THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on the acquisition of shares and other securities.

This document comprises an AIM Admission Document drawn up in accordance with the AIM Rules. This document does not constitute an offer to the public and is therefore not an approved prospectus for the purposes of section 85 of the FSMA and is not a prospectus as defined in the AIM Rules. The Company and the Directors, details of which or whom appear on page 8 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made for all of the Ordinary Shares of the Company, to be issued pursuant to the Placing, to be admitted to trading on the AIM market of the London Stock Exchange ("**AIM**"). The Ordinary Shares are not dealt on any other recognised investment exchange and no application has been made or is being made for admission of the Ordinary Share capital of the Company to any other recognised investment exchange. The Directors expect that admission will become effective and that trading in the Ordinary Shares on AIM will commence on 11 December 2007.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. A prospective investor should be aware of the risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules to have a nominated adviser. The nominated adviser is required to make a declaration to London Stock Exchange plc on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. London Stock Exchange plc has not examined or approved the contents of this document. The attention of persons receiving a copy of this document is drawn to the Risk Factors set out in Part I of this document. The AIM Rules are less demanding than those of the Official List. No liability whatsoever is accepted by Collins Stewart Europe Limited for the accuracy or information or opinions contained in this document, or for the omission of any material. The whole of the text of this document should be read.

The attention of investors is drawn in particular to the risk factors set out on pages 13 to 33 of this document. Definitions of the capitalised terms used in this document are on pages 10 to 12 of this document.

LONZIM PLC

(Incorporated and registered in the Isle of Man under the Isle of Man Companies Act 2006 with registered number 001773V)

Placing of 29,160,000 Ordinary Shares at 100p per share and Admission to Trading on AIM

by

Sole Bookrunner and Broker

Renaissance Capital Limited

and

Nominated Adviser and Broker

Collins Stewart Europe Limited

Ordinary Share Capital on Admission

Issued and fully paid Ordinary Shares of £0.0001 each

Amount	*Number*
£3,645	36,450,000

The Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended (the "*Investment Company Act*"). In addition, the Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "*Securities Act*"). The Ordinary Shares are being offered and sold outside the United States to non-US Persons (as defined in Regulations S of the Securities Act) in reliance upon Regulation S. The Ordinary Shares are being offered and sold in the United States or to US Persons (as defined in Regulation S of the Securities Act) only to "qualified institutional buyers" ("*QIBs*") in reliance upon Section 4(2) of the Securities Act who are also "qualified purchasers ("*QPs*") as such term is defined in the Investment Company Act. Accordingly, US persons acquiring Ordinary Shares will be subject to significant restrictions on transfer. No public offering of the Ordinary Shares is being made in the United States. For a description of restrictions on offers, sales and transfers of the Ordinary Shares, see the section entitled "Purchase and Transfer Restrictions" in Part IV of this document.

The Ordinary Shares have not been approved or disproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Prospective subscribers of the Ordinary Shares offered pursuant to this document should conduct their own due diligence on the Ordinary Shares. If you do not understand the contents of this document you should consult an authorised financial advisor.

Each subscriber and subsequent transferee of the Ordinary Shares will be required to represent, warrant and covenant, or will be deemed to represent, warrant and covenant, that, on each day from the date on which it acquires or holds the Ordinary Shares and including the date on which it disposes of such Ordinary Shares, it is not (a) an employee benefit plan (as defined in Section 3(3) of ERISA) subject to Part 4 of Subtitle B of Title I of ERISA (a "Plan") (b) a plan described in Section 4975(e)(1) of the Code to which Section 4975 of the Code applies (also a "Plan"), (c) any entity whose underlying assets include Plan assets by reason of a Plan's investment in such entity (together with Plans, "Benefit Plan Investors"), or acting on behalf of or using the assets of any Benefit Plan Investor with respect to the purchase, holding or disposition of any Ordinary Shares, or (d) any other employee benefit plan subject to any federal, state, local or other law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code (an "Other Plan") or acting on behalf of or using the assets of any Other Plan with respect to the purchase, holding or disposition of any Ordinary Shares. See the section entitled "Purchase and Transfer Restrictions" of Part VII.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES, ANNOTATED, 1955, (AS AMENDED) ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Collins Stewart, which is authorised and regulated in the United Kingdom in the conduct of business by the Financial Services Authority and is a member of the London Stock Exchange, is the Company's Nominated Adviser and Broker in connection with the Admission for the purposes of the AIM Rules and is acting exclusively for the Company and no one else in connection with the matters described herein and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Collins Stewart or for advising any other person and other arrangements described in this document or any matter referred to herein. The responsibilities of Collins Stewart, as Nominated Adviser and Broker under the AIM Rules, are owed solely to London Stock Exchange plc and are not owed to the Company or any Director or to any other person in respect of their decision to acquire Ordinary Shares in reliance on any part of this document. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. No representation or warranty, express or implied, is made by Collins Stewart as to any of the contents of this document. Collins Stewart has not authorised the contents of any part of this document for any purpose and no liability whatsoever is accepted by Collins Stewart for the accuracy of any information or opinions contained in this document. Neither the delivery of this document hereunder nor any subsequent subscription or sale made for Ordinary Shares shall, under any circumstances, create any implication that the information contained in this document is correct as of any time subsequent to the date of this document.

Renaissance, which is authorised and regulated in the United Kingdom in the conduct of business by the Financial Services Authority and is a member of the London Stock Exchange, is the Company's Sole Bookrunner and Broker in connection with the Placing and is acting exclusively for the Company and no one else in connection with the matters described herein and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Renaissance or for advising any other person and other arrangements described in this document or any matter referred to herein. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. No representation or warranty, express or implied, is made by Renaissance as to any of the accuracy or completeness of this document for which the Company is solely responsible and nothing in this document is, or shall, be relied upon as a promise or representation. Renaissance has not authorised the contents of any part of this document for any purpose and no liability whatsoever is accepted by Renaissance for the accuracy of any information or opinions contained in this document. Neither the delivery of this document hereunder nor any subsequent subscription or sale made for Ordinary Shares shall, under any circumstances, create any implication that the information contained in this document is correct as of any time subsequent to the date of this document.

Overseas Investors

This document does not constitute an offer to sell, or a solicitation to buy Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not for distribution in or into the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. The Ordinary Shares have not been nor will be registered under the United States Securities Act of 1933 (as amended) nor under the securities legislation of any state of the United States or any province or territory of Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold directly or indirectly in or into the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or to any national, citizen or resident of the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. The distribution of this document in certain jurisdictions may be restricted by law. No action has been taken by the Company, Renaissance or Collins Stewart that would permit a public offer of Ordinary Shares or possession or distribution of this document where action for that purpose is required. Persons into whose possession this document comes should inform themselves about, and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Copies of this document will be available free of charge during normal business hours on weekdays (excluding public holidays) from the date hereof until one month after Admission from the office of Kerman & Co LLP at 200 Strand, London WC2R 1DJ and from the registered office of the Company.

Whilst LonZim Plc is a company incorporated in the Isle of Man, consent has not been obtained for the circulation of this document as a public offer within the Isle of Man. The Isle of Man Financial Supervision Commission takes no responsibility for the financial soundness of the arrangement or for the correctness of any of the statements made or the opinions expressed with regard to it. This

document will not be filed with, examined, or approved by, the Isle of Man Financial Supervision Commission or any other government or regulatory authority in the Isle of Man.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented Directive 2003/71/EC and any relevant implementing measure in each relevant state (the "**Prospectus Directive**") (each, a "**relevant member state**") with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the "**relevant implementation date**"), an offer of Ordinary Shares described in this document may not be made to the public in that relevant member state prior to the publication of a prospectus in relation to the Ordinary Shares approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, an offer of securities may be offered to the public in that relevant member state at any time:

- to any legal entity that is authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; or
- to any legal entity that has two or more of: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43 million; and (3) an annual net turnover of more than €50 million, as shown in its last annual or consolidated accounts; or
- in any other circumstances that do not require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive.

Each subscriber of Ordinary Shares described in this Admission Document located within a relevant member state will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purposes of the preceding two paragraphs, the expression "an offer to the public" in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the Placing and the Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state.

Notice to Prospective Investors in Australia

This Admission Document is not a formal disclosure document and has not been lodged with the Australian Securities and Investments Commission ("**ASIC**"). It does not purport to contain all information that an investor or their professional advisers would expect to find in a prospectus for the purposes of Chapter 6D.2 of the Australian Corporations Act 2001 ("**Act**") in relation to the Ordinary Shares or the Company.

This Admission Document is not an offer to retail investors in Australia generally. Any offer of Ordinary Shares in Australia is made on the condition that the recipient is a "sophisticated investor" within the meaning of section 708(8) of the Act or a "professional investor" within the meaning of section 708(11) of the Act, or on condition that the offer to that recipient can be brought within the exemption for "Small-Scale Offerings" (within the meaning of section 708(1) of the Act). If any recipient does not satisfy the criteria for these exemptions, no applications for Ordinary Shares will be accepted from that recipient. Any offer to a recipient in Australia, and any agreement arising from acceptance of the offer, is personal and may only be accepted by the recipient.

If a recipient on-sells their Ordinary Shares within 12 months of their issue, that person will be required to lodge a disclosure document with ASIC unless either:

(a) the sale is pursuant to an offer received outside Australia or is made to a "sophisticated investor" within the meaning of 708(8) of the Act or a "professional investor" within the meaning of section 708(11) of the Act; or

(b) it can be established that the Company issued, and the recipient subscribed for, the Ordinary Shares without the purpose of the recipient on-selling them or granting, issuing or transferring interests in, or options or warrants over them.

Notice to Prospective Investors in Switzerland

The Ordinary Shares may not be publicly offered, distributed or re-distributed on a professional basis in or from Switzerland and neither this Admission Document nor any other solicitation for investments in the Ordinary Shares may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of Article 652a of the Swiss Code of Obligations. This Admission Document may not be copied, reproduced, distributed or passed on to others without the Company's prior written consent. This Admission Document is not a prospectus within the meaning of Article 652a of the Swiss Code of Obligations or a listing prospectus according to Article 32 et seq. of the Listing Rules of the SWX Swiss Exchange and may not comply with the information standards required thereunder. The Company will not apply for a listing of the Ordinary Shares on any Swiss stock exchange and this Admission Document may not comply with the information required under the relevant listing rules.

In addition, it cannot be excluded that the Company qualifies as a foreign collective investment scheme pursuant to Article 119 para. 2 Swiss Federal Act on Collective Investment Schemes ("**CISA**"), which entered into force on January 1, 2007, and replaced the Swiss Federal Act on Investment Funds of March 18, 1994. The Ordinary Shares will not be licensed for public distribution in and from Switzerland. Therefore, the Ordinary Shares may only be offered and sold to so-called "qualified investors" in accordance with the private placement exemptions set forth by the new law (in particular, Article 10 para. 3 CISA and Article 6 of the implementing ordinance to the CISA). The term "qualified investors" includes, *inter alia*, high net-worth individuals being individuals who have provided written confirmation that they hold directly or indirectly net financial investments (i.e. bankable assets) worth at least CHF 2,000,000. The Company has not been licensed and is not subject to the supervision of the Swiss Federal Banking Commission (SFBC). Therefore, investors in the Ordinary Shares do not benefit from the specific investor protection provided by CISA and the supervision of the SFBC.

General

Prospective investors should rely only on the information contained in this document. Neither the Company, Collins Stewart nor Renaissance has authorised any other person to provide prospective investors with different information. No reliance should be placed on any different or inconsistent information provided by any person. Prospective investors should assume that the information appearing in this document is accurate only as at the date on the front cover of this document, regardless of the time of delivery of this document or

of any offer or sale of Ordinary Shares. The business, financial condition, results of operations and prospects of the Company could have changed since that date. The Company expressly disclaims any duty to update this document except as required by applicable law. This document should be read in its entirety before making any application for Ordinary Shares.

The contents of this document are not to be construed as legal, financial, business or tax advice. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of Ordinary Shares and (b) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer, redemption or other disposal of Ordinary Shares. Each prospective investor should consult its own legal adviser, financial adviser or tax adviser.

An investment in the Company may not be suitable for all recipients of this document. Any such investment is highly speculative and involves a high degree of risk. Prospective subscribers of Ordinary Shares should carefully consider whether an investment in the Company is suitable for them in light of their circumstances and the financial resources available to them. Attention is drawn, in particular, to the Risk Factors set out in Part I of this document.

If any prospective investors are in any doubt as to the merit of investing in Ordinary Shares of the Company, they should consult their appropriately authorised independent financial advisers.

No action has been taken to permit the distribution of this document in any jurisdiction outside the UK where such action is required to be taken. This document may not therefore be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Accordingly, no person receiving a copy of this document in any territory other than the United Kingdom, may treat the same as constituting an offer or invitation to them to acquire, subscribe for or purchase Ordinary Shares nor should they in any event acquire, subscribe for or purchase Ordinary Shares unless such an invitation, acquisition, subscription or purchase complies with any registration or other legal requirements in the relevant territory. Any person outside the United Kingdom wishing to acquire, subscribe for or purchase Ordinary Shares should satisfy themselves that, in doing so, they comply with the laws of any relevant territory, and that they obtain any requisite governmental or other consents and observe any other applicable formalities.

Available Information

The Company does not currently file reports under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). In addition, the Company does not furnish any information to the SEC so as to qualify for the exemption described in Rule 12g3-2(b) under the Exchange Act. The Company has agreed that, for so long as any Ordinary Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, it will during any period in which it is neither subject to Section 13 or 15(d) under the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, provide to any holder or beneficial owner of such Ordinary Shares or to any prospective purchaser of such Ordinary Shares designated by such holder or beneficial owner or prospective purchaser, the information required to be provided by Rule 144(d)(4) under the Securities Act.

Jurisdiction and Service of Process in the United States and Enforcement of Civil Liabilities

The Company is incorporated under the laws of the Isle of Man. All of the Directors of the Company, its officers or other persons named in this document are not residents of the United States. It may not be possible for investors in the Ordinary Shares to effect service of process within the United States upon the Company or such persons with respect to such matters arising under the federal securities laws of the United States, or to enforce against the Company or such persons judgments obtained in the United States predicated upon the civil liability provisions of US federal securities laws. There is doubt as to the enforceability in the Isle of Man and Zimbabwe, in original actions or in actions for enforcement of United States court judgments, of civil liabilities predicated solely upon US federal securities laws. In addition, awards for punitive damages in actions brought in the United States or elsewhere may be unenforceable in the Isle of Man or Zimbabwe.

Forward-looking Statements

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Company concerning, amongst other things, financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to shareholder returns and dividends. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual investment performance, financial condition, dividend policy and the development of its business strategy may differ materially from the impression created by the forward looking statements contained in this document. In addition, even if the investment performance, results of operations, financial condition, liquidity and dividend policy of the Company, and the development of its business strategy, are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to:

- the risk factors in the section entitled "Risk Factors" in Part I of this document;
- failure of radical changes in the economy of Zimbabwe to occur;
- changes in the Company's business strategy;
- the continued limited availability of foreign currency in Zimbabwe;
- the Company's ability to invest the proceeds of the Placing in suitable investments on a timely basis;
- changes in interest rates and/or credit spreads, as well as the success of the Company's investment strategy in relation to such changes;
- impairments in the value of the Company's investments;
- the availability and cost of capital for future investments;

- changes in laws or regulations, including tax laws, or new interpretations or applications of laws and regulations, that are applicable to the Company's business or companies in which the Company makes investments; and
- general economic trends and other external factors, including those resulting from war, incidents of terrorism or responses to such events.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. These forward-looking statements speak only as at the date of this document. Subject to its legal and regulatory obligations, the Company expressly disclaims any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based unless required to do so by law or any appropriate regulatory authority.

CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	5 December 2007
Admission effective and commencement of dealing in Ordinary Shares on AIM	11 December 2007
CREST Accounts enabled in relation to Ordinary Shares and settlement of Ordinary Shares through CREST	11 December 2007

PLACING STATISTICS

Placing Price per Placing Share	100p
Number of Placing Shares to be issued pursuant to the Placing	29,160,000
Number of Ordinary Shares in issue on Admission	36,450,000
Market capitalisation of the Company on Admission at the Placing Price	£36.5m
Initial Gross Proceeds of the Placing	£29.2m
Estimated Net Proceeds of the Placing	£26.6m

COMPANY DETAILS

AIM Symbol	LZM
ISIN Code	IM 00B28CVH58
SEDOL Code	B28CVH5

DIRECTORS AND ADVISERS

Directors	David Anthony Lenigas (*Executive Chairman*) Emma Kinder Priestley (*Executive Director*) Geoffrey Trevor White (*Executive Director*) Jean McKay Ellis (*Finance Director*) Paul David Heber (*Independent Non-Executive Director*) All of whose business address is at: Level 5, 22 Arlington Street London SW1A 1RD
Registered Office	33-37 Athol Street Douglas Isle of Man IM1 1LB
Sole Bookrunner and Broker	Renaissance Capital Limited 11th Floor, One Angel Court Copthall Avenue London EC2R 7HJ
Nominated Adviser and Broker	Collins Stewart Europe Limited 9th Floor 88 Wood Street London EC2V 7QR
Registered Agent	Dickinson Cruickshank Fiduciaries Limited 33-37 Athol Street Douglas Isle of Man IM1 1LB
Solicitors to the Company as to English law	Kerman & Co LLP 200 Strand London WC2R 1DJ
Solicitors to the Placing Agent and Bookrunner	Herbert Smith LLP Exchange House Primrose Street London EC2A 2HS
Solicitors to the Nominated Adviser and Broker	Dechert LLP 160 Queen Victoria Street London EC4V 4QQ
Legal Advisers to the Company in Zimbabwe	Wintertons Beverley Corner 11 Selous Avenue Harare PO Box 452 Zimbabwe

Financial Advisers to the Company in Zimbabwe	Ernst & Young Chartered Accountants (Zimbabwe) Angwa City Cnr Julius Nyerere Way / Kwame Nkrumah Avenue Harare PO Box 702 or 62 Zimbabwe
Advocates to the Company as to Isle of Man law	Dickinson Cruickshank 33-37 Athol Street Douglas Isle of Man IM1 1LB
Auditors	KPMG Audit LLC Heritage Court 41 Athol Street Douglas Isle of Man IM99 1HN
Principal Bankers	Anglo Irish Bank Corporation plc UK Corporate Treasury 10 Old Jewry London EC2R 8DN
Registrar	Capita Registrars (Isle of Man) Limited 3rd Floor Exchange House 54-62 Athol Street Douglas Isle of Man IM1 1JD
Website address	www.lonzim.co.uk

DEFINITIONS

The following definitions shall have the following meanings in this document unless the context requires otherwise:

"Act"	the Isle of Man Companies Act 2006, as amended;
"Admission"	admission of the Ordinary Shares in issue to trading on AIM becoming effective in accordance with the AIM Rules;
"AIM"	the AIM market of the London Stock Exchange;
"AIM Rules"	the AIM Rules for Companies and the AIM Rules for Nominated Advisers produced by the London Stock Exchange, as amended from time to time;
"Benefit Plan Investor"	a Plan and any entity whose underlying assets include Plan assets by reason of a Plan's investment in such entity;
"Board" or **"Directors"**	the Directors of the Company for the time being and duly constituted committees of the board of Directors and any successors to those members as may be appointed from time to time;
"Broker Agreement"	the broker agreement entered into on 5 December 2007 between the Company, the Directors, and Collins Stewart, the details of which are set out under section 6.4 of Part VIII of this document;
"City Code"	the UK City Code on Takeovers and Mergers;
"Code"	the United States Internal Revenue Code of 1986, as amended;
"Collins Stewart"	Collins Stewart Europe Limited, which is authorised and regulated by the FSA;
"Combined Code"	the Combined Code (Principles of Good Governance and Code of Best Practice) as set out in the Listing Rules of the UK Listing Authority;
"Company" or **"LonZim"**	LonZim Plc;
"Companies Law" or **"Acts"**	the Companies Acts 1931-2004 and 2006 of the Isle of Man, as amended;
"CREST"	the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which Euroclear is the operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form;
"CREST Regulations"	the UK Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended;
"CREST Settlement Agent"	Capita Registrars (Isle of Man) Limited or such other CREST accredited agent as may be appointed by the Company from time to time;
"Disclosure and Transparency Rules"	the Disclosure and Transparency Rules of the UK Listing Authority, as amended from time to time;
"ERISA"	the United States Employee Retirement Security Act 1974, as amended;
"Euroclear"	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales and the operator of CREST;
"Financial Adviser" or **"Ernst & Young"**	Ernst & Young Chartered Accountants (Zimbabwe), financial advisers to the Company in Zimbabwe;
"FSA"	the Financial Services Authority of the United Kingdom;
"FSMA"	the Financial Services and Markets Act 2000, as amended;
"HMRC"	the HM Revenue & Customs;

"IMF"	International Monetary Fund
"Invested Funds"	means capital currently deployed for investments and/or acquisitions in Zimbabwe, and/or the payment for the option to acquire these investments by the Company less any amounts thereof deployed in respect of an investment made that the Company has contracted to sell at the date of the half-year invoice or the end of the relevant service year in which management charges are calculated;
"Investment Company Act"	the United States Investment Company Act of 1940, as amended;
"Initial Gross Proceeds"	the aggregate value of the Ordinary Shares issued under the Placing at the Placing Price before expenses;
"Lock-in Agreements"	the conditional agreements, details of which are set out in section 6.6 of Part VIII of this document;
"London Stock Exchange"	London Stock Exchange plc;
"Lonrho"	Lonrho Plc, a company incorporated in England and Wales with company registration number 02805337;
"Lonrho Group"	Lonrho and all companies and undertakings under the same control which, now or in the future, are or become subsidiaries of Lonrho or a holding company of Lonrho;
"Lonrho Mining"	Lonrho Mining Limited, a company incorporated in Australia with the Australian company registration number 111 501 663;
"Management Services Agreement"	the management services agreement entered into on 5 December 2007 between the Company and Lonrho, the details of which are set out under section 6.1 of Part VIII of this document;
"Nominated Adviser Agreement"	the nominated adviser agreement entered into on 5 December 2007 between the Company, Collins Stewart, Lonrho and the Directors, the details of which are set out under section 6.3 of Part VIII of this document;
"OFAC"	the United States Office of Foreign Asset Control;
"Official List"	the Official List of the UK Listing Authority;
"Ordinary Shares"	ordinary shares of £0.0001 each in the capital of the Company;
"Placing"	the placing of the Placing Shares in the Company with investors in connection with Admission;
"Placing Agreement"	the agreement dated 5 December 2007 between the Company, the Directors, Renaissance and Lonrho, under which Renaissance agrees to use its reasonable endeavors to procure subscribers for the Placing Shares, the details of which are set out under section 6.2 of Part VIII of this document;
"Placing Price"	100p per Placing Share;
"Plan"	an employee benefit plan (as defined in Section 3(3) of ERISA) subject to Part 4 of Subtitle B of Title I of ERISA and a plan described in Section 4975(e)(1) of the Code, to which Section 4975 of the Code applies;
"Placing Shares"	29,160,000 Ordinary Shares to be issued by the Company at the Placing Price;
"RBZ"	Reserve Bank of Zimbabwe;
"Register"	the register of Shareholders kept at the registered office of the Company;
"Registrar"	Capita Registrars (Isle of Man) Limited;

"Regulated Information Service" or **"RIS"**	a service provided by the London Stock Exchange for the distribution to the public of announcements and included within the list maintained by the London Stock Exchange's website;
"Relevant Member State"	each member state of the European Economic Area which has implemented the Prospectus Directive or where the Prospectus Directive is applied by the regulator;
"Renaissance"	Renaissance Capital Limited, the Company's appointed Sole Bookrunner and Broker;
"Renaissance Broker Agreement"	the broker agreement entered into on 5 December 2007 between the Company, the Directors, and Renaissance, the details of which are set out under section 6.5 of Part VIII of this document;
"Securities Act"	the United States Securities Act of 1933, as amended;
"Share Dealing Code"	the share dealing code adopted by the Company to ensure compliance with Rule 21 of the AIM Rules;
"Share Option Deed"	the share option deed entered into by the Company and Paul Heber the details of which are set out under section 3.8 of Part VIII of this document;
"Shareholders"	holders of Ordinary Shares;
"UK" or **"United Kingdom"**	the United Kingdom of Great Britain and Northern Ireland;
"UK Listing Authority"	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA;
"Uncertificated" or **"in Uncertificated form"**	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
"US Investor Letter"	the letter in the form attached to this document as Appendix A;
"US Person"	any person or entity defined as such in Rule 902 of Regulation S under the Securities Act;
"US$" or **"US Dollar"**	the lawful currency of the United States;
"VAT"	value added tax;
"ZIA"	the Zimbabwe Investment Authority;
"Zimbabwe"	Zimbabwe and the infrastructure corridor from Zimbabwe to Beira in the Republic of Mozambique; and
"£" or **"Pound"** or **"Sterling"**; **"pence"** or **"p"**	the lawful currency of the United Kingdom.

PART I

RISK FACTORS

IN ADDITION TO ALL OTHER INFORMATION SET OUT IN THIS DOCUMENT, THE FOLLOWING SPECIFIC RISK FACTORS SHOULD BE CONSIDERED CAREFULLY BY POTENTIAL INVESTORS IN EVALUATING WHETHER TO MAKE AN INVESTMENT IN THE COMPANY. THE INVESTMENT DESCRIBED IN THIS DOCUMENT MAY NOT BE SUITABLE FOR ALL RECIPIENTS.

An investment in the Ordinary Shares involves a high degree of risk. Accordingly, prospective investors should carefully consider all of the information set out in this document and the risks attached to an investment in the Company, including, in particular, the risks described below, prior to making any investment decision. The risks and uncertainties described below are not the only risks and uncertainties the Company faces. Additional risks and uncertainties not presently known to the Company, or that the Company currently believes are immaterial, could also impair the Company's financial condition, results of operations or prospects. If any of the following risks actually occur, the Company's financial condition, results of operations or prospects and share price could be materially adversely affected. Investment in the Company is suitable only for persons who can bear the economic risk of a substantial or total loss of their investment.

IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE BEFORE MAKING A FINAL DECISION, YOU SHOULD CONSULT A PERSON AUTHORISED UNDER FSMA WHO SPECIALISES IN ADVISING ON THE ACQUISITION OF SHARES AND OTHER SECURITIES IN THE UK.

Risks Relating to Investing in Zimbabwe

The Company's investment strategy is contingent on a radical improvement in the Zimbabwean economy and, accordingly, investing in the Company's Ordinary Shares involves a high degree of risk.

The Company's investments involve a higher degree of risk and volatility than alternative investment options and may be subject to a total loss of principal. The Company will only be able to achieve its objectives in the event that the Zimbabwean economy radically improves. At present Zimbabwe is facing extreme socio-economic difficulties including severe foreign currency shortages, hyperinflation, disease, civil unrest, spiralling underemployment and critical shortages of food, manufactured goods and fuel. According to Reuters, the official annual inflation rate rose from 32 per cent. in 1998, to an official estimated high of 7,982 per cent. in September 2007. Certain private sector estimates put the figure significantly higher. Consequently, investments may not appreciate and, in fact, may decline in value or result in a total loss to the Shareholder. As a result, an investment in the Ordinary Shares is high risk and only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment, or other investors who have been professionally advised with regard to investment, and who have sufficient resources to be able to bear any losses which may arise therefrom (which may be equal to the whole amount invested). Such an investment should be seen as complementary to existing investments in a wide variety of other financial assets and should not form a major part of an investment portfolio. Investors should not consider investing in the Ordinary Shares unless they already have a diversified investment portfolio and are willing to risk total loss of their investment.

Foreign companies wishing to invest in Zimbabwe must obtain prior clearance and approvals to do so from the Zimbabwe Investment Authority, and failure to obtain this clearance will significantly impair the Company's ability to achieve its investment objectives.

All foreign companies wishing to invest in Zimbabwe are required to obtain prior clearance and approvals from the ZIA. Under Zimbabwean law, no share in a Zimbabwean registered company may be issued to a foreign resident without the approval of the Exchange Control Authorities who have delegated their authority to the ZIA where the project is considered to be a new venture. Prior to the Company or any wholly owned subsidiary making an investment in Zimbabwe it will need to seek and be granted an investment certificate pursuant to this procedure. There is no guarantee that the Company will be successful in obtaining such approvals and clearance.

Zimbabwe's current economic climate, severe socio-economic hardship and political instability may prevent the Company from achieving its investment objectives.

Zimbabwe is currently experiencing severe socio-economic hardship and political instability. In April 2007 the IMF reported that the Zimbabwean economy was suffering sustained contraction in output, evidenced by a 39 per cent. decline in real GDP since 1997. The IMF attributes the contraction in the economy to government policy in Zimbabwe which has been subject to rapid and unpredictable change, including the unplanned redistribution of commercial farms, the repeated fixing of the exchange rate by the Reserve Bank of Zimbabwe at highly overvalued rates, suspension of property rights (particularly in agriculture and mining) and price controls in response to hyperinflation that have caused acute shortages of many basic commodities. Zimbabwe has the shortest life expectancy in the world, approximately 1.7 million people living with HIV/AIDS-related diseases, and unemployment and poverty levels are near 80 per cent. The deterioration in the standard of living has caused many people to leave Zimbabwe, especially skilled labour. These social, economic and political conditions may adversely affect the Company's ability to identify and successfully invest in suitable investments, and, even if such investments are identified, could have a material adverse affect on the financial condition, results of operations and share price of the Company.

The projects carried out by the Company in Zimbabwe will be subject to Zimbabwean laws, and the financial position of the Company may be adversely affected by the policies described above, as well as governmental regulations, policies and directives relating to currency exchange controls, investment approvals, land ownership, expropriation of property, repatriation of income, taxation, export controls, employee relations, environmental legislation and other matters. If the Company cannot obtain or maintain the necessary permits, authorisations or agreements to implement planned projects or continue its operations under conditions or within time frames that make such plans and operations economically feasible, or if legal or fiscal regimes or the governing political authority change materially, the Company may not be able to implement its plans and realise its investment objectives.

In addition, there has been negative publicity about Zimbabwe's economic climate, severe socio-economic hardships and political instability, which may result in negative perceptions of Zimbabwe among investors, which could lead to a decline in the value of the Company's Ordinary Shares and the Company's ability to access international markets. These outcomes would adversely impact the Company's capital expenditure plans and its ability to implement its investment strategies.

Land or other property acquired by the Company could be expropriated by the Government of Zimbabwe, imposing significant costs and burdens and materially adversely affecting the Company's financial condition, results of operations and share price.

Land rights acquired by the Company could be expropriated by the Government of Zimbabwe under the constitutional amendment of 2005. Under the amendment, the Government is empowered to compulsorily acquire any agricultural land by a simple notification in the Government Gazette. The amendment nationalises Zimbabwe's farmland and allows the Government to acquire agricultural land for any purpose, including resettlement and redistribution. Landowners do not receive any compensation for land expropriated by the Government. However, they are entitled to compensation for permanent improvements they have effected on the land. Landowners cannot challenge the government's decision to acquire their land in any Zimbabwean Court but may challenge the compensation they are paid for permanent improvements made to the land. While the amendment does not currently contemplate expropriation of non-agricultural land, there can be no assurance that non-agricultural land will not also become subject to expropriation.

The ownership of agricultural land by non-Zimbabwean citizens is not generally permitted unless a project is aimed at: upgrading an economically marginal area; bringing significant industrialisation to a primary agricultural area; creating major employment; bringing about new agricultural productivity or beneficiation; introducing some new form of export processing; or creating a major tourist industry in an under-utilised area. Non-Zimbabwean citizens wishing to utilise agricultural land are required to make specific application to the ZIA, which will review each case on its merits, in consultation with relevant government ministries. The Company may not meet the criteria applicable to foreign ownership or receive the necessary approvals for acquiring and developing agricultural land. Because the substantial majority of Zimbabwe's land is categorized as "agricultural" for purposes of relevant regulations, the Company may incur difficulties in directly obtaining and developing property that meets its investment criteria. Ownership of commercial and industrial property by foreign investors under a ZIA-approved project is permitted.

While the Company intends to use all reasonable endeavours to invest in and acquire (as appropriate) property using structures that comply with Zimbabwean laws and regulations relating to ownership by foreign companies of land and property, there can be no guarantee that in the future Zimbabwe will not

adopt laws and regulations which could include further land reform or redistribution of property assets in the country. Equally, the Zimbabwe Government could interpret existing law to the detriment of the Company or its investments.

There is no assurance that any of the privately held land rights or other rights acquired by the Company in the future will not become subject to expropriation, acquisition or redistribution by the Government, or that the Company would be adequately compensated for any permanent improvements to land or property it has effected, which could have a negative impact on the Company's operations and therefore an adverse effect on its business, operating results and financial condition.

Zimbabwe's hyperinflationary economy may affect the Company's financial condition, results of operations, and share price.

The economy of Zimbabwe is considered to be a hyperinflationary economy, as noted above. Certain unofficial private sector reports estimate the inflation rate to be above 11,000 per cent. in August 2007. However, according to the RBZ, the official year-on-year inflation rates for 2007 were 4,530 per cent. in May, 7,251 per cent. in June, 7,634 per cent. in July, 6,593 per cent. in August, and 7,982 per cent. in September. However, the IMF has forecasted that the inflation rate will reach 100,000 per cent. inflation by year end. As production has decreased at the same time the money supply is being increased, the Zimbabwean economy has experienced severe inflationary pressure. If hyperinflation continues in Zimbabwe, the Company may not be able to adjust the prices for its goods and services sufficiently to offset the inflationary effects on the value of the Zimbabwean dollar. Hyperinflationary pressures may also hinder the Company's ability to access foreign financial markets or lead to additional governmental policies to combat inflation that could harm the Company's business and adversely affect the value of the Ordinary Shares.

A current RBZ directive requires a Zimbabwean company to immediately convert 35 per cent. of all foreign currency received from the exportation of goods or services at the official rate, which is significantly lower than the parallel rate. The remaining 65 per cent. may be held by a Zimbabwean company in the foreign currency indefinitely. If hyperinflation continues in Zimbabwe the value of earnings received from the exportation of goods or services and held as cash by a portfolio company would be devalued.

In order to comply with International Accounting Standard 29, Financial Reporting in Hyperinflationary Economies ("**IAS 29**"), financial statements prepared for Zimbabwean companies need to take full account of the effects of inflation using a "current purchasing power" approach. Accordingly, financial statements for Zimbabwean companies are required to be restated to reflect fair values, to account for changes in the general purchasing power of the Zimbabwe Dollar measured against the consumer price index published by the Central Statistical Office of Zimbabwe. The Company's consolidated financial statements, to the extent portfolio companies use the Zimbabwean dollar as a functional currency, will need to be periodically restated to account for such changes in the general purchasing power of the Zimbabwean Dollar. In addition, the Company will not be able to control the price at which it sells any products or provides any services in the future, it is possible that higher future inflation in Zimbabwe may result in an increase in future operational costs in Zimbabwean Dollars, which without a concurrent devaluation of the Zimbabwe Dollar against the Pound Sterling, could have a material adverse effect upon the Company's operations and financial condition. For further information on IAS 29 and its impact on the Company's results, see Part VI of this document entitled "*Operating and Financial Review*". In a hyperinflationary economy, fair value gains and losses can be significant.

Foreign currency controls and shortages may negatively affect the Company's financial condition and prospects.

Zimbabwe currently faces acute foreign currency shortages which may negatively affect the Company's prospects, and prevent conversion into the Company's reporting currency, Pounds Sterling. Due in part to restrictions on currency exchange and a resulting shortage of foreign currency, a number of domestic companies have failed to import essential raw materials and external suppliers are now demanding pre-payments for any supplies when dealing with Zimbabwean firms. A number of companies are unable to import machinery and equipment as well as spares required to improve production. The Company or entities which it invests in may face a similar situation.

While all new foreign shareholders post 1992 in Zimbabwe are permitted to remit full dividends declared from current after tax trading profits, these remittances are subject to approval by the RBZ or an authorised dealer and confirmation that no recourse to local borrowing will be necessary. Although the Company may be able to thereby remit 100 per cent. of any dividends which it may pay in the future, the ability to do so will

be dependent on the availability of foreign currency in Zimbabwe and the RBZ's willingness to prioritise the remittance of the foreign currency component of the Company's dividend. Lack of sufficient foreign currency or failure to obtain necessary approval and confirmation will result in the inability of the Company and/or any investments to pay dividends to foreign shareholders.

Foreign currency shortages in Zimbabwe have created the existence of an unofficial illegal parallel market for foreign currency in Zimbabwe. This has created an anomaly between the official exchange rates and the illegal parallel market rates, with the former being much lower than unofficial illegal parallel market rates. As of September 2007, the unofficial rate was 400,000 Zimbabwean Dollars for one US Dollar, while the official exchange rate, for the same period, was 30,000 Zimbabwean dollars for one US Dollar. On 18 October 2007, the Associated Press reported that the illegal parallel market was asking for 1,000,000 Zimbabwean Dollars for one US Dollar. Any conversion of the Zimbabwean currency by the Company will be done in accordance with accounting standards that call for the true and fair position of assets and liabilities to be reflected. If the disparity between the official exchange rate and the parallel market continues in the future, profits received by the Company will be exchanged at a rate that does not fully consider the hyperinflationary environment. This in turn could have adverse effects on the Company's financial results and investment performance.

Furthermore, the currency exchange rate in use when the Company makes investments in Zimbabwe will be approved by the RBZ at their discretion. The currency exchange control laws of the countries in which the Company may operate in the future may require permission from local authorities for transactions involving foreign currency. Specifically, the currency exchange rate in use when the Company makes investments in Zimbabwe will be approved by the RBZ at their discretion. The rate will be negotiated between the Company and RBZ at the time of investment and, consequently, the agreed upon rate may be substantially different from the official rate. The Company cannot guarantee that it will be able to negotiate a favourable rate or that such rate will be better than those of Company's competitors or that, in the event the Company does secure a favourable rate, the Company will continue to be in a position to do so.

The implementation of proposed indigenisation legislation in Zimbabwe may negatively affect the Company's financial condition, results of operations, and share price.

The Indigenisation and Economic Empowerment Bill (the "**Bill**") has passed through both houses of the Zimbabwe Parliament and now awaits Presidential consent before becoming law. Among other things, the Bill states an intention that at least 51 per cent. of the shares of every public company and other business be owned by indigenous Zimbabweans. The Bill also provides the Minister of State for Indigenisation and Empowerment, unrestricted authority to issue statutory instruments that are subsidiary legislation without the approval of Parliament. If the Bill becomes law, the Company may be unable to obtain majority control of businesses in Zimbabwe, which may jeopardise its investment plans and adversely affect its financial position. In addition, if the Bill becomes law, any majority owned investments by the Company could be subject to forced sale or confiscation in order to achieve compliance with the foreign ownership limitations contained in the Bill. Further details of the Bill and its potential impact on the Company can be found in Part IV of this document.

Zimbabwe's current precarious economic climate may prevent the Company from achieving its investment objectives.

The success of the Company depends, among other things, upon the radical recovery of the Zimbabwean economy and the ability of the Board, in conjunction with its advisers, to select suitable investment opportunities, which will provide favourable returns on the capital provided by Shareholders in the longer term. There can be no guarantee that this objective will be achieved.

Economic statistics and supporting data relating to Zimbabwe may at times be dated, or unavailable. Since 2000, the Zimbabwean economy has experienced considerable volatility. According to the RBZ, the official annual inflation rate reached a high of 7,982 per cent. in September 2007. Such pressure is aggravated by perennial foreign currency shortages and increases in the rates at which businesses are charged to access most of their foreign currency requirements.

Local government, municipal bodies and utility providers are experiencing increased financial strain in the current economic environment in Zimbabwe, reflecting in particular a lack of available foreign currency. This situation is giving rise, among other things, to increased shortages of power and municipal water supplies and telecommunications difficulties. These risks may potentially adversely affect future operations.

The Company's investment strategy is dependent upon future radical improvement in the Zimbabwean economy and it is therefore possible that a significant period of time may elapse before an investment by the

Company will produce any returns. Indeed, there is no assurance that the economy in Zimbabwe will radically improve and accordingly the Company may not be able to make any profits and may incur losses, which may lead to a total loss of Shareholders' investments.

The Company may experience problems in acquiring and managing property which may adversely affect the Company's financial condition, results of operations and share price.

The Company's intended investment strategy may involve the acquisition and development of real estate in Zimbabwe. Acquisition of real estate is speculative in nature, is frequently unsuccessful and involves many risks. The real estate market is relatively illiquid compared to certain other investments and real estate investments generally cannot be sold quickly. The limited number of real estate development companies in Zimbabwe further limits the liquidity of real estate investments. The procedure for obtaining governmental consents and ensuring compliance with relevant regulations in connection with real estate acquisitions, including restrictions on foreign ownership of certain types of property, may be protracted and costly and subject to inefficient and cumbersome bureaucracy. Future changes to applicable planning regulations may jeopardise property development projects which have already commenced. The Company may be unable to obtain the financing necessary to complete property acquisitions and development in a timely or adequate manner. The lack of reliable property valuations and information on the real estate sector in Zimbabwe may also have an adverse effect on the Company's ability to obtain financing for property acquisitions and development. Additionally, government authorities may require real estate developers to make a significant contribution towards the local infrastructure in exchange for construction permission. Market values and rental income for properties owned by the Company in the future will be generally affected by supply and demand for properties, which will be determined, in part, by factors of the Zimbabwean economy, such as changes in the gross domestic product, currency exchange rates, employment trends, inflation and changes in interest rates.

Any difficulties, costs or time delays in acquiring and developing property could have a material adverse effect on the Company's business, operating results and financial condition. The Company cannot be certain that any investment it makes in property in Zimbabwe will produce a return and that if it does, such returns will be easily convertible, and prevent conversion into the Company's reporting currency, Pounds Sterling. It is possible that the Company will sustain losses through any real estate investments.

The Company will be subject to extensive regulation and changes in laws could adversely affect the Company's financial condition, results of operations and share price.

The Company will be subject to extensive national, regional and local regulation as a result of its potential investments in tourism, accommodations, infrastructure, transport, commercial and residential property, technology, communications, manufacturing, retail, services, leisure, agricultural and natural resources. The Company expects to experience significant costs arising from compliance with fire and safety requirements, environmental regulations, land use restrictions and taxes. If the Company's properties or development plans do not comply with any relevant requirements, the Company may incur governmental fines or private damage awards. In the future, the Company may incur substantial unanticipated costs and liabilities associated with complying with more stringent or comprehensive requirements imposed under new or amended laws, rules, regulations or ordinances. Amendments to applicable laws may also impose restrictions on the development, construction or sale of properties. Such laws, rules, regulations or ordinances may impact the Company's ability to develop or resell properties and have a material adverse effect on the Company's business, operating results and financial condition.

The Zimbabwean statutory restrictions on repatriating investments by foreign investors may negatively affect the Company's ability to exit investments or pay dividends and may adversely affect the Company's ability to have such capital investment returned in the currency converted.

If the Company wishes to divest through sale or transfer of its interest in a Zimbabwean registered company to a local or foreign investor, the Company must seek permission from RBZ both to proceed with the transfer or sale and for any repatriation of the proceeds outside Zimbabwe, prior to the transaction taking place. Any repatriation is also subject to the availability of foreign currency. RBZ does not permit payment to be made onshore where two foreign parties are involved. In addition, if a Zimbabwean registered company or resident individual wishes to acquire the shares of another Zimbabwean registered company by utilising a foreign loan, RBZ approval is required.

Investment capital may only be repatriated to foreign investors at such time as the investor disinvests from Zimbabwe. Although as at the date of this document, foreign investors have been given an undertaking by the Zimbabwean Government that initial foreign denominated investment capital will be permitted to be

remitted upon application to disinvest, repatriation of any future capital profit will be subject to the prevailing rules at the time of the disinvestment. The current rules require that, in order to be recognised by the ZIA as having disinvestment rights, all investment capital must be remitted into Zimbabwe via normal banking channels or in the form of capital equipment that has customs clearance documentation. Applications for disinvestments must include up to date financial statements, a valuation of any shares involved or details of how a price was arrived at, proof of the original foreign investment approvals and receipt of funds, details of the new investors, an explanation of the reasons for the sale and a demonstration that the disinvestment would benefit Zimbabwe to a foreign investor, as opposed to a local investor, is also required by law.

In the event of a Zimbabwean company obtaining a listing on the Zimbabwean stock exchange, shares bought with foreign currency remitted into Zimbabwe through normal banking channels would be permitted to be remitted to foreign investors upon sale of those shares. Such shares are endorsed as being held by non-residents for easy identification. Shares held by foreign investors at the time of the listing will not necessarily have the same rights unless specific authority is given for the shares to be thus endorsed.

The Company cannot guarantee that the Company will be permitted to have its investment capital returned outside Zimbabwe, or converted into its currency, Pounds Sterling, upon divestment of an interest in a Zimbabwean company or, in the event such repatriation is permitted, that the investment capital will be returned in the currency in which the original investment was made or whether enough foreign currency will be available to fulfil the repatriation.

There is no assurance as to the level, frequency or ability of the Company to distribute dividends. The procedure for dividend remittances involves a submission within 12 months of the company's year end to the RBZ via the company's bankers with supporting information from the company's auditors verifying that the dividend is from current after tax profits, and that the company has sufficient of its own resources to pay a dividend. Companies are not permitted to borrow to pay a dividend. With the current shortage of foreign currency, companies are also required to indicate what foreign funds they have in their foreign currency accounts (these are allowed subject to certain conditions) as these are expected to be utilised before access to the general interbank funds is permitted. Once approval is received, a 20 per cent. withholding tax is due within twenty days (regardless of whether foreign currency is available to make the distribution). The approval remains valid even if foreign currency is not immediately available. Payment can be made on application when foreign currency can be sourced. Dividends are denominated in Zimbabwe Dollars and are thus subject to exchange rate fluctuations.

The current severe shortage of foreign currency has prevented Zimbabwean companies from distributing dividends unless a company can do so from foreign currency earned from the exportation of services or goods at the official rate, which is significantly lower than the parallel rate. However, a current RBZ directive may affect a Zimbabwean company's ability to hold enough foreign currency to effect such a distribution. The RBZ directive requires a Zimbabwean company to immediately convert 35 per cent. of all foreign currency received from the exportation of goods or services. The remaining 65 per cent. may be held by a Zimbabwean company in the foreign currency for an indefinite period which can therefore be accumulated to facilitate the payment of a dividend.

In the event the Company has accumulated distributable profits and assuming the RBZ has approved such distribution, the Directors intend to achieve an appropriate balance between reinvesting capital for future growth in accordance with the Company's investment strategy and declaring dividends to Shareholders. The Company also cannot guarantee that the level of dividends will be maintained or will increase over time or that returns on the Company's investments will increase the Company's cash available for dividends to shareholders. The failure to pay or maintain dividends could adversely affect the price of the Company's Ordinary Shares.

US holders of Ordinary Shares and the Company may be subject to sanctions imposed by the US government if the Company decides to pursue operations in countries subject to US economic sanctions.

US economic sanctions may be imposed on US holders of Ordinary Shares or the Company in connection with future operations in countries subject to US economic sanctions, such as Zimbabwe.

Certain regulations administered by the OFAC of the US Treasury Department, apply to US Persons as well as any activities otherwise subject to US jurisdiction and thus would not generally apply to the Company. However, the regulations may apply to US holders of Ordinary Shares. The Company has taken steps it feels are sufficient to mitigate the risk to US holders but there can be no guarantee that such steps will be successful. If the OFAC takes a different view of these steps and pursues enforcement of such regulations, US

holders may be subject to a range of civil and criminal penalties. The imposition of such penalties may have a material adverse effect on the price of the Ordinary Shares.

The Company may in the future invest sufficient money in activities in Zimbabwe that may trigger such regulations and cannot predict future interpretation of these regulations by the US government regarding any such future activities. It is possible that the US President may determine that these future activities constitute violations of these regulations and subject the Company to sanctions. The imposition of sanctions could have an adverse impact on the Company's financial condition, results of operations or share price.

The Company and Shareholders may be subject to changes in sanctions imposed by the European Union.

The European Union and the United States have implemented sanctions against certain political leaders in Zimbabwe and such persons' associates and affiliated entities. If the situation in Zimbabwe deteriorates, broader sanctions could be implemented by the European Union and the United States. Failure by the Company to abide by these sanctions could give rise to the imposition of civil or criminal penalties on both the Company and holders of the Ordinary Shares, and may adversely impact the Company's financial condition, results of operations or share price.

The Company's investments may be affected by shortages in raw materials and skilled employees.

Zimbabwe is currently experiencing critical shortages in the supply of raw materials and skilled labour. Such shortages may impact investments or acquisitions made by the Company in Zimbabwe. The inability to obtain sufficient amounts of raw materials and to retain, recruit or adequately compensate skilled employees may result in delays in projects, costs exceeding the project's budget or the project being abandoned and, consequently, may have a material adverse effect on the Company's financial condition, results of operations and share price.

Zimbabwe's infrastructure is in a poor state and there are numerous interruptions to power and communication systems.

The state of Zimbabwean infrastructure falls considerably below the standard of more developed countries. Zimbabwean roads are in a poor state of repair. The Zimbabwean power and communications sectors are subject to frequent and prolonged outages, have numerous problems such as poor infrastructure, low connection rates, inadequate power generation capacity, lack of capital for investment, and inappropriate industry and market structure. In particular, the lack of foreign currency has left both the communication and power sectors without capacity to remunerate existing service providers, purchase additional resources and improve or maintain supporting infrastructure.

The periodic and routine maintenance of the poor Zimbabwean infrastructure, especially in the power sector, has led to an increase in the cost of doing business in Zimbabwe, as most organisations incur high costs investing in the acquisition of power facilities which are used to ensure a steady supply of electricity, in an attempt to minimise the losses resulting from the frequent power outages. Consequently, the Company may incur costs to maintain and secure the infrastructure necessary to invest in portfolio companies operating in Zimbabwe, which may impact negatively on the Company's financial condition, results of operations and share price.

HIV/AIDS poses risks to the Company in terms of productivity and costs.

Approximately 1.7 million of the 13.01 million Zimbabweans currently live with HIV. The incidence of HIV/AIDS in Zimbabwe, which is forecast to increase over the next decade, poses risks to the Company in terms of potentially reduced productivity and increased medical and other costs. The Company expects that significant increases in the incidence of HIV/AIDS infection and HIV/AIDS-related diseases among the workforce over the next several years may adversely impact the Company's operations and the viability of businesses in which it invests. Furthermore, the average life expectancy at birth for males and females in Zimbabwe is 37 and 34 respectively. The low life expectancy in Zimbabwe poses risks to the Company in terms of potentially reduced productivity and increased medical and other costs.

Zimbabwe's legal system is less developed than other countries in the region and, accordingly, it may be difficult to obtain swift and equitable enforcement of rights or obtaining swift and equitable enforcement.

Zimbabwe has a less developed legal system than more established economies, which may result in risks such as:

(i) potential difficulties in obtaining effective legal redress in their courts, whether in respect of a breach of law or regulation, or in an ownership dispute;

(ii) inability to conduct an efficient or comprehensive search of threatened, pending, or past suits against any entity (as searches require a manual search of the records or docket of each court individually);

(iii) a higher degree of discretion on the part of governmental authorities;

(iv) the lack of judicial or administrative guidance on interpreting applicable rules and regulations;

(v) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions;

(vi) new laws may be applied retroactively or retrospectively;

(vii) the enactment of new laws or directives is often unpredictable;

(viii) the courts have broad discretion in dealing with violations of law and regulations, including levying fines, revoking business and other licences; or

(ix) relative inexperience of the judiciary and courts in certain matters.

In addition, the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business which may be susceptible to revision or cancellation, as a result of which legal redress may be uncertain or delayed. There can be no guarantee that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

Crime and governmental or business corruption could significantly disrupt the Company's ability to conduct its business and could materially adversely affect the Company's financial condition, results of operations and share price.

The Company intends to operate and conduct business in Zimbabwe and the Beira Corridor of Mozambique which have in the past and are currently experiencing high levels of corruption and other criminal activity. Businesses may be subject to the influences of criminal elements or other forms of corruption. The Company may have to cease or alter certain activities or liquidate certain investments as a result of criminal threats or activities. Legal rights may be difficult to enforce in the face of corruption. Prospective counterparties to the Company may seek to structure transactions in an irregular fashion, to evade fiscal or legal requirements. They may also deliberately conceal information from the Company and its advisers or provide inaccurate or misleading information. Further, it is possible that permits, authorisations, re-zoning approvals or similar matters may have been obtained in breach of legal requirements (often on the basis of illegal payments having been made). Such matters would be susceptible to subsequent challenges as *ultra vires*, and it will be difficult, or impossible, for the Company to monitor such events or provide assurance against such corruption.

The Company may in the future be the subject of press speculation, government investigations and other accusations of corrupt practices or illegal activities, including improper payments to individuals of influence. Although the Company's policy mandates strict compliance with internal policies and applicable laws which prohibit corrupt payments to government officials or other businesses or persons, there is no guarantee that such internal policies and procedures will be adhered to by its future employees or agents. Alleged or actual involvement by the Company, its Directors or officers in corruption or other illegal activity by such persons, could significantly damage the Company's reputation and its ability to do business and could materially adversely affect its financial condition, results of operations and share price.

There is a risk that the Company or one or more of its portfolio companies will be directly or indirectly affected by reason of force majeure events or a terrorist attack.

There is a risk that the Company or one or more of its investments will be, directly or indirectly, affected by reason of events such as war, civil war, riot or armed conflict, guerrilla activity, radioactive, chemical or biological contamination, pressure waves and acts of terrorism which are outside their control and generally not covered by insurance. In particular, the political situation in Zimbabwe is deteriorating and precarious. Such events could have a variety of adverse consequences for the Company, including risks and costs related to the destruction of an asset owned or used by a portfolio company in which it has invested, inability to use one or more such assets for their intended uses for an extended period, decline in income or asset (and therefore investment) value, and injury or loss of life, as well as litigation related thereto.

More widely, terrorist attacks and ongoing military and related action in Iraq and elsewhere could have significant adverse effects on the world economy, securities, bond and infrastructure markets and the availability and cost of maintaining insurance.

Risks Relating to the Company and its Investment Strategy

There are no restrictions on the investments the Company may make, and as a result an investment in the Company may entail greater risk than is typical of other investments.

Most fund or private equity vehicles impose limitations on the size, manner and/or type of investments. These limitations may restrict investment to a particular country or region, or a particular industrial sector or asset type, in which the investment management team is thought to have particular expertise; impose limitations designed to avoid concentration risk, foreign exchange risk and ensure a level of diversification; restrict the fund to investments in controlling interests in portfolio companies; or require compliance with other specified investment parameters. Although the Company intends to build a portfolio of investments primarily in Zimbabwe, the Company may also make investments in businesses outside Zimbabwe in entities which have a majority of their operations within Zimbabwe. The Company will not have any sectoral focus, although the Directors expect the Company to focus on investments in tourism, accommodations, infrastructure, transport, commercial and residential property, technology, communications, manufacturing, retail, services, leisure, agricultural and natural resources. Although the Directors intend to seek the consent of the Shareholders for the investment strategy on an annual basis, there will be no restrictions, formal or operational, individually or in the aggregate, on the investments the Company is permitted to make.

As a result, an investment in the Company may entail greater risk than is typical of investments in other funds. For example, the Company's portfolio could become concentrated in a relatively small number of very large investments, in which case the adverse performance of any one of these could have a material adverse effect on the Company's financial performance, results of operations and share price. Similarly, the Company's portfolio may, and will likely, be concentrated in investments in Zimbabwe, or a small number of countries, in which case adverse economic, political or other developments specific to the relevant country or countries could have a material adverse effect on the Company's financial condition, results of operations and share price. Moreover, despite the Company's intention to seek majority positions in companies, a significant proportion of the Company's investments may be made in (i) minority stakes in companies, which could impair the Company's ability to exercise effective control over those companies, or (ii) concentrated in a particular sector, which could have a material adverse affect on such investments if there is a downturn in the economic condition of such sector.

Shareholders will not know in advance which investments will be chosen, will not be given an opportunity to consent to individual investment decisions, and must rely on the Directors to make appropriate investment decisions and to implement the Company's investment strategy.

Investors must rely on the Directors to identify and acquire suitable investments. While the Directors intend to seek the consent of the Shareholders for the investment strategy on an annual basis, generally Shareholders will not otherwise participate in evaluating individual investment opportunities or in strategic decision making. Shareholders will thus be unable to evaluate the economic merit of particular investments prior to their acquisition and similarly will be unable to evaluate the Company's strategy with respect to managing investments, the decision whether to hold or exit from particular investments or the proposed terms of any such exit strategy.

The Company's current five Directors (along with any additional members of the Board appointed after the Placing) will have full discretion to make investment decisions on behalf of the Company. The Company's success will thus depend to a significant extent on the skill and judgment of the various Directors. The Company cannot guarantee that the Directors will identify suitable investment opportunities, properly evaluate such opportunities or develop and implement a successful overall investment strategy.

The Company may be unable to fully invest the net proceeds of the Placing within the short, medium or long term. Lower returns will be experienced for so long as the Company's capital is not fully deployed into suitable investments, and any uninvested proceeds may be returned to shareholders without interest.

There can be no guarantee that the Zimbabwean economy will improve or that suitable investment opportunities will materialise, prove attractive or be sufficient in quantity or size to permit the Company to invest the net proceeds of the Placing in the short, medium or long term. Although the Company will adopt a policy of active management of its cash resources, the short and medium term investments in which such cash will be invested will generate returns that are substantially lower than the returns the Company seeks to

obtain from its investments. Accordingly, failure by the Company to invest the net proceeds of the Placing in full and in a timely fashion could have a material adverse effect on the Company's financial condition, results of operations and share price.

In the event that the Company does not make an investment within 18 months following Admission (provided the Company's potential acquisition of Blueberry International Services Limited will not count for these purposes), the Directors intend to convene a Shareholders meeting to consider whether to continue pursuing its investment objective or to wind up the Company and distribute any surplus cash back to Shareholders in the most efficient manner available.

In the event a resolution is passed or an order is made for the winding up of the Company, Lonrho would participate, *pro rata* to its holdings, in the liquidation distribution along side other shareholders. Lonrho has undertaken not to vote on any such resolutions.

Lonrho's investment track record may be of limited relevance in assessing the Company's future investment performance.

The historic performance of Lonrho or other companies managed by the Directors is not indicative of the Company's future performance, as the Company's investment objective and strategy differ from such other entities. Since Lonrho's admission to AIM in 2004, Lonrho has made only one investment in Zimbabwe, its recent investment in Blueberry International Services Limited, as further described in section 4 of Part II of this document. Consequently, the Company's actual performance may differ materially from the historic results of Lonrho or the Directors' other endeavours.

The Company is a newly-formed company with no operating history and therefore has no track record to aid investors in evaluating potential future performance.

The Company is a limited company incorporated under the Companies Act 2006 of the Isle of Man and has not yet commenced operations. The Company does not have any historic financial statements or other meaningful operating or financial data on which potential investors may evaluate the performance of investments, the effectiveness of the Company's investment strategy or the Company's prospects. An investment in the Ordinary Shares is therefore subject to all the risks and uncertainties associated with any new business, including the risk that the Company will not achieve its investment objectives, which will depend on future events or circumstances, in particular a radical improvement in the Zimbabwean economy. Many of these events and circumstances cannot be predicted and are events or circumstances over which the Company has no control. Consequently, the value of any potential investor's investment could decline substantially including to the point of a total loss of investment.

Competition for investment opportunities in Zimbabwe may increase generally over time.

The Company expects to compete with a number of different types of entities for investment opportunities, primarily public and private investment funds, operating companies acting as strategic industry buyers, commercial and investment banks and commercial finance companies. Certain of these competitors may be able to raise more capital, or may have a lower cost of capital, than is available to the Company, which may create competitive disadvantages for the Company with respect to some investment opportunities. Potential industry buyers may be able to extract synergies, which may not be available to the Company, and therefore may be in a position to offer preferable consideration, rendering any offers they make more competitive.

Although the Company is not aware of any funds of comparable size that currently share its focus on investment in Zimbabwe, there can be no guarantee that one or more such funds may not arise in response to the market opportunity in the region. In addition, it is likely that over time, if the Zimbabwean economy radically improves, the overall level of activity in the region will increase, perhaps substantially.

In particular, the Company may face competition in acquiring mining investments from Lonrho Mining (which is excluded from the scope of the restrictions on Lonrho under the Management Services Agreement) which may limit the ability of the Company to achieve its investment objectives. Additionally, Lonrho has historic investments in Zimbabwe and, coupled with its ongoing operations in Africa, this may result in conflicts of interest arising in respect of any projects which both companies may wish to pursue.

Any of the foregoing could subject the Company to significant competitive pressures, and the Company can offer no guarantee that competition will not deprive it of attractive investment opportunities or materially increase the cost of winning such opportunities, or that this would not have a material adverse effect on the Company's financial condition, results of operations and share price.

Risks Relating to Investment Personnel

The performance of the Company will depend on the ability and services of the Company's Directors and advisers.

The Company relies on the skill and experience of its staff and in particular the Company's future success is substantially dependent upon its Directors and advisers. The loss of any member of the Board or advisers could harm or delay the business whilst management time is directed to finding suitable replacements or if no suitable replacement is available. In either case this could have a material adverse effect on the future of the Company's financial condition, results of operations and the price of Ordinary Shares. While the Company has entered into service agreements with each of its Directors and formal engagement arrangements with each of its specialist advisers, the retention of their services cannot be guaranteed.

Risks Relating to the Company's Relationship with Lonrho

The Company is, and is expected to remain, highly dependent on Lonrho for corporate and investment-related services that are necessary to its business.

The Company has signed a Management Services Agreement with Lonrho under which Lonrho will provide services which include, but are not limited to, sourcing investment opportunities, referring business opportunities relating to Zimbabwe, providing management, accounting, human resource, financial, marketing, technical and other support services and providing the Company with access to specialist advice on Zimbabwe and Africa.

Lonhro's investments in Zimbabwe and its ongoing operations in Africa may result in conflicts of interest in respect of projects which both companies may wish to pursue. Pursuant to the Management Services Agreement, Lonrho, on behalf of itself and any of its subsidiaries or companies in which Lonrho has majority control of the board, will be prohibited from making investments in Zimbabwe or an area of Mozambique known as the Beira Corridor, during the term of the Management Services Agreement and the period of six months following its termination. It has also agreed to offer to the Company investment opportunities of which Lonrho becomes aware which fall within the Company's investment policy. The Management Services Agreement excludes Lonrho Mining, in which Lonrho currently holds 22 per cent. of the issued share capital, from the scope of the prohibition, and as a result the Company could face competition for investments from Lonrho Mining in certain cases.

Pursuant to the Management Services Agreement, Lonrho has also agreed that the Company will be capable at all times of carrying on its business independently of Lonrho and that, save as set out above and elsewhere in this document, all transactions and relationships between Lonrho and the Company will be at arm's length and on a normal commercial basis. Lonrho agrees that it shall not exercise its votes at any shareholder meeting of the Company where there is a conflict of interest between Lonrho and the Company or if the matter to be voted relates, directly or indirectly, to Lonrho or any member of the Lonrho Group.

The Company will be highly dependent on Lonrho in executing its investment strategy. If for any reason Lonrho should fail to perform its obligations under the Management Services Agreement — for example, if Lonrho should be acquired by another financial institution that chooses not to honour its agreement with the Company, or if Lonrho should become insolvent — the Company may have little or no practical ability to enforce Lonrho's obligations, and may not be able to make suitable alternative arrangements on acceptable terms or at all. This could adversely affect the Company's ability to achieve its investment objectives, which could have a material adverse effect on the Company's financial performance, results of operations and share price.

At Admission, Lonrho will acquire 20 per cent. of the Company's enlarged share capital for non-cash consideration in the form of Lonrho entering into a non-competition arrangement.

At Admission, pursuant to the Management Services Agreement, Lonrho will acquire 20 per cent. of the enlarged share capital of the Company in exchange for entering into a non-competition arrangement. Pursuant to such arrangement, Lonrho has agreed, with the exception of Lonrho Mining, on behalf of itself and any of its subsidiaries or companies in which Lonrho has majority control of the board, that none will pursue or make investments in Zimbabwe or an area of Mozambique known as the Beira Corridor, during the term of the Management Services Agreement plus the first six months following the termination of the Management Services Agreement. The issuance of these Ordinary Shares to Lonrho will immediately dilute the interest of any investor participating in the Placing.

Lonrho will be paid a US$500,000 management fee regardless of the quantity or quality of service provided to the Company.

Pursuant to the Management Services Agreement, the Company has agreed to pay Lonrho the greater of US$500,000 or 2 per cent. of Invested Funds in exchange for sourcing investment opportunities, conducting investment analysis on potential investments, advising on and arranging financing for investments and providing other administrative support. This payment is provided semi-annually for the duration of the contract. The US$500,000 fee will be provided regardless of the quality or quantity of service provided to the Company by Lonrho, and could potentially be paid for the provision of no service at all. The loss of this sum in exchange for no or minimal service rendered could adversely affect the Company's financial condition, results of operations, and share price.

The Management Services Agreement was negotiated in the context of an affiliated relationship and may contain terms that are less favourable to the Company than those which might be obtained from unrelated parties.

The Management Services Agreement was negotiated by persons who were, at the time of negotiation, affiliates of Lonrho and one another. As the arrangements were negotiated between related parties, their terms, including terms relating to contractual or fiduciary duties, conflicts of interest and the ability of the employees of the Lonrho utilised by the Company, to engage in outside activities, including activities that compete with the Company, and limitations on liability and indemnification, may be less favourable than otherwise might result if the negotiations had involved unrelated parties.

Risks Relating to Conflicts of Interest

A majority of the Directors of the Company are employees of Lonrho, and will allocate a portion of their time to other businesses, which could have a negative impact on the Company's ability to achieve its investment objectives.

The Directors are not required to commit their full time to the Company's affairs. Indeed, 4 of the 5 appointed Directors, i.e. David Lenigas, Emma Priestly, Geoffrey White and Jean Ellis, are employees and directors of Lonrho, and will necessarily devote some or, in many instances, a majority of their time and attention to their responsibilities in that capacity. Insofar as the personal incentives they face as Lonrho employees differ from those they face as Directors of the Company, they may be confronted with conflicts of interest. The Company can offer no assurance that circumstances will not arise that present its Directors with conflicts of interest or that, if such conflicts are presented, that they will not be resolved in a manner that is adverse to the Company and its Shareholders. Furthermore, insofar as the Company's Directors devote time and attention to their responsibilities as Lonrho employees or to other individual business interests, their ability to devote time and attention to the Company's affairs will be limited. This could adversely affect the Company's ability to achieve its investment objectives, which could have a material adverse effect on the Company's financial condition, results of operations and share price.

Lonrho may be a majority shareholder in the Company and, accordingly, may have the ability to determine the outcome of certain matters requiring Shareholder approval.

Upon Admission, Lonrho will hold at least 20.0 per cent. of the enlarged share capital of the Company, as, in addition, to the 20 per cent. shareholding issued to Lonrho at Admission as non-cash consideration for entering into the non-compete (as described above), Lonrho intends to acquire additional Ordinary Shares in the Placing.

Lonrho will therefore have the ability to substantially influence all of the actions taken by the Shareholders, including the election of Directors, approval of takeovers, acquisitions, mergers or other transactions. Lonrho is likely to continue to remain a substantial Shareholder able to influence the outcome of any Shareholders' resolution for the foreseeable future. The trading price of Ordinary Shares could be adversely affected if potential new investors are disinclined to invest in the Company because they perceive there to be disadvantages associated with such a large shareholding being concentrated in the hands of a single Shareholder or group of connected Shareholders.

Ordinary Shares held by Lonrho will be subject to lock-in arrangements described further in paragraph 6.6 of Part VIII of this document. Sales of substantial numbers of Ordinary Shares by Lonrho following the expiration of the lock-up period or sales by other holders of Ordinary Shares could adversely affect the prevailing market price of Ordinary Shares.

Risks Relating to Investing in Emerging Markets

The Company's investments in emerging markets, specifically in Zimbabwe (as described above) and the Beira Corridor in Mozambique, are subject to greater risks than investments in developed countries.

The Company expects to invest in the securities of public and private issuers in emerging markets. Investment in emerging market securities involves a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, emerging market securities investments may carry the risk of less publicly available information, more volatile markets, less strict securities market regulation, less favourable tax provisions, and a greater likelihood of severe inflation, unstable currency, corruption, war and expropriation of personal property than investments in securities of issuers based in developed countries. In addition, investment opportunities in certain emerging markets may be restricted by legal limits on foreign investment in local securities.

Emerging markets generally may not operate as efficiently as those in developed countries. In some cases, a market for a given security may not exist locally, and transactions will need to be made on a neighbouring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Moreover, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported.

Furthermore, some securities may be subject to brokerage or stock transfer taxes levied by governments, which would have the effect of increasing the cost of investment and which may reduce the realised gain or increase the loss on such securities at the time of sale. The issuers of some of these securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and therefore potentially carry greater risk. In addition, settlement of trades in some emerging markets is much slower and subject to a greater risk of failure than in markets in developed countries. In addition, dividend and interest payments from, and capital gains in respect of, certain securities may be subject to taxes that may or may not be reclaimable.

With respect to an emerging market country, including Zimbabwe, there is the possibility of nationalisation, expropriation or confiscatory taxation, imposition or withholding or other taxes on dividends, interest, capital gains or other income, political changes, government regulation, social instability, terrorism, civil wars, guerrilla activities, military repression, crime, extreme fluctuations in currency exchange rates and hyperinflation, which could affect adversely the economies of such countries or the value of the Company's investments in those countries.

Many of the laws that govern private investment, securities transactions and other contractual relationships in emerging markets are new and largely untested. As a result, the Company may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain of the emerging markets in which the Company's assets will be invested. The Company can offer no assurance that this difficulty in protecting and enforcing rights will not adversely affect its investments.

Regulatory control and corporate governance of companies in emerging markets confer little protection on minority shareholders. Anti-fraud and anti-insider trading legislation is often rudimentary. The concept of fiduciary duty to shareholders by officers and directors is also limited when compared to such concepts in developed markets. In certain instances management may take significant actions without the consent of shareholders and anti-dilution protection also may be limited.

In the event that any of the above risks are realised, the Company could suffer a material adverse effect on its financial condition, results of operations and share price.

Risks Relating to the Investments

The Company's business is concentrated in Zimbabwe and is therefore sensitive to national and regional economic developments.

The Company's focus is on Zimbabwe-based businesses, businesses outside Zimbabwe with operations in Zimbabwe and businesses in the part of Mozambique known as the Beira Corridor, which will be significantly affected by economic developments in this region. Currently, the economic situation in Zimbabwe is particularly precarious, with officially acknowledged inflation rates reaching approximately 7,982 per cent. in September 2007. The Directors believe the Company will only be able to achieve its objectives in the event that the Zimbabwean economy radically improves. Factors which may affect economic conditions in Zimbabwe and the greater region include: the availability of foreign currency; interest rates; foreign exchange rates; the extent of investment activity; employment rates; individual government economic policies; and regulatory and political developments, including the threat of civil war and/or revolution. There is no guarantee that the economy in Zimbabwe will improve and accordingly the Company may not be able to make any investments which will realize any commercial return.

Continued economic recession or further downturns in the Zimbabwean economy will impair the value of the Company's investments or prevent it from increasing its investment base.

While the Company does not intend to fully invest the proceeds of the offer until the Zimbabwean economy has radically improved, any investment made pending stabilisation or following marked improvements in the Zimbabwean economy may still be exposed to periods of adverse economic conditions. During these periods of adverse economic conditions, companies in which the Company has invested may experience decreased revenues, financial losses, difficulty in obtaining access to financing and increased funding costs. During such periods, these companies may also have difficulty in expanding their businesses and operations and be unable to meet their debt service obligations or other expenses as they become due. Any of the foregoing could cause the value of the Company's investments to decline. In addition, during periods of adverse economic conditions, the Company may have difficulty accessing financial markets, which could make it more difficult or impossible to obtain funding for additional investments and harm its financial condition, results of operations and share price.

The due diligence process that the Company intends to undertake in connection with investments may not reveal all relevant facts.

Before making investments, the Company intends to conduct due diligence to the extent it deems reasonable and appropriate based on the applicable facts and circumstances. The due diligence process will be undertaken and supervised by Ernst & Young. The objective of the due diligence process will be to identify attractive investment opportunities and to prepare a framework that may be used from the date of investment to drive operational performance and value creation. When conducting due diligence, the Company will be expected to evaluate a number of important business, financial, tax, accounting, environmental and legal issues in determining whether or not to proceed with an investment. Outside consultants, legal advisers, accountants and investment banks are expected to be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Company and Ernst & Young will be required to rely on resources available to it, including information provided by the target of the investment and, in some circumstances, third party investigations. The due diligence process may at times be required to rely on limited or incomplete information particularly with respect to newly established companies for which only limited information is available. Accordingly, the Company cannot guarantee that the due diligence investigation it carries out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Any failure by the Company to identify relevant facts through the due diligence process may cause it to make inappropriate investment decisions, which could have a material adverse effect on the Company's financial performance, results of operations and share price.

The Company's investments may include a substantial portion of investments in companies that it does not directly control.

The Company's investments may include investments in equity securities of companies that it does not directly control. In particular, proposed indigenisation legislation (detailed in Part IV of this document) may prevent the Company from acquiring majority control of Zimbabwean businesses. The Company's ability to make investments and/or acquisitions in Zimbabwe may also be affected by requirements of Zimbabwean regulatory bodies. There is no guarantee that the requisite consents in respect of the Company's investment proposals will be obtained by the Company. Furthermore, the Company may also dispose of investments in portfolio companies over time in a manner that results in it retaining a minority investment. Minority holdings are subject to the risk that the company in which the investment is made may make business, financial or management decisions with which the Company does not agree or that the majority stakeholders

or the management of the company may take risks or otherwise act in a manner that does not serve the Company's interests. The Company's equity investments in such companies may also be diluted further if it does not partake in future equity or equity-linked fundraising opportunities. If any of the foregoing were to occur, the values of investments could decrease and the Company's financial condition, results of operations and share price could suffer as a result.

The Company cannot guarantee that the value of the investments it reports from time to time will in fact be realised.

The Company anticipates that a substantial majority of its investments will be in the form of investments for which market quotations are not readily available. The Company will be required to make good faith determinations as to the fair value of these investments on a half-yearly basis in connection with the preparation of its financial statements. Assets and investments in Africa, particularly property related assets, are inherently difficult to value due to the individual nature of each investment. There is no single standard for determining fair value in good faith and, in many cases, fair value is best expressed as a range of fair values from which a single estimate may be derived. The types of factors that may be considered when applying fair value pricing to an investment in a particular company include the historical and projected financial data for the company, valuations given to comparable companies, the size and scope of the company's operations, the strengths and weaknesses of the company, expectations relating to investors' receptivity to an offering of the company's securities, the size of the Company's holding in the company and any control associated therewith, information with respect to transactions or offers for the company's securities (including the transaction pursuant to which the investment was made and the period of time that has elapsed from the date of the investment to the valuation date), applicable restrictions on transfer, industry information and assumptions, general economic and market conditions, the nature and realisable value of any collateral or credit support and other relevant factors. Fair values may be established using a market multiple approach that is based on a specific financial measure (such as EBITDA, adjusted EBITDA, cash flow, net income, revenues or net asset value) or, in some cases, on a cost basis or a discounted cash flow or liquidation analysis. As valuations, and in particular valuations of investments for which market quotations are not readily available, are inherently uncertain, these may fluctuate over short periods of time and may be based on estimates. In addition, determinations of fair value may differ materially from the values that would have resulted if a ready market had existed. Even if market quotations are available for the Company's investments, such quotations may not reflect the value that would actually be realised because of various factors, including the possible illiquidity associated with a large ownership position, subsequent illiquidity in the market for a company's securities, future market price volatility, foreign exchange fluctuations or the potential for a future loss in market value based on poor industry conditions or the market's view of overall company and management performance.

The Company's financial conditions, results of operations and share price could be adversely affected if the values of investments that it records are materially higher than the values that are ultimately realised upon the disposal of the investments. In addition, changes in values attributed to investments from quarter to quarter may result in volatility in the net asset values and results of operations reported from period to period. The Company cannot guarantee that the investment values recorded from time to time will ultimately be realised as results or capital gains.

The Company's equity investments may be in companies that are highly leveraged.

The Company may make investments in companies whose capital structures have a significant degree of leverage, including leverage resulting from the structuring of the Company's investment in such companies. Indebtedness may constitute a significant portion of the total debt and equity capitalisation of certain portfolio companies. In addition, portfolio companies that are not or do not become highly leveraged at the time an investment is made may increase their leverage after the time of investment, including in connection with an expansion into additional or different markets. Investments in highly leveraged companies are inherently more sensitive to declines in revenues, increases in expenses and interest rates and adverse economic, market and industry developments. In addition, the incurrence of a significant amount of indebtedness by a portfolio company may, among other things:

(a) give rise to an obligation to make mandatory prepayments of debt using excess cash flow, which may limit the company's ability to respond to changing industry conditions to the extent additional cash is needed for the response, to make unplanned but necessary capital expenditures or to take advantage of growth opportunities;

(b) limit the portfolio company's ability to adjust to changing market conditions, thereby placing it at a competitive disadvantage compared to its competitors who have relatively less debt;

(c) limit the portfolio company's ability to engage in strategic acquisitions that may be necessary to generate attractive returns or further growth; and

(d) limit the portfolio company's ability to obtain additional financing or increase the cost of obtaining such financing, including for capital expenditures, working capital or general corporate purposes.

In addition, to the extent that a portion of the Company's capital is invested in portfolio companies whose capital structures have a significant degree of indebtedness, it may be subject to additional risks associated with changes in prevailing interest rates. As a result, the risk of loss associated with a leveraged company is generally greater than for companies with comparatively less debt.

The Company may incur indebtedness in addition to the indebtedness that is incurred by portfolio companies. Such additional indebtedness could subject the Company to additional risks.

The Company may use borrowings in relation to its investments. The extent of the borrowings and the terms thereof will depend on the Company's ability to obtain access to credit facilities or other forms of debt financing. Any delay in obtaining or failure to obtain suitable or adequate financing from time to time may impair the Company's ability to invest in suitable opportunities and achieve its intended portfolio size within the projected timeframe or at all, which may impact negatively on the Company's financial condition, results of operations and share price.

Such indebtedness is likely to contain financial and operating covenants, which could affect the Company's ability to engage in certain types of activities or to make distributions in respect of equity. As the Company anticipates that a significant proportion of its investments will be illiquid and will not generate distributable cash on a regular basis, it may not be able to meet any debt service obligations. If the Company were to incur indebtedness in the future and fail to satisfy any debt service obligations or breach any related financial or operating covenants, it could be prohibited from making any distributions until such breach is cured or the lender could declare the full amount of the indebtedness to be immediately due and payable and could foreclose on any assets pledged as collateral. Any of these outcomes could have a material adverse effect on the Company's financial condition, results of operation and share price. This indebtedness would also give rise to additional costs, including servicing costs, and the amount and timing of realisations on investments may not match the amount and timing of such costs.

In addition, any financing arrangements entered into by the Company may contain cross-default provisions such that a default under one particular financing arrangement could automatically trigger defaults under other financing arrangements. Such cross-default provisions could, therefore, magnify the effect of an individual default, and if such provisions were exercised, result in a substantial loss to the Company.

The success of the Company will depend on the Company's ability to effectively and efficiently acquire attractive investment opportunities, obtain the necessary approvals and manage the operations in a new operating environment.

In order to expand its asset base, the Company may seek to acquire selected rights, properties or assets, or may acquire trading companies. The Company's success in making any acquisitions will depend on a number of factors, including, but not limited to:

- negotiating acceptable terms with the seller of the business or asset(s) to be acquired;
- obtaining approval from relevant regulatory authorities for the business or asset(s) to be acquired, as applicable;
- assimilating the operations of an acquired business or asset(s) in a timely and efficient manner;
- maintaining the Company's financial and strategic focus while integrating the acquired business or asset(s); and
- to the extent that the Company makes an acquisition outside of markets in which it has previously operated, conducting and managing operations in a new operating environment.

Any problems experienced by the Company in making an acquisition as a result of one or more of these factors could have a material adverse effect on its business, operating results and financial condition.

Information relating to the investment region and industry data that has been provided by third party sources may prove incorrect or unreliable.

There is a limited amount of publicly available information and research in relation to the Company's investment region, including Zimbabwe and the Beira Corridor in Mozambique. Information regarding the

investment region is based on data and reports compiled by third parties, and on the Company's knowledge of the regions in which it intends to invest. There can be no guarantee that the data and reports provided are accurate or complete. Further, such data and reports may be the product of a biased third party who may purposefully provide false or misleading information.

In many cases, there is no readily available external information (whether from government bodies or other organisations) to validate analysis and estimates related to the region. Further, should this data prove to be incorrect, the Company's financial condition, results of operations, and share price may be adversely affected.

The Company's operations are subject to potential losses that may not be covered by insurance.

There are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, hurricanes, terrorism or acts of war, that may be uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose capital invested in the affected property as well as anticipated future revenue from that property. Inflation, changes in ordinances, environmental considerations, and other factors, including terrorism or acts of war, also might make the insurance proceeds insufficient to repair or replace a property if it is damaged or destroyed. Under such circumstances, the insurance proceeds might not be adequate to restore the Company's economic position. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose capital invested in the affected asset as well as anticipated future income from that investment. In addition, the Company could be liable to repair damage caused by uninsured risks. The Company may also remain liable for any debt or other financial obligation related to that asset. No guarantee can be given that material losses in excess of insurance proceeds will not occur in the future.

Shareholders may be adversely affected by currency movements.

The Company may be making investments and incurring costs in currencies other than its reporting currency, Pounds Sterling. Dividends (if any) will be declared in Pounds Sterling and payment of dividends (if any) will be made in Pounds Sterling. The movement of exchange rates between Pounds Sterling and any other currencies in which the Company's investments are denominated may have a separate effect, potentially unfavourable as well as favourable, on the return otherwise experienced on the investments made by the Company. In addition, the periodic non-availability of foreign currency in Zimbabwe can render real assessments or comparisons of investments difficult. There is a risk that the fair value of future cash flows will fluctuate as a result of changes in currency exchange rates. Furthermore, strict foreign exchange controls may adversely impact the Company's ability to mitigate risks. Any, or all, of these factors may adversely affect the Company's financial condition, results of operations, and share price.

Changes in the Companies Act of 2006 of the Isle of Man may remove protections and safeguards that investors may expect to find in relation to a public company.

The Company is a limited company incorporated under the Companies Act 2006 of the Isle of Man, which came into force on 1 November 2006, and therefore has yet to be the subject of judicial interpretation by the courts of the Isle of Man. The Companies Act 2006 does not make a distinction between public and private companies and some of the protections and safeguards that investors may expect to find in relation to a public company under the Act are not provided for under the applicable Isle of Man law. Further details of Isle of Man law are included in Part VIII of this document.

Risks Relating to the Ordinary Shares

The Company may issue additional securities that dilute existing Shareholders' holdings.

In order to attract and retain suitable personnel, the Directors have authority under the Company's Articles of Association to grant options over up to 5 per cent. of the Company's issued share capital following the Placing, such options to be issued to Directors, officers, employees and consultants at the discretion of the remuneration committee as new appointments are made. Any further options shall be granted on no less favourable terms and conditions as the options described in the Share Option Deed and discussed in section 3.8 of Part VIII of this document.

Furthermore, it may be necessary for the Company to raise further funds in the future, to, for example, ensure continued planned growth, refinance an existing investment or in order to fund acquisitions. The Company may raise funds by way of the issue of Ordinary Shares on a non pre-emptive basis which would result in a dilution of the interests of Shareholders at that time of such issue. If the required funds are not available, the Company may have to reduce expenditure on marketing and/or sales initiatives or reduce the

scope of its existing or planned operations, financial condition and prospects which could negatively affect the price of Ordinary Shares.

Shareholders have no right to have their Ordinary Shares redeemed or repurchased by the Company.

Should the Company fail to make any investment with the proceeds of the Placing within 18 months of Admission provided the Company's potential acquisition of Blueberry International Services Limited will not count for these purposes, the Directors intend to convene a Shareholders meeting to consider whether to continue pursuing its investment objective or to wind up the Company and distribute any surplus cash back to Shareholders. However, Shareholders will have no right to compel the Company to redeem or repurchase their Ordinary Shares at any time. Shareholders wishing to realise their investment in the Company will be required to dispose of their Ordinary Shares on the open market. Accordingly, the ability of Shareholders to realise any value of, or any value in respect of, their Ordinary Shares is dependent on the existence of a liquid market in the Ordinary Shares and the market price of such Ordinary Shares.

An active liquid market for the Company's Ordinary Shares may not develop and the market price of the Shares may be lower than the Placing Price of the Shares in the Placing and may be highly volatile.

The Company can not guarantee that an active trading market will develop or be sustained following the completion of the Placing. In addition, the Company may issue a substantial amount of Ordinary Shares to a limited number of investors, which could adversely affect the development of an active and liquid market for the Ordinary Shares. The Company cannot predict the effects on the price of the Ordinary Shares if a liquid and active trading market for the Ordinary Shares does not develop. In addition, if such a market does not develop, relatively small sales may have a significant negative impact on the price of the Ordinary Shares and sales of a significant number of Ordinary Shares may be difficult to execute at a stable price. Shareholders accordingly may not be able to resell their Shares at or above the Placing Price.

In addition, stock markets in general may experience extreme price fluctuations. Fluctuations in the price of the Ordinary Shares may not be correlated in a predictable way to the Company's performance or operating results. The following factors (among others), some of which are beyond its control, could cause the price of its Ordinary Shares in the public market to fluctuate significantly from the price an investor will pay in the Placing:

(a) changes in laws or regulations, including indigenisation legislation, tax laws, or new interpretations or applications of laws and regulations, that are applicable to the Company's business or companies in which the Company makes investments;

(b) the departure of Directors;

(c) the termination of, or failure of Lonrho to perform its obligations under the Management Services Agreement;

(d) changes in the Company's financial performance and prospects or in the financial performance and prospects of companies engaged in businesses that are similar to its business;

(e) sales of the Company's Ordinary Shares by Shareholders;

(f) general economic trends and other external factors, including those resulting from war, incidents of terrorism or responses to such events;

(g) speculation in the press or investment community regarding the Company's business or investments, or factors or events that may directly or indirectly affect its business or investments; and

(h) a further issuance of Ordinary Shares.

Securities markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies or partnerships. Any broad market fluctuations may adversely affect the trading price of the Company's Shares.

Investors may experience difficulties in selling the Ordinary Shares due to the relatively limited liquidity of shares traded on AIM and there is no guarantee that the Company will maintain its listing on AIM.

The Ordinary Shares will be admitted to trading on AIM. An investment in shares quoted on AIM may be less liquid and may carry a higher risk than an investment in shares listed on the Official List of the UK Listing Authority and traded on the main market of the London Stock Exchange. The rules of AIM are less stringent than those of the Official List. Further, the London Stock Exchange has not itself examined or approved the contents of this document. A prospective investor should be aware of the risks of investing in

such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

The Company cannot assure investors that the Ordinary Shares of the Company will always be traded on AIM. If they fail to remain traded, certain investors may decide to sell their Ordinary Shares, which could have an adverse impact on the Ordinary Share price. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

The Ordinary Shares may trade at a discount to net asset value.

The Ordinary Shares could trade at a discount to net asset value for a variety of reasons, including market conditions, liquidity concerns or the Company's actual or expected performance.

Investors in the United States may have difficulty bringing actions against the Company, its Directors and its executive officers based on the civil liabilities provisions of the federal securities laws or other laws of the United States or any state thereof.

The Company is incorporated in the Isle of Man. All of the Directors and executive officers (and certain experts named herein) reside outside the United States. Substantially all of the assets of these persons and substantially all of the assets of the Company are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or upon the Company, or to enforce judgements obtained in US courts, including judgements predicated upon civil liabilities under the securities laws of the United States or any State or territory within the United States.

Transfer restrictions for shareholders located in the US or who are US Persons may make it difficult to resell the Ordinary Shares or may have an adverse impact on the market price of the Shares.

The Ordinary Shares have not been registered in the United States under the Securities Act or under any other applicable securities law and are subject to restrictions on transfer contained in such laws. There are additional restrictions on the resale of Ordinary Shares by Shareholders who are located in the United States or who are US Persons. These restrictions may make it more difficult to resell the Ordinary Shares in some instances and this could have an adverse impact on the market value of the Ordinary Shares. The Company can offer no guarantee that US Persons will be able to locate acceptable purchasers or obtain the required certifications to effect a sale.

The Company has not registered and will not register as an investment company under the Investment Company Act.

The Company will seek to qualify for an exemption from the definition of ''investment company'' under the Investment Company Act and will not register as an investment company in the United States under the Investment Company Act. The Investment Company Act provides certain protections to investors and imposes certain restrictions on registered investment companies, none of which will be applicable to the Company or its investors.

The Company's assets could be deemed to be ''plan assets'' that are subject to the requirements of ERISA and/or Section 4975 of the Code.

The Company intends to restrict the ownership and holding of its Ordinary Shares so that none of its assets will constitute ''plan assets'' of any Plan (as defined in Part VII ''*Certain Benefit Plan Considerations*'' of this document). The Company intends to impose such restrictions based on actual and deemed representations in the case of its Ordinary Shares. Unless an exception applies, if 25 per cent. or more of the Ordinary Shares (calculated in accordance with 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA), or any other class of equity interest in the Company are owned, directly or indirectly, by Benefit Plan Investors (as defined in Part VII ''*Certain Benefit Plan Considerations*'' of this document), assets of the Company could be deemed to be ''plan assets'' subject to the constraints of ERISA and there could be adverse consequences for the Company. If the Company's assets were deemed to be ''plan assets,'' among other things, (i) Lonrho and other persons providing services to the Company could be fiduciaries and/or Parties in Interest (as defined in Part VII ''*Certain Benefit Plan Considerations*'' of this document) under ERISA and the Code, (ii) transactions involving the Company's assets could constitute direct or indirect prohibited transactions, resulting in the imposition of excise taxes, other liabilities, and/or the required rescission of the prohibited transaction, and (iii) the fiduciary causing the Plan to make an investment in the Ordinary Shares could be deemed to have impermissibly delegated its responsibility to manage the assets of the Plan.

Each subscriber and subsequent transferee of the Ordinary Shares will be required to represent, warrant and covenant, or will be deemed to represent, warrant and covenant, that, on each day from the date on which it acquires or holds the Ordinary Shares and including the date on which it disposes of such Ordinary Shares, it is not (a) a Benefit Plan Investor, or acting on behalf of or using the assets of any Benefit Plan Investor with respect to the purchase, holding or disposition of any Ordinary Shares, or (b) any other employee benefit plan subject to any federal, state, local or other law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code (an "**Other Plan**") or acting on behalf of or using the assets of any Other Plan with respect to the purchase, holding or disposition of any Ordinary Shares. Prospective investors should refer to Part VII in this document and should consult with their legal advisers before investing in Ordinary Shares.

Risks Relating to Taxation

The Company will be subject to withholding tax at the source of dividends.

The current income tax rate for companies operating in Zimbabwe is 30.9 per cent (inclusive of a 0.9 per cent. AIDS levy). In addition there is a 20 per cent. withholding tax recovered at source on dividends paid from an unlisted Zimbabwean company which is resident in Zimbabwe to shareholders who are not resident in Zimbabwe. However, the double taxation agreements between Zimbabwe and the United Kingdom reduce this withholding tax on dividends declared to 5 per cent. where the recipient, being resident in the United Kingdom and subject to tax there on the dividends, is a company which controls, directly or indirectly, at least 25 per cent. of the voting power in the Zimbabwe company. There is no double taxation agreement between the Isle of Man and Zimbabwe and therefore the withholding tax on dividends will be 20 per cent. if a dividend is declared from a Zimbabwean entity to the Company as long as the dividends are paid to the Isle of Man and not the UK. Profits arising from disposal of investments, either marketable securities or immovable property, in Zimbabwe may be subject to Capital Gains Tax (CGT) in that country. For further information on UK and Isle of Man taxation, please refer to Part VIII of this document.

The Company's status as a passive foreign investment company has adverse consequences to US investors.

Potential investors who are United States taxpayers should be aware that the Company expects to be treated as a passive foreign investment company ("**PFIC**") for US federal income tax purposes. As a result, a US Holder (as defined herein) of Ordinary Shares generally will be required to pay tax on any so-called "excess distribution" received on such Ordinary Shares, or any gain realised upon the disposition of such Ordinary Shares, other than that allocated to the current taxable year, at the highest rate of tax in effect for the class of taxpayer for that year and to pay an interest charge on a portion of such distribution or gain, unless the US Holder makes a qualified electing fund ("**QEF**") election or a mark-to-market election with respect to the Ordinary Shares. In certain circumstances, the sum of the tax and the interest charge could exceed the amount of the excess distribution received, or the amount of any proceeds of disposition realised, by the US Holder. A US Holder that makes a QEF election generally must report on a current basis its share of the Company's ordinary earnings and net capital gain for any year in which the Company is a PFIC, whether or not the Company distributes any amounts to the US Holders of its Ordinary Shares. If a mark-to-market election is available, a US Holder that makes the mark-to-market election generally must include as ordinary income in each year the excess of the fair market value of the Ordinary Shares over the US Holder's tax basis therein. The amount of losses that a US Holder may recognise under the mark-to-market rules, however, is limited. The Company expects to comply with the record-keeping requirements necessary for US Holders to elect to treat the Company as a QEF and to provide to US Holders information necessary for those US Holders to make a valid QEF election. See "*Important Information for US Investors — US Federal Income Tax Considerations — Passive Foreign Investment Company Considerations*" in Part VII of this document.

If the Company owns equity interests in any lower-tier PFIC subsidiaries ("**Lower-Tier PFICs**"), a US Holder of the Ordinary Shares would be treated as owning the US Holder's proportionate amount (by value) of the Company's equity interests in those Lower-Tier PFICs. A US Holder's election to treat the Company as a QEF would not be effective with respect to such Lower-Tier PFICs. However, a US Holder would be able to make QEF elections with respect to such Lower-Tier PFICs if the Lower-Tier PFICs provided certain information and documentation in accordance with applicable Treasury regulations. The Company does not expect that its Lower-Tier PFICs will comply with the record-keeping requirements necessary for US Holders to elect to treat such Lower-Tier PFICs as QEFs or provide to US Holders information necessary for those US Holders to make valid QEF elections with respect to such Lower-Tier PFICs. A US Holder would not be able to make a mark-to-market election with respect to Lower-Tier PFICs. Additionally, if a US Holder was able to and made a mark-to-market election with respect to the

Ordinary Shares, it is not entirely clear how the mark-to-market rules would apply with respect to interests in Lower-Tier PFICs. See "*Important Information for US Investors — US Federal Income Tax Considerations — Passive Foreign Investment Company Considerations — Indirect Interests in PFICs*" in Part VII of this document.

The Company's possible status as a CFC would have adverse tax consequences for US investors.

Non-US corporations that are controlled by "United States persons" (as defined in the US Internal Revenue Code of 1986, as amended) holding substantial voting interests may be treated as "controlled foreign corporations" ("**CFCs**") for US federal income tax purposes. The Company does not expect to be treated as a CFC, but there can be no assurance in this regard. If it were treated as a CFC, US Holders deemed to own at least 10 per cent. by vote of the Company's outstanding Ordinary Shares could be subject to adverse US federal income tax consequences, including the recognition of substantial amounts of "phantom" income. See "*Important Information for US Investors — US Federal Income Tax Considerations — Controlled Foreign Corporation Considerations*" in Part VII of this document.

PART II

INFORMATION ON THE COMPANY

1. Introduction

The Company was incorporated on 25 October 2007 in the Isle of Man with registered number 001773V. Its purpose is to make investments primarily in Zimbabwe and the region of Mozambique known as the Beira Corridor, which links Zimbabwe to the coast.

The Company's executive Directors are all directors of Lonrho, an AIM traded conglomerate with a structured portfolio of businesses throughout Africa. The Company has appointed Lonrho to provide management support services. Lonrho has agreed not to compete with the Company in relation to opportunities in Zimbabwe and to offer to the Company all such opportunities of which it becomes aware.

2. Investment Policy and Strategy

The Company's investment objective is to provide Shareholders with long term capital appreciation through the investment of its capital in Zimbabwe.

While the Company will not have a particular sectoral focus, utilising the investment skills of the Directors and their advisors, the Company will seek to identify individual companies in sectors best positioned to benefit should there be radical improvements in Zimbabwe's economy. The Company may make investments in the tourism, accommodation, infrastructure, transport, commercial and residential property, technology, communications, manufacturing, retail, services, leisure, agricultural and natural resources sectors. The Company may also make investments in businesses outside Zimbabwe that have a majority of their operations within Zimbabwe. The Company will also look into expanding businesses and brands currently owned by Lonrho or in which Lonrho has an interest in Zimbabwe. The Company will only be able to achieve its investment objective in the event the Zimbabwean economy radically improves.

While there will not be any limit on the number or size of investments the Company can make in any sector, the Directors will seek to diversify the Company's investments across various sectors in order to mitigate risk and to avoid concentrating the portfolio in any single sector.

The Company's interest in a proposed investment or acquisition may range from a minority position to full ownership. The Company intends, in any event, to actively manage the operations of the companies it has invested in. To this end, the Company intends either to establish or acquire a management team in Zimbabwe. The indirect acquisition of Celsys Limited (as referred to in section 4 below) would give the Company access to such an experienced local management team. Wherever possible the Company will seek to achieve board control or financial control of its portfolio companies. Proposed indigenisation legislation (detailed in Part IV of this document) may, however, prevent the Company from acquiring majority control in Zimbabwean businesses.

The Directors believe that through their individual and collective experience of investing and managing acquisitions and disposals in Africa, they have the necessary skills to manage the Company and, with the assistance of Lonrho, to source deal flow. Prior to any investment decisions being taken by the Board of the Company, a thorough due diligence process will be undertaken by the Company's appointed independent specialist financial and legal advisers.

The Company's investment strategy is dependent upon future radical improvement in the Zimbabwean economy, and it is therefore possible that a significant period of time may elapse before an investment by the Company will produce any returns. In order to position itself for maximum gain from improvements in the Zimbabwean economy, the Company may make initial investments in Zimbabwe. However, there is no guarantee that the economy in Zimbabwe will improve. Accordingly, the Company may not be able to make any profits and may incur losses. Furthermore, businesses in which the Company has made an initial investment with a view to investing further once significant economic improvement occurs may deteriorate in the meantime.

The Directors intend to seek the consent of the Shareholders for the investment policy and strategy on an annual basis. The Company, Directors and Lonrho will comply as a matter of policy with the OFAC and Regulation (EC) No. 314/2004 regulations.

3. Possible Initial Investments

The Directors are currently reviewing a number of potential investment opportunities which may fit within the Company's investment policy and strategy. In addition, as described in section 4 below, at least one Zimbabwean investment held by Lonrho will be made available to the Company at cost (as referred to in section 4 below). However, as at the date of this document, no heads of terms or firm investment commitments have been entered into and there is no guarantee that any negotiations will lead to an investment or to the completion of an investment by the Company.

4. Management Support Services

The Company has appointed Lonrho to provide management support services. As a management services provider, Lonrho has agreed to provide services to the Company which will include sourcing investment opportunities and referring business opportunities relating to Zimbabwe that it becomes aware of. Lonrho has also agreed to provide the management, accounting, human resources, financial, marketing, technical and other support services to provide the Company with a broader spectrum of skills, and the support structure normally enjoyed only by larger companies. Through their positions with Lonrho, members of the Board will have access to specialist advice on Zimbabwe, Africa, and specific investment proposals that may otherwise not be available.

Pursuant to the Management Services Agreement, Lonrho:

- will be paid a management fee, in arrears at each half year based on the Company's interim accounts and for the full year based on the published annual accounts of the Company. The management fee will be the greater of US$500,000 per annum or a sum equivalent to 2 per cent. of Invested Funds in the applicable period plus any applicable VAT; and

- will be issued such number of Ordinary Shares equivalent to 20 per cent. of the enlarged share capital of the Company, in issue on Admission, in consideration for its agreement not to compete with the Company in relation to Zimbabwe as more fully described at section 6 below. Upon Admission, 7,290,000 Ordinary Shares will have been issued to Lonrho at par value and credited as fully paid. The significant participation of Lonrho in the share capital of the Company will also ensure that Lonrho's interests are in line with those of other Shareholders.

As at the date of this document Lonrho owns 80 per cent. of Blueberry International Services Limited ("**Blueberry**"), an off-shore company incorporated in the British Virgin Islands, which it acquired for US$5.45 million in October 2007. Blueberry provides a strategic position in two established Zimbabwean industries. Blueberry controls 60 per cent. of Celsys Limited ("**Celsys**"), a company listed on the Zimbabwean Stock Exchange operating in the telecommunications sector; and 100 per cent. of Gardoserve (Private) Limited ("**Gardoserve**"), a Zimbabwean private industrial chemical manufacturer and distributor. Lonrho has agreed, following Admission, to make its investment in Blueberry available to the Company at cost, together with any dormant subsidiary companies which Lonrho may still own in Zimbabwe. The indirect acquisition of Celsys through the acquisition of Blueberry would give the Company access to an experienced local management team. As per the Company's investment policy and strategy, the Celsys management team would be utilised to actively manage the operations of the companies in which the Company invests. Any acquisition will be subject to the approval of the terms of the acquisition by the Company pursuant to its conflicts management policy referred to at section 6 below.

While Gardoserve and Celsys may experience growth in the future, both have experienced losses in the past two years. Furthermore, Gardoserve's, Celsys and Blueberry's financial statements for the last 2.5 years have failed to conform with required international accounting standards, making its financial statements erroneous and subject to wide differences in interpretation.

Lonrho is an expanding conglomerate that is growing a structured portfolio of businesses throughout Africa. Lonrho's shares are traded on AIM (under AIM ticker: LONR). Lonrho is strategically focused on the development of business opportunities in infrastructure, transportation, support services and natural resources in Africa. Lonrho has approximately 20,000 shareholders and substantial institutional backing to support its mandate to build a profitable business that plays a fundamental role in the development of the African economy.

Lonrho adopted a new investment and acquisition strategy in February 2006 and intends to build a diverse portfolio of investments focusing on infrastructure but also including transport, support services, hotels and leisure and natural resources.

As at the date of this document, Lonrho has invested in or acquired control of:

- Luba Freeport Limited (Equatorial Guinea) — www.lubafreeport.com
- Five Forty Aviation Limited (Kenya) — www.fly540.com
- Norse Air Limited (Mauritius) — www.norseair.co.za
- Swissta Holdings Limited (Mozambique) — www.swissta.com
- SA Independent Liner Services (Pty) Limited (South Africa) — www.saliners.com
- Sociedade Comercial Bytes & Pieces Limitada (Mozambique) — www.bytespieces.com
- Lonrho Mining Limited (formerly Nare Diamonds Limited) (Southern Africa) — www.narediamonds.com

Lonrho also currently owns Hotel Cardoso SARL (www.hotelcardoso.com) in conjunction with the Government of Mozambique.

On 28 September 2007, Lonrho raised an additional £17.0 million of equity to continue to fund its investment strategy. Lonrho's current market capitalisation is approximately £117.85 million.

5. Transaction Support

Prior to any investment being made by the Company, a thorough due diligence process will be undertaken on behalf of the Company by the Company's independent specialist financial and legal advisers. In order to ensure that each transaction has been subjected to in-depth analysis, the due diligence process will include appropriate enquiries and investigations into the financial aspects, legal and regulatory compliance (with particular focus on legal title to the investment) and the counterparties and vendors in any proposed transaction. Ernst & Young have been engaged to provide general transaction support services to the Company in Zimbabwe, including assuming responsibility for coordinating the due diligence process detailed above, as well as advice on how to structure the investment or acquisition, including the use of appropriate holding structures. The terms of engagement between the Company and Ernst & Young is detailed in section 6.7 of Part VIII of this document. Wintertons, a Zimbabwe based law firm, has been appointed as independent general legal counsel to the Company in Zimbabwe. Further details of Wintertons' engagement are contained in paragraph 6.8 of Part VIII. Lonrho will also provide transaction support under the Management Services Agreement. Expenses incurred for such due diligence and transaction support will be born by the Company in addition to Lonrho's fees.

6. Conflicts Management

Lonrho's investments in Zimbabwe and its ongoing operations in Africa have the potential to result in conflicts of interest in respect of projects which both companies may wish to pursue. Pursuant to the Management Services Agreement, however, Lonrho, its subsidiaries and companies, save for Lonrho Mining, will be prohibited from carrying on, being engaged or in any way interested in any activity which competes with any business of the Company which is carried on in Zimbabwe during the term of the Management Services Agreement and for a period of six months after its termination. During this term, Lonrho will also be prohibited from offering opportunities in Zimbabwe to any other entities. The Management Services Agreement specifically excludes Lonrho Mining, a mining company operating in South-Africa, in which Lonrho has majority control of the board and in which Lonrho currently holds approximately 22 per cent. of the issued share capital, from the scope of the prohibition. Lonrho agrees that it shall not exercise its votes at any shareholder meeting of the Company where there is a conflict of interest between Lonrho and the Company or if the matter to be voted on relates, directly or indirectly, to Lonrho or any member of the Lonrho Group.

Pursuant to the Management Services Agreement, Lonrho has also agreed that the Company will be capable at all times of carrying on its business independently of Lonrho and that, save as set out above, all transactions and relationships between Lonrho and the Company (and any member of the group of which Lonrho is a member) will be at arm's length and on a normal commercial basis.

The Company shall ensure that any related party transactions are approved by the independent directors and comply with all applicable AIM Rules. Any director of the Company who is representing Lonrho's interests at any meeting of the Board or any committee of the Board shall not vote on matters relating directly or indirectly to Lonrho or any member of the group of which Lonrho is a member, or where there is a conflict of interest between Lonrho and the Company.

7. Directors and Management

The Board currently comprises five directors. Following Admission, the Company intends to appoint additional directors, including a further independent non-executive Director. Any such Directors may be nationals of Zimbabwe. The Board believes that their combined experience in working with projects as principals and as advisers across Africa will give them the skills and contacts to implement the Company's strategy successfully.

The Directors of the Company are as follows:

David Lenigas *(age 46), Executive Chairman*

David Lenigas holds a Bachelor of Applied Science Degree in Mining Engineering. Currently the Executive Chairman of Lonrho Plc, he has extensive experience operating in the public company environment. Mr Lenigas is also Chairman of Leni Gas & Oil Plc, Chairman of Templar Minerals Limited, Chairman of Nare Diamonds Limited and is a non-executive director of Mediterranean Oil & Gas Plc, Global Coal Management Plc and River Diamonds UK Plc.

Emma Priestley *(age 34), Executive Director*

Emma Priestley joined Lonrho as an Executive Director after working in investment banking for 5 years following a career as a mining engineer. She has a background in mining and financial services having worked with consultants IMC Mackay & Schnellmann, investment bank CSFB, advisers VSA Resources and, most recently, Ambrian Partners, where she worked as corporate broker and adviser. Ms Priestley is a graduate of Camborne School of Mines, a Chartered Mining Engineer and Chartered Mineral Surveyor.

Geoffrey White *(age 46), Executive Director*

Geoffrey White, Lonrho's Chief Executive Officer, has over 25 years of experience working in senior management roles with Thomas Tilling Plc, BTR Plc and Dee Corporation Plc. During the past four years he has worked for the private office of His Highness Sheikh Khalifa Al Thani in London. Mr White previously worked with Hilton International, Ford Motors (PAG), Praton International GmbH, FFS Refiners (Pty) Ltd, Sengamines Sarl, Oryx Natural Resources, African Mining Investments Limited and Pegasus Energy Limited.

Jean Ellis *(age 37), Finance Director*

Jean Ellis, Lonrho's Financial Director, is a Chartered Accountant and Chartered Tax Adviser and holds an insolvency practitioner's licence. Whilst undertaking the role of Finance Director, she will remain as a partner in the regional firm of Chartered Accountants, Duncan Sheard Glass ("**DSG**"). Prior to returning to private practice in 2002, Ms Ellis was Group Financial Controller and Tax Manager with Lonrho Africa Plc and also holds a number of directorships for its subsidiary companies. Since joining DSG in 2002, Ms Ellis has continued to act as a consultant to Lonrho remaining closely involved with all areas of the group's finance and taxation. Ms Ellis has a Bachelor of Arts Degree in Pure Mathematics from Liverpool University.

Paul Heber *(age 44), Non-Executive Director*

Paul Heber is an investment manager and stockbroker with more than 20 years of experience in global stock markets, following 3 years in the oil industry. Formerly with SGHambros, NatWest and WI Carr, he is now with bespoke boutique Savoy Investment Management Limited (with in excess of £1.2 billion of private and institutional funds under management), regulated by both the FSA in London and the FSB in Johannesburg. He has a broad Pan-African clientele alongside his domestic UK, European and Bermudian businesses.

8. Future Prospects

The Company has not traded since incorporation.

Following Admission, assuming the Placing is fully subscribed, the Company will have approximately £26.6 million (after payment of its initial expenses) available for investment. Pending investment, the Company intends to hold cash in Sterling in cash deposit or cash equivalent accounts outside Zimbabwe.

The Directors believe that while they are well placed to access strategic investments in Zimbabwe, the Company will only be able to achieve its objective in the event that the Zimbabwean economy radically improves. There is no guarantee that the economy in Zimbabwe will improve to the required

extent and accordingly the Company may not be able to make any investments which will realise any commercial return.

No representation, warranty or guarantee is or can be made as to the future operating performance of the Company, which will depend on future events or circumstances, including events and circumstances which cannot be currently predicted and over which the Company has no control.

The Directors are currently reviewing a number of potential investment and acquisition opportunities, including those arising out of Lonrho's interests in Zimbabwe as detailed at section 4 above, which may fit the Company's investment criteria. There is no guarantee that any negotiations will lead to an investment by the Company or to the completion of an acquisition.

Save as disclosed in this document, there have been no significant trends concerning the development of the Company's business. Transactions will be structured on a deal-by-deal basis in the most efficient manner available for the investment under consideration.

9. Dividends

The Directors believe that the Company will only be able to achieve its objective in the event that the Zimbabwean economy radically improves. The nature of the Company's business means that it is unlikely that the Directors will recommend a dividend in the short term. However, the Directors may recommend dividends or other distributions at some future date, depending upon the generation of sustainable profits and the availability of an effective distribution mechanic.

10. Borrowings

The Directors do not expect that the Company itself will incur any borrowings, in the short to medium term. However, under the terms of its Articles of Association, the Company may borrow if the Directors determine it to be in the best interests of the Company.

11. Life of the Company

The Company has been established with no fixed life. In the event that the Company makes no investment within 18 months following Admission, the Directors intend to convene a Shareholders meeting to consider whether to continue pursuing its investment policy and strategy or to wind up the Company and distribute any surplus cash back to Shareholders. Should the Directors determine that it is in the best interest of the Company to invest in Blueberry, as described in section 4 above, such investment would not count for the purposes of fulfilling the investment threshold.

12. Share Options

In order to attract and retain suitable personnel, the Directors have authority under the Company's Articles of Association to grant options up to an amount equivalent to 5 per cent. of the Company's issued share capital following the Placing, such options to be issued to directors, officers, employees and consultants at the discretion of the remuneration committee as new appointments are made. As at the date of this document options over a total of 500,000 Ordinary Shares are outstanding pursuant to the Share Option Deed which the Company has entered into with Paul Heber, the independent non-executive director of the Company. Details of the share options granted at the date of this document are set out in section 3.8 of Part VIII of this document. Any further options will be granted on no less favourable terms and conditions as the options described in the Share Option Deed.

13. Corporate Governance

As an Isle of Man registered company, the Company is not required to comply with the Combined Code. However, the Company intends to seek to comply with the corporate governance guidelines ("**Corporate Governance Guidelines**") issued by the Quoted Companies Alliance (the "**QCA**"), a not-for-profit organisation dedicated to the smaller quoted company sector. The Corporate Governance Guidelines were devised by the QCA, in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies. An alternative code was proposed because the QCA considered the Combined Code to be inappropriate for many AIM companies.

The Corporate Governance Guidelines state that "the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term". The QCA contains guidance that the Company should have two independent non-executive directors. At the date of this document, the Company has one non-executive

independent Director. Following Admission, the Company intends to appoint at least one other independent non-executive director.

The Directors intend to establish procedures to enable them to comply, in as far as is practicable, with the Corporate Governance Guidelines.

The Company intends to establish a remuneration committee (the "**Remuneration Committee**"), which will be constituted following Admission on the appointment of a second independent non-executive Director and will comprise Paul Heber and such non-executive Director. The Remuneration Committee will be responsible for the review and recommendation of the scale and structure of remuneration of senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Company. The Remuneration Committee will meet formally at least twice a year, and otherwise as required. Within agreed terms of reference the committee will consider all material aspects of remuneration policy and any incentives offered to Directors from time to time, with reference to independent professional advice. The Board will then be responsible for the implementation of any recommendations. In accordance with the Remuneration Committee's terms of reference, no Director will be able to participate in discussion relating to their own incentives or remuneration. The Remuneration Committee will also have responsibility for considering the size, structure and composition of the Board and the retirement and appointment of Directors, and will make appropriate recommendations on these matters to the Board.

The Company intends to establish an audit committee (the "**Audit Committee**"), which will be constituted following Admission on the appointment of a second independent non-executive Director and will comprise Paul Heber and such non-executive Director. The Audit Committee will be responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Company is properly monitored and reported. The Audit Committee will also receive and review reports from management and the auditors relating to the interim report, the annual report and accounts and the internal control systems of the company. The Audit Committee will meet no less frequently than twice a year.

In line with market practice concerning the Corporate Governance Guidelines, the Board expects to keep under regular review key business risks in addition to the principal risks facing the Company in the operation of its business.

The Company intends to adopt and will operate a share dealing code governing the share dealings of the Directors and applicable employees during close periods in accordance with Rule 21 of the AIM Rules.

14. Taxation

The Company will initially be centrally managed and controlled from the UK and therefore, notwithstanding that it is incorporated in the Isle of Man, it is considered to be resident both in the UK and the Isle of Man for tax purposes. Information regarding taxation is set out in section 9 of Part VIII of this document. These details are intended only as a general guide to the current tax position under UK and Isle of Man taxation law. If an investor is in any doubt as to their tax position he or she should consult his or her own independent financial adviser immediately.

15. Registered Agent

Dickinson Cruickshank Fiduciaries Limited has been appointed as Registered Agent of the Company as required by Isle of Man Law. As such it will perform the functions of administrator and secretary to the Company pursuant to the Registered Agent Agreement, a summary of which is set out in paragraph 6.10 of Part VIII of this document. In such capacity, the Registered Agent will be responsible for the day-to-day administration of the Company and general secretarial functions required by the Companies Laws. The Registered Agent will also be responsible for the Company's general administrative functions such as the maintenance of accounting records.

16. Registrar and Transfer Agent

Capita Registrars (Isle of Man) Limited has been appointed as Registrar and Transfer Agent to the Company pursuant to the Registrar Agreement, a summary of which is set out in paragraph 6.9 of Part VIII of this document. In such capacity, the Registrar will maintain the register of Shareholders, process all share transfers in both paper form and electronic form received via CREST and calculate and effect payment of dividends, if any, to Shareholders.

17. Fees and Expenses

Formation and initial expenses

The formation and initial expenses of the Company are those which are necessary for the incorporation of the Company, the Placing and Admission.

These expenses will be met by the Company and paid on or around Admission out of the Placing proceeds. Such expenses will be written off in the first financial year of incorporation and will include fees and commissions payable under the Placing Agreement, whereby Renaissance will receive a commission equivalent to 5 per cent. of the Initial Gross Proceeds (plus VAT), and the reimbursement of reasonable expenses incurred by it in the performance of its duties. In addition, a fee of £150,000 (plus VAT) will be payable to Collins Stewart together with reimbursement of its reasonable expenses under the Nominated Advisor Agreement.

In aggregate, the Directors do not anticipate that these formation and initial expenses (including VAT) will exceed 8.7 per cent. of the Initial Gross Proceeds, on the assumption that the Initial Gross Proceeds are £29,160,000.

Ongoing and annual expenses

The Company will also incur ongoing annual expenses. These expenses will include the following:

(i) **Lonrho**

Under the Management Services Agreement, Lonrho is entitled to be paid the fees set out in section 4 of Part II of this document.

(ii) **Registered Agent**

Under the terms of the Registered Agent Agreement, Dickinson Cruickshank Fiduciaries Limited is entitled to an annual fee of £2,000. Where administrators and domiciliary agents in other jurisdictions are retained by the Company in respect of foreign structures and subsidiaries of the Company subsequently acquired, their fees and expenses will be payable by the Company. The Registered Agent and any of its delegates will also be entitled to reimbursement of certain expenses incurred by them in connection with their duties. The Registered Agent is also entitled to fees for services on a time-spent basis.

(iii) **Registrar**

Under the terms of the Registrar Agreement, the Registrar is entitled to a minimum fee of £8,500 per annum, plus activity fees.

(iv) **Directors**

Under the Articles of Association, Directors (other than alternate directors) are entitled to receive by way of fees such sum as the Board may from time to time determine, provided that such amount shall not exceed in aggregate £200,000 per annum or such greater sum as the Company may in general meeting determine by resolution. The salary or remuneration of any Executive Director may either be a fixed sum of money or may be governed by business done or profits made or otherwise determined by the Board and may be in addition to or in lieu of any service fees payable.

The initial remuneration will be £12,000 per annum for each Executive Director and £25,000 per annum for the independent Non-Executive Director, Paul Heber. All of the Directors will also be entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties.

The Company will also purchase annual directors' liability insurance at an initial cost not expected to exceed £60,000 per annum.

(v) **Nominated Adviser**

Under the terms of the Nominated Adviser Agreement appointing Collins Stewart to act as nominated adviser to the Company for the purposes of AIM, Collins Stewart will be paid a fee of £20,000 (plus VAT) per annum.

(vi) **Broker**

Under the terms of the Broker Agreement appointing Collins Stewart to act as broker to the Company for the purposes of AIM, Collins Stewart will be paid a fee of £20,000 (plus VAT) per annum. Under the terms of

the Renaissance Broker Agreement appointing Renaissance to act as broker to the Company, Renaissance will be paid a fee of £20,000 (plus VAT) per annum.

18. Repurchase of Shares

Conditionally upon Admission, the Directors have been granted authority to buy back up to 100 per cent. of the Ordinary Shares in issue following Admission with a view to managing any imbalance between the supply of and demand for the Ordinary Shares. While subject to the satisfaction of the solvency test set out in section 2.3(f) of Part VIII, the Company's authority to make purchases of its own issued Ordinary Shares is not subject to any time limit and does not require approval from Shareholders on an annual basis. The timing of any purchases will be decided by the Board.

The Directors intend that purchases will only be made pursuant to this authority through the market, for cash. Any Ordinary Shares bought back by the Company cannot be held by the Company in treasury and must forthwith be cancelled.

19. Further Share Issues

Under the Company's Articles of Association, following the Placing, the Directors are authorised in any period between consecutive annual general meetings, to allot any number of Ordinary Shares on such terms as they shall in their discretion determine up to such maximum number as represents 50 per cent. of the issued share capital at the beginning of such period. Further Ordinary Shares may be allotted on terms determined by the Directors but subject to the pre-emption rights prescribed by Section 36 of the Act. In the event that the Directors are required to offer any Ordinary Shares pursuant to Section 36 of the Act, and such offer is not taken up by any existing Shareholders, those shares shall be offered on the same terms to those Shareholders who did accept the offer prior to being offered to third parties.

20. Meetings, Reports and Accounts

All general meetings of the Company may be held in the Isle of Man, or at such place that the Board may determine from time to time. The Company will hold an annual general meeting each year.

The annual reports and accounts of the Company will be made up to 30 November in each year with copies expected to be sent to Shareholders within the following six months. Shareholders will also receive each year an unaudited interim report for the six months to 31 May. The interim report is expected to be sent to Shareholders within the following three months. The first unaudited interim report of the Company will be in respect of the period from incorporation to 31 May 2008 and the first financial period of the Company will cover the period from incorporation to 30 November 2008.

The audited accounts of the Company will be prepared under International Financial Reporting Standards which the Directors believe is an acceptable body of generally accepted accounting practice. The Directors may, however, change the accounting policies under which the Company's accounts are prepared if it is considered necessary or appropriate to do so.

The annual accounts of the Company will be published in Pounds Sterling.

21. Admission, Settlement and CREST

Application has been made to the London Stock Exchange for all the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective on 11 December 2007.

The Articles of Association permits the Company to issue shares in uncertificated form for settlement through CREST. CREST is a computerised paperless share transfer and settlement system which allows Ordinary Shares to be held in electronic rather than paper form. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

The Company will arrange that on the date of Admission for those placees requesting receipt of their Ordinary Shares via CRESTCo such Ordinary Shares will be available on that date for delivery against payment.

Where a placee has requested receipt of its Ordinary Shares in certificated form, the placee should pay Renaissance on the day of Admission in cleared monies and the Company will procure that the Registrar issue its certificate within five Business Days of those cleared monies being paid over to the Company.

Potential investors should carefully consider the Risk Factors in Part I of this document and the Additional Information in Part VIII of this document, together with their own circumstances, before deciding to invest in the Company.

PART III

THE PLACING

1. Details of the Placing

The Company is issuing 29,160,000 Ordinary Shares by way of the Placing by Renaissance to institutional and other investors to raise £29,160,000, before expenses.

Under the Placing Agreement, Renaissance has agreed as agent for the Company conditional, *inter alia*, on Admission taking place not later than 11 December 2007 (or such later date as Renaissance and the Company may agree, but not later than 27 December 2007) to use its reasonable endeavours to procure placees for the Placing Shares, in each case at the Placing Price. The Placing Agreement contains provisions entitling Renaissance to terminate the Placing in certain circumstances. The Placing is not underwritten. A summary of the Placing Agreement is set out in section 6.2 of Part VIII of this document.

Renaissance has agreed to subscribe for 1,847,000 Ordinary Shares representing 5.07 per cent. of the issued share capital of the Company at Admission.

Key members of management of the Company, including some or all of the Directors, have indicated that they may invest in the Placing.

The Placing Shares will, when issued, rank *pari passu* in all respects with the Ordinary Shares to be issued to Lonrho including the right to receive all dividends and other distributions declared, made or paid after the date of Admission. Following Admission, based on the Placing Price, the Company's market capitalisation will be approximately £36.5 million.

The Company intends to use the funds available to it following Admission and Placing to make acquisitions or investments in accordance with the investment policy and strategy outlined in Part II of this document. Additionally, the net proceeds will be used to review and assess potential investment opportunities and to provide working capital.

2. Admission, Dealing Arrangements and Settlement

Application has been made to the London Stock Exchange for all the Ordinary Shares to be admitted to trading on AIM. Admission of the Ordinary Shares is expected to take place on 11 December 2007.

The Articles of Association permit the Company to issue shares in uncertificated form in accordance with the CREST Regulations. CREST is a computerised paperless share transfer system which allows shares and other securities to be held in electronic form rather than in paper form. The Ordinary Shares can be admitted to CREST (assuming that the CREST Isle of Man requirements have been satisfied) and can therefore be held and transferred using the CREST system. Application has been made by the Company's Registrar for the Ordinary Shares to be admitted to CREST with effect from Admission and CREST's operator Euroclear has agreed to such admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within CREST if the individual Shareholders so wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

For more information concerning CREST, Shareholders should contact their broker or Euroclear UK & Ireland Limited, 33 Cannon Street, London EC4M 5SB.

3. Lock-In Arrangements

On Admission, Lonrho, the Directors and persons connected with them, will own 7,640,000 Ordinary Shares representing 20.96 per cent. of the issued Ordinary Share capital and options to acquire a further 500,000 Ordinary Shares under the agreement referred to in section 3 of Part VIII below.

Lonrho has undertaken to the Company, Collins Stewart and Renaissance that it will not sell or dispose of any of its interests in Ordinary Shares acquired on Admission or within the twelve-month period following Admission at any time before the fifth anniversary of Admission, except in certain circumstances, including: (i) an intervening court order permitting the transfer; (ii) in the event of a takeover offer for the Company which has been accepted by not less than 50 per cent. of Shareholders; (iii) (after the first anniversary of Admission) in the event that the majority of the Board becomes independent of Lonrho; or (iv) (after the first anniversary of Admission) in the event that the Management Services Agreement is terminated by the Company otherwise than for cause. Following the fifth anniversary of Admission, Lonrho will be free to sell or dispose of its Ordinary Shares at a price being not less than the Placing Price, provided that Lonrho will be

able to dispose of its Ordinary Shares at any price where the exceptions described in paragraphs (i) to (iv) above apply.

The Directors have undertaken to the Company, Collins Stewart and Renaissance that they will not sell or dispose of any of their interests in Ordinary Shares acquired on Admission or within the twelve-month period following Admission at any time before the first anniversary of Admission, except in certain circumstances, including an intervening court order permitting the transfer, death or in respect of a takeover offer for the Company which has been accepted by not less than 50 per cent. of Shareholders. In addition, between the 12 month anniversary of Admission and the 24 month anniversary of Admission, interests in the Ordinary Shares held by the Directors may only be disposed through the Company's broker from time to time.

Further details of these arrangements are set out in sections 6.6.1 and 6.6.2 of Part VIII of this document.

PART IV

BACKGROUND TO INVESTMENT REGION

Certain information from this section has been sourced from third parties. The Company believes that this information has been accurately reproduced and, as far as the Company is aware, and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Prospective investors should note that there is little independent or reliable financial information available on Zimbabwe.

Political and Economic Environment

Zimbabwe is a landlocked nation in Southern Africa bordered by Zambia to the North, Mozambique to the East, South Africa to the South and Botswana to the West. It became an independent nation on 18 April 1980. Independence enabled Zimbabwe to interact with financial institutions such as the World Bank and the IMF as a result of which there was substantial growth and new investment.

From the mid-1990s pressure mounted on the Government of Zimbabwe to accelerate the indigenisation of the economy and as a result of that the issue of land redistribution became an urgent priority for the government. The legislation enabling compulsory acquisition of rural land which had always been in place was implemented in earnest with effect from 2000 in such a manner that it had a serious adverse effect on the economy which historically had relied heavily on substantial foreign currency earnings from tobacco. The most far-reaching effect of the situation that resulted from the acquisition process was that it caused international financial institutions to withhold financial assistance resulting in the Zimbabwean economy deteriorating to the extent that at the present time there is a hyperinflationary environment. Steps which have recently been taken in an endeavour to arrest the inflationary cycle have created a shortage of products in all sectors of the economy, and the deterioration in the standard of living has caused many people to leave Zimbabwe, especially people with skills.

The deteriorating situation can only be arrested if a political solution is found which will be of sufficient magnitude to cause the financial institutions such as the World Bank and the IMF to renew assistance to Zimbabwe and this will obviously only occur if the major nations which are opposed to Zimbabwe change their attitude upon being satisfied that the necessary changes have been made which would justify their support for a recovery programme. The historical infrastructure of Zimbabwe is still far superior to most African states and has survived largely intact through the economic crises of recent years. This remains an important factor in the low cost of the in-country operations.

At present Zimbabwe is facing severe socio-economic difficulties including critical shortages of food, manufactured goods and fuel. Hardships have manifested themselves in rising inflation, erosion of real incomes, critical foreign exchange shortages, a decline in savings and investment, industrial capacity under-utilisation, company closures and high unemployment. Rapid development of informal and parallel markets for both goods and foreign exchange have entrenched a growing shadow economy. Zimbabwe's GDP (composed as to 16.7 per cent. agriculture, 21.6 per cent. industry and 61.6 per cent. service) was estimated by the CIA World Factbook at US$25.58 billion in 2006[1]. The official annual inflation rate rose from 32 per cent. in 1998, to 350 per cent. in 2004, 238 per cent. in 2005 and exceeded 1,000 per cent. in 2006. The official year-on-year rates for 2007 were 4,530 per cent. in May, 7,251 per cent. in June, 7,635 per cent. in July, 6,593 per cent. in August and 7,982 per cent. in September[2]. IMF representatives have indicated that if current trends continue the year-on-year inflation for 2007 may well exceed 100,000 per cent[3]. Meanwhile, the official exchange rate[4] fell from approximately 1 (revalued) Zimbabwean dollar per US dollar in 2003 to 160 per US Dollar in 2006. The official rate was then devalued to 250 in August 2006. As of September 2007, the official exchange rate was 30,000 per US dollar. However, the parallel market rate was 220,000 Zimbabwean Dollars per one US Dollar in September 2007[5] (subsequent private sector sources indicate a higher multiple). The rate in use when the Company makes investments will be approved by the RBZ but may be substantially different from the official rate.

---

1 Source: CIA World Factbook — Zimbabwe (1 Nov 2007)
2 Source: Reserve Bank of Zimbabwe — Inflation Rates (1990-2007)
3 Source: CNN (31 July 2007)
4 Source: Reserve Bank of Zimbabwe — Foreign Exchange Rates (2004-2007)
5 Source: CIA World Factbook (1 Nov 2007).

Proposed Indigenisation Legislation

Currently the Indigenisation Bill has passed through the House of Assembly and the Senate in the Zimbabwe Parliament and now awaits Presidential consent before becoming law. The Bill seeks to create an enabling environment that will result in increased participation of indigenous people in Zimbabwe in the economic activities of the country.

The Bill proposes that an indigenous Zimbabwean is defined as any person who before 18 April 1980 was disadvantaged by unfair discrimination on the grounds of his or her race. Any descendant of such person is also included, together with any company, association, syndicate or partnership of which indigenous Zimbabweans form the majority of the members or hold a controlling interest.

The Bill states an intention that at least 51 per cent. of the shares of every public company and any other business shall be owned by indigenous Zimbabweans but states that the following transactions must be referred to the Minister of State for Indigenisation and Empowerment (the "**Minister**") for approval and unless those transactions meet the required minimum shareholding percentage they will not be approved. The transactions mentioned are:

(a) a merger or restructuring of the shareholding of two or more related or associated businesses or the acquisition by a person of the controlling interest in a business; or

(b) there is an unbundling of a business or demerger by two more businesses if the value of the business resulting from the unbundling or demerger is at or above a threshold which is to be prescribed; or

(c) the relinquishment by a person of a controlling interest in a business if the value of the controlling interest in the business is at or above the threshold which has been prescribed; or

(d) if an investment licence is required in terms of the Zimbabwe Investment Authority Act for a projected or proposed investment in a prescribed sector of the economy.

In the next section of the Bill there is a sub-section which enables the Minister to issue statutory instruments which are subsidiary legislation and are issued by the Minister if he is so authorised by the Act without reference to Parliament.

Certain statements have been made by the Minister which imply that a controlling interest can be acquired in public companies and any other businesses and not solely in the circumstances mentioned in (a) to (d) above, presumably in terms of the statutory instruments which he has power to issue. This contention is likely to be challenged as it would appear that if the Minister is intended to have such wide powers there would have been no need in the Bill to list the transactions specifically which require his consent. The Bill also proposes the establishment of a National Indigenisation and Economic Empowerment Board to advise the Minister on appropriate measures to adopt in the implementation of the objectives and policies on indigenisation. It is also proposed that an indigenisation fund be set up which will be administered by the aforesaid Board.

There is also provision in the Bill for the Minister to temporarily prescribe a lesser share than 51 per cent., but it is stated that in doing so he is required to prescribe the general maximum time frame within which the 51 per cent. share shall be attained.

The Bill as currently drafted will not apply to a holding company which is registered and controlled from outside Zimbabwe.

A new investor would be required to obtain consents from the Exchange Control Department of the RBZ and the ZIA.

Zimbabwe Exchange Control

Under Zimbabwean law, no share in a Zimbabwean registered company may be issued to a foreign resident without the approval of the Exchange Control Authorities who have delegated their authority to the ZIA where the project is considered to be a new venture. Prior to the Company or any wholly owned subsidiary making an investment in Zimbabwe it will need to seek and be granted an investment certificate pursuant to this procedure.

The current rules are that all investment capital must be remitted into Zimbabwe via normal banking channels or in the form of capital equipment that has customs cleared documentation if it is to be recognised by the ZIA as having disinvestment rights.

Investment capital may only be repatriated at such time as the investor disinvests from Zimbabwe. Foreign investors have been given an undertaking by the Zimbabwean Government that initial foreign denominated

investment capital will be permitted to be remitted upon application to disinvest. Any capital profit will be subject to the prevailing rules at the time of the disinvestment.

In the event of a Zimbabwean company obtaining a listing on the Zimbabwean stock exchange, shares bought with foreign currency remitted into the country through normal banking channels would be permitted to be remitted on sale of those shares. Such shares are endorsed as being held by non-residents for easy identification. Shares held by foreign investors at the time of the listing will not necessarily have the same rights unless specific authority is given for the shares to be thus endorsed.

While all new foreign shareholders post 1992 in Zimbabwe are permitted to remit in full dividends declared from current after tax trading profits, these remittances are subject to approval by the RBZ or an authorised dealer and confirmation that no recourse to local borrowing will be necessary. The Company's ability to remit any dividends which it may pay in the future will be dependent on the availability of foreign currency in Zimbabwe and the RBZ's willingness to prioritise the remittance of the foreign currency component of the Company's dividend. Lack of sufficient foreign currency or failure to obtain necessary approval and confirmation will result in the inability of the Company and/or any investments to pay dividends to foreign shareholders.

The procedure for dividend remittances involves a submission within 12 months of the company's year end to the RBZ via the company's bankers with supporting information from the company's auditors verifying that the dividend is from current after tax profits, and that the company has sufficient of its own resources to pay a dividend. Companies are not permitted to borrow to pay a dividend. With the current shortage of foreign currency, companies are also required to indicate what foreign funds they have in their foreign currency accounts (these are allowed subject to certain conditions) as these are expected to be utilised before access to the general interbank funds is permitted. Once approval is received, the approval remains valid even if foreign currency is not immediately available. Payment can be made on application when foreign currency can be sourced. Dividends are denominated in Zimbabwe Dollars and are thus subject to exchange rate fluctuations. All capital remittances are subject to RBZ approval. Investment guarantees relate only to the original foreign denominated capital with any capital profit being subject to the prevailing rules at the time of disinvestment. A future local Zimbabwean listing will not necessarily permit remittance of capital on shares existing at the time of the listing.

The current severe shortage of foreign currency has prevented Zimbabwean companies from distributing dividends unless a company can do so from foreign currency earned from the exportation of services or goods. However, a current RBZ directive may affect a Zimbabwean company's ability to hold enough foreign currency to effect such a distribution. The current RBZ directive requires a Zimbabwean company to immediately convert 35 per cent. of all foreign currency received from the exportation of goods or services at the official rate which is significantly lower than the parallel rate and other rates reportedly secured by other importers and exporters in Zimbabwe. The remaining 65 per cent. may be held by a Zimbabwean company in the foreign currency for an indefinite period and which can be accumulated over time to facilitate the payment of a dividend.

Where a Zimbabwean registered company or resident individual acquires the shares of another Zimbabwean registered company utilising Zimbabwean Dollars it is not necessary to seek approval from the RBZ as there are no cross-border implications. If a foreign loan is involved or blocked funds or remittable dividends are to be used, RBZ approval is required.

Where shares held by a foreign investor in a Zimbabwean registered company are to be sold or transferred to a local or foreign investor, application has to be made to the RBZ for authority prior to the transaction taking place. RBZ does not permit payment to be made offshore where two foreign parties are involved.

Applications for disinvestments must include up to date financial statements, a valuation of shares involved or details of how a price was arrived at, proof of the original foreign investment approvals and receipt of funds, details of the new investors and a motivation for the sale. Benefits to the country and of a sale to another foreign investor as opposed to a local investor should be demonstrated.

An undertaking has been given to permit the remittance of the original foreign denominated investment or loan capital received after 1992 provided it receives RBZ approval and was remitted into the country through normal banking channels or in the form of customs cleared capital goods. Approvals must be sought for any remittance. Remittance of capital profits will depend on the rules and conditions pertaining at the time of application for disinvestments. Capital may only be remitted on disinvestment.

Zimbabwe Taxation

The current income tax rate for companies operating in Zimbabwe is 30.9 per cent (inclusive of a 0.9 per cent AIDS levy). In addition there is a 20 per cent. withholding tax recovered at source on dividends paid from an unlisted Zimbabwean company which is resident in Zimbabwe to shareholders who are not resident in Zimbabwe. However, the double taxation agreements between Zimbabwe and the United Kingdom reduce this withholding tax on dividends declared to 5 per cent. where the recipient, being resident in the United Kingdom and subject to tax there on the dividends, is a company which controls, directly or indirectly, at least 25 per cent. of the voting power in the Zimbabwe company. There is no double taxation agreement between the Isle of Man and Zimbabwe and therefore the withholding tax on dividends will be 20 per cent. if a dividend is declared from a Zimbabwean entity to the Company as long as the dividends are paid to the Isle of Man and not the UK. Profits arising from disposal of investments, either marketable securities or immovable property, in Zimbabwe may be subject to Capital Gains Tax (CGT) in the country where the entity holding the investments is domiciled or resident. For further information on UK and Isle of Man taxation, please refer to section 9 of Part VIII of this document.

LonZim Plc

Directors' report and financial statements

For the period 25 October 2007 (date of incorporation) to 15 November 2007

CONTENTS

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the period 25 October 2007 (date of incorporation) to 15 November 2007.

Principal activity

The principal activity of the Company is to make investments primarily in Zimbabwe and the region of Mozambique known as the Beira Corridor, which links Zimbabwe to the coast.

Results and transfer to reserves

The company did not trade in the period therefore no income statement has been prepared.

Dividend

The Directors do not propose the payment of a dividend.

Directors

The Directors who served during the period were:

David Anthony Lenigas *(Executive Chairman)*
Emma Kinder Priestley *(Executive Director)*
Geoffrey Trevor White *(Executive Director)*
Jean McKay Ellis *(Finance Director)*
Paul David Heber *(Independent Non-Executive Director)*

Auditors

Prior to the period end, KPMG Audit LLC, were appointed as auditors, and, being eligible, have expressed their willingness to continue in office.

By order of the Board

Secretary

Registered office of the company
33-37 Athol Street
Douglas
Isle of Man
IM1 1LB

Date 16/11/07

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

The Directors have resolved to prepare financial statements for the period 25 October 2007 (date of incorporation) to 15 November 2007. In addition, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Isle of Man Companies Acts 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law the Directors are also responsible for preparing a Directors' report that complies with that law.

REPORT OF THE INDEPENDENT AUDITORS, KPMG AUDIT LLC, TO THE MEMBERS OF LONZIM PLC

We have audited the financial statements of LonZim Plc for the period 25 October 2007 (date of incorporation) to 15 November 2007 which consists of the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable International Financial Reporting Standards (International Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 51.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' transactions with the Company is not disclosed.

We read the Directors' Report and any other information accompanying the financial statements and consider the implications for our report if we become aware of any apparent misstatements or inconsistencies within it.

Basis of opinion

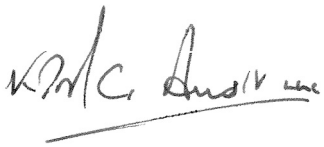
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the UK Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with International Generally Accepted Accounting Practice, of the state of the Company's affairs as at 15 November;
- the financial statements have been properly prepared in accordance with the Isle of Man Companies Act 2006; and
- the information given in the Directors' Report is consistent with the financial statements.



Chartered Accountants

KPMG Audit LLC
Heritage Court
39-41 Athol Street
Douglas
Isle of Man
IM99 1HN

BALANCE SHEET

as at 15 November 2007

	£
Due from Shareholders	0.0001
	0.0001
Capital and reserves	
Share capital	0.0001
Equity shareholders' funds	0.0001

The notes on page 54 form part of the financial statements.

These financial statements were approved by the board of directors on 16 November 2007 and were signed on their behalf by:

Director  Director 

NOTES

(forming part of the financial statements for the period 25 October 2007 (date of incorporation) to 15 November 2007)

1. Accounting policies

(a) Basis of accounting

These financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards.

2. Share capital

	2007
	£
Allotted	0.0001

3. Ultimate Controlling Party

The ultimate controlling party of the company is Lonrho Plc, a company incorporated in the UK.

PART VI

OPERATING AND FINANCIAL REVIEW

The following discussion contains forward-looking statements that are subject to known and unknown risks and uncertainties. Actual results could differ materially from those expressed or implied by such forward-looking statements as a result of various factors, including those discussed below and elsewhere in the Admission Document, particularly under the headings ''Forward-Looking Statements'' and ''Risk Factors.''

1. Company Overview

The Company was incorporated on 25 October 2007 in the Isle of Man for the principal purpose of making investments in Zimbabwe. The Company's investment objective is to build a portfolio of investments primarily in Zimbabwe, as well as outside Zimbabwe in entities with a majority of their operations within Zimbabwe and particularly in that part of Mozambique known as the Beira Corridor, which links Zimbabwe to the coast. The Company will not have any sectoral focus. However, the Directors expect the Company to focus on investments in infrastructure, transport, commercial and residential property, technology, manufacturing, retail, services, leisure, agricultural and natural resources sectors. There will not be any limit on the number of investments the Company can make. For additional information refer to Part II.

The net proceeds of the Placing will initially be held in commercial Sterling deposit accounts or cash equivalent outside Zimbabwe pending investment in investments and/or acquisitions in Zimbabwe.

The Company's interest in a proposed investment and/or acquisition may range from a minority position to full ownership, but wherever possible the Company will seek to achieve a majority position. Proposed indigenisation legislation in the form of the Indigenisation and Economic Empowerment Bill may, however, prevent the Company from acquiring majority control in Zimbabwean businesses. In addition, if the proposed indigenisation legislation becomes law, any majority-owned investments by the Company could be subject to forced sale or confiscation in order to achieve compliance with the foreign ownership limitations contained in the proposed legislation. Further details of the proposed indigenisation legislation and its potential impact on the Company can be found in Part IV of this Admission Document.

2. Material Factors Affecting Financial Conditions and Results of Operations.

The Company is a newly-formed company and has not yet commenced operations. The Company therefore does not have any historical financial statements or other meaningful operating or financial data that may be used to evaluate its performance. The Company is subject to all of the risks and uncertainties associated with any new business, including the risk that it will not achieve its investment objective.

Performance of Zimbabwean Economy

The Company's investment strategy is dependent on a future radical improvement in the Zimbabwean economy and it is therefore possible that a significant period of time may elapse before an investment by the Company will produce any returns. Radical improvement in the Zimbabwean economy would be required to achieve the Company's financial objective, and conversely, if the economy fails to radically improve, the Company may not be able to fully invest the Initial Gross Proceeds or may incur significant losses on any investments it has entered into, as business performance may deteriorate even in the case of a partial or gradual economic recovery. The Company will only be able to achieve its objectives in the event that the Zimbabwean economy radically improves.

Zimbabwe is currently experiencing severe socio-economic hardship and political instability. In April 2007 the International Monetary Fund (IMF) reported that the Zimbabwean economy was suffering sustained contraction in output, evidenced by a 39 per cent. decline in real GDP since 1997. The IMF attributes the contraction in the economy to government policy in Zimbabwe which has been subject to rapid and unpredictable change, including the unplanned redistribution of commercial farms, the repeated fixing of the exchange rate by the Reserve Bank of Zimbabwe at highly overvalued rates, suspension of property rights (particularly in agriculture and mining) and price controls in response to hyperinflation that have caused acute shortages of many basic commodities. Zimbabwe has the shortest life expectancy in the world, approximately 1.7 million people living with HIV/AIDS-related diseases, and unemployment and poverty levels are near 80 per cent. The deterioration in the standard of living has caused many people to leave Zimbabwe, especially skilled labour.

Performance of Lonrho-Sourced Investments

As at the date of this document Lonrho owns 80 per cent. of Blueberry International Services Limited ("**Blueberry**"), an off-shore company incorporated in the British Virgin Islands, which holds a strategic position in two established Zimbabwean industries. Blueberry controls 60 per cent. of Celsys Limited, a company listed on the Zimbabwean Stock Exchange operating in the telecommunications sector, and 100 per cent. of Gardoserve (Pvt) Ltd (Zimbabwe), a Zimbabwean private industrial chemical manufacturer and distributor. Lonrho has agreed, following Admission, and subject to the Company's approval of the terms of any acquisition, to make its 80 per cent. interest in Blueberry available to the Company for US$5.45 million, representing Lonrho's acquisition cost, together with any dormant subsidiary companies which Lonrho may still own in Zimbabwe. The Company's decision to invest in Blueberry and/or any other entities sourced from Lonrho will be taken following Admission and subject to the independent Directors' assessment of the likelihood of such investments benefiting from any radical future improvement of the Zimbabwean economy over the long term. The performance of any Lonrho sourced investments will be dependent upon the radical improvement in the Zimbabwean economy and in particular a radical improvement in the hyperinflationary environment and in the availability of foreign currency.

Dependence on the Directors and Lonrho in Executing Investment Strategy

The Company believes that its future performance will depend substantially on the talent and efforts of the Directors, the Company's specialist advisers and Lonrho in identifying investments that may generate attractive returns if the Zimbabwean economy radically improves. Other relevant factors include the Directors' ability to successfully execute the Company's investment strategies, the availability and cost of capital, its success in making investments and the effectiveness of its cash management activities. The success of the Company's investment strategy is dependent on a number of factors, including many that are out of the control of the Company, the Directors, the Company's specialist advisers and Lonrho, such as general economic and political conditions in Zimbabwe, interest and currency exchange rate movements and securities markets volatility. In addition, the successful execution of investment strategies may be impacted by the growth in, and demand for, investments in Africa or emerging markets generally.

The Company will primarily rely on the skills and capabilities of the Directors, the Company's specialist advisers and Lonrho in selecting, evaluating, structuring, negotiating, executing, monitoring and exiting investments and in managing any uninvested capital in accordance with applicable investment policies. The Directors will have full discretion to make investment decisions on behalf of the Company (within the parameters of the Company's investment objective). The Directors intend to seek the consent of the Shareholders for the investment strategy on an annual basis.

The Company will be advised by Lonrho pursuant to the Management Services Agreement for an annual fee of the greater of US$500,000 or 2 per cent. of the Invested Funds plus VAT, as further described in paragraph 6.1 of Part VIII of the Admission Document. At Admission, Lonrho will receive 20.0 per cent. of the issued share capital of the Company for non-cash consideration in the form of its commitment not to compete with the Company in Zimbabwe and that part of Mozambique known as the Beira Corridor, which links Zimbabwe to the coast. Lonrho, in conjunction with the Company, will seek *inter alia* to source investment opportunities, conduct investment analysis on potential investments, advise on and arrange finance for investments made and advise on the most appropriate exit from an investment. Lonrho will seek to provide the Company with specialist management, accounting, human resource, financial, marketing, technical and other support services. It will also seek to provide the Board with access to specialist advice on Zimbabwe and specific investment proposals. Lonrho's historical results with respect to investments in Africa are not indicative of the Company's future performance or the performance of any assets in which the Company invests. See "*Risk Factors — Lonrho's investment track record may be of limited relevance in assessing the Company's future investment performance.*"

The Company's ability to generate returns to Shareholders will depend primarily on the ability of the Directors, the Company's specialist advisers and Lonrho. The failure of the Directors, the Company's specialist advisers or Lonrho to identify appropriate investments and/or the failure of the Directors to make appropriate investment and divestment decisions may reduce the Company's net asset value and adversely impact the value of the Ordinary Shares.

3. Cash Management Activities

The Company anticipates that, upon completion of the Placing, after deducting expenses of and incidental to the Admission including registration and London Stock Exchange fees, professional fees, consulting and investor relations services and the costs of printing and distribution, the Company will have net proceeds of

approximately £26.6 million of cash available to fund working capital and for future investments. Suitable investment opportunities may not be available immediately.

A significant amount of time may pass before the Company is able to fully invest its capital, and the Company may not be able to invest its capital at all — as its investment strategy is dependant on a radical improvement in the Zimbabwean economy. See "*Risk Factors — The Company may be unable to fully invest the net proceeds of the Placing within the short, medium or long term. Lower returns will be experienced for so long as the Company's capital is not fully deployed into suitable investments, and any uninvested proceeds may be returned to Shareholders without interest.*" Given that all the cash will not be immediately invested, the Company expects that its surplus cash will temporarily be invested in Pounds Sterling cash deposits or other cash equivalent accounts outside Zimbabwe which will seek to generate interest at market rates.

4. Financial Reporting

The Company will prepare financial statements on an annual and half year interim basis in accordance with IFRS. The Company expects that these financial statements will consist of a balance sheet, an income statement, a statement of changes in equity, a statement of cash flows, related notes and any additional information that the Directors deem appropriate or that is required by applicable law. The Company's annual financial statements will be prepared in accordance with IFRS and audited by an independent accounting firm.

Consolidation

The Company's interest in a proposed investment and/or acquisition may range from a minority position to full ownership, but wherever possible the Company will seek to achieve a majority position. The Company will consolidate the results of operations and the assets and liabilities of investments in which it owns a majority or controlling interest. Proposed indigenisation legislation, in the form of the Indigenisation and Economic Empowerment Bill may, however, prevent the Company from acquiring majority control in Zimbabwean businesses. Further details of the proposed indigenisation legislation and its potential impact on the Company can be found in Part IV of the Admission Document. The Company will not be required to consolidate in its financial statements the results of operations or the assets of investments in which the Company does not hold a controlling interest.

Measure of Financial Performance

The Company expects that one of the primary measures of its financial performance will be the change in net assets (as calculated in accordance with IFRS) resulting from operating activities during an accounting period and the corresponding change in the Company's net asset value. Under IFRS, changes in the Company's net assets will be equal to: (i) realised and unrealised gain (or loss) associated with the Company's investments; plus (ii) investment income from the investments; plus (iii) other income; less (iv) total expenses, less any dividends paid out.

Total Expenses

The Company expects that its total expenses will be limited to the expenses that it directly incurs in connection with its operations. The Company believes that these expenses will consist primarily of an annual fee of the greater of US$500,000 or 2 per cent. of Invested Funds plus VAT payable to Lonrho, as well as specialist financial and legal advisers' fees, auditors' fees, Directors' fees and other operational expenses such as the Company's sponsor's fees, NOMAD and brokering fees, London Stock Exchange fees, insurance costs, legal fees and the costs of preparing and printing reports to Shareholders. The Company will incur fees and expenses in connection with the Placing, including fees relating to the Company's formation, legal, financial advisory and accounting fees and printing and distribution costs.

Gains and Losses and Foreign Exchange

Gains and losses

Because the company will seek to achieve a majority position in its portfolio companies, results from acquired or disposed portfolio companies will be consolidated into the Company's financial statements, and reflected as continuing or discontinued operations, as appropriate. Any minority position taken by the Company will be included on the Company's balance sheet and the Company will recognise the relevant share of the retained post acquisition profits and the Company's share of after tax profits or losses of the associate (which is included as a single item in the income statement).

Foreign currency exchange

The Company's functional currency is Sterling (£). Each entity that the Company invests in will determine its own functional currency, and items included in the financial statements of each entity will be measured using that functional currency. Any transactions entered into by a portfolio company in a currency other than the currency of the primary economic environment in which that portfolio company operates (its 'functional currency') will be recorded in the portfolio company's financial statements in its functional currency according to the currency exchange rates prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies will be retranslated to the portfolio company's functional currency at the currency exchange rate prevailing on the balance sheet date. Subject to significant fluctuations in exchange rates as a result of hyperinflation (as discussed below in "*Critical Accounting Policies — Inflation*"). Non-monetary assets and liabilities carried at fair value and denominated in a currency other than the functional currency will be translated to the portfolio company's functional currency at the currency exchange rate prevailing at the date when the fair value was determined. Gains and losses arising on retranslation to the portfolio company's functional currency will be included in net profit or loss for the period, except for currency exchange differences arising on non-monetary assets and liabilities, in which case any resulting changes in fair values will be recognised directly in the shareholders' equity of the portfolio company.

On consolidation into the Company's consolidated financial statements, the assets and liabilities of a portfolio company will be translated into the Company's functional currency, Sterling, at the currency exchange rates prevailing on the balance sheet date. Goodwill and fair value adjustments arising from the acquisition of a portfolio company will be treated as assets and liabilities of the acquired entity and translated into Sterling at the currency exchange rate prevailing on the closing date of the acquisition.

Income and expense items recorded the Company's consolidated financial statements will be translated at the average currency exchange rates for the period, subject to significant fluctuations in exchange rates as a result of hyperinflation (as discussed below in "*Critical Accounting Policies — Inflation*"). Differences between the actual currency exchange rates applicable to the Company's operations and the impact recorded on the Company's financial statements may arise if the average currency exchange rate for a period is significantly different from the end period currency exchange rate. Any currency exchange rate adjustments recognised in the income statement of a portfolio company's financial statements will be reflected, upon consolidation, in the foreign exchange reserve on the Company's consolidated balance sheet. On disposal of a portfolio company, the cumulative currency exchange rate differences recognised in the Company's foreign exchange reserve relating to the operation of that portfolio company up to the date of disposal will be recognised on the Company's consolidated income statement.

Intangible Assets

Revaluation of intangible assets will be made with such regularity that at the balance sheet date the carrying amount of the asset will not differ materially from its fair value. After initial recognition, an intangible asset for which there is an active market may be revalued to fair value at the date of the revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. Any surplus arising on a revaluation will be recognised in a revaluation reserve within shareholders' equity, except to the extent that a revaluation surplus reverses a previous revaluation deficit on the same asset that has been previously charged to the income statement, in which case a credit up to the amount of the deficit charged previously to the income statement will be recognised in the income statement. Any deficit on revaluation will be charged in the income statement except to the extent of any balance in the revaluation reserve on the same asset, in which case it will be taken directly to the revaluation reserve.

Share Options

The Company provides benefits to its employees (including non-executive directors) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). Under the Company's Articles of Association, the Company has the power to grant options up to 5 per cent. of the Company's issued share capital following the Placing.

The cost of these equity-settled transactions with employees will be measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value will be determined by using a Black-Scholes model. In valuing equity-settled transactions, no account will be taken of any performance conditions, other than conditions linked to the price of the Ordinary Shares, if applicable. The Company will recognise the cost of equity-settled transactions, together with a corresponding increase in equity, over the

period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date will reflect (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment will be made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. Any charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense will be recognised for equity-settled awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense will be recognised as if the terms had not been modified. In addition, an expense will be recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification. If an equity-settled award is cancelled, it will be treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award recognised immediately. However, if a new award is substituted for the cancelled award it will be treated as if it were a modification of the original award, as described in the previous paragraph.

5. Critical Accounting Policies

Preparation of the Company's financial statements requires the use of estimates and judgments in applying its accounting policies. Predicting future events is inherently an imprecise activity, and the Directors' opinions, assumptions and estimates may affect the value of a number of asset and liability items and the amounts recognised during a financial year regarding specific income and expense items, as well as contingent liabilities. Assumptions and estimates are reassessed on an ongoing basis, and embody expectations as to future events which are considered reasonable in light of the information available at any given time. Inevitably, actual results will differ, and may differ materially, from the Company's assumptions and estimates.

Areas requiring significant use of estimates and judgments in applying the Company's accounting policies include the following:

Classification of Financial Instruments

The Company's accounting policies require management to classify financial assets and liabilities in different categories. Investments held to maturity are those that the Company intends to hold to their maturity, and is a classification which requires assessment of the Company's ability so to hold the investment. Financial instruments held for trading purposes are securities and derivatives held to achieve short-term profit. Financial instruments at fair value through profit and loss classifying an investment in this category depends on the way management evaluates return on investment and investment risk. This category includes investments not belonging to the trading portfolio but to the holdings portfolio and are being followed up internally at their fair value.

Inflation

The Company will apply IFRS standards that are relevant to its activities, including International Accounting Standard 29, Financial Reporting in Hyperinflationary Economies (''**IAS 29**''). IAS 29 requires the IFRS financial statements of any entity operating in a hyperinflationary economy to take full account of the effects of inflation using a ''current purchasing power'' approach, which is implemented using a complex set of procedures and reconciliations. Under IAS 29, when an entity has foreign operations (for instance, a subsidiary) whose functional currency is hyperinflationary, the subsidiary's financial statements must be adjusted before being translated and included in the parent's consolidated financial statements. It is a matter of judgement as to when restatement for hyperinflation becomes necessary, according to the characteristics of the economy in which the subsidiary conducts its operations and maintains its functional currency. Under IAS 29, Zimbabwe is considered a hyperinflationary economy and therefore the Company's consolidated financial statements, to the extent its portfolio companies use the Zimbabwean Dollar as a functional currency, will need to be restated by the Company, upon consultation with E&Y (Zimbabwe) and KPMG (Isle of Man) as auditors, to account for changes in the general purchasing power of the Zimbabwe Dollar measured against the consumer price index published by the Central Statistical Office of Zimbabwe. The amount of any such restatement will be subject to significant discretion and certain assumptions and judgements on the part of the Company and as advised by its auditors. Because the Company will not be able

to control the price at which its portfolio companies sell any products or provide any services in the future, it is possible that higher future inflation in Zimbabwe may result in an increase in future operational costs in Zimbabwean dollars, which without a concurrent devaluation of the Zimbabwe Dollar against the Pound Sterling, could have a material adverse effect upon the Company's operations and financial condition.

In accordance with International Financial Reporting Standards, assets such as investment properties, investments, and financial liabilities are measured at fair value. In a hyperinflationary economy, fair value gains and losses can be significant.

Fair Value Measurement

The Directors will be responsible for reviewing and approving valuations of investments that are carried as assets in the Company's financial statements. Valuing investments requires the application of valuation principles to the specific facts and circumstances of the investments, and in assigning fair value the Directors will utilise the services of an independent valuer which will make calculations as to fair value as well as any changes in fair value, on a half-yearly basis. The independent valuer will make calculations to determine the fair value of investments and will carry out agreed upon procedures with respect to valuations of investments for which market quotations are not available.

The Company expects that its interests in investment assets will be valued, as set out below, according to the value the Company believes it would receive if its investments were sold in orderly dispositions over a reasonable period of time between willing parties other than in a forced or liquidation sale and the distribution and the net proceeds from such sales were distributed to investors. The Company believes that, with regard to an investment for which a market quotation is readily available, this amount generally will be equal to the last bid price (deemed to be fair value) of the company's securities on a valuation day. The last bid is sourced from Bloomberg or another independent source and for UK securities shall be the bid side of the last two-way quotation prior to the end of that day's mandatory quotation period (currently 4.30 p.m.). For securities with primary quotations on exchanges outside the UK, the bid prices used will be in accordance with normal market practice of such exchanges.

An investment for which a market quotation is not readily available will be valued based on the latest available valuation provided by the relevant counterparty, or based on pricing models that consider the time value of money and the current market prices, contractual prices and potential volatilities of the underlying financial instruments.

Changes in the value of intangible assets will be recognised in a revaluation reserve in the Company's consolidated balance sheet, as set out in "*Financial Reporting — Intangible Assets*" above.

Goodwill Impairment

The Company tests for impairment of goodwill on its investments on an annual basis. Impairment is assessed by calculating the value in use and the fair value of the relevant business. Such calculations are made using discounted cash flow analysis, future dividends present value method and comparable company analysis. Use of these analytical methods requires the Directors to make estimates in respect of a number of important factors, including future profitability, business plans, interest rate environment and other market developments.

6. Liquidity and Capital Resources

Liquidity Needs

The Company will use the cash received from the Placing to make investments and/or acquisitions in Zimbabwe. In addition to its investments, the Company will require cash to pay asset management fees under the Management Services Agreement to Lonrho as well as fund its operating expenses (including the cost of specialist management, accounting, human resource, financial, marketing, technical and other support services provided by Lonrho, specialist financial and legal advisers, fees paid to the Directors as well as audit and legal fees).

Although the Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Company will, from the date of Admission, be sufficient for its present requirements, that is, for at least the next 12 months from the date of Admission, it may be necessary for the Company to raise further funds in the future, to, for example, ensure continued planned growth, refinance an existing investment or in order to fund acquisitions. There can be no assurance that additional funds will be available on a timely basis, or on favourable terms, or at all.

Sources of Cash

The Company's initial source of liquidity will consist of the net proceeds that it receives in connection with the Placing. The net proceeds will be invested in investments and/or acquisitions in Zimbabwe, net of any amounts retained for the working capital requirements of the Company. In the future, the Company may (but does not currently expect to) enter into one or more borrowing facilities to fund investment activities, operating expenses or fees owed to Lonrho, or to fund share buy-backs. The Company has no restrictions on its power, under its Articles of Association, to borrow, although the Directors do not expect that the Company itself will incur any borrowings, in the short to medium term.

7. Contingencies and Contractual Obligations

Management Services Agreement

Under the Management Services Agreement, Lonrho will be paid an asset based management fee of the greater of US$500,000 or 2 per cent. of Invested Funds plus VAT, being the gross investments by the Company in any asset in Zimbabwe and the infrastructure corridor from Zimbabwe to Beira in Mozambique, and held by the Company as at the half-year or year-end and not subject to a contract for disposal. The asset management fee will be paid in arrears at each half year based on the Company's interim accounts and for the full year based on the published annual accounts of the Company. See paragraph 6.1 of Part VIII for a further description of the fees payable by the Company pursuant to the Management Services Agreement.

Debt Obligations

The Company may use borrowings in relation to its investments, and may incur indebtedness to fund investment activities, operating expenses or fees owed to Lonrho, or to fund share buy-backs. As at the date of this document, the Directors do not expect that the Company itself will incur any borrowings in the short to medium term. However, under the terms of its Articles of Association, the Company has no restrictions on its power to borrow if the Directors determine it to be in the best interests of the Company. In the event that the Company does incur indebtedness, such arrangements may subject the Company to contractual obligations relating to the periodic payment of interest and the repayment of borrowed principal. In addition, the Company's borrowings will generally be secured against some or all of the assets held within the Company.

Indemnification

In the normal course of business the Company enters into contracts with service providers, independent specialist financial and legal advisers whom the Company has appointed in order and other parties, including Lonrho, that contain a variety of indemnification obligations. The maximum exposure to the Company is unknown. However, the Company has not had prior claims or losses pursuant to these contracts.

8. Exposure to Market Risk

The Company expects to be exposed to a number of market risks as a result of the types of investments that it expects to make. The Company believes that its exposure to market risks will relate primarily to changes in foreign currency exchange rates, changes in the values of publicly traded securities, the credit risk of counterparties, movements in prevailing interest rates.

Securities Market Risks

The Company's investments in portfolio companies are expected to include investments in publicly listed and traded entities. The market prices and values of traded securities may be volatile and are likely to fluctuate due to a number of factors beyond the control of the Company, including actual or anticipated fluctuations in the quarterly, semi-annual and annual results of such issuers or of other issuers in the industries in which they operate, extraordinary corporate events involving the issuers of such securities, market perceptions concerning the availability of additional securities for sale, interest and currency rate movements, volatility in commodity prices, general economic, social or political developments, industry conditions and changes in government regulation.

In accordance with IFRS, the Company will be required to value investments in publicly traded securities based on current market prices at the end of each valuation period, which could lead to significant changes in the net asset value and operating results that the Company reports.

Foreign Currency Risks

The reporting currency of the Company will be pounds Sterling, while the Company's investments and costs are likely to be in currencies other than pounds Sterling. As a result, investments will be stated in Sterling on the Company's consolidated financial statements, but when valuing investments or costs that are denominated in currencies other than pounds Sterling, the Company will be required to convert the values of such investments into pounds Sterling based on prevailing exchange rates as of the end of the applicable accounting period. Due to the foregoing, changes in exchange rates between pounds Sterling and other currencies, as well as the periodic non-availability of foreign exchange in Zimbabwe, could lead to changes in the net asset value that the Company reports and could subject the net asset value to favourable or unfavourable fluctuations. Among the factors that may affect currency values are regulatory restrictions on transfer, repatriation or exchange, trade balances, levels of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Company may (but does not currently expect to) engage in a variety of hedging strategies to offset this risk; however, there can be no assurance that such strategies can protect against a decline in asset values.

Credit Risks

In the course of its business the Company, in the context of making investments, may enter into investment contracts, such as hedging instruments, with third parties. Credit risk is the risk of the potential inability or refusal of counterparties to perform the terms of such investment contracts, which may be in excess of the amounts recorded in the Company's balance sheet. In the event a counterparty fails to perform the terms of an investment contract, the Company may suffer an adverse effect on its results of operations and net asset value.

Interest Rate Risks

The Company may incur indebtedness in the future with a view to enhancing shareholder returns, engaging in share buy-backs and to meet liquidity needs. In addition, the Company may make investments that are sensitive to changes in interest rates, including investments of the proceeds of the Placing in short and medium term investments outside Zimbabwe prior to investments and/or acquisitions in Zimbabwe. Due to either incurred indebtedness or its investments, the Company may be exposed to risks associated with movements in prevailing interest rates. Volatility in interest rates could make it more difficult or expensive for the Company to obtain debt financing, could negatively cause the prices of long or short positions to move in directions not initially anticipated and could decrease the returns that the Company's investments generate.

PART VII

IMPORTANT INFORMATION FOR INVESTORS

Purchase and Transfer Restrictions

This Admission Document does not constitute, and may not be used for the purposes of, an offer or invitation to subscribe for any Ordinary Shares by any person: (i) to which such offer or invitation is not authorised; or (ii) in any jurisdiction in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation.

General

Prospective investors should rely only on the information contained in this Admission Document. No broker, dealer or other person has been authorised by the Company, its Directors or Renaissance to issue any advertisement or to give any information or to make any representation in connection with the Placing or sale of the Ordinary Shares other than those contained in this Admission Document and, if issued, given or made, any such advertisement, information or representation must not be relied upon as having been authorised by the Company, its Directors or Renaissance.

Prospective investors should not treat the contents of this Admission Document as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer, redemption or other disposal of Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Renaissance makes no representation, express or implied, or accepts any responsibility whatsoever for the contents of this Admission Document nor for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares or the Placing. Renaissance accordingly disclaims all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which it might otherwise have in respect of this Admission Document or any such statement.

This Admission Document should be read in its entirety before making any application for Ordinary Shares.

Purchase and Transfer Restrictions

The Company has elected to impose the restrictions described below on the Placing and on the future trading of the Ordinary Shares so that the Company will not be required to register the offer and sale of the Ordinary Shares under the Securities Act, so that the Company will not have an obligation to register as an investment company under the Investment Company Act and related rules and to address certain ERISA, US Internal Revenue Code and other considerations. These transfer restrictions, which will remain in effect until the Company determines in its sole discretion to remove them, may adversely affect the ability of holders of the Ordinary Shares to trade such securities. Due to the restrictions described below, potential investors in the United States and US Persons are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of Ordinary Shares. The Company and its agents will not be obligated to recognise any resale or other transfer of the Ordinary Shares made other than in compliance with the restrictions described below.

Purchase and Transfer Restrictions: Non-US Shareholders

Each non-US subscriber of the Ordinary Shares in the Placing represents, acknowledges and agrees as follows (terms used below that are defined in Regulation S under the Securities Act have the meanings given to them in Regulation S) and each subsequent non-US purchaser of Ordinary Shares will be deemed to have represented, acknowledged and agreed as follows:

1. Any person who acquires Ordinary Shares in the Placing represents that it and the person, if any, for whose account it is acquiring the Ordinary Shares are not US Persons and are purchasing the Ordinary Shares outside the United States in an offshore transaction meeting the requirements of Regulation S.

2. The Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and may not be offered or sold in the United States or to US Persons absent registration or an exemption from registration under the Securities Act.

3. The Company has not registered and will not register under the Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not required and will not be required to be registered under the Investment Company Act.

4. On each day from the date on which it acquires or holds the Ordinary Shares including the date on which it disposes of such Ordinary Shares, it is not (i) a benefit plan investor (as defined in 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA), or acting on behalf of or using the assets of a benefit plan investor, or (ii) other employee benefit plan subject to any federal, state, local or other law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended, (an "**Other Plan**"), or acting on behalf of or using the assets of any Other Plan with respect to the purchase, holding or disposition of any Ordinary Shares.

5. It has received, carefully read and understands this Admission Document, and has not distributed, forwarded, transferred or otherwise transmitted this Admission Document or any other presentation or offering materials concerning the Ordinary Shares to any persons within the United States or to any US Persons, nor will it do any of the foregoing and that it understands that this document is subject to the requirements of the UK Listing Authority and the information therein, including any financial information, may be materially different from any disclosure that would be provided in a registered offering in the United States.

6. It agrees that if in the future it decides to offer, resell, pledge or otherwise transfer such Ordinary Shares, any offer, resale or transfer will be made in compliance with the Securities Act, the Investment Company Act and any applicable US securities.

7. (i) It agrees that, at the time the Ordinary Shares are acquired, it is not an affiliate of the Company or a person acting on behalf of such an affiliate; and (ii) it is not acquiring the Ordinary Shares for the account of an affiliate of the Company or of a person acting on behalf of such an affiliate.

8. It acknowledges that the Company reserves the right to make inquiries of any holder of the Ordinary Shares or interests therein at any time as to such person's status under US federal securities laws, including without limitation whether it is a qualified purchaser as defined in Section 2(a)(51)(A) of the Investment Company Act, and to require any such person that has not satisfied the Company that such person is holding appropriately under the US securities laws to transfer such Ordinary Shares or interests immediately under the direction of the Company.

9. In respect of each person in a Relevant Member State (other than, in the case of paragraph (a) below, persons receiving the Placing contemplated in this document in the United Kingdom once this document has been approved by the UK Listing Authority in the United Kingdom and published in the United Kingdom in accordance with FSMA) who receives any communication in respect of, or who acquires any Ordinary Shares under, the Placing that (a) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and (b) in the case of any Ordinary Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Ordinary Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive; or (ii) where Ordinary Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Ordinary Shares to it is not treated under the Prospectus Directive as having been made to such persons;

10. It is entitled to subscribe for the Ordinary Shares comprised in the Placing under the laws of all relevant jurisdictions which apply to it, that it has fully observed such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid any issue, transfer or other taxes due in connection with its acceptance in any jurisdiction and that it has not taken any action or omitted to take any action which will or may result in Renaissance or the Company or any of its respective directors, officers, agents, employees or advisers acting in breach of

the legal and regulatory requirements of any jurisdiction in connection with the Placing or its acceptance of participation in the Placing.

11. It acknowledges that the Company and Renaissance named in the Admission Document and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations or agreements made by it are no longer accurate or have not been complied with, it will immediately notify the Company and, if it is acquiring any Ordinary Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make such foregoing acknowledgements, representations and agreements on behalf of each such account.

Purchase and Transfer Restrictions: US Shareholders

Each subscriber of Ordinary Shares in the Placing who is a US person will be required to execute an investor letter in the form attached hereto as Appendix A (the "**US Investor Letter**"). The US Investor Letter contains undertakings that such investors will only resell such Ordinary Shares (i) in an offshore transaction in accordance with Regulation S under the Securities Act to a person outside the United States and not known by the transferor to be a US Person by pre-arrangement or otherwise or (ii) to the Company or a subsidiary thereof.

Restrictions Due to Lack of Registration under the Securities Act and the Investment Company Act

The Ordinary Shares will not be registered under the Securities Act, the Investment Company Act or any other applicable law of the United States. The Ordinary Shares may not be offered or sold within the United States or US Persons, except as described below. Each person who is within the United States or a US Person and who purchases Ordinary Shares in the Placing must be a QIB, who is also a QP, and must execute and deliver a US Investor Letter. The US Investor Letter includes certain written representations, agreements, and acknowledgments relating to the transfer restrictions described herein. The Ordinary Shares and any beneficial interests therein may only be reoffered, resold, pledged, or otherwise transferred (i) in an offshore transaction in accordance with Regulation S under the Securities Act to a person outside the United States and not known by the transferor to be a US Person by pre-arrangement or otherwise or (ii) to the Company or a subsidiary thereof.

US Federal Income Tax Considerations

US Treasury Circular 230 Notice

TO ENSURE COMPLIANCE WITH US TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT (I) ANY US FEDERAL TAX DISCUSSION IN THIS DOCUMENT WAS NOT WRITTEN OR INTENDED TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR PURPOSES OF AVOIDING US FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER, (II) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE ORDINARY SHARES TO BE ISSUED OR SOLD PURSUANT TO THIS DOCUMENT, AND (III) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

General

The following summary describes the principal US federal income tax consequences of the purchase, ownership and disposition of the Ordinary Shares to investors that acquire the Ordinary Shares at original issuance. This summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a particular investor's decision to purchase the Ordinary Shares, and does not address the rules applicable to certain types of investors that are subject to special US federal income tax rules, including but not limited to dealers in securities or currencies, traders in securities, financial institutions, US expatriates, tax-exempt entities, charitable remainder trusts and their beneficiaries, insurance companies, persons or their qualified business units whose functional currency is not the US dollar, persons that own (directly or indirectly) equity interests in holders of Ordinary Shares and subsequent purchasers of the Ordinary Shares. In addition, this summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than the US federal income tax laws. In general, the summary assumes that a holder holds an Ordinary Share as a capital asset and not as part of a hedge, straddle or conversion transaction, within the meaning of the Code.

This summary is based on the US federal income tax laws, regulations (final, temporary and proposed), administrative rulings and practice and judicial decisions, in each case as in effect or available on the date of this document. All of the foregoing are subject to change or differing interpretation at any time, which change or interpretation may apply retroactively and could affect the continued validity of this summary.

This summary is included herein for general information only. The Company does not intend to seek a ruling from the US Internal Revenue Service (the "**IRS**") or an opinion of counsel as to the matters described in this summary and there can be no assurance that the IRS will take a similar view of those matters or that a different view would not be sustained. Prospective investors also will be subject to the tax laws of the jurisdictions of which they are citizens, residents or domiciliaries or in which they conduct business. ACCORDINGLY, PROSPECTIVE PURCHASERS OF THE ORDINARY SHARES SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE US FEDERAL INCOME TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE ORDINARY SHARES, AND THE POSSIBLE APPLICATION OF STATE, LOCAL, NON-US OR OTHER TAX LAWS.

US Holder

As used in this section, the term "US Holder" means a beneficial owner of an Ordinary Share that is, for US federal income tax purposes, (i) a citizen or individual resident of the United States, (ii) a corporation (or other entity treated as a corporation for US federal income tax purposes) created or organised in or under the laws of the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is includible in gross income for US federal income tax purposes regardless of its source, or (iv) a trust if, in general, a court within the United States is able to exercise primary supervision over its administration and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of such trust, and certain eligible trusts that have elected to be treated as United States persons.

If an entity or an arrangement classified and treated for US federal income tax purposes as a partnership is a beneficial owner of the Ordinary Shares, the US federal income tax treatment of the partners in the partnership generally will depend on the classification and treatment of the partners and the activities of the partnership.

Distributions on the Ordinary Shares

Subject to the discussion below under "*Passive Foreign Investment Company Considerations*", distributions paid by the Company out of its current or accumulated earnings and profits (as determined for US federal income tax purposes) will be taxable to a US Holder as ordinary dividend income and will not be eligible for the dividends-received deduction otherwise allowable to certain corporations or the reduced tax rates generally applicable to certain US noncorporate holders that receive "qualified dividends" paid by US corporations and "qualified foreign corporations". Distributions in excess of any current and accumulated earnings and profits generally are treated as a non-taxable return of capital to the extent of the US Holder's adjusted basis in the Ordinary Shares to the extent thereof, and thereafter as gain from the sale or exchange of property. However, the Company does not calculate IRS earnings and profits under US federal income tax principles, and US Holders should therefore expect all cash distributions to be reported as dividends for these purposes.

A distribution paid in non-US currency will be included in income in a US dollar amount calculated by reference to the exchange rate in effect on the day the distribution is received by the US Holder, whether or not the payment is converted into US dollars at that time. Any gain or loss resulting from currency exchange rate fluctuations during the period from the date the distribution is includible in the income of the US Holder to the date that payment is converted into US dollars generally will be treated as ordinary income or loss and will not be eligible for the reduced tax rates generally applicable to "qualified dividends" paid by US corporations and "qualified foreign corporations" to certain US non-corporate holders. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

Dividends with respect to the Ordinary Shares will be treated as arising from foreign sources for foreign tax credit purposes. A US Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any foreign withholding taxes imposed on dividends received on the Ordinary Shares. A US Holder that does not elect to claim a foreign tax credit for foreign income tax withheld may instead claim a deduction, for US federal income tax purposes, in respect of such withholdings, but only for the year in which such US Holder elects to do so for all creditable foreign income taxes. Depending on the US

Holder's circumstances, dividends received will be ''passive category'' or, in certain cases, ''general category'' income.

Sale, Retirement or Other Taxable Disposition of the Ordinary Shares

Subject to the discussion below under ''*Passive Foreign Investment Company Considerations*'', a US Holder generally will recognise capital gain or loss for US federal income tax purposes upon the sale, retirement or other taxable disposition of the Ordinary Shares (as well as on the amount of any distribution not treated as a dividend or a return of capital) in an amount equal to the difference between the amount realised (i.e., amount of cash and the fair market value of the property received in exchange for the Ordinary Shares) and the US Holder's adjusted tax basis in the Ordinary Shares determined in US dollars. This capital gain or loss will be long-term capital gain or loss if the US Holder held the Ordinary Shares for more than one year at the time of the sale, retirement or other taxable disposition. Under current law, for tax years beginning on or before 31 December 2010, the maximum long-term capital gains rate for a non-corporate US Holder generally is 15 per cent. That capital gain or loss generally will be treated as income from US sources for foreign tax credit purposes. The deductibility of capital loss may be subject to limitations.

A US Holder that receives non-US currency upon the sale or exchange of Ordinary Shares generally will realise an amount equal to the US dollar value of the non-US currency on the date of the sale (or, if the Company's Ordinary Shares are then traded on an established securities market, in the case of cash basis taxpayers and electing accrual basis taxpayers, the settlement date). A US Holder will have a tax basis in the non-US currency received equal to the US dollar amount realised. Any gain or loss realised by a US Holder on a subsequent conversion or other disposition of non-US currency will be ordinary income or loss, and generally will be US-source income or loss for foreign tax credit purposes.

Passive Foreign Investment Company Considerations

The Company expects to be treated as a passive foreign investment company (''**PFIC**'') for US federal income tax purposes for the current and future taxable years, unless, throughout a US Holder's holding period for the Ordinary Shares, the Company has been treated as a ''controlled foreign corporation'' and a US Holder has been treated as a ''US Shareholder'' therein (see ''Controlled Foreign Corporation Considerations'' below) or the ''start-up year'' exception applies. Under the ''start-up year'' exception, the Company will not be treated as a PFIC for the first taxable year it has gross income if (i) no predecessor of the Company was a PFIC, (ii) it is established to the satisfaction of the Secretary of the IRS that the Company will not be a PFIC for either of the first two taxable years following the start-up year, and (iii) it is not a PFIC for either of the first two taxable years following the start-up year.

Because the Company's continued status as a PFIC must be determined annually based on the categories and amounts of income that the Company earns and the categories and valuation of its assets (including goodwill), from time to time, all of which are subject to change, the Company may cease to be a PFIC in a future taxable year. However, unless a ''purging election'' is made by a US Holder to remove the ''PFIC taint'', or the US Holder has made a QEF or mark-to-market election, the Company will continue to be treated as a PFIC with respect to that US Holder. See ''*Passive Foreign Investment Company Considerations — Purging Elections*'', ''*Passive Foreign Investment Company Considerations — Qualified Electing Fund Election*'' and ''*Passive Foreign Investment Company Considerations — Mark-to-Market Election*'' below.

In general, the Company will be a PFIC in any taxable year in which, after applying certain look-through rules, either (i) 75 per cent. or more of the Company's gross income constitutes ''passive income'', or (ii) 50 per cent. or more of the Company's assets produce, or are held for the production of, ''passive income''. For these purposes, ''passive income'' generally includes interest, dividends, annuities and other investment income. For the purposes of the asset test, any cash (including any of the Company's cash proceeds from this placement not invested in active assets shortly after the placement, cash equivalents and cash invested in short-term interest-bearing debt instruments or bank deposits that are readily convertible into cash) generally will be treated as a passive asset. For the purpose of these tests, if the Company owns directly or indirectly at least 25 per cent. (by value) of the stock of another corporation, the Company will be treated as if it held its proportionate share of the assets of the other corporation and earned its proportionate share of the other corporation's income.

Default Excess Distribution Rules. A US Holder of Ordinary Shares (other than a US Holder that is treated as a US Shareholder of a controlled foreign corporation, described below) that does not make a timely ''qualified electing fund'' or ''mark-to-market'' election (see ''*Passive Foreign Investment Company Considerations — Qualified Electing Fund Election*'' and ''*Passive Foreign Investment Company*

Considerations — Mark-to-Market Election'' below) generally will be subject to adverse US federal income tax consequences in respect of its investment in the Ordinary Shares, regardless of whether the Company continues to be a PFIC. Subject to the discussion below under ''Controlled Foreign Corporation Considerations'', a US Holder generally will be subject to special rules with respect to (i) any ''excess distribution'' (generally, distributions received by the US Holder in a taxable year in excess of 125 per cent. of the average annual distributions received by that US Holder in the three preceding taxable years or, if shorter, the US Holder's holding period), and (ii) any gain realised on the sale, retirement or other disposition of the Ordinary Shares. Under these rules, (i) the excess distribution or gain would be allocated rateably over the US Holder's holding period, (ii) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which the Company was a PFIC would be taxed as ordinary income, and (iii) the amount allocated to other taxable years would be subject to US federal income tax at the highest applicable marginal rate of tax in effect for each taxpayer for that year, plus an interest charge on the amount of tax deemed to be deferred. A US Holder that is not a corporation must treat this interest charge as non-deductible ''personal interest''.

Qualified Electing Fund Election. In general, a US Holder of shares of a PFIC may desire to make an election to treat the Company as a qualified electing fund (''**QEF**'') with respect to such US Holder. Generally, a QEF election should be made with the filing of a US Holder's federal income tax return for the first taxable year for which it held the Ordinary Shares. If a timely QEF election is made, an electing US Holder will be required in each taxable year to include in gross income (i) as ordinary income, such holder's *pro rata* share of the Company's ordinary earnings, and (ii) as long-term capital gain, such holder's *pro rata* share of the Company's net capital gain, whether or not distributed, and translated into US dollars using the average US dollar exchange rate for the Company's functional currency for the Company's taxable year. A US Holder will not be eligible for the dividends-received deduction with respect to such income or gain. In addition, the Company's losses, if any, in a taxable year will not be available to such US Holder and may not be carried back or forward in computing the Company's ordinary earnings and net capital gain in other taxable years. An amount included in an electing US Holder's gross income should be treated as income from sources outside the United States for US foreign tax credit limitation purposes. If applicable to a US Holder of Ordinary Shares, the rules pertaining to a controlled foreign corporation, discussed below, generally override those pertaining to a PFIC with respect to which a QEF election is in effect.

In the event that the Company has earnings in a given year in which the Company is a PFIC and it does not distribute all of those earnings, a US Holder that has elected QEF treatment with respect to the Ordinary Shares may be permitted to elect to defer payment of some or all of the taxes on the Company's income subject to an interest charge on the deferred amount. To the extent the Company has earnings for US federal income tax purposes that are not distributed on the Ordinary Shares, a US Holder making a QEF election without also electing to defer the payment of taxes may owe tax on ''phantom'' income.

The Company expects to comply with the record-keeping requirements necessary for US Holders to elect to treat the Company as a QEF and to provide to US Holders information necessary for those US Holders to make a valid QEF election.

Mark-to-Market Election. To the extent the Ordinary Shares are treated as ''marketable stock'' for purposes of the PFIC rules, a US Holder may be able to elect to mark the Ordinary Shares to market annually (a ''**mark-to-market election**''). Any gain from marking the Ordinary Shares to market or from disposing of those Ordinary Shares would be ordinary income. A US Holder will recognise loss from marking the Ordinary Shares to market, but only to the extent of its unreversed gains (equal to the excess of mark-to-market gain included in income with respect to the Ordinary Shares for prior taxable years over the mark-to-market deduction with respect to the Ordinary Shares for prior taxable years). Loss from marking the Ordinary Shares to market would be ordinary, but loss on disposing of the Ordinary Shares would be capital loss except to the extent of unreversed gains. A US Holder can elect to mark the Ordinary Shares to market only if the Ordinary Shares are ''marketable stock'' as defined in US Treasury regulations. The Ordinary Shares will be marketable stock for any year in which AIM is a ''qualified exchange'' and the Ordinary Shares are traded other than in *de minimis* quantities on AIM. It is not entirely clear whether AIM is a qualified exchange because it is uncertain whether AIM satisfies the required characteristics applicable to foreign securities exchanges. In addition, it is uncertain whether trading in the Ordinary Shares will be sufficiently active to qualify the Ordinary Shares as marketable stock. A US Holder's adjusted tax basis in the Ordinary Shares will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules. If a US Holder makes a mark-to-market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the

Ordinary Shares are no longer regularly traded on a qualified exchange or the IRS consents to the revocation of the election.

As with the QEF election, to the extent it is available, the mark-to-market election is made on a shareholder-by-shareholder basis. Thus, any US Holder of the Ordinary Shares can make its own decision regarding whether to make a mark-to-market election. In addition, a mark-to-market election is revocable (except to the extent that the Ordinary Shares are no longer considered marketable stock) only with the consent of the IRS, and will continue to apply even if the Company is no longer classified as a PFIC.

Purging Elections. PFIC status, once acquired, cannot be lost in subsequent years in which the non-US corporation is not a PFIC, unless the non-US corporation is "purged" of its PFIC taint, or the investor has elected QEF or mark-to-market treatment for the first year of its holding period during which the foreign corporation is a PFIC. Accordingly, if the Company is a PFIC for any portion of the holding period of a US Holder, all its subsequent distributions, and any subsequent dispositions by the US Holder of the Company's stock, will continue to be subject to the default excess distribution rules, even after the Company ceases to be a PFIC, unless the US Holder takes steps to purge the PFIC taint or has elected QEF or mark-to-market treatment for its entire holding period in the Company's Ordinary Shares. See "*Passive Foreign Investment Company Considerations — Default Excess Distribution Rules*", "*Passive Foreign Investment Company Considerations — Qualified Electing Fund Election*" and "*Passive Foreign Investment Company Considerations — Mark-to-Market Election*" above.

Generally, if the Company ceases to be a PFIC and the US Holder chooses to purge the PFIC taint, the US Holder would be treated as if it sold all Ordinary Shares on the last day of the last taxable year in which the Company is a PFIC. The US Holder would recognize gain and be subject to the excess distribution rules described in "*Passive Foreign Investment Company Considerations — Qualified Electing Fund Election*" above. Loss would not be recognized. The US Holder making the election would increase its basis in the Ordinary Shares by the amount of gain recognized on the deemed sale, but would make no adjustment for any loss on the deemed sale. After the purge, the US Holder would treat its holding period in the Ordinary Shares as beginning on the day following the termination date for PFIC status (that is, the last day of the Company's last year as a PFIC) for purposes of the PFIC provisions. On making the election, in addition to paying the tax arising under the default excess distribution rules on the deemed sale, the US Holder would pay interest on the resulting underpayment of tax for its taxable year to which the election relates.

Indirect Interests in PFICs. Similar rules to those described under "*Passive Foreign Investment Company Considerations — Default Excess Distribution Rules*" would apply in respect of an interest in any Lower-Tier PFIC where a US Holder is deemed to own that interest under the PFIC rules, unless a US Holder has made a QEF in respect of that Lower-Tier PFIC. A US Holder would not be able to make a mark-to-market election with respect to Lower-Tier PFICs. Additionally, if a US Holder was able to and made a mark-to-market election with respect to the Ordinary Shares, it is not entirely clear how the mark-to-market rules would apply with respect to interests in Lower-Tier PFICs.

In particular, if the Company is a PFIC and owns equity interests in Lower-Tier PFICs, a US Holder of the Ordinary Shares would be treated as owning the US Holder's proportionate amount (by value) of the Company's equity interests in those Lower-Tier PFICs. A US Holder's election to treat the Company as a QEF would not be effective with respect to such Lower-Tier PFICs. However, a US Holder would be able to make QEF elections with respect to such Lower-Tier PFICs if the Lower-Tier PFICs provided certain information and documentation in accordance with applicable Treasury regulations. The Company does not expect that its Lower-Tier PFICs will comply with the record-keeping requirements necessary for US Holders to elect to treat such Lower-Tier PFICs as QEFs or provide to US Holders information necessary for those US Holders to make valid QEF elections with respect to such Lower-Tier PFICs. If a US Holder does not have a QEF election in effect with respect to a Lower-Tier PFIC, as a general matter, the US Holder would be subject to the adverse consequences described above under "*Passive Foreign Investment Company Considerations — Default Excess Distribution Rules*" with respect to any excess distributions made by such Lower-Tier PFIC to the Company, any gain on the disposition by the Company of its equity interest in such Lower-Tier PFIC treated as indirectly realized by such US Holder, and any gain treated as indirectly realized by such US Holder on the disposition of its equity interest in the Company (which may arise even if the US Holder realizes a loss on such disposition). Such amount would not be reduced by the Company's expenses or losses, but any income recognized may increase a US Holder's tax basis in its Ordinary Shares. If the US Holder has a QEF election in effect with respect to a Lower-Tier PFIC, the US Holder will be required to include in income the US Holder's *pro rata* share of the Lower-Tier PFIC's ordinary earnings and net capital gain as if the US Holder's indirect equity interest in the Lower-Tier PFIC

were directly owned, and it appears that the US Holder will not be permitted to use any of the Company's losses or other expenses to offset such ordinary earnings or net capital gains, but recognition of such income may increase a US Holder's tax basis in its Ordinary Shares.

Controlled Foreign Corporation Considerations

Certain non-US corporations that have US shareholders may be classified as controlled foreign corporations ("**CFCs**"). In general, a foreign corporation will be classified as a CFC if more than 50 per cent. of the Ordinary Shares, measured by reference to combined voting power or value, is owned (directly, indirectly or constructively) by "**US Shareholders**". A US Shareholder, for this purpose, is any United States person that possesses (directly, indirectly or constructively) 10 per cent. or more of the combined voting power (generally the right to vote for directors of the corporation) of all classes of equity of a corporation. The Company does not expect to be treated as a CFC, but there can be no assurance in this regard.

If the Company were treated as a CFC, a US Shareholder of the Company would be treated, subject to certain exceptions, as receiving a deemed dividend at the end of the taxable year of the Company in an amount equal to that person's *pro rata* share of the subpart F income (as defined below) of the Company. Such deemed dividend would be treated as income from sources within the United States for US foreign tax credit limitation purposes to the extent that it is attributable to income of the Company from sources within the United States. Among other items, and subject to certain exceptions, "subpart F income" includes dividends, interest, annuities, gains from the sale or exchange of shares and securities, certain gains from commodities transactions, certain types of insurance income and income from certain transactions with related parties. Special rules apply to determine the appropriate exchange rate to be used to translate such amounts treated as a dividend and the amount of any foreign currency gain or loss with respect to distributions of previously taxed amounts attributable to movements in exchange rates between the times of deemed and actual distributions.

If, throughout a US Holder's holding period for the Ordinary Shares, the Company has been treated as a CFC and a US Holder has been treated as a US Shareholder therein, the Company will not be treated as a PFIC with respect to such US Holder for the period during which the Company remains a CFC and such US Holder remains a US Shareholder therein (the "qualified portion" of the US Holder's holding period for the Ordinary Shares). If the qualified portion of such US Holder's holding period for the Ordinary Shares subsequently ceases (either because the Company ceases to be a CFC or the US Holder ceases to be a US Shareholder), then, solely for the purposes of the PFIC rules, such US Holder's holding period for the Ordinary Shares will be treated as beginning on the first day following the end of such qualified portion, unless the US Holder owned any Ordinary Shares for any period of time prior to such qualified portion and had not made a QEF election with respect to the Company. In that case, the Company will be treated as a PFIC which is not a QEF with respect to such US Holder throughout the qualified portion of the US Holder's holding period and the beginning of such US Holder's holding period for the Ordinary Shares will continue to be the date upon which such US Holder originally acquired the Ordinary Shares, unless the US Holder makes an election to recognise gain with respect to the Ordinary Shares and a QEF election with respect to the Company. Absent either election, such US Holder will be subject simultaneously to the CFC and the PFIC rules during the qualified portion of its holding period and to the PFIC rules both prior and subsequent to that qualified portion.

If the Company owns an interest in a non-US corporation that is treated as equity for US federal income tax purposes, US Holders of the Ordinary Shares could be treated as owning an indirect equity interest in a CFC, could be subject to certain adverse tax consequences and could experience significant amounts of "phantom" income with respect to such interests. Other adverse tax consequences may arise for such US Holders that are treated as owning indirect interests in CFCs.

Reporting Requirements

If a US Holder owns Ordinary Shares during any year in which the Company is a PFIC, the US Holder must file IRS Form 8621 with respect to the Company and any of its Lower-Tier PFICs.

Information Reporting and Backup Withholding

Distributions made with respect to the Ordinary Shares, and proceeds received in connection with the sale or exchange of the Ordinary Shares, may be subject to information reporting to the IRS. Additionally, backup withholding may apply to these payments and proceeds if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status, fails to report all interest and dividends required to be shown on its US federal income tax returns or otherwise fails to comply with the backup

withholding rules. Certain US Holders (including corporations) are not subject to information reporting and backup withholding. Backup withholding is not an additional tax and may be credited against the US Holder's US federal income tax liability or refunded to the US Holder, provided that the US Holder files a tax return with the IRS.

Certain Benefit Plan Considerations

The US Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and the Internal Revenue Code of 1986, as amended (the "**Code**") impose certain restrictions on (i) employee benefit plans (as defined in Section 3(3) of ERISA) subject to Part 4 of Subtitle B of Title I of ERISA ("**Plans**") (ii) plans described in Section 4975(e)(1) of the Code, including individual retirement accounts and Keogh plans, to which Section 4975 of the Code applies (also "**Plans**"), (iii) any entities whose underlying assets include Plan assets by reason of a Plan's investment in such entities (together with Plans, "**Benefit Plan Investors**") and (iv) persons who have certain specified relationships to such Plans ("**parties in interest**" under ERISA and "**disqualified persons**" under the Code; collectively, "**Parties in Interest**"). ERISA, among other things, imposes certain duties on persons who are fiduciaries of Plans subject to ERISA, and ERISA and the Code prohibit certain transactions between a Plan and Parties in Interest with respect to the Plan. Violations of these rules may result in the imposition of excise taxes and other penalties and liabilities under ERISA and the Code.

The United States Department of Labor ("**DOL**") has issued a regulation (29 C.F.R. §2510.3-101) concerning when the assets of a Plan will be considered to include the assets of an entity in which the Plan invests (as modified by Section 3(42) of ERISA, the "**Plan Asset Regulation**"). Under the Plan Asset Regulation, if a Plan invests in an "equity interest" of an entity that is neither a "publicly offered security" nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets are deemed to include both the equity interest itself and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or that equity participation by Benefit Plan Investors is not "significant".

Under the Plan Asset Regulation, the Ordinary Shares constitute "equity interests" in the Company, and are not "publicly offered" (as defined in the Plan Asset Regulation) or issued by a Company registered under the Investment Company Act. In addition, the Company does not currently intend to qualify as an "operating company." Therefore, if at any time equity participation in the Company by Benefit Plan Investors is "significant," within the meaning of the Plan Asset Regulation, the Company's assets could be deemed to be the assets of any Benefit Plan Investors holding Ordinary Shares at such time. If the assets of the Company were deemed to constitute the assets any Plans holding Ordinary Shares, among other things, (i) Lonrho, the Directors and other persons providing services to the Company could be fiduciaries and/or Parties in Interest under ERISA and the Code, (ii) transactions involving the Company's assets could constitute direct or indirect prohibited transactions, resulting in the imposition of excise taxes, other liabilities, and/or the required rescission of the prohibited transaction, and (iii) the fiduciary causing the Plan to make an investment in the Ordinary Shares could be deemed to have impermissibly delegated its responsibility to manage the assets of the Plan.

Under the Plan Asset Regulation, equity participation by Benefit Plan Investors is "significant" on any date if, immediately after the most recent acquisition of any equity interest in the entity, 25 per cent. or more of the value of any class of equity interest in the entity is held by Benefit Plan Investors (the "**25 per cent. threshold**"). Under Section 3(42) of ERISA, a Benefit Plan Investor that is an entity (and not itself a Plan) is considered to hold plan assets only to the extent of the percentage of the equity held by Benefit Plan Investors. For purposes of making any determination under the 25 per cent. threshold, the value of any Ordinary Shares held by a person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the Company or that provides investment advice for a fee (direct or indirect) with respect to such assets, or any affiliate of such a person, is disregarded.

Certain other employee benefit plans that are not Benefit Plan Investors, including governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), and non-US plans (as described in Section 4(b)(4) of ERISA), may be subject to federal , state, local or other laws or regulations which are substantially similar to the prohibited transaction provisions of ERISA and/or Section 4975 of the Code. Fiduciaries of such plans should consult with their counsel before purchasing any of the Ordinary Shares.

Each subscriber and subsequent transferee of any Ordinary Shares will be required to represent, warrant and covenant, or will be deemed to represent, warrant and covenant, that, on each day from the date on which it acquires the Ordinary Shares through and including the date on which it disposes of such Ordinary Shares, it

is not (a) a Benefit Plan Investor, or acting on behalf of or using the assets of any Benefit Plan Investor with respect to the purchase, holding or disposition of any Ordinary Shares, or (b) any other employee benefit plan subject to any federal, state, local or other law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code (an "**Other Plan**") or acting on behalf of or using the assets of any Other Plan with respect to the purchase, holding or disposition of any Ordinary Shares. Purchases and sales of Ordinary Shares will not be monitored for compliance with the 25 per cent. threshold, and no assurance can be given with respect to such compliance.

US Treasury Circular 230 Notice

TO ENSURE COMPLIANCE WITH US TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT (I) ANY US FEDERAL TAX DISCUSSION IN THIS DOCUMENT WAS NOT WRITTEN OR INTENDED TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR PURPOSES OF AVOIDING US FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER, (II) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE ORDINARY SHARES TO BE ISSUED OR SOLD PURSUANT TO THIS DOCUMENT, AND (III) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

PART VIII

ADDITIONAL INFORMATION

1. The Company

1.1 The Company is incorporated in the Isle of Man, having been registered on 25 October 2007 under the Act with registration number 001773V as a company limited by shares. The liability of members is limited.

1.2 The Company is obliged to comply with the Companies Act 2006 of the Isle of Man and also with specific obligations arising from other laws of the Isle of Man and those that relate to its activities in the various regions that it operates.

1.3 The Company's registered office is at 33-37 Athol Street, Douglas, Isle of Man IM1 1LB.

1.4 The Company's principal place of business is, at the date of the document, Level 5, 22 Arlington Street, London SW1A 1RD and its telephone number is +44 (0) 207 016 5100 and its fax number is +44 (0) 207 016 5101.

1.5 Save for its entry into the material contracts summarised in section 6 of this Part VIII of this document and certain non-material contracts, since its incorporation, the Company has not carried on business nor incurred borrowings.

1.6 The Company does not, at the date of this document, have any subsidiaries or associated undertakings.

2. Isle of Man Law

2.1 The Isle of Man is an internally self-governing dependent territory of the British Crown. It is politically and constitutionally separate from the UK and has its own legal system and jurisprudence based on English common law principles. The UK Government is, however, responsible for the Island's foreign affairs and defence and, with the Island's consent, the UK Parliament may legislate for the Island in some areas of common concern (such as nationality and immigration matters).

2.2 The Isle of Man's relationship with the European Union is set out in Protocol 3 of the Act of Accession annexed to the Treaty of Accession 1972, by virtue of which the UK became a member of the European Community. The Island is neither a member state nor an associate member of the European Community. By virtue of Protocol 3, the Island is part of the customs territory of the EU. Therefore the common customs tariff, levies and other agricultural import measures apply to trade between the Island and non-member countries. There is free movement of goods and agricultural products between the Island and the EU, but the EU provisions which relate to trade in financial services and products and those in respect of the free movement of persons, services and capital do not apply to the Island. Consequently, European Community law has direct application to the Island only for very limited purposes.

2.3 *Corporate Law in the Isle of Man*

The Isle of Man Companies Act 2006 (the "**Act**") came into force on 1 November 2006 and introduced a new simplified Isle of Man corporate vehicle (based on the international business company model available in a number of other jurisdictions). The Act is largely a stand alone piece of legislation and companies incorporated under the Act ("**2006 Companies**") co-exist with present and future companies incorporated under the existing Isle of Man Companies Acts 1931-2004 ("**1931 Companies**").

(a) Key features of a 2006 Company

A 2006 Company is a legal entity in its own right, separate from its members, and will continue in existence until it is dissolved in the same way as 1931 Companies.

Every 2006 Company is required, at all times, to have:

(i) a registered agent in the Isle of Man who holds the appropriate licence granted by the Isle of Man Financial Supervision Commission (ensuring that there is a licensed professional on the Isle of Man overseeing the administration of the company); and

(ii) a registered office address in the Isle of Man.

(b) Power and capacity

The doctrine of *ultra vires* does not apply to 2006 Companies. The Act expressly states that, notwithstanding any provision to the contrary in a company's memorandum or articles of association and irrespective of corporate benefit and whether or not it is in the best interests of a company to do so, a company has unlimited capacity to carry on or undertake any business or activity, to do, or to be subject to, any act or to enter into any transaction.

Notwithstanding this, the directors of 2006 Companies are still subject to the various duties imposed to directors by common law and statute as well as fiduciary duties (such as the duty to act *bona fide* in the best interests of the company).

(c) Directors

Unlike a 1931 Company, a 2006 Company is permitted to have a single director which may be an individual or, subject to compliance with certain requirements, a body corporate.

(d) Members

The Act contains very few prescriptive rules relating to members' meetings. Companies are not required to hold annual general meetings and the Act allows members' meetings to be held at such time and in such places, within or outside the Isle of Man, as the convener of the meeting considers appropriate. However, as is the case with the Company's constitutional documents (see section 4 of Part VIII of this document below), more prescriptive requirements relating to members' meetings can be included in a company's articles of association.

Subject to contrary provision in the Act or in a company's memorandum or articles, members exercise their powers by resolutions:

(i) passed at a meeting of the members; or

(ii) passed as a written resolution.

The concept of ''ordinary'', ''special'' and ''extraordinary'' resolutions is not recognised under the Act and resolutions passed at a members' meeting only require the approval of a member or members holding in excess of 50 per cent. of the voting rights exercised in relation thereto. However, as permitted under the Act, the Company's Articles of Association incorporate the concept of a ''special resolution'' (requiring the approval of members holding 75 per cent. or more of the voting rights exercised in relation thereto) in relation to certain matters which include, *inter alia*, non-pre-emptive share issues for cash above certain limits, changes to the Articles of Association, a reduction of share capital and winding-up of the Company.

(e) Shares

The provisions relating to shares and share capital in the Act are more relaxed than the equivalent provisions applying to 1931 Companies.

The Act provides that shares in a company may (without limitation):

(i) be convertible, common or ordinary;

(ii) be redeemable at the option of the shareholder or the company or either of them;

(iii) confer preferential rights to distributions;

(iv) confer special, limited or conditional rights, including voting rights; or

(v) entitle participation only in certain assets.

(f) Distributions and the solvency test

The Act introduced a new definition of ''distribution'' in relation to a distribution by a 2006 Company of its assets to its members. A ''distribution'' essentially means the direct or indirect transfer of company assets or the incurring of a debt by a company to or for the benefit of a member and includes the payment of dividends and the redemption, purchase or other acquisition by a company of its own shares.

The Act permits the directors of a company to authorise a distribution by the company to its members at such time and of such amount as they think fit if they are satisfied, on reasonable grounds, that the company will, immediately after the distribution, satisfy the solvency test.

A company satisfies the "solvency test" if:

(i) it is able to pay its debts as they become due in the normal course of its business; and

(ii) the value of its assets exceeds the value of its liabilities.

The solvency test replaces the traditional capital maintenance requirements which apply to 1931 Companies. Provided that the solvency test has been satisfied, dividends may be paid and shares redeemed or purchased out of any capital or profits of the company.

(g) Accounting records

The accounting requirements imposed on 2006 Companies under the Act are far less prescriptive than those imposed on 1931 Companies. The Act simply requires a company to keep reliable accounting records which:

(i) correctly explain the transactions of the company;

(ii) enable the financial position of the company to be determined with reasonable accuracy at any time; and

(iii) allow financial statements to be prepared.

(h) Offering documents

The Act does not distinguish between public and private companies and (subject to any restrictions in a company's memorandum or articles of association) a 2006 Company can offer its securities to the public.

If an offering document is issued in relation to a company, the criteria with which that offering document must comply are far less prescriptive than the traditional prospectus requirements which apply to 1931 Companies. The Act simply requires the directors of a 2006 Company to ensure that any offering document issued in relation to that company contains all material information relating to the offer or invitation contained therein:

(i) that the intended recipients would reasonably expect to be included therein in order to enable them to make an informed decision as to whether or not to accept the offer or make the application referred to therein; and

(ii) of which the directors or proposed directors were aware at the time of issue of the offering document or of which they would have been aware had they made such enquiries as would have been reasonable in all the circumstances; and

(iii) sets out such information fairly and accurately.

(i) Statutory books

Originals or copies (as appropriate) of various documents, including the constitutional documents, statutory books and accounting records of a 2006 Company, are required to be kept at the office of the 2006 Company's registered agent.

2.4 *Isle of Man Tax Law*

As detailed in section 9 of this Part, the Company is resident of the Isle of Man for taxation purposes by virtue of being incorporated in the Isle of Man and in the UK by virtue of being operated and managed from the UK.

3. Share Capital

3.1 On incorporation, the Company issued one Ordinary Share of £0.0001, nil paid, to Lonrho Plc. as subscriber to the Memorandum of Association of the Company.

3.2 The Company is authorised to issue shares to such persons and on such terms and conditions and at such times as the Directors determine. Under the Company's Memorandum of Association, following the Placing, the Directors are authorised in any period between consecutive annual general meetings to allot any number of Ordinary Shares on such terms as they shall in their discretion determine up to such maximum number as represents 50 per cent. of the issued share capital at the beginning of that period. Further Ordinary Shares may be allotted on terms determined by the Directors but subject to the pre-emption rights prescribed by Section 36 of the Act. In the event that the Directors are required to offer any Ordinary Shares pursuant to Section 36 of the Act, and such offer is not taken up by any

existing shareholders, those shares shall be offered on the same terms to those shareholders who did accept the offer prior to being offered to third parties.

3.3 On Admission, Lonrho will hold 7,290,000 fully paid Ordinary Shares (equivalent to 20 per cent. of the enlarged share capital, in issue on Admission), in consideration of the non-compete restrictions as more fully described at section 4 of Part II.

3.4 The number of Ordinary Shares authorised and issued, following Admission will comprise 36,450,000 Ordinary Shares (assuming the Placing is fully subscribed).

3.5 Save as disclosed in this document, no share or loan capital of the Company is proposed to be issued or is under option or is agreed conditionally or unconditionally to be under option.

3.6 Following Admission, the Ordinary Shares may be held in uncertificated form.

3.7 The Directors have authority under the Articles of Association to grant options over up to 5 per cent. of the Company's issued share capital following the Placing (such limit to be reviewed by the Shareholders on an annual basis).

3.8 Immediately following Admission, there will be 500,000 options outstanding under the Share Option Deed, held by Paul Heber representing 1.35 per cent. of the fully diluted share capital of the Company following Admission as follows:

Grantee	*Date of Grant*	*Exercise Price*	*Vesting Date*	*Expiry Date*	*Number of Options*
Paul Heber	Admission	£1.50	Admission	5 years after Admission	500,000

Options may be exercised in whole or in part until the expiry of the exercise period. Holders of the options are entitled to receive notice of certain proposed transactions or events of the Company which may dilute or otherwise affect their options, and may exercise or be deemed to have exercised their Options prior to the occurrence thereof. The Company shall keep available sufficient authorised but unissued share capital to satisfy the exercise of the options. Ordinary Shares issued pursuant to an exercise of the options shall rank *pari passu* in all respects with the Company's existing Ordinary Shares save as regards any rights attaching by reference to a record date prior to the receipt by the Company of the notice of exercise of options. The Company shall apply to admit to trading on AIM the Ordinary Shares issued pursuant to the exercise of options.

3.9 Save as disclosed in this document:

(a) the Company has not issued any convertible securities, exchangeable securities or securities with warrants and no person has any preferential subscription rights for any authorised but unissued Ordinary Shares;

(b) there are no acquisition rights and/or obligations over unissued share capital of the Company and no undertakings to increase the capital of the Company;

(c) no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option; and

(d) there are no persons known to the Company who, directly or indirectly, jointly or severally, will, following the Placing, be able to exercise control over the Company.

4. Memorandum and Articles of Association

4.1 The Company has unlimited capacity to carry on or undertake any business or activity, to do or be subject to any act, or to enter into any transaction.

4.2 Under the Company's Articles of Association, following the Placing, the Directors are authorised in any period between consecutive annual general meetings, to allot any number of Ordinary Shares on such terms as they shall in their discretion determine up to such maximum number as represents 50 per cent. of the issued share capital at the beginning of such period. Further Ordinary Shares may be allotted on terms determined by the Directors but subject to the pre-emption rights prescribed by Section 36 of the Act. In the event that the Directors are required to offer any Ordinary Shares pursuant to Section 36 of the Act, and such offer is not taken up by any existing shareholders, those

Ordinary Shares shall be offered on the same terms to those Shareholders who did accept the offer prior to being offered to third parties.

4.3 The Articles of Association also authorise the Directors to allot Ordinary Shares in the Company pursuant to any option agreements entered into by the Company with its employees, and such number of Ordinary Shares equivalent to 5 per cent. of the issued share capital of the Company in issue following the Placing is reserved for this purpose. The Directors will seek renewal of such authority and the proportion of share capital to be reserved in this way from the Shareholders on an annual basis.

4.4 The Articles of Association were adopted on 16 November 2007 and contain, *inter alia*, provisions to the following effect:

(a) *Rights attaching to shares*

Income

The profits of the Company which may be distributed in respect of any financial year or other period shall be distributed *pari passu* among the holders of the Ordinary Shares according to the nominal amounts (excluding any premium) paid up on the Ordinary Shares held by them respectively. Except as otherwise provided by the rights attached to any shares all dividends shall be declared and paid according to the nominal amounts paid up (otherwise than in advance of calls) on the Ordinary Shares on which the dividend is paid.

Unless otherwise provided by the rights attached to the Ordinary Shares, no dividend or other moneys payable by the Company or in respect of a share shall bear interest as against the Company.

Unclaimed dividends

All dividends, interest or other sums payable and unclaimed for 12 months after having become payable may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of 5 years after having become due for payment shall (if the Board so resolves) be forfeited and shall revert to the Company.

Authority to pay scrip dividends

The Board may with the prior authority of a resolution of the Company and subject to such conditions as the Board may determine, provided that the Company has sufficient shares authorised for allotment to give effect to it, offer to any holders of shares the right to elect to receive shares of the same class credited as fully paid, in whole or in part instead of cash in respect of the whole or some part (to be determined by the Board) of any dividend declared in accordance with the Articles and specified by the resolution.

Distribution *in specie*

The Company in a general meeting may, on the recommendation of the Board, by resolution direct that payment of any dividend declared in accordance with the Articles be satisfied wholly or partly by the distribution of assets and, in particular, of fully paid up shares or debentures of any other company or in any one or more of such ways.

If the Company is wound up the liquidator may, with the sanction of a special resolution and any other sanction required by law, divide among the members *in specie* the whole or any part of the assets of the Company.

(b) *Voting*

Subject to any special rights or restrictions as to voting attached to any Ordinary Shares by or in accordance with the Articles or any resolution authorising the creation of such shares, on a show of hands every member who is present in person shall have one vote and, on a poll, every member who is present in person or by proxy shall have one vote for every share held.

(c) *Variation of rights*

Subject to the provision of the Act, if at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any share or class of shares may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated as provided by such rights, or, in the absence of any such provision, either with consent in writing of the

holders of not less than three quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting duly convened and held as provided in the Articles.

(d) *Changes in share capital*

Subject to the provisions of the Act and to any rights for the time being attached to any Ordinary Shares, the Company may reduce its share capital in any way provided that the Directors are satisfied, on reasonable grounds, that the Company will, immediately after such reduction, satisfy the solvency test. The Company may also by special resolution consolidate and/or divide all or any of its Ordinary Shares into Ordinary Shares of larger or smaller nominal amount; redenominate all or any of such Ordinary Shares as Ordinary Shares with a par value denominated in another currency on such basis as the Board sees fit; cancel any Ordinary Shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Ordinary Shares so cancelled; and sub-divide such Ordinary Shares, or any of them, into Ordinary Shares of smaller nominal value. The Company may reduce its share capital in any way provided that in the reasonable view of the Directors the Company will satisfy the solvency test immediately after such reduction.

(e) *Capitalisation of profits*

The Board may with the authority of a resolution of the Company, and subject to the Articles, resolve to capitalise any profits of the Company not required for paying any preferential dividend.

(f) *Distribution of assets and capital on a winding-up*

On a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its shares), the surplus remaining after payment of its liabilities shall be distributed amongst the holders of Ordinary Shares according to the nominal amounts (excluding any premium) paid up on the Ordinary Shares held by them respectively. If such surplus assets are insufficient to repay the whole of the paid up capital, they are (subject to any special terms and conditions on which any Ordinary Shares are issued) to be distributed so that as nearly as may be the losses are borne by the members in proportion to the capital paid up at the commencement of the winding-up on the Ordinary Shares held by them respectively.

(g) *Purchase by the Company of its own shares*

Subject to the provisions of the Articles and the authority of the Company in general meeting required by the Articles, the Company may purchase its own Ordinary Shares.

(h) *Lien on Shares not fully paid*

To the extent and in the circumstances permitted by law, the Company shall have a first and paramount lien over any shares which are not fully paid.

(i) *Borrowing Powers*

Subject to the provisions of the Act and the Articles, the Directors may exercise all the powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(j) *General Meetings*

Subject to the provisions of the Act, annual general meetings shall be held at such time and place as the Board shall determine. The Board may convene an extraordinary general meeting whenever it thinks fit. If there are not within the Isle of Man sufficient members of the Board to convene a general meeting, any Director or any member of the Company may call a general meeting.

An annual general meeting shall be convened by not less than 21 clear days' notice in writing. Extraordinary general meetings shall be convened by not less than 14 clear days' notice in writing. The notice shall be given to the members, Directors and Auditors. A meeting of members to consider a resolution shall be deemed to have been duly called if members holding at least 90 per cent. of the voting rights in relation thereto have waived notice of the meeting.

Two persons entitled to attend and vote on the business to be transacted, in person or by proxy or a duly authorised representative, shall be a quorum. The Chairman of the Board shall preside as Chairman at every general meeting and shall have a casting vote.

(k) *Disclosure of interests in shares and suspension of interests*

Pursuant to the Disclosure and Transparency Rules, a person must notify the Company of the percentage of its voting rights if the percentage of voting rights which he holds as Shareholder or through his direct or indirect holding of qualifying financial instruments (or a combination of such holdings):

(i) reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent. or 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent.; or

(ii) reaches exceeds or falls below an applicable threshold in (i) as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the Company in accordance with its Articles.

The Company must, at the end of each calendar month during which an increase or decrease has occurred, disclose to the public the total number of voting rights and capital in respect of each class of Ordinary Share which it issues, and shall on receipt of such notification deliver an announcement detailing all the information contained in the notification to the Regulatory Information Service.

The Directors shall keep a register of substantial interests at the Company's registered office or at any other place determined by the Directors and this register shall be open for inspection in the same way as the Company's register of shareholders.

(l) *Disenfranchisement*

The Board may at any time serve an information notice on a member in relation to any Ordinary Shares registered in the member's name at the date of the notice, requiring him to disclose to the Board (within such period as specified in the notice, being not later than 30 days from despatch of the notice) any beneficial or any other interest of any third party in the Ordinary Shares, the subject of the notice and the identity of the third party having such an interest. Failure to provide the information specified within the specified period may carry sanctions in respect of the voting rights, dividends and transferability of the member's shares which are the subject of the information notice.

(m) *Directors*

Unless otherwise determined by a resolution of the Company, the number of directors (other than alternate directors) shall be not less than 2 nor more than 12. There is no shareholding requirement for directorship.

At every annual general meeting, any Director who was elected or last re-elected as director at or before the annual general meeting held in the third calendar year before the current year shall retire by rotation.

Removal of Directors

The Company may by resolution passed at a meeting called for such purpose or by written resolution consented to by members holding at least 75 per cent. of the voting rights in relation thereto, remove any Director before the expiration of their period of office notwithstanding anything in the Articles or in any agreement between the Company and such Director, without prejudice to any claim for damages which they may have for breach of any service contract, and may, subject to the Articles, by resolution appoint another person who is willing to act as a director in their place.

Fees and remuneration

The Directors (other than alternate directors) shall be entitled to receive by way of fees such sum as the Board may from time to time determine, provided that such amount shall not exceed in aggregate £200,000 per annum or such greater sum as the Company may in general meeting determine by resolution. The salary or remuneration of any executive director may either be a fixed sum of money or may be governed by business done or profits made or otherwise determined by the Board and may be in addition to or in lieu of any service fees payable.

Pension and other benefits

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for or to institute and maintain any institution, association, society, club, trust, other establishment or profit sharing, share incentive, share purchase or employees' share scheme calculated to advance the interests of the Company or to benefit any person who is or has at any time been a director of the Company or any company which is a subsidiary company of or allied to or associated with the Company or any such subsidiary or any predecessor in business of the Company or of any such subsidiary and for any member of his family (including a spouse or former spouse) and any person who is or was dependent on them.

(n) *Ordinary Shares — US matters*

Each subscriber of Ordinary Shares who is a US Person or a person located in the United States will be required to execute an investor letter that contains undertakings that such investors will only resell such Ordinary Shares (i) in an offshore transaction in accordance with Regulation S under the Securities Act to a person outside the United States and not known by the transferor to be a US Person by pre-arrangement or otherwise or (ii) to the Company or a subsidiary thereof.

The Company will refuse to register any transfer of an Ordinary Share that could result in it being required to register under the Investment Company Act.

The Directors may give notice in writing to the owner of any Ordinary Share which appears to have been acquired in violation of the transfer restrictions contained in the above paragraphs requiring them within 21 days to transfer (and/or procure the disposal of interests in) such Ordinary Share to another person so that the violation will be remedied. On and after the date of such notice, and until registration of a transfer of the Ordinary Share to which it relates, the Ordinary Share shall not confer any right to receive notice of or to attend or vote at general meetings of the Company and of any class of Shareholders and the rights to attend (whether in person or by proxy), to speak and to demand a vote on a poll which would have attached to the Ordinary Share, had it not appeared to the Directors to have been acquired in violation of transfer restrictions, shall vest in the Directors of any such meeting. The manner in which the Directors exercise or refrain from exercising any such rights shall be entirely at their discretion.

If within 21 days after the giving of any notice pursuant to the paragraph above such notice is not complied with to the satisfaction of the Directors, the Directors shall arrange for the Company to sell such Ordinary Share at the best price reasonably obtainable to another person such that the violation of the transfer restrictions will be remedied. For this purpose, the Directors may authorise in writing any officer or employee of the Company to execute on behalf of the Shareholder a transfer of the Ordinary Share to a purchaser and take such other steps (including the giving of directions to or on behalf of the Shareholder who shall be bound by them) as they think fit to effect the transfer of the Ordinary Share to that person. The net proceeds of the sale of such Ordinary Share shall be received by the Company whose receipt shall be a good discharge for the purchase money and shall be paid over by the Company to the former Shareholder (together with interest at such rate as the Directors consider appropriate) upon surrender by him or them of the Ordinary Share.

5. Directors' and Other Interests

5.1 The names of the Directors and the business address of each of them is shown on page 8 of this document.

5.2 The interests in the issued share capital of the Company (all of which are beneficial unless stated otherwise) of the Directors and their immediate families and the persons connected with them to the extent that the existence of such interest is known or with reasonable due diligence could be ascertained, which have been notified to the Company pursuant to the Articles of Association or are required to be disclosed in the Register of Directors' Interests, or are required to be disclosed to the Company pursuant to the Disclosure and Transparency Rules as at the date of this document are as follows.

Director	*Number of Ordinary Shares*	*Percentage of issued share capital*	*Number of Options*
David Lenigas*	200,000	0.55	Nil
Emma Priestley*	Nil	Nil	Nil
Geoffrey White*	100,000	0.27	Nil
Jean Ellis*	Nil	Nil	Nil
Paul Heber	50,000	0.14	500,000

* David Lenigas, Emma Priestley, Geoffrey White and Jean Ellis are directors of Lonrho Plc. Following Admission Lonrho will own 20 per cent. of the enlarged share capital.

5.3 Save as disclosed above, none of the Directors nor any members of their respective immediate families nor any person connected with the Directors has any interest, whether beneficial or non-beneficial, in any share capital of the Company.

5.4 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors.

5.5 Save as otherwise disclosed in this document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or unperformed.

5.6 The voting rights of the persons listed in this section 5 do not differ from the voting rights of the other Shareholders.

5.7 Save as set out below and as at the date of Admission, the Company is not aware of any person who is interested, directly or indirectly, in 3 per cent. or more of the issued share capital of the Company:

Name	*Ordinary Shares*	*Percentage (per cent.)*
Lonrho Plc	7,290,000	20.00
Tudor Capital (UK), L.P.	5,000,000	13.72
MKM Longboat Multi-strategy Master Fund	4,860,000	13.33
Lansdowne Partners Limited	3,645,000	10.00
Deutsche Asset Management Americas	3,144,000	8.63
Emerging Markets Management, LLC.	2,916,000	8.00
Ospraie Management, LLC	1,944,000	5.33
Renaissance Capital Limited	1,847,000	5.07
Enso Capital Management LLC	1,409,000	3.87
Renaissance Investment Management (UK) Ltd	1,215,000	3.33

5.8 Save as disclosed in section 5.11 below and the Lock-In Agreements (as described in section 6.6 below), there are no contracts, existing or proposed, between any Director and the Company.

5.9 There is no arrangement under which any Director has agreed to waive future emoluments nor has there been waiver of emoluments during the financial year immediately preceding the date of this document.

5.10 In addition to the directorships in the Company, the Directors hold or have held the following directorships within the five years immediately prior to the date of this document:

Name	*Current Directorships*	*Past Directorships*
David Lenigas	Global Coal Management Plc (formerly Asia Energy Plc) Leni Gas & Oil Plc Lonrho Plc Lonrho Holdings Limited Lonrho Investments Limited Mediterranean Oil & Gas Plc Nare Diamonds Limited Our Forgotten Children Limited River Diamonds UK Plc River Diamonds Limited Templar Minerals Plc SA Independent Liner Services (Pty) Limited Lonrho Air (BVI) Limited Hotel Cardoso SARL Swissta Holdings Limited Luba Freeport Limited Lonrho Africa (Holdings)	BDI Mining Corp. Braemore Resources Plc Consolidated New Sage Limited Deepgreen West Virginia Inc Peninsula Minerals Limited
Emma Priestley	Lonrho Plc Lonrho Africa Plc Lonrho Africa (Holdings) Limited Lonrho Springs Limited Luba Freeport Limited Swissta Holdings Limited Hotel Cardoso SARL	None
Geoffrey White	CarbonPaid Limited Grenville Investments Limited Lonrho Plc Lonrho Air (BVI) Ltd Nare Diamonds Limited SA Independent Liner Services	African Business Group AMMCO Pty SA Dutyfirst Trading Limited Gulf Environment Hilton Salalah SAOG International Services Limited Middle East Auto Distribution Oryx Natural Resources Pegasus Energy Limited Sengamines Sarl

Name	*Current Directorships*	*Past Directorships*
Jean Ellis	Balfour, Williamson & Co Limited DSG Directors Limited D S G Nominees Limited DSG Secretaries Limited DSG Special Projects Limited Lonrho Plc Lonrho Africa Limited Lonrho Africa (Holdings) Limited Lonrho Africa Property (Holdings) Limited Lonrho Finance Limited Lonrho Hotels Africa Limited Lonrho Hotels Africa Management Services Limited Lonrho Hotels (UK) Limited Lonrho Mining Limited Lonrho Resources Limited Lontel Limited LonZim Management Limited Zimbabwean Investments Limited	Albuild UK Limited Balfour, Williamson (Export Services) Limited Baumann Hinde & Co Limited B.B. (Rochdale) Limited David Whitehead and Sons (Holdings) (Pty) Ltd. Ebani Investments Limited John Holt & Company (Liverpool) Limited Lonrho Limited Lonrho Africa Cotton Limited Lonrho Africa (Finance) Limited Lonrho Africa Ranching UK Limited Lonrho Africa Agribusiness (UK) Limited Lonrho Africa Trade & Finance Limited Lonrho Agribusiness East Africa (UK) Limited Lonrho Agribusiness Zimbabwe (UK) Limited Lonrho Eastern Limited Lonrho Exports Limited Lonrho Hotels (Ghana) Limited Lonrho Hotels (Mount Kenya) Limited Lonrho Hotels (Mozambique) Limited Lonrho Motors Africa Limited Lonrho Motors East Africa (UK) Limited Lonrho Motors Namibia (UK) Limited Lonrho Motors South Africa Limited Lugeilan Limited Lusolandia Supplies Limited Motors of Angola Limited O.D.A. Supplies Limited Tudor Knight Limited
Paul Heber	Savoy Investment Management Limited	None

5.11 Save as disclosed in this document, none of the Directors has:

(a) any unspent convictions in relation to indictable offences;

(b) had any bankruptcy order made against him or entered into any voluntary arrangements;

(c) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst they were a director of that company or within the 12 months after they ceased to be a director of that company;

(d) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst they were a partner in that partnership or within the 12 months after they ceased to be a partner in that partnership;

(e) been the owner of any assets or a partner in any partnership which has been placed in receivership whilst they were a partner in that partnership or within 12 months after they ceased to be a partner in that partnership;

(f) been publicly criticised by any statutory or regulatory body (including recognised professional bodies); or

(g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of affairs of a company.

5.12 The following are particulars of the Directors' service agreements with the Company:

Name	*Position*	*Appointment Date*	*Notice Period*	*Term*	*Remuneration*
David Lenigas	Executive	7 November 2007	6 months	Indefinite	£12,000
Emma Priestley	Executive	7 November 2007	6 months	Indefinite	£12,000
Geoffrey White	Executive	7 November 2007	6 months	Indefinite	£12,000
Jean Ellis	Executive	7 November 2007	6 months	Indefinite	£12,000
Paul Heber	Non-Executive	7 November 2007	3 months	Indefinite	£25,000

(a) David Lenigas has entered into a service agreement dated 5 December 2007 under which he has been appointed as the Executive Chairman of the Company, with effect from Admission. The appointment will continue until terminated upon six months' written notice by either party. Mr Lenigas shall be required to commit that amount of time which is necessary for the due performance of his obligations and duties to the Company under the service agreement. In consideration for his services, Mr Lenigas will receive a salary of £12,000 per annum. Save in respect of his engagement with Lonrho, Mr Lenigas is bound by non-compete obligations under his service agreement for a period of 6 months following the termination of the service agreement.

(b) Emma Priestley has entered into a service agreement dated 5 December 2007 under which she has been appointed as an Executive Director and as a director of the Company, with effect from Admission. The appointment will continue until terminated upon six months' written notice by either party. Ms Priestley shall be required to commit that amount of time which is necessary for the due performance of her obligations and duties to the Company under the service agreement. In consideration for her services, Ms Priestley will receive a salary of £12,000 per annum. Save in respect of her engagement with Lonrho, Ms Priestley is bound by non-compete obligations under her service agreement for a period of 6 months following the termination of the service agreement.

(c) Geoffrey White has entered into a service agreement dated 5 December 2007 under which he has been appointed as an Executive Director of the Company, with effect from Admission. The appointment will continue until terminated upon six months' written notice by either party. Mr White shall be required to commit that amount of time which is necessary for the due performance of his obligations and duties to the Company under the service agreement. In consideration for his services, Mr White will receive a salary of £12,000 per annum. Save in respect of his engagement with Lonrho, Mr White is bound by non-compete obligations under his service agreement for a period of 6 months following the termination of the service agreement.

(d) Jean Ellis has entered into a service agreement dated 5 December 2007 under which she has been appointed as the Finance Director of the Company, with effect from Admission. The appointment will continue until terminated upon six months' written notice by either party. Ms Ellis shall be required to commit that amount of time which is necessary for the due performance of her obligations and duties to the Company under the service agreement. In consideration for her services, Ms Ellis will receive a salary of £12,000 per annum. Save in respect of her engagement with Lonrho, Ms Ellis is bound by non-compete obligations under her service agreement for a period of 6 months following the termination of the service agreement.

(e) Paul Heber has entered into a non-executive agreement dated 5 December 2007 under which he has been appointed as an independent non-executive director of the Company, with effect from Admission. The appointment will continue until terminated upon three months' written notice by either party. Mr Heber will receive a fee of £25,000 per annum.

No benefits on termination are specified in the service agreement for any of the Directors.

5.13 Save as set out above, there are no service agreements in existence between any of the Directors and the Company which cannot be terminated by the Company without payment of compensation (other than statutory compensation) within one year.

5.14 As at the date of this document, the Company has no employees other than the executive Directors.

5.15 Save as disclosed above and elsewhere in this document or as provided for in the Articles of Association, there is no contract or arrangement to which the Company is a party and in which any Director is materially interested and which is significant in relation to the business of the Company and no amount or benefit has been or is intended to be paid or given to any promoter of the Company.

5.16 The aggregate remuneration paid and benefits in kind granted to date to the Directors for the financial period ended 15 November 2007 amounted to £Nil.

5.17 The aggregate remuneration payable and benefits in kind (excluding the Share Options) to be granted to the Directors under the arrangements in force at the date of this document for the financial year ending 30 November 2008 are not expected to exceed £73,000.

6. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and are or may be material:

6.1 The Management Services Agreement dated 5 December 2007 between the Company and Lonrho under which the Company has retained Lonrho to provide the Company with management services in Zimbabwe, together with accounting, personnel department and other administrative services, on the terms summarised below:

(a) Lonrho agrees to provide services to the Company with the standard of skill and care reasonable for a professional provider of such services, using personnel who have a reasonable degree of skill and experience for the work involved, and maintain (if available) professional indemnity insurance in respect of the services. Without limiting the generality of the foregoing, the services to be provided include but are not limited to: (i) sourcing investment opportunities in the ordinary course of Lonrho's business; (ii) providing management, accounting, human resources, financial, marketing, technical and other support services; and (iii) providing the Board with access to specialist advice on Zimbabwe and Africa;

(b) Lonrho agrees to grant the Company a license to make use of any of the brands owned by it or to the extent of its interest therein for use in Zimbabwe for the purposes of carrying on any aspect of its business, including in particular branding or trading names including the word ''Lonrho'';

(c) The agreement is for a fixed term of 5 years from Admission, renewable on or before the expiry date for a further period of one year or such other period as the parties may agree. The agreement may be terminated by the Company if there is a change of control at Lonrho. The agreement may also be terminated when either party fails to rectify a material breach after notice is given, or a resolution or order is made in insolvency proceedings or for its winding-up;

(d) The Company agrees from the date of Admission to provide Lonrho access to all information, and documentation reasonably required by Lonrho to properly carry out the services and Lonrho agrees to observe the confidentiality of information entrusted to it;

(e) Lonrho agrees, on behalf of itself and any subsidiary company except for Lonrho Mining in which Lonrho holds approximately a 22 per cent. interest, not to compete with the activities of the Company in Zimbabwe. As part of the agreement, Lonrho agrees to make available to the Company at cost, always subject to the Company's approval of the terms of any acquisition, any existing Lonrho investments, subsidiaries or dormant companies in Zimbabwe or the area of Mozambique known as the Beira Corridor;

(f) Lonrho agrees that any of its directors who is also a director of the Company shall not vote during board or committee meetings on any matter where there is a conflict of interest between Lonrho and the Company;

(g) Lonrho gives certain undertakings in relation to compliance with relevant data protection legislation;

(h) The Company has agreed to reimburse to Lonrho the reasonable expenses incurred by it in the establishment of the Company within 28 days of receipt of Lonrho's invoice for those expenses with supporting documentation;

(i) From Admission for the term of the agreement the Company has agreed to pay to Lonrho an asset based management fee, in arrears at each half year on interim accounts, and for the full year on the annual accounts of the Company. The management fee shall be the greater of US500,000 or 2 per cent. of Invested Funds plus VAT;

(j) As consideration for Lonrho's observance of the restrictions on competition mentioned above, the Company will allot to Lonrho such number of Ordinary Shares as equivalent to 20 per cent. of the enlarged share capital on Admission; and

(k) If any dispute arises between Lonrho and the Company over the annual accounts on which the management fees for each year are calculated, or over the management accounts on which the half yearly management fee is estimated, a procedure applies for the matter to be determined by an independent chartered accountant.

6.2 A Placing Agreement dated 5 December 2007 between Renaissance, the Directors, Lonrho and the Company pursuant to which conditional upon, *inter alia*, Admission taking place on or before 8.00 a.m. on 11 December 2007 (or such later time and/or date as the Company and Renaissance may agree, being not later than 27 December 2007), Renaissance has agreed to use reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing is not underwritten by Renaissance.

The Placing Agreement contains warranties and indemnities from the Company, Lonrho and from the Directors in favour of Renaissance together with provisions which enable Renaissance to terminate the Placing Agreement in certain circumstances prior to Admission including where any warranties are found to be untrue or inaccurate in any respect. Under the Placing Agreement, the Company has agreed to pay Renaissance a commission of 5 per cent. of the aggregate sale proceeds of the Placing (exclusive of VAT).

Renaissance will be reimbursed by the Company for all properly documented expenses incurred in relation to the Placing. Generally, these represent, but are not limited to, fees of Renaissance's legal counsel and travel, accommodation, document production and courier costs.

6.3 A Nominated Adviser Agreement dated 5 December 2007 between the Company, the Directors, Lonrho and Collins Stewart under which Collins Stewart has agreed, *inter alia*, to act as the Company's nominated adviser as required by the AIM Rules. Collins Stewart has agreed to provide such advice and guidance to the Company to ensure compliance by the Company on an on-going basis with the AIM Rules as the Directors may reasonably request from time to time. Collins Stewart will receive a fee of £150,000 in connection with Admission and an annual fee of £20,000 (plus VAT) for its services, payable half yearly in advance, upon Admission. The Company and Lonrho have given certain standard warranties to Collins Stewart as Nominated Adviser related to the status of the Company. The Company has also given certain undertakings and a full indemnity to Collins Stewart in connection with its appointment as Nominated Adviser. This agreement is terminable by either Collins Stewart or the Company on sixty days notice, such notice not to expire earlier than one year from the date of the agreement.

6.4 A Broker Agreement dated 5 December 2007 between the Company, the Directors and Collins Stewart under which Collins Stewart has agreed to act as the Company's broker on an ongoing basis. Collins Stewart will receive an annual fee of £20,000 (plus VAT) for its services, payable half yearly in advance, upon Admission. The Company has also given certain undertakings and standard indemnities to Collins Stewart in connection with its appointment as broker. This agreement is terminable by either Collins Stewart or the Company on 30 days' notice, such notice not to expire earlier than one year from the date of the agreement.

6.5 The Renaissance Broker Agreement dated 5 December 2007 between the Company, the Directors and Renaissance under which Renaissance has agreed to act as the Company's broker on an ongoing basis. Renaissance will receive an annual fee of £20,000 (plus VAT) for its services, payable half yearly in advance, upon Admission. The Company has also given certain undertakings and standard indemnities to Renaissance in connection with its appointment as broker. This agreement is terminable by either Renaissance or the Company on thirty days' notice, such notice not to expire earlier than one year from the date of the agreement.

6.6 Lock-In Agreements

6.6.1 A Lock-In Agreement dated 5 December 2007 has been entered into by Lonrho, the Company, Collins Stewart and Renaissance pursuant to which Lonrho has undertaken not to sell or otherwise dispose of, or agree to sell or dispose of any of its interests in the Ordinary Shares acquired on Admission or any Ordinary Shares acquired within the twelve-month period following Admission at any time before the fifth anniversary of Admission, except in certain circumstances, including: (i) an intervening court order permitting the transfer; (ii) in the event of a takeover offer for the Company which has been accepted by not less than 50 per cent. of Shareholders; (iii) (after the first anniversary of Admission) in the event that the majority of the Board becomes independent of Lonrho; or (iv) (after the first anniversary of Admission) in the

event that the Management Services Agreement is terminated by the Company otherwise than for cause. Following the fifth anniversary of Admission, Lonrho will be free to sell or dispose of its Ordinary Shares at a price being not less than the Placing Price, provided that Lonrho will be able to dispose of its Ordinary Shares at any price where the exceptions described above apply.

6.6.2 Lock-In Agreements have been entered into on 5 December 2007 by the Directors and related parties (as defined in the AIM Rules) (together the "**Locked-In Persons**"), the Company, Collins Stewart and Renaissance pursuant to which each of the Locked-In Persons have undertaken not to sell or otherwise dispose or, or agree to sell or dispose of any of their interests in the Ordinary Shares acquired on Admission or within the twelve-month period following Admission at any time before the first anniversary of Admission, except in certain circumstances provided for in the AIM Rules, including an intervening court order permitting the transfer, death or in respect of a takeover offer for the Company which has been accepted by not less than 50 per cent. of Shareholders. In addition, between the 12 month anniversary of Admission and the 24 month anniversary of Admission, interests in the Ordinary Shares held by the Directors may only be disposed through the Company's broker from time to time.

6.7 On 5 December 2007 the Company has entered into an engagement letter with Ernst & Young pursuant to which Ernst & Young agreed to provide financial advisory services with respect to the Company's business activities. Ernst & Young will carry out due diligence work on target companies identified by the Company (with each transaction being the subject of a separate engagement letter); advise on transaction structuring of given projects; review and advise on funding structures and possibilities of specific transactions, and review relevant documentation as agreed with the Company. The engagement may be terminated by either party on seven days' written notice. Ernst & Young's liability under the engagement letter will be no greater than the sum equal to twice the estimated fee (or fees charged in the annual period during which the claims arise) to cover claims of any sort arising in such annual period out of or in connection with this engagement.

6.8 The Company has entered into an engagement letter with Wintertons a firm of legal practitioners in Zimbabwe. In terms of their engagement letter with the Company Wintertons are appointed as the Company's general legal counsel in Zimbabwe and to provide the following advice: general advice in relation to Admission; such legal matters as pertain to investment in Zimbabwe; opinions where necessary as to Zimbabwean law; due diligence on such entities and connected individuals in respect of any potential investments the Company may be considering making and to generally work with Ernst & Young in providing transaction support to the Company.

6.9 A share registrar agreement dated 5 December 2007 between the Company and Capita Registrars (Isle of Man) Limited (the "**Registrar Agreement**"), under which the Company appoints Capita Registrars (Isle of Man) Limited (the "**Registrar**") to maintain the Company's principal share register in the Isle of Man and provide certain other ancillary services.

The Registrar Agreement runs for an initial period of 18 months, and is automatically renewed for successive periods of 12 months thereafter. It may be terminated by either party on the giving of three months' written notice, such notice not to expire earlier than the expiry of the Initial Period or relevant 12 month period. Either party may terminate upon the other's material breach of its obligations which that party has failed to make good within 30 days of receipt of notice, or if either party is subject to winding-up, dissolution or administration proceedings.

6.10 An agreement for the provision of registered agent services between Lonrho PLC, the Company and Dickinson Cruickshank Fiduciaries Limited (DCFL) under which DCFL has agreed to act as the Company's registered agent as required by the Companies Act 2006 of the Isle of Man. DCFL will receive an annual fee of £2000 (plus VAT) for its services payable yearly in advance, plus any additional costs for services the Company may reasonably request from time to time, on a time-spent basis, payable in arrears. The Company has also given certain undertakings and indemnities to DCFL in connection with its appointment as registered agent. This agreement is terminable by any party by notice in writing, where such notice is given by DCFL the notice period is 8 weeks.

6.11 Save as disclosed above, there are no contracts (other than contracts entered into in the ordinary course of business) which have been entered into by the Company since its incorporation and which are or may be material.

7. Litigation

There are no governmental, legal or arbitration proceedings (including, to the knowledge of the Directors, any such proceedings which are pending or threatened by or against the Company) which may have or have had during the 12 months immediately preceding the date of this document a significant effect on the financial position of the Company.

8. Working capital

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Company will, from the date of Admission, be sufficient for its present requirements, that is, for at least the next 12 months from the date of Admission.

9. Taxation

General

9.1 The following statements are of a general and non-exhaustive nature based on the Directors' understanding of the current tax legislation and practice of the tax authorities in the Isle of Man and the United Kingdom and may not apply to certain shareholders in the Company, such as dealers in securities, insurance companies and collective investment schemes. They relate to individuals who are resident and ordinarily resident in the United Kingdom for United Kingdom tax purposes, who are beneficial owners of Ordinary Shares and who hold their Ordinary Shares as an investment.

9.2 An investment in the Company involves a number of complex tax considerations. Changes in tax legislation in any of the countries in which the Company will have investments or in the Isle of Man or the United Kingdom (or in any other country in which a subsidiary of the Company through which investments are made, is located), or changes in tax treaties negotiated by those countries, could adversely affect the return from the Company to investors.

9.3 Prospective investors should consult their professional tax advisers on the potential tax consequences of subscribing for, purchasing, holding, converting or selling Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence.

Isle of Man Taxation

Tax residence in the Isle of Man

The Company is resident for taxation purposes in the Isle of Man by virtue of being incorporated in the Isle of Man.

Zero Rate of Corporate Income Tax in the Isle of Man

9.4 The Isle of Man operates a zero rate of income tax for most corporate taxpayers. This will include the Company. Under the new regime, the Company will be subject to taxation on its income in the Isle of Man, but the rate of tax will be zero (a 10 per cent. tax rate applies to companies in relation to income derived from certain banking business and profit derived from real property located on the Isle of Man); there will be no withholding to be made by the Company on account of Isle of Man tax in respect of dividends paid by the Company.

9.5 The Isle of Man has also introduced, with effect from 6 April 2006, a Distributable Profits Charge regime ("**DPC**"). The effect of the regime, where it applies, is to impose a charge on that proportion of the Company's profits that are attributable to Isle of Man resident shareholders. However, because, upon Admission, the Ordinary Shares are traded on a recognised stock exchange, the Company will be outside the scope of the DPC.

Capital Taxes in the Isle of Man

9.6 There are no capital or stamp taxes in the Isle of Man (save for capital duty applicable to companies incorporated under the Companies Act 1931). No capital duty is payable by companies incorporated under the Companies Act 2006. As such, the Company is not liable to pay capital duty. No Isle of Man stamp duty or stamp duty reserve tax will be payable on the issue or transfer of, or any other dealing in, Ordinary Shares.

Isle of Man Probate

9.7 In the event of the death of a sole holder of Ordinary Shares, an Isle of Man grant of probate or administration may be required, in respect of which certain fees will be payable to the Isle of Man Government.

EU Savings Tax Directive

9.8 The EU Savings Directive is an agreement between Member States of the European Union (EU) which requires each Member State to exchange information (or in the case of certain Member States, of a choice between exchange of information and a withholding tax) in respect of EU residents who earn interest on savings in one Member State but live in another. Although the Isle of Man is not part of the EU and has not adopted the EU Savings Directive, it has put in place legislation and agreements with each of the EU Member States that support the aims of the EU Savings Directive. However, the Isle of Man's operation of this regime does not extend to dividend payments by close ended companies such as the Company.

UK taxation

Corporate Tax in the UK

9.9 The Company is also resident for taxation purposes in the UK by virtue of being centrally managed and controlled in the UK. The Company will be liable to UK corporation tax on its worldwide profits at rates (depending upon the level of its profits for each account period) currently of between 20 per cent. and 30 per cent. The rate of UK corporation tax will, from 1 April 2008, be between 28 per cent. and 21 per cent. (again, dependant upon the level of profits of the Company in the account period). Relief against UK corporate tax would be given in respect of any corporate income tax which may be suffered in the Isle of Man, up to the amount of UK corporate tax payable.

UK Taxation of Dividends

9.10 The Company will not be required to withhold UK tax from dividends paid on the Ordinary Shares. An individual Shareholder who is resident in the UK for tax purposes and who receives a dividend from the Company will currently be entitled to receive a tax credit equal to 10 per cent of the combined total of the dividend paid and the tax credit. The individual will be taxable upon the total of the dividend and the related tax credit. The individual will be taxable at the dividend ordinary rate (10 per cent. in 2007-08) or if the dividend and related tax credit (taken together with other taxable income) exceeds the individual's threshold for the higher rate of income tax, at the dividend upper rate (32.5 per cent. in 2007-08). The tax credit is then available to offset this charge but cannot be repaid to the individual.

UK Taxation of Chargeable Gains

9.11 A disposal, or deemed disposal, of Ordinary Shares in the Company by an individual Shareholder who is either resident or ordinarily resident for tax purposes in the UK will, depending on the Shareholder's circumstances and subject to any available exemption or relief, give rise to a chargeable gain or allowable loss for the purposes of the taxation of chargeable gains in the UK. It should be noted that legislation proposed to have effect from 6 April 2008 would, if enacted, abolish taper relief for individual shareholders. Instead, a single rate of capital gains tax at 18 per cent. would apply to disposals made after 5 April 2008.

9.12 A Shareholder who is an individual and who has, on or after 17 March 1998, temporarily ceased to be resident or ordinarily resident for tax purposes in the UK for a period of less than five complete tax years and who disposed of the Ordinary Shares during that period may also be liable to UK taxation of chargeable gains (subject to any available exemption or relief) as if, broadly, the disposal was made in such Shareholder's year of return to the UK.

Under the terms of the Management Services Agreement, Lonrho will be making a taxable supply in the UK for *UK VAT* purposes. *UK VAT* at 17.5 per cent. will therefore be charged on the fee in respect of the management support services provided to the Company under the Management Services Agreement. Provided the Company intends to make taxable supplies in the UK or to make supplies deemed to be taxed in Zimbabwe but with a right to recover related *UK VAT*, the Company will be able to recover the VAT charged to it by Lonrho. If the Company does not intend to make such supplies, it will not be able to recover the VAT suffered.

UK stamp duty

9.14 The following comments are intended as a guide to the general UK Stamp Duty and Stamp Duty Reserve Tax (''SDRT'') position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services to whom special rules apply. No UK Stamp Duty or SDRT will be payable on the issue of the Placing Shares. Provided that Ordinary Shares are not registered in any register kept in the UK by or on behalf of the Company any agreement to transfer Ordinary Shares should not be subject to SDRT. However, UK Stamp Duty (at the rate of 0.5 per cent, rounded up where necessary to the next £5, of the amount of the value of the consideration for the transfer) is payable on any instrument of transfer of Ordinary Shares executed within, or in certain cases brought into, the UK.

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before investing in Ordinary Shares. Taxation consequences will depend on particular circumstances.

Neither the Company nor any of its officers, employees, agents and advisers accepts any liability or responsibility in respect of taxation consequences connected with an investment in Ordinary Shares in the Company.

10. General

10.1 The accounting reference date of the Company is 30 November. The financial information relating to the Company contained in Part V of this document has been prepared to 15 November 2007. The Company will publish its first half yearly report for the period ending 31 May 2008 by 31 August 2008. The Company will publish its annual accounts for the year ending 30 November 2008 by 31 May 2009.

10.2 The expenses of and incidental to the Admission including registration and London Stock Exchange fees, professional fees, consulting and investor relations services and the costs of printing and distribution, are estimated to amount to approximately £2.4 million (plus applicable VAT), all of which will be payable by the Company.

10.3 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

(a) received, directly or indirectly, from the Company within 12 months preceding the date of this document; or

(b) entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:

- fees totalling £10,000 or more; or
- securities in the Company with a value of £10,000 or more; or
- any other benefit with a value of £10,000 or more at the date of Admission.

10.4 Renaissance has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references to its name in the form and context in which it appears.

10.5 Collins Stewart has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references to its name in the form and context in which it appears.

10.6 Save as set out in this document, the Directors are not aware of any exceptional factors that have influenced the Company's activities.

10.7 Save as set out in this document, no commission is payable by the Company to any person in consideration of his agreeing to subscribe for securities to which this document relates or of their procuring or agreeing to procure subscriptions for such securities.

10.8 The Ordinary Shares will be admitted to trading on AIM at 100p per share, a premium of 99.9999p per Ordinary Share above nominal value.

10.9 The Company is seeking admission to AIM in order to take advantage of the market's high profile, broad investor base, liquidity and access to institutional investors.

10.10 Save as disclosed in this document, no payment (including commissions) or other benefit has been or is to be paid or given to any promoter of the Company.

10.11 Save as disclosed in this document, there are no patents or other intellectual property rights, licences or particular contracts which are, or may be, of fundamental importance to the business of the Company.

10.12 Save as disclosed in this document, there are no investments in progress which are significant.

10.13 There has been no significant change in the financial or trading position of the Company (or any significant trends concerning the development of its business) which has occurred since the end of the last financial period for which financial information for the Company has been published.

10.14 Save as disclosed in this document, the Company has not entered into any significant investments during the period covered by the historical financial information set out in Part V of this document and the date of this document, and the Company does not have any investments in progress on which the Board has already made firm commitments.

10.15 The financial information relating to the Company in Part V of this document has been prepared in accordance with the laws applicable to the Company and the Directors accept responsibility for it.

10.16 Save as disclosed in this document, the Directors are not aware of any environmental issue that may affect the Company's utilisation of its tangible fixed assets.

10.17 The Placing is being made by Renaissance on behalf of the Company. Renaissance is regulated by the Financial Services Authority, is registered in England and Wales with company number 3059237 and its registered office is at 11th Floor, One Angel Court, Copthall Avenue, London EC2R 7HJ.

10.18 The Company has no subsidiary or associated undertakings.

11. Document available for inspection

11.1 Copies of this document will be available to the public, free of charge, at the offices of Kerman & Co LLP at 200 Strand, London WC2R 1DJ during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until at least 30 days after the date of Admission.

Date 5 December 2007

APPENDIX A

FORM OF US INVESTOR LETTER

LonZim PLC
33-37 Athol Street
Douglas
Isle of Man
IM1 1LB

RenCap Securities, Inc.
780 Third Avenue
15th Floor
New York, New York 10017

Date:

Ladies and Gentlemen:

In connection with the proposed purchase by the investor named below or the accounts listed on the attachment hereto (each an **Investor**) of the shares (the **Shares**) of LonZim Plc, an Isle of Man incorporated limited company (the Company), from the Company in a transaction exempt from the US Securities Act of 1933, as amended (the **Securities Act**), the Investor agrees and acknowledges, on its own behalf or on behalf of each account for which it is acquiring any Shares, and makes the representations and warranties, on its own behalf or on behalf of each account for which it is acquiring any Shares, as set forth in Sections 1 through 16 of this letter (this **US Investor Letter**):

PLEASE COMPLETE THE FOLLOWING AND SIGN BELOW

Name of Investor: _____

_____

_____

Address of Investor: _____

_____

_____

The Investor's Tax Identification Number: _____

Date **Signature**

A signed copy of this page may be submitted by fax to:

	Fax No.	**Attn:**	**Investor**
RenCap Securities, Inc.	●	●	●

Qualified Institutional Buyer and Qualified Purchaser Status

1. The Investor certifies that it is (i) a ''qualified institutional buyer'' (a **QIB**) as defined in Rule 144A under the Securities Act and (ii) it is purchasing the Shares from the Company only for its account or for the account of another entity that is a QIB.

2. The Investor certifies that it is (i) a ''qualified purchaser'' (a **Qualified Purchaser**) within the meaning of Section 2(a)(51) and related rules under the US Investment Company Act of 1940, as amended (the **Investment Company Act**) and (ii) it is purchasing the Shares from the Company only for its account or for the account of another entity that is a Qualified Purchaser.

Transfer Restrictions

3. **The Investor understands and agrees that the shares are being offered in a transaction not involving any public offering within the United States within the meaning of the Securities Act and that the shares have not been and will not be registered under the Securities Act, that the Company has not been and will not be registered as an investment company under the Investment Company Act and that the shares may not e transferred except as permitted in this Section 3. The Investor agrees that, if in the future it decide to offer, resell, pledge or otherwise transfer such shares, such shares will be offered, resold, pledged or otherwise transferred only as follows:**

   (a) in an onshore transaction in accordance with Regulation S under the Securities Act (**Regulation S**) to a person outside the United States and not known by the transferor to be a US person (as defined in Regulation S) by pre-arrangement or otherwise (a **Regulation S Transfer**); or

   (b) to the Company or a subsidiary thereof.

Each of the foregoing restrictions is subject to any requirement of law that the disposition of the Investor's property or the property of such investor account or accounts on behalf of which the Investor holds the Shares be at all times within the control of the Investor or of such accounts and subject to compliance with any applicable state securities laws.

Investment Company Act

4. The Investor understands and acknowledges that the Company has not registered, and does not intend to register, as an ''investment company'' (as such term is defined in the Investment Company Act and related rules) and that the Company has elected to impose the transfer and offering restrictions with respect to persons in the United States and US persons (as defined in Regulation S) described herein so that the Company will qualify for the exemption provided under Section 3(c)(7) of the Investment Company Act and will have no obligation to register as an investment company even if it were otherwise determined to be an investment company.

5. The Investor understands and acknowledges that the Company may require any US person (as defined in Regulation S) or any person within the United States who is required under this US Investor Letter to be Qualified Purchaser, to provide the Company within twenty days with sufficient satisfactory documentary evidence to satisfy the Company that such Investor shall not cause the Company to be required to be registered as an ''investment company'' under the US Investment Company Act.

ERISA

6. On each day from the date on which it acquires or holds the Ordinary Shares including the date on which it disposes of such Ordinary Shares, the Investor is not (i) a benefit plan investor (as defined in 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA), or acting on behalf of or using the assets of a benefit plan investor, or (ii) other employee benefit plan subject to any federal, state, local or other law or regulation that is substantially similar to the prohibited transaction provisions of section 406 of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended, (an **Other Plan**), or acting on behalf of or using the assets of any Other Plan with respect to the purchase, holding or disposition of any Ordinary Shares.

The Placing

7. At the time the Shares are acquired, the Investor is not an affiliate of the Company or a person acting on behalf of such an affiliate; and (ii) the Investor is not acquiring the Shares for the account of an affiliate of the Company or of a person acting on behalf of such affiliate.

8. The Investor will only hold the Shares in uncertificated form and will only transfer the Shares in accordance with section 3 of this US Investor Letter.

9. The Investor is purchasing the Shares for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof (within the meaning of the Securities Act) that would be in violation of the securities laws of the United States or any state thereof. The Investor has a pre-existing business relationship with the sole bookrunner named herein or its US affiliates (the **Placement Agent**) that propose to place the Shares that the Investor proposes to purchase.

10. The Investor has conducted its own investigation with respect to the Company and the Shares and has received all information believed necessary or appropriate in connection with its purchase of the Shares. The Investor has received a copy of the offering memorandum relating to the offer of the Shares described therein (the **Admission Document**), and has not distributed, forwarded, transferred or otherwise transmitted the Admission Document or any other presentation or offering materials concerning the Shares to any persons within the United States or to any US persons (as defined in Regulation S), nor will it do any of the foregoing. The Investor understands and agrees that the Admission Document speaks only as at its date and that the information contained therein may not be correct or complete as at any time subsequent to that date. The Investor understands that the Admission Document is subject to the requirements of the London Stock Exchange and the information therein, including any financial information, may be materially different from any disclosure that would be provided in a US offering. The Investor has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Shares. It has the ability to bear the economic risk of its investment in the Shares, has adequate means of providing for its current and contingent needs, has no need for liquidity with respect to its investment and the Shares, and is able to sustain a complete loss of its investment in the Shares. The Investor is aware that there are substantial risks incident to the purchase of the Shares, including those summarised under ''Risk Factors'' in the Admission Document, including, without limitation, under the headings ''Risks Relating to Investing in Zimbabwe'', ''Risks Relating to the Company's Relationship with Lonrho'' and ''Risks Relating to Conflicts of Interest''.

11. The Investor is purchasing the Shares for investment purposes and not with a view to, or for offer or ale in connection with, any distribution thereof (within the meaning of the Securities Act) that would be in violation of the securities laws of the United States or any state thereof. The Investor has a pre-existing business relationship with the Placement Agent or its US affiliates that propose to place the Shares that the Investor proposes to purchase.

12. The party signing this US Investor Letter is acquiring the Shares for his or her own account or for the account of one or more Investors as to which the party signing this US Investor Letter is authorised to make the acknowledgments, representations and warranties, and enter into the agreements, contained in this US Investor Letter.

13. The Investor became aware of the offer of the Shares by the Company and the Shares were offered to the Investor (i) solely by means of the Admission Document (ii) by direct contact between the Investor and the Company or (iii) by direct contact between the Investor and the Placement Agent. The Investor did not become aware of, nor were the Shares offered to the Investor by any other means, including, in each case, by any form of general solicitation or general advertising. In making the decision to purchase the Shares, the Investor relied solely on the information set forth in the Admission Document and other information obtained by the Investor directly from the Company as a result of any inquiries by the Investor or one or more of the Investor's advisers.

General

14. The Investor understands and acknowledges that neither the Company nor the Placement Agent, nor any of their affiliates, makes any representation as to the availability of any exemption under the Securities Act for the reoffer, resale, pledge or transfer of the Shares. The Investor understands that the Shares to be purchased by the Investor are ''restricted securities'' as defined in Rule 144(a)(3) under the Securities Act.

15. The Placement Agent, the Company and their respective affiliates are irrevocably authorised to produce this US Investor Letter or a copy hereof to any interested party in any administrative or legal proceeding or official enquiry with respect to the matters covered hereby.

16. This US Investor Letter shall be governed by and construed in accordance with the laws of the State of New York.