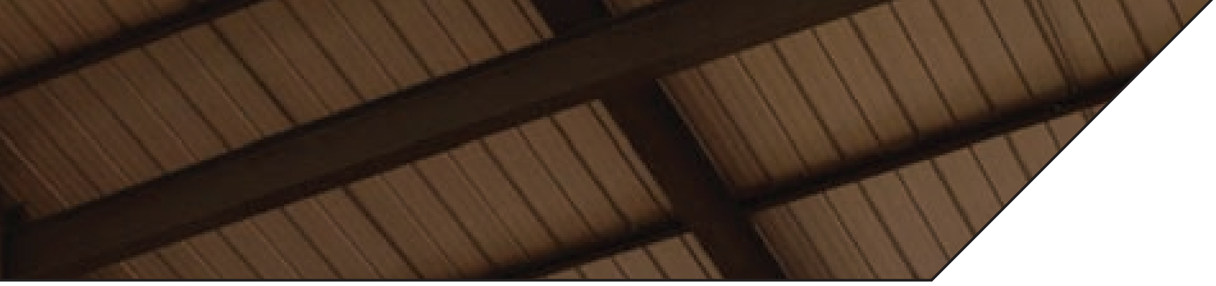
reiz REAL ESTATE INVESTMENTS ZAMBIA PLC

ANNUAL REPORT
2012



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ANNUAL REPORT 2012

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE THIRTIETH ANNUAL GENERAL MEETING OF REAL ESTATE INVESTMENTS ZAMBIA PLC WILL TAKE PLACE AT SOUTHERN SUN, RIDGEWAY HOTEL, LUSAKA ON THURSDAY 28TH JUNE 2012 AT 10:00 HRS.

AGENDA

1. To read the Notice of the Meeting.
2. To read and approve the minutes of the Twenty-ninth Annual General Meeting held on 28th June 2011.
3. To consider any matters arising from these minutes.
4. To read and approve the minutes of the Extraordinary General Meeting held on 16th December 2011.
5. To consider any matters arising from these minutes.
6. To read and approve the minutes of the Extraordinary General Meeting held on 27th January 2012.
7. To consider any matters arising from these minutes.
8. To receive the Report of the Directors (the Managing Director's Report, the Chairman's Report and the Good Governance Report), the Auditors Report and the Financial Statements for the year ended 31st March 2012.
9. To appoint Auditors for the ensuing year and to authorise the Directors to fix their remuneration.
10. 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.
11. To approve the Directors' remuneration.
12. To declare a Final Dividend. The proposed Final Dividend of K50 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).
13. To consider any competent business of which due notice has been given.

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

Article 16.1
'A member entitled to attend and vote is entitled to appoint a proxy, who need not also be a member, to attend and vote instead of him.'

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.'

MINUTES OF THE TWENTY-NINTH ANNUAL GENERAL MEETING OF FARMERS HOUSE PLC HELD AT SOUTHERN SUN, RIDGEWAY HOTEL, LUSAKA ON 28TH JUNE 2011 AT 10:00 HOURS.

Directors Present

Mr. Timothy T. Mushibwe	Chairman
Mr. Robin P. S. Miller	Managing Director
Mr. Kenny H. Makala	Director
Mr. William P. Saunders	Director
Mr. Munakupya Hantuba	Director
Ms. Doreen Kabunda	Director

Apologies (Directors)

Mr. Patrick Wanjelani	Director
Ms. Deborah A. Bwalya	Director

Shareholders Present

NAME		REPRESENTING
Mr. Frank Green		Self
Mrs. Edna Maluma		Self
Mr. Remmy Mbuzi		Self
Mr. Eran S. Kanjanga		Self
Mr. Aggai Nzonzo		Self
Mr. Robert Liebenthal		Self
Mr. Mike Mundia		Self
Mr. Ngenda Lindunda		Self
Mrs. Christabel Ngogola	Proxy	Pangaea Renaissance
Ms. Kamwi Lindani	Proxy	A. F. S. Kamwi

Shareholders Present (continued)

NAME		REPRESENTING
Mr. Jonathan Mwila	Proxy	Stanbic Nominees
Mrs. Efi O'Donnell	Proxy	Mr Mark O'Donnell
Mr. Masauso Lulanga	Proxy	Madison Assets
Mr. Chris C. S. Miller	Proxy	City Investments Limited
Mr. A. L. Francis	Proxy	Ms Wendy Kirby
Ms. Winfrida N. Mumba	Proxy	24th October Farming Cooperative Ltd
Mr. Jack Kanyanga	Proxy	Barclays Bank Pension Trust Fund
Mr. Jack Kanyanga	Proxy	Saturnia Regna Pension Trust
Mr. Jack Kanyanga	Proxy	CEC Pension Trust Scheme
Mr. Jack Kanyanga	Proxy	Standard Chartered Bank Pension Trust Fund
Mr. Jack Kanyanga	Proxy	Sun International Pension Trust Fund
Mr. Jack Kanyanga	Proxy	Stanbic Pension Trust Fund
Mr. Jack Kanyanga	Proxy	Sandvik Mining Pension Trust Scheme
Mr. Jack Kanyanga	Proxy	National Breweries Pension Trust Scheme
Mr. Jack Kanyanga	Proxy	Konkola Copper Mines Pension Trust Scheme
Mr. Jack Kanyanga	Proxy	Chilanga Cement Pension Trustees

Apologies (Shareholders)

Mr. Bruce Landless	Self
Mr. Michael Beckett	Self
Mrs. M. A. Miller	Self

In Attendance:

Mr. A.L. Francis	Amazon Associates Limited (Transfer Secretary)
Mr. Sydney E. Popota	City Investments Limited (Company Secretary)
Ms. Ottilia Moyo	City Investments Limited
Mr. Hastings Mtine	KPMG (Auditor)
Mr. Gary Thompson	KPMG (Auditor)
Mr. Charles Mate	Stockbrokers Zambia Ltd
Mr. Chanda Mutoni	Stockbrokers Zambia Ltd
Mr. Humphrey Mpulamasaka	24th October Farming Cooperative
Ms. Lillian E. D. Mumba	24th October Farming Cooperative
Mr. Stefan Paulsson	24th October Farming Cooperative
Mr. Rudie Nortje	Minerva Property Management Company Ltd
Ms. Mupanga Chilungu	African Life Financial Service Limited
Ms. Nancy Mwape	Zambia Daily Mail

1.00 To read the Notice of the Meeting

1.01 The Chairman called the meeting to order and welcomed the Shareholders, Directors and everyone in attendance to the Twenty-ninth Annual General Meeting and called for a moment of silence in honor of the passing of the late second republican president Mr. Fredrick Titus Jacob Chiluba.

1.02 In requesting approval of the Agenda and referring to a question from the Chairman on item 11 of the agenda, the Managing Director reported that there was no notice received from the members for any other competent business that they wished to be considered in this meeting.

1.03 There being no amendment to the agenda, the Chairman called upon the Managing Director to read the notice of the AGM.

1.04 Mr. Sydney E. Popota read out the proxies and apologies received as recorded above.

2.00 To read and approve the minutes of the Twenty-eighth Annual General Meeting held on the 30th June 2010.

2.01 The Chairman recommended that the minutes should be taken as read. There was no objection raised by the Shareholders to this proposal.

2.02 The minutes were unanimously adopted, with no corrections required, on the proposal of Mr. Aggai Nzonzo and seconded by Mr. Jack Kanyanga.

2.03 The Chairman signed a copy of the minutes in the AGM minutes' book

3.00 To consider any matters arising from these minutes.

3.01 With reference to item 6.06 (of the minutes of 30th June 2010), Mr. Jack Kanyanga asked if there would be any report on management restructuring.

3.02 The Chairman responded that there was a report on this matter in the Directors' Report.

3.03 On an inquiry of the Chairman, the Managing Director stated that there were no additional matters arising other than those recorded in the various reports to members.

4.00 To read and approve the minutes of the Extraordinary General Meeting held on the 14th June 2010.

4.01 The Chairman recommended that the minutes should be taken as read. There was no objection raised by the Shareholders to this proposal.

4.02 The minutes were unanimously adopted on the proposal of Mr. Ngenda Lindunda and seconded by Mr. Frank A. Green.

4.03 The Chairman signed a copy of the minutes in the minutes' book

5.00 To consider any matters arising from these minutes.

5.01 There were no matters arising from the minutes of the Extraordinary General Meeting held on the 14th June 2010.

6.00 To receive the Report of the Directors, the Auditors Report and the Financial Statements for the year ended 31st March 2011.

6.01 The Chairman read the Directors' report from page 15 to 17 of the 2010 Annual Report.

6.02 With reference to the Burnet Investments Limited project in respect to the construction of the Stanbic Bank head office on Addis Ababa Road, the Managing Director reported that the property is nearly complete and Stanbic Bank would be taking occupation on a floor by floor basis beginning at the end of July 2011.

6.03 The Chairman highlighted the Company's commitment to good governance and pointed out the various committees of the Board.

6.04 The Chairman further highlighted the activities of the Management Structure Committee of the

Board that culminated into the appointment of Mr. Robin P. S. Miller as Managing Director of the Group on a full time basis as at 1st July 2011. He thanked Mr. Miller for acceptance of the appointment. The Chairman also reported that certain members of staff of City Investments Ltd are also to be engaged, as well as the appointment of a Chief Operating Officer.

6.05 On the Chairman's recommendation the Shareholders applauded the achievements of City Investments Limited in the management of Farmers House Plc for many years.

6.06 On behalf of City Investments Ltd the Managing Director thanked shareholders for this.

6.07 The Chairman called for questions from the floor and there were none.

6.08 The Directors' Report was unanimously adopted on the proposal of Mrs. Efi O'Donnell and seconded by Mr. Remmy Mbuzi.

6.09 The Auditors Report

6.10 The Chairman called upon KPMG's senior partner, Mr Hastings Mtine to present the Auditors Report.

6.11 Mr. Mtine read the Auditors Report from page 22 to 23 of the 2011 Annual Report.

6.12 Mr. Mtine reported that in short, KPMG had audited what was contained from page 24 to 66 of the 2011 Annual Report and had given a clean audit report.

6.13 Financial Statements

6.14 The Chairman called upon the Managing Director to take the Shareholders through the Financial Statements.

6.15 The Managing Director guided the Shareholders to page 17 of the 2011 Annual Report and took the Shareholders through the five year financial summary.

6.16 The Managing Director thanked the Shareholders for their support in the capital raising exercises that had led to the growth of gross rental income from K 5.4 billion to K 22.4 billion in 5 years. The Managing Director thanked Mr William P. Saunders (Chairman of the Executive Committee of the Board) and his committee for their efforts in guiding management in achieving this growth.

6.17 The Managing Director highlighted the finance expense which he stated was a direct response to the Shareholders' call for the tax efficient distribution of pre-tax profits.

6.18 The Managing Director went through the Statement of Financial Position covering non-current assets, current assets and liabilities.

6.19 The Managing Director thanked Mr. Girish Nair for his contribution in preparing these statements whilst he served as Financial Controller of City Investments Limited.

6.20 The Auditors report and the financial statements for 2011 were approved on the proposal of Ms. Winfrida Mumba and seconded by Ms. Kamwi Lindani.

7.00 To appoint Auditors for the ensuing year and to authorise the Directors to fix their remuneration.

7.01 The Managing Director reported that Mr Hastings Mtine had been audit partner for the past 3 years and that it is good corporate governance to rotate partners.

7.02 KPMG was recommended by the Board to be retained as Auditor for the year 2011/12 and the Directors were authorised to fix their remuneration on the proposal of Mr. Chris C. S. Miller and seconded by Mrs. Efi O'Donnell.

8.00 To elect Directors to fill any vacancies. In terms of the Articles Mr. Kenny H. Makala, Mr. Robin P. S. Miller, and Mr. Patrick Wanjelani retire. Mr. Kenny H. Makala, Mr. Robin P. S. Miller and Mr. Patrick Wanjelani, being eligible, offer themselves for re-election.

8.01 The Managing Director reported that there were valid nominations for the re-election of Mr. Kenny. H. Makala, Mr. Robin P. S. Miller and Mr. Patrick Wanjelani.

8.02 Mr. Kenny. H. Makala, Mr. Robin P. S. Miller and Mr. Patrick Wanjelani were duly re-elected on the proposal of Mr. Jack Kanyanga and seconded by Mr. Robert Liebenthal.

9.00 To approve the Director's remuneration

9.01 The Chairman drew the Shareholders' attention to note 8 of the financial statements on page 48 of the 2011 Annual Report and highlighted the Directors remuneration and staff salaries.

9.02 The Directors remuneration was approved on the proposal of Mr. Robert Liebenthal and seconded by Ms. Winfrida Mumba.

10.00 To declare a Final Dividend. The proposed Final Dividend of K 65 per share, if approved, will be declared payable to members registered in the books of the Company on close of business on 27th June 2011. Warrants in payment will be posted for payment on or about 31st August 2011. The transfer books and register of members will be closed from 27th June 2011 – 8th July 2011 (both dates inclusive).

10.01 The Managing Director presented the Board's recommendation of a proposed final dividend of K65/share. He stated that an interim dividend of K50/share was paid in January 2011 giving a total dividend of K115/share for the year 2010/11.

10.02 The proposed final dividend of K65 per share was approved on the proposal of Mr. Ngenda Lindunda and seconded by Ms. Kamwi Lindani.

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

11.01 The Chairman reminded the Shareholders that there was no further competent business for which due notice had been given. He however called for any further matters that the Shareholders might require clarifications on.

11.02 Mr Jack Kanyanga stated that there was word going round on the market that KPMG was going through restructuring. He added that the Shareholders had so far been happy with the quality of service from KPMG hence would need reassurance of continued quality even after the restructuring.

11.03 Mr. Gary Thompson was introduced as the in-coming Managing Partner of KPMG and was requested to speak to the Shareholders. He assured the Shareholders of continued quality of service under the new arrangements.

11.04 Mr Nzonzo sought to know if it was in order to have an audit partner sitting on the Board. He also stated that he had lost out on an opportunity to participate in the Corporate Bond issue because he had only collected the offer circular after the offer had closed.

11.05 In response the Managing Director stated that Mr. Hastings Mtine was not at the top table as a Director but as the Senior Audit Partner. He stated further that regarding the Corporate Bond, Mr. Sydney E. Popota would get his contact details for further assistance.

11.06 Mr. Jack Kanyanga wished to know what financial impact the management restructuring would have on the Company.

11.07 The Chairman stated that the previous structure provided an efficient cost structure but having an outsourced management was considered by the Board not to be the best way of going forward for a Public Company listed on the Lusaka Stock Exchange. It was indicated that employment costs would rise but the Board believed that the 'in-house' management would provide long term benefits to the Group, which was becoming a substantial business that required great attention.

11.08 The Managing Director reported on the process of the appointment of the Chief Operations Officer and Finance Manager. He reported that the role of Company Secretary would be consolidated with that of Finance Manager, and that the other staff would include:

1. Accountant
2. Assistant Accountant
3. Secretary; and
4. Office Clerk.

11.09 Ms. Doreen Kabunda added that the previous structure was resulting in a lot of Board involvement which will not happen going forward. She stated that while staff cost would go up; Board involvement in the activities of the Group would be reduced.

11.10 Mrs. Efi O'Donnell sought to know if the management was in place to run as of 1st July 2011 and the Chairman responded in the affirmative.

11.11 There being no further business to discuss, the Chairman thanked the Shareholders and all those in attendance and declared the meeting closed at 11:25 hours.

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T. T. Mushibwe
Chairman

Date

MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF FARMERS HOUSE PLC HELD AT THE INTERCONTINENTAL HOTEL, LUSAKA ON FRIDAY 16TH DECEMBER 2011 AT 10:30 HOURS

Directors Present

Mr. Timothy T. Mushibwe	Chairman
Mr. Robin P.S. Miller	Managing Director
Mr. Kenny H. Makala	Director
Mr. William P. Saunders	Director
Mr. Munakupya Hantuba	Director
Mrs. Doreen Kabunda	Director

Apologies (Directors)

Mr. Patrick Wanjelani	Director
Mrs. Deborah A. Bwalya	Director

Shareholders Present

NAME	REPRESENTING
Mr. R.R. Clyde Anderson	Stenham Trustees Limited (Primrose)
Mr. Ngenda Lindunda	Self
Mr. Justin K. Shipola	Self
Mr. Remmy Mbuzi	Self
Mr. Ian Miller	City Investments Limited
Mr. Harvey Hamanyati	Zambia State Insurance Pension Trust Fund
Ms. Mwaka Kopakopa	Zambia State Insurance Pension Trust Fund
Mr. Robin Miller	Self
Mr. Benson Muchelemba	MB Consulting Limited
Ms. Valarie L. Bwalya	Workers Compensation Fund Control Board
Mr. Peter Mbewe	Workers Compensation Fund Control Board
Mr. Joseph Chilinda	Workers Compensation Fund Control Board
Ms. Chisenga Chilosha	Saturnia Regna Pension Trust Fund
Mr. Monde Nchimunya	Konkola Copper Mines Pension Trust Fund
Mr. Michael Beckett	Self
Prof. Jain Prem	Self
Mr. Mukelabai Wambulawae	Barclays Bank Staff Pension Fund
Ms. Dorothy Soko	National Pension Scheme Authority
Mr. Aggai Nzonzo	Self
Mr. Sibanze Simuchoba	Saturnia Regna Pension Trust Fund
Mr. Charles Mate	Stockbrokers Zambia Limited
Mr. S. Simutenda	Self
Mr. Timothy Mushibwe	Thomas Dawson Kamwendo
Mr. Jack Kanyanga	Barclays Bank Staff Pension Trust Fund
Mr. Jack Kanyanga	Saturnia Regna Pension Trust Fund
Mr. Jack Kanyanga	CEC Pension Trust Scheme
Mr. Jack Kanyanga	Standard Chartered Bank Pension Trust Fund
Mr. Jack Kanyanga	Sun International Pension Trust Scheme
Mr. Jack Kanyanga	Stanbic Bank Pension Trust Fund
Mr. Jack Kanyanga	Sandvik Mining Pension Trust Scheme
Mr. Jack Kanyanga	National Breweries Pension Trust Scheme
Mr. Jack Kanyanga	Konkola Copper Mines Pension Trust Scheme
Mr. Jack Kanyanga	Chilanga Cement Pension Trust Fund
Mr. Jack Kanyanga	SCZ International Pension Scheme

NAME	REPRESENTING
Mr. A.L. Francis	Amazon Associates Limited (Transfer Secretary)
Mr. Sydney E. Popota	Farmers House PLC (Company Secretary)
Mr. Arshad Dudhia	Musa Dudhia & Company
Mr. Chanda Musonda	Musa Dudhia & Company
Mr. Rod Macleod	Imara Corporate Finance
Mr. Grant Molyneaux	Imara Corporate Finance
Mrs. Chama M. Malama	Farmers House PLC
Ms. Ottilia Moyo	Farmers House PLC
Mr. Charles Mate	Stockbrokers Zambia Limited
Mr. Chanda Mutoni	Stockbrokers Zambia Limited
Ms. Chenge Besa	Stockbrokers Zambia Limited
Mrs. Sitali Mugala	Lusaka Stock Exchange
Mr. Jonathan Ambali	BDO Corporate Services
Mr Pascal Mwenya Mwila	Stanbic Bank Nominees
Mr. Ernest Kando	African life Financial Services Limited
Mr. Mataka Nkhoma	African Alliance

1.00 To read the Notice of the Meeting

1.01 The Chairman, Mr. Timothy Mushibwe opened the meeting and called upon the Managing Director, Mr. Robin Miller to read the notice of the extraordinary general meeting.

1.02 The notice was adopted on the proposal of Mr Aggai Nzonzo and seconded by Mr Ian Miller.

1.03 The Chairman introduced members of the advisory team on the Arcades Development PLC merger transaction and acknowledged the presence of the following:

a) Mr. Rod Macleod of Imara Corporate Finance
b) Mr. Grant Molyneaux of Imara Corporate Finance
c) Mr. Arshad Dudhia of Musa Dudhia & Company
d) Mr. Charles Mate of Stockbrokers Zambia Limited

1.04 The Chairman further introduced and recognized the presence of Dr. E. D Wala Chabala, the Secretary and Chief Executive Officer of the Securities and Exchange Commission (SEC).

1.05 Mr. Dudhia was called upon to explain the basis of a valid proxy. He read article 18.8 of the articles of association of Farmers House PLC;

'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.'

1.06 The Company Secretary, Mr. Sydney Popota was called upon to announce the forms of proxy that had been received and to confirm their validity. He read the proxies as recorded above and stated that on the basis of article 18.8 that Mr. Dudhia had just read only the following proxies were valid:

a) City Investments Limited appointing Mr. Ian Miller
b) Thomas Dawson Kamwendo appointing Mr. Timothy Mushibwe

1.07 Mr. Popota reported that the proxies noted above appointing Mr. Jack Kanyanga had been received less than 48 hours before the time appointed for the meeting in contravention of the Articles and a requirement clearly indicated in the notice of the meeting.

1.08 Mr Joseph Chilinda stated that he was only advised the previous day that he needed to file a form of proxy and that he thought by being here it was enough.

1.09 Mr. Dudhia advised that the notice was clear about the appointment of a proxy as the article read above was included, as required, at the end of the notice of the meeting. He added that a blank proxy form was provided within the Circular.

1.10 Deliberating on whether the meeting could proceed under these circumstances, Mr. Justin Shipola stated that he was of the view that the meeting should not continue taking into consideration the inefficiency of the postal system stating as he only received the offer circular the previous day when he visited the post office.

1.11 Mr Joseph Chilinda sought to know whether Workers Compensation Fund Control Board could be represented by Mr. Peter Mbewe who was a trustee.

1.12 It was also noted that the trustees of Saturnia Regna Pension Trust Fund, Mr. Sibanze Simuchoba and Barclays Bank Staff Pension Fund, Mr. Mukelabai Wambulawae were in attendance.

1.13 Mr. Kenny Makala (Director) questioned the benefits of proceeding with the meeting which was going to transact an important matter if there were these uncertainties regarding who could vote on the transaction.

1.14 Commenting on Mr. Shipola's statement, the Managing Director stated that the notice of the meeting was published in the press and that the circulars and proxy forms were dispatched on time.

1.15 The Chairman sought to know if it was the considered view of members, as pointed out by Director Makala, that as this meeting is crucial and the matter before the members was significant hence the members should agree to have the meeting closed and a new one called for a later date.

1.16 The members responded in the affirmative.

1.17 Mr. Michael Becket however requested for the meeting to proceed and stated that those who were being disenfranchised were on the basis of not having respected their own articles of association.

1.18 Mr. Aggai Nzonzo concurred with Mr. Beckett and stated that the meeting should continue since a quorum had been met notwithstanding those who would be disenfranchised.

1.19 The Chairman called for comments from members to Mr. Beckett's and Mr. Nzonzo's comments and the Trustee for Saturnia Regna Pension Trust Fund, Mr. Simuchoba proposed that the meeting does not proceed to which Mr. Chilinda concurred.

1.20 Mr. Jack Kanyanga stated that he had attended many meetings where proxy forms have been received even at the meeting. He concurred however with Mr. Simuchoba and Mr. Chilinda that the meeting is closed and a fresh one called.

1.21 Asked to comment on the issue of meeting the quorum, Mr. Dudhia confirmed that the quorum had been met but the major consideration should be that this is a major transaction where questions of validity surrounding the meeting should be avoided.

1.22 Mr. Michael Beckett stated that he was not aware that proxy procedures had not been followed in the past.

1.23 The Chairman called for an adjournment for the Board to seek the SEC's guidance.

1.24 Upon resumption of the meeting, the Chairman called for a vote by show of hands on whether to close the meeting so that a fresh one could be called. The result of the vote showed a clear majority that the meeting is closed and a fresh one called.

1.25 The Chairman stated that the meeting was therefore closed and that the Board was proposing that a fresh meeting be held on 27th January 2012. This was unanimously agreed.

1.26 Responding to Mr. Chilinda's inquiry, the Chairman reported that the proxies received for this meeting would not be valid for the meeting to be held on 27th January 2012.

1.27 The Chairman called upon Mr. Chabala to speak on the regulatory matters regarding meetings of members.

1.28 Mr. Chabala stated that the regulator's desire is to have the interests of all shareholders protected, whether large or small.

1.29 Mr. Chabala stated that from both a legal and regulatory point of view, once the notice has been put in the press, shareholders cannot say 'they have not been informed.' The notice of the meeting was adequately provided in conformity with the articles and the law, and the notice of the meeting even gave an extract of the article in respect to proxies.

1.30 Mr. Chabala further stated that if a shareholder does not receive the notice, they should feel free to visit the entity's offices to pick up the notices.

1.31 Mr. Mushibwe requested the members to read the circular provided and that they would receive the notices for the next meeting.

1.32 The Chairman thanked everyone for coming and declared the meeting closed at 12:05 hours.

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T. T. Mushibwe Chairman	Date

MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF THE SHAREHOLDERS OF FARMERS HOUSE PLC HELD AT TAJ PAMODZI HOTEL ON FRIDAY 27TH JANUARY 2012 AT 10:30 HOURS

Directors Present

Mr. Timothy T. Mushibwe	Chairman
Mr. Robin P.S. Miller	Managing Director
Mr. Kenny H. Makala	Director
Mrs. Doreen Kabunda	Director
Mr. William P. Saunders	Director
Mr. Munakupya Hantuba	Director

Apologies (Directors)

Mrs. Deborah A. Bwalya	Director
Mr. Patrick Wanjelani	Director

Company Secretary

Mr. Sydney E. Popota	Company Secretary

Shareholders Present

NAME		REPRESENTING
Mr. Alexander Grey Zulu		Self
Mr. Eran S. Kanjanga		Self
Mr. Robin Miller		Self
Mr. Michael J.H. Beckett		Self
Mr. Alban M. Muyawa	Proxy	Zambia State Insurance Pension Trust Fund
Mr. Robert Tembo		Zambia State Insurance Pension Trust Fund
Mr. Tontela Siwale		Zambia State Insurance Pension Trust Fund
Mr. Chris Miller	Proxy	City Investments Limited
Mr. Aggai Nzonzo		Self
Ms. Lindani Kamwi	Proxy	Mr. Aniel F. S. Kamwi
Mr. Joseph Chilinda	Proxy	Workers Compensation Fund Control Board
Mr. Peter Alan Mbewe		Workers Compensation Fund Control Board
Ms. Valarie L. Bwalya		Workers Compensation Fund Control Board
Mr. Remmy Mbuzi		Self
Mr. Ngenda Lindunda		Self
Mr. Jonathan Mwila		Stanbic Nominees
Mr. Mwila P. Mwenya		Stanbic Nominees
Mr. Jack Kanyanga	Proxy	Saturnia Regna Pension Trust Fund
Mr. Jack Kanyanga	Proxy	Barclays Bank Staff Pension Trust Fund
Mr. Jack Kanyanga	Proxy	Sun International Pension Trust Scheme
Mr. Jack Kanyanga	Proxy	Standard Chartered Bank Pension Trust Fund
Mr. Jack Kanyanga	Proxy	Stanbic Bank Pension Trust Fund
Mr. Jack Kanyanga	Proxy	SCZ International Pension Scheme
Mr. Jack Kanyanga	Proxy	Sandvik Mining Pension Trust Scheme
Mr. Jack Kanyanga	Proxy	National Breweries Pension Trust Scheme
Mr. Jack Kanyanga	Proxy	CEC Pension Trust Scheme
Mr. Jack Kanyanga	Proxy	Chilanga Cement Pension Trust Fund
Mr. Jack Kanyanga	Proxy	KCM Pension Trust Scheme
Mr. Jack Kanyanga	Proxy	African Life Assurance Co. Ltd
Mr. Jack Kanyanga	Proxy	Cavmont Bank Zambia Pension Trust
Mr. Jack Kanyanga	Proxy	Celtel Zambia Pension Trust Fund
Mr. Jack Kanyanga	Proxy	Indeni Pension Trust Scheme
Mr. Ernest Kando		Alternate to Mr. Jack Kanyanga
Mr. Ackim Nyagonye		Self
Mr. Benson Muchelemba	Proxy	MB Consulting
Ms. Makwebo Minja	Proxy	National Pension Scheme Authority
Ms. Mary Lungu		Self
Mr. Pascal Kaunda Kaibele		Peter Banda
Mr. Joel Phiri	Proxy	Kwacha Pension Trust Fund

NAME	REPRESENTING
Dr. E.D. Wala Chabala	Securities & Exchange Commission
Major C. Hara	Securities & Exchange Commission
Ms. Jayne Backhouse	Imara Corporate Finance
Mr. Grant Molyneaux	Imara Corporate Finance
Mr. Arshad Dudhia	Musa Dudhia & Company
Mr. Jonathan Ambali	BDO Corporate Services
Mr. Charles Mate	Stockbrokers Zambia Limited
Mr. Chanda Mutoni	Stockbrokers Zambia Limited
Mr. Jimmy Mwambazi	Stockbrokers Zambia Limited
Ms. Wendy Tembo	Pangaea Renaissance
Mrs. Nyagonye	Ackim Nyagonye

1.0 To read the notice of the Meeting;

1.1 The Chairman called the meeting to order at 10.45 hours and welcomed the members, Dr. E.D W. Chabala and Major C. Hara, the Chief Executive Officer and Legal Counsel of the Securities and Exchange Commission (SEC) respectively, the team of advisers on the Arcades transaction and all those present.

1.2 Amongst the members present, the Chairman recognized the presence of Mr. Alexander Grey Zulu the former Secretary General in the UNIP era and the members applauded in his honour.

1.3 On permission of the Chairman, the Managing Director read the notice of the Extraordinary General Meeting and asked the members' approval to include as part of the agenda a presentation by the Securities and Exchange Commission by Dr. Chabala. There was no objection hence the amended agenda was adopted on the proposal of Mr. C. Miller and seconded by Mr. A.M. Muyawa.

1.4 The Company Secretary announced the valid proxies as recorded above and the Managing Director pointed out that the proxies received accounted for 84.6% of the total shareholding in the Company thereby confirming that the quorum was met.

1.5 At this point the Chairman called upon Dr. Chabala to proceed with his presentation.

1.6 In his opening remarks, Dr. Chabala stated that though the presentation would address some of the challenges that were experienced at the aborted 16th December 2011 EGM, it was important to emphasise that the presentation was a general presentation that aids the growth and maximization of the capital market in Zambia.

1.7 Dr. Chabala in referring to the aborted EGM he hoped that members would draw some lessons from the presentation in order to understand the roles and rights of the Board and Shareholders in corporate governance. He made the presentation through power-point.

1.8 At the end of the presentation, the members applauded the presentation.

1.9 Mr. Michael Beckett stated that as a small but long standing shareholder of Farmers House PLC, he wished to appeal to the SEC to ensure that the interests of small shareholders are protected going forward as it was clear that the 16th December 2011 EGM was aborted on account of the failure of corporate actions that major shareholders should have fulfilled.

1.10 Dr. Chabala responded that Mr. Beckett's concern was valid and that the SEC would address such concerns.

2.0 To consider the proposed Acquisition, and if deemed appropriate, pass the following resolutions to give effect to the Acquisition:

2.0.1 The Acquisition

In line with its expansion programme, which was approved by the Farmers House Shareholders at the Extraordinary General Meeting held on 15 December 2009, Farmers House intends to acquire all the shares of Arcades. Being a Category 1 transaction in terms of the LuSE Listing Rules, approval is required for the Acquisition from a simple majority of Farmers House Shareholders.

At the EGM, the Farmers House Shareholders will consider the proposed Acquisition, and if deemed appropriate, pass the proposed ordinary resolutions.

2.0.2 Prior to approval of the resolutions, the Managing Director made a power-point presentation of the Arcades Transaction covering the following areas:

1. Background to the Arcades transaction
2. Amended offer for Arcades Development PLC
3. Major terms and conditions of amended offer
4. Important dates
5. Effect of amended offer on shareholders

2.0.3 The Managing Director stated his appreciation of the professional manner in which the Independent Committee of the Board (ICB) conducted the negotiations on the transaction.

2.0.4 The Managing Director further thanked the SEC for being proactive on the Arcades Transaction and assisting the Company in fulfilling the requirements of the regulations.

2.0.5 The Chairman called for questions from the floor.

2.0.6 Mr. C. Miller wondered why there was an increase in the cash consideration from the initial $12.5 million to $15.0 million in the amended offer to the Arcades shareholders. He argued that paying less cash consideration would be preferred.

2.0.7 The Managing Director stated that the major motivation by shareholders in the amended offer was to negotiate a higher Farmers House share price thereby offering less number of shares to the Arcades Shareholders for the share consideration portion of the acquisition.

2.0.8 Mr. Peter Mbewe sought to know who the shareholders of Union Gold and Velos Enterprises were; to which the Managing Director reported that the major shareholders were the O'Donnell and Frangeskides families.

2.0.9 Mr. Peter Mbewe raised concern on the bringing of a husband and wife team on to the Board.

2.0.10 Related to this comment, Mr. A.M Muyawa sought to know what additional talent the O'Donnells would be bringing to the Board.

2.0.11 The Chairman responded that the Board would comprise 10 members who would arrive at Board decisions either by consensus or by vote; saying no one or two Directors could carry proceedings without the agreement of a majority of Directors. In respect to the 'talent' referred to, the Chairman indicated that the O'Donnells were very experienced business people as attested by the CVs that were included in the offer circular that was circulated to the members.

2.0.12 Mr. Peter Mbewe sought to know what other liabilities might be in Arcades that may not have been disclosed in the offer circular.

2.0.13 The Chairman responded that various due diligence exercises were conducted and that anything that may not have been declared in the due diligence process is covered by the warranties that have been signed by both parties.

2.0.14 Mr. Joseph Chilinda proposed that resolution 2.2 be amended to read, quote;
RESOLVED *the Board is authorised to issue the new Farmers House shares to the shareholders of Arcades for the Acquisition at a price of K3,500 per share.*

2.0.15 However, on further deliberation and following the guidance of the Legal Counsel Mr. Arshad Dudhia, the members unanimously agreed that the resolution remains as was presented in the notice.

2.0.16 There being no further questions, the meeting proceeded to consider the resolutions.

2.1 **RESOLVED** the Board of Farmers House is authorised to proceed with the Acquisition on terms and conditions that are commercially acceptable to the Board, and in any case for an acquisition price of not more than US$25 million. On the proposal of Mr. Jack Kanyanga and seconded by Mr. Joseph Chilinda, the resolution was unanimously passed.

2.2 **RESOLVED** the Board is authorised to issue the new Farmers House shares to the shareholders of Arcades for the Acquisition, at a price no less than the 90 day average price prior to the date of this notice. On the proposal of Mr. Joseph Chilinda and seconded by Mr. A.M Muyawa, the resolution was unanimously passed.

2.3 **RESOLVED** pursuant to Regulation 20.1 of the Articles of Association of Farmers House ('Articles'), Mr M. O'Donnell and Mrs E. O'Donnell be appointed to the Board and further these two directors shall not be subject to retirement or rotation for a period of 3 years ('the Lock-In Period') as required by Regulation 24 of the Articles and after the expiry of the Lock-In Period these two directors shall be subject to normal retirement and rotation in accordance with Regulation 24 of the Articles. On the proposal of Mr. Ngenda Lindunda and seconded by Mr. A.M. Muyawa, the resolution was unanimously passed.

3.0 To consider the proposed change of name, and if deemed appropriate, pass the following special resolution. It is proposed that the name of Farmers House PLC be changed to Real Estate Investments Zambia PLC (REIZ) in line with the development of Farmers House and to better reflect the nature of its business.

At the EGM the Farmers House Shareholders will consider the proposed name change, and if deemed appropriate, pass the proposed special resolution below:

3.1 **RESOLVED** Farmers House will change its name to Real Estate Investments Zambia PLC. On the proposal of Mr. Michael Beckett and seconded by Mr. Remmy Mbuzi, the resolution was unanimously adopted.

4.0 To consider authorising the Board to amend the Articles to allow for the Company to buy back Farmers House shares which would assist in reducing the fluctuations of the Farmers House share price on the Lusaka Stock Exchange.

At the EGM the Farmers House Shareholders will consider granting the Board of Farmers House the authority to amend the Articles, and if deemed appropriate, pass the proposed special resolution below:

4.1 **RESOLVED** the Board is authorised to amend the Articles to allow for Farmers House to buy back its shares. On the proposal of Mr. Jack Kanyanga and seconded by Ms. Lindani Kamwi, the resolution was unanimously adopted.

4.2 There being no further business to discuss the Chairman thanked everyone for attending the EGM.

4.3 The Managing Director thanked the members for their support and the meeting was closed at 12.20 hours.

....	....
T. T. Mushibwe Chairman	Date

MANAGING DIRECTOR'S REPORT

The past 12 months have been a significant year for the Group, culminating in the re-naming of Farmers House PLC to Real Estate Investments Zambia PLC (REIZ) in the last quarter of the year. This rebranding of the corporate identity was driven in part to reflect the core business of the Group – the investment in, and management and development of, Grade A property assets in Zambia, and to reflect the substantially increased size of REIZ and its subsidiaries and associates 'the Group'. The major activities during the year were as follows:

1. Restructuring the management of the Group
2. Completing previous property acquisitions
3. Completing the construction of various properties
4. Acquiring Arcades Development PLC

1.0 // Restructuring the management of the Group

In the course of 2010/11 the Board appointed the Management Structure Committee of the Board (MSCB) chaired by Director Doreen Kabunda. With the assistance of third party experts the MSCB concluded that, whereas the administration and management functions of the Group were previously outsourced, the interests of the Group would be best served by the appointment of directly employed administrative staff. The Board unanimously accepted the recommendation by the MSCB that the following positions should be filled on a full time basis: Managing Director, Chief Operations Officer, Finance Manager, Office Manager, 2 Accounting staff and a Receptionist/PA to the MD. As at 1st July 2011 this structure was implemented.

The MSCB further recommended that the outsourcing of other management activities should continue. In this regard Minerva Property Management Company (the Zambian arm of the JHI regional real estate services group) was appointed, following detailed arms-length negotiations, for the property management of the Group's real estate. The MSCB recommended that other service providers such as architects and engineers were to be appointed on a project by project basis subject to demand by the Group for their services. A similar decision was made in respect to facility service providers for such contracts as security and cleaning.

MANAGING DIRECTOR'S REPORT

2.0 // Completing previous property acquisitions

The purchase of Thistle Land Development Company was concluded in 2011 and a full year's income from this property – Counting House Square – accrued to the Company in 2012. This property is fully let and its tenants are BDO, Ericsson, CIDRZ, and SPAR.

The purchase of Abacus Square was also concluded in the early party of the year. This building immediately adjacent to Counting House Square was acquired as an incomplete structure and was scheduled for redevelopment during the year.

3.0 // Completing property construction

The construction of the Abacus Square property was completed during the 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.

REIZ is also pleased to record the completion of the Stanbic Bank Head Office. This development is under a Joint Venture Company, Burnet Investments Ltd, whose shareholders are Standard Bank Properties (Pty) Ltd (51%) and REIZ (49%). Stanbic Bank Zambia Ltd is the tenant of this 5,600 m² building under a long term triple net lease.

4.0 // Acquiring Arcades Development PLC (ADP)

The major focus of management and the REIZ Board in 2011/12 was the acquisition of Arcades Development PLC. This transaction was concluded in March 2012 following approval of the transaction by shareholders at an EGM held on 27th January 2012. The settlement of the US$25 million purchase consideration was made by way of US$15 million cash and a share swap to the shareholders of ADP for New REIZ Shares for the US$10 million balance of the acquisition price. REIZ has secured a New Debt Facility from Investec Asset Management (Proprietary) Limited for US$12.5 million, which was utilised to settle a portion of the cash component of the Offer Price, whilst the balance of the cash portion of the Offer Price was settled through the issue of a debt facility of US$2.5 million from African Life Financial Services (Zambia) Limited. The share swap resulted in a total of 13,714,286 new REIZ shares being issued to the ADP Shareholders. The new REIZ shares rank pari passu in every respect with the REIZ ordinary shares currently in issue, bringing the total issued share capital of REIZ to 56,460,198 ordinary shares. The effect on shareholders is shown as follows:

SHAREHOLDING STRUCTURE- PRE AND POST TRANSACTION

SHAREHOLDERS	NUMBER OF SHARES	SHAREHOLDING	
		PRE MERGER	POST MERGER
Saturnia Regna Pension Trust	14,912,900	34.89%	26.41%
Workers' Compensation Fund	4,514,178	10.56%	8.00%
BBZ Staff Pension Fund	4,461,458	10.44%	7.90%
KCM Pension Trust Scheme	3,419,522	8.00%	6.06%
Standard Chartered Bank Pension Trust Fund	2,210,938	5.17%	3.92%
National Pension Scheme Authority	2,097,576	4.91%	3.72%
Zambia State Insurance Pension Trust Fund	1,200,000	2.81%	2.13%
Kwacha Pension Trust Fund	1,000,000	2.34%	1.77%
Stanbic Bank Pension Trust Fund	909,601	2.13%	1.61%
Standard Chartered Zambia Securities Nominees	710,000	1.66%	1.26%
Others	7,309,739	17.10%	12.95%
	42,745,912		
ADP Controlling Shareholders	8,324,572		14.74%
ADP Minority Shareholders	5,389,714		9.55%
Total ADC	13,714,286		24.29%
TOTAL	**56,460,198**	**100.00%**	**100.00%**

The assets acquired are as follows:

4.1 // Arcades Shopping Centre

Arcades Shopping Centre has a total GLA of 18,382m^2 and its tenants include international retailers, restaurants, clothing boutiques and banks. Arcades was one of the first modern style shopping centres in Lusaka offering retail and entertainment facilities to Zambians and is still well recognised as being a prime recreational destination in Lusaka. Arcades Shopping Centre also has a Sunday market, which is held in the car park of the shopping centre and is popular with Zambians as well as tourists.

The shopping centre currently has 61 tenants and charges an average rental of approximately US$14.00 per m^2. The majority of the leases are 5 year leases, and the current average escalation rate is 4.5%.

4.2 // Parkway Property

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 being 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 ongoing development on the Parkway Property is made up of all earthworks, foundations to underside of slab level, curbs enveloping the three main structures, storm drains to secure the site, a borehole and two septic tanks and soakaways.

ADP had initiated discussions with potential tenants for the occupation of the centre on completion. The development of this property will be continued under the REIZ umbrella and the expected timeframe for completion of the building is October 2013, and the expected gross rentals for the first year of occupation are US$1.75 million.

The Board of REIZ believes that the Parkway property will be a valuable asset in the REIZ Portfolio. The Parkway Property 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.

4.3 // Solwezi Property

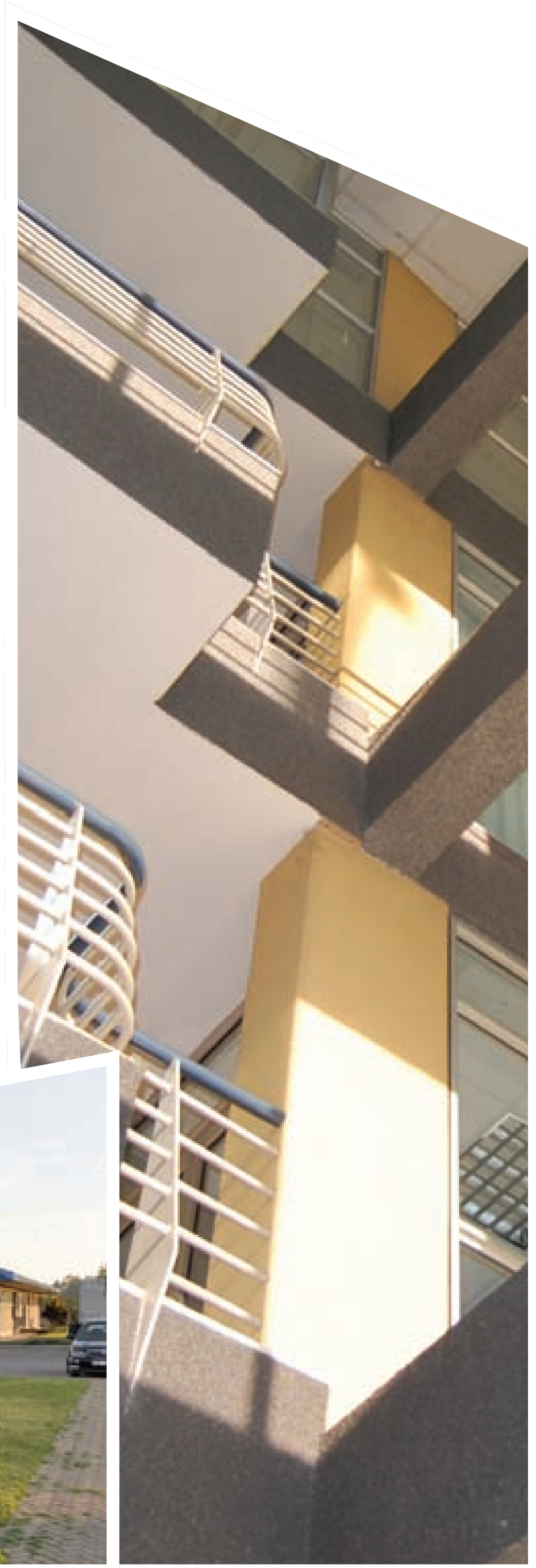
The Solwezi Property was being pursued by ADP, who was proposing to develop a multi-use building on the site. ADP is in the process of securing the lease for the land, after which development of the property will commence. On completion, the GLA of the Solwezi Development is expected to be 3,000m^2. 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 significant further growth of the Group can be achieved in this region which has seen significant investment by the copper mining companies.

4.4 // Hotel Development

ADP has been pursuing 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 640m^2 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. The average rental for the retail space is expected to be US$20 per m^2.

The corporate advisers to the transaction were Imara Botswana Ltd, Stockbrokers Zambia Ltd and Musa Dudhia & Company. The guidance provided by these advisers led to approval by shareholders of the transaction at an Extraordinary General Meeting on 27th January 2012. Management thank them for their commitment and hard work.

The completion of the ADP transaction was concluded with an effective date of 1st March 2012. As a result income from these properties accrued for the final month of the Group's financial results as a 100% subsidiary of REIZ.



GROUP STRUCTURE

The result of the various acquisitions over the recent past results in the following group structure:

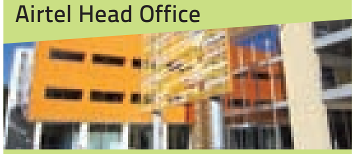
reiz REAL ESTATE INVESTMENTS ZAMBIA PLC

DIRECTLY HELD PROPERTIES

- Central Park

- Cetzam House

- Airtel Head Office



- Abacus Square

- Eureka Park

100% SUBSIDIARIES

1. THISTLE LAND DEVELOPMENT COMPANY LTD

Counting House Square

2. ARCADES DEVELOPMENT PLC

Arcades Centre

3. PECKERWOOD DEVELOPMENT LTD
4. DREADNOUGHT INVESTMENTS LTD

JOINT VENTURE COMPANY

1. BURNET INVESTMENTS LTD

Stanbic House

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

ZMK Millions

	2012		2011		2010		2009		2008	
	K'm	%	K'm	%	K'm	%	K'm	%	K'm	%
STATEMENT OF COMPREHENSIVE INCOME										
Gross Rental Income	**26,847**		**22,443**		**20,140**		**12,598**		**6,882**	
Total Property Expenses	4,663	17%	3,263	15%	3,612	18%	2,307	18%	1,550	23%
Total Administration Expenses	5,209	19%	5,100	23%	3,898	19%	3,253	26%	2,021	29%
Total Depreciation	1,684	7%	1,109	5%	1,113	6%	1,114	9%	618	9%
Profit from operations	**15,291**	**57%**	**12,971**	**58%**	**11,517**	**57%**	**5,924**	**47%**	**2,693**	**39%**
Change in fair value of Investment property, net of exchange gains	**47,212**		**12,580**		**13,778**		**105,138**		**18,944**	
Net finance (expense)/income	(8,670)		(6,920)		(4,258)		2,063		(1,507)	
Other non-operating income	21		-		-		30		1	
Profit/(loss) from equity accounted investees	5,299		323		1,619		(496)		-	
Profit before tax	**59,153**		**18,954**		**22,656**		**112,659**		**20,131**	
Income tax (expense)/credit	(16,635)		(5,434)		(2,795)		(2,609)		(645)	
Profit after tax	**42,518**		**13,520**		**19,861**		**110,050**		**19,486**	

	2012		2011		2010		2009		2008	
STATEMENT OF FINANCIAL POSITION										
Plant and equipment	6,596		4,787		5,373		6,468		2,577	
Investment properties	415,587		255,494		224,577		201,094		72,338	
Increase in Investment properties	**63%**		**14%**		**12%**		**178%**			
Investment property under development	41,480		596		-		-		19,612	
Investments	6,735		1,449		546		-		1	
Amount due from equity accounted investee	11,438		5,909		3,013		3,071		-	
Other long term assets	9,305		3,985		3,138		2,375		405	
Goodwill	32,901		2,703		-		-		-	
Current assets	11,853		27,479		42,744		9,992		14,232	
Total Assets	**535,895**		**302,402**		**279,391**		**223,000**		**109,165**	
SHAREHOLDERS' FUNDS AND LIABILITIES										
Total equity	252,965		167,943		158,545		205,623		97,709	
Non – current liabilities	151,848		58,351		7,824		7,824		7,824	
Deferred tax liabilities	116,395		70,623		64,306		2,549		616	
Total current liabilities	14,687		5,485		48,716		7,004		3,016	
Total equity and liabilities	**535,895**		**302,402**		**279,391**		**223,000**		**109,165**	

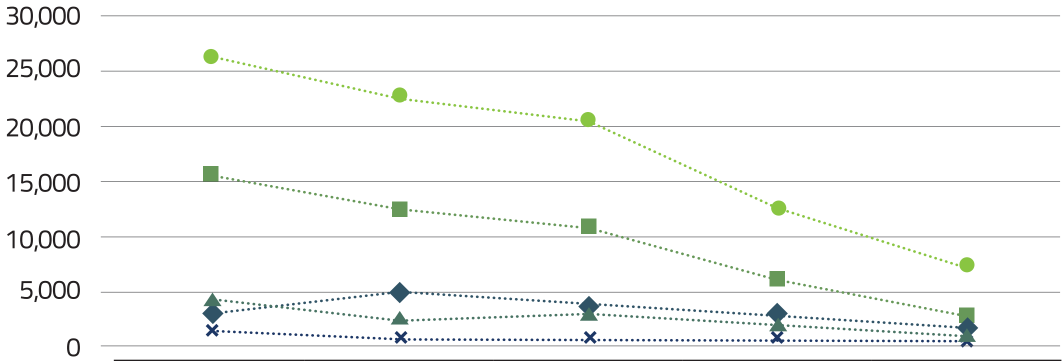
FIVE YEAR FINANCIAL SUMMARY FOR THE YEAR ENDED 31ST MARCH

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

US$

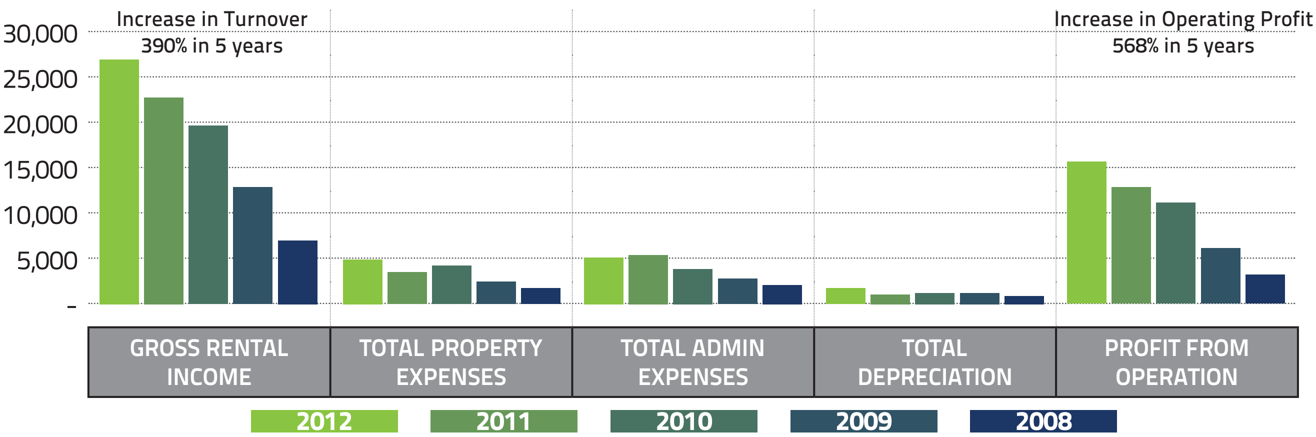
	2012		2011		2010		2009		2008	
	US$	**%**	**US$**	**%**	**US$**	**%**	**US$**	**%**	**US$**	**%**
STATEMENT OF COMPREHENSIVE INCOME										
Average Exchange Rate	5,034		4,939		4,990		4,122		3,970	
Gross Rental Income	**5,333,135**		**4,544,037**		**4,036,072**		**3,056,283**		**1,733,501**	
Total Property Expenses	926,301	17%	660,660	15%	723,848	18%	559,680	18%	390,428	23%
Total Administration Expenses	1,034,764	19%	1,032,598	23%	781,162	19%	789,180	26%	509,068	29%
Total Depreciation	334,525	6%	224,539	5%	223,046	6%	270,257	9%	155,668	9%
Profit from operations	**3,037,545**	**57%**	**2,626,240**	**58%**	**2,308,016**	**57%**	**1,437,166**	**47%**	**678,337**	**39%**
Change in fair value of Investment property, net of exchange gains	**9,378,625**		**2,547,074**		**2,761,122**		**25,506,550**		**4,771,788**	
Net finance (expense)/income	(1,722,287)		(1,401,093)		(853,307)		500,486		(379,597)	
Other non-operating income	4,172		-		-		7,278		252	
Profit/(loss) from equity accounted investees	1,052,642		65,398		324,449		(120,330)		-	
Profit before tax	**11,750,697**		**3,837,619**		**4,540,280**		**27,331,150**		**5,070,780**	
Income tax (expense)/credit	(3,304,529)		(1,100,223)		(560,120)		(632,945)		(162,469)	
Profit after tax	**8,446,168**		**2,737,396**		**3,980,160**		**26,698,205**		**4,908,311**	
STATEMENT OF FINANCIAL POSITION										
Year End Exchange Rate	5,270		4,690		4,730		5,595		3,670	
Plant and equipment	1,251,613		1,020,682		1,135,941		1,156,032		702,180	
Investment properties	78,859,013		54,476,333		47,479,281		35,941,734		19,710,627	
Increase in Investment properties	**45%**		**15%**		**32%**		**82%**			
Investment property under development	7,870,968		127,079		-		-		5,343,869	
Investments	1,277,989		308,954		115,433		-		273	
Amount due from equity accounted investee	2,170,398		1,259,915		636,998		548,883		-	
Other long term assets	1,765,655		849,680		663,425		424,486		110,354	
Goodwill	6,243,074		576,333		-		-		-	
Current assets	2,249,146		5,859,062		9,036,787		1,785,880		3,877,929	
Total Assets	**101,687,856**		**64,478,038**		**59,067,865**		**39,857,015**		**29,745,232**	
SHAREHOLDERS' FUNDS AND LIABILITIES										
Total equity	48,000,949		35,808,742		33,519,027		36,751,206		26,623,706	
Non – current liabilities	28,813,662		12,441,578		1,654,123		1,398,391		2,131,880	
Deferred tax liabilities	22,086,338		15,058,209		13,595,349		455,585		167,848	
Total current liabilities	2,786,907		1,169,509		10,299,366		1,251,832		821,798	
Total equity and liabilities	**101,687,856**		**64,478,038**		**59,067,865**		**39,857,015**		**29,745,232**	

GROWTH OF OPERATING PROFIT

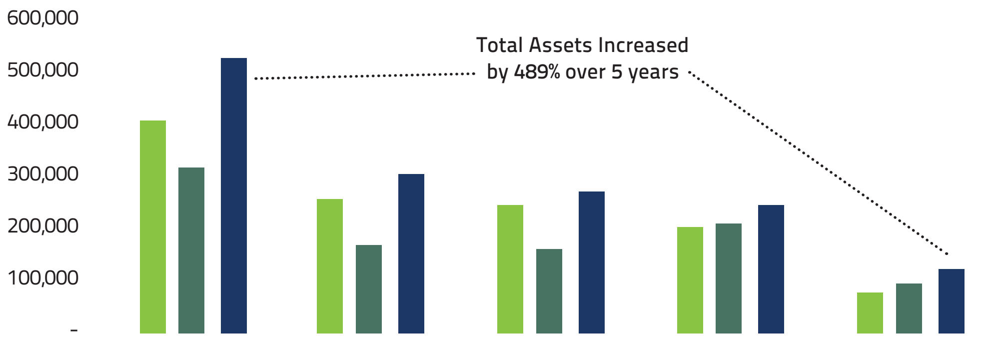


	2012	2011	2010	2009	2008
GROSS RENTAL INCOME	26,847	22,443	20,140	12,598	6,882
PROFIT FROM OPERATIONS	15,291	12,971	11,517	5,924	2,693
TOTAL PROPERTY EXPENSES	4,663	3,263	3,612	2,307	1,550
TOTAL ADMIN EXPENSES	5,209	5,100	3,898	3,253	2,021
TOTAL DEPRECIATION	1,684	1,109	1,113	1,114	618

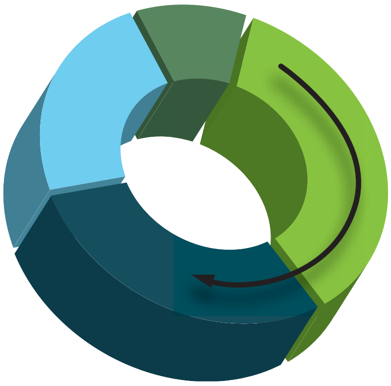
ANALYSIS OF OPERATING PROFITS



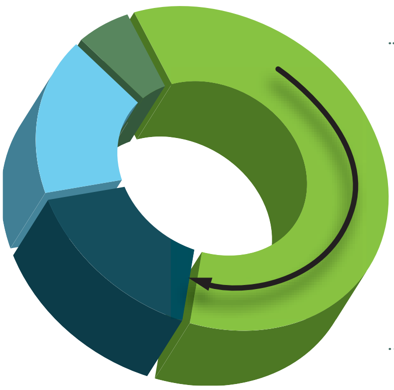
STATEMENT OF FINANCIAL POSITION



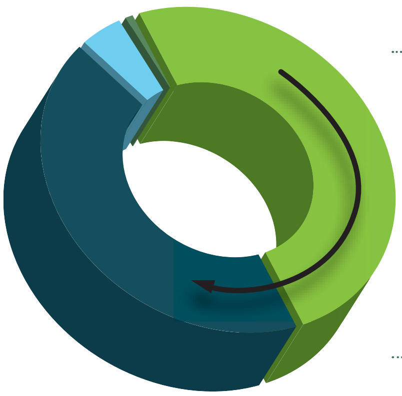
	2012	2011	2010	2009	2008
INVESTMENT PROPERTY	415,587	255,494	224,577	201,094	72,338
EQUITY	252,965	167,943	159,125	205,623	97,709
TOTAL ASSETS	535,895	302,402	279,971	223,000	109,165



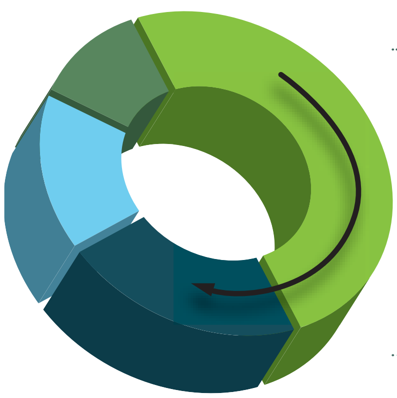
2008 OPERATING PROFIT PERCENTAGES	
39%	PROFIT FROM OPERATIONS
29%	TOTAL ADMIN EXPENSES
23%	TOTAL PROPERTY EXPENSES
9%	TOTAL DEPRECIATION



2012 OPERATING PROFIT PERCENTAGES	
57%	PROFIT FROM OPERATIONS
19%	TOTAL ADMIN EXPENSES
17%	TOTAL PROPERTY EXPENSES
7%	TOTAL DEPRECIATION



2008 BALANCE SHEET ANALYSIS	
50%	TOTAL ASSETS
45%	EQUITY
5%	TOTAL LIABILITIES
0%	DEFERRED TAX



2012 BALANCE SHEET ANALYSIS	
50%	TOTAL ASSETS
24%	EQUITY
16%	TOTAL LIABILITIES
10%	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 year ended 31st March 2012:

	Reiz - Co.		Arcades		Thistle	
	K'm	%	K'm	%	K'm	%
STATEMENT OF COMPREHENSIVE INCOME // K MILLIONS						
Gross Rental Income	**22,754**		**1,385**		**2,708**	
Total Property Expenses	3,974	18%	241	17%	448	17%
Total Administration Expenses	4,393	19%	219	16%	574	21%
Total Depreciation	1,664	7%	16	1%	5	0%
Profit from operations	**12,723**	**56%**	**909**	**66%**	**1,681**	**62%**
Change in fair value of Investment property	**35,881**		**8,740**		**2,589**	
Net finance expense	(8,062)		(8)		(599)	
Other non-operating income	-		21		-	
Profit before tax	**40,542**		**9,662**		**3,671**	
Income tax expense	(14,086)		(1,139)		(1,410)	
Profit after tax	**26,456**		**8,523**		**2,261**	

	Reiz - Co.		Arcades		Thistle	
	US$	%	US$	%	US$	%
STATEMENT OF COMPREHENSIVE INCOME // US$						
Average Exchange Rate	**5,034**		**5,034**		**5,034**	
Gross Rental Income	**4,520,064**		**275,129**		**537,942**	
Total Property Expenses	789,432	18%	47,874	17%	88,995	17%
Total Administration Expenses	872,666	19%	43,504	16%	114,025	21%
Total Depreciation	330,552	7%	3,178	1%	993	0%
Profit from operations	**2,527,414**	**56%**	**180,573**	**66%**	**333,929**	**62%**
Change in fair value of Investment property, net of exchange gains	**7,127,731**		**1,736,194**		**514,303**	
Net finance expense	(1,601,509)		(1,589)		(118,991)	
Other non-operating income	-		4,172		-	
Profit before tax	**8,053,636**		**1,919,350**		**729,241**	
Income tax expense	(2,798,172)		(226,261)		(280,095)	
Profit after tax	**5,255,464**		**1,693,089**		**449,146**	

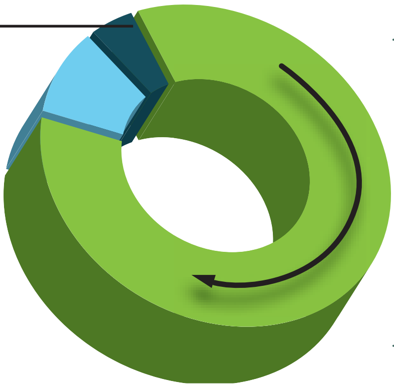
ABRIDGED FINANCIAL RESULTS

Shareholders are referred to the Financial Statements included in this Annual Report but we provide below an abridged summary of the Group's major trading companies in Zambian Kwacha and United States Dollars for the year ended 31st March 2012

	Reiz - Co.	Arcades	Thistle
	K'm	K'm	K'm
STATEMENT OF FINANCIAL POSITION // K MILLIONS			
Plant and equipment	6,381	191	25
Rental income receivable after 12 months	8,366	862	77
Investment properties	288,503	103,980	23,104
Investment property under development	3,900	37,580	-
Investments	147,259	-	-
Amount due from equity accounted investee	11,438	-	-
Current assets	12,669	4,567	819
Total Assets	**478,516**	**147,180**	**24,025**
Shareholders' funds and liabilities			
Total equity	233,895	112,281	13,847
Total non–current liabilities	150,819	880	149
Deferred tax	81,028	30,928	4,439
Total current liabilities	12,774	3,091	5,590
Total equity and liabilities	**478,516**	**147,180**	**24,025**

	Reiz - Co.	Arcades	Thistle
	US$	US$	US$
STATEMENT OF FINANCIAL POSITION // US$			
Year End Exchange Rate	5,270	5,270	5,270
Plant and equipment	1,210,816	36,243	4,744
Rental income receivable after 12 months	1,587,476	163,568	14,611
Investment properties	54,744,402	19,730,550	4,384,061
Investment property under development	740,038	7,130,930	-
Investments	27,942,884	-	-
Amount due from equity accounted investee	2,170,398	-	-
Current assets	2,403,986	866,603	155,408
Total Assets	**90,800,000**	**27,927,894**	**4,558,824**
Shareholders' funds and liabilities			
Total equity	44,382,353	21,305,693	2,627,514
Non – current liabilities	28,618,406	166,983	28,273
Deferred tax	15,375,332	5,868,691	842,315
Total current liabilities	2,423,909	586,527	1,060,722
Total equity and liabilities	**90,800,000**	**27,927,894**	**4,558,824**

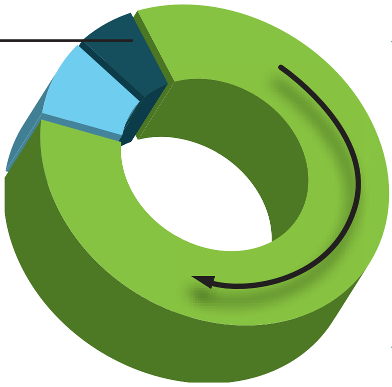
ANALYSIS OF FINANCIALS RESULTS



CONTRIBUTION TO GROUP TURNOVER // K'M

85%	REIZ COMPANY	22,754
10%	THISTLE	2,708
5%	ARCADES	1,385

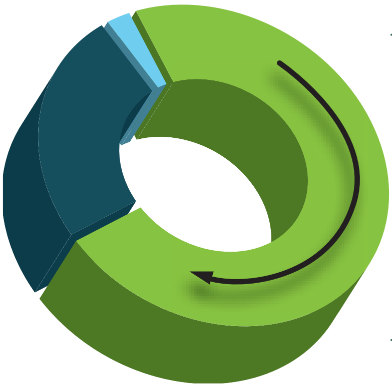
Only 1 months income for March 2012



CONTRIBUTION TO GROUP OPERATING PROFIT // K'M

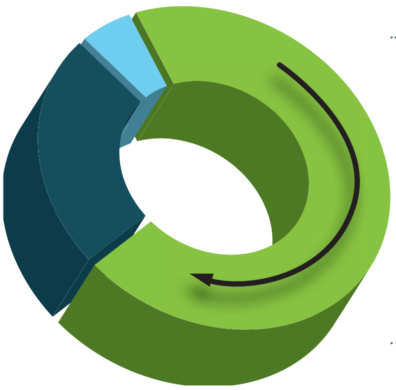
83%	REIZ COMPANY	12,723
11%	THISTLE	1,681
6%	ARCADES	909

Only 1 months income for March 2012



GROUP TOTAL ASSETS K'M

73%	REIZ COMPANY	478,516
23%	ARCADES	147,180
4%	THISTLE	24,025

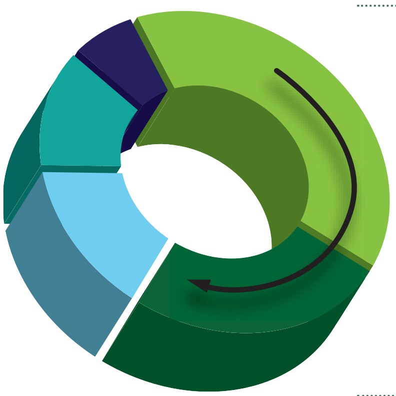


GROUP INVESTMENT PROPERTIES

69%	REIZ COMPANY	288,503
25%	ARCADES	103,980
6%	THISTLE	23,104

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	1,028	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	19,352	39%
TOTAL G.L.A	**49,341**	**100%**



GLA M² BY SECTOR

40%	OFFICE	20,071
25%	RETAIL	12,422
15%	ENTERTAINMENT	7,220
13%	INDUSTRIAL	6,300
7%	FINANCIAL SERVICES	3,328

PROPERTY BY VALUATION

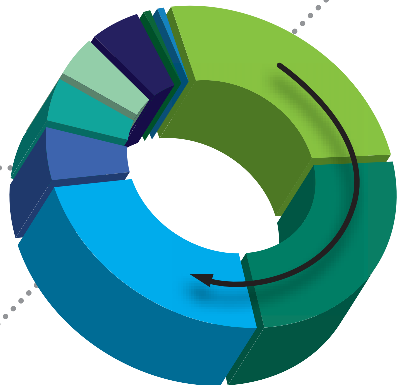
US$1 - ZMK5,270

Properties by Value	Type	Rentable Area - M²	Valuation - K'm	Valuation - US$	% of Total
Airlel Head Office	Office	10,281	129,823	24,634,471	28%
Central Park	Office Park	8,768	115,215	21,862,470	25%
Arcades Centre	Retail Mall	18,382	109,780	20,831,120	24%
Parkway	Retail Mall (under construction)	14,000	27,350	5,189,755	6%
Counting House Square	Office Park	2,903	23,104	4,384,039	6%
Abacus Square	Office Park	1,820	21,848	4,145,789	5%
Eureka Park	Industrial (under construction)	6,300	19,355	3,672,576	4%
Cetzam Head Office	Office	885	6,161	1,169,154	1%
Solwezi	Retail Mall (under construction)	3,000	4,430	840,607	1%
Total		**66,339**	**457,066**	**86,729,981**	**100%**

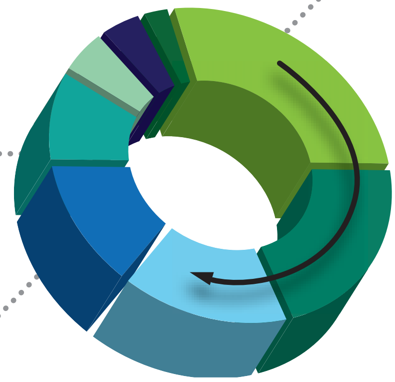
PROPERTY BY GLA

US$1 - ZMK5,270

Properties by Value	Type	Rentable area - M²	Valuation - K'm	Valuation - US$	% of Total
Arcades Centre	Retail Mall	18,382	109,780	20,831,120	28%
Parkway	Retail Mall (under construction)	14,000	27,350	5,189,755	21%
Airlel Head Office	Office	10,281	129,823	24,634,471	15%
Central Park	Office Park	8,768	115,215	21,862,470	13%
Eureka Park	Industrial (under construction)	6,300	19,355	3,672,576	10%
Solwezi	Retail Mall (under construction)	3,000	4,430	840,607	5%
Counting House Square	Office Park	2,903	23,104	4,384,039	4%
Abacus Square	Office Park	1,820	21,848	4,145,789	3%
Cetzam Head Office	Office	885	6,161	1,169,154	1%
Total		**66,339**	**457,066**	**86,729,981**	**100%**



INVESTMENT PROPERTY BY VALUE - US$		
28%	AIRTEL HEAD OFFICE	24,634,471
25%	CENTRAL PARK	21,862,470
24%	ARCADES CENTRE	20,831,120
6%	PARKWAY	5,189,755
5%	COUNTING HOUSE SQUARE	4,384,039
5%	ABACUS SQUARE	4,145,789
4%	EUREKA PARK	3,672,576
1%	CETZAM	1,169,154
1%	SOLWEZI	840,607



PROPERTY BY GLA - M²		
28%	ARCADES CENTRE	18,382
21%	PARKWAY	14,000
15%	AIRTEL HEAD OFFICE	10,281
13%	CENTRAL PARK	8,768
9%	EUREKA PARK	6,300
5%	SOLWEZI	3,000
4%	COUNTING HOUSE SQUARE	2,903
3%	ABACUS SQUARE	1,820
1%	CETZAM	885

Property Portfolio Analysis

REIZ's Property Portfolio 2012 - US$ Highlights

- Total property portfolio more than doubled to 66,000 m² from 31,000m²
- Total Investment property value increased from US$54m to US$87m
- Total 2012 revenue increased to US$5.3m from US$4.5m in 2011
- Total gross lettable area at 31.03.2012 – 49,341 m² (including Arcades)
- Total tenants stand at 123 leases
- Vacancies stands at year end at 1,131 m² (2.46% of operating GLA) with one tenant of 565 m² vacating, which space is being filled in 2012/13.
- Rental arrears at 31.03.2012 stand at US$135,422 (6 debtor days)
- Projected total revenue on completion of all REIZ's planned development activities (including the ADP assets) estimated to be US$10.7m.

Robin Miller
Managing Director

CHAIRMAN'S REPORT

It gives me pleasure to present the Annual Report for the financial year ended 31st March 2012.

OVERVIEW

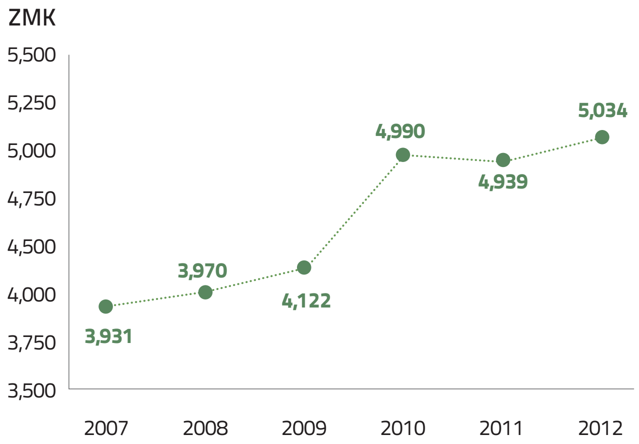
In this year the state of the world economy continued to cause concern following the sub-prime crisis and the increased anxiety created by the sovereign debt issues faced by Eurozone countries.

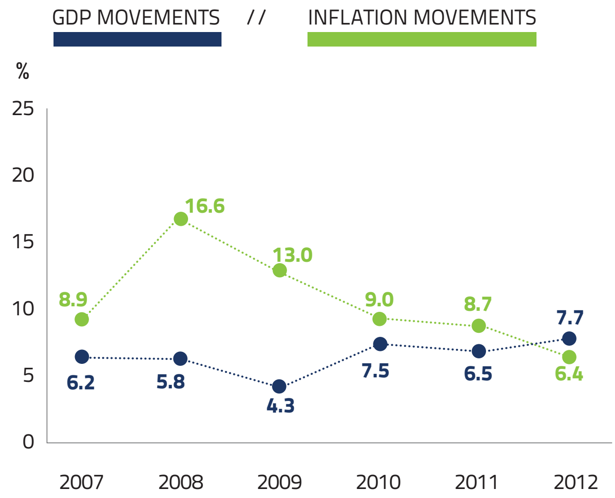
The Zambian economy was not immune from these effects, coupled with the fact that Zambia held a presidential and parliamentary election in September 2011. The elections ushered in a new President, H.E. Michael C. Sata and a new Patriotic Front government. It is pleasing to report that this change in government was peacefully achieved after some 20 years of the previous MMD regime. The new administration has slowly settled in, with an important commitment to the fight against corruption. The new government has been well received by the international community and despite some uncertainties leading up to, and immediately following, the elections the country's economy has stabilized.

The major macro-economic effect of the above has seen a depreciation of the Kwacha from US$1 - K4,930 in 2011 to US$1 – K5,034 at 31st March 2012. Set against this has been reduction in the inflation rate from 8.7 % to 6.4 %.

SOME OF THE MAJOR MACRO-ECONOMIC INDICATORS ARE GRAPHICALLY SHOWN BELOW

AVERAGE EXCHANGE RATE (ZMK/US$)





REIZ OVERVIEW

As indicated in the Managing Director's Report the Board presented to an EGM on 27th January 2012 a proposal for the change of name of the Company from Farmers House PLC to Real Estate Investments Zambia PLC. This change was considered appropriate by the Board to reflect the core business of the Group – being the investment in, and development of, properties in Zambia.

At the same EGM the shareholders of the Company approved the acquisition of Arcades Development PLC. This acquisition achieved one of the major strategic objectives of the Board – the inclusion of retail property assets into the Group's portfolio – by acquiring one of Lusaka's premier shopping malls, the Arcades Centre. The transaction also included three other properties under development which the Board believes will bring additional retail assets onto the Balance Sheet once development of the Parkway and Solwezi Retail Centers, and the Protea Hotel are concluded.

This transaction also saw the introduction of the Arcades Development PLC shareholders as new stock holders of the Company. We welcome these new shareholders to the Group. Also as part of the transaction new Directors, Mr. Mark O'Donnell and Mrs. Efi O'Donnell were approved as Directors of the Group at the EGM.

THE BOARD

The Board now comprises the following highly experienced Directors – 9 non-executive, and 1 executive:

Timothy. T. Mushibwe
Chairman
6480 Mugoti Road, Roma, Lusaka

Director of numerous Zambian companies including the LuSE, Burnet Investments Limited, Professional Life Assurance Ltd, the Zambia Tourism Board, and others.

Timothy is an audit, tax, corporate recovery and corporate finance and consulting specialist with over 25 years of experience in the profession in Zambia.

He is a Fellow of the Association of Chartered Certified Accountants (United Kingdom) and a Fellow of the Zambia Institute of Chartered Accountants (Zambia), and holds a B.Sc (Hons) degree. Timothy was Managing Partner of Deloitte &Touche Zambia, where he was responsible for Management Consultancy Services, Finance and Administration, and Tax Advisory. He retired from the Firm in May 2008. Presently, he is the Resident Partner managing Baker Tilly Meralis Zambia. Baker Tilly Meralis Zambia is a member firm of Baker Tilly International, the 8th largest professional accounting firm in the World.Timothy is also the serving Chairman of the Zambian Tourism Board, a Director of the Lusaka Stock Exchange, Abercrombie and Kent Zambia Limited (Sanctuary Retreats) and was one of the founding Members of the Zambia Revenue Authority Appeals Tribunal (the successor of the Tax Appeal Court) on which he served for 8 years until 31 December 2007.

Timothy is an avid and passionate conservationist who sits as a board member and 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, Zambia
Managing Director of Farmers House PLC

Director of a number of Zambian institutions including Madison General Insurance Company and City Investments Limited.

Robin completed a BSc in Accounting and International Finance from the International Centre for Accounting Research at Lancaster University (UK). In the UK he worked at Coopers and Lybrand, as well as the Virgin Group of Companies. Upon his return to Zambia he took up the position of Managing Director of City Investments Limited, as well as that of Managing Director of Farmers House.

He has also been 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

Munakupya Hantuba
Non- Executive Director
Plot No. 555, Makeni, Lusaka
Chief Executive Officer of African Life Financial Services (Zambia)

Muna holds numerous directorships in Zambia including that of Chairman of Lafarge Cement Zambia PLC, and a Director of CEC Zambia PLC. Muna is the current Chief Executive Officer of African Life Financial Services (Zambia) Ltd. Muna has over 22 years' experience in the financial services sector. 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 left Anglo American Corporation in 2000 to join AfLife in his current position. He is a past Chairman of the Securities & Exchange Commission of Zambia and the Economics Association of Zambia. Muna sits on the boards of various private and listed companies some of which include Lafarge Cement Zambia PLC (Chair), Southern Sun Ridgeway Ltd Lusaka, Sinyuka Property Development and Management Company Limited.

He holds an MBA from Stirling University in Scotland and a Bachelor's degree in Economics from the University of Zambia.

Kenny H. Makala
Non- Executive Director
Stand 6462, Kariba Road, Kalundu, Lusaka
Legal practitioner

Kenny is also 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 ervices Limited.

William P. Saunders
Non- Executive Director
Jacaranda Walk, Farm 396a/1/2a/30, Makeni, Lusaka

Bill is an experienced financial consultant and Zambian taxation expert with 28 years' experience, mainly in Zambia. Some of his work includes the financial management and negotiation of civil engineering contracts, large scale commercial farming establishment and financial management, project implementation and management and project management work for donors.

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).

Doreen Kabunda
Non- Executive Director
Plot 186 Samfya Street, Kaonga, Mazabuka
Director at Zambia Sugar PLC, and the Chairperson of the Saturnia Regna Board of Trustees

Doreen is the current Director of Human Resources at Zambia Sugar PLC. Doreen joined Zambia Sugar PLC in 1986 as a Management Trainee. 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.

She holds an MBA from the Copperbelt University and a Bachelor's degree in Public Administration from the University of Zambia.

Patrick Wanjelani
Non- Executive Director
5635 Kasiya Crescent, Kalundu, Lusaka
Chief Financial Officer at Barclays Bank Zambia PLC

Patrick is the current Chief Financial Officer at Barclays Bank Zambia PLC. He joined Barclays Bank in 2001 and has recently been appointed a director. He is a Fellow of the Chartered Certified Accountants and the holder of an MBA from Oxford University. He has extensive experience in the financial industry for over 20 years. Patrick was a member of the ZESCO Limited and Rural Electrification Authority Boards and currently sits on the Lusaka Water & Sewerage Company and Southlands Investments Limited Boards. He also sits on the Boards of the Bank's subsidiary, Kafue House Limited.

Deborah A. Bwalya
Non- Executive Director
Plot 6689, Off Silver Close, Riverside Extension, Kitwe
Legal Practitioner

Deborah is Company Secretary of Konkola Copper Mines PLC, a trustee of Konkola Copper Mines PLC Pension Fund and also a director of Gilpher Enterprises Limited.

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 LLB from the University of London and a BA Hons in French from the University of Exeter, UK.

Mark O'Donnell
Non-Executive Director
4940 Los Angeles Boulevard, Lusaka
Managing Director of Union Gold

Mark is currently the Managing Director of the Union Gold Group as well as a member of the Institute of Directors and the current Chairman of the Tourism Council of Zambia.

Before building his own successful business, Mark was the Managing Director of ERZ Holdings, one of Zambia's largest private companies with interests in Engineering, Manufacturing, and Spare Parts.

He left ERZ (Holdings) Ltd in 1996 to start his own company, O'Donnell Holdings with investments in tourism, manufacturing, and trading. This company was later merged into Union Gold (Z) Ltd, a company with a consolidated turnover of K400bn per year and employing 1500 people through the group.

Mark also holds a number of Non-Executive Directorships including Lafarge Zambia Ltd, Madison Life Insurance Company Ltd, Care For Business Medical Centre, Zambia Wildlife Authority 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.

Efi is currently Financial Director of the Union Gold Group, which is one of Zambia's largest private entities. The group has seven Protea Hotels in Zambia and a large construction division. The most recent addition to the Union Gold Group has been the MICA brand in Zambia, now operating two outlets in Lusaka, a third is in the planning stage. The group also has interests in, among others, the SPAR Group in Zambia, a plastics division, a brick manufacturer, and a large national drinks distributor.

Efi served for three years as Wildlife Society Zambia national treasurer and Director of the Wildlife Trust Ltd.

THE BOARD

The Board has met eight times during the year (partly because of the major corporate activity in relation to the Arcades transaction) and continues to oversee the affairs of the Group in a prudent manner. All Directors are required to conform to the Lusaka Stock Exchange Code of Conduct and declarations of interest are recorded at each Board Meeting. The Board maintains various sub-committees of the Board and details of these are provided in the Governance Section of the Annual Report.

The Directors of REIZ also represent the Group on the following subsidiary and associate companies:

ARCADES DEVELOPMENT PLC
Mr. Timothy Mushibwe (Chairman), Mr. Muna Hantuba, Mr. Kenny Makala, Mr. Robin Miller, Mrs. Efi O'Donnell.

DREADNOUGHT INVESTMENTS LTD
Mr. Timothy Mushibwe (Chairman), and Mr. Robin Miller.

PECKERWOOD DEVELOPMENTS LTD
Mr. Timothy Mushibwe (Chairman), and Mr. Robin Miller

THISTLE LAND DEVELOPMENT COMPANY LTD
Mr. Patrick Wanjelani (Chairman), Mr. Kenny Makala, and Mr. Robin Miller.

BURNET INVESTMENTS LTD
Mr. Timothy Mushibwe, Mr. Bill Saunders, and Mr. Robin Miller represent Real Estate Investments Zambia PLC; Mr. Stuart Shaw Taylor, Mr. Rory Roriston and Mr. Anton Marais represent Standard Bank Properties (Pty.) Ltd.

Shareholders will note the consolidation of the results of these companies into the Group's financial statements in this Annual Report.

PERFORMANCE OF THE REIZ GROUP

REIZ has once more produced solid results despite the global matters discussed above. The results for the year show an increase in Turnover from K22.4 billion to K26.8 billion. The operating profit has increased by 19% from K12.9 billion to K15.3 billion during the year. The effect of the acquisition of Arcades Development PLC has seen a major increase in the Group's investment properties from K255 billion to K416 billion. Shareholders will note that, as the transaction was concluded with an effective date of 1st March 2012, only one month's turnover of Arcades are accrued in the results for the year.

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

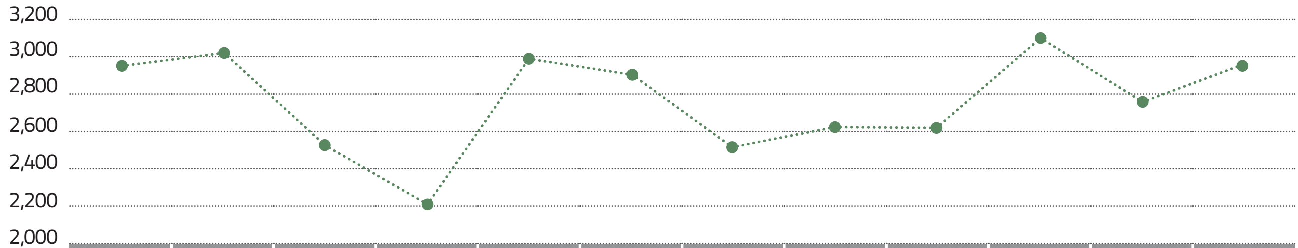
MANAGEMENT OF THE REIZ GROUP

The Board appointed a Management Structure Committee of the Board (MSCB) in 2010 and this committee reported on the recommended structure of the management of REIZ during the course of the year. The Board was pleased to approve the proposals of the MSCB and effective from 1st July 2011 Mr. Robin Miller was appointed as the full time Managing Director of the Group. Mr. Sydney Popota was appointed Company Secretary and Finance Manager whilst other administration staff was engaged on a full time basis. These positions replaced the outsourced services previously provided by City Investments Ltd who resigned on 30th June 2011. The Board wishes to convey it's thanks to City Investments Ltd for their dedicated service to the Group over many years.

SHARE PRICE

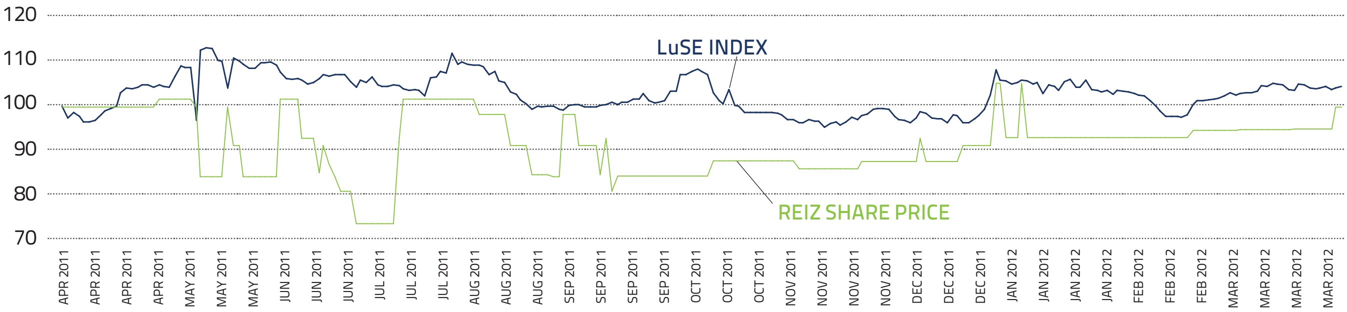
The movement of the share price is shown below.

REIZ SHARE PRICE



	APR '11	MAY '11	JUN '11	JUL '11	AUG '11	SEP '11	OCT '11	NOV '11	DEC '11	JAN '12	FEB '12	MAR '12
REIZ PRICE	2,950	3,000	2,500	2,200	2,999	2,900	2,504	2,604	2,600	3,100	2,751	2,950

REIZ VS LUSE INDEX



THANKS

On behalf of the Board I wish to convey our thanks to all the stakeholders in our Group. Chief among these are of course our customers – tenants of our properties - we wish all tenants continued prosperity. The Board continues to maintain strong relationships with our regulator, the Securities and Exchange Commission (SEC), who continue to provide advice and guidance in the operations of the Group. The SEC and the Lusaka Stock Exchange (LuSE) provided us with efficient cooperation in the necessary approvals for the Arcades Development PLC (ADP) transaction as well as other on-going business exchanges.

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

Timothy Mushibwe
Chairman

GOVERNANCE REPORT

Real Estate Investments Zambia PLC (REIZ) adheres to the highest ethical standards and principles of corporate governance. 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. 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.

COMPOSITION OF THE BOARD

Timothy T. Mushibwe (Chairman), Robin P.S. Miller (Managing Director), Deborah A. Bwalya, Muna Hantuba, Doreen Kabunda, Kenny H. Makala, 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 composition of the Board includes 9 non-executive members and 1 executive member.
- The majority of non-executive directors are considered 'independent'.
- 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 are recommended to, and approved by the Board of REIZ.
- A third of the Board is required under the articles of the company to retire annually.
- 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.

ATTENDANCE AT BOARD MEETINGS

Meeting:	5-4-11	19-5-11	30-6-11	25-8-11	28-10-11	17-11-11	26-1-12	7-3-12	Total
T.T. Mushibwe	√	√	√	√	√	√	√	√	**8/8**
R.P.S. Miller	√	√	√	√	√	√	√	√	**8/8**
D.A. Bwalya	√	√	√	√	√	√		√	**7/8**
D. Kabunda	√	√		√	√		√	√	**6/8**
M. Hantuba	√	√	√					√	**4/8**
K.H. Makala	√		√	√	√	√	√	√	**7/8**
W.P. Saunders	√	√		√		√	√		**5/8**
P. Wanjelani	√	√		√	√	√	√	√	**7/8**
S.M. O'Donnell Appointed 07.03.12	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	**N/A**
E. O'Donnell Appointed 07.03.12	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	**N/A**
Total	**8/8**	**7/8**	**5/8**	**7/8**	**6/8**	**6/8**	**6/8**	**7/8**	

DIRECTORS' SHARE HOLDING INTEREST

The Directors' shareholding interest as at 31 March 2012 is shown in the table below:

	Beneficial		Non-beneficial	
	Direct	Indirect	Direct	Indirect
Executive Directors				
Robin P.S. Miller	300,000	305,006	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
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 held an administration contract with City Investments Limited until 30th June 2011, of which Mr. Robin P.S. Miller is the Managing Director.
- Real Estate Investments Zambia Plc holds a property administration contract with Minerva Property Management Company Ltd, in which City Investments Limited is a shareholder.

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	Executive Committee
Patrick Wanjelani (Chair) Munakupya Hantuba Robin P.S. Miller William P. Saunders	William P. Saunders (Chair) Kenny H. Makala Timothy T. Mushibwe Robin P.S. Miller
Remuneration Committee	**Nomination Committee**
Kenny H. Makala (Chair) Deborah A. Bwalya Munakupya Hantuba Doreen Kabunda	Kenny H. Makala (Chair) Deborah A. Bwalya Doreen Kabunda

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

As reported last year, the Directors appointed a Management Structure Committee of the Board (MSCB) to consider the administrative and management structure of the Group and any changes that may be required to it in acknowledgement of the continued growth of the Group. This committee was made up of the following Directors:

MANAGEMENT STRUCTURE COMMITTEE OF THE BOARD
Doreen Kabunda (Chair)
Kenny H. Makala
Timothy T. Mushibwe
William P. Saunders

Following a detailed review process on the operations of Real Estate Investments Zambia PLC over the past 18 months, which included receiving independent professional advice, the MSCB recommended to the Board the appointment of Mr. Robin P.S. Miller as Managing Director of Farmers House Plc on a full-time basis, which position we are pleased to say he has agreed to take up.

In view of the advice received, the size reached and nature of operations of the Group, the Directors have agreed to bring in-house the administration and asset management of the Group. This has resulted in the engagement of 6 full time staff.

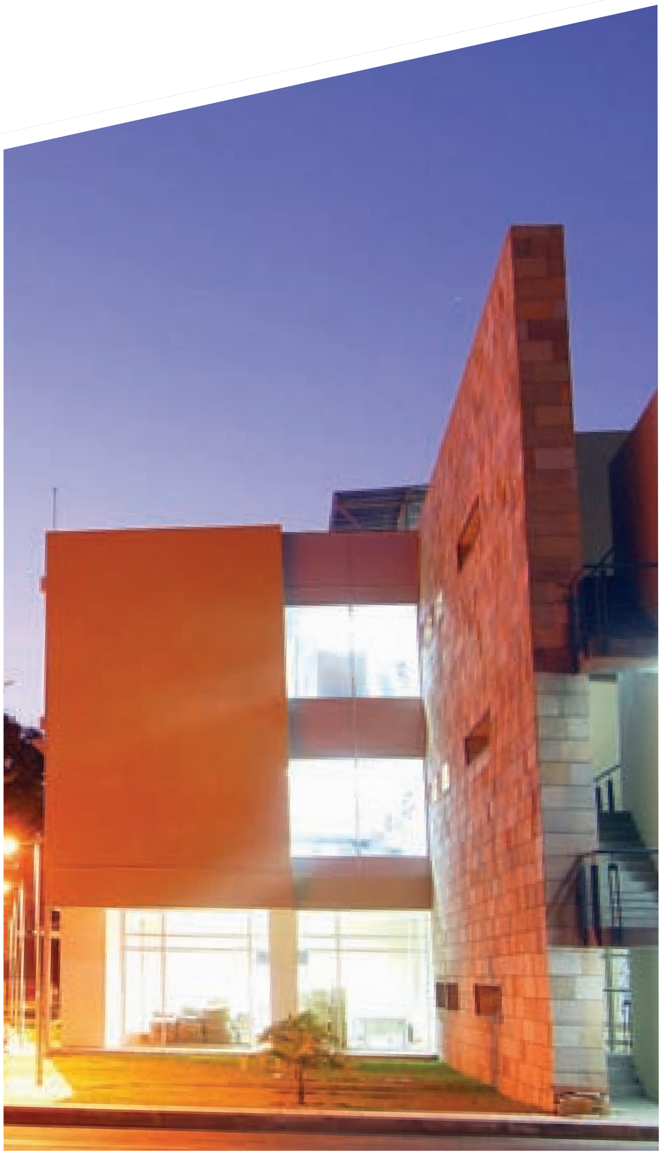
In respect to the property management aspects of the Group, the MSCB reviewed and made recommendations to the Board that this contract be renewed with Minerva Property Management Company Ltd following the re-negotiation of the terms and conditions of that contract. This has been done, and the new terms and conditions for this contract have been approved by the Board. These new administrative and management structures of the Group are now in place and will continue to serve the best interests of the Group.

Independent Committee of the Board (ICB)

In order to adequately assess and manage the proposed acquisition of Arcades Development PLC the Board appointed the following committee:

INDEPENDENT COMMITTEE OF THE BOARD
Timothy T. Mushibwe (Chair)
Kenny H. Makala
Robin P.S. Miller
Patrick Wanjelani

The ICB was extremely busy during the acquisition process and successfully fulfilled this function leading to the distribution of a Circular to shareholders, and the holding of an Extraordinary General Meeting on 27th January 2012 at which the acquisition was approved.



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.

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.

MAJOR SHAREHOLDERS

Real Estate Investments Zambia PLC shareholding currently includes in excess of 180 shareholders. As at 31 March 2012 the top ten REIZ shareholders held approximately 77.9% 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 Group	9,283,379	16.4%
Workers' Compensation Fund	4,514,178	8.0%
BBZ Staff Pension Fund	4,461,458	7.9%
KCM Pension Trust Scheme	3,419,522	6.6%
SCBZ 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	909,601	1.6%
Total for top ten shareholders	**44,009,552**	**77.9%**
Others	12,450,646	22.1%
Total number of shares issued	**56,460,198**	**100%**

Note:

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

CONCLUSION

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

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


CENTRAL
PARK

Real Estate Investments Zambia Plc
(formerly Farmers House Plc)

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

ANNUAL FINANCIAL STATEMENTS

reiz REAL ESTATE INVESTMENTS ZAMBIA PLC

REGISTERED OFFICE:

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

DIRECTORS

Timothy T. Mushibwe (Chairman)
Robin P.S. Miller (Managing Director)
Munakupya Hantuba
Doreen Kabunda
Deborah A. Bwalya
Kenny H. Makala
William P. Saunders
Patrick Wanjelani
S.M. O'Donnell
Efterpi O'Donnell

ALTERNATES

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

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

The Directors are pleased to present their report and audited financial statements for the financial year ended 31 March 2012.

1 Activities

Real Estate Investments Zambia PLC (the Company) is domiciled in Zambia. The address of the Company's registered office is Stand 2713, Cairo Road, P. O Box 30012, Lusaka.

The Company is primarily involved in investment, development and restructuring of commercial and non-commercial property for commercial letting.

During the year, the Company changed its name from Farmers House Plc to Real Estate Investments Zambia PLC (REIZ). Real Estate Investments Zambia PLC aslo acquired all the shares of Arcades Development PLC (Arcades). As a result Real Estate Investments Zambia PLC is the new parent and ultimate controlling party of Arcades.

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. During the year, 13,714,286 new ordinary shares were issued for K3,500. The nominal value was K1 resulting in a share premium of K48 billion. This was based on the special resolution dated 27 January 2012.

3 Results for the Year

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

	GROUP		COMPANY	
In Millions of Zambian Kwacha	**2012**	2011 Restated	**2012**	2011 Restated
Revenue	**26,847**	22,443	**22,754**	20,888
Results from operating activities	**62,524**	25,551	**48,604**	21,892
Profit before taxation	**59,153**	18,954	**40,542**	14,830
Income tax expense	**(16,635)**	(5,434)	**(14,086)**	(5,820)
Profit for the year	**42,518**	13,520	**26,456**	9,010

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
S. Mark O'Donnell
Efterpi O'Donnell

ALTERNATES

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

SECRETARY

Sydney Popota
P O Box 30012
Lusaka

6 Directors' Fees

Directors' fees of K1,249 million were paid during the year (2011: K1,518 million).

7 Loans to Directors

There were no loans advanced to the Directors during the year (2011: Nil).

8 Health and Safety

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

9 Employees

During the year, there were six employees (2011: one).

10 Property, Plant and Equipment

The Group acquired property, plant and equipment worth K3,707 million during the year (2011 – K86 million). In the opinion of the Directors, the recoverable amounts of property, plant and equipment are worth 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 59 to 109 have been approved by the Directors.

13 Prior Year Adjustments

The 2011 financial statements have been restated due to recognition of deferred tax on investment property fair valuation which had not been accounted for in prior years. The impact of this adjustment has resulted in the earnings per share reducing from K419.31 as previously reported, to K316.29 as restated. The diluted earnings per share has reduced from K412.14 as previously reported to K313.69 as restated. Details of the prior year adjustments are included in note 32.

14 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. Please see separate Governance Report.

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

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 March 2012, and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and 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' responsibility also includes 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 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 59 to 109 were approved by the Board of Directors on **22 May 2012** and signed on its behalf by:

Director	Director

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 as at 31 March 2012, and the statements of comprehensive income, the statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 59 to 109.

Directors' responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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, the financial statements present fairly, in all material respects, the Group and Company financial position of Real Estate Investments Zambia Plc at 31 March 2012, and its Group and Company financial performance and Group and Company cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Zambia.

Report on other legal and regulatory requirements

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

KPMG

KPMG Chartered Accountants
Lusaka, Zambia

23 May **2012**

Jason Kazilimani, Jr
Partner

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

In Millions of Zambian Kwacha	NOTE	GROUP 2012	GROUP 2011 Restated	COMPANY 2012	COMPANY 2011 Restated
Gross rental income	7a	**26,847**	22,443	**22,754**	20,888
Property operating expenses	13d	**(6,347)**	(4,372)	**(5,638)**	(4,234)
Net rental income		**20,500**	18,071	**17,116**	16,654
Change in fair value of investment property	13	**47,212**	12,580	**35,881**	10,304
Other operating income	7b	**21**	-	**-**	-
Administrative expenses	12	**(5,209)**	(5,100)	**(4,393)**	(5,066)
Results from operating activities		**62,524**	25,551	**48,604**	21,892
Finance income		**210**	1,154	**210**	989
Finance cost		**(8,880)**	(8,074)	**(8,272)**	(8,051)
Net finance cost	9	**(8,670)**	(6,920)	**(8,062)**	(7,062)
Profit from equity accounted investees (net of tax)	17	**5,299**	323	**-**	-
Profit before income tax		**59,153**	18,954	**40,542**	14,830
Income tax expense	10	**(16,635)**	(5,434)	**(14,086)**	(5,820)
Profit for the year		**42,518**	13,520	**26,456**	9,010
Profit attributable to:					
Owners of the Company		**42,518**	13,520	**26,456**	9,010
Earnings per share					
Basic earnings per share (Kwacha)	11	**968.28**	316.29	**602.50**	210.78
Diluted earnings per share (Kwacha)	11	**937.51**	313.69	**587.51**	212.76

There were no items of other comprehensive income during the year (2011: Nil).

The notes on pages 65 to 109 are an integral part of these financial statements.

In Millions of Zambian Kwacha	*NOTE*	31 MARCH 2012	31 MARCH 2011 RESTATED	1 APRIL 2010 RESTATED
Assets				
Plant and equipment	15	**6,596**	4,787	5,373
Rental income receivable	16	**9,305**	3,985	3,138
Investment property	13	**415,587**	255,494	224,577
Investment property under development	14	**41,480**	596	-
Investment in equity accounted investee	27	**6,735**	1,449	546
Amount due from equity accounted investee	25b	**11,438**	5,909	3,013
Goodwill	18	**32,901**	2,703	-
Total non-current assets		**524,042**	274,923	236,647
Trade and other receivables	19a	**4,419**	2,593	2,939
Prepayments and deposits	19b	**871**	7,032	4,948
Tax recoverable	10e	**-**	756	-
Cash and cash equivalents	20	**6,563**	17,098	34,857
Total current assets		**11,853**	27,479	42,744
Total assets		**535,895**	302,402	279,391
Equity				
Share capital	21	**57**	43	43
Share premium		**90,848**	42,862	42,862
Retained earnings		**162,060**	125,038	115,640
Total equity attributable to equity holders of the parent		**252,965**	167,943	158,545
Liabilities				
Convertible redeemable cumulative preferred shares	21	**7,824**	7,824	7,824
Corporate bonds	22a	**60,865**	48,888	-
Long-term loans	22b	**79,050**	-	-
Security deposits	22c	**4,109**	1,639	-
Deferred taxation	10c	**116,395**	70,623	64,306
Total non-current liabilities		**268,243**	128,974	72,130
Short term loan		**-**	-	43,365
Trade and other payables	23	**13,825**	5,485	4,345
Tax payable	10e	**862**	-	1,006
Total current liabilities		**14,687**	5,485	48,716
Total liabilities		**282,930**	134,459	120,846
Total equity and liabilities		**535,895**	302,402	279,391

The financial statements on pages 59 to 109 were approved by the Board of Directors on **22 May 2012** and were signed on its behalf by:

PATRICK WANJELANI (DIRECTOR)

WILLIAM P. SAUNDERS (DIRECTOR)

The notes on pages 65 to 109 are an integral part of these financial statements.

In Millions of Zambian Kwacha	*NOTE*	31 MARCH 2012	31 MARCH 2011 RESTATED	1 APRIL 2010 RESTATED
Assets				
Plant and equipment	*15*	**6,381**	4,338	5,373
Rental income receivable	*16*	**8,366**	3,942	3,138
Investment property	*13*	**288,503**	234,979	224,577
Investment property under development	*14*	**3,900**	596	-
Other investments	*27*	**147,259**	13,008	5
Amount due from equity accounted investee	*25b*	**11,438**	5,909	3,013
Total non-current assets		**465,847**	262,772	236,106
Trade and other receivables	*19a*	**7,757**	8,940	2,949
Prepayments and deposits	*19b*	**861**	6,976	4,948
Tax recoverable	*10e*	**744**	708	-
Cash and cash equivalents	*20*	**3,307**	16,162	34,857
Total current assets		**12,669**	32,786	42,754
Total assets		**478,516**	295,558	278,860
Equity				
Share capital	*21*	**57**	43	43
Share premium		**90,848**	42,862	42,862
Retained earnings		**142,990**	121,450	117,142
Total equity attributable to equity holders of the parent		**233,895**	164,355	160,047
Liabilities				
Convertible redeemable cumulative preferred shares	*21*	**7,824**	7,824	7,824
Corporate bonds	*22a*	**60,865**	48,888	-
Long-term loans	*22b*	**79,050**	-	-
Security deposits	*22c*	**3,080**	1,477	-
Deferred taxation	*10c*	**81,028**	66,941	61,656
Total non-current liabilities		**231,847**	125,130	69,480
Short term loan		**-**	-	43,365
Trade and other payables	*23*	**12,774**	6,073	4,962
Tax payable	*10e*	**-**	-	1,006
Total current liabilities		**12,774**	6,073	49,333
Total liabilities		**244,621**	131,203	118,813
Total equity and liabilities		**478,516**	295,558	278,860

The financial statements on pages 59 to 109 were approved by the Board of Directors on **22 May 2012** and were signed on its behalf by:

PATRICK WANJELANI (DIRECTOR)

WILLIAM P. SAUNDERS (DIRECTOR)

The notes on pages 65 to 109 are an integral part of these financial statements.

	GROUP			
In Millions of Zambian Kwacha	**SHARE CAPITAL**	**SHARE PREMIUM**	**RETAINED EARNINGS**	**TOTAL**
At 1 April 2010	43	42,862	177,449	220,354
Prior period adjustment (Note 32)	-	-	(61,809)	(61,809)
At 1 April 2011 Restated	43	42,862	115,640	158,545
Total comprehensive income for the period - Profit for the year	-	-	13,520	13,520
Transactions with owners recorded directly in equity Dividends paid (note 21)	-	-	(4,702)	(4,702)
At 31 March 2012	43	42,862	124,458	167,363
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

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

In Millions of Zambian Kwacha	COMPANY			
	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TOTAL
At 1 April 2010	43	42,862	175,721	218,626
Prior period adjustment (Note 32)	-	-	(58,579)	(58,579)
At 1 April 2011 Restated	43	42,862	117,142	160,047
Total comprehensive income for the period - Profit for the year	-	-	9,010	9,010
Transactions with owners recorded directly in equity Dividends paid (note 21)	-	-	(4,702)	(4,702)
At 31 March 2012	43	42,862	121,450	164,355
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

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.

ANNUAL FINANCIAL STATEMENTS

The notes on pages 65 to 109 are an integral part of these financial statements.

In Millions of Zambian Kwacha	NOTE	GROUP 2012	GROUP 2011	COMPANY 2012	COMPANY 2011
Cash flows from operating activities					
Profit for the period		**42,518**	13,520	**26,456**	9,010
Adjustment for:					
- Depreciation	*15*	**1,684**	1,109	**1,664**	1,122
- Share of profit of equity accounted investee	*17*	**(5,299)**	(323)	**-**	-
- Change in fair value of investment property	*13*	**(47,212)**	(12,580)	**(35,881)**	(10,304)
- Net finance (income) / cost	*9*	**8,670**	6,920	**8,062**	7,062
- Income tax expense	*10a*	**16,635**	5,434	**14,086**	5,820
		16,996	14,080	**14,387**	12,710
Change in trade and other receivables		**(7,146)**	(500)	**(3,241)**	(1,189)
Change in prepayments and deposits		**6,161**	(2,084)	**6,115**	(2,028)
Change in trade and other payables		**10,811**	2,777	**8,305**	2,586
		26,822	14,273	**25,566**	12,079
Income tax paid	*10e*	**(287)**	(2,248)	**(36)**	(2,248)
Net cash from operating activities		**26,535**	12,025	**25,530**	9,831
Cash flows from investing activities					
Interest received	*9*	**210**	764	**210**	713
Acquisition of subsidiary	*27*	**(83,596)**	(19,829)	**(83,596)**	(20,024)
Equity loan to equity accounted investee	*25b*	**(4,578)**	(3,083)	**(4,578)**	(3,083)
Acquisition of plant and equipment	*15*	**(3,707)**	(86)	**(3,707)**	(86)
Acquisition of investment property	*13*	**(17,643)**	(98)	**(17,643)**	(98)
Development of investment property	*14*	**(3,304)**	(596)	**(3,304)**	(596)
Net cash used in investing activities		**(112,618)**	(22,928)	**(112,618)**	(23,174)
Cash flows from financing activities					
Coupon interest on preferred stock	*9*	**(777)**	(784)	**(777)**	(784)
Corporate bond interest paid		**(4,650)**	-	**(4,650)**	-
Short-term commercial paper interest paid	*9*	**-**	(5,009)	**-**	(5,009)
Dividend paid	*21*	**(4,916)**	(4,702)	**(4,916)**	(4,702)
Proceeds from issue of a short-term commercial paper		**-**	996	**-**	996
Redemption of short term commercial paper		**-**	(44,314)	**-**	(44,314)
Proceeds from long-term borrowing	*22b*	**80,100**	-	**80,100**	-
Proceeds from issue of a corporate bond	*22a*	**6,570**	48,832	**6,570**	48,832
Net cash from/(used in) financing activities		**76,327**	(4,981)	**76,327**	(4,981)
Net decrease in cash and cash equivalents		**(9,756)**	(15,884)	**(10,761)**	(18,324)
Cash and cash equivalents at 1 April	*20*	**17,098**	34,857	**16,162**	34,857
Effect of exchange rate fluctuations on cash held		**(779)**	(1,875)	**(2,094)**	(371)
Cash and cash equivalents at 31 March	*20*	**6,563**	17,098	**3,307**	16,162

The notes on pages 65 to 109 are an integral part of these financial statements.

1 Reporting Entity

Real Estate Investments Zambia PLC (the Company) is domiciled in Zambia. The address of the Company's registered office is Real Estate Investments Zambia PLC, Stand 2713, Cairo Road, Lusaka. The Company is primarily involved in investment, development and restructuring of commercial and non-commercial property for commercial letting.

2 Basis of Preparation

(a) Statement of Compliance

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

The consolidated financial statements were authorised for issue by the Board of Directors on 22 May 2012.

(b) Basis of Measurement

The consolidated 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 Group's functional currency. All financial information presented in Zambian Kwacha has been rounded to the nearest million.

(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 this financial year, and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated 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.

3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated 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 the statement of comprehensive income. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in the statement of comprehensive income.

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.

(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.

3 Significant Accounting Policies *(continued)*

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

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

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. 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 associates and jointly controlled entities are accounted for using the equity method and are recognised initially at cost. The cost of the investment 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 significant influence or joint control commences until the date that significant influence or 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 discounted except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(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.

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, except for differences arising on the retranslation of available-for-sale equity instruments, (if any) which are recognised directly in equity.

(c) Financial Instruments

(i) Non-Derivative Financial Assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date at which the Group becomes party to the contractual provisions of the instrument.

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 following categories: financial assets at fair value through profit or loss, held to maturity financial assets, loans and receivables and available for sale financial assets.

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. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, 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.

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. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour,
- any other costs directly attributable to bringing the asset to a working condition for its intended use,
- when the Group has the obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

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) Reclassification to Investment Property

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

(iii) 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.

(iv) Depreciation

Items of property and equipment are depreciated 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. Land is not depreciated.

Items of property and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

3 Significant Accounting Policies *(continued)*

(d) Plant and Equipment *(continued)*

Depreciation *(continued)*

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

- Furniture, fittings and office equipment — 4 years
- Plant and equipment — 4 – 10 years

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.

(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 profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

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.

(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 cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property. At the date of transfer, the difference between fair value and cost is recorded 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 and indicates that the debtor or issuer will enter bankruptcy.

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 asset 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 and loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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 and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount.

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 provision 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.

3

Significant Accounting Policies *(continued)*

(k) 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 from other property is recognised as other income.

(l) 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, dividends on preference shares classified as liabilities and impairment losses recognised on financial assets that are recognised through profit or loss. 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.

Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets 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.

(m) 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.

3

Significant Accounting Policies *(continued)*

(n) 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. A 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 of the 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.

(o) 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 cumulative preference shares.

(p) 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.

Segment results that are reported to the Group Chief Operating Decision Maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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 2011, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Group, except for IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, which becomes mandatory for the Group's 2016 and 2014 financial statements respectively and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

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 consolidated financial statements for the Group has not yet been quantified.

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

EFFECTIVE DATE	STANDARD, AMENDMENT OR INTERPRETATION	SUMMARY OF REQUIREMENTS
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 entitys 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.

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) Property & Equipment

The fair value of property and equipment recognised as a result of a business combination is the estimated amount for which a property 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 company, 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 yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation. In making its judgement the valuer gathers information from a variety of sources including:

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.

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

(b) Trade and Other Receivables

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

5 Determination of Fair Values *(continued)*

(c) 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 consolidated 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 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.

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 customer is analysed individually for creditworthiness before entering into a lease agreement.

More than 85 percent of the Group's customers 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 and investments. The allowance is a specific loss component that relates to individual exposures.

6 Financial Risk Management *(continued)*

(b) Liquidity Risk

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

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

(c) Market Risk

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

(i) Currency Risk

The Group is exposed to currency risk on rental income and purchases that are denominated in a currency other than the functional currency of Group entities, primarily the Zambian Kwacha (ZMK). The currencies in which these transactions primarily are denominated are ZMK and 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 most of its financial liabilities are held on a zero or fixed rate basis.

6 Financial Risk Management *(continued)*

(d) Operational Risk

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

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

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

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

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

(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 Company'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.

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	
	2012	2011	**2012**	2011
Borrowings				
Convertible redeemable cumulative preferred shares	**7,824**	7,824	7,824	7,824
Corporate bonds	**60,865**	48,888	**60,865**	48,888
Long-term loans	**79,050**	-	**79,050**	-
Total borrowings	**147,739**	56,712	**147,739**	56,712
Tangible net worth				
Total equity attributable to equity holders	**252,965**	167,943	**233,895**	164,355
Deferred tax liability	**116,395**	70,623	**81,028**	66,941
Proposed final dividend	**(2,823)**	(2,779)	**(2,823)**	(2,779)
Goodwill	**(32,901)**	(2,703)	**-**	-
Total tangible net worth	**333,636**	233,084	**312,100**	228,517
Total borrowings to tangible net worth ratio at 31 March	**44.28%**	24.33%	**47.34%**	24.82%

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	
	2012	2011	**2012**	2011
Real Estate Investments Zambia Plc	**22,754**	20,888	**22,754**	20,888
Thistle Land Development Company Limited	**2,708**	1,555	**-**	-
Arcades Development Plc	**1,385**	-	**-**	-
Gross rental income	**26,847**	22,443	**22,754**	20,888

(b) Operating Income

	GROUP		COMPANY	
	2012	2011	**2012**	2011
Arcades Development Plc	**21**	-	**-**	-

8 Staff Costs and Directors' Remuneration

		GROUP		COMPANY	
	NOTE	**2012**	2011	**2012**	2011
Directors fees (included in administrative expenses)	*12*	**1,249**	1,518	**1,190**	1,503
Salaries	*12*	**2,541**	1,653	**2,541**	1,653
Total		**3,790**	3,171	**3,731**	3,156

There were six employees during the year (2011: one).

9 Net Financing Costs

	GROUP		COMPANY	
	2012	2011	**2012**	2011
Interest income on bank deposits	**210**	764	**210**	713
Net foreign exchange gain on operating activities	**-**	390	**-**	276
Total finance income	**210**	1,154	**210**	989
Net foreign exchange loss on operating activities	**(3,245)**	-	**(2,637)**	-
Interest on short term loans	**-**	(5,009)	**-**	(5,009)
Interest on long term loans	**(4,858)**	(2,281)	**(4,858)**	(2,258)
Coupon interest on preferred stock	**(777)**	(784)	**(777)**	(784)
Interest expense on finance liabilities	**(8,880)**	(8,074)	**(8,272)**	(8,051)
Net financing income/(cost)	**(8,670)**	(6,920)	**(8,062)**	(7,062)

10 Taxation

(a) Income Tax Expense

	GROUP		COMPANY	
	2012	2011	**2012**	2011
Current tax expense	**997**	552	**-**	534
Deferred tax expense	**15,638**	4,882	**14,086**	5,286
Total income tax expense recognised in statement of comprehensive income	**16,635**	5,434	**14,086**	5,820

(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			
	2012		2011		**2012**		2011	
Profit for the period		**42,518**		13,520		**26,456**		9,010
Total income tax expense		**16,635**		5,434		**14,086**		5,820
Profit excluding income tax		**59,153**		18,954		**40,542**		14,830
Tax on accounting profit	35%	**20,703**	35%	6,634	35%	**14,190**	35%	5,190
Non-deductible expenses	0%	**(104)**	1%	259	0%	**(104)**	2%	259
Tax losses brought forward	0%	**(78)**	0%	-	0%	**-**	0%	-
Prior year adjustment of deferred tax on fair value adjustment	(3)%	**(2,031)**	(4)%	(672)	0%	**-**	7%	1,018
Difference in effective tax rate of equity accounted investee	(3)%	**(1,855)**	0%	(113)	0%	**-**	0%	-
Prior year adjustment of deferred rental income	0%	**-**	0%	(674)	0%	**-**	(4)%	(647)
Total income tax expense	29%	**16,635**	29%	5,434	35%	**14,086**	39%	5,820

(c) Recognised Deferred Tax Assets and Liabilites

Deferred tax liabilities are attributable to the following:

	ASSETS		LIABILITES		NET	
	2012	2011	**2012**	2011	**2012**	2011
Plant and equipment	**-**	-	**3,828**	3,086	**3,828**	3,086
Exchange differences	**-**	-	**205**	44	**205**	44
Straight-line lease income	**-**	-	**2,754**	1,938	**2,754**	1,938
Tax losses	**(222)**	(78)	**-**	-	**(222)**	(78)
Revaluation of investment property	**-**	-	**109,830**	65,633	**109,830**	65,633
	(222)	(78)	**116,617**	70,701	**116,395**	70,623

10 Taxation *(continued)*

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

2012 GROUP	Balance 1 April 2011	Recognised through business combination	Recognised in profit or loss	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

2011 GROUP	Balance 1 April 2010	Recognised through business combination	Recognised in equity	Balance 31 March 2011
Plant and equipment	2,470	258	358	3,086
Tax losses	-	(474)	396	(78)
Exchange differences	(57)	(122)	223	44
Straight-line lease income	664	-	1,274	1,938
Revaluation of investment property	61,229	1,773	2,631	65,633
	64,306	1,435	4,882	70,623

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

2012 COMPANY	Balance 1 April 2011	Recognised in profit or loss	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

2011 COMPANY	Balance 1 April 2010	Recognised in equity	Balance 31 March 2011
Plant and equipment	2,470	462	2,932
Exchange differences	(57)	(18)	(75)
Straight-line lease income	664	1,236	1,900
Revaluation of investment property	58,579	3,606	62,185
	61,656	5,286	66,942

10 Taxation *(continued)*

(e) Statement of Financial Position Current Income Tax Movement

	GROUP		COMPANY	
	2012	2011	**2012**	2011
Balance at 1 April	**(756)**	1,006	**(708)**	1,006
Tax due to business combination	**908**	(66)	**-**	-
Current tax expense	**997**	552	**-**	534
	1,149	1,492	**(708)**	1,540
Less: Tax paid	**(287)**	(2,248)	**(36)**	(2,248)
Balance at 31 March	**862**	(756)	**(744)**	(708)

11 Earnings Per Share

Basic Earnings Per Share

The calculation of the Group basic earnings per share at 31 March 2012 was based on the profit attributable to ordinary shareholders of K42.5 billion (2011: K13.5 billion) and weighted average number of ordinary shares during the year ended 31 March 2012 of 43,910,687 (2011: 42,745,912).

	GROUP		COMPANY	
	2012	2011 Restated	**2012**	2011 Restated
Profit attributable to ordinary shares	**42,518**	13,520	**26,456**	9,010
Weighted average number of ordinary shares				
Issued at 1 April	**42,745,912**	42,745,912	**42,745,912**	42,745,912
Issued during the year - 13,714,286	**1,164,775**	-	**1,164,775**	-
Weighted average number of ordinary shares at 31 March	**43,910,687**	42,745,912	**43,910,687**	42,745,912

Diluted Earnings Per Share

Profit attributable to ordinary shareholders of K43,023,000,000 (2011: K14,030,000,000) and weighted average number of ordinary shares during the year of 45,890,591 (2011: 44,725,816).

	GROUP		COMPANY	
	2012	2011 Restated	**2012**	2011 Restated
Profit attributable to ordinary shares				
Profit attributable to ordinary shares (basic)	**42,518**	13,520	**26,456**	9,010
Coupon interest on preferred stock	**505**	510	**505**	510
Profit attributable to ordinary shares (diluted)	**43,023**	14,030	**26,961**	9,520
Weighted average number of ordinary shares				
Issued at 1 April	**43,910,687**	42,745,912	**43,910,687**	42,745,912
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 March	**45,890,591**	44,725,816	**45,890,591**	44,725,816

12 Administration Expenses

	GROUP		COMPANY	
	2012	2011	**2012**	2011
Accounting and administration fees	348	1,009	348	1,019
Administrative costs appropriation	-	-	*(564)	-
Advertising and promotion	52	103	52	103
Taxation fees	60	35	31	30
Salaries	2,541	1,653	2,541	1,653
Audit fees	379	172	229	153
Secretarial fees	14	12	14	12
Computer expenses	101	27	101	27
Donations	12	12	12	12
Listing fees	77	65	77	65
Printing and stationery	106	52	106	52
Telephone and postage	59	61	58	61
Bank charges	63	39	51	34
Directors' fees (note 8)	1,249	1,518	1,190	1,503
Board expenses	44	64	44	64
Medical and staff welfare	22	-	22	-
Workers compensation	2	-	2	-
Motor vehicle expenses	28	-	27	-
Medical levies	2	5	2	5
Valuation fees	-	29	-	29
Consultancy	49	243	49	243
Annual returns filling fees	1	1	1	1
	5,209	5,100	4,393	5,066

** This relates to the allocation of administrative expenses incurred centrally, to the other group companies as per policy introduced in 2012.*

13 Investment Property

	GROUP		COMPANY	
	2012	2011	**2012**	2011
At valuation:				
Balance at 1 April	**255,494**	224,577	**234,979**	224,577
Acquisition through business combination	**97,520**	18,239	**-**	-
Additions	**17,643**	98	**17,643**	98
Change in fair value	**44,930**	12,580	**35,881**	10,304
At 31 March	**415,587**	255,494	**288,503**	234,979
Reconciliation of change in fair value	**2012**	**2011**	**2012**	**2011**
- Fair value adjustment	**47,161**	14,150	**38,126**	11,899
- Less straight lining income	**(2,229)**	(1,570)	**(2,245)**	(1,595)
- Fair value on investment property under development (note 14)	**2,280**	-	**-**	-
Net change in fair value of investment properties	**47,212**	12,580	**35,881**	10,304

(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 March 2012 at K416 billion (2011: K255 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	
	2012	2011	**2012**	2011
- One year	**8% - 11%**	8% - 11%	**8% - 11%**	8% - 11%

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

	GROUP		COMPANY	
	2012	2011	**2012**	2011
Falling due within				
- One year	**43,567**	24 383	**25,171**	21,967
- 2 - 5 years	**48,103**	26 921	**27,791**	24,253
- Over 5 years	**50,027**	29 559	**28,903**	26,618

13 Investment Property *(continued)*

(d) Property Operating Expenses

	GROUP		COMPANY	
	2012	2011	**2012**	2011
Property management expenses (note 25 (d))	**1,026**	721	**698**	701
Impairment provision charge	**192**	-	**192**	-
Repairs & maintenance	**825**	915	**759**	884
Letting costs (note 25 (d))	**205**	13	**187**	13
Electricity and water	**374**	242	**349**	217
Rates and lease rental	**671**	407	**546**	386
Security	**543**	403	**487**	395
Cleaning and refuse removal	**219**	128	**218**	112
Insurance	**467**	408	**431**	380
Depreciation expense (note 15)	**1,684**	1,109	**1,664**	1,121
Legal and professional expenses	**66**	22	**65**	23
Fire protection	**11**	4	**10**	2
Valuation fees	**64**	-	**32**	-
	6,347	4,372	**5 638**	4,234

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	
	2012	2011	**2012**	2011
Balance at 1 April	**596**	-	**596**	-
Costs capitalised	**3,304**	596	**3,304**	596
Acquisition through business combination	**35,300**	-	**-**	-
Change in fair value	**2,280**	-	**-**	-
Balance at 31 March	**41,480**	596	**3,900**	596

15. Property, Plant and Equipment
GROUP

	Plant and equipment	Leasehold plant and equipment	Furniture, fittings and office equipment	Motor vehicles	Fixtures and fittings	Leasehold fixtures and fittings	Total
Cost							
At 1 April 2010	3,992	348	74	-	3,025	3,625	11,064
Additions	86	-	-	-	-	-	86
Acquisition through business combination	334	-	1,414	-	-	-	1,748
At 31 March 2011	4,412	348	1,488	-	3,025	3,625	12,898
At 1 April 2011	**4,412**	**348**	**1,488**	**-**	**3,025**	**3,625**	**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	**12,604**	**348**	**2,696**	**369**	**6,715**	**3,625**	**26,357**
Depreciation							
At 1 April 2010	1,089	278	75	-	1,169	3,080	5,691
Acquisition through business combination	333	-	1,397	-	-	-	1,730
Charge for the year	422	35	(12)*	-	302	362	1,109
At 31 March 2011	1,844	313	1,460	-	1,471	3,442	8,530
At 1 April 2011	**1,844**	**313**	**1,460**	**-**	**1,471**	**3,442**	**8,530**
Acquisition through business combination	**6,514**	**-**	**667**	**-**	**2,366**	**-**	**9,547**
Charge for the year	**810**	**35**	**244**	**111**	**302**	**182**	**1,684**
At 31 March 2012	**9,168**	**348**	**2,371**	**111**	**4,139**	**3,624**	**19,761**
Carrying amount							
At 31 March 2012	**3,436**	**-**	**325**	**258**	**2,576**	**1**	**6,596**
At 31 March 2011	2,987	36	29	-	1,553	182	4,787
At 1 April 2010	2,903	70	-	-	1,855	545	5,373

Included in plant and equipment are fully depreciated assets with a cost of K14,888.4 million (2011: K3,945.9 million).

**This was a recovery of over depreciated assets acquired through business combination.*

15. Property, Plant and Equipment

COMPANY

	Plant and equipment	Leasehold plant and equipment	Furniture, fittings and office equipment	Motor vehicles	Fixtures and fittings	Leasehold fixtures and fittings	Total
Cost							
At 1 April 2010	3,992	348	74	-	3,025	3,625	11,064
Additions	86	-	-	-	-	-	86
At 31 March 2011	4,078	348	74	-	3,025	3,625	11,150
At 1 April 2011	**4,078**	**348**	**74**	**-**	**3,025**	**3,625**	**11,150**
Additions	**1,678**	**-**	**163**	**369**	**1,497**	**-**	**3,707**
At 31 March 2012	**5,756**	**348**	**237**	**369**	**4 522**	**3,625**	**14,857**
Depreciation							
At 1 April 2010	1,089	278	74	-	1,169	3,080	5,690
Charge for the year	422	35	-	-	303	362	1,122
At 31 March 2011	1,511	313	74	-	1,472	3,442	6,812
At 1 April 2011	**1,511**	**313**	**74**	**-**	**1,472**	**3,442**	**6,812**
Charge for the year	**809**	**35**	**49**	**111**	**478**	**182**	**1,664**
At 31 March 2012	**2,320**	**348**	**123**	**111**	**1,950**	**3,624**	**8,476**
Carrying amount							
At 31 March 2012	**3,436**	**-**	**114**	**258**	**2,573**	**-**	**6,381**
At 31 March 2011	2,567	35	-	-	1,553	183	4,338
At 1 April 2010	2,903	70	-	-	1,855	545	5,373

Included in plant and equipment are fully depreciated assets with a cost of K4,470.3 million (2011: K2,217.5 million).

16 Rental Income Receivable

	GROUP		COMPANY	
	2012	2011	2012	2011
Balance at 1 April	5,534	3,138	5,428	3,138
Acquisition through business combination	**1,377**	129	**-**	-
Effect of straight lined lease receivables	**2,335**	1,570	**2,245**	1,595
Effect of movement in exchange rates	**791**	697	**777**	695
	10,037	5,534	**8,450**	5,428
Non current	**9,305**	3,985	**8,366**	3,942
Current (note 19 (a))	**732**	1,549	**84**	1,486
Balance at 31 March	**10,037**	5,534	**8,450**	5,428

17 Equity Accounted investees

The Group's share of profit in its equity accounted investee (Burnet Investments Limited) for the year was K5,299 million (2011: K323 million).

Summary financial information (in millions of Zambian Kwacha)	2012	2011
Non-current assets	**72,042**	39,066
Current assets	**3,708**	5,088
Total assets	**75,750**	44,154
Non-current liabilities	**36,049**	41,184
Current liabilities	**2,615**	43
Total liabilities	**38,664**	41,227
Revenues	**3,411**	21
Expenses	**(1,715)**	(184)
Exchange loss	**(2,468)**	831
Change in fair value of investment property	**16,650**	-
Income tax expense	**(5,064)**	(7)
Profit for the year	**10,814**	661
Share of profit (49%)	**5,299**	323

18 Goodwill

	GROUP		COMPANY	
	2012	2011	**2012**	2011
Balance at 1 April	**2,703**	-	**-**	-
Acquisition through business combination (note 29)	**30,198**	2,703	**-**	-
Balance at 31 March	**32,901**	2,703	**-**	-

The directors have performed an impairment assessment of goodwill and in their view, goodwill is not impaired on consolidation.

19 *(a) Trade and Other Receivables*

	GROUP		COMPANY	
	2012	2011	**2012**	2011
Trade receivables	**1,038**	756	**434**	429
Receivable recognised on straight-lining of lease income (note 16)	**732**	1,549	**84**	1,486
Related party balances (note 25(a))	**-**	-	**5,460**	6,830
Other receivables	**2,649**	288	**1,779**	195
	4,419	2,593	**7,757**	8,940

There were no specific repayment terms and conditions for the related party balances, which are all interest free.

The Group's exposure to credit and currency risks related to trade receivable is disclosed in note 26.

(b) Prepayments and Deposits

	GROUP		COMPANY	
	2012	2011	**2012**	2011
Prepayments	**871**	1,187	**861**	2,028
Deposit for investment property	**-**	5,845	**-**	4,948
	871	7,032	**861**	6,976

20 Cash and Cash Equivalents

	GROUP		COMPANY	
	2012	2011	**2012**	2011
Cash and bank balances:				
Bank balances	**6,292**	2 303	**3 036**	1 368
Cash on hand	**1**	-	**1**	-
	6,293	2 303	**3 037**	1 368
Short term deposits:				
Standard Chartered - ZMK	**265**	10 099	**265**	10 099
Standard Chartered - USD	**-**	4 696	**-**	4 695
Stanbic - USD	**5**	-	**5**	-
	270	14 795	**270**	14 794
Cash and cash equivalents in the statement of cash flows	**6 563**	17 098	**3 307**	16 162

The Group's exposure to credit, currency and interest rate risks related to cash and cash equivalents is disclosed in note 26.

21 Share Capital

	GROUP		COMPANY	
	2012	2011	**2012**	2011
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 - 42,745,912 ordinary shares of K1 each	**43**	43	**43**	43
Issued during the year - 13,714,286	**14**	-	**14**	-
At 31 March 56,460,198 (2011: 42,745,912) ordinary shares of K1 each	**57**	43	**57**	43

Issue of Ordinary Shares

In January 2012, an extraordinary general meeting of shareholders approved the issue of 13,714,286 ordinary shares of K1.00 each at an exercise price of K3,500 per share (2011: nil).

The shares were issued as part of the consideration for the acquisition of Arcades Development Plc (see note 27).

The shares are secured against the loans from Investec Asset Management (Property) Limited and African Life Financial Services (Zambia) Limited (See note 22b).

21 Share Capital *(continued)*

	GROUP		COMPANY	
	2012	2011	**2012**	2011
Dividends				
Interim dividend of K50.00 per ordinary share for the year ended 31 March 2012 (2011: K50.00)	**2,137**	2,137	**2,137**	2,137
Final dividend of K65.00 per ordinary share for the year ended 31 March 2011 (2010: K60.00)	**2,779**	2,565	**2,779**	2,565
	4,916	4,702	**4,916**	4,702

After 31 March 2012 the Directors have proposed a final dividend of K50.00 per ordinary share (2011: K65.00 per ordinary share). The dividends have not been provided for and there are no income tax consequences.

	2012	**2011**
Authorised		
500,000,000 (2011: 500,000,000) ordinary shares of K1 each	500	500
Issued and fully paid		
42,745,912 ordinary shares of K1 each	43	43

Convertible Redeemable Cumulative Preference Shares	GROUP		COMPANY	
	2012	2011	**2012**	2011
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

a. 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.
b. The preference shares holders do not have the right to participate in any additional dividends declared for ordinary shareholders.
c. 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.
d. 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.
e. In the opinion of the directors, given the prevailing market conditions, there is limited scope for a material impact on the earnings per share.
f. The preference shares are non-voting.

22 Borrowings

(a) Corporate Bonds

	GROUP		COMPANY	
	2012	2011	**2012**	2011
At 1 April	**48,888**	-	**48,888**	-
Issued during the year	**6,570**	48,832	**6,570**	48,832
Amortisation of capital raising costs	**(699)**	675	**(699)**	675
Effect of movements in exchange rates	**6,106**	(619)	**6,106**	(619)
At 31 March	**60,865**	48,888	**60,865**	48,888

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

	GROUP		COMPANY	
	2012	2011	**2012**	2011
At 1 April	**-**	-	**-**	-
Drawdowns during the year	**80,100**	-	**80,100**	-
Effect of movements in exchange rates	**(1,050)**	-	**(1,050)**	-
At 31 March	**79,050**	-	**79,050**	-

During the year, term loans were obtained from Investec Asset Management (Property) Limited (Investec) and African Life Financial Services (Zambia) Limited funds (AfLife) of $12.5 million and $2.5 million respectively. These funds were fully used to purchase Arcades Development Plc, combined with the issue of shares (note 21).

	Covenant	Nominal Interest rate	Year of maturity	Face value	Carrying amount
Investec	USD	Libor + 6.50%	2018	65,875	65,875
AfLife	USD	8.75%	2024	13,175	13,175
				79,050	79,050

The security on these loans is a *pari passu* share charge in favour of the lenders (Investec and Aflife) over the Company's shares in Arcades Development Plc.

According to the terms of the agreement, the amount of the Company'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. The Company cannot repay part or all of the loan amount before 17 November 2016. The Company 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.

22 Borrowings *(continued)*

(c) Security Deposits on Rentals

	GROUP		COMPANY	
	2012	2011	**2012**	2011
At 1st April	**1,639**	1,474	**1,477**	1,474
Received during the year	**1,460**	52	**1,447**	52
Increase due to business combination	**876**	176	**-**	-
Paid out during the year	**(117)**	(60)	**(74)**	(60)
Effect of movements in exchange rates	**251**	(3)	**230**	11
At 31 March	**4,109**	1,639	**3,080**	1,477

23 Trade and Other Payables

	GROUP		COMPANY	
	2012	2011	**2012**	2011
Trade creditors	**81**	6	**53**	6
Rentals received in advance	**951**	125	**141**	125
Related party balances	**-**	-	**593**	606
Accruals	**12,197**	4,871	**11,391**	4,853
Unclaimed dividends	**596**	483	**596**	483
	13,825	5,485	**12,774**	6,073

The Group's exposure to liquidity, currency and interest rate risks related to trade and other receivables is disclosed in note 26.

24 Commitments

	GROUP		COMPANY	
	2012	2011	**2012**	2011
Capital commitments				
Intentions to purchase, construct or develop investment property	**-**	11,300	**-**	11,300
Property management and administrative contracts Within one year:				
- Property management contract with Minerva Property Management Company Limited	**2,431**	1,339	**1,228**	1,339
- Administrative contract with City Investments Limited	**-**	338	**-**	338
	2,431	1,677	**1,228**	1,677
After one year:				
- Property management contract with Minerva Property Management Company Limited	**2,546**	1,393	**1,292**	1,393
	2,546	1,393	**1,292**	1,393

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

25 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 associates. These transactions were as follows:

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	Beneficial	Non Beneficial
Robin P.S. Miller	300,000	305,006
S.M. O'Donnell	4,000	9,283,379
E. O'Donnell	-	9,287,379

- Contracts in which directors have an interest are as follows:
- Real Estate Investments Zambia Plc held an administration contract with City Investments Limited, of which R.P.S. Miller is the Managing Director, until 30 June 2011.
- Real Estate Investments Zambia Plc holds a property administration contract with Minerva Property Development Company Ltd, in which City Investments Limited is a shareholder.
- During the year, Real Estate Investments Zambia Plc acquired an investment property under construction which belonged to Eastland Developers Limited in which Mr Timothy T Mushibwe, a Director of Real Estate Investments Zambia Plc, is a shareholder. The consideration paid was US$2,300,000.
- 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 March 2012, there were outstanding balances with other related parties included in trade and other receivables (see note 19 (a)) as well as trade and other payables (see note 23). 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 related entities on an arm's length basis.

(a) Amounts due from Subsidiaries	**2012**	2011
Balance at 1 April	**6,830**	-
Amount advanced	**600**	7,021
Amounts repaid	**(2,641)**	-
Effect of movements in exchange rates	**671**	(191)
Balance at 31 March	**5,460**	6,830

25 Related Party Transactions *(continued)*

(b) Amounts due from Equity Accounted Investee

	2012	2011
Balance at 1 April	5,909	3,013
Amounts advanced	4,578	3,083
Effect of movement in exchange rates	951	(187)
Balance at 31 March	11,438	5,909

This represents an equity loan of US$2.17 million advanced to Burnet Investments Limited as part of 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.

(c) Amounts due to Group Companies

	NOTE	2012	2011
Peckerwood Development Ltd.	23	593	606

(d) Administrative and Management Fees During the Year

		GROUP		COMPANY	
	NOTE	2012	2011	2012	2011
Property Management fees	13d	1,026	721	698	701
Labour fees (included in repairs and maintenance)	13d	204	205	204	205
Material fees (included in repairs and maintenance)	13d	28	21	21	18
Kilometrage fees (included in repairs and maintenance)	13d	20	-	20	-
Letting costs	13d	205	13	187	13
Donation (Aylmer May cemetery repair and maintenance)	12	12	12	12	12
		1,495	972	1,142	949

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

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26 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:

	NOTE	GROUP 2012	GROUP 2011	COMPANY 2012	COMPANY 2011
Trade receivables	*19a*	1,038	756	434	429
Other receivables	*19a*	3,381	1,837	7,323	8,511
Cash and cash equivalents	*20*	6,563	17,098	3,307	16,162
Amount due from equity accounted investees	*25b*	11,438	5,909	11,438	5,909
Amount due from subsidiaries		-	-	5,460	6,830
Total		22,420	25,600	27,962	37,841

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

	GROUP 2012	GROUP 2011	COMPANY 2012	COMPANY 2011
Financial services sector customers	**116**	12	**39**	12
Retail sector customers	**311**	126	**13**	126
IT & Telecommunications sector customers	**132**	74	**56**	74
Insurance	**-**	32	**-**	32
Accountancy & Consultancy	**259**	196	**236**	100
Non-governmental organisation	**33**	231	**-**	-
Other sectors	**187**	85	**90**	85
Total	**1,038**	756	**434**	429

26 Financial Instruments *(continued)*

(a) Credit Risk *(continued)*

(ii) Impairment Losses

	GROUP 2012			GROUP 2011		
	GROSS	IMPAIRMENT	NET	GROSS	IMPAIRMENT	NET
Not past due	578	-	578	234	-	234
Past due 0 - 30 days	227	-	227	88	-	88
Past due 31 - 120 days	191	(9)	182	345	-	345
More than 120 days	234	(183)	51	89	-	89
	1,230	(192)	1,038	756	-	756

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

	COMPANY 2012			COMPANY 2011		
	GROSS	IMPAIRMENT	NET	GROSS	IMPAIRMENT	NET
Not past due	301	-	301	235	-	235
Past due 0 - 30 days	128	-	128	88	-	88
Past due 31 - 120 days	14	(9)	5	49	-	49
More than 120 days	183	(183)	-	57	-	57
	626	(192)	434	429	-	429

Based on historic default rates, the Group believes that no collective impairment allowance is necessary in respect of trade receivables not past due or past due by up to 120 days.

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 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.

26 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

	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 March 2011							
Non-derivative liabilities							
Convertible redeemable preferred stock	**7,824**	**8,450**	**8,450**	**-**	**-**	**-**	**-**
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	**13,825**	**13,825**	**860**	**8,941**	**4,024**	**-**	**-**
Total financial liabilities	**165,673**	**178,377**	**9,310**	**8,941**	**4,024**	**2,902**	**153,200**
31 March 2010							
Non-derivative liabilities							
Convertible redeemable preferred stock	7,824	8,450	8,450	-	-	-	-
Corporate bond	48,888	53,165	-	-	-	-	-
Security deposits	1,639	1,639	-	-	-	701	938
Trade and other payables	5,485	5,485	1,885	3,600	-	-	-
Total financial liabilities	63,836	68,739	10,335	3,600	-	701	938

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

26 Financial Instruments *(continued)*

(c) Currency Risk

(i) Exposure to Currency Risk

	2012			2011		
	Kwacha	USD	Total	Kwacha	USD	Total
Financial assets						
Trade receivables	253	785	1,038	-	756	756
Amounts due from equity/ accounted investees	-	11,438	11,438	-	5,909	5,909
Cash and cash equivalents	967	5,596	6,563	10,486	6,611	17,097
Total foreign currency assets	1,220	17,819	19,039	10,486	13,276	23,762
Convertible redeemable preferred stock	-	7,824	7,824	-	7,824	7,824
Corporate bonds	-	60,865	60,865	-	48,888	48,888
Long-term loans	-	79,050	79,050	-	-	-
Security deposits	-	4,109	4,109	-	1,639	1,639
Trade and other payables	5,676	8,149	13,825	2,180	3,305	5,485
Total foreign currency liabilities	5,676	159,997	165,673	2,180	61,656	63,836
Net exposure	(4,456)	(142,178)	(146,634)	8,306	(48,380)	(40,074)

The following significant exchange rates applied during the year:

	AVERAGE RATE		MID-SPOT RATE	
	2012	2011	2012	2011
US$ 1.00 - ZMK	5,270	4,939	5,034	4,690

26 Financial Instruments *(continued)*

(c) Currency Risk *(continued)*

(ii) Sensitivity Analysis

A 10 percent strengthening of the US Dollar against the Kwacha at 31 March 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 2011.

	PROFIT OR LOSS
31 March 2012	
- ZMK	(14,218)
31 March 2011	
- ZMK	(3,911)

A 10 percent weakening of the US Dollar against the Kwacha at 31 March 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

(i) Profile

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

	CARRYING AMOUNTS	
	2012	**2011**
Fixed rate instruments		
Financial assets	**270**	14,794
Financial liabilities	**(147,739)**	(56,711)
	(147,469)	(41,917)

(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:

(i) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

26 Financial Instruments *(continued)*

(i) Fair value sensitivity analysis for fixed rate instruments (continued)

	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	**1,038**	**1,038**	756	756
Amount due from equity accounted investees	**11,438**	**11,438**	5,909	5,909
Cash and cash equivalents	**6,563**	**6,563**	17,098	17,098
Convertible redeemable cumulative preferred stock	**(7,824)**	**(8,450)**	(7,824)	(8,450)
Corporate bonds	**(60,865)**	**(66,191)**	(48,888)	(53,165)
Long-term loans	**(79,050)**	**(85,802)**	-	-
Trade and other payables	**(13,825)**	**(13,825)**	(5,485)	(5,485)
	(142,525)	**(155,229)**	(38,434)	(43,337)

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.

27 Significant Investments and Joint Controlled Entities

	PERCENTAGE SHAREHOLDING	2012	PERCENTAGE SHAREHOLDING	2011
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**	**134,251**	100	-
Jointly controlled entities				
Burnet Investments Limited	**49**	**2**	49	2
Balance at 31 March		**147,259**		13,008

Equity accounted investment - Burnet Investments Limited

		2012		2011
Retained earnings at 1 April		**2,927**		2,293
Profit/(loss) for the year		**10,814**		660
Retained profit at 31 March		**13,741**		2,953
Share of net assets		**6,733**		1,447
Cost of investment (K2,450,000)		**2**		2
Investment in equity accounted Investee		**6,735**		1,449

27 Significant Investments And Joint Controlled Entities *(continued)*

Acquisition of Subsidiary- Arcades Development PLC

	NOTE	Recognised values on acquisition
Property and equipment		207
Investment properties	13	97,520
Investment property under development	14	35,300
Trade and other receivables		1,160
Deferred tax	10d	(30,134)
Cash and cash equivalents		871
Trade and other payables		(871)
Net identifiable assets and liabilities		**104,053**
Goodwill on acquisition		30,198
Consideration paid, satisfied through cash		**134,251**
Consideration paid, satisfied through cash		83,596
Through issue of shares		48,000
Amounts payable		2,655
		134,251

28 Contingent Liabilities

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

29 Auditor's Remuneration

Auditor's remuneration included under administrative expenses is K379 million (2011: K172 million).

30 Subsequent Events

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

31 Operating Segments

The Group had two reportable segments as detailed below, as at 31 March 2012, following the acquisition of Arcades Development Plc during the year. These 2 segments represent income streams. For each of the strategic income streams, the Group's Managing Director reviews internal management reports on a monthly basis. The following summary describes the nature of each of the supply lines.

Retail
Office

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

31 Operating Segments *(continued)*

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 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	44,492	59,153
Income tax expense	(1,139)	(15,496)	(16,635)
Profit for the year	8,523	28,996	42,518

31 MARCH 2011	RETAIL	OFFICE	TOTAL
Revenue - external	-	22,443	22,443
Depreciation and amortisation	-	1,109	1,109
Operating profit	-	25,551	25,551
Finance income / (costs)– net	-	(6,920)	(6,920)
Profit from equity accounted investee	-	-	323
Profit before income tax	-	18,631	18,954
Income tax expense	-	(5,434)	(5,434)
Profit for the year	-	13,197	13,520

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

31 MARCH 2012	RETAIL	OFFICE	TOTAL
Segment assets	147,181	355,813	502,994
Segment liabilities	34,899	248,031	282,930
Cash flows from/(used in) operating activities	758	25,777	26,535
Cash flows used in investing activities	-	(112,618)	(112,618)
Cash flows from financing activities	-	(76,327)	(76,327)
Capital expenditure	-	112,828	112,828

31 MARCH 2011	RETAIL	OFFICE	TOTAL
Segment assets	-	299,699	299,699
Segment liabilities	-	134,459	134,459
Cash flows from/(used in) operating activities	-	12,024	12,024
Cash flows used in investing activities	-	(22,928)	(22,928)
Cash flows from financing activities	-	(4,981)	(4,981)
Capital expenditure	-	23,692	23,692

31 Operating Segments *(continued)*

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.

32 Prior Year Adjustments and Reclassifications

(a) Prior Year Adjustments

Statement of Financial Position at 31 March 2011	GROUP	COMPANY
Deferred tax liability at 1st April 2010 as originally stated	**3,077**	3,077
Prior year adjustment 2010 (see note (i) below)	**61,229**	58,579
Deferred tax liability at 1st April 2010 as restated	**64,306**	61,656
Deferred tax charge for the current year as reported	**1,913**	1,679
Deferred tax charge realting to prior year	**4,404**	3,606
Deferred tax liability at 31st March 2011 as restated	**70,623**	66,941

Statement of Changes in Equity for the year ended 31 March 2010	GROUP	COMPANY
Retained earnings at 1 April 2010 as originally stated	**177,449**	175,721
Adjustment to prior year equity accounted investment (see note (ii) below)	**(580)**	-
Deferred tax on prior year investment property fair valuation	**(61,229)**	(58,579)
Retained earnings at 1 April 2010 as restated	**115,640**	117,142

32 Prior Year Adjustments *(continued)*

Statement of Comprehensive Income

	GROUP	COMPANY
Profit for the period for the year ended 31 March 2011 as originally stated	**17,924**	12,616
Adjustment to income tax expense	**(4,404)**	(3,606)
Profit for the period for the year ended 31 March 2011 as restated	**13,520**	9,010

Earnings Per Share

	GROUP	COMPANY
Earnings per share for the year ended 31 March 2011 as originally stated	**419.31**	295.15
Earnings per share for the year ended 31 March 2011 as restated	**316.29**	212.76

Diluted Earnings Per Share

	GROUP	COMPANY
Diluted earnings per share for the year ended 31 March 2011 as originally stated	412.14	293.47
Diluted earnings per share for the year ended 31 March 2011 as restated	313.69	212.76

Deferred income tax on revaluation differences on investment properties

(i) In the previous years, the Group did not recognise deferred tax on the revaluation surplus relating to fair value changes on the investment properties as required by IAS 12 – Income Taxes which require an entity to recognise deferred tax on taxable temporary differences.

Consequently, the results were overstated by the deferred tax liability not recognised and this had an impact on the earnings per share and diluted earnings per share reported which was also overstated.

(ii) This is correction of double accounting of exchange differences.

(b) Reclassifications

During the year, amounts advanced to the associate previously reported under investments in equity accounted investee in note 26(a), in the 2011 financial statements, have been reclassified to amounts due from equity accounted investees.


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FORM OF PROXY

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

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

.... of ....

Or failing him/her,

.... of ....

Or failing him/her,

.... of ....

as my/our true and lawful PROXY for me/us and in my/our name, place and stead, to vote as my/our proxy at the **Annual General Meeting** of the Shareholders of the said Group, to be held on **Thursday, 28th June 2012 at 10:00 hrs** 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 ...., 2012 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.'

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