

LONZIM

Investing in the future of Zimbabwe



Zimbabwe: Historic Strengths

- Economy dollarized February 2009.
- Well educated, experienced, resourceful workforce with highest literacy rate in Africa (est. 91%).
- History of significant economic output, regional economic leadership and world class operations.
- Basic infrastructure remains intact: road, rail, air.
- Significant agricultural potential: climate, water, fertility, expertise; was region's pre-eminent food producer.
- Existing mining infrastructure and significant discoveries in natural resources (e.g. diamonds, gold, platinum, coal).
- Significant untapped hydro energy and coal resources.



- **Listed on AIM market (LZM) December 2007 in an IPO raising £29.2m**
- **Focused investment strategy: Zimbabwe exposure only**
- **LonZim is managed by Lonrho Plc under a formal management contract**
- **Reviewing possible dual listing on ZSE**

Recovery Drivers

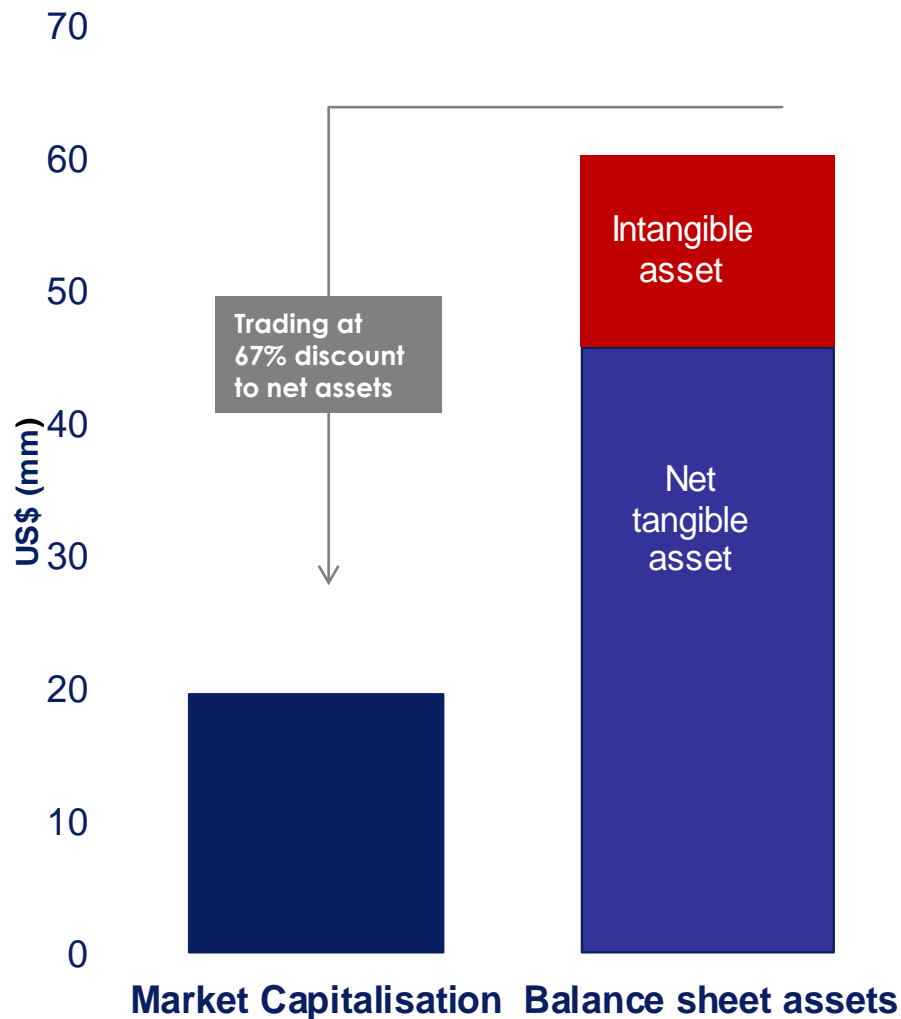
- **Government of National Unity formed on 11th February 2009**
- **Inflation stability since dollarisation of the currency**
- **Stability in the currency and economy is stimulating commercial growth**
- **2010 GDP growth of 8.1%, much higher than original IMF predictions of 5.8%**
- **Net direct investments increased by 15% in 2010 and are forecast to increase 19% in 2011**

LonZim Gross Profit during first half FY2011:

Services to Financial services:	39%
• Paynet	
• Tradanet	
Tourism: Leopard Rock Hotel	37%
Chemicals: Millpal	6%
Printing: Celsys	3%
Other:	13%
• FMNA	

Current Valuation

Current valuation and Net assets



- LonZim currently trades at a 67% discount to net assets (balance sheet)
- Upon proposed ZSE listing, LonZim would be among 25 largest companies on ZSE in terms of net assets, excluding mining companies and Fis
- On average the 20 largest companies on ZSE currently trade at a Price-to-Book of around 1.07x
- LonZim currently trades at a Price-to-Tangible-Book of 0.4x, and a Price-to-Book of 0.32x
- Broker WH Ireland sees a fair value for LonZim's share of 44p, approx. 75% above current levels, "purely on a tangible asset basis" (Jun-2011)
- Broker Amstel Securities expressed a similar view in Aug-2010 in their research report

Leopard Rock Hotel

LONZIM

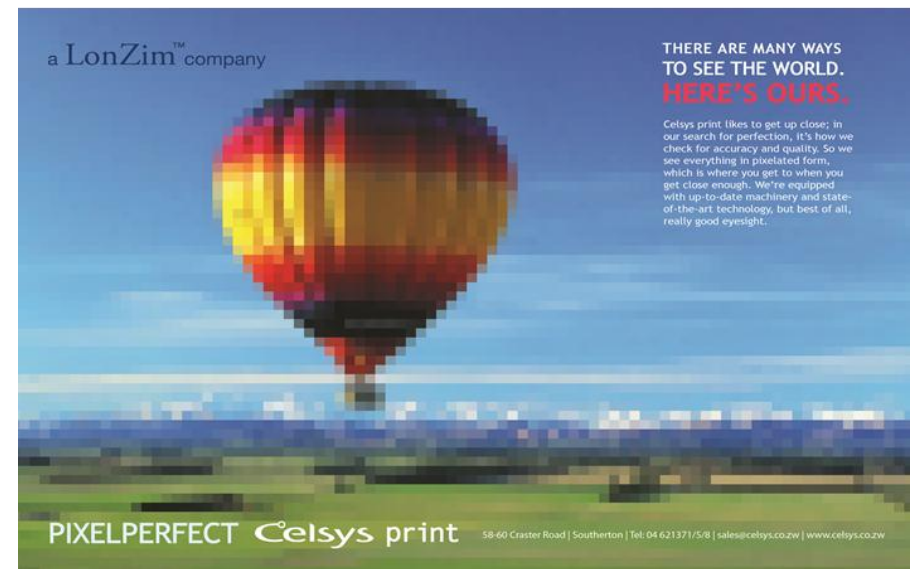
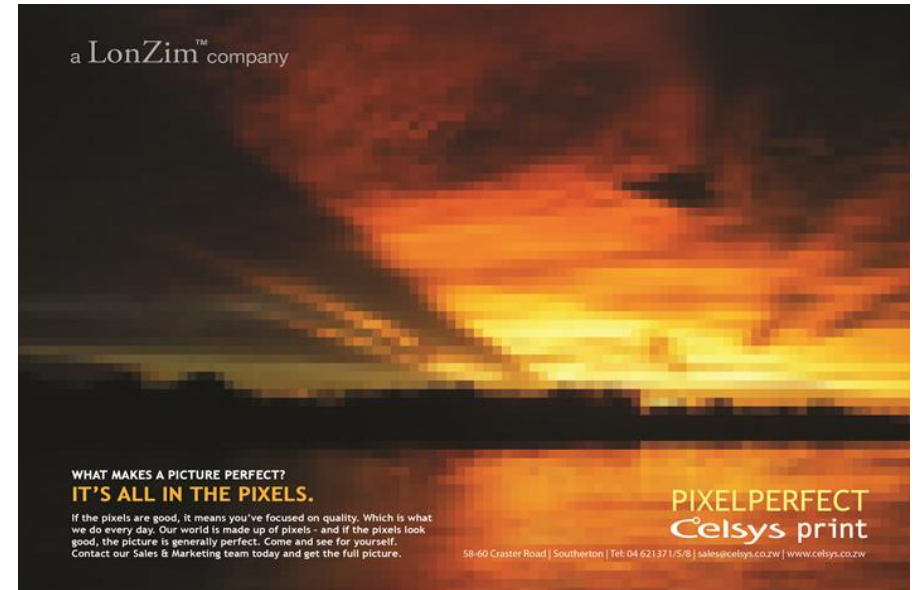
- Acquired for US\$8.5m
- 2010 US\$1.7m invested bringing it up to international standards
- Revalued at US\$ 16.0m
- Accommodates 115 guests, restaurants, conference facilities, swimming, squash, tennis, casino, gym, sauna, 'kids club'
- Championship golf course, noted as one of the finest in Africa
- 400ha private game park
- Tourism expected to be one of the first markets to recover



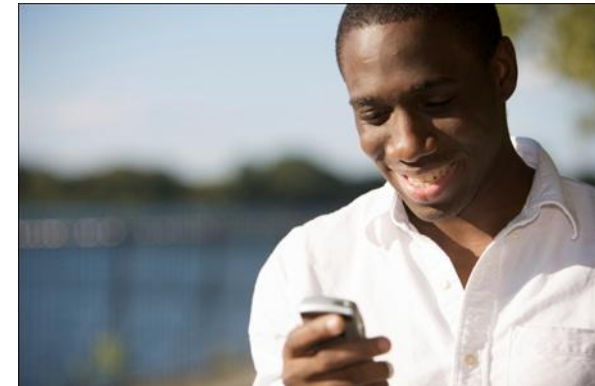


- **Importation, production and distribution of industrial and household chemicals**
- **Zimbabwe's largest distributor of solvents and metal treatment products**
- **March – July 2011 gross profit levels were 75% higher than those for equivalent 2010 period**
- **Significant potential in supplying the developing mining sector**

- Listed on ZSE, 60% owned by LonZim
- Commercial and security printing.
- One of Zimbabwe's best equipped print companies.
- Increasing market share
- Leasing and management of ATM's and POS equipment



- Acquired perpetual royalty free license for message optimiser technology for US\$1m
- Provides 'message optimizer' application for mobile phones, turning basic GSM phones into 'smart phones', including usage of e-mail, Facebook and IM.
- Send and receive email on the lowest standard mobile phones
- Networks deployed include Safaricom Kenya, Econet Zimbabwe, Econet Lesotho, Globacom Nigeria, Warid Congo, Yu Essar Kenya.
- Over 45m subscribers in 6 countries



The strategy remains to build a portfolio of niche market business within Zimbabwe, finance them as appropriate, build strong management teams and ensure that they are ‘first back to market’ to become dominant in their respective sectors.

The core businesses that are in the LonZim portfolio are now well capitalised and strongly supported by LonZim.

LonZim is reporting strong growth in each division as the Zimbabwe economy rebuilds.

Selected customers of LonZim companies



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