

LONZIM

Investing in the Future of Zimbabwe

October 2010

2004 – 2009

- Significant economic decline
- Massive hyperinflation
- GDP has fallen by over 40% between 1999 and 2008 (IMF)
- Exodus of quality management



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
- Strong mineral industries: Platinum, Diamond, Gold, Coal

Recovery Drivers

- **Government of National Unity formed on 11th February 2009**
- **US Dollarisation of the currency removed hyper inflation**
- **Stability in prices stimulated a growing economy**
- **IMF forecast 6% GDP growth in 2010, Minister of Finance forecasts up to 15% GDP growth 2010**

- International support US\$:

CHINA	950m
IMF	510m
SADC	450m
AFREXIM BANK	550m
AUSTRALIA	10m
WORLD BANK	74m
UK	98m

- Restoration to IMF

- International Mining Companies Investing:

Zimplats, Anglo, RTZ, etc US\$ 2.3 bn

Listed on AIM market (LZM) December 2007

Raised £29.2m

Investment focus on Zimbabwe and the Beira Corridor

LonZim Mandate

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

LonZim is managed by Lonrho Plc under a formal management contract

Portfolio Breakdown

Commercial Property	22	%
Hotels	38	%
IT/ Telecoms/ Printing	24	%
Aviation	10	%
Agriculture Services	6	%

- **Strategic sectors for recovery**
- **First back to market**

Leopard Rock Hotel

- Acquired for \$8.5m
- US \$1.7m refurbishment has been completed
- Re-valued at US\$ 16.0m
- 400 hectare private game reserve
- Championship golf course
Prestige Collection of the World's leading golf resorts, endorsed by the PGA
- The GNU has identified tourism as a sector for rapid recovery and has suspended import duties on all hotel refurbishment projects.



The Beira beachfront today



Artist's impression of proposed beachfront development



- **Strategic 300,000m² coastal development site in Mozambique with 1.5km of beach**
- **Acquired for US\$ 4.25m**
- **79% LonZim; 21% Mozambique**
- **Planned hotel with conference facilities; retail mall; offices and housing sold off plan**
- **Beira is booming and is the nearest sea port for Zimbabwe**



- **Consideration of US\$ 3.19**



- **Included property valued at + US\$ 1.0m**

- **Provides SWITCH services for 20 of the 21 banks in Zimbabwe**

- **Electronic Funds Transfer**

- 20 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**

- 10,000+ borrowers



- Listed on ZSE, 60% owned
- Security Printing
 - Mobile phone recharge cards
 - Cheque books, share certificates, papers, accounts, University etc.
- Information Technology
 - ATM and POS equipment and lease
- Telecommunications
 - Mobile payphone network management



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 Aviation

- 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
- An integral part of the Lonrho Fly540 network and will also be complemented by a freight service



- Acquired option for 51% holding for US\$ 550,000. A further \$ 650,000 has been invested in working capital.



- Successful trials completed and rolling out with:

Econet	Zimbabwe (due to launch Nov 2010)
Yu	Kenya
Safaricom	Kenya (due to launch Nov 2010)
Glo	Nigeria

- Unique, two-way SMS to SMS, IM and email technology
- Application works on all mobile networks on all handsets
- Send and receive email on the lowest standard mobile phones

- **The acquisition cost for company assets is significantly below current market value**
- **Lonzim market cap stands at 62% discount to Lonzim assets (at acquisition prices).**
- **Following investment over the past two years many of the assets have seen increases when re-valued**
- **Positioned for recovery**