of the year	**11,978**	11,245
Effect of movements in exchange rates	**1,913**	733
Balance at end of the year	**13,891**	11,978

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.

27 Related party transactions (continued)

Other related party transactions (continued)

(c) Amounts due to subsidiaries

ZMW'000	31 December 2014	31 December 2013
Balance at beginning of the year	571	804
Amounts repaid	-	(233)
Balance at end of the year	571	571

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

(d) Administrative and management fees during the year

		GROUP		COMPANY	
ZMW'000	*NOTE*	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Property management fees	*15d*	**2,918**	2,477	**930**	932
Labour fees (included in repairs and maintenance)	*15d*	**341**	325	**262**	265
Material fees (included in repairs and maintenance)	*15d*	**27**	30	**17**	22
Letting costs	*15d*	**123**	8	**123**	8
Donation (Aylmer May cemetery repair and maintenance)	*7*	**13**	13	**13**	13
		3,422	2,853	**1,345**	1,240

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

28 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.

29 Subsequent events

Apart from the dividend proposed by Directors on 12 February 2015 as disclosed at note 20, there were no material post-reporting date events, which require disclosure in, or adjustment to, these financial statements.

30 Significant accounting policies

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.

Set out below is an index of the significant accounting policies, the details of which are available on the pages below.

A Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see (A) (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 (O) (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 (I)(ii)).

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.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(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.

30 Significant accounting policies (continued)

A Basis of consolidation (continued)

(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. In the separate financial statements, the subsidiaries, associates and joint ventures are recognised initially at cost. Subsequent to initial recognition, they are measured at cost less impairment.

(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.

(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.

B Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

30 Significant accounting policies (continued)

C 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.

D 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.

E 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.

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.

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.

F Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of 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 are complete. 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.

30 Significant accounting policies (continued)

G 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.

H 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.

I Financial instruments

The Group classifies non-derivative financial assets into the following categories; financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

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 of the risks and rewards of ownership of the financial assets are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

Financial assets and financial 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 them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets – measurement

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

30 Significant accounting policies (continued)

I Financial instruments (continued)

(ii) Non-derivative financial assets – measurement (continued)

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

(iii) Non-derivative financial liabilities - measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Share capital

Ordinary shares

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

Preference shares

Preference shares are 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 shares are 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.

J Plant and equipment

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.

Plant and equipment are derecognised upon disposal or when no future economic benefits are expected to flow to the Group from either their use or disposal. 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.

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.

30 Significant accounting policies (continued)

J Plant and equipment (continued)

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%
• Machinery	4 – 10 years	25%-10%
• Motor vehicles	3 years	33%
• Fixtures and fittings	10 years	10%

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.

K Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see note 30 (a)(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.

L 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.

M 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.

30 Significant accounting policies (continued)

N Leases

(i) Determining whether an arrangement contains leases

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

(ii) Leased assets

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

(iii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

O Impairment

Non-derivative financial assets

Financial asset is assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowings or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

30 Significant accounting policies (continued)

O Impairment (continued)

Non-derivative financial assets (continued)

Financial assets measured at amortised cost

The Group considers evidence of impairment of these assets at both an individually assets and a collectively level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, investments and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Equity accounted investee

An impairment loss in respect of an equity accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

P 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.

Q 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.

Based on the Group's current business activities, the Group does not present segment information as it does not have distinguishable operating segments since all its investment properties are for commercial purposes and are all situated in the same city.

30 Significant accounting policies (continued)

R 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.

(iii) Defined contribution plan

Obligation for contributions to define contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholely within 12 months of the reporting date, they are discounted.

31 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2015, and have not been applied in preparing these (consolidated and separate) financial statements. Those which may be relevant to the Group and Company are set out below. The Group and Company do not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

Effective date	Standard, Amendment or Interpretation	Summary of Requirements
1 January 2015	Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	The amendments introduce relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. Such contributions are eligible for practical expedient if they are: • set out in the formal terms of the plan; • linked to service; and • independent of the number of years of service. When contributions are eligible for the practical expedient, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered. The Group's defined benefit plan meets these requirements and consequently the Group intends to apply this amendment and will recognise the contributions as reduction of the service costs in the period in which the related service is rendered. The amendments apply retrospectively for annual periods beginning on or after 1 July 2014 with early adoption permitted.

1 January 2016	Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interest in the joint operation will not be remeasured. As a consequence of these amendments, the Group will amend its accounting policy with effect from 1 July 2016 for acquisitions of interests in a joint operation. The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.
1 January 2016	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The Group currently has several intangible assets and plants that are amortised or depreciated using a revenue-based method. The Group cannot overcome the rebuttable presumption above for its intangible assets, and consequently will have to change the amortisation and depreciation method for these items. The Group has assessed that the straight-line method would be the most appropriate method and will early adopt these amendments for its year ending 31 December 2015. The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.
1 January 2016	Equity Method in Separate Financial Statements (Amendments to IAS 27)	The amendments allow an entity to apply the equity method in its separate financial statements to account for its investments in subsidiaries, associates and joint ventures. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.
1 January 2016	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised. The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

NOTES TO THE FINANCIAL STATEMENTS - *FOR THE YEAR ENDED 31 DECEMBER 2014*

1 January 2016	Disclosure Initiative (Amendments to IAS 1)	The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.
1 January 2016	Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	The amendment to IFRS 10 Consolidated Financial Statements clarifies which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit and loss. The amendment also modifies the condition in the general consolidation exemption that requires an entity's parent or ultimate parent to prepare consolidated financial statements. The amendment clarifies that this condition is also met where the ultimate parent or any intermediary parent of a parent entity measures subsidiaries at fair value through profit or loss in accordance with IFRS 10 and not only where the ultimate parent or intermediate parent consolidates its subsidiaries. The amendment to IFRS 12 Disclosure of Interests in Other Entities requires an entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss in accordance with IFRS 10 to make disclosures required by IFRS 12 relating to investment entities. The amendment to IAS 28 Investments in Associates and Joint Ventures modifies the conditions where an entity need not apply the equity method to its investments in associates or joint ventures to align these to the amended IFRS 10 conditions for not presenting consolidated financial statements. The amendments introduce relief when applying the equity method which permits a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016, with early application permitted.
1 January 2017	IFRS 15 Revenue from Contracts with Customers	This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. This new standard will most likely have a significant impact on the Group, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Group is currently in the process of performing a more detailed assessment of the impact of this standard on the Group and will provide more information in the year ending 31 December 2015 financial statements. The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted under IFRS.

1 January 2018	IFRS 9 Financial Instruments	On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. This standard will have a significant impact on the Group, which will include changes in the measurement bases of the Group's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Group. The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

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 **Thursday, 26th March 2015** 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 .... , 2015 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- Farmers House, Central Park, Cairo Road, Lusaka.

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.'