Annual Report

FOR THE NINE MONTH PERIOD
ENDED 31ST DECEMBER 2012

reiz
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

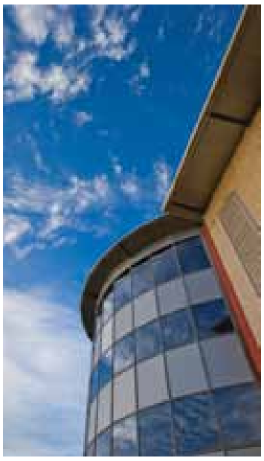
1st Floor, Farmers House | Central Park, Cairo Road
PO Box 30012 | Lusaka, Zambia | 10101

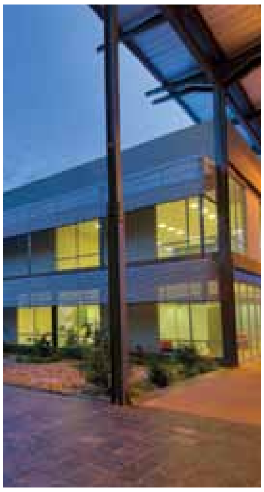
www.reiz.co.zm

CONTENTS

REAL ESTATE INVESTMENTS ZAMBIA PLC

ANNUAL REPORT
FOR THE NINE MONTH PERIOD
ENDED 31ST DECEMBER 2012



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 who 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 table alongside. 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 "truly Zambian" business.

Timeline

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 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 & Touche and Konkola Copper Mines Plc, a division of the Vedanta Group, and one of Zambia's biggest miners.

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.

Notice of Annual General Meeting

Notice is hereby given that the Thirty-first Annual General Meeting of Real Estate Investments Zambia PLC will take place at Southern Sun, Ridgeway Hotel, Lusaka on Wednesday 27th March 2013 at 10:00 Hrs.

AGENDA

1. To call the meeting to order.
2. To read the Notice of the Meeting.
3. To read and approve the minutes of the Thirtieth Annual General Meeting held on 28th June 2012.
4. To consider any matters arising from these minutes.
5. To receive the Report of the Directors (the Managing Director's Report, the Chairman's Report and the Governance Report), the Auditors Report and the Financial Statements for the nine month period ended 31st December 2012.
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. M. Hantuba, Mr. W.P. Saunders and Mr. P. Wanjelani retire. Mr. M. Hantuba and Mr. W.P. Saunders, being eligible, offer themselves for re-election.
8. To approve the Directors' remuneration.
9. To declare a Final Dividend. The proposed Final Dividend of K80 per share, if approved, will be declared payable to members registered in the books of the company on close of business on 26th March 2013. The transfer books and register of members will be closed from 27th March 2013 – 9th April 2013 (both dates inclusive). Warrants in payment will be posted for payment in rebased Kwacha at KR0.08 per share on or about 31st May 2013.
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."

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 Thirtieth Annual General Meeting of Real Estate Investments Zambia PLC held at Southern Sun, Ridgeway Hotel, Lusaka on Thursday 28th June 2012 at 10:00 Hours.

Directors Present

Mr. Timothy T. Mushibwe	Chairman
Mr. Robin P. S. Miller	Managing Director
Mr. Kenny H. Makala	Director
Mr. Munakupya Hantuba	Director
Ms. Doreen Kabunda	Director
Mrs. Deborah A. Bwalya	Director
Mr. S. Mark O'Donnell	Director
Mrs. Efi O'Donnell	Director

Apologies (Directors)

Mr. Patrick Wanjelani	Director
Mr. William P. Saunders	Director

Shareholders Present

NAME	REPRESENTING
Mr. Frank Green	Self
Mr. Remmy Mbuzi	Self
Mr. Eran S. Kanjanga	Self
Mr. Aggai Nzonzo	Self
Mr. Adam Lethbridge	Self
Ms. Nazia Azizhusein Adam	Self
Mr. Ngenda Lindunda	Self
Mr. Ackim Nyagonye	Self
Mr. Mazy Lungu	Self
Mrs. Efi O'Donnell	Union Gold (Z) Ltd
Mrs. Kunda Musonda Chola	Zambia State Insurance Pension Trust Fund
Mrs. Kunda Musonda Chola	Zambia State Insurance Corporation Life Policy Holders
Mrs. Hope Mikwala	Intermarket Banking Corporation Ltd
Mrs. Deborah Bwalya	KCM Pension Trust Scheme
Mr. Ngambi Robert	Nkwazi Cooperative
Mr. Munka Mukongolwa	Saturnia Regna Pension Trust Ltd
Mr. Sikawala Lulanga	Mushambo African Safari Travel & Tours Ltd
Mr. B. Muchelemba	MB Consulting Ltd
Mr. Pascal Kaunda Kaibele	Mr Peter Banda
Ms. Anna Faerben	Bretherton Brothers
Ms. Hwami Faerben	Bretherton Brothers
Mr. Jonathan Mwila	Stanbic Bank Zambia Nominees
Mr. Chanda Mulenga	National Pension Scheme Authority
Mr. Mtumbi Goma	UNZALARU
Mr. Geoffrey Musekiwa	BBZ Staff Pension Fund
Mr. Geoffrey Musekiwa	Saturnia Regna Pension Trust Ltd
Mr. Geoffrey Musekiwa	CEC Pension Trust Scheme
Mr. Geoffrey Musekiwa	Standard Chartered Bank Pension Trust Fund
Mr. Geoffrey Musekiwa	Sun International Pension Trust Scheme
Mr. Geoffrey Musekiwa	Stanbic Bank Pension Trust Fund
Mr. Geoffrey Musekiwa	Sandvic Mining Pension Scheme
Mr. Geoffrey Musekiwa	National Breweries Pension Trust Scheme
Mr. Geoffrey Musekiwa	KCM Pension Trust Scheme
Mr. Geoffrey Musekiwa	Chilanga Cement Pension Trust Fund

In Attendance

Mr. A.L. Francis	Amazon Associates Ltd (Company Transfer Secretary)
Mr. Sydney E. Popota	Real Estate Investments Zambia PLC (Company Secretary)
Ms. Mary Ann Franks	Real Estate Investments Zambia PLC
Ms. Ottilia Moyo	Real Estate Investments Zambia PLC
Mr. Jason Kazilimani	KPMG Zambia (Auditor)
Mr. Cheelo Hamuwele	KPMG Zambia (Auditor)
Mr. Charles Mate	Stock Brokers Zambia Ltd
Mr. Chanda Mutoni	Stock Brokers Zambia Ltd
Ms. Jayne Backhouse	Imara Botswana Ltd
Mr. Rudie Nortje	Minerva Property Management Company Ltd
Ms. Tryness Mbale	Zambia Daily Mail
Ms. Sitali Mugala	Lusaka Stock Exchange
Mr. Mbaita Maka	African Alliance Securities Zambia
Ms. Judith Z. Tembo	National Pension Scheme Authority
Ms. Nchimunya Muganya	Times of Zambia
Mr. Richard Kahale	Equity Capital Resources Plc
Ms. Prisca Nyagonye	Stock Brokers Zambia Ltd

The Chairman called the meeting to order and welcomed the members to the Thirtieth Annual General Meeting of the Company since its formation and 16th since becoming a PLC.

1.00 To read the Notice of the Meeting.

1.01
The Managing Director read the notice of the meeting and called upon Mr. Sydney E. Popota to read the proxies received and to confirm whether the meeting was quorate.

1.02
Mr. Sydney E. Popota read the proxies as noted above and confirmed that the meeting was quorate.

1.03
The Managing Director reported that the Board was recommending an amendment to the agenda whereby Shareholders are requested to approve an amendment to Agenda Item 10 to consider the proposal by the Board of Real Estate Investments Zambia PLC to increase the size of the Board from 10 Directors to 11.

1.04
Mr. Kenny H. Makala was called upon to explain the matter that lead to the Board's request for an amendment of the Agenda.

1.05
Mr. Makala reported that the amendment was to enable the Board to accommodate a request from a major shareholder for representation on the Board. Mr. Makala confirmed that the Nominations Committee of the Board had assessed the nomination of Dr. Elizabeth Lungu Nkumbula and had confirmed that the application was in conformity with the Articles of the Company.

1.06

Mr. Makala explained that in order for a late amendment of the Notice of the Annual General Meeting to be made 95% of shareholders present at the AGM should approve that amendment.

1.07

The Chairman placed the following resolutions for consideration by the shareholders:

1. **Shareholders amend the notice of the meeting by a majority of members present at the Annual General Meeting holding at least 95% of the voting rights approving such shorter notice in compliance with clause 16.1 of the Company's Articles of Association as read with Section 143 of the Companies Act.**
2. **Shareholders approve an amendment to Agenda Item 10 to consider the proposal by the Board of Real Estate Investments Zambia PLC to increase the size of the Board from 10 Directors to 11.**

   The Chairman recorded that as there were no dissenting voices the two resolutions were unanimously approved on the proposal of Mr. Robert Ngambi and seconded by Mr. Mtumbi Goma.

1.08

The Chairman stated that there was one item that he wished to bring to the attention of the members which was the recent introduction of Statutory Instrument Number 33. The Chairman stated that the Company had been in constant touch with various stakeholders including the Bank of Zambia and the Ministry of Finance on the implications of the Statutory Instrument (SI) for the Company.

1.09

The Chairman stated that the Company was exposed by the SI to a mismatch between its income (now in Kwacha) and its debt obligations which are in US Dollars. The Chairman informed shareholders that the Board would continue to assess the effects of the SI and would keep shareholders informed on progress in the matter.

2.00 To read and approve the minutes of the Twenty-ninth Annual General Meeting held on 28th June 2011.

2.01

As there were no corrections made to the minutes, they were duly signed by the Chairman on the proposal of Mr. Remmy Mbuzi and seconded by Mr. Arthur Green.

3.00 To consider any matters arising from these minutes.

3.01

There were no matters arising from these minutes.

4.00 To read and approve the minutes of the Extraordinary General Meeting held on 16th December 2011.

4.01

Mr. Kenny Makala requested that the following correction should be made to item 1.27 – 1.30 "Mr. Chabala" was to read Dr. Chabala. The Chairman noted the correction to the minutes.

4.02
The minutes were adopted on the proposal of Mr. Ngenda Lindunda and seconded by Mr. Remmy Mbuzi.

5.00 To consider any matter arising from these minutes.

5.01
There were no matters arising from the minutes of the Extraordinary General Meeting held on 16th December 2011.

6.00 To read and approve the minutes of the Extraordinary General Meeting held on 27th January 2012.

6.01
The minutes were adopted on the proposal of Mr. Ngenda Lindunda and seconded by Mr. Remmy Mbuzi with no corrections required.

7.00 To consider any matter arising from these minutes.

7.01
There were no matters arising from the minutes of the Extraordinary General Meeting held on 27th January 2012.

8.00 To receive the Report of the Directors (the Managing Director's Report, the Chairman's Report and the Governance Report), the Auditors Report and Financial Statements for the year ended 31st March 2012.

8.01
The Managing Director took the members through the Managing Director's Report.

8.02
As there were no questions, the Managing Director's Report was unanimously approved on the proposal of Mr. Joseph Chilinda and seconded by Mr. Frank A. Green.

8.03
The Chairman's Report & the Governance Report.

8.04
The Chairman, Mr. T.T. Mushibwe presented the Chairman's Report on behalf of the Board of Real Estate Investments Zambia PLC.

8.05
The Chairman went on to present the Governance Report.

8.06
The Chairman's Report and the Governance Report were approved on the proposal of Mr. Pascal Kaunda Kaibele and seconded by Mr. Chanda Mulenga.

8.07
Mr. Jason Kazilimani, the KPMG Audit partner read the Audit Report, and concluded by stating that the Group had received a "clean audit report".

8.08
The Chairman thanked Mr. Jason Kazilimani and his staff for the professional way that the audit had been handled.

8.09
The Managing Director was called upon to take the members through the Financial Statements. Mr. Robin Miller thanked Mr. Sydney Popota and Mr. Cheelo Hamuwele for the long hours they spent on a very tight time table.

8.10
The Managing Director went through the Financial Statements and explained them in detail.

8.11
The Chairman asked if there were any questions from the floor.

8.12
As there were none, the Financial Statements were unanimously approved on the proposal of Mr. Geoffrey Musekiwa and seconded by Mrs. Kunda Musonda Chola.

9.00 To appoint Auditors for the ensuring year and to authorise the Directors to fix their remuneration.

9.01
The Managing Director stated that the Board was recommending the retention of KPMG as Auditor.

9.02
This was approved on the proposal of Mr. Joseph Chilinda and seconded by Mr. Ackim Nyagonye.

10.00 To elect Directors to fill any vacancies. In terms of the Articles Mr. T. T. Mushibwe, Mrs. D. A. Bwalya and Mrs. D. Kabunda retire. Mr. T. T. Mushibwe, Mrs. D. A. Bwalya and Mrs. D. Kabunda, being eligible, offer themselves for re-election.

10.01
The Chairman reminded the members on the amendment made to this item at the beginning of the meeting and informed the meeting that the Directors were recommending the inclusion of Dr. Elizabeth Lungu Nkumbula as a fourth Director for consideration by the meeting.

10.02
The resolution was approved on the proposal of Mr. Joseph Chilinda and seconded by Mr. Lindunda Ngenda.

10.03
Election. As there were no other proposals Mr. T. T. Mushibwe, Mrs. D. A. Bwalya, Mrs. D. Kabunda and Dr. E.C. Lungu Nkumbula were unanimously elected on the proposal of Mr. Geoffrey Musekiwa and seconded by Mr. Chanda Mulenga.

11.00 To approve the Directors remuneration.

11.01

The Managing Director explained the Directors remuneration with reference to the number of meetings attended as presented in the Corporate Governance Report.

11.02

The Directors' remuneration was approved on the proposal of Mr. Remmy Mbuzi and seconded by Ms. Hope Minkwale.

12.00 To declare a Final Dividend. The proposed Final Dividend of K 50 per share, if approved, will be declared payable to members registered in the books of the company on close of business on 27th June 2012. Warrants in payment will be posted for payment on or about 30th October 2012. The transfer books and register of members will be closed from 27th June 2012 – 5th July 2012 (both dates inclusive).

12.02

The final dividend was unanimously approved on the proposal of Mr. Geoffrey Musekiwa and seconded by Mrs. Kunda Musonda Chola.

13.00 To consider any competent business of which due notice has been given.

13.01

The Managing Director reported on the amendment to the Corporate Bond and made a slide show presentation explaining that a meeting of Bondholders was to be held immediately after this AGM, at which Bondholders were to be requested to amend the Bond documentation to provide security to the holders of that instrument. This measure would rank the Bondholders debt "pari passu" with the Investec and AfLife debt as to the security offered to these parties.

13.02

The Chairman requested comment from the floor; no matters were raised by shareholders.

13.03

There being no further business to discuss, the Chairman thanked the members for their attendance and declared the meeting closed at 11:42 hours.

....

T.T. Mushibwe
Chairman

....

Date

It is with great pleasure that I detail the Group's performance in this Annual Report. The attached financial statements show that gross rental income has increased by 28% from K26,847m to K34,317m; operating profit has increased by 42% from K15,291m to K21,775m.

This is despite the fact that we are reporting on results for the nine month period ended 31st December 2012.

1.0 Change of year end of the Group

As mentioned above, shareholders will note that the Group is reporting for a period to 31st December 2012, reflecting the fact that the Group has changed its year end from 31st March to 31st December.

Shareholders will be aware that the Government of the Republic of Zambia (GRZ), through the auspices of the Bank of Zambia, is rebasing the currency as at 1st January 2013. On this day the last three zeroes of the current currency will be permanently removed, which will be the same as dividing the current currency (the ZMK) by a factor of 1,000 to arrive at the new rebased currency amount (the ZMW). In order to avoid the complications of accounting for a nine month period in ZMK, and a three month period in ZMW, the Directors have unanimously approved a resolution to change the year end of Real Estate Investments Zambia PLC from 31st March to 31st December.

Resolutions for a similar change of year end, from March to December, have also been approved by all Group companies. Therefore, the year end of all Group companies for the current period will be 31st December 2012 and the final audited results are for the nine month period ended on that date.

The Directors also wish to point out that GRZ has amended the fiscal tax year end to 31st December. The amendment of the year end by the Group will result in a co-determinant year end for accounting as well as tax year ends.

2.0 Group Companies

2.1 Arcades Development PLC (ADP)

As reported in last year's Annual Report the acquisition of ADP was completed in the last months of that year. The nine month results therefore include a full period's income for ADP. This has substantially increased the turnover of the Group. 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 charges an average rental of approximately K73,400 per m². ADP had previously approved the development of a further hotel offering at Arcades Shopping Centre. This 4-star boutique hotel will be adjacent to the current Protea Hotel at the Arcades Shopping Centre. The financial structure of this hotel will be very similar to that of the current Protea Hotel, whereby Protea develop the hotel at their own cost, but all retail income derived from the ground floor of the property will accrue to ADP. The total GLA of the retail portion of this property is expected to be 640m² and the target tenants will be similar to that of Arcades Shopping Centre. Whilst these tenants have not yet been secured, the Board is confident that this area will be fully occupied on completion as there is significant demand for retail space in this area. Alongside this on-going construction, management is in the process of assessing additional future development plans for this centre.

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 33,300m^2 of land which is intended to be developed into a shopping centre with a GLA of 12,000m^2 (developed area 15,000m^2). ADP had purchased the land and the REIZ Group will continue with its development.

The development on the Parkway Property is made up of all earthworks, foundations to underside of slab level, curbs enveloping the structures, storm drains to secure the site, a borehole and two septic tanks and soakaways. The Board of REIZ believes that the Parkway Property will be a valuable asset in the REIZ Portfolio as it will complement REIZ's Eureka Park, which is situated on the immediate neighbouring property, as the provision of such services as a deceleration access lane from the Kafue Road (Zambia's main access artery from the South) to the properties will be recoverable from the two developments.

The Solwezi Property continues to be pursued by ADP to develop a multi-use retail building on the site. ADP is completing the process of securing the lease for the land, after which development of the property will commence. On completion, the GLA of the Solwezi Development is expected to be 3,000m^2. As with the Parkway Property, the REIZ Group will take on the development costs of this property going forward. The Board believes that this property is a strategic investment as there is significant demand in Solwezi for such property, and will extend the Company's geographical spread to the Copperbelt. The Board believe that considerable further growth of the Group can be achieved in this region which has seen substantial investment by the copper mining companies. The management of this Company has been ably overseen by members of the REIZ Board, Mr. Timothy Mushibwe (Chair), Mrs. Efi O'Donnell, Mr. Muna Hantuba, Mr. Kenny Makala and Mr. Robin Miller.

The contribution to Group turnover of the Arcades property is K11,758m and to Group operating profits is K7,148m. This has had two major effects on the Group. 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 remains fully tenanted with BDO, Ericsson, CIDRZ and Spar as tenants. The results for this 100% subsidiary are shown in the abridged statement below and have contributed K2,504m to Group turnover and K1,766m to Group operating profits. The Main Board Directors that represent REIZ on TLD are Mr. Patrick Wanjelani (Chair), Mr. Kenny Makala 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, Mr. Anton Marais 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 K2,014m to Group results through the profit from the sole equity accounted investment of the Group.

3.0 REIZ properties

3.1 Abacus Square

The construction of the Abacus Square property was completed during the 2011/2012 year as planned, providing just under 2,000m² of Gross Lettable Area (GLA). Deloitte & Touche have taken occupation of the ground floor of this building, whilst the upper floor is being let, in part, to Konkola Copper Mines Plc (KCM). These new tenants of REIZ are welcomed to the property.

3.2 Eureka Park

The construction of this property (GLA – 6,000m²) was completed during the year. We are pleased to report that Turbo Agencies (agents for international brands such as Hilti) have taken occupation alongside Mica and Bell Equipment. GUD filters are in the process of completing their internal fit out and will start trading in March 2013. The Board is pleased that this centre is becoming an attractive destination for wholesale and retail distributorships of major regional operators. Tenants for the remaining unlet portions of this property are being identified for occupation during 2013.

3.3 Central Park

Central Park remains an attractive destination in the central business district of Lusaka. Major tenants include The Lusaka Stock Exchange, Barclays Bank, Dunavant and it has recently become the home of the Bond and Derivative Exchange Ltd as well.

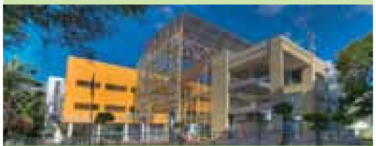
GROUP STRUCTURE

REIZ
REAL ESTATE INVESTMENTS ZAMBIA PLC

DIRECTLY HELD PROPERTIES


CENTRAL PARK

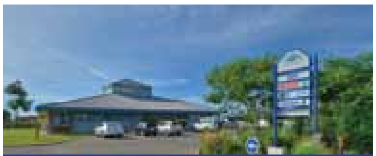

CETZAM HOUSE


AIRTEL HOUSE


ABACUS SQUARE


EUREKA PARK

100% SUBSIDIARIES


THISTLE LAND DEVELOPMENT COMPANY LTD

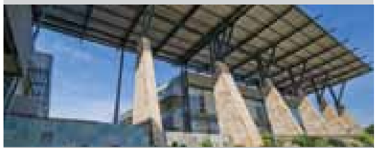

ARCADES DEVELOPMENT PLC

PECKERWOOD DEVELOPMENT LTD

DREADNAUGHT INVESTMENTS LTD

JOINT VENTURE COMPANY

BURNET INVESTMENTS LTD


STANBIC HOUSE

FIVE YEAR FINANCIAL SUMMARY FOR THE YEARS ENDED 31ST MARCH & THE NINE MONTHS ENDED 31ST DECEMBER 2012

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

	9 MONTHS TO 31/12/12		2012		2011		2010		2009	
	K'm	%	K'm	%	K'm	%	K'm	%	K'm	%
STATEMENT OF COMPREHENSIVE INCOME										
Gross Rental Income	**34,317**		**26,847**		**22,443**		**20,140**		**12,598**	
Total Property Expenses	(6,304)	18%	(4,663)	17%	(3,263)	15%	(3,612)	18%	(2,307)	18%
Total Administration Expenses	(5,116)	15%	(5,209)	19%	(5,100)	23%	(3,898)	19%	(3,253)	26%
Total Depreciation	(1,122)	3%	(1,684)	7%	(1,109)	5%	(1,113)	6%	(1,114)	9%
Profit from operations	**21,775**	**64%**	**15,291**	**57%**	**12,971**	**58%**	**11,517**	**57%**	**5,924**	**47%**
Change in fair value of Investment property, net of exchange gains	20,736		47,212		12,580		13,778		105,138	
Net finance (expense)/income	(8,511)		(8,670)		(6,920)		(4,258)		2,063	
Other non-operating income	23		21		-		-		30	
Profit/(loss) from equity accounted investees	2,014		5,299		323		1,619		(496)	
Profit before tax	**36,037**		**59,153**		**18,954**		**22,656**		**112,659**	
Income tax expense	(11,241)		(16,635)		(5,434)		(2,795)		(2,609)	
Profit after tax	**24,796**		**42,518**		**13,520**		**19,861**		**110,050**	
Headline earnings per share - Kwacha (Based on profit from operations)	**385.67**		**270.83**		**303.44**		**269.43**		**138.58**	

	9 MONTHS TO 31/12/12		2012		2011		2010		2009	
STATEMENT OF FINANCIAL POSITION										
ASSETS										
Plant and equipment	5,475		6,596		4,787		5,373		6,468	
Investment properties	439,987		415,587		255,494		224,577		201,094	
Increase in Investment properties	**6%**		**63%**		**14%**		**12%**		**178%**	
Investment property under development	39,022		41,480		596		-		-	
Investments	8,749		6,735		1,449		546		-	
Amount due from equity accounted investee	11,245		11,438		5,909		3,013		3,071	
Other long term assets	10,460		9,305		3,985		3,138		2,375	
Goodwill	32,607		32,901		2,703		-		-	
Current assets	9,372		11,853		27,479		42,744		9,992	
Total Assets	**556,917**		**535,895**		**302,402**		**279,391**		**223,000**	
SHAREHOLDERS' FUNDS AND LIABILITIES										
Total equity	274,938		252,965		167,943		158,545		150,790	
Non – current liabilities	148,727		151,848		58,351		7,824		7,824	
Deferred tax liabilities	124,111		116,395		70,623		64,306		57,382	
Total current liabilities	9,141		14,687		5,485		48,716		7,004	
Total equity and liabilities	**556,917**		**535,895**		**302,402**		**279,391**		**223,000**	

FIVE YEAR FINANCIAL SUMMARY FOR THE YEARS ENDED 31ST MARCH & THE NINE MONTHS ENDED 31ST DECEMBER 2012

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

	9 MONTHS TO 31/12/12		2012		2011		2010		2009	
	US$	%	US$	%	US$	%	US$	%	US$	%
STATEMENT OF COMPREHENSIVE INCOME										
Average Exchange Rate		*5,228*		*5,034*		*4,939*		*4,990*		*4,122*
Gross Rental Income	**6,564,078**		**5,333,135**		**4,544,037**		**4,036,072**		**3,056,283**	
Total Property Expenses	(1,205,814)	18%	(926,301)	17%	(660,660)	15%	(723,848)	18%	(559,680)	18%
Total Administration Expenses	(978,577)	15%	(1,034,764)	19%	(1,032,598)	23%	(781,162)	19%	(789,180)	26%
Total Depreciation	(214,614)	3%	(334,525)	6%	(224,539)	5%	(223,046)	6%	(270,257)	9%
Profit from operations	**4,165,073**	**64%**	**3,037,545**	**57%**	**2,626,240**	**58%**	**2,308,016**	**57%**	**1,437,166**	**47%**
Change in fair value of Investment property, net of exchange gains	3,966,335		9,378,625		2,547,074		2,761,122		25,506,550	
Net finance (expense)/income	(1,627,964)		(1,722,287)		(1,401,093)		(853,307)		500,486	
Other non-operating income	4,399		4,172		-		-		7,278	
Profit/(loss) from equity accounted investees	385,233		1,052,642		65,398		324,449		(120,330)	
Profit before tax	**6,893,076**		**11,750,697**		**3,837,619**		**4,540,280**		**27,331,150**	
Income tax expense	(2,150,153)		(3,304,529)		(1,100,223)		(560,120)		(632,945)	
Profit after tax	**4,742,923**		**8,446,168**		**2,737,396**		**3,980,160**		**26,698,205**	

STATEMENT OF FINANCIAL POSITION

ASSETS

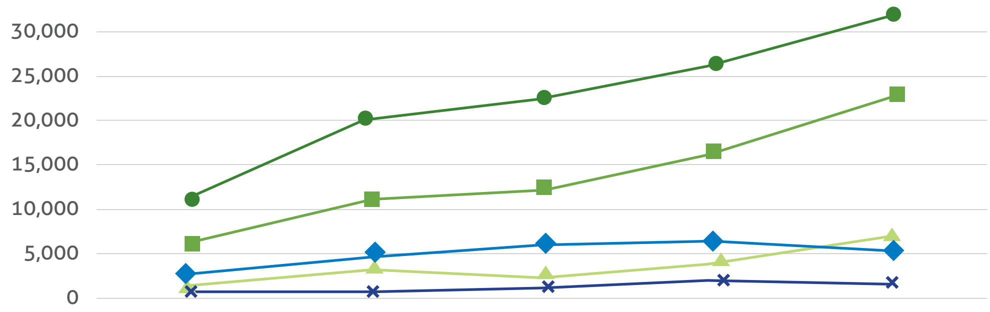
	9 MONTHS TO 31/12/12 US$	%	2012 US$	%	2011 US$	%	2010 US$	%	2009 US$	%
Year End Exchange Rate		*5,181*		*5,270*		*4,690*		*4,730*		*5,595*
Plant and equipment	1,056,746		1,251,613		1,020,682		1,135,941		1,156,032	
Investment properties	84,923,181		78,859,013		54,476,333		47,479,281		35,941,734	
Increase in Investment properties		**8%**		**45%**		**15%**		**32%**		**82%**
Investment property under development	7,531,751		7,870,968		127,079		-		-	
Investments	1,688,670		1,277,989		308,954		115,433		-	
Amount due from equity accounted investee	2,170,430		2,170,398		1,259,915		636,998		548,883	
Other long term assets	2,018,915		1,765,655		849,680		663,425		424,486	
Goodwill	6,293,573		6,243,074		576,333		-		-	
Current assets	1,808,917		2,249,146		5,859,062		9,036,787		1,785,880	
Total Assets	**107,492,183**		**101,687,856**		**64,478,038**		**59,067,865**		**39,857,015**	

SHAREHOLDERS' FUNDS AND LIABILITIES

	9 MONTHS TO 31/12/12 US$	%	2012 US$	%	2011 US$	%	2010 US$	%	2009 US$	%
Total equity	53,066,589		48,000,949		35,808,742		33,519,027		36,751,206	
Non – current liabilities	28,706,234		28,813,662		12,441,578		1,654,123		1,398,391	
Deferred tax liabilities	23,955,028		22,086,338		15,058,209		13,595,349		455,585	
Total current liabilities	1,764,331		2,786,907		1,169,509		10,299,366		1,251,832	
Total equity and liabilities	**107,492,183**		**101,687,856**		**64,478,038**		**59,067,865**		**39,857,015**	

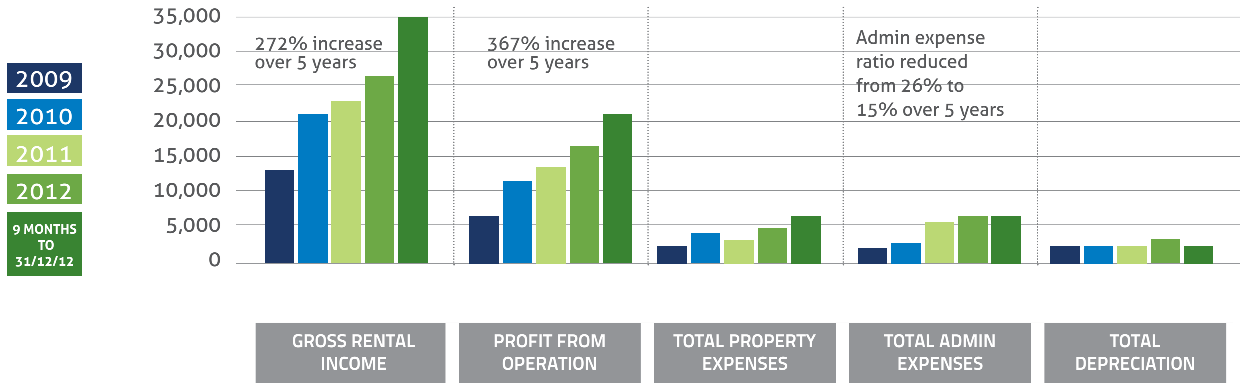
ANALYSIS OF FINANCIAL RESULTS

Growth of Operating Profit

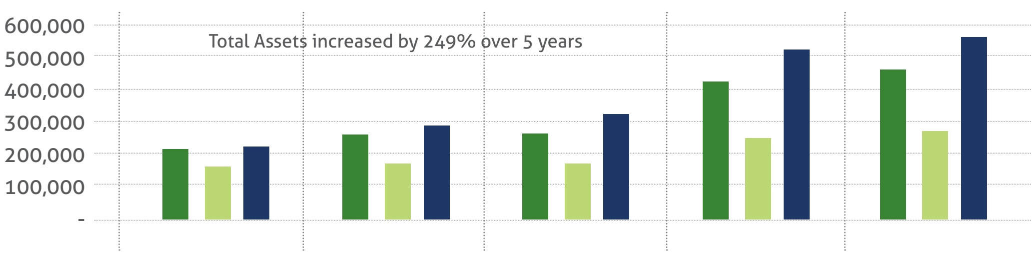


		2009	2010	2011	2012	9 MONTHS TO 31/12/12
●	GROSS RENTAL INCOME	12,598	20,140	22,443	26,847	34,317
■	PROFIT FROM OPERATIONS	5,924	11,517	12,971	15,291	21,775
▲	TOTAL PROPERTY EXPENSES	2,307	3,612	3,263	4,663	6,304
◆	TOTAL ADMIN EXPENSES	3,253	3,898	5,100	5,209	5,116
×	TOTAL DEPRECIATION	1,114	1,113	1,109	1,684	1,122

Analysis of Operating Profit

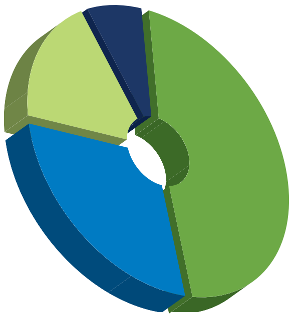


Statement of Financial Position



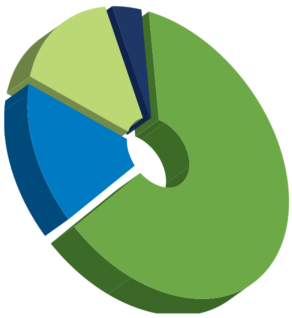
	2009	2010	2011	2012	9 MONTHS TO 31/12/12
INVESTMENT PROPERTY	201,094	224,577	255,494	415,587	439,987
EQUITY	150,790	158,545	167,943	252,965	274,938
TOTAL ASSETS	223,000	279,391	302,402	535,895	556,917

2009 Operating Profit Percentages



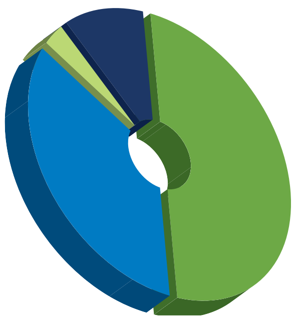
47%	PROFIT FROM OPERATIONS
26%	TOTAL ADMIN EXPENSES
18%	TOTAL PROPERTY EXPENSES
9%	TOTAL DEPRECIATION

9 Months to 31st December 2012 Operating Profit Percentages



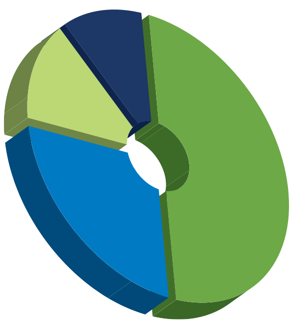
64%	PROFIT FROM OPERATIONS
15%	TOTAL ADMIN EXPENSES
18%	TOTAL PROPERTY EXPENSES
3%	TOTAL DEPRECIATION

2009 Balance Sheet Analysis



50%	TOTAL ASSETS
34%	EQUITY
3%	TOTAL LIABILITIES
13%	DEFERRED TAX

9 Months to 31st December 2012 Balance Sheet Analysis



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

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 Nine Months ended 31st December 2012:

	REIZ - Co.		Arcades		Thistle	
	K'm	%	K'm	%	K'm	%
STATEMENT OF COMPREHENSIVE INCOME // K MILLIONS						
Gross Rental Income	**20,055**		**11,758**		**2,504**	
Total Property Expenses	(3,117)	16%	(2,861)	24%	(327)	13%
Total Administration Expenses	(3,009)	15%	(1,672)	14%	(408)	16%
Total Depreciation	(1,041)	5%	(77)	1%	(3)	0.1%
Profit from operations	**12,888**	**64%**	**7,148**	**61%**	**1,766**	**71%**
Change in fair value of Investment property	11,735		7,794		1,207	
Net finance expense	(8,226)		(235)		(50)	
Other non-operating income	2,997		23		-	
Profit before tax	**19,394**		**14,730**		**2,923**	
Income tax expense	(5,432)		(4,787)		(1,023)	
Profit after tax	**13,962**		**9,943**		**1,900**	

	REIZ - Co.		Arcades		Thistle	
	US$	%	US$	%	US$	%
STATEMENT OF COMPREHENSIVE INCOME // US$						
Average Exchange Rate		*5,228*		*5,228*		*5,228*
Gross Rental Income	**3,836,075**		**2,249,044**		**478,959**	
Total Property Expenses	(596,213)	16%	(547,246)	24%	(62,548)	13%
Total Administration Expenses	(575,555)	15%	(319,816)	14%	(78,041)	16%
Total Depreciation	(199,120)	5%	(14,729)	1%	(574)	0.1%
Profit from operations	**2,465,187**	**64%**	**1,367,253**	**61%**	**337,796**	**71%**
Change in fair value of Investment property, net of exchange gains	2,244,644		1,490,819		230,872	
Net finance expense	(1,573,450)		(44,950)		(9,563)	
Other non-operating income	573,259		4,399			
Profit before tax	**3,709,640**		**2,817,521**		**559,105**	
Income tax expense	(1,039,020)		(915,646)		(199,885)	
Profit after tax	**2,670,620**		**1,901,875**		**359,220**	

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 Nine Months ended 31st December 2012:

	REIZ - Co.	Arcades	Thistle
	K'm	K'm	K'm
STATEMENT OF FINANCIAL POSITION // K MILLIONS			
Assets			
Plant and equipment	5,340	115	21
Rental income receivable after 12 months	9,929	360	170
Investment properties	305,342	110,334	24,311
Investment property under development	-	39,021	-
Investments	146,965	-	-
Amount due from equity accounted investee	11,245	-	-
Current assets	7,557	5,482	343
Total Assets	**486,378**	**155,312**	**24,845**
Shareholders' funds and liabilities			
Total equity	245,034	119,227	15,745
Total non–current liabilities	147,667	910	150
Deferred tax	86,004	33,191	4,916
Total current liabilities	7,673	1,984	4,034
Total equity and liabilities	**486,378**	**155,312**	**24,845**

	REIZ - Co.	Arcades	Thistle
	US$	US$	US$
STATEMENT OF FINANCIAL POSITION // US$			
Assets			
Year End Exchange Rate	*5,181*	*5,181*	*5,181*
Plant and equipment	1,030,689	22,196	4,053
Rental income receivable after 12 months	1,916,425	69,485	32,812
Investment properties	58,934,955	21,295,889	4,692,337
Investment property under development	-	7,531,558	-
Investments	28,366,146	-	-
Amount due from equity accounted investee	2,170,430	-	-
Current assets	1,458,599	1,058,096	66,204
Total Assets	**93,877,244**	**29,977,224**	**4,795,406**
Shareholders' funds and liabilities			
Total equity	47,294,731	22,012,353	3,038,989
Non – current liabilities	28,501,641	175,642	28,952
Deferred tax	16,599,884	6,406,292	948,852
Total current liabilities	1,480,988	382,937	778,613
Total equity and liabilities	**93,877,244**	**29,977,224**	**4,795,406**

ANALYSIS OF FINANCIAL RESULTS

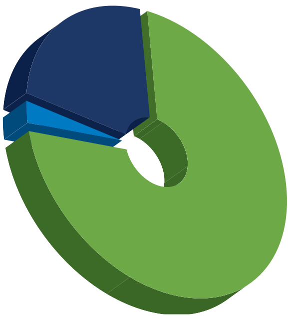
CONTRIBUTION TO GROUP TURNOVER // K'M

58%	REIZ COMPANY	20,055
7%	THISTLE	2,504
35%	ARCADES	11,758

CONTRIBUTION TO GROUP OPERATING PROFIT // K'M

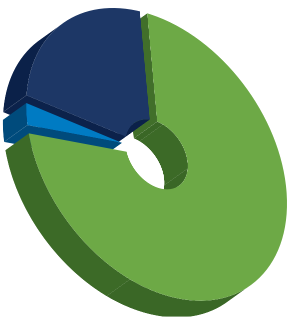
59%	REIZ COMPANY	12,888
8%	THISTLE	1,766
33%	ARCADES	7,148

GROUP TOTAL ASSETS // K'M



73%	REIZ COMPANY	486,378
4%	THISTLE	24,845
23%	ARCADES	155,312

GROUP INVESTMENT PROPERTIES // K'M

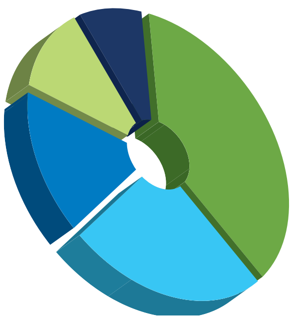


69%	REIZ COMPANY	305,342
6%	THISTLE	24,311
25%	ARCADES	110,334

PROPERTY ANALYSIS

REIZ RENTAL AREA ANALYIS AS AT 31ST MARCH 2012		
Tenant	Area	%
Airtel Zambia	10,708	22%
Spar Zambia	4,880	10%
Mica Zambia	3,400	7%
Ster Kinekor	1,472	3%
C.I.D.R.Z.	1,073	2%
Intermarket Banking Corp	1,057	2%
International Gaming Africa t/a Lusaka Royal Casino	1,000	2%
Deloitte & Touche	905	2%
CETZAM Financial Services	885	2%
Bell Equipment	820	2%
Elajics Ltd t/a Rhapsody's	800	2%
BDO	784	2%
Ericssons	760	1%
Dunavant	759	1%
Microlink	715	1%
Other Tenants under 700 m²	19,323	39%
TOTAL G.L.A	49,341	100%

GLA M² BY SECTOR



40%	OFFICE	20,042
25%	RETAIL	12,422
15%	ENTERTAINMENT	7,220
13%	INDUSTRIAL	6,300
7%	FINANCIAL	3,357

PROPERTY ANALYSIS (continued)

PROPERTY BY VALUATION US$1 - ZMK5,181

Properties by Value	Type	Rentable Area - M²	Valuation - K'm	Valuation - US$	% of Total
Airlel Head Office	Office	10,281	133,088	25,687,705	28%
Central Park	Office Park	8,768	123,352	23,808,461	26%
Arcades Centre	Retail Mall	18,382	116,404	22,467,477	24%
Parkway	Retail Mall (under development)	14,000	28,310	5,464,196	6%
Counting House Square	Office Park	2,903	24,310	4,692,144	5%
Abacus Square	Office Park	1,820	22,892	4,418,452	5%
Eureka Park	Industrial (under development)	6,300	19,711	3,804,478	4%
Cetzam Head Office	Office	885	6,300	1,215,981	1%
Solwezi	Retail Mall (under development)	3,000	4,642	895,966	1%
Total		**66,339**	**479,009**	**92,454,860**	**100%**

PROPERTY BY GLA US$1 - ZMK5,181

Properties by Area	Type	Rentable area - M²	Valuation - K'm	Valuation - US$	% of Total
Arcades Centre	Retail Mall	18,382	116,404	22,467,477	28%
Parkway	Retail Mall (under development)	14,000	28,310	5,464,196	21%
Airlel Head Office	Office	10,281	133,088	25,687,705	15%
Central Park	Office Park	8,768	123,352	23,808,461	13%
Eureka Park	Industrial (under development)	6,300	19,711	3,804,478	10%
Solwezi	Retail Mall (under development)	3,000	4,642	895,966	5%
Counting House Square	Office Park	2,903	24,310	4,692,144	4%
Abacus Square	Office Park	1,820	22,892	4,418,452	3%
Cetzam Head Office	Office	885	6,300	1,215,981	1%
Total		**66,339**	**479,009**	**92,454,860**	**100%**

REIZ's Property Portfolio 31st December 2012

- Total property portfolio more than doubled to 66,000 m² from 31,000m² in 2011.
- Total Investment property value increased from K457,066m / US$86.7m to K479,009m / US$92.4m
- Total 9 month revenue increased to K34,317m from K26,847m for the 12 months ended 31 March 2012
- Total gross lettable area at 31.12.2012 – 45,940 m² (including Arcades)
- Total tenants stand at 127 leases
- Vacancies at year end stand at 1,695 m² (3.57% of operating GLA)
- Rental arrears at 31.12.2012 stand at K1,849m (19 debtor days)

Robin Miller
Managing Director

It gives me great pleasure to present the Annual Report for the nine month period ended 31st December 2012.

Country Overview

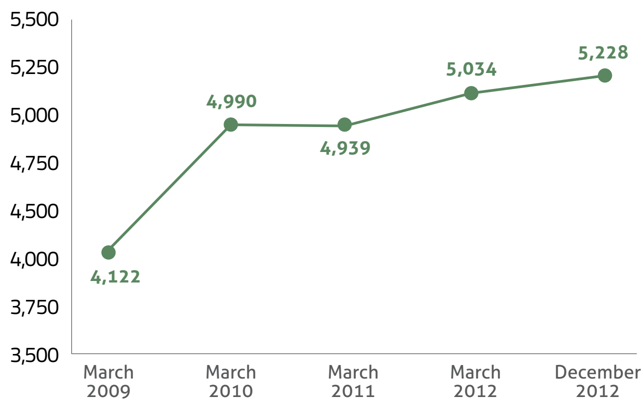
During the year the state of the world economy continued to cause concern following the sub-prime crisis and the sovereign debt issues faced by Eurozone countries. By the end of the calendar year, however, some of these pressures had started to ease off.

The Zambian economy was not immune from these effects, the economy saw a small appreciation of the Kwacha from US$1 - K5,270 at 31st March 2012 to US$1 - K5,228 at 31st December 2012. Largely due to the country's internal dynamics and steady policies, the country still demonstrated a GDP growth from 6.5% in 2011 to 7.7% in 2012, whilst the inflation rate fell from 8.7% to 7.3%

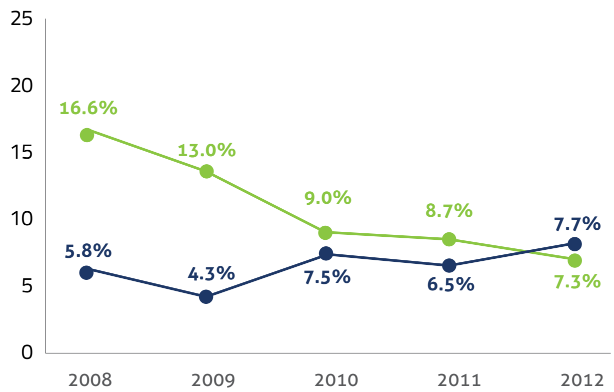
Shareholders should be aware that the Government of the Republic of Zambia introduced Statutory Instrument Number 33 – The Bank of Zambia (Currency) Regulation Number 33 of 2012 - on 18th May 2012 and Statutory Instrument Number 78 of 2012 – The Bank of Zambia (Currency) (Amendment) Regulations, 2012 on 19th November 2012. These Statutory Instruments (SI) have an impact on the business operations of the Group. Shareholders will be aware that SI 33 and SI 78 create a currency mismatch between the Group's income (now denominated in Kwacha) and the Group's debt which is predominantly denominated in United States Dollars. The Directors have been actively assessing the effect on the Group of the impact of these new regulations and have engaged corporate advisers to prepare appropriate measures to mitigate and overcome this mismatch. Shareholders will be apprised of the outcome of these deliberations in the new financial year.

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

Average Exchange Rate (ZMK-US%)



GDP Movements / Inflation Movements



REIZ Overview

Arcades Acquisition

As indicated in the Managing Director's Report, the Board oversaw the acquisition of Arcades Development PLC, which has led to an achievement of one of the major strategic objectives of the Board in 2012 – the inclusion of quality retail property assets into the Group's portfolio – by acquiring one of Lusaka's premier shopping malls, the Arcades Centre. This transaction also included three other properties under development which the Board believes will bring additional retail assets onto the Balance Sheet of REIZ once the development of the Protea Hotel, Parkway and Solwezi Retail Centers are completed.

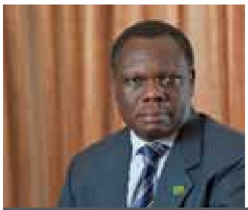
The Board wishes to commend management for successfully completing the take-on processes of Arcades Development PLC and its attendant assets and business. This was really a ground breaking move in the history of the Company.

The Board

The Board now comprises the following highly experienced Directors – 10 non-executive directors and 1 executive director. Please join me and the Board in extending our warm welcome to Dr. Elizabeth Lungu Nkumbula who was elected as a Director at the AGM held in June 2012. On a sad note, the Shareholders will have seen that Mr. Patrick Wanjelani retires from the Board in order to take up a new appointment; an important position with ABSA/Barclays in South Africa. We thank Patrick for his dedicated service to the Board and we wish him all the success in his new position.

I also heartily thank my fellow Directors for their dedicated and continued service to the Group.

Director's Profiles



Timothy T. Mushibwe
CHAIRMAN

6480 Mugoti Road, Roma, Lusaka

Resident Partner of Baker Tilly Meralis Zambia

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

Robin P. S. Miller
MANAGING DIRECTOR

Lilayi Farm, P.O. Box 30093, Lusaka

Managing Director of Real Estate Investments Zambia PLC

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

Deborah A. Bwalya
NON- EXECUTIVE DIRECTOR

Plot 6689, Off Silver Close, Riverside Extension, Kitwe

Company Secretary of Konkola Copper Mines PLC

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

Munakupya Hantuba
NON- EXECUTIVE DIRECTOR

Plot No. 555, Makeni, Lusaka

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

Plot 186 Samfya Street, Kaonga, Mazabuka

Director at Zambia Sugar PLC

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

Kenny H. Makala
NON- EXECUTIVE DIRECTOR

Stand 6462, Kariba Road, Kalundu, Lusaka

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

15 Mungule Road, Northrise, Ndola

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.

Mark O'Donnell
NON- EXECUTIVE DIRECTOR

4940 Los Angeles Boulevard, Lusaka

Managing Director of Union Gold

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.

Efterpi O'Donnell
NON- EXECUTIVE DIRECTOR

4940 Los Angeles Boulevard, Lusaka

Finance Director of Union Gold

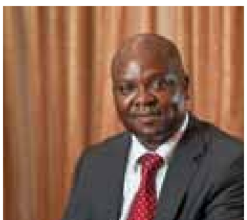
Efi received a B.Sc.(Eng) Computer Science degree with honours from the Imperial College of London and is an Associate of the City & Guilds Institute London. She also attended the Harvard Business School Executive Education programme on Strategic Finance in 2005. The Union Gold group has interests in, 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. She holds a Doctor of Philosophy (PhD) in Business Administration, (USA) and a Master's Degree in Business Administration (UK) both Majoring in Finance

William P. Saunders
NON- EXECUTIVE DIRECTOR

Jacaranda Walk, Farm 396a/1/2a/30, Makeni, Lusaka

Senior Partner of BDO Spencer Steward 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).



Patrick Wanjelani
NON- EXECUTIVE DIRECTOR

5635 Kasiya Crescent, Kalundu, Lusaka

Chief Financial Officer at Barclays Bank Zambia PLC

Patrick was the Chief Financial Officer at Barclays Bank Zambia PLC before transferring recently to Barclays Regional Office in South Africa to the position of Head Africa ALM in Group Treasury. He is a Fellow of the Chartered Certified Accountants (FCCA) and holder of an MBA from Oxford University. He has extensive experience in the financial industry stemming over 20 years. Patrick was a member of the ZESCO Limited, Rural Electrification Authority, the Lusaka Water & Sewerage Company and Southlands Investments Limited Boards. Patrick is a Technical Advisor on the International Federation of Accountants (IFAC) Ethic Committee.

Performance of the REIZ Group

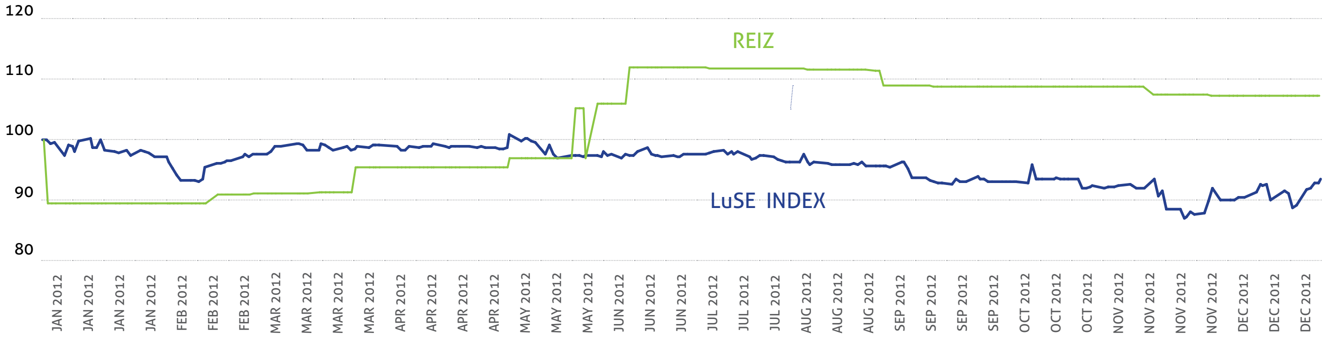
REIZ has once more produced solid results despite some of the global and in-country issues discussed previously. As you will note from the Financial Statements the positive effects of the acquisition of Arcades are beginning to work their way into the results of the Company. Turnover has increased by K7,470m to K34,317m. This shows an increase of 28%, but is only reflective of the results of a nine month period due to the change in year end that has been reported on in the Managing Director's Report.

The operating profit has increased by 42% from K15,291m to K21,775m for the nine month period ended 31st December 2012.

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

REIZ Vs LuSE Share Price

The share price of the Company was K3,343.00 at the year end. Whereas the LuSE All Share Index saw a fall of 6.04% in 2012; the Company's share price rose by 7.84% during the year.



Thanks

On behalf of the Board I wish to convey our sincere thanks to all the stakeholders and the business partners of our Group. Chief among these are of course our customers – the tenants of our properties - we wish all tenants good health and continued prosperity. The Board continues to maintain strong relationships with our regulators, the Securities and Exchange Commission (SEC), and the Lusaka Stock Exchange (LuSE), who continue to provide advice and guidance in the operations of the Group for the benefit of our shareholders and other interest groups.

Finally I wish to thank all shareholders in the Group. The interactions held between the shareholders and the Group in connection with the Arcades acquisition led to a successful conclusion to the transaction which the Board believes is part of the strategy that will lead to Real Estate Investments Zambia PLC being the property developer of choice in Zambia for the benefit of all our stakeholders.

Timothy Mushibwe
Chairman

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 the Directors. The major matters covered in the Board Charter are as follows:

Responsibilities

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

Strategy and Management

1. Approve the Group's long term strategy and objectives.
2. Approve the Group'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 Group 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 Group 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 Group's activities into new business or geographic areas.
6. Approve any decision to cease to operate all or any material part of the Group's business.

Capital

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

Financial Reporting

9. Approve the Group'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 Group'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 Group and significant in terms of the business of the Group.

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 Group.

Delegation of Authority

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

Other

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

Composition of the Board

The Board composition is as follows:

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

- The details of the qualifications and experience of the directors of REIZ are shown in the Chairman's Report; the Board is confident that they have sufficient knowledge, talent and experience to adequately direct the affairs of the business.
- The composition of the Board includes 10 non-executive members and 1 executive member, 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 is 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 standards.

Attendance at Board Meetings

Meeting:	22-05-12	26-07-12	06-11-12	TOTAL
Timothy T. Mushibwe (Chair)		√	√	**2/3**
Robin P.S. Miller (Managing Director)	√	√	√	**3/3**
Deborah A. Bwalya	√	√		**2/3**
Doreen Kabunda	√	√	√	**3/3**
Munakupya Hantuba		√	√	**2/3**
Elizabeth Lungu Nkumbula (Appt. 28th June 2012)	N/A	√	√	**2/2**
Kenny H. Makala	√	√	√	**3/3**
Efi O'Donnell	√	√	√	**3/3**
Mark O'Donnell	√	√	√	**3/3**
William P. Saunders	√	√	√	**3/3**
Patrick Wanjelani	√		√	**2/3**
Total	**8/10**	**10/11**	**10/11**	**28/32**

The remuneration of the Board is shown in Note 8 of the financial statements and is a total of K1,095m for the nine month period.

Directors' Share Holding Interest

The Directors' shareholding interest as at 31st December 2012 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
Munakupya Hantuba	NIL	NIL	NIL	NIL
Doreen Kabunda	NIL	NIL	NIL	NIL
Kenny H. Makala	NIL	NIL	NIL	NIL
Elizabeth Nkumbula	NIL	NIL	NIL	NIL
Mark O'Donnell	4,000	9,283,379	NIL	NIL
Efi O'Donnell	NIL	9,287,379	NIL	NIL
William P. Saunders	NIL	NIL	NIL	NIL
Patrick Wanjelani	NIL	NIL	NIL	NIL

Contracts in which Directors have an interest are as follows:

Real Estate Investments Zambia PLC holds a property administration contract with JHI Properties Zambia Ltd, in which City Investments Ltd was a shareholder until 21st November 2012. Robin P.S. Miller is a Director of City Investments Ltd. City Investments Ltd divested its interest in JHI (Zambia) to JHI (South Africa) and Bramble Investments Ltd. The property administration agreement is negotiated at arm's length and is approved by the Board.

Board Committees

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

Audit and Risk Committee
Patrick Wanjelani (Chair)
Munakupya Hantuba
Robin P.S. Miller
Efi O'Donnell

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

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

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

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

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 2012 the top ten REIZ shareholders held approximately 77.3% of the issued share capital of the Company:

SHAREHOLDER	NUMBER OF REIZ SHARES HELD	HOLDING(%)
SATURNIA REGNA PENSION TRUST LIMITED	14,912,900	26.4%
UNION GOLD (Z) LTD	9,283,379	16.4%
WORKERS' COMPENSATION FUND CONTROL BOAD	4,481,140	7.9%
STANDARD CHARTERED BANK ZAMBIA PLC NOMINEES - BARCLAYS BANK ZAMBIA STAFF PENSION FUND	4,280,368	7.6%
KONKOLA COPPER MINES PLC PENSION TRUST SCHEME	3,246,270	5.7%
STANDARD CHARTERED BANK PENSION TRUST FUND	2,210,938	3.9%
NATIONAL PENSION SCHEME AUTHORITY	2,097,576	3.7%
ZAMBIA STATE INSURANCE PENSION TRUST FUND	1,200,000	2.1%
KWACHA PENSION TRUST FUND	1,000,000	1.8%
STANBIC BANK PENSION TRUST FUND	927,789	1.6%
	43,640,360	**77.3%**
Others	12,819,838	22.7%
Total number of shares issued	**56,460,198**	**100.0%**

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.

CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Month Period Ended 31st December 2012

COMPANY INFORMATION

REGISTERED OFFICE:

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

TRANSFER SECRETARIES

Amazon Associates Limited
P O Box 32001
Lusaka

SOLICITORS

Musa Dudhia & Co.
P O Box 31198
Lusaka

COMPANY SECRETARIES

Sydney E. Popota
P O Box 30012
Lusaka

BANKERS

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

Stanbic Bank (Zambia) Limited
Head Office
P.O. Box 31955
Lusaka

AUDITORS

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

DIRECTORS' REPORT TO THE MEMBERS

The Directors are pleased to present their report and audited consolidated financial statements for the 9 month period ended 31 December 2012.

1 Activities

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

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

2 Authorised and issued share capital

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

3 Results for the period

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

	GROUP		COMPANY	
In Millions of Zambian Kwacha	9 months to 31 December 2012	Year ended 31 March 2012	9 months to 31 December 2012	Year ended 31 March 2012
Revenue	**34,317**	26,847	**20,055**	22,754
Results from operating activities	**42,534**	62,524	**27,620**	48,604
Profit before taxation	**36,037**	59,153	**19,394**	40,542
Income tax expense	**(11,241)**	(16,635)	**(5,432)**	(14,086)
Profit for the period/year	**24,796**	42,518	**13,962**	26,456

4 Dividend

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

5 Directorate and Secretary

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

DIRECTORS

Timothy T. Mushibwe (Chairman)
Robin P.S. Miller (Managing Director)
Deborah A. Bwalya
Munakupya Hantuba
Doreen Kabunda
Kenny H. Makala
William P. Saunders
Patrick Wanjelani
Mark O'Donnell
Efi O'Donnell
Elizabeth C. Lungu Nkumbula

ALTERNATES

N.H.C. Chiromo
A.T.S. Miller
S. Mwape
G. Musekiwa
N. Kayamba (Ms.)
I. M. Mabbolobbolo
D.G.A. Ironside
B. Kayumba (Ms.)
R.A.B. Lethbridge
N. Frangeskides
A. Nyangu (Ms.)

SECRETARY

Sydney Popota
P O Box 30012
Lusaka

DIRECTORS' REPORT TO THE MEMBERS (CONTINUED)

6 Directors' Fees

Directors' fees of K1,095 million were paid during the period (12 months ended 31 March 2012: K1,249 million).

7 Loans to Directors

There were no loans advanced to the Directors during the period (12 months ended 31 March 2012: nil).

8 Health and Safety

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

9 Employees

During the period, there were six employees (12 months ended 31 March 2012: six).

10 Property, Plant and Equipment

The Group acquired property, plant and equipment worth K Nil million during the period (12 months ended 31 March 2012 – K3,707 million). 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 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

12 Financial Statements

The financial statements set out on pages 39 to 92 have been approved by the Directors.

13 Corporate Governance

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

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

By order of the Board

Timothy T. Mushibwe
Chairman

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

The Group's Directors are responsible for the preparation and fair presentation of the financial statements comprising the statement of financial position as at 31 December 2012, and the statements of comprehensive income, changes in equity and cash flows for the period 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 in the manner required by the Companies Act of Zambia.

The Directors are also responsible for such internal control as they 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 Group's ability 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.

Approval of the financial statements

The financial statements of the Group, as indicated above and set out on pages 39 to 92 were approved by the Board of Directors on 19th February 2013 and were signed on its behalf by:

Director

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 and Company financial statements of Real Estate Investments Zambia Plc ("the Company"), which comprise the statements of financial position at 31 December 2012 and the statements of comprehensive income, changes in equity and cash flows for the period 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 39 to 92.

Directors' responsibility for the financial statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the Group and Company financial position of Real Estate Investments Zambia Plc as at 31 December 2012, and its Group and Company financial performance and Group and Company cash flows for the period then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of Zambia.

Report on other legal and regulatory requirements

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

KPMG

KPMG Chartered Accountants
Lusaka, Zambia

21st February 2013

Jason Kazilimani, Jr
Partner

GROUP & COMPANY STATEMENT OF COMPREHENSIVE INCOME - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

		GROUP		COMPANY	
In Millions of Zambian Kwacha	*NOTE*	**9 months to 31 December 2012**	Year ended 31 March 2012	**9 months to 31 December 2012**	Year ended 31 March 2012
Gross rental income	*7a*	**34,317**	26,847	**20,055**	22,754
Property operating expenses	*13d*	**(7,426)**	(6,347)	**(4,158)**	(5,638)
Net rental income		**26,891**	20,500	**15,897**	17,116
Change in fair value of investment property	*13*	**20,736**	47,212	**11,735**	35,881
Other operating income	*7b*	**23**	21	**2,997**	-
Administrative expenses	*12*	**(5,116)**	(5,209)	**(3,009)**	(4,393)
Results from operating activities		**42,534**	62,524	**27,620**	48,604
Finance income		**2,166**	210	**2,451**	210
Finance cost		**(10,677)**	(8,880)	**(10,677)**	(8,272)
Net finance cost	*9*	**(8,511)**	(8,670)	**(8,226)**	(8,062)
Profit from equity accounted investees (net of tax)	*17*	**2,014**	5,299	**-**	-
Profit before income tax		**36,037**	59,153	**19,394**	40,542
Income tax expense	*10*	**(11,241)**	(16,635)	**(5,432)**	(14,086)
Profit and total comprehensive income for the period		**24,796**	42,518	**13,962**	26,456
Earnings per share					
Basic earnings per share (Kwacha)	*11*	**439.18**	968.28	**247.29**	602.50
Diluted earnings per share (Kwacha)	*11*	**433.66**	937.51	**248.27**	587.51

There were no items of other comprehensive income during the period (year ended 31 March 2012: nil).

The notes on pages 44 to 92 are an integral part of these financial statements.

GROUP & COMPANY STATEMENT OF FINANCIAL POSITION- *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

		GROUP		COMPANY	
In Millions of Zambian Kwacha	*NOTE*	**31 December 2012**	31 March 2012	**31 December 2012**	31 March 2012
Assets					
Plant and equipment	*15*	**5,475**	6,596	**5,340**	6,381
Lease straight-lining receivable	*16*	**10,460**	9,305	**9,929**	8,366
Investment property	*13*	**439,987**	415,587	**305,342**	288,503
Investment property under development	*14*	**39,022**	41,480	**-**	3,900
Other Investments	*28*	**8,749**	6,735	**146,965**	147,259
Amount due from investee	*26b*	**11,245**	11,438	**11,245**	11,438
Goodwill	*18*	**32,607**	32,901	**-**	-
Total non-current assets		**547,545**	524,042	**478,821**	465,847
Trade and other receivables	*19a*	**3,902**	4,419	**4,900**	7,757
Prepayments and deposits	*19b*	**340**	871	**301**	861
Tax recoverable	*10e*	**1,212**	-	**1,212**	744
Cash and cash equivalents	*20*	**3,918**	6,563	**1,144**	3,307
Total current assets		**9,372**	11,853	**7,557**	12,669
Total assets		**556,917**	535,895	**486,378**	478,516
Equity					
Share capital	*21*	**57**	57	**57**	57
Share premium		**90,848**	90,848	**90,848**	90,848
Retained earnings		**184,033**	162,060	**154,129**	142,990
Total equity attributable to equity holders of the parent		**274,938**	252,965	**245,034**	233,895
Liabilities					
Convertible redeemable cumulative preferred stock	*21*	**7,824**	7,824	**7,824**	7,824
Corporate bonds	*22a*	**60,078**	60,865	**60,078**	60,865
Long-term loans	*22b*	**77,715**	79,050	**77,715**	79,050
Security deposits	*23*	**3,110**	4,109	**2,050**	3,080
Deferred taxation	*10c*	**124,111**	116,395	**86,004**	81,028
Total non-current liabilities		**272,838**	268,243	**233,671**	231,847
Trade and other payables	*24*	**8,188**	13,825	**7,673**	12,774
Tax payable	*10e*	**953**	862	**-**	-
Total current liabilities		**9,141**	14,687	**7,673**	12,774
Total liabilities		**281,979**	282,930	**241,344**	244,621
Total equity and liabilities		**556,917**	535,895	**486,378**	478,516

The financial statements on pages 39 to 92 were approved by the Board of Directors on **19th February 2013** and were signed on its behalf by:

TIMOTHY T. MUSHIBWE (DIRECTOR)

MARK O'DONNELL (DIRECTOR)

The notes on pages 44 to 92 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

	GROUP			
In Millions of Zambian Kwacha	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TOTAL
At 1 April 2011	43	42,862	124,458	167,363
Total comprehensive income for the period - Profit for the year	-	-	42,518	42,518
Issued during the year	14	47,986	-	48,000
Transactions with owners recorded directly in equity Dividends paid (note 21)	-	-	(4,916)	(4,916)
At 31 March 2012	57	90,848	162,060	252,965
At 1 April 2012	**57**	**90,848**	**162,060**	**252,965**
Total comprehensive income for the period Profit and total comprehensive income for the period	**-**	**-**	**24,796**	**24,796**
Transactions with owners recorded directly in equity Dividends paid (note 21)	**-**	**-**	**(2,823)**	**(2,823)**
At 31 December 2012	**57**	**90,848**	**184,033**	**274,938**

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

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

The notes on pages 44 to 92 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

	COMPANY			
In Millions of Zambian Kwacha	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TOTAL
At 1 April 2011	43	42,862	121,450	164,355
Total comprehensive income for the period - Profit for the year	-	-	26,456	26,456
Issued during the year	14	47,986	-	48,000
Transactions with owners recorded directly in equity Dividends paid (note 21)	-	-	(4,916)	(4,916)
At 31 March 2012	57	90,848	142,990	233,895
At 1 April 2012	**57**	**90,848**	**142,990**	**233,895**
Total comprehensive income for the period Profit and total comprehensive income for the period	**-**	**-**	**13,962**	**13,962**
Transactions with owners recorded directly in equity Dividends paid (note 21)	**-**	**-**	**(2,823)**	**(2,823)**
At 31 December 2012	**57**	**90,848**	**154,129**	**245,034**

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

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

 The notes on pages 44 to 92 are an integral part of these financial statements.

GROUP & COMPANY STATEMENT OF CASH FLOW- *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

In Millions of Zambian Kwacha	*NOTE*	GROUP 9 months to 31 December 2012	GROUP Year ended 31 March 2012	COMPANY 9 months to 31 December 2012	COMPANY Year ended 31 March 2012
Cash flows from operating activities					
Profit for the period		**24,796**	42,518	**13,962**	26,456
Adjustment for:					
- Depreciation	*15*	**1,121**	1,684	**1,041**	1,664
- Profit on equity accounted investee	*17*	**(2,014)**	(5,299)	**-**	-
- Change in fair value of investment property	*13*	**(20,736)**	(47,212)	**(11,735)**	(35,881)
- Net finance cost	*9*	**8,511**	8,670	**8,226**	8,062
- Dividend income received	*7b*	**-**	-	**(2,997)**	-
- Income tax expense	*10*	**11,241**	16,635	**5,432**	14,086
		22,919	16,996	**13,929**	14,387
Change in trade and other receivables		**(638)**	(7,146)	**1,294**	(3,241)
Change in prepayments and deposits		**531**	6,161	**560**	6,115
Change in trade and other payables		**(6,636)**	10,811	**(6,131)**	8,305
		16,176	26,822	**9,652**	25,566
Income tax paid	*10*	**(4,646)**	(287)	**(924)**	(36)
Net cash from operating activities		**11,530**	26,535	**8,728**	25,530
Cash flows from investing activities					
Interest received	*9*	**43**	210	**17**	210
Acquisition of subsidiary, net of cash acquired	*28*	**-**	(83,596)	**-**	(83,596)
Equity loan to equity accounted investee	*25b*	**-**	(4,578)	**-**	(4,578)
Acquisition of plant and equipment	*15*	**-**	(3,707)	**-**	(3,707)
Acquisition of investment property	*13*	**-**	(17,643)	**-**	(17,643)
Development of investment property	*14*	**(1,206)**	(3,304)	**(1,204)**	(3,304)
Net cash used in investing activities		**(1,163)**	(112,618)	**(1,187)**	(112,618)
Cash flows from financing activities					
Coupon interest on preferred stock	*9*	**(842)**	(777)	**(842)**	(777)
Corporate bond interest paid		**(5,399)**	(4,650)	**(5,399)**	(4,650)
Term loans interest paid		**(3,353)**	-	**(3,353)**	-
Dividend paid	*21*	**(2,823)**	(4,916)	**(2,823)**	(4,916)
Dividend received	*7b*	**-**	-	2,997	-
Proceeds from borrowings	*22b*	**-**	80,100	**-**	80,100
Proceeds from issue of a corporate bond	*22a*	**24**	6,570	**24**	6,570
Net cash (used in)/from financing activities		**(12,393)**	76,327	**(9,396)**	76,327
Net decrease in cash and cash equivalents		**(2,026)**	(9,756)	**(1,855)**	(10,761)
Cash and cash equivalents at 1 April		**6,563**	17,098	**3,307**	16,162
Effect of exchange rate fluctuations on cash held		**(619)**	(779)	**(308)**	(2,094)
Cash and cash equivalents at 31 December /March		**3,918**	6,563	**1,144**	3,307

The notes on pages 44 to 92 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

1 Reporting Entity

Real Estate Investments Zambia Plc (the "Company") is domiciled in Zambia. The address of the Company's registered office is Real Estate Investments Zambia Plc, Stand 2713, Cairo Road, Lusaka. The consolidated financial statements of the Company as at and for the period ended 31 December 2012 comprise the Company, subsidiaries and a jointly controlled entity (together referred to as 'the Group' and individually as 'Group entities'). The Group is primarily involved in investment, development and restructuring of commercial and non-commercial property for commercial letting.

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

2 Basis of Preparation

(a) Statement of Compliance

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

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

The financial statements were authorised for issue by the Board of Directors on 19 February 2013.

(b) Basis of Measurement

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

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

(c) Functional and Presentation Currency

These consolidated 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 million, except where otherwise indicated.

(d) Use of Estimates and Judgement

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of 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 accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumption and estimation of uncertainties that have significant risk of resulting in material adjustment within the next financial period, and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3 (i) - Impairment of financial and non-financial assets
- Note 3 (k) - Provisions
- Note 5 (b) - Techniques used for valuing and valuation of investment property.
- Note 29 - Contingent liabilities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

3 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.

(a) Basis of Consolidation

(i) Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre- existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

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

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

These investments are accounted for at cost less impairment in the separate financial statements. Dividends are recognized in profit or loss in its separate financial statements when its right to receive the dividend is established.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

3 Significant Accounting Policies *(continued)*

(***a)*** ***Basis of Consolidation*** *(continued)*

(iii) Investments in Associates (equity – accounted investments)

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in jointly controlled entities are accounted for using the equity method and are recognised initially at cost. The cost of investments includes transaction costs.

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long term interests that form part thereof, is reduced to zero, and the recognition of future losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in jointly controlled entities are accounted for at cost less impairment in the separate financial statements of the Company. Dividends are recognised in profit or loss in the separate financial statements when the Company's right to receive the dividend is established.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(v) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available for sale financial asset depending on the level of influence retained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

3 Significant Accounting Policies *(continued)*

(b) Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group 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.

(c) Financial Instruments

(i) Non-Derivative Financial Assets

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

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

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

The Group classifies non – derivative financial assets into the loans and receivables category.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

3 Significant Accounting Policies *(continued)*

(c) Financial Instruments *(continued)*

(i) Non-Derivative Financial Assets *(continued)*

Loans and Receivables

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

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

Cash and Cash Equivalents

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

(ii) Non – Derivative Financial Liabilities

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

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

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

Other financial liabilities comprise loans and borrowings, debt securities issued (including preference shares (see note 3(c) (iii)), corporate bonds, security deposits and trade and other payables.

(iii) 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 Share Capital

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

3 Significant Accounting Policies *(continued)*

(d) Plant and Equipment

(i) Recognition and Measurement

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

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

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

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

(ii) Subsequent Costs

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

(iii) Depreciation

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

3 Significant Accounting Policies *(continued)*

(e) Goodwill

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

(f) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

3 Significant Accounting Policies *(continued)*

(g) Leased Assets

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

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

(h) 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 fair value 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.

(i) Impairment

(i) Non – Derivative Financial Assets

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

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

Financial Assets Measured at Amortised Cost

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

3 Significant Accounting Policies *(continued)*

(i) ***Impairment*** *(continued)*

(ii) Non-financial Assets

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

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

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

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

(j) ***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) Termination Gratuity

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

(k) ***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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - ***FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012***

3 Significant Accounting Policies *(continued)*

(l) 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.

(m) Finance Income and Finance Costs

Finance income comprises interest income on funds invested, bank interest received, 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.

(n) 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.

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

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

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities against current tax assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

3 Significant Accounting Policies *(continued)*

(o) Borrowing Costs

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

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

(p) 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.

(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 presents segment information as it has distinguishable operating segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

4 New Standards and Interpretations not yet Adopted

A number of new standards, amendments to standards and interpretations are effective for periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. Those that may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

EFFECTIVE DATE	STANDARD, AMENDMENT OR INTERPRETATION	SUMMARY OF REQUIREMENTS
1 July 2012	Amendment to IAS 1 Presentation of Financial Statements	The Group will present those items of other comprehensive income that may be reclassified to profit or loss in the future separately from those that would never be reclassified to profit or loss. The related tax effects for the two sub-categories will be shown separately. This is a change in presentation and will have no impact on the recognition or measurement of items in the financial statements. The amendment will be applied retrospectively and the comparative information will be restated.
1 January 2013	IAS 27 (2011) Separate Financial Statements	IAS 27 (2011) Separate Financial Statements IAS 27 (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The adoption of IAS 27 (2011) will not have a significant impact on the separate financial statements of the Company.
1 January 2013	IAS 28 (2011) Investments in Associates and Joint Ventures	IAS 28 (2011) supersedes IAS 28 (2008) and carries forward the existing accounting and disclosure requirements with limited amendments. The main changes include: • IFRS 5 Non-current Assets Held for Sale and Discontinued Operations is applicable to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held-for-sale; and • On cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the company does not re-measure the retained interest. The initial application of this amendment will have no impact on the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

4 New Standards and Interpretations not yet Adopted *(continued)*

EFFECTIVE DATE	STANDARD, AMENDMENT OR INTERPRETATION	SUMMARY OF REQUIREMENTS
1 January 2015	IFRS 9 (2009): Financial Instruments	IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39. Under IFRS 9 there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value. Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host. The impact of the adoption of the standard on the consolidated financial statements for the Group has not yet been quantified.
1 January 2015	IFRS 9 (2010): Financial Instruments	IFRS 9 (2010) addresses the measurement and classification of financial liabilities and will replace the relevant sections of IAS 39. Under IFRS 9 (2010), the classification and measurement requirements of financial liabilities are the same as per IAS 39, except for the following two aspects: fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, that are attributable to the changes in the credit risk of the liability will be presented in other comprehensive income (OCI). The remaining amount of the fair value change is recognised in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed. Under IFRS 9 (2010) derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value. IFRS 9 (2010) incorporates, the guidance in IAS 39 dealing with fair value measurement and accounting for derivatives embedded in a host contract that is not a financial asset, as well as the requirements of IFRIC 9 Reassessment of Embedded Derivatives. The impact on the financial statements has not yet been quantified.
1 January 2013	IFRS 10: Consolidated financial statements	IFRS 10 introduces a single control model to assess whether an investee should be consolidated. This control model requires entities to perform the following in determining whether control exists: Identify how decisions about the relevant activities are made, Assess whether the entity has power over the relevant activities by considering only the entity's substantive rights, Assess whether the entity is exposed to variability in returns, and Assess whether the entity is able to use its power over the investee to affect returns for its own benefit. Control should be assessed on a continuous basis and should be reassessed as facts and circumstances change. The impact on the consolidated financial statements for the Group has not yet been quantified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

4 New Standards and Interpretations not yet Adopted *(continued)*

EFFECTIVE DATE	STANDARD, AMENDMENT OR INTERPRETATION	SUMMARY OF REQUIREMENTS
1 January 2013	IFRS 11: Joint Arrangements	Under IFRS 11, the structure of the Joint arrangements, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subsequent accounting. • The Group's interest in a joint operation, which is an arrangement in which the parties have rights to the assets and liabilities, will be accounted for on the basis of the Group's interest in those assets and liabilities. • The Group's interest in a joint venture, which is an arrangement in which the parties have rights to the net assets, will be equity accounted. The Group may need to reclassify its joint arrangement, which may lead to changes in current accounting for these interests.
1 January 2013	IFRS 12: Disclosure of interests in other entities	IFRS 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with existing disclosure of information about the nature, risks and financial effects of these interests.
1 January 2013	IFRS 13: Fair Value Measurement	IFRS 13 introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosures requirements for fair value measurements. The key principles in IFRS 13 are as follows: Fair value is an exit price Measurement considers characteristics of the asset or liability and not entity-specific characteristics Measurement assumes a transaction in the entity's principle (or most advantageous) market between market participants Price is not adjusted for transaction costs Measurement maximises the use of relevant observable inputs and minimises the use of unobservable inputs The three-level fair value hierarchy is extended to all fair value measurements The impact on the financial statements has not yet been quantified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

5 Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/ or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Plant and Equipment

The fair value of plant and equipment recognised as a result of a business combination is the estimated amount for which the item could be exchanged on the date of acquisition between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant and equipment, fixtures and fittings is based on the market approach and cost approaches using the quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

(b) Investment Property

An external, independent valuation expert, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A market yield is applied to the estimated rental value, adjustments are made to reflect actual rentals.

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;

(iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows; and

(iv) capital income projections based upon Group's estimate of net market rental income which is assumed to be a level annuity in perpetuity, and a capitalisation rate derived from the analysis of market evidence. Reversions associated with short term leasing risk/ costs, incentive and capital expenditure maybe deducted from the capitalised net income figure.

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

(c) Trade and Other Receivables

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

5 Determination of Fair Values *(continued)*

(d) Loan to equity accounted investee

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

(e) Non-Derivative Financial Liabilities

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

6 Financial Risk Management

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

- credit risk,
- 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.

(a) Credit Risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

6 Financial Risk Management *(continued)*

(b) Liquidity Risk

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

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

(c) Market Risk

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

(i) Currency Risk

The Group is exposed to currency risk on purchases that are denominated in a currency other than the functional currency of Group entities, which is the Zambian Kwacha (ZMK). 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

6 Financial Risk Management *(continued)*

(d) Operational Risk

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

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

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

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

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

(e) Capital Management

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

6 Financial Risk Management *(continued)*

***(e) Capital Management** (continued)*

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

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Borrowings				
Convertible redeemable cumulative preferred shares	**7,824**	7,824	**7,824**	7,824
Corporate bonds	**60,078**	60,865	**60,078**	60,865
Long-term loans	**77,715**	79,050	**77,715**	79,050
Total borrowings	**145,617**	147,739	**145,617**	147,739
Tangible net worth				
Total equity attributable to equity holders	**274,938**	252,965	**245,034**	233,895
Deferred tax liability	**124,111**	116,395	**86,004**	81,028
Proposed final dividend	**(4,517)**	(2,823)	**(4,517)**	(2,823)
Goodwill	**(32,607)**	(32,901)	**-**	-
Total tangible net worth	**361,925**	333,636	**326,521**	312,100
Total borrowings to tangible net worth ratio at 31 December	**40.23%**	44.28%	**44.60%**	47.34%

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.

7 (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 one year or more. There are no contingent rents included in the rental income.

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Real Estate Investments Zambia Plc	**20,055**	22,754	**20,055**	22,754
Thistle Land Development Company Limited	**2,504**	2,708	**-**	-
Arcades Development Plc	**11,758**	1,385	**-**	-
Gross rental income	**34,317**	26,847	**20,055**	22,754

(b) Operating Income

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Hire of car park for activities	**23**	21	**-**	-
Dividend receivable from Arcades Development Plc	**-**	-	**2,997**	-
	23	21	**2,997**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

8 Staff Costs and Directors' Remuneration

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
National Pension Scheme Authority	**17**	16	**17**	16
Directors fees (included in administrative expenses) (note 12)	**1,095**	1,249	**957**	1,190
Salaries (note 12)	**2,407**	2,525	**2,407**	2,525
Total	**3,519**	3,790	**3,381**	3,731

9 Net Financing Costs

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Interest income on bank deposits	**43**	210	**17**	210
Net foreign exchange gain on operating activities	**2,123**	-	**2,434**	-
Total finance income	**2,166**	210	**2,451**	210
Net foreign exchange loss on operating activities	**-**	(3,245)	**-**	(2,637)
Interest on long term loans	**(9,835)**	(4,858)	**(9,835)**	(4,858)
Coupon interest on preferred stock	**(842)**	(777)	**(842)**	(777)
Interest expense on finance liabilities	**(10,677)**	(8,880)	**(10,677)**	(8,272)
Net financing income/(cost)	**(8,511)**	(8,670)	**(8,226)**	(8,062)

10 Taxation

(a) Income Tax Expense

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Current tax expense	**3,525**	997	**456**	-
Origination and reversal of temporary differences	**7,716**	15,638	**4,976**	14,086
Deferred tax expense	**7,716**	15,638	**4,976**	14,086
Total income tax expense recognised in statement of comprehensive income	**11,241**	16,635	**5,432**	14,086

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

10 Taxation *(continued)*

(b) Reconciliation of Effective Tax Rate

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

	GROUP				COMPANY			
		31 December 2012		31 March 2012		**31 December 2012**		31 March 2012
Profit for the period		**24,796**		42,518		**13,962**		26,456
Total income tax expense		**11,241**		16,635		**5,432**		14,086
Profit excluding income tax		**36,037**		59,153		**19,394**		40,542
Tax on accounting profit	35%	**12,613**	35%	20,703	35%	**6,788**	35%	14,190
Non-deductible expenses	0%	**212**	0%	(104)	0%	**105**	0%	(104)
Capital exchange gains	(2%)	**(879)**	(7%)	-	(4%)	**(862)**	0%	-
Tax losses brought forward	0%	**-**	0%	(78)	0%	**-**	0%	-
Prior year adjustment of deferred tax on fair value adjustment	(3%)	**-**	(3%)	(2,031)	0%	**-**	0%	-
Difference in effective tax rate of equity accounted investee	(2%)	**(705)**	(3%)	(1,855)	0%	**-**	0%	-
Effect of lower tax rate on dividend income	0%	**-**	0%	-	(3%)	**(599)**	0%	-
Total income tax expense	31%	**11,241**	29%	16,635	28%	**5,432**	35%	14,086

(c) Recognised Deferred Tax Assets and Liabilites

Deferred tax liabilities are attributable to the following:

	ASSETS		LIABILITES		NET	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012	**31 December 2012**	31 March 2012
Plant and equipment	**-**	-	**7,089**	6,352	**7,089**	6,352
Exchange differences	**-**	-	**1,148**	1,288	**1,148**	1,288
Straight-line lease income	**-**	-	**3,592**	3,173	**3,592**	3,173
Tax losses	**(276)**	(222)	**-**	-	**(276)**	(222)
Revaluation of investment property	**-**	-	**112,558**	105,804	**112,558**	105,804
Total income tax expense	**(276)**	(222)	**124,387**	116,617	**124,111**	116,395

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

10 Taxation *(continued)*

(d) Movement of Temporary Differences During the Year (GROUP)

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

31 MARCH 2012 GROUP	Balance 1 April 2011	Recognised through business combination	Recognised in equity	Balance 31 March 2012
Plant and equipment	3,086	2,524	742	6,352
Tax losses	(78)	-	(144)	(222)
Exchange differences	44	1,083	161	1,288
Straight-line lease income	1,938	419	816	3,173
Revaluation of investment property	65,633	26,108	14,063	105,804
	70,623	30,134	15,638	116,395

(d) Movement of Temporary Differences During the Year (COMPANY)

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

31 MARCH 2012 COMPANY	Balance 1 April 2011	Recognised in equity	Balance 31 March 2012
Plant and equipment	2,932	708	3,640
Exchange differences	(75)	255	180
Straight-line lease income	1,900	786	2,686
Tax losses	-	(222)	(222)
Revaluation of investment property	62,185	12,559	74,744
	66,942	14,086	81,028

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

10 Taxation *(continued)*

(e) Statement of Financial Position Current Income Tax

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Tax recoverable	**(1,212)**	862	**(1,212)**	(744)
Tax payable	**953**	-	**-**	-
	(259)	862	**(1,212)**	(744)

(e) Statement of Financial Position Current Income Tax Movemement

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Balance at 1 April	**862**	(792)	**(744)**	(708)
Tax due to business combination	**-**	908	**-**	-
Current tax expense	**3,525**	997	**456**	-
	4,387	1,113	**(288)**	(708)
Less: Tax paid	**(4,646)**	(251)	**(924)**	(36)
	(259)	862	**(1,212)**	(744)

11 **Earnings Per Share**

Basic Earnings Per Share

The calculation of the Group basic earnings per share at 31 December 2012 was based on the profit attributable to ordinary shareholders of K24,796,000,000 (31 March 2012: K42,518,000,000) and weighted average number of ordinary shares during the period ended 31 December 2012 of 56,460,198 (31 March 2012: 43,910,687).

	GROUP		COMPANY	
	9 months to 31 December 2012	12 months to 31 March 2012	**9 months to 31 December 2012**	12 months to 31 March 2012
Profit attributable to ordinary shares	**24,796**	42,518	**13,962**	26,456
Weighted average number of ordinary shares				
Issued at 1 April	**56,460,198**	42,745,912	**56,460,198**	42,745,912
Issued during the year - 13,714,286	**-**	1,164,775	**-**	1,164,775
Weighted average number of ordinary shares at 31 December (31 March 2012)	**56,460,198**	43,910,687	**56,460,198**	43,910,687

11 Earnings Per Share *(continued)*

Diluted Earnings Per Share

Profit attributable to ordinary shareholders of K25,343,000,000 (31 March 2012: K43,023,000,000) and weighted average number of ordinary shares during the year of 58,440,102 (31 March 2012: 45,890,591).

	GROUP		COMPANY	
	9 months to 31 December 2012	12 months to 31 March 2012	**9 months to 31 December 2012**	12 months to 31 March 2012
Profit attributable to ordinary shares				
Profit attributable to ordinary shares (basic)	**24,796**	42,518	**13,962**	26,456
Coupon interest on preferred stock	**547**	505	**547**	505
Profit attributable to ordinary shares (diluted)	**25,343**	43,023	**14,509**	26,961
Weighted average number of ordinary shares				
Issued at 1 April	**56,460,198**	43,910,687	**56,460,198**	43,910,687
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 (31 March 2012)	**58,440,102**	45,890,591	**58,440,102**	45,890,591

12 Administration Expenses

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Accounting and administration fees	**-**	348	**-**	348
Administrative costs appropriation	**-**	-	**(1,530)**	(564)
Advertising and promotion	**465**	52	**455**	52
Taxation fees	**80**	60	**23**	31
Salaries	**2,407**	2,525	**2,407**	2,525
National Pension Scheme Authority	**17**	16	**17**	16
Audit fees	**546**	379	**209**	229
Secretarial fees	**9**	14	**9**	14
Computer expenses	**29**	101	**28**	101
Donations	**10**	12	**10**	12
Listing fees	**84**	77	**78**	77
Printing and stationery	**100**	106	**97**	106
Telephone and postage	**40**	59	**40**	58
Bank charges	**54**	63	**34**	51
Directors' fees (note 8)	**1,095**	1,249	**957**	1,190
Board expenses	**66**	44	**61**	44
Medical and staff welfare	**22**	22	**22**	22
Workers compensation	**2**	2	**2**	2
Motor vehicle expenses	**35**	28	**35**	27
Medical levies	**-**	2	**-**	2
Consultancy	**55**	49	**55**	49
Annual returns filling fees	**-**	1	**-**	1
	5,116	5,209	**3,009**	4,393

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

13 Investment Property

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
At valuation:				
Balance at beginning of the period	**415,587**	255,494	**288,503**	234,979
Acquisition through business combination	**-**	97,520	**-**	-
Additions	**-**	17,643	**-**	17,643
Transfer from property under development (note 14)	**5,104**	-	**5,104**	-
Change in fair value	**19,296**	44,930	**11,735**	35,881
Balance at end of the period	**439,987**	415,587	**305,342**	288,503

Reconciliation of change in fair value	2012	2011	2012	2011
- Fair value adjustment	**20,466**	47,161	**13,300**	38,126
- Less straight lining income	**(1,170)**	(2,229)	**(1,565)**	(2,245)
Fair value on investment	**19,296**	44,932	**11,735**	35,881
Property under development (note 14)	**1,440**	2,280	**-**	-
Change in fair value	**20,736**	47,212	**11,735**	35,881

(a) The investment properties comprise the Group's leasehold buildings. Investment properties were revalued by Anderson & Anderson International, an experienced and registered independent valuer with an appropriate recognised professional qualification on 31 December 2012 at K440 billion (31 March 2012: K416 billion).

(b) The range of yields applied by the independent valuer to the annual rental to determine the fair value of property is as follows:

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
	8% - 11%	8% - 11%	**8% - 11%**	8% - 11%

(c) ***Minimum Lease Payments on Rental Income***

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Falling due within				
- One year	**46,392**	24,383	**26,678**	21,967
- 1 - 5 years	**51,220**	26,921	**29,455**	24,253
- Over 5 years	**56,443**	29,559	**32,458**	26,618

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

13 Investment Property *(continued)*

A three to fifteen 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.

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.

(d) Property Operating Expenses

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Property management expenses (note 26 (d))	**1,668**	1,026	**624**	698
Merchant costs	**387**	-	**-**	-
Provision for Bad debts	**306**	192	**-**	192
Repairs & maintenance	**798**	825	**599**	759
Letting costs (note 26 (d))	**149**	205	**99**	187
Electricity and water	**360**	374	**247**	349
Council rates and leased land rental	**885**	671	**528**	546
Security	**982**	543	**421**	487
Cleaning and refuse removal	**173**	219	**156**	218
Insurance	**502**	467	**383**	431
Depreciation expense (note 15)	**1,121**	1,684	**1,041**	1,664
Legal and professional expenses	**36**	66	**22**	65
Fire protection	**9**	11	**6**	10
Valuation fees	**50**	64	**32**	32
	7,426	6,347	**4,158**	5 638

14 Investment Property Under Development

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

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Balance at 1 April	**41,480**	596	**3,900**	596
Cost capitalised	**1,206**	3,304	**1,204**	3,304
Acquisition through business combination	**-**	35,300	**-**	-
Transfer to investment property	**(5,104)**	-	**(5,104)**	-
Change in fair value (note 13)	**1,440**	2,280	**-**	-
Balance at end of the period	**39,022**	41,480	**-**	3,900

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 2012.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

15. Property, Plant and Equipment

GROUP

	Plant and equipment	Furniture, fittings and office equipment	Motor vehicles	Fixtures and fittings	Total
Cost					
At 1 April 2011	4,760	1,488	-	6,650	12,898
Additions	1,678	163	369	1,497	3,707
Acquisition through business combination	6,514	1,045	-	2,193	9,752
At 31 March 2012	12,952	2,696	369	10,340	26,357
At 1 April 2012	**12,952**	**2,696**	**369**	**10,340**	**26,357**
At 31 December 2012	**12,952**	**2,696**	**369**	**10,340**	**26,357**
Depreciation and impairment losses					
At 1 April 2011	2,157	1,460	-	4,913	8,530
Charge for the year	7,359	911	111	2,850	11,231
At 31 March 2012	9,516	2,371	111	7,763	19,761
At 1 April 2012	**9,516**	**2,371**	**111**	**7,763**	**19,761**
Charge for the period	**603**	**115**	**83**	**320**	**1,121**
At 31 December 2012	**10,119**	**2,486**	**194**	**8,083**	**20,882**
Carrying amount					
At 31 December 2012	**2,833**	**210**	**175**	**2,257**	**5,475**
At 31 March 2012	3,436	325	258	2,577	6,596

Included in plant and equipment are fully depreciated assets with a cost of K14,954.8 million (31 March 2012: K14,888.4 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

15. Property, Plant and Equipment

COMPANY

	Plant and equipment	Furniture, fittings and office equipment	Motor vehicles	Fixtures and fittings	Leasehold furniture	Total
Cost						
At 1 April 2011	4,426	74	-	3,025	3,625	11,150
Additions	1,678	163	369	1,497	-	3,707
At 31 March 2012	6,104	237	369	4 522	3,625	14,857
At 1 April 2012	**6,104**	**237**	**369**	**4,522**	**3,625**	**14,857**
At 31 December 2012	**6,104**	**237**	**369**	**4,522**	**3,625**	**14,857**
Depreciation and impairment losses						
At 1 April 2011	1,824	74	-	1,472	3,442	6,812
Charge for the year	844	49	111	478	182	1,664
At 31 March 2012	2,668	123	111	1,950	3,624	8,476
At 1 April 2012	**2,668**	**123**	**111**	**1,950**	**3,624**	**8,476**
Charge for the year	**603**	**37**	**83**	**318**	**-**	**1,041**
At 31 December 2012	**3,271**	**160**	**194**	**2,268**	**3,624**	**9,517**
Carrying amount						
At 31 December 2012	**2,833**	**77**	**175**	**2,254**	**1**	**5,340**
At 31 March 2012	3,436	114	258	2,573	-	6,381

Included in plant and equipment are fully depreciated assets with a cost of K 4,470.3 million (31 March 2012 K4,470.3 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

16 Lease straight-lining receivable

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Balance at 1 April	**10,037**	5,534	**8,450**	5,428
Acquisition through business combination	**-**	1,377	**-**	-
Effect of straight lined lease payments	**1,170**	2,335	**1,565**	2,245
Effect of movement in exchange rates	**64**	791	**49**	777
	11,271	10,037	**10,064**	8,450
Non current	**10,460**	9,305	**9,929**	8,366
Current (19a)	**811**	732	**135**	84
	11,271	10,037	**10,064**	8,450

17 Equity Accounted investees

The Group's share of profit in its equity accounted investee (Burnet Investments Limited) for the year was K2,014 million (31 March 2012: K5,299 million).

Summary financial information (in millions of Zambian Kwacha)	**31 December 2012**	31 March 2012
Non-current assets	**73,294**	72,042
Current assets	**3,141**	3,708
Total assets	**76,435**	75,750
Non-current liabilities	**34,566**	36,049
Current liabilities	**1,010**	2,615
Total liabilities	**35,576**	38,664
Revenues	**5,273**	3,411
Interest received	**13**	-
Expenses	**(2,026)**	(1,715)
Exchange gain/(loss)	**835**	(2,468)
Change in fair value of investment property	**1,779**	16,650
Income tax expense	**(1,764)**	(5,064)
Profit for the period/year	**4,110**	10,814
Share of profit (49%)	**2,014**	5,299

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

18 Goodwill

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Balance at 1 April	**32,901**	2,703	**-**	-
Acquisition through business combination	**-**	30,198	**-**	-
Amount received on final settlement	**(294)**	-	**-**	-
Balance at 31 December (31 March)	**32,607**	32,901	**-**	-

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

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

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Business Unit				
Office	**2,703**	2,703	**-**	-
Retail	**29,904**	30, 198	**-**	-
	32,607	32,901	**-**	-

No impairment losses on goodwill were recognised during the period (12 months to 31 March 2012: nil). The recoverable amounts for the Office and Retail CGUs has been calculated based on their value in use, determined by discounting the future cash flows to be generated from the continuing use of these CGUs. Value in use was determined in a similar manner as at 31 March 2012.

- The key assumption used in the calculation of the value in use was the following: Cash flows were projected based on forecasts and budgets for short/medium term growth (one to five years) using budgets compiled for the following year, which take into account actual results for the current year. The forecast period is based on the Group's medium term perspective with respect to the operations of these CGUs. The growth rate used to extrapolate the cash flow projections was 7%. This in line with the forecast average GDP growth rates for Zambia.

- Management uses pre-tax cash flows hence applies a pre-tax discount rate in determining the recoverable amount of CGUs. Since the CGUs are a business unit, the Group's Weighted Average Cost of Capital of 14% was used but adjusted to 16% for the retail unit to take into account the risks specific to the CGUs.

- The assumptions described above may change as the economic and market conditions change. Management estimates that reasonably possible changes in these assumptions are not expected to cause the recoverable amount of the CGUs to decline below the carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

19 (a) *Trade and Other Receivables*

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Trade receivables	**1,543**	1,038	**566**	434
Receivable recognised on straight-lining of rental income (note 16)	**811**	732	**135**	84
Related party balances (note 26(a))	**-**	-	**3,784**	5,460
Other receivables	**1,548**	2,649	**415**	1,779
	3,902	4,419	**4,900**	7,757

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

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

Other receivables include VAT receivable of K220 million (31 March 2012 : K1.7 million) and straight liming of rental income of K0.135 million (31 March 2012: K0.84 million).

(b) *Prepayments*

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Prepayments	**340**	871	**301**	861
	340	871	**301**	861

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

20 Cash and Cash Equivalents

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Cash and bank balances:				
Bank balances	**1,143**	6,292	**678**	3 036
Cash on hand	**2**	1	**2**	1
	1,145	6,293	**680**	3 037
Short term deposits:				
Standard Chartered - ZMK	**6**	265	**6**	265
Stanbic - ZMK	**2,767**	-	**458**	-
Stanbic - USD	**-**	5	**-**	5
	2,773	270	**464**	270
Cash and cash equivalents in the statement of cash flows	**3,918**	6 563	**1,144**	3 307

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

21 Share Capital

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Ordinary shares capital				
Authorised				
500,000,000 (2010: 500,000,000) ordinary shares of K1 each	**500**	500	**500**	500
Issued and fully paid				
At 1 April - 56,460,198 (2011: 42,745,912) ordinary shares of K1 each	**57**	43	**57**	43
Issued during the year Nil – (31 March 2012: 13,714,286)	**-**	14	**-**	14
	57	57	**57**	57

Ordinary Shares

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

Issue of Ordinary Shares

In January 2012, an extraordinary general meeting of shareholders approved the issue of 13,714,286 ordinary shares at an exercise price of K3,500 per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

21 Share Capital *(continued)*

The following dividends were declared and paid by the Group

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Dividends				
Interim dividend of K50.00 per ordinary share for the year ended 31 March 2012	**-**	2,137	**-**	2,137
Final dividend of K65.00 per ordinary share for the period ended 31 March 2012 (31 March 2011: K65.00 per ordinary share)	**2,823**	2,779	**2,823**	2,779
	2,823	4,916	**2,823**	4,916

(b.) Convertible Redeemable Cumulative Preference Stock

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Authorised				
2,000,000 (2011: 2,000,000) preference shares of US$0.01 each	**2**	2	**2**	2
Issued				
1,979,904 (2011: 1,979,904) preference share of US$ 0.01 each	**7,824**	7,824	**7,824**	7,824

Terms and Conditions

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

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

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

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

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

vi. The preference shares are non-voting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

22 Borrowings

Non- current liabilities

(a) *Corporate Bonds*

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
At 1 April	**60,865**	48,888	**60,865**	48,888
Issued during the period	**24**	6,570	**24**	6,570
Amortisation of capital raising costs	**196**	(699)	**196**	(699)
Effect of movements in exchange rates	**(1,007)**	6,106	**(1,007)**	6,106
	60,078	60,865	**60,078**	60,865

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.

(b) *Long-term Loans*

African Life Financial Services (Zambia) Limited (AfLife)

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
At 1 April	**13,175**	-	**13,175**	-
Issued during the period	**-**	13,350	**-**	13,350
Effect of movements in exchange rates	**(223)**	(175)	**(223)**	(175)
	12,952	13,175	**12,952**	13,175

Investec Asset Management (Property) Limited

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
At 1 April	**65,875**	-	**65,875**	-
Issued during the period	**-**	66,750	**-**	66,750
Effect of movements in exchange rates	**(1,112)**	(875)	**(1,112)**	(875)
	64,763	65,875	**64,763**	65,875
Total balance at end of period	**77,715**	79,050	**77,715**	79,050

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

	Covenant	Nominal Interest rate	Year of maturity	Face value	Carrying amount
Investec	USD	Libor + 6.50%	2018	64,763	64,763
AfLife	USD	8.75%	2024	12,952	12,952
				77,715	77,715

The security on these loans is pari passu share charge in favour of the lender (Investec and Aflife) over REIZ's shares in Arcades Development Plc. The lenders have a charge over the issued shares of Arcades Development Plc, which are secured against the loans from Aflife and Investec.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

Terms and conditions - (AfLife)
According to the terms of the agreement, the amount of REIZ's indebtedness should not at any time exceed the aforementioned loan amount unless the extent of the draw down under the facility or interest calculation may cause the loan amount to be exceeded. REIZ cannot repay part or all of the loan amount before 17 November 2016. REIZ is required to give 30 days written notice in the event it intends to make early payments. Early payments must be in multiples of USD100,000. Both loans are payable in full on maturity. There were no breaches of the covenant as at 31 December 2012 and 31 March 2012.

Terms and conditions - (Investec)
The amount of the facility with Investec is $ 12.5 million. Interest repayments on the facility are due on 31 March and 30 September of each year and the final maturity date. The maturity date of the facility is 7 years after the utilisation date. The borrower is required to repay the loan made to it in full on the final maturity date. The interest rate on this facility is at Libor plus 6.5%. There were no breaches to the covenant as at 31 December 2012 and 31 March 2012.

23 Security Deposits on Rentals

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
At beginning of period	**4,109**	1,639	**3,080**	1,477
Received during the period	**166**	1,460	**145**	1,447
Increase due to business combination	**-**	876	**-**	-
Paid out during the period	**(1,192)**	(117)	**(1,192)**	(74)
Effect of movements in exchange rates	**27**	251	**17**	230
At end of the period	**3,110**	4,109	**2,050**	3,080

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

24 Trade and Other Payables

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Trade creditors	**164**	81	**67**	53
Rentals received in advance	**406**	951	**129**	141
Amount due to group companies (note 26 c)	**-**	-	**804**	593
Accruals	**6,953**	12,197	**6,008**	11,391
Unclaimed dividends	**665**	596	**665**	596
	8,188	13,825	**7,673**	12,774

Included in accruals is interest expense accrued on the corporate bond of K538 million (12 months to 31 March 2012: K1.8 billion), interest expense accrued on Aflife and Investec loans of K1.2 billion (12 months to 31 March 2012: K615 million).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

25 Commitments

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Property management and administrative contracts Within one year:				
- Property management contract with JHI Properties Zambia Limited	**2,871**	2,431	**1,149**	1,228
	2,871	2,431	**1,149**	1,228
After one year:				
- Property management contract with JHI Properties Zambia Limited	**2,993**	2,546	**1,195**	1,292
	2,993	2,546	**1,195**	1,292

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 period (12 months to 31 March 2012: nil)

26 Related Party Transactions

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

Transactions with key management personnel

Loans to directors

There were no loans to directors during the period (12 months to 31 March 2012: nil)

Key management personnel compensation comprised the following:

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Short term benefits	**1,832**	2,343	**1,832**	2,343
Termination benefits	**195**	202	**195**	202
At end of the period	**2,027**	2,545	**2,027**	2,545

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

26 Related Party Transactions

Transactions with directors

The Group 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	4,000	9,283,379
Efi O'Donnell	Nil	9,287,379

Contracts in which directors have an interest are as follows:

- Real Estate Investments Zambia Plc holds a property administration contract with JHI Properties Zambia Ltd, in which City Investments Ltd was a shareholder until 21 November 2012. Robin P.S. Miller is a Director in City Investments Ltd. City Investments Ltd divested its interest in JHI (Zambia) to JHI (South Africa) and Bramble Investments Ltd. The property administration agreement is negotiated at arm's length and is approved by the Board.
- Other Directors' transactions include Directors' fees which are disclosed under note 8.

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

Other related party transactions

At 31 December 2012, there were outstanding balances with other related parties included in trade and other receivables (see note 19) as well as trade and other payables (see note 24). The terms and conditions of the transactions are detailed below each note.

(a) Amounts due from Subsidiaries	31 December 2012	31 March 2012
Balance at 1 April	**5,460**	6,830
Amount advanced	**84**	600
Amounts repaid	**(1,795)**	(2,641)
Effect of movements in exchange rates	**35**	671
Balance at end of the period	**3,784**	5,460

The balance due arose as a result of the acquisition of Thistle Land Development Company Limited in 2010. The amount is interest free and does not have fixed repayment terms and is repayable on demand.

The amount is presented as a non-current asset because realisation is expected in a period of more than 12 months from the year end.

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

(b) Amounts due from Equity Accounted Investee	31 December 2012	31 March 2012
Balance at 1 April	**11,438**	5,909
Amount advanced	**-**	4,578
Effect of movements in exchange rates	**(193)**	951
Balance at end of the period	**11,245**	11,438

This represents an equity 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 equity loan is interest free and does not have a fixed repayment date but is repayable on demand after 10 years from date of completion of the development project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

26 Related Party Transactions *(continued)*

(c) Amounts due to subsidiaries

	31 December 2012	31 March 2012
Balance at 1 April	**593**	606
Amount advanced	**226**	-
Amounts repaid	**(15)**	(13)
Balance at end of the period	**804**	593

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

(d) Administrative and Management Fees During the Year

		GROUP		COMPANY	
	NOTE	31 December 2012	31 March 2012	31 December 2012	31 March 2012
Property management fees	*13d*	**1,668**	1,026	**624**	698
Labour fees (included in repairs and maintenance)	*13e*	**230**	204	**186**	204
Material fees (included in repairs and maintenance)	*13e*	**12**	28	**8**	21
Kilometrage fees (included in repairs and maintenance)	*13e*	**20**	20	**13**	20
Letting costs	*13d*	**149**	205	**99**	187
Donation (Aylmer May cemetery repair and maintenance)	*12*	**10**	12	**10**	12
		2,089	1,495	**940**	1,142

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

27 Financial Instruments

(a) Credit Risk

(i) Exposure to Credit Risk

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

		Carrying amounts GROUP		Carrying amounts COMPANY	
	NOTE	**31 December 2012**	31 March 2012	**31 December 2012**	31 March 2012
Trade receivables	*19(a)*	**1,543**	1,038	**566**	434
Other receivables	*19(a)*	**2,359**	2,649	**415**	1,779
Cash and cash equivalents	*20*	**3,918**	6,563	**1,144**	3,307
Amount due from equity accounted investee	*26(b)*	**11,245**	11,438	**11,245**	11,438
Amount due from subsidiaries	*26(a)*	**-**	-	**3,784**	5,460
Total		**19,065**	21,688	**17,154**	22,418

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

	Carrying amounts GROUP		Carrying amounts COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Financial services sector customers	**147**	116	**121**	39
Retail sector customers	**1,033**	311	**266**	13
IT & telecommunications sector customers	**214**	132	**119**	56
Accountancy & consultancy	**91**	259	**13**	236
Non-governmental organisation	**11**	33	**-**	-
Other sectors	**47**	187	**47**	90
Total	**1,543**	1,038	**566**	434

(ii) Impairment Losses

	GROUP - 31 DECEMBER 2012			GROUP - 31 MARCH 2012		
	GROSS	**IMPAIRMENT**	**NET**	GROSS	IMPAIRMENT	NET
Not past due	**971**	**-**	**971**	578	-	578
Past due 0 - 30 days	**368**	**-**	**368**	227	-	227
Past due 31 - 120 days	**257**	**(122)**	**135**	191	(9)	182
More than 120 days	**444**	**(375)**	**69**	234	(183)	51
	2,040	**(497)**	**1,543**	1,230	(192)	1,038

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

27 Financial Instruments *(continued)*

(a) Credit Risk *(continued)*

(ii) Impairment losses
The aging of trade receivables at the reporting date was:

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

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

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

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

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

	GROUP		COMPANY	
	31 December 2012	31 March 2012	**31 December 2012**	31 March 2012
Balance at 1 April 2012	**192**	-	**192**	-
Impairment loss recognised	**306**	192	**-**	192
Effect of exchange movement	**(1)**	-	**(1)**	-
Amounts written off	**-**	-	**-**	-
Balance at end of the period	**497**	192	**191**	192

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

27 Financial Instruments *(continued)*

(b) Liquidity Risk

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

Residual contractual maturities of financial liabilities **(Group)**

	Carrying amount	Contractual cash flow	On demand	Due within 3 months	Due between 3-12 months	Due between 1-5 years	Due after 5 years
31 December 2012							
Non-derivative liabilities							
Corporate Bond	**60,078**	**65,335**	-	-	-	-	**65,335**
Term loans	**77,715**	**84,944**	-	-	-	-	**84,944**
Security deposits	**3,110**	**3,110**	-	-	-	**1,923**	**1,187**
Trade and other payables	**7,782**	**7,782**	**1,755**	**5,145**	**882**	-	-
Total financial liabilities	**148,865**	**161,171**	**10,205**	**5,145**	**882**	**1,923**	**151,466**
31 March 2012							
Non-derivative liabilities							
Corporate Bond	60,865	66,191	-	-	-	-	66,191
Term loans	79,050	85,802	-	-	-	-	85,802
Security deposits	4,109	4,109	-	-	-	2,902	1,207
Trade and other payables	12,874	12,874	860	8,941	3,073	-	-
Total financial liabilities	156,898	168,976	860	8,941	3,073	2,902	153,200

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

27 Financial Instruments *(continued)*

(b) Liquidity Risk

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

Residual contractual maturities of financial liabilities **(Company)**

	Carrying amount	Contractual cash flow	On demand	Due within 3 months	Due between 3-12 months	Due between 1-5 years	Due after 5 years
31 December 2012							
Non-derivative liabilities							
Corporate Bond	**60,078**	**65,335**	-	-	-	-	**65,335**
Term loans	**77,715**	**84,944**	-	-	-	-	**84,944**
Security deposits	**2,050**	**2,050**	-	-	-	**863**	**1,187**
Trade and other payables	**7,544**	**7,544**	**1,755**	**4,647**	**1,142**	-	-
Total financial liabilities	**147,387**	**159,873**	**1,755**	**4,647**	**1,142**	**863**	**151,466**
31 March 2012							
Non-derivative liabilities							
Corporate Bond	60,865	66,191	-	-	-	-	66,191
Term loans	79,050	85,802	-	-	-	-	85,802
Security deposits	3,080	3,080	-	-	-	1,873	1,207
Trade and other payables	12,633	12,633	860	8,259	3,514	-	-
Total financial liabilities	155,628	167,706	860	8,259	3,514	1,873	153,200

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

27 Financial Instruments *(continued)*

(c) Currency Risk **(Group)**

(i) Exposure to Currency Risk

	31 DECEMBER 2012			31 MARCH 2012		
	Kwacha	**USD**	**Total**	**Kwacha**	**USD**	**Total**
Financial assets						
Trade receivables	**1,543**	**-**	**1,543**	253	785	1,038
Amounts due from equity/ accounted investees	**-**	**11,245**	**11,245**	-	11,438	11,438
Cash and cash equivalents	**3,698**	**220**	**3,918**	967	5,596	6,563
Total foreign currency assets	**5,241**	**11,465**	**16,706**	1,220	17,819	19,039
Foreign currency liabilities						
Convertible redeemable preferred stock	**-**	**7,824**	**7,824**	-	7,824	7,824
Corporate Bonds	**-**	**60,078**	**60,078**	-	60,865	60,865
Long-term loans	**-**	**77,715**	**77,715**	-	79,050	79,050
Security deposits	**3,110**	**-**	**3,110**	-	4,109	4,109
Trade and other payables	**7,782**	**-**	**7,782**	4,725	8,149	12,874
Total foreign currency liabilities	**10,892**	**145,617**	**156,509**	4,725	159,997	164,722
Net exposure	**(5,651)**	**(134,152)**	**(139,803)**	(3,505)	(142,178)	(145,683)

The following significant exchange rates applied during the year:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

27 Financial Instruments *(continued)*

(c) Currency Risk **(Company)**

(i) Exposure to Currency Risk

	31 DECEMBER 2012			31 MARCH 2012		
	Kwacha	USD	Total	Kwacha	USD	Total
Financial assets						
Trade receivables	**566**	**-**	**566**	-	434	434
Amounts due from equity/ accounted investees	**-**	**11,245**	**11,245**	-	11,438	11,438
Cash and cash equivalents	**1,094**	**50**	**1,144**	357	2,950	3,307
Total foreign currency assets	**1,660**	**11,295**	**12,955**	357	14,822	15,179
Foreign currency liabilities						
Convertible redeemable preferred stock	**-**	**7,824**	**7,824**	-	7,824	7,824
Corporate Bonds	**-**	**60,078**	**60,078**	-	60,865	60,865
Long-term loans	**-**	**77,715**	**77,715**	-	79,050	79,050
Security deposits	**2,050**	**-**	**2,050**	-	3,080	3,080
Trade and other payables	**7,544**	**-**	**7,544**	4,050	8,583	12,633
Total foreign currency liabilities	**9,594**	**145,617**	**155,211**	4,050	159,402	163,452
Net exposure	**(7,934)**	**(134,322)**	**(142,256)**	(3,693)	(144,580)	(148,273)

The following significant exchange rates applied during the year:

	AVERAGE RATE		MID-SPOT RATE	
	31 DECEMBER 2012	31 MARCH 2012	31 DECEMBER 2012	31 MARCH 2012
US$ 1.00 - ZMK	**5,228**	**5,034**	5,181	5,270

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

27 Financial Instruments *(continued)*

(c) Currency Risk *(continued)*

(ii) Sensitivity Analysis

A 10 percent strengthening of the US Dollar against the Kwacha at 31 December 2012 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 March 2012.

	GROUP	COMPANY
	EQUITY & PROFIT OR LOSS	EQUITY & PROFIT OR LOSS
31 December 2012		
- US$	(13,415)	(13,432)
31 March 2012		
- US$	(14,218)	(14,458)

A 10 percent weakening of the US Dollar against the Kwacha at 31 December 2012 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.

(d) Interest Rate Risk

Profile

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

	GROUP CARRYING AMOUNTS	
	31 DECEMBER 2012	31 MARCH 2012
Variable rate instruments		
Financial assets	**2,773**	270
Financial liabilities	**(145,617)**	(147,739)
	(142,844)	(147,469)

	COMPANY CARRYING AMOUNTS	
	31 DECEMBER 2012	31 MARCH 2012
Variable rate instruments		
Financial assets	**464**	270
Financial liabilities	**(145,617)**	(147,739)
	(145,153)	(147,469)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

27 Financial Instruments *(continued)*

(d) Interest Rate Risk *(continued)*

A charge of 100 basis points in the interest rates would have increased/(decreased) equity and profit or loss by the amounts shown below:

	GROUP	COMPANY
	EQUITY	EQUITY
31 December 2012	1,428	1,456
31 March 2012	1,475	1,475

(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:

	GROUP			
	31 DECEMBER 2012		31 MARCH 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	**1,543**	**1,543**	1,038	1,038
Amount due from equity accounted investees	**11,245**	**11,245**	11,438	11,438
Cash and cash equivalents	**3,918**	**3,918**	6,563	6,563
Convertible redeemable cumulative preferred stock	**(7,824)**	**(8,450)**	(7,824)	(8,450)
Corporate Bonds	**(60,078)**	**(65,335)**	(60,865)	(66,191)
Long-term loans	**(77,715)**	**(84,944)**	(79,050)	(85,802)
Trade and other payables	**(7,782)**	**(7,782)**	(12,874)	(12,874)
	(136,693)	**(149,805)**	(141,574)	(154,278)

	COMPANY			
	31 DECEMBER 2012		31 MARCH 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	**566**	**566**	434	434
Amount due from equity accounted investees	**11,245**	**11,245**	11,438	11,438
Cash and cash equivalents	**1,144**	**1,144**	3,307	3,307
Convertible redeemable cumulative preferred stock	**(7,824)**	**(8450)**	(7,824)	(8450)
Corporate Bonds	**(60,078)**	**(65,232)**	(60,865)	(65,232)
Long-term loans	**(77,715)**	**(84,944)**	(79,050)	(84,944)
Trade and other payables	**(7,544)**	**(7,544)**	(12,633)	(12,633)
	(140,206)	**(153,215)**	(145,193)	(156,080)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

28 Significant Investments and Joint Controlled Entities

	PERCENTAGE SHAREHOLDING	31 DECEMBER 2012	PERCENTAGE SHAREHOLDING	31 MARCH 2012
Subsidiaries				
Peckerwood Development Limited	**100**	**2**	100	2
Dreadnought Investments Limited	**100**	**-**	100	-
Thistle Land Development Company Limited	**100**	**13,004**	100	13,004
Arcades Development Plc	**100**	**133,957**	100	134,251
Jointly controlled entities				
Burnet Investments Limited	**49**	**2**	49	2
Balance at 31 December (31 March)		**146,965**		147,259

Equity accounted investment - Burnet Investments Limited

Retained earnings at 1 April		**13,741**		2,927
Profit for the period/year		**4,110**		10,814
Retained profit at 31 December (31 March)		**17,851**		13,741
Share of profit in equity accounted investee		**8,747**		6,733
Cost of investment (K2,450,000)		**2**		2
Investment in equity accounted investee		**8,749**		6,735

29 Contingent Liabilities

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

30 Subsequent Events

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

31 Operating Segments

The Group has two reportable segments as detailed below as at 31 December 2012 following the acquisition of Arcades Development Plc in the prior year. These 2 segments represent strategic supply lines. For each of the strategic supply lines, the Group's Board of Directors 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 products, growth and profit before income tax, as included in the internal management reports that are reviewed by the Group's Board of Directors. 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 2012	RETAIL	OFFICE	TOTAL
Revenue - external	**11,758**	**22,559**	**34,317**
Depreciation and amortisation	**77**	**1,044**	**1,121**
Operating profit	**14,965**	**27,569**	**42,534**
Finance income costs net	**(235)**	**(8,276)**	**(8,511)**
Profit from equity accounted investee	**-**	**-**	**2,014**
Profit before income tax	**14,730**	**19,293**	**36,037**
Income tax expenses	**(4,787)**	**(6,454)**	**(11,241)**
Profit for the year	**9,943**	**12,839**	**24,796**

31 MARCH 2012	RETAIL	OFFICE	TOTAL
Revenue - external	1,385	25,462	26,847
Depreciation and amortisation	16	1,668	1,684
Operating profit	9,670	52,854	62,524
Finance income costs net	(8)	(8,662)	(8,670)
Profit from equity accounted investee	-	-	5,299
Profit before income tax	9,662	44,592	59,153
Income tax expenses	(1,139)	(15,496)	(16,635)
Profit for the year	8,523	28,996	42,518

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ZMK MILLIONS - *FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2012*

31 Operating Segments *(continued)*

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

31 DECEMBER 2012	RETAIL	OFFICE	TOTAL
Segment assets	**70,539**	**486,378**	**556,917**
Segment liabilities	**40,635**	**241,344**	**281,979**
Cash flows from/(used in) operating activities	**(2,802)**	**8,728**	**11,530**
Cash flows used in investing activities	**24**	**(1,187)**	**(1,163)**
Cash flows from financing activities	**2,997**	**(9,396)**	**(12,393)**
Capital expenditure	**-**	**-**	**-**

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

31 MARCH 2012	RETAIL	OFFICE	TOTAL
Segment assets	49,517	486,378	535,895
Segment liabilities	38,309	244,621	282,930
Cash flows from operating activities	1,005	25,530	26,535
Cash flows used in investing activities	-	(112,618)	(112,618)
Cash flows from financing activities	-	76,327	76,327
Capital expenditure	-	-	-

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

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

Capital expenditure comprises additions to property, plant and equipment.

One customer accounted for more than 27% of the Group's revenue.


reiz

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

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

.... of ....

Or failing him/her,

.... of ....

Or failing him/her,

.... of ....

as my/our true and lawful PROXY for me/us and in my/our name, place and stead, to vote as my/our proxy at the **Annual General Meeting** of the Shareholders of the said Group, to be held on **Wednesday, 27th March 2013** 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 .... , 2013 by:

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

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

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

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

P.O. Box 30012, Lusaka, Zambia.

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

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

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

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


reiz