

LONZIM

Investing in the Future of Zimbabwe

Q4: 2009

Zimbabwe overview: The decline

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- Population: c.13.0m (2007)
- Capital City: Harare (1.6m population)



2004 – 2009

- Significant economic decline and collapse
- Massive hyperinflation
- GDP contracted by 6.9% in 2007 and 14.1% in 2008 (IMF)
- GDP has fallen by over 40% between 1999 and 2008 (IMF)
- Zimbabwe stock exchange suspended trading in 2008





Historic strengths of Zimbabwe

- Well educated and resourceful workforce (97% literacy)
- Good basic infrastructure remains intact: road, rail, air
- History of significant economic output and world class operations
- Agricultural potential is enormous: climate, water, fertility

2009 Recovery Drivers

- Government of National Unity formed in 11th February 2009
- US Dollarisation of the currency has removed hyper inflation
- Stability in prices has returned and provided a rapidly growing economic environment
- IMF forecast 6% GDP growth in 2010, Minister of Finance forecasts up to 15% GDP growth 2010

International Support for the Government of National Unity is already evident:

	US\$
CHINA	950m
IMF	510m
SADC	450m
AFREXIM BANK	250m
AUSTRALIA	10m
WORLD BANK	74m
UK	98m
TOTAL	\$2.342m

- LonZim Plc: Listed on AIM market (LZM) December 2007
- Investment focus is only Zimbabwe and the Beira Corridor of Mozambique

‘To acquire and hold business opportunities for economic recovery, retain quality management and recapitalise businesses when appropriate for growth’

- £29.2m raised in IPO, 32,076,000 shares in issue
- LonZim is managed by Lonrho Plc under a formal management contract
- Wide range of international institutional shareholders
- Investment breakdown:

Commercial Property	8 %
Hotels	38 %
IT/ Telecoms/ Printing	24 %
Aviation	16 %
Agriculture Services	3 %
Pharmaceutical Distribution	7 %

Leopard Rock Hotel

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- Set in the beautiful Vumba Mountains, 32km from Mutare and 220km South East of Harare.
- Acquired for \$8.5m and undergoing a \$1.7m refurbishment to be completed early 2010.
- The hotel accommodates 115 guests and includes restaurants, conference facilities, swimming pool, squash court, floodlit tennis courts, Casino, gymnasium, sauna, and children's play area.
- The purchase included a 400 hectare private game reserve and a championship golf course, noted as one of the finest in Africa. Course admitted to Prestige Collection of the World's leading golf resorts, endorsed by the **PGA of Europe** April 09.
- The hotel has a history of VIP guests and significant events including visits by Diana, Princess of Wales and Her Royal Highness the late Queen Elizabeth the Queen Mother.
- The GNU has identified tourism as a sector for rapid recovery and has suspended import duties on all hotel refurbishment projects.



Aldeamento Turistico de Macuti SARL

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The Beira beachfront today



Artist's impression of proposed beachfront development



- Strategic prime coastal development site in Beira, Mozambique acquired for US\$4.25m
 - 300,000m² plot of land
 - 1.5km of pristine beach front
 - At edge of city on main airport road
- Owned 79% LonZim; 21% Mozambique Government
- Planned luxury beach side hotel with conference facilities
- Retail mall (anchor tenants identified)
- 1.5km of beach front housing to be sold off plan
- Beira is booming due to coal and agriculture and is fundamentally the main sea port for Zimbabwe



- Consideration of US\$3.19 million including a newly-built commercial property, directors valuation of +US\$1.0 million in the prime commercial location
- Additional expansion land acquired
- Provides SWITCH services for 19 of the 21 banks in Zimbabwe

▪ **Electronic Funds Transfer**

- 19 financial institutions
- 1,000+ corporate customers

▪ **Payroll Software**

- PAYWELL sales and support
- 100+ customers
- 200,000+ employees

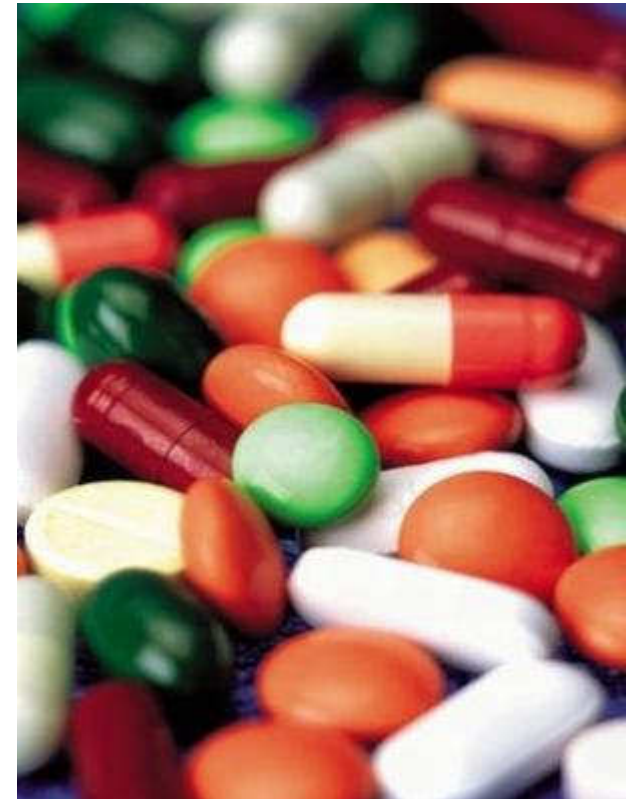
▪ **Payroll Bureau**

- 125 corporate clients

▪ **Microfinance Loan Administration**

- Loan distribution and salary deductions
- 10,000+ borrowers

- LonZim has established a new company which imports, wholesales and distributes pharmaceutical products in Zimbabwe. LonZim invested 51% for US\$2.3m.
- Panafmed imports and supplies private hospitals and retail pharmacies with essential drugs and medical equipment.
- Products range from pre-filled immunization syringes through to complex theatre packs; radiology equipment; specialist pharmaceuticals and chronic medication.
- The Zimbabwean health care system has suffered from the lack of a reliable supply of medical equipment and pharmaceutical products crucially needed to support health care services.
- The management team responsible for the development of the company has many years experience in building and managing pharmaceutical businesses.





- Listed on ZSE, 60% owned by LonZim
- Proven structure for externalising dividends
- Security Printing
 - Mobile phone recharge cards
 - Cheque books, share certificates
 - Promotional security printing
- Information Technology
 - SOPHOS security software
 - ATM and POS supply and management
 - Website design and maintenance
- Telecommunications
 - Mobile payphone network management
 - NOKIA mobile phone sales and service



- LonZim (Celsys) has signed a sales, service and distribution agreement with Diebold Self Service Limited a subsidiary of Diebold Incorporated www.diebold.com
- State of the art, secure, automated teller machines and (POS) point of sale machines
- Ten new ATM machines will be installed at Kingdom Bank branches, expanding the existing Celsys ATM network
- ATM's will be installed on a full maintenance lease agreements where Celsys earns a per transaction fee
- POS devices to be rolled out to 2,000+ retail and other high flow locations



Opteva 720 with Bulk Document Intelligent Depository Module and Bulk Note Acceptor



Opteva 328 Bulk Cash Recycling ATM



- Importation, production and distribution of industrial chemicals
- Sizeable underground tank capacity including mixing and blending facilities
- Chemetall distributor
- Production and distribution of industrial & household chemical and cleaning products
- Regional exporter of thinners, mentholated spirits & industrial cleaning solutions



Fly 540 Zimbabwe

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- Fly540 Zimbabwe will operate as a 'low cost' airline based from Harare International Airport to service both the domestic and regional markets and emerging local and connecting traffic with a scheduled start date of late 2009
- An integral part of the Lonrho Fly540 network and will also be complemented by a freight service
- The launch of Fly540 Zimbabwe is central to LonZim's investment strategy of identifying current market opportunities in Zimbabwe and establishing companies that will benefit from the economic recovery of the country
- Quality aviation services are crucial to economic growth
- Fly540 is a Lonrho Plc owned airline operating in Africa to international standards
- Fly540 is being rolled out across Africa with local partners in each country. The company provides local and regional distribution for international flights coming into Africa with a safe, reliable and punctual service



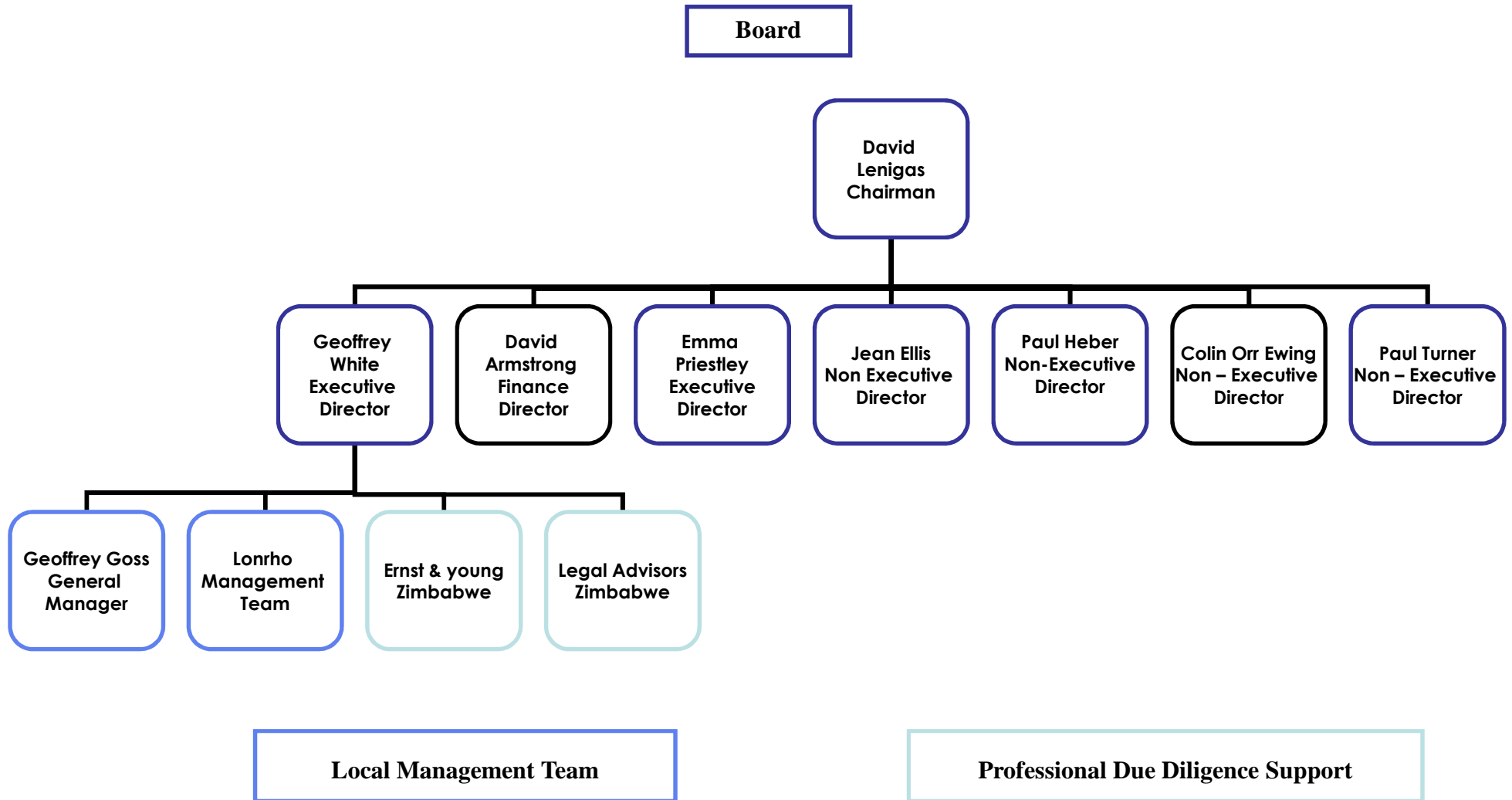


- Acquired option for 51% holding for US\$150,000. A further \$480,000 has been invested in working capital
- Successful trials completed with Econet Lesotho and under way with Meditel (Morocco) and Econet (Zimbabwe) networks. Strong interest from MTN and Vodacom
- Perpetual license to sell and support Message Optimiser application to mobile phone operators and financial institutions across Africa
 - Unique, two-way SMS to SMS, IM and email technology
 - Application works on all mobile networks
 - Application works on all phones
 - Send and receive email on the lowest standard mobile phones
 - Allows financial institutions to provide mobile banking services
 - Facilitates G3 type services on standard mobiles

Current Values

- The acquisition costs for historic assets is significantly below current market value.
- Lonzim market cap stands at 62% discount to Lonzim assets (at acquisition prices).

<u>Asset</u>	<u>Stake Held</u>	<u>Historic Cost</u> <u>Valuation £m (at 1.60 exchange rate)</u>
CELSYS	60%	4.4
GARDOSERVE	100%	
AT de M	79%	2.7
PAYNET	100%	2.0
FLY 540	90%	2.7
FMNA	51%	0.63
MEDALSPOT	100%	0.59
LONRHO SHARES (current asset)	Oct 09	1.5
LEOPARD ROCK	100%	6.4
MEDSURE (PANAFMED)	51%	1.5
CASH AT BANK		1
TOTAL VALUATION		23.42 (73p per share)
Market Cap at 27.5p		8.82
Discount at 27.5p		62%



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