

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION



(Incorporated in Zimbabwe on 04th April 1949 under Company Registration Number 53/1949)

CIRCULAR TO SHAREHOLDERS

Relating to and seeking approvals for:

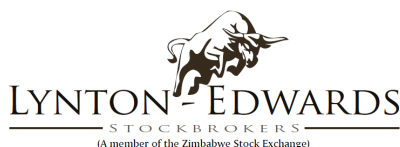
The Acquisition of the entire issued share capital of Scanlink (Private) Limited, the acquisition of the entire issued share capital of Tredcor Zimbabwe (Private) Limited, the acquisition of the entire issued share capital of Birmingham Investments (Private) Limited and the acquisition of Stand 30001 Dagenham Road, Willowvale Township, Harare. The acquisitions are in exchange for an issuance of Zimplow Holdings Limited ordinary shares listed on the Zimbabwe Stock Exchange

And incorporating

NOTICE OF AN EXTRAORDINARY GENERAL MEETING

Notice is hereby given of an Extraordinary General Meeting of the members of Zimplow Holdings Limited, to be held virtually by electronic means, on Thursday 15 October 2020, at 1000 hours, which notice was published on Thursday 24 September 2020 in accordance with the Listings Requirements of the Zimbabwe Stock Exchange and the Companies Act of Zimbabwe, as set out at the end of this Document. Shareholders are asked to complete and return the attached form of proxy in accordance with the instructions printed thereon, as soon as possible, but not later than 1600 hours, on Tuesday 13 October 2020. This Circular is neither a prospectus nor an invitation to the public to subscribe for shares in the Company but is issued in compliance with the Listings Requirements of the ZSE, for the purpose of giving information to the public with regard to the Transactions as more fully set out in this Circular. The Circular is only available in English. Additional copies of this Circular may be obtained from the Company Secretary at the Registered Office of Zimplow Holdings Limited or IH Advisory.

Sponsoring Brokers



Financial Advisors



Independent Financial Advisors



Corporate Finance

Independent Reporting Accountants



Legal Advisors



Transfer Secretaries



If you are in any doubt as to the action you should take, you should immediately seek advice from your stockbroker, bank manager, legal practitioner, accountant or other professional advisors. If you no longer hold any shares in Zimplow, you should send this Circular, as soon as possible, to the stockbroker, bank or other agent through whom the sale of your shareholding in Zimplow was executed, for onward delivery to the purchaser or transferee of your shares.

All the Directors of Zimplow Holdings Limited, whose names are given in paragraph 4.2 of the Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other material facts, the omission of which would make any statement in the Circular false or misleading, and that they have made all reasonable enquiries to ascertain such material facts and that this Circular contains all information required by law. The Directors confirm that the Circular particulars include all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) that investors and their professional advisors would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer and of the rights attaching to the securities to which the Listing particulars relate.

The Company's lead financial advisors, sponsoring broker, legal advisors, transfer secretaries and reporting accountants have consented in writing to act in the capacity stated and to their names being stated in the Circular and have not withdrawn their consents prior to the publication of this Circular.

Date of issue of this document: 24 September 2020

CORPORATE INFORMATION

The information below is given in compliance with the requirements of the Zimbabwe Stock Exchange. Zimplow Holdings Limited derives professional services from the following:

Company Secretary and Registered Office

Zimplow Holdings Limited
39 Steelworks Road
Heavy Industrial Sites
P.O. Box 1059
Bulawayo
Zimbabwe

Financial Advisors

Inter-Horizon Advisory (Private) Limited
Block 3, Tunsgate Business Park
30 Tunsgate Road
Mount Pleasant
Harare
Zimbabwe

Sponsoring Brokers

Lynton Edwards Stockbrokers (Private) Limited
129 Kwame Nkrumah Avenue
Harare
Zimbabwe

Zimbabwe Independent Auditors & Reporting Accountants

Ernst & Young (Zimbabwe) Registered Public Auditors
Corner Julius Nyerere Way /
Kwame Nkrumah Avenue
P. O. Box 62 or 702
Harare
Zimbabwe

Independent Financial Advisors

Imara Corporate Finance
Block 2, Tendeseka Office Park
Samora Machel Avenue East,
Harare
Zimbabwe

Legal Advisors

MawereSibanda Commercial Lawyers
10th Floor, Chiedza House,
Corner First Street / Kwame Nkrumah Avenue
Harare
Zimbabwe

Transfer Secretaries

Corpserve Registrars (Private) Limited
2nd Floor ZB Centre
Corner First Street / Kwame Nkrumah Avenue
Harare
Zimbabwe

Principal Bankers

First Capital Bank (Zimbabwe) Limited
Barclay House
Corner First Street / Jason Moyo Avenue
Harare
Zimbabwe

FORWARD LOOKING STATEMENTS

This Circular includes forward looking statements regarding Zimplow. Forward looking statements are those other than statements of historical facts, included in this Circular, and include without limitation, those regarding Zimplow's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to Zimplow's products and services). Any statements preceded by, followed by or including the words "believes", "expects", "aims", "estimates", "anticipates", "may", "will", "should", "could", "intends", "plans", "seeks", or similar expressions, are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause Zimplow's actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such forward looking statements are inherently based on numerous assumptions regarding Zimplow's present and future business strategies and the environment in which Zimplow will operate in the future. These forward looking statements speak only as at the date of this Circular. The Directors of Zimplow expressly disclaim any obligation or undertaking to disseminate, after the distribution of this Document, any updates or revisions to any forward looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such forward looking statement is based, unless legally required to do so.

INTERPRETATIONS AND DEFINITIONS

In this document unless otherwise stated or the context otherwise requires, the words in the first column have the meanings stated opposite them in the second column, words in the singular shall include the plural and vice versa and words importing natural persons shall include juristic persons, whether corporate or incorporate and vice versa.

<i>"Acquisition"</i>	The Offer by Zimplot to acquire the target property as well as all the shares in the Target Companies;
<i>"Acquisition Payment Date"</i>	The date on which the Acquisition Consideration will be posted to the seller of the target property and the Target Companies shareholders;
<i>"Articles"</i>	The Articles of Association of Zimplot Holdings Limited;
<i>"Auditors" or "Independent Reporting Accountants"</i>	Ernst & Young Chartered Accountants (Zimbabwe) Registered Public Auditors, Independent Auditors of the Company, and Independent Reporting Accountants to the Transaction;
<i>"Birmingham Investments"</i>	Birmingham Investments (Private) Limited, a company duly incorporated in Zimbabwe under company registration number 6279/1995;
<i>"Birmingham Shareholder"</i>	The holder of ordinary shares in Birmingham Investments (Private) Limited;
<i>"Board" or "Directors"</i>	The Board of Directors of Zimplot Holdings Limited;
<i>"Broker"</i>	Any person or company registered as a member with the ZSE and authorised to buy and sell shares and other securities on behalf of customers;
<i>"Business Day"</i>	Monday to Friday inclusive, but excluding any such date which is a public holiday in Zimbabwe;
<i>"Circular" or "the Document"</i>	This document dated 24 September 2020 including the appendices hereto, addressed to Zimplot Holdings Limited Shareholders, which sets out the terms and conditions of the Transaction;
<i>"Companies Act"</i>	The Companies and Other Business Entities Act (Chapter 24:31);
<i>"Conditions Precedent"</i>	The Conditions Precedent to which the Acquisition is subject as set out in section 8;
<i>"CSD"</i>	Central Securities Depository;
<i>"Dry Fly"</i>	Dry Fly Trading (Private) Limited, a private Company incorporated in Zimbabwe under company registration number 8259/2013;
<i>"Documents of Title"</i>	Share certificates, dematerialised shares in CSD accounts, certified transfer deeds, balance receipts or any other physical documents of title to shares acceptable to the issuer of such shares;
<i>"EGM"</i>	Extraordinary General Meeting of Zimplot shareholders convened in terms of the Companies Act, to be held at 1000 hours on Thursday 15 October 2020, at the Registered Office of the Company at which Zimplot Shareholders will vote on the Offer;
<i>"EPS"</i>	Earnings per share;

INTERPRETATIONS AND DEFINITIONS (CONTINUED)

<i>"EPP"</i>	Essential Proposition Properties (Private) Limited, the current registered owner of the target property;
<i>"Exchange Control Regulations"</i>	The Exchange Control Regulations promulgated under the Exchange Control Act [Chapter 22:05] including and without limitation, the Exchange Control Regulations, Statutory Instrument 109 of 1996, as amended;
<i>"Form of Proxy"</i>	The Form of Proxy accompanying this Circular;
<i>"IAS"</i>	International Accounting Standards;
<i>"IFRS"</i>	International Financial Reporting Standards;
<i>"IH Advisory"</i>	Inter-Horizon Advisory (Private) Limited, a licenced securities investment advisor with the Securities and Exchange Commission of Zimbabwe, and the financial advisors to the Transaction;
<i>"Imara Corporate Finance" or "Independent Financial Advisors"</i>	Imara Corporate Finance, a licenced securities investment advisor with the Securities and Exchange Commission of Zimbabwe, and the independent financial advisors to the Transaction;
<i>"LDT"</i>	Last date to trade;
<i>"Legal Advisors"</i>	MawereSibanda Commercial Lawyers the legal advisors to the Transaction;
<i>"Lynton Edwards Stockbrokers"</i>	Lynton Edwards Stockbrokers (Private) Limited, the sponsoring broker for the Transaction and a member of the Zimbabwe Stock Exchange;
<i>"NAV"</i>	Net asset value;
<i>"Non-Resident Shareholder(s)"</i>	A holder(s) of Zimplow Holdings Limited shares who is designated as "non-resident" in terms of the Exchange Control Regulations;
<i>"Notice"</i>	The notice of the Extraordinary General Meeting which was published in terms of the Companies Act on 24 September 2020, advising Zimplow Shareholders of the Acquisition and which forms part of this Circular;
<i>"Offer"</i>	The Offer by Zimplow to acquire Stand 30001 Dagenham Road, Willowvale Township, Harare, and all shares in Scanlink, Tredcor Zimbabwe and Birmingham Investments that it does not already own;
<i>"Offeror"</i>	Zimplow Holdings Limited;
<i>"Offer Consideration" or "Acquisition Consideration"</i>	The consideration payable to EPP for the Target Property and to the Shareholders of the Target Companies for their Shares in terms of the Acquisition, being the consideration of 106,199,706 Zimplow shares. For the purposes of this Transaction, shares to be issued will be rounded to the nearest whole number;

INTERPRETATIONS AND DEFINITIONS (CONTINUED)

<i>"Offer Shares"</i>	Shares held by all Shareholders recorded in the Register, other than Zimplow, on the Offer Consideration Record Date;
<i>"RBZ"</i>	Reserve Bank of Zimbabwe;
<i>"Register"</i>	The Register of Shareholders of the Company maintained by the Transfer Secretaries and the sub-register of nominee Shareholders maintained by each Broker;
<i>"Registrar"</i>	The Registrar of Companies appointed in terms of the Companies and other Business Entities Act;
<i>"Scanlink"</i>	Scanlink (Private) Limited, a private Company incorporated in Zimbabwe under company registration number 7480/2000;
<i>"Scanlink Shareholder"</i>	The holder of ordinary Shares in Scanlink (Private) Limited;
<i>"Shareholder(s)"</i>	The holders of ordinary Shares of Zimplow;
<i>"Shares"</i>	The issued and/or authorised share capital of Zimplow Holdings Limited;
<i>"Target Acquisition"</i>	All shares held by Shareholders of the Target Companies as well as the Target Property;
<i>"Target Companies"</i>	Scanlink (Private) Limited, Tredcor Zimbabwe (Private) Limited and Birmingham Investments (Private) Limited;
<i>"Target Property"</i>	Stand 30001 Dagenham Road, Willowvale Township, Harare, Zimbabwe;
<i>"Transaction"</i>	The Offer by Zimplow Holdings Limited to acquire 100% share capital of the Target Companies as well as to acquire the Target Property;
<i>"Transfer Secretaries"</i>	Corpserve Registrars (Private) Limited who provide share transfer secretarial services to Zimplow;
<i>"Tredcor Zimbabwe"</i>	Tredcor Zimbabwe (Private) Limited, a private Company incorporated in Zimbabwe under company registration number 7992/1997;
<i>"Tredcor Zimbabwe Shareholder"</i>	The holders of ordinary Shares in Tredcor Zimbabwe (Private) Limited;
<i>"US\$"</i>	The United States Dollar;
<i>"Voting Record Date"</i>	The date for Shareholders to be recorded in the Register as such to vote at the EGM, being at 1600 hours on Tuesday 13 October 2020;
<i>"VWAP"</i>	Volume weighted average price;
<i>"Zimplow" or "the Company" or "the Group"</i>	Zimplow Holdings Limited, a public Company incorporated in Zimbabwe under company registration number 53/1949 and listed on the ZSE;
<i>"ZSE"</i>	The Zimbabwe Stock Exchange, a stock exchange that is established in terms of the Securities and Exchange Act of 2004 (Chapter 24:25) and regulates the conduct of companies whose shares are listed on the Official List and traded on the Zimbabwe Stock Exchange;
<i>"ZWL\$"</i>	The Zimbabwean Dollar, allowable trading currency under the multicurrency trading system in Zimbabwe.

TABLE OF CONTENTS

PART A: SALIENT FEATURES OF THE PROPOSED TRANSACTION	9
A.1 PROPOSED ACQUISITION OF THE TARGET COMPANIES AND TARGET PROPERTY	9
A.2 OVERVIEW OF THE PROPOSED TRANSACTION	9
A.3 OVERVIEW OF ENTITIES TO BE ACQUIRED	9
A.4 OVERVIEW OF PROPERTY TO BE ACQUIRED	9
A.5 BENEFITS OF THE PROPOSED TRANSACTION	10
A.6 TIMETABLE FOR THE PROPOSED TRANSACTION	10
A.7 ACTIONS TO BE TAKEN BY ZIMFLOW SHAREHOLDERS	10
A.8 CONDITIONS PRECEDENT	10
A.9 DOCUMENTS AVAILABLE FOR INSPECTION	11
PART B: CHAIRMAN'S LETTER	12
PART C: DETAILS OF THE PROPOSED TRANSACTION	13
C.1 OVERVIEW OF THE PROPOSED TRANSACTION	13
C.2 OVERVIEW OF ZIMFLOW	20
C.3 SHARE CAPITAL	21
C.4 CORPORATE GOVERNANCE	22
C.5 CAPITAL COMMITMENTS, LEASE COMMITMENTS AND CONTINGENT LIABILITIES	26
C.6 MATERIAL CONTRACTS	26
C.7 LITIGATION STATEMENT	26
C.8 MATERIAL CHANGES	26
C.9 SHARE INFORMATION	27
C.10 EXPERTS CONSENTS	30
C.11 RECOMMENDATIONS	30
C.12 CONDITIONS PRECEDENT	30
C.13 REGULATORY ISSUES	30
C.14 DOCUMENTS AND CONSENTS AVAILABLE FOR INSPECTION	31
C.15 DIRECTOR'S RESPONSIBILITY STATEMENT	31
APPENDICES	
Annexure 1 – Historical Financial Information	32
Annexure 2 – Independent Accountants Report on the Historical Financial Information of Zimflow	39
Annexure 3 – Proforma Financial Information of Zimflow	41
Annexure 4 – Report of the Independent Auditors and Reporting Accountants on Proforma Financial Information	43
Annexure 5 – Report of the Independent Financial Advisor	45
Annexure 6 – Notice of the EGM	49
Annexure 7 – Form of Proxy	51

SALIENT FEATURES OF THE PROPOSED TRANSACTION

Proposed Acquisition of the Target Companies and the Target Property

At the meeting held on 26 June 2020, the Board of Directors of Zimplow considered and identified a potential opportunity for the acquisition of Stand 30001 Dagenham Road, Willowvale Township, Harare, herein referred to as the target property as well as Scanlink, Tredcor Zimbabwe and Birmingham Investments herein referred to as the Target Companies. It was undertaken to conclude the transaction in lieu of its shares. The reference price for Zimplow shares from a negotiation standpoint was the earnings and asset contribution of the target property and the target companies to Zimplow. Included in Annexure 3 is an indication of the implied purchase consideration based on this price. After this meeting, the Board of Directors held a second meeting on 27 August 2020 where they resolved to utilise 106,199,706 of the new shares issued representing 30.82% of the enlarged company as consideration for the acquisition on Completion date.

Overview of the Proposed Transaction

Zimplow is proposing to put forward an offer to acquire 100% of the Target Companies' issued share capital as well as to acquire the Target Property. Should the offer become binding, Zimplow will acquire 100% ownership of the Target Companies and the Target Property. As a consequence, Scanlink, Tredcor Zimbabwe and Birmingham Investments will become subsidiaries of Zimplow while the target property, Stand 30001 Dagenham Road, Willowvale Township, Harare, will be wholly owned by Zimplow. Upon the Acquisition, the Shareholders of the Target Companies and EPP will receive a total of 106,199,706 Zimplow ordinary shares. The Offer is based on the relative earnings and valuation ratios of Zimplow, Scanlink, Tredcor Zimbabwe and Birmingham Investments as well as the valuation of the target property, as of the valuation date of 26 June 2020 being the date the initial offer was made to the shareholders of the Target Companies and to EPP.

Overview of Entities to be Acquired

Company	Company Description	Shareholders	Zimplow Shares to be Allocated
1. Scanlink (Private) Limited	Scanlink (Private) Limited is the sole distributor of Scania Products in Zimbabwe.	1. Pioneer Development Company (Private) Limited (100%)	26,257,033
2. Tredcor Zimbabwe (Private) Limited	Tredcor Zimbabwe trading as Trentyre is the exclusive distributor of the Goodyear brand of tyres in Zimbabwe.	1. Clan Services (Private) Limited (51%) 2. Magister Investments Limited (41%) 3. Holdsworth Holdings (Private) Limited (8%)	36,077,577
3. Birmingham Investments (Private) Limited	Property Holding Company for 63/65 Birmingham Road, Southerton, Harare, Zimbabwe	1. Unifreight Africa Limited (100%)	15,774,446

Overview of Property to be Acquired

Owner of Property	Property Description	Shareholders	Zimplow Shares to be Allocated
4. Essential Proposition Properties (Private) Limited	A certain piece of land situated in the District of Salisbury measuring 2.0358 hectares called Stand 30001 Salisbury Township of Lot 5 of Lot 6 of Willowvale held under Deed of Transfer Number 12217/2001	1. Essential Proposition Properties (Private) Limited (100%)	28,090,650

SALIENT FEATURES OF THE PROPOSED TRANSACTION (CONTINUED)

Benefits of the Proposed Transaction

The benefits of the acquisition include, but are not limited to the following:

- Zimplow gains full control of Scanlink and Tredcor Zimbabwe business lines.
- Unlocking of cost savings for Zimplow, Scanlink and Tredcor Zimbabwe – with 3 corporate structures there is duplication of costs to achieve the same objective.
- Improvement of market position by gaining strategic businesses in long-haulage trucks, buses and tyres.
- Diversification of product and service offering.
- Creation of a robust balance sheet backed by property investments.

Timetable for the Proposed Transaction

Important Dates	
Zimplow EGM Notice and announcement published	Thursday 24 September 2020
Record Date, Zimplow share register closed (at 1600 hours)	Tuesday 13 October 2020
Last day of lodging Proxy Forms (at 1600 hours)	Tuesday 13 October 2020
Zimplow EGM (at 1000 hours)	Thursday 15 October 2020
Publication of Zimplow EGM resolution results	Friday 16 October 2020

Actions to be taken by Zimplow Shareholders

- Read this Document in its entirety. If you are in doubt as to the action you should take, you should immediately seek advice from your stockbroker, bank manager, legal practitioner, accountant, or other professional advisors;
- Attend and vote at the EGM to be held on Thursday 15 October 2020;

Shareholders who are unable to attend the EGM, but who wish to be represented there, should complete and sign the Proxy Form included with this Document and ensure it is lodged at the registered offices of Zimplow being, 36 Birmingham Road, Southerton, Harare, Zimbabwe so that it is received by the Transfer Secretaries by 1600 hours, on Tuesday 13 October 2020. Proxy forms will be accepted at the discretion of the Chairman up to 1 (one) hour before the commencement of the EGM. Shareholders may attend the meeting in person, notwithstanding the completion and return of a Proxy.

Conditions Precedent

The implementation of the Proposed Transaction is conditional upon the following:

- The passing by Shareholders of Zimplow of the Resolutions, by the requisite majority, at an EGM to be held on Thursday 15 October 2020 in terms of the Notice of the EGM published in the national press dated Thursday 24 September 2020;
- The RBZ approval of payment of the Acquisition Consideration in the form of Zimplow ordinary shares to Non-Resident Shareholders;
- Zimplow conducting a satisfactory legal and financial due diligence on the Target Companies;
- Zimplow conducting a satisfactory legal due diligence on the Target Property;
- Approval of the Transaction by the Scanlink Shareholder in a general meeting;
- Approval of the Transaction by the Tredcor Zimbabwe Shareholders in a general meeting;
- Approval of the Transaction by the Birmingham Investments Shareholder in a general meeting;
- The Acquisition Agreement between Zimplow and the Shareholder of Scanlink for the acquisition of the entire issued share capital of Scanlink being executed and becoming unconditional according to the terms thereto;
- The Acquisition Agreement between Zimplow and the Shareholders of Tredcor Zimbabwe for the acquisition of the entire issued share capital of Tredcor Zimbabwe being executed and becoming unconditional according to the terms thereto;

SALIENT FEATURES OF THE PROPOSED TRANSACTION (CONTINUED)

Conditions Precedent (continued)

- The Acquisition Agreement between Zimplot and the Shareholder of Birmingham Investments for the acquisition of the entire issued share capital of Birmingham Investments being executed and becoming unconditional according to the terms thereto;
- The Agreement of sale of the target property between EPP and Zimplot being executed and becoming unconditional to its terms and the property being transferred to Zimplot or its nominee;
- The transfer of shares in respect of Dry Fly Trading (Private) Limited from Scanlink to Pioneer Development Company (Private) Limited becoming unconditional according to the terms of the restructuring agreement;
- Receipt of all regulatory approvals required for parties to the proposed transaction to enter into Acquisition Agreements and fulfill their obligations in terms of the agreements, and such consents and regulatory approvals remaining in full force and effect. Such regulatory approvals shall specifically include, but not be limited to, approval of the transaction by the Competition and Tariffs Commission of Zimbabwe, Exchange Control Approval by the Reserve Bank of Zimbabwe in respect of the disposal of shares by and issuing of shares to those shareholders who are not resident in Zimbabwe, approvals or formalities required of Zimplot in terms of the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements), the Target Companies shareholders applying for and obtaining a capital gains tax clearance certificate from ZIMRA for the acquisition of the Target Companies shares and
- The business and activities of the Target Companies being carried out in the ordinary course by the date of completion of the transaction.

Documents Available for Inspection

Members of the public may inspect this Circular and the documents available as listed in Paragraph 14 between 0800 and 1600 hours from Thursday 24 September 2020 to Thursday 15 October 2020 at the Financial Advisors', Sponsoring Brokers', and Zimplot's Registered Offices at the addresses set out in the "Corporate Information" section of this Document.

CHAIRMAN'S LETTER



YOUR AGRICULTURE, INFRASTRUCTURE & MINING PARTNER

(Incorporated in Zimbabwe on 04th April 1949 under Company Registration Number 53/1949)

Directors: Thomas Chataika (Chairman), Vimbayi Nyakudya, Timothy Michael Johnson, Lance Kennedy, Godfrey Manhambara, Mark Yong, Kalpesh Patel, Grant Pio
Registered Address: 39 Steelworks Road, Steeldale, Bulawayo.

CHAIRMAN'S STATEMENT

Dear Shareholder,

BACKGROUND

I am writing to you in my capacity as the Chairman of Zimplow Holdings Limited ("ZIMW"/"Zimplow"), duly authorised by the board of directors of Zimplow, for your support with an all-share acquisition of the Target Companies, being Scanlink, Tredcor Zimbabwe and Birmingham Investments, as well as the acquisition of the Target Property, being Stand 30001 Dagenham Road, Willowvale Township, Harare. The proposed transaction will be effected by way of ZIMW making an offer to acquire the entire issued share capital of Scanlink, Tredcor Zimbabwe, Birmingham Investments and 100% ownership of the target property to be consummated by way of a swap of shares in the Target Companies for shares in ZIMW with no cash alternative as well as an issuance of shares to the current owner of the target property, Essential Proposition Properties (Private) Limited ("EPP") with no cash alternative ("the Offer"). On successful completion of the transaction, Scanlink, Tredcor Zimbabwe and Birmingham Investments will become wholly owned subsidiaries of ZIMW and ZIMW will also become the owner of the target property. Zimplow will remain listed on the Zimbabwe Stock Exchange.

- 1.1. Zimplow over the years has constructed a portfolio of complementary businesses and brands focused on manufacturing and distributing farming, mining and construction industry implements. The business of Scanlink is focused on distributing large vehicles, long range buses, coaches and generators with the main customers being in the mining industry. Tredcor Zimbabwe is a business focused on the distribution of Goodyear tyres and the re-treading of a variety of brands. These businesses are naturally complementary to the existing Zimplow portfolio and entrench the Company's market position in the mining and construction industries. Additionally, the acquisitions will provide the Company with increased product diversity and market share in the transport and logistics industry.
2. **Rationale for the Offer**
 - 2.1. The acquisition of Scanlink and Tredcor Zimbabwe will result in an increased market presence for Zimplow in new product categories. Zimplow will add brands with existing market share and brand equity that resonates with local and international customers.
 - 2.2. The consolidation of Zimplow, Scanlink, Tredcor Zimbabwe and Birmingham Investments as well as the addition of Stand 30001 Dagenham Road, Willowvale Township, Harare will create a robust balance sheet through the addition of property assets. A strengthened balance sheet will increase the Company's ability to attract capital and pursue growth opportunities organically and through strategic acquisitions.
 - 2.3. The combined company will benefit from cost synergies through the centralisation of head office and administration costs. Cost synergies will be extracted from the removal of duplicative functions and the adoption of best practices across all the subsidiary businesses.

[Signed on Original]

T. Chataika
Chairman
16 September 2020



DETAILS OF THE PROPOSED TRANSACTION

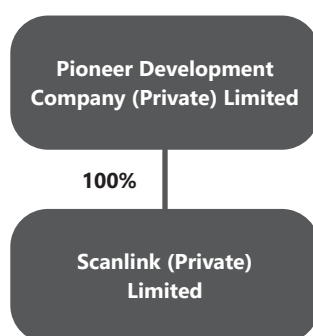
OVERVIEW OF THE PROPOSED TRANSACTION

1.1. The Proposed Acquisition of Scanlink, Tredcor Zimbabwe, Birmingham Investments as well as Stand 30001 Dagenham Road, Willowvale Township, Harare by Zimplot Holdings Limited

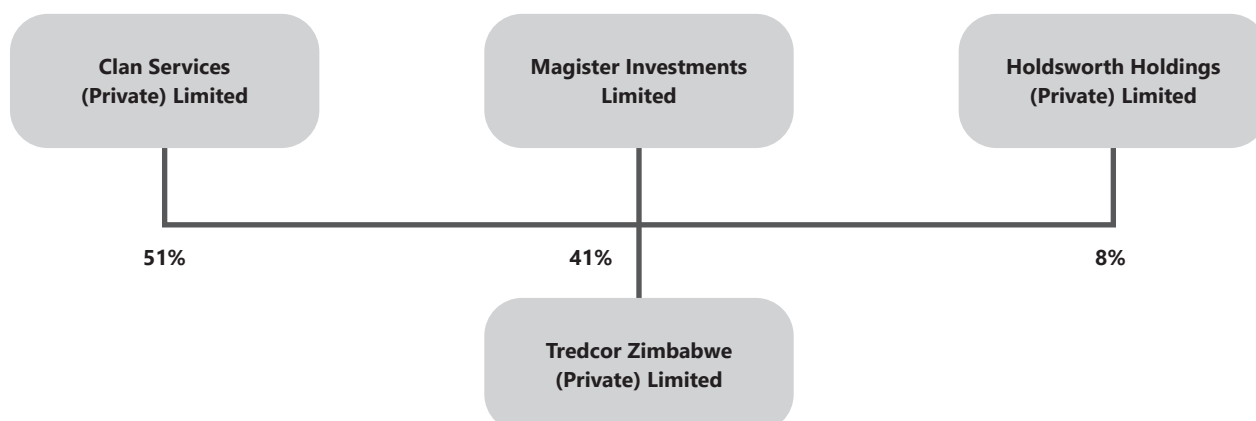
Scanlink, and Tredcor Zimbabwe are industry leaders in their respective product categories in Zimbabwe. Scania has a premium quality brand with nationwide market presence in trucks, buses, and generators. Trentyre is the 5th largest tyre supplier in Zimbabwe by volume with a brand selection that embraces premium, value and budget tyre brands targeting customers at various price points. The company has a strong brand presence in the country which has been cultivated by the technical ability of the management team and support staff. Zimplot's existing corporate structure and business model supports the integration of these businesses and has a platform for synergies across the Group that will contribute to the overall success of the businesses and the Group.

At the meeting held 26 June 2020, the Board of Directors of Zimplot considered and identified a potential opportunity for the acquisition of the Target Companies and the Target Property. It was undertaken to conclude the transaction in lieu of its shares. The reference price for Zimplot shares from a negotiation standpoint was the earnings and asset contribution of the Target Companies to Zimplot. Included in Annexure 3 is an indication of the implied purchase consideration based on this price. After this meeting, the Board of Directors held a second meeting on 27 August 2020 where they resolved to utilise a maximum of 106,199,706 of the New Shares issued and listed on the ZSE as consideration for the acquisition. The negotiated value of the acquisition at the Effective Date of the Acquisition of the Target Companies and the Target Property, is to be settled via an issuance of 106,199,706 new Zimplot ordinary shares that are listed on the ZSE.

1.1.1. Scanlink (Private) Limited Group Structure

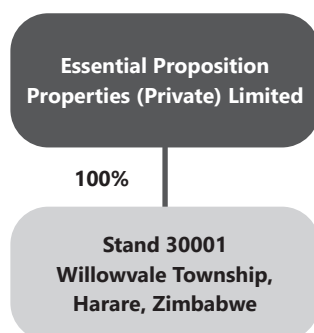


1.1.2. Tredcor Zimbabwe (Private) Limited Group Structure

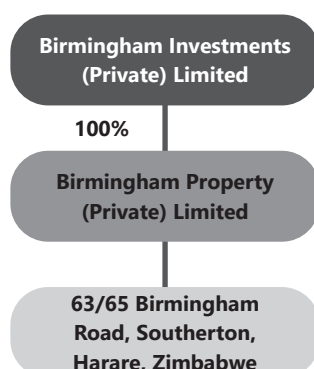


DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

1.1.3. Stand 30001 Dagenham Road, Willowvale Township, Harare Ownership Structure



1.1.4. Birmingham Investments (Private) Limited Group Structure



Overview of Scanlink (Private) Limited

Scanlink (Private) Limited is the sole distributor of Scania Products in Zimbabwe. Pursuant to its vision of becoming the preferred supplier of commercial trucks and buses in Zimbabwe, the company offers vehicle sales and after sales support for Scania vehicles in the country. Scanlink dates to the year 2000 when Pioneer Development Company acquired a company called Tandem Scania, the then sole Scania distributors in Zimbabwe since 1980. Most of the technical staff was retained in the takeover. In November 2004, the company was rebranded to Scanlink (Private) Limited and opened a branch in Bulawayo. The Scanlink product portfolio now consists of trucks, buses, coaches, vehicles and generators.

In 2019 Scanlink posted an increased turnover of ZWL\$97.75m when compared to turnover of ZWL\$62.83m in 2018 on an inflation adjusted basis. Operating Profit was ZWL\$9.76m in 2019 up from ZWL\$4.87m in 2018. The company has managed to remain profitable since 2015 despite the difficult economic environment in the country. The company's revenue is derived from three segments being Workshops, Parts and Vehicle Sales. In 2019 the revenue leader was Vehicle Sales with ZWL\$53.0m, followed by Parts with ZWL\$29.98m and Workshops with ZWL\$14.77m.

Overview of Tredcor Zimbabwe (Private) Limited

Tredcor Zimbabwe (Private) Limited trading as Trentyre Zimbabwe is the exclusive distributor for the Goodyear brand of tyres in Zimbabwe. The company is involved in tyre re-treading, fleet tyre management, tyre fitting services and distribution of various brands of new vehicle tyres. Trentyre Zimbabwe was established in 1996, as a partnership between the multi-national tyre distribution and re-treading subsidiary of the world-renowned tyre manufacturer, Goodyear Tire and Rubber Company and a local company Clan Services (Private) Limited. In October 2014, Goodyear Tire and Rubber Company disposed of its shareholding in Tredcor Zimbabwe, resulting in Clan Services (Private) Limited, now part of Unifreight Africa Limited, becoming the major shareholder.

For the year ended 31 December 2019 Tredcor Zimbabwe posted turnover ZWL\$81.68m, which was an increase from ZWL\$53.60m in 2018 on an inflation adjusted basis. Operating Profit was ZWL\$27.02m in 2019 up from ZWL\$9.08m in the previous year. Despite the difficulty in the company's operating environment management have devised strategies that align the cost structure to the revenue capacity generation of the company, which has led to sustained profitability over the last 2 years. The company's revenue mix is made up of sales from New Tyres, Re-treading Services and Third-Party Recovery. In 2019 the largest contributor to revenue was New Tyre Sales with ZWL\$60.01m, followed by Re-treading Services with ZWL\$18.98m and other revenue at ZWL\$2.69m.

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

Overview of Birmingham Investments (Private) Limited

Birmingham Investments (Private) Limited is the owner of Birmingham Property (Private) Limited which is the owner of an immovable property known as 63/65 Birmingham Road, Southerton, Harare. The property is currently vacant but was previously leased by a tenant for a monthly rental of US\$10,350 or US\$124,200 annually.

63/65 Birmingham Road, Southerton, Harare, Zimbabwe

Description	Lettable Area (Square Metres)
Office Blocks	344.00
Warehouse	568.00
Lean to Open Shed	48.00
Lean to Office	84.00
Open Plan Office – Westsides	145.00
Other	4,637.50
Total	7,044.00

Estimated Valuation: US\$1,100,000

Zoning: Industrial

Source: CBRE Excellerate Zimbabwe

Overview of Stand 30001 Dagenham Road, Willowvale Township, Harare

Essential Proposition Properties (Private) Limited is the owner of Stand 30001 Willowvale Township, Harare, Zimbabwe. The property is currently being leased by Scanlink, Tredcor Zimbabwe, Dry Fly Trading and TEFCO Finance. The current tenants on the property have agreed to pay rentals in US\$ and are currently paying a rental of US\$11,500 monthly or US\$138,000 annually. The lease agreements are 1-year agreements, renewable at the discretion of Essential Proposition Properties.

Stand 30001 Willowvale Township, Harare, Zimbabwe

Description	Lettable Area (Square Metres)
Office Blocks	789.10
Workshops and Offices	2,865.80
Stores	30.10
Warehouse	3,371.60
Parking Bays	22.00
Other	10,387.60
Total	17,466.20

Estimated Valuation: ZWL\$37,040,000

Zoning: Industrial

Source: Dawn Property Consultancy

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

1.2. Benefits of the Proposed Acquisition

The Acquisition of the Target Companies and the Target Property is expected to be value accretive to existing shareholders based on the following merits:

1.2.1. Control over Scanlink and Tredcor Zimbabwe Business lines

Zimplow would gain full control of Scanlink and Tredcor Zimbabwe resulting in full control of the business lines, thereby aligning their business objectives with those of Zimplow;

1.2.2. Cost Savings

The acquisition will eliminate the requirement for 3 independent corporate structures and remove cost duplication.

1.2.3. Robust Balance Sheet

Zimplow will enlarge its capital base and attain the ability to leverage for capital expenditure needed for business expansion.

1.2.4. Diversification

Zimplow will increase its presence in existing markets of mining and construction and add new markets in transport, logistics and tyres.

1.3. Conditions to the Acquisition

The implementation of the Proposed Transaction is conditional upon the following:

- The passing by Shareholders of Zimplow of the Resolutions, by the requisite majority, at an EGM to be held on Thursday 15 October 2020 in terms of the Notice of the EGM published in the national press dated Thursday 24 September 2020;
- The RBZ approval of payment of the Acquisition Consideration in the form of Zimplow ordinary shares to Non-Resident Shareholders;
- Zimplow conducting a satisfactory legal and financial due diligence on the Target Companies;
- Zimplow conducting a satisfactory legal due diligence on the Target Property;
- Approval of the Transaction by the Scanlink Shareholder in a general meeting;
- Approval of the Transaction by the Tredcor Zimbabwe Shareholders in a general meeting;
- Approval of the Transaction by the Birmingham Investments Shareholder in a general meeting;
- The Acquisition Agreement between Zimplow and the Shareholder of Scanlink for the acquisition of the entire issued share capital of Scanlink being executed and becoming unconditional according to the terms thereto;
- The Acquisition Agreement between Zimplow and the Shareholders of Tredcor Zimbabwe for the acquisition of the entire issued share capital of Tredcor Zimbabwe being executed and becoming unconditional according to the terms thereto;
- The Acquisition Agreement between Zimplow and the Shareholder of Birmingham Investments for the acquisition of the entire issued share capital of Birmingham Investments being executed and becoming unconditional according to the terms thereto;

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

1.3. Conditions to the Acquisition (continued)

- The Agreement of sale of the target property between Essential Proposition Properties and Zimplow being executed and becoming unconditional to its terms and the property being transferred to Zimplow or its nominee;
- The transfer of shares in respect of Dry Fly Trading (Private) Limited from Scanlink to Pioneer Development Company (Private) Limited becoming unconditional according to the terms of the restructuring agreement;
- Receipt of all regulatory approvals required for parties to the proposed transaction to enter into Acquisition Agreements and fulfill their obligations in terms of the agreements, and such consents and regulatory approvals remaining in full force and effect. Such regulatory approvals shall specifically include, but not be limited to, approval of the transaction by the Competition and Tariffs Commission of Zimbabwe, Exchange Control Approval by the Reserve Bank of Zimbabwe in respect of the disposal of shares by and issuing of shares to those shareholders who are not resident in Zimbabwe, approvals or formalities required of Zimplow in terms of the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements), the Target Companies shareholders applying for and obtaining a capital gains tax clearance certificate from ZIMRA for the acquisition of the Target Companies shares and
- The business and activities of the Target Companies being carried out in the ordinary course by the date of completion of the transaction.

1.4. Impact on Share Capital

The table below shows the impact of New Shares issued to the Sellers on the Effective Date of the acquisition of the Target Property and Target Companies on Zimplow's current share capital structure:

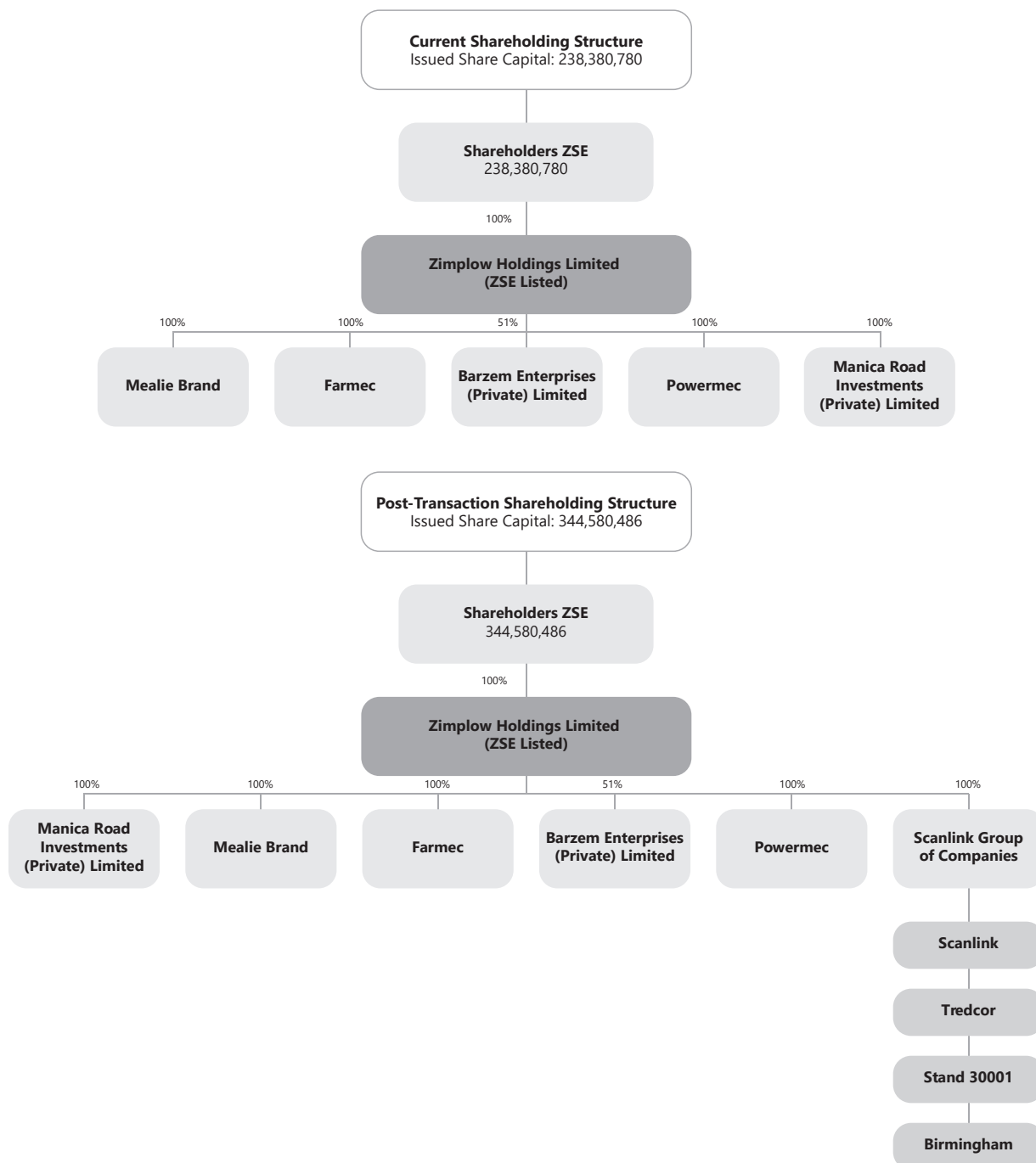
Indicative Zimplow share capital structure before and after the shares issued on the Effective Date of the Acquisition of the Target Companies and the Target Property:			
	Before the New Shares are issued (reflecting NAV as at 31 December 2019)	New Shares issued on the Effective Date of the Acquisition of the Target Companies and the Target Property	After New Shares are issued (reflecting NAV as at 31 December 2019)
Authorised Share Capital	300,000,000	400,000,000	400,000,000
Issued Share Capital	238,380,780	106,199,706	344,580,486
Net Asset Value per share	165ZWLc	n/a	135ZWLc

*Note that the impact reflected for the purposes of this Circular represents only the increase in Net Asset Value as a result of the shares issued at the Effective Date of the Acquisition of the Target Companies and the Target Property, the conversion of shareholder loans and the related acquisition journals as reflected in the Proforma Statement of Financial Position detailed on page 41.

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

1.4. Impact on Share Capital (continued)

The diagram below shows the structure of Zimplow pre and post the Proposed Transactions, based on the current shares in issue and assuming the full issuance of the New Shares.



DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

1.5. Expenses of the Transaction

The expenses of the Transaction, amounting to approximately ZWL\$7.44m which relate to legal, transfer secretaries, advisory fees, various printing, distribution, regulatory fees and such other charges, will be paid by Zimplow.

Expense Item	Amount ZWL\$
Reporting Accountant Fees	820,000
Legal Fees	1,640,000
Transfer Secretaries	205,000
Advisory Fees	1,435,000
Independent Financial Adviser	2,072,960
Regulatory Fees	820,000
Printing and Distribution Fees	246,000
Designing	205,000
Total Fees	7,443,960

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

2. OVERVIEW OF ZIMFLOW

2.1. History of Zimflow

Zimflow is a Zimbabwe based manufacturer and distributor of agricultural, mining and construction equipment established in 1949. The Company was listed on the Stock Exchange in 1951 and has grown through strategic acquisitions in complementary markets. In 2013 the Company undertook a restructuring program which resulted in the disposal of Puzey and Payne and the delisting of Tractive Holdings. Since the restructuring, the Company has rationalized its staff and consolidated its operations and now operates through a simplified corporate structure focused on agricultural equipment, mining and construction, property and power systems.

The Group currently has six business units which are: Mealie Brand, Farmec, CT Bolts, Barzem, Powermec and Manica Road Investments. The Company's primary operations are based in Zimbabwe, with Mealie Brand being the only company with operations regionally in Zambia.

2.2. The Industry

Despite the challenges in the economy Zimflow has managed to position itself to benefit from the most productive sectors of the Zimbabwean economy. The Company is a leading supplier of equipment to the mining and agriculture sectors, which government has applied a particular focus on for development. The Company continues to grow its footprint by opportunistically opening new branches both in the country and the region.

2.3. Business Units

2.3.1. Barzem

Barzem (51% owned subsidiary of Zimflow) is the local dealer representative for the Caterpillar and Hyster brands. The company is 49% owned by Barloworld Equipment who are renowned for their high-quality dependable products that are specifically built to conquer the toughest of environments. The company's product portfolio ranges from machinery, construction equipment and power systems for the mining, and infrastructure sectors of Zimbabwe. Barzem operates from three branches located in Harare, Bulawayo and Hwange where the company offers a full suite of services from sales to after sales support.

2.3.2. Farmec

Farmec is a 100% owned business unit of Zimflow, the company is the holder of franchise agreements for Massey Ferguson, Valtra, Challenger tractors, combine harvesters as well as distributorships for Monosem, Vicon and Falcon Implement ranges. Farmec is a one stop shop for small and large-scale farmers and has branches in all the main agricultural regions of the country.

2.3.3. Powermec

Powermec is a 100% owned business unit of Zimflow, the company is the authorised distributor of Perkins parts and has a service centre in Zimbabwe. Powermec's services cover electric power engines (for generators), tractors, trucks and earth moving equipment driven by Perkins engines.

2.3.4. Mealie Brand

Mealie Brand is a 100% owned business unit of Zimflow, the company is Zimbabwe's largest manufacturer and distributor of animal drawn ploughs, harrows, rippers and planters. The company's brand is built on empowering subsistence farmers and providing quality land preparation, cultivation and planting implements in Sub-Saharan Africa.

2.3.5. CT Bolts

CT Bolts is a 100% owned business unit of Zimflow, the company is a distributor of steel bolts, nuts, nails and a wide range of fasteners including specialized mining, construction, agriculture and infrastructure fasteners. The company was founded in 1954 and incorporated into Zimflow since 2006.

2.3.6. Manica Road Investments

Manica Road Investments is a 100% owned subsidiary of Zimflow, the company is a property holding investment company. The company owns the property that is used by Zimflow as office accommodation, showrooms and workshops.

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

3. SHARE CAPITAL

The share capital of Zimplow is shown below:

Authorised:

300,000,000 ordinary shares of nominal value ZWL\$0.0004 each.

Issued: (As at 31 December 2019)

238,380,780 ordinary shares of nominal value ZWL\$0.0004 each

3.1. Authorised but unissued share capital

The authorised but unissued share capital of 61,619,220 ordinary shares is under the control of the directors, subject to the limitations imposed by the Articles and Memorandum of Association of the Company, the Companies and Other Business Entities Act and the Zimbabwe Stock Exchange Listing Requirements.

The current authorised but unissued share capital is insufficient to satisfy the acquisition consideration for the transaction. Therefore, there is a need to increase the authorised share capital of the Company from 300,000,000 to 400,000,000 such that the unissued share capital under the control of the directors is sufficient for the acquisition consideration.

3.2. Variation of Rights

According to the Company's Articles, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), may be varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class, or with the sanction of a resolution passed by a majority of not less than three-fourths of the members of that class present at a separate general meeting of the holders of the shares of the class.

3.3. Voting Rights

The authorised but unissued and issued Zimplow ordinary shares are the same class and rank pari passu in every respect.

3.4 Adequacy of Capital, Working Capital and Cash Flow

Directors are of the opinion that the available working capital is sufficient to cover the cash flow requirements of the Company for the current operation.

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

4. CORPORATE GOVERNANCE

4.1. Introduction

Zimplot is committed to a Code of Corporate Practices and Conduct based on the principles laid out in the King Reports and the Principles of Corporate Governance in Zimbabwe as laid out in the Manual of Best Practice. The Directors recognise the need to conduct the affairs of the Group with principles of transparency, integrity, accountability and in accordance with generally accepted corporate practices, in the interests of its shareholders, employees and other stakeholders. This process enables the Company's shareholders and stakeholders to derive the assurance that, in protecting and adding value to Zimplot's financial and human capital investment, the Company is being managed ethically, according to prudently determined risk parameters and in compliance with the best international practices.

4.2. Board of Directors

The primary responsibility of the Board is to discharge its fiduciary responsibility to the shareholders and the Company. The Board meets regularly to monitor the performance of management and to ensure proper control over the strategic direction of the Company. The Board of directors consists of a non-executive chairman, one executive director and six non-executive directors. The chairmen of the various committees are all non-executive directors. The Board meets regularly to review results, dictate policy, formulate overall strategy, and approve the budgets. The Board has introduced structures of corporate governance. Certain functions and responsibilities have been delegated to the following committees. Their terms of reference and composition are regularly reviewed.

The full names, addresses and positions of the Directors of Zimplot are set out below:

Full Name	Residential Address	Position
Thomas Chataika	41 Harare Drive Chisipite Harare	Non-Executive Chairman
Vimbayi Nyakudya	211 of lot 10 Philadelphia Borrowdale Harare	Chief Executive Officer
Timothy Michael Johnson	43 Orange Grove Drive Highlands Harare	Non-Executive Director
Lance Kennedy	30 Kent Avenue Avondale Harare	Non-Executive Director
Godfrey Manhambara	24 Binton Road Borrowdale Harare	Non-Executive Director
Mark Yong	235 Arcadia Road Number 01-03 Singapore	Non-Executive Director
Kalpesh Patel	Number 1 7 McCaw Drive Avondale Harare	Non-Executive Director
Grant Pio	184 Brooke Drive Borrowdale Brooke Harare	Non-Executive Director

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

Thomas Chataika – Non-Executive Chairman

Thomas is the founder and Managing Director of INVESCI. He is a Chartered Accountant as well as a holder of the CFA charter.

Vimbayi Nyakudya – Group Chief Executive Officer

Vimbayi was appointed on 1 January 2019, he is a Chartered Accountant and a holder of the Master of Business Leadership. Vimbayi trained with KPMG and served as Chief Finance Officer of the Group before he was appointed to Chief Executive Officer.

Timothy Michael Johnson – Non-Executive Director

Tim was educated at Falcon College and is a holder of a Bachelor of Commerce degree from Rhodes University. He was the Chief Executive of Cairns Holdings and Astra Corporation Limited before its demerger. He was also a director of Astra Industries and Tractive Power Holdings Limited. Tim is a Director of CABS, CIMAS Medical Society and Chairman of RM Insurance Company. Tim is also a Trustees Representative of the Beit Trust, a UK registered charitable organization specializing in infrastructure grants to health and educational institutions. He was non-executive director of Tractive Power Holdings Limited before its acquisition by Zimplow.

Lance Kennedy – Non-Executive Director

Lance is a holder of a Master of Science Degree in Business Management in the Agriculture and Food Industries from the Royal Agricultural College in Cirencester in the United Kingdom and several other agricultural qualifications. He has a wealth of experience in the agriculture and farming sector including hands-on experience in managing farming operations in Australia. His career in the agricultural sector spans over 20 years.

Godfrey Manhambara – Non-Executive Director

Godfrey holds several academic qualifications, including a Diploma in Business Studies, a Bachelor of Science in Economics degree (Honours) from the University of London, and a Master's in Business Administration. He is an accomplished member of the Chartered Institute of Transport and Logistics (MCIoT) UK and the Zimbabwe Institute of Management (Zim). In his executive career, Godfrey worked for Affretair as Marketing Executive before being elevated to Chief Executive. He then joined the Civil Aviation Authority of Zimbabwe (CAAZ) as Chief Executive; thereafter he went on to Reacon Services as Chief Executive Officer and then on BETA Holdings as Group Chief Executive Officer, the position which he still holds today.

Mark Yong – Non-Executive Director

Mark Yong is the Chairman and Director of Unchartered Group Limited (UGL), an international investment and holding company. UGL's portfolio includes real estate assets, development of commercial and residential real estate projects, luxury real estate developments, operation of luxury leisure and lifestyle businesses, leisure, hospitality and entertainment businesses. Mark lives in Singapore. He is married and has two sons.

Kalpesh Patel – Non-Executive Director

Kalpesh is seasoned executive in the Steel industry and is currently the Chief Executive officer of Steelmakers Ltd in charge of its Sub-Saharan operations. He possesses a BSc in Economics and a BA in Political Science including an MSc in Economics from the London School of Economics.

Grant Pio – Non-Executive Director

Grant Pio is an industrialist with over 20 years' experience in business management, engineering, project management and product development. He is currently the Managing Director of Warapp Engineering Zimbabwe.

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

4.3. Directors' Interests

As at Monday 17 August 2020, the Directors directly and/or indirectly, held beneficial interests aggregating approximately 139,186,408 Zimplow shares representing 58.41% of the issued share capital of the Company. The details of the direct and indirect interests held by the Directors are summarised below:

Directors	Direct and Indirect shareholding
Thomas Chataika	19,668,564
Vimbayi Nyakudya	327
Timothy Michael Johnson	375
Lance Kennedy	23,935,645
Godfrey Manhambara	375
Mark Yong	82,491,493
Kalpesh Patel	13,089,629
Grant Pio	0
Total	139,186,408

4.4. Audit and Risk Committee

The Group has an audit and risk committee that assists the Board in the fulfilment of its duties. The audit and risk committee deals, inter alia with compliance, internal control and risk management. The committee currently comprises 3 (three) non-executive directors. A non-executive director chairs the audit committee. The committee meets at least 3 (three) times a year with the Group's internal and external auditors to consider compliance with financial reporting requirements, monitor the appropriateness of accounting policies and the effectiveness of systems of Internal control and to consider the findings of the internal and external auditors. Both the internal and external auditors have unrestricted access to the audit committee to ensure their independence and the objectivity of their reports.

4.5. Human Resources Committee

The remuneration committee comprises 3 (three) non-executive directors. The Group's remuneration policy is to provide compensation packages that attract, retain, and motivate high quality individuals who will contribute substantially to the growth and success of the Group. This committee sets the remuneration of the executive directors and approves guidelines for the Group's pay reviews. Remuneration packages include a guaranteed salary as well as a performance related incentive linked to the achievement of present profit targets. No share options were issued in the current year.

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

4.6. Nominations Committee and Board Membership Criteria

The nominations committee is responsible for developing criteria for filling vacant Board positions taking into consideration such factors as it deems appropriate. Relevant considerations include education, background, leadership and ability to exercise sound judgement, general business experience and familiarity with the Group's business. Candidates should not have any interests that would materially impair their ability to exercise independent judgement or otherwise discharge the fiduciary duties owed as a director to the Company and its stakeholders. All candidates must be individuals of personal integrity, ethical character and value and appreciate these qualities in others. It is expected that each director will devote the necessary time to the fulfilment of his or her duties as a director. In this regard, the Nominations Committee considers the number and nature of each director's other commitments, including other directorships. The Nominations Committee seeks to promote through the nominations process diversity on the Board of professional background, experience, expertise, perspective, age, gender and ethnicity.

4.7. Executive Committee

The executive committee sits regularly to deliberate and consider detailed operational issues of the Group which includes strategy implementation.

4.8. Business Unit Governance

Each individual business unit in the Group has an executive with clearly defined responsibilities and objectives, who is responsible for the day to day running of its operations. A comprehensive financial reporting system ensures that each business unit is brought to account monthly.

4.9. Dealing in Shares

The Company has a policy, in line with the ZSE Listing Requirements, prohibiting dealings in shares by Directors, Officers and Executive Management for a designated period, which is 1 (one) month prior to the end of the reporting period until the preliminary announcement of the Company's interim and year end results, or when they are in possession of price sensitive information not within the public domain.

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

5. CAPITAL COMMITMENTS, LEASE COMMITMENTS AND CONTINGENT LIABILITIES

5.1. Capital Commitments

Zimplot had the following capital commitments as at 31 December 2019.

	ZWL\$
Authorised but not yet contracted	1,182,865
Authorised and contracted	-
Total	1,182,865

5.2. Lease Commitments

The Company leases property from Manica Road Investments (Private) Limited. The property is mainly used as office space, showrooms and to house workshops where repairs are undertaken. The entity applied the modified retrospective transition method and thus prior year comparatives were not restated. The entity has elected to present right-of-use assets and lease liabilities separately in the statement of financial position.

The future expected rentals due are payable as follows:

Assets	2019 ZWL\$
Operating lease commitments as at 31 December 2018	1,588,844
Weighted average incremental borrowing rate as 1 January 2019	12%
Discounted operating lease commitments as at 1 January 2019	1,355,864
Less:	
Commitments relating to short-term leases	(82,729)
Add:	
Lease Liabilities as at 1 January 2019	1,273,135

5.3. Contingent Liabilities

As at 31 December 2019, Zimplot had no material contingent liabilities.

6. MATERIAL CONTRACTS

As at 31 December 2019, Zimplot had not entered any material contracts, other than in the ordinary course of business.

7. LITIGATION STATEMENT

The Company is not involved in any material litigation or arbitration proceedings which may have, or which have had, during the twelve (12) months preceding the date of this Circular, a significant effect on the financial position of Zimplot, nor is the Company aware that any such proceedings are pending or threatened.

8. MATERIAL CHANGES

There have been no material changes in the trading and financial position of Zimplot since 31 December 2019.

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

9. SHARE INFORMATION

9.1. Zimplow Shareholding Structure

The table below details the top twenty (20) shareholders of Zimplow as of Wednesday 9 September 2020:

Rank	Name	Number of Shares	Percentage
1	SINO PROPERTIES	84,215,334	35.33%
2	STANBIC NOMINEES (PVT) LTD	31,190,204	13.08%
3	KENCOR HOLDINGS (PVT) LTD	24,936,122	10.46%
4	CHARTER MINING (PVT) LTD	19,745,346	8.28%
5	TETRAD INVESTMENT BANK	14,732,038	6.18%
6	YUMIKO INVESTMENTS (PVT) LTD	13,089,629	5.49%
7	BARLOWORLD EQUIPMENT UK LTD	7,340,933	3.08%
8	FLAME LILY VENTURE CAPITAL GROUP	4,054,625	1.70%
9	TRACTIVE POWER HOLDINGS WORKERS TRUST	3,683,201	1.55%
10	MEGA MARKET (PVT) LTD	3,230,451	1.36%
11	OLD MUTUAL LIFE ASSURANCE COMPANY ZIMBABWE LTD	2,828,527	1.19%
12	PUBLIC SERVICE COMMISSION PENSION FUND - INVESCI	2,006,200	0.84%
13	MINING INDUSTRY PENSION FUND	1,720,016	0.72%
14	GURAMATUNHU FAMILY TRUST	1,699,102	0.71%
15	BERNARD NORMAN CHITEPO	1,587,620	0.67%
16	PUBLIC SERVICE COMMISSION PENSION FUND - ABC	1,505,300	0.63%
17	ECONET LFE (PVT) LTD - INVESCI	1,501,970	0.63%
18	PUBLIC SERVICE PENSION FUND - SMARTVEST	1,423,431	0.60%
19	ZIMLOW PENSION FUND - INVESCI	1,248,594	0.52%
20	TFS NOMINEES (PVT) LTD	899,127	0.38%
	TOTAL	222,637,770	93.40%
	REMAINING	15,743,010	6.60%
	TOTAL	238,380,780	100.00%

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

9.2. Zimplot Post-Transaction Shareholding Structure

The table below details the top twenty (20) shareholders of Zimplot as of Wednesday 9 September 2020:

	Shareholder	Current shareholding		New issue of shares	Shareholder	Shareholding post Transaction offer	
		Shares	% Shareholding			Shares	% Shareholding
1	SINO PROPERTIES PVT LTD	84,215,334	35.33%		SINO PROPERTIES	84,215,334	24.44%
2	STANBIC NOMINEES (PVT) LTD	31,190,204	13.08%		STANBIC NOMINEES	31,190,204	9.05%
3	KENCOR HOLDINGS PVT LTD	24,936,122	10.46%	28,090,650	ESSENTIAL PROPOSITION PROPERTIES	28,090,650	8.15%
4	CHARTER MINING PVT LTD	19,745,346	8.28%	26,257,033	PIONEER DEVELOPMENT COMPANY	26,257,033	7.62%
5	TETRAD INVESTMENT BANK	14,732,038	6.18%		KENCOR HOLDINGS	24,936,122	7.24%
6	YUMIKO INVESTMENTS PVT LTD	13,089,629	5.49%		CHARTER MINING	19,745,346	5.73%
7	BARLOWORLD EQUIPMENT UK LTD	7,340,933	3.08%	18,399,564	CLAN SERVICES	18,399,564	5.34%
8	FLAME LILY VENTURE CAPITAL GRP	4,054,625	1.70%	15,774,446	UNIFREIGHT AFRICA LIMITED	15,774,446	4.58%
9	TRACTIVE POWER HOLDINGS WORKERS TRUST (PRIVATE) LIMITED	3,683,201	1.55%	14,791,807	MAGISTER INVESTMENTS	14,791,807	4.29%
10	MEGA MARKET (PVT) LTD	3,230,451	1.36%		TETRAD INVESTMENT	14,732,038	4.28%
11	OLD MUTUAL LIFE ASS CO ZIM LTD	2,828,527	1.19%		YUMIKO INVESTMENTS	13,089,629	3.80%
12	PUBLIC SERVICE COMMISS PF-INVE	2,006,200	0.84%		BARLOWORLD EQUIPMENT	7,340,933	2.13%
13	MINING INDUSTRY PENSION FUND	1,720,016	0.72%		FLAME LILY	4,054,625	1.18%
14	GURAMATUNHU FAMILY TRUST	1,699,102	0.71%		TRACTIVE POWER HOLDINGS	3,683,201	1.07%
15	BERNARD NORMAN CHITEPO	1,587,620	0.67%		MEGA MARKET (PVT) LTD	3,230,451	0.94%
16	PUBLIC SERVICE COMMISS PF-ABC	1,505,300	0.63%	2,886,206	HOLDSWORTH HOLDINGS	2,886,206	0.84%
17	ECONET LFE PVT LTD-INVESCI	1,501,970	0.63%		OLD MUTUAL LIFE ASS	2,828,527	0.82%
18	PUBLIC SERVICE PFUND-SMARTVEST	1,423,431	0.60%		PUBLIC SERVICE COMMISS PF-INVE	2,006,200	0.58%
19	ZIMFLOW PENSION FUND - INVESCI	1,248,594	0.52%		MINING INDUSTRY PENSION FUND	1,720,016	0.50%
20	TFS NOMINEES (PVT) LTD	899,127	0.38%		GURAMATUNHU FAMILY TRUST	1,699,102	0.49%
	Total	222,637,770	93.40%		Total	320,671,434	93.06%
	Remaining	15,743,010	6.60%		Remaining	23,909,052	6.94%
	Total	238,380,780	100.00%		Total	344,580,486	100.00%

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

Share Price History

Date	Closing Price	Date	Closing Price
03.08.20	3.05	24.08.20	3.30
04.08.20	3.50	25.08.20	3.30
05.08.20	3.34	26.08.20	3.30
06.08.20	3.34	27.08.20	3.30
07.08.20	3.43	28.08.20	3.70
12.08.20	3.43	31.08.20	3.70
13.08.20	3.90	01.09.20	3.70
14.08.20	3.80	02.09.20	3.70
17.08.20	3.43	03.09.20	3.70
18.08.20	3.30	04.09.20	3.70
19.08.20	3.05	07.09.20	3.70
20.08.20	3.43	08.09.20	3.70
21.08.20	3.30	09.09.20	3.70
22.08.20	3.30	10.09.20	3.80
23.08.20	3.30	11.09.20	3.80

Quarterly Share Price & Volume

Date	Price (ZWL\$)
Q1 2019	0.25
Q2 2019	0.40
Q3 2019	0.60
4Q 2019	0.61
Q1 2020	1.00
Q2 2020	3.05

Monthly Share Price

Date	Price (ZWL\$)
Aug-19	0.60
Sep-19	0.39
Oct-19	0.55
Nov-19	0.61
Dec-19	0.28
Jan-20	1.10
Feb-20	0.96
Mar-20	1.01
Apr-20	1.01
May-20	1.60
Jun-20	3.05
Jul-20	3.05
Aug-20	3.70

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

10. EXPERTS' CONSENTS

The Lead Financial Advisors, Sponsoring Brokers, Legal Advisors, Transfer Secretaries, Independent Financial Advisors, Independent Auditors, and Reporting Accountants have submitted their written consents to act in the capacities stated and to their names being stated in this Circular, which consents have not been withdrawn as at the date of this Circular. The above-mentioned consents are available for inspection by interested parties in terms of Paragraph 14 below.

11. RECOMMENDATIONS

In accordance with the ZSE Listing Requirements, the Board, through its Non-Executive Directors, has appointed Imara Corporate Finance (Private) Limited as Independent Financial Advisors, to advise as to whether the terms of the Proposed Transactions are fair and reasonable to Zimplow Shareholders. Taking into consideration the terms and conditions of the Proposed Transactions, the Independent Financial Advisor is of the opinion that such terms and conditions are fair and reasonable to Zimplow Shareholders. The Independent Financial Advisor's opinion is included in Annexure 1 of this Circular and has not been withdrawn prior to the publication of this Circular.

The Directors, having considered the prospects of the Company and the opinion of the Independent Financial Advisors, have concluded that the Proposed Transaction is fair and reasonable.

12. CONDITIONS PRECEDENT

The implementation of the Proposed Transaction is conditional upon the following:

- The passing by Shareholders of Zimplow of the Resolutions, by the requisite majority, at an EGM to be held on Thursday 15 October 2020 in terms of the Notice of the EGM published in the national press dated Thursday 24 September 2020;
- The RBZ approval of payment of the Acquisition Consideration in the form of Zimplow ordinary shares to Non-Resident Shareholders;
- Zimplow conducting a satisfactory legal and financial due diligence on the Target Companies;
- Zimplow conducting a satisfactory legal due diligence on the Target Property;
- Approval of the Transaction by the Scanlink Shareholder in a general meeting;
- Approval of the Transaction by the Tredcor Zimbabwe Shareholders in a general meeting;
- Approval of the Transaction by the Birmingham Investments Shareholder in a general meeting;
- The Acquisition Agreement between Zimplow and the Shareholder of Scanlink for the acquisition of the entire issued share capital of Scanlink being executed and becoming unconditional according to the terms thereto;
- The Acquisition Agreement between Zimplow and the Shareholders of Tredcor Zimbabwe for the acquisition of the entire issued share capital of Tredcor Zimbabwe being executed and becoming unconditional according to the terms thereto;
- The Acquisition Agreement between Zimplow and the Shareholder of Birmingham Investments for the acquisition of the entire issued share capital of Birmingham Investments being executed and becoming unconditional according to the terms thereto;
- The Agreement of sale of the target property between Essential Proposition Properties and Zimplow being executed and becoming unconditional to its terms and the property being transferred to Zimplow or its nominee;
- The transfer of shares in respect of Dry Fly Trading (Private) Limited from Scanlink to Pioneer Development Company (Private) Limited becoming unconditional according to the terms of the restructuring agreement;
- Receipt of all regulatory approvals required for parties to the proposed transaction to enter into Acquisition Agreements and fulfill their obligations in terms of the agreements, and such consents and regulatory approvals remaining in full force and effect. Such regulatory approvals shall specifically include, but not be limited to, approval of the transaction by the Competition and Tariffs Commission of Zimbabwe, Exchange Control Approval by the Reserve Bank of Zimbabwe in respect of the disposal of shares by and issuing of shares to those shareholders who are not resident in Zimbabwe, approvals or formalities required of Zimplow in terms of the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements), the Target Companies shareholders applying for and obtaining a capital gains tax clearance certificate from ZIMRA for the acquisition of the Target Companies shares and
- The business and activities of the Target Companies being carried out in the ordinary course by the date of completion of the transaction.

13. REGULATORY ISSUES

1. Zimbabwe Stock Exchange - The ZSE approved the distribution of this Circular on Friday 11 September 2020.
2. Reserve Bank of Zimbabwe - In line with Exchange Control Regulations, the authority of the RBZ for the Company to issue shares to Non-Resident Shareholders has been sought.
3. Competition and Tariff Commission - the Company shall notify the Competition and Tariff Commission of the Acquisition as soon as the Shareholders have approved the Transaction.
4. Zimbabwe Revenue Authority.

DETAILS OF THE PROPOSED TRANSACTION (CONTINUED)

14. DOCUMENTS AND CONSENTS AVAILABLE FOR INSPECTION

Between 24 September 2020 and 15 October 2020, copies of the following documents will be available for inspection, during normal working hours, at the Sponsoring Brokers, Financial Advisors and Zimplot Registered Offices at the addresses set out in the "Corporate Information" section at the beginning of this document:

- The Memorandum of Association of the Company;
- The substituted Articles of Association of the Company;
- The written consents detailed in the full Circular;
- The Share Purchase Agreements for the Acquisition of Scanlink, Tredcor Zimbabwe and Birmingham Investments and the Agreement of Sale in respect of Stand 30001 Dagenham Road, Willowvale Township, Harare;
- The valuation reports for Birmingham Investments and Stand 30001 Dagenham Road, Willowvale Township, Harare;
- The Independent Reporting Accountant's Report on the historical information for the three financial years ended 31 December 2019, which is set out in the full Circular;
- The Independent Reporting Accountant's Report on the Proforma Statement of Financial Position;
- The Independent Financial Advisor's Report dated Thursday 18 August 2020;
- The audited financial statements for the three financial years ended 31 December 2019 for Zimplot;
- The audited financial statements for the three financial years ended 31 December 2019 for Scanlink and Tredcor Zimbabwe;
- The Zimbabwe Stock Exchange approval letter for the distribution of the Circular.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names appear below, collectively and individually, accept full responsibility for the accuracy of the information provided in this Circular, and certify that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading. They have made all reasonable enquiries to ascertain such facts, and that this Circular contains all information required by law.

The Directors confirm that this Circular includes all such information within their knowledge (or which it would be reasonable for them to obtain by making enquires) that investors and their professional advisors would reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer, and of the rights attaching to the securities to which the listing particulars relate.

Signed on [date]

Director's Name	Position	Signature
Thomas Chataika	Non-Executive Chairman	[Signed on original]
Vimbayi Nyakudya	Chief Executive Officer	[Signed on original]
Timothy Michael Johnson	Non-Executive Director	[Signed on original]
Lance Kennedy	Non-Executive Director	[Signed on original]
Godfrey Manhambara	Non-Executive Director	[Signed on original]
Mark Yong	Non-Executive Director	[Signed on original]
Kalpesh Patel	Non-Executive Director	[Signed on original]
Grant Pio	Non-Executive Director	[Signed on original]

ANNEXURE 1 – HISTORICAL FINANCIAL INFORMATION

FINANCIAL REVIEW

The Group had a strong financial year results with turnover up from ZWL\$272.9m in 2018 to ZWL\$504.1m in 2019. Volume performance was mixed across the Group with Powermec and Mealie Brand increasing their volumes while Farmec, Barzem and CT Bolts suffered some volume reduction. Through a good sales mix of exports and local products the company was able to surpass prior year profitability in real terms. Profit after tax was ZWL\$100.6m up from ZWL\$35.4m in the prior year.

OPERATIONAL REVIEW

Farmec

Farmec revenues were up by ZWL\$99.1m to ZWL\$172.1m. The business sold 104 tractors which was 37% down from 2018. Parts and implements sold were down 22% on prior year comparisons. Farmec contributed 44% of Group profitability after tax – an amount of ZWL\$44.6m.

Mealie Brand

Mealie Brand had a strong year with revenues up from ZWL\$70m to ZWL\$112.8m. The division benefitted from strong export sales which were up 62% on prior year. Export sales enabled the division to achieve exchange gains and provide forex for other group companies. The business achieved a profit after tax figure of ZWL\$55.9m up from ZWL\$17.1m.

Powermec

Driven by the ongoing electricity shortages gensets sold increased from 29 to 102. Service hours sold increased by 28% to 3,840. Revenues grew from ZWL\$22.9m in the prior year to ZWL\$51.6m. In terms of profitability, the unit improved from ZWL\$1.4m in 2018 to a profit after tax of ZWL\$4.1m. The demand pipeline remains strong and ongoing efforts are being made to ensure that the Company continues to carry sufficient stocks on hand.

CT Bolts

Revenues were up from ZWL\$10.2m to ZWL\$16.2m. Overall volumes were down 26% to 299 tonnes however there was a trade-off in the sales volume mix with high tensile steel bolts up 151% and mild steel down 51%. The business remains profitable and achieved a profit after tax of ZWL\$493k down from ZWL\$1.9m in the prior year.

Barzem

Barzem's turnover went up from ZWL\$71.2m to ZWL\$150.6m. Profit after tax came in at ZWL\$36.3m from ZWL\$4.1m in the prior year. Going forward Barzem represents the biggest growth opportunity for the Group in the foreseeable future.

ANNEXURE 1 – HISTORICAL FINANCIAL INFORMATION (CONTINUED)



EY

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working world**

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SIGNIFICANT FINANCIAL MATTERS

Report on the Audit of the inflation adjusted Consolidated Financial Statements

Adverse Opinion

We have audited the inflation adjusted consolidated financial statements of Zimplow Limited and its subsidiaries (the Group), as set out in Annexure 1, which comprise the inflation adjusted consolidated and Company statement of financial position as at 31 December 2019, and the inflation adjusted consolidated and Company statement of Profit or Loss and Other Comprehensive Income, inflation adjusted consolidated and Company statement of changes in equity and inflation adjusted consolidated and Company statement of cash flows for the year then ended, and notes to the inflation adjusted consolidated and Company financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted Consolidated and Company financial statements do not present fairly the financial position of the Group and the Company as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Non-compliance with International Financial Reporting Standard IAS 21 “The Effects of Changes in Foreign Exchange Rates” In Prior Period and Inappropriate Application of International Financial Reporting Standard IAS 8 – “Accounting Policies, Changes in Accounting Estimates and Errors.”

As explained in note 2.1 to the inflation adjusted consolidated financial statements, the Group applied the United States Dollar(US\$) as its functional currency for the period 1 January 2019 to 22 February 2019 and the Zimbabwe Dollars (ZWL) for the period 23 February 2019 to 31 December 2019. In order to comply with Statutory Instrument 33 of 2019, issued on 22 February 2019, the Group changed its functional currency with effect from this date. We however believe that the change in currency occurred prior to that date. The inflation adjusted consolidated financial statements are presented in ZWL.

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate out FCA Real Time Gross Settlement (RTGS) Accounts from the FCA Nostro US\$ Accounts during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and the US\$ amounts. In February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar (RTGS\$) and the interbank foreign exchange market. Furthermore, Statutory Instrument 142 of 2019 specified that for all domestic transactions, the Zimbabwe Dollar (which comprises RTGS\$, Bond notes and Bond Coins) was the sole legal tender effective 24 June 2019.

These events triggered the need for the Group and the Company to assess whether there was a change in functional currency (from US\$ to RTGS/ZWL) and to determine an appropriate spot rate as required by IAS 21.

We believe that events in the market and subsequent promulgation of the ZWL as a formal currency supports that there was a change in functional currency from US\$ to ZWL and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 ZWL: US\$ exchange rate and this occurred effective 1 October 2018. Accordingly, the consolidated and separate financial statements of the Group and the Company included balances and transactions denominated in US\$ that were not converted to ZWL at a ZWL: US\$ exchange rate that reflects the economic substance of its value as required by International Financial Reporting Standards (IFRS). The directors have provided more information on their approach in Note 2.2 to the inflation adjusted consolidated and separate financial statements.

ANNEXURE 1 – HISTORICAL FINANCIAL INFORMATION (CONTINUED)

In respect of the above matter we issued an adverse opinion in the prior year as the effects of the departure from IFRS were pervasive to the financial statements but could not be quantified owing to the nature of the matter. Management's approach in the current year, for reasons explained on Note 2.1, was to prospectively apply the change in functional currency from USD to ZWL from 23 February 2019 which is incorrect. The correct approach would have been a retrospective restatement as a prior period error in terms of IAS 8

Therefore, management has not restated the opening balances to resolve the matters which resulted in the adverse audit report in the prior period and therefore the matter is continuing.

Furthermore, notwithstanding that IAS 29 - Financial Reporting in Hyperinflationary Economies has been applied from 1 January 2019 to 31 December 2019, it is noted that its application was based on prior and current periods' financial information which was not in compliance with IAS 21 / IAS 8 as described above. Had the correct base numbers been used, most elements of the financial statements would have been materially different.

As a result of these matters:

- All corresponding numbers remain misstated on the inflation adjusted Statements of Financial Position, Cash Flows, Profit or Loss and Changes in Equity. This also impacts comparability of the current period's figures.

As opening balances enter into the determination of cash flows and performance, our current year opinion is modified in respect of the impact of this matter on the inflation adjusted Statement of Cash Flows, Statement of Profit or Loss and Statement of Changes in Equity.

In addition to the impacts on the corresponding numbers, current year performance and cash-flows; the matter continues to impact the balances on the inflation adjusted Statement of Financial Position as many of these still comprise of amounts from opening balances. Whilst this matter might not affect all accounts in the inflation adjusted statement of financial position the specific accounts and the portions affected by this matter have not been identified / quantified here. This is due to the further matters requiring modification (which have been discussed below) and which result in virtually all amounts being incorrectly stated.

Exchange rates used in the current year (Non-compliance with IAS 21)

As outlined in Note 2.1 to the inflation adjusted consolidated financial statements, for the year ended 31 December 2019, the Group translated foreign denominated transactions and balances using interbank rates. The exchange rates used for the translation do not meet the definition of a spot exchange rate as per IAS 21 therefore the rates are not in compliance with IFRS. Had the correct rates been used a number of significant accounts would have been affected in a material manner.

The effects of the above departures from IFRS are material and pervasive to the inflation adjusted consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's Statement, The Chief Executive Officer's Business Report, the Directors' Report and the Statement of Corporate Governance and Responsibility but does not include the inflation adjusted consolidated financial statements and our auditor's report thereon. Our opinion on the inflation adjusted consolidated and Company financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. The Chairman's Statement, The Chief Executive Officer's Business Report, the Directors' Report and the Statement of Corporate Governance and Responsibility are expected to be made available to us after the date of this auditor's report.

ANNEXURE 1 – HISTORICAL FINANCIAL INFORMATION (CONTINUED)

In connection with our audit of the inflation adjusted consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates and we could not obtain sufficient appropriate evidence regarding the valuation of properties. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Directors' Report affected by the failure to comply with the referred standard.

Responsibilities of the Directors for the inflation adjusted Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated and company financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the inflation adjusted consolidated financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the inflation adjusted Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated and company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these inflation adjusted consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the inflation adjusted consolidated and company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the inflation adjusted consolidated and company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated and company financial statements, including the disclosures, and whether the consolidated and company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and Company, to express an opinion on the inflation adjusted consolidated and company financial statements. We are responsible for the direction, supervision and performance of the Group and Company audit.

ANNEXURE 1 – HISTORICAL FINANCIAL INFORMATION (CONTINUED)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted consolidated and company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Adoption of IAS 29, Financial Reporting in Hyper-Inflationary Economies

During the reporting period, the economy continued to face significant inflationary pressures as evidenced by a rising Consumer Price Index (CPI). The high year-on year inflation amongst other indicators outlined in IAS 29 resulted in a broad market consensus within the accounting and auditing profession that the Zimbabwe economy had met the characteristics of a hyperinflationary economy. The PAAB confirmed this market consensus and issued a pronouncement in October 2019 prescribing application of inflation accounting for reporting periods ended on or after 1 July 2019

Report on Other Legal and Regulatory Requirements

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted consolidated and company financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The engagement partner on the audit resulting in this independent auditor's report is Walter Mupanguri (PAAB Practicing Certificate Number 367).

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Harare

Date 15 April 2020

ANNEXURE 1 – HISTORICAL FINANCIAL INFORMATION (CONTINUED)

16. FINANCIAL INFORMATION

Below are extracts of Zimplow's historical inflation adjusted financial information for the three financial years ended 31 December 2019. The financial Information in this paragraph should be read in conjunction with Annexure 2 – Report of the Independent Auditors and Reporting Accountants on the Historical Financial Statements.

16.1. Statement of Comprehensive Income of Zimplow

	31-Dec-19 Inflation Adjusted ZWL\$	31-Dec-18 Inflation Adjusted ZWL\$	31-Dec-19 Historical ZWL\$	31-Dec-18 Historical ZWL\$	31-Dec-17 Historical US\$
Revenue	504,117,333	272,970,837	261,155,519	48,692,657	39,153,869
Cost of sales	(365,501,486)	(171,149,146)	(117,204,445)	(30,529,659)	(25,155,619)
Gross Profit	138,615,847	101,821,691	143,951,074	18,162,998	13,998,250
Other Income	99,401,293	1,760,445	37,447,160	314,029	940,196
Selling and Distribution	(5,661,191)	(3,229,261)	(2,532,469)	(576,037)	(370,443)
Administrative Expenses	(75,967,348)	(45,957,809)	(38,120,236)	(8,197,974)	(6,807,135)
Other Operating Expenses	(7,540,387)	(6,205,316)	(5,719,072)	(1,106,907)	(2,814,014)
Allowance for Credit Losses	(998,236)	(799,723)	(998,236)	(142,655)	(176,461)
Monetary (loss)	(25,528,749)	-	-	-	-
Operating Profit	122,321,229	47,390,027	134,028,221	8,453,454	4,770,393
Finance Costs	(1,196,885)	(2,170,451)	(440,219)	(387,166)	(275,375)
Finance Income	156,739	1,084,732	62,450	193,495	113,030
Profit before income tax	121,281,083	46,304,308	133,650,452	8,259,783	4,608,048
Income tax (charge)	(20,658,453)	(10,845,023)	(24,264,966)	(1,934,540)	(1,139,175)
Profit for the year from continuing operations	100,622,630	35,459,285	109,385,486	6,325,243	3,468,873
Profit from discontinued operations	-	155,572	-	27,751	-
Loss from discontinued operations	-	(1,922,033)	-	(342,853)	-
Profit for the year	100,622,630	33,692,824	109,385,486	6,010,141	3,468,873
Items that may be subsequently reclassified to profit or loss					
Exchange differences arising on the translation of foreign operations	(25,439)	(219,693)	(119,417)	(39,189)	49,860
Items that may not be subsequently reclassified to profit or loss					
Revaluation surplus (net of tax)	103,930,651	19,286,639	158,132,266	3,440,359	-
Total other comprehensive income	204,527,842	52,759,770	267,398,335	9,411,311	3,518,733
Profit for the year attributed to:					
Equity holders of the entity	82,922,980	31,632,940	97,015,639	5,642,698	3,273,806
Non-controlling interests	17,699,650	2,059,884	12,369,847	367,443	195,067
	100,622,630	33,692,824	109,385,486	6,010,141	3,468,873
Total comprehensive income attributable to:					
Owners of the parent	175,542,497	47,214,885	235,230,632	8,422,212	3,299,657
Non-controlling interests	28,985,345	5,544,885	32,167,703	989,099	219,076
	204,527,842	52,759,770	267,398,335	9,411,311	3,518,733

ANNEXURE 1 – HISTORICAL FINANCIAL INFORMATION (CONTINUED)

16.2. Statement of Financial Position of Zimplow

	31-Dec-19 Inflation Adjusted ZWL\$	31-Dec-18 Inflation Adjusted ZWL\$	31-Dec-19 Historical ZWL\$	31-Dec-18 Historical ZWL\$	31-Dec-17 Historical US\$
Assets					
Non-current Assets					
Property, plant and equipment	231,017,990	94,135,446	221,331,311	16,791,922	12,023,430
Intangible assets	563,543	727,815	100,525	129,828	191,796
Investment Property	3,845,000	1,410,375	3,845,000	251,583	207,039
Investment in government treasury bills	-	-	-	-	45,260
Deferred tax assets	-	-	-	-	126,565
Long term receivables	10,588,619	5,110,140	10,588,619	911,549	735,662
Goodwill	5,185,002	5,185,002	924,903	924,903	951,594
Total non-current assets	251,200,154	106,568,778	236,790,358	19,009,785	14,281,346
Current Assets					
Inventories	156,607,003	82,843,104	67,104,670	14,777,589	8,967,683
Trade and other receivables	22,834,601	21,455,291	22,834,601	3,827,204	5,320,997
Prepayments	60,446,946	24,446,023	56,202,979	4,360,692	5,727,705
Investment in financial assets	124,394	1,048,028	124,394	186,948	167,245
Current tax receivable	-	-	-	-	155,608
Assets held for sale	-	-	-	-	150,000
Cash and bank balances	21,672,695	31,514,134	21,672,695	5,621,505	5,918,040
Total current assets	261,685,639	161,306,580	167,939,339	28,773,938	26,407,278
Total Assets	512,885,793	267,875,358	404,729,697	47,783,723	40,688,624
Equity and Liabilities					
Equity					
Issued share capital	534,543	534,543	95,352	95,352	94,186
Share premium	110,668,969	110,588,047	19,741,179	19,726,744	19,471,129
Revaluation reserve	92,644,955	-	143,049,093	4,714,682	1,932,439
Capital reserve	(1,090,092)	(112,709)	(194,451)	(20,105)	-
Change in ownership reserve	(5,069,009)	(5,069,009)	(904,212)	(904,212)	(904,212)
Share based payment reserve	-	80,922	-	14,434	50,434
Foreign currency translation reserve	169,156	194,595	(84,705)	34,712	(249,900)
Accumulated profit	134,186,863	66,585,226	92,831,940	7,162,820	2,320,506
Attributable to holders of the parent	332,045,385	172,801,615	254,534,196	30,824,427	22,714,582
Non-controlling interests	60,134,979	31,149,638	37,724,189	5,556,486	4,784,557
Total Equity	392,180,364	203,951,253	292,258,385	36,380,913	27,499,139
Non-current liabilities					
Long term borrowings	-	7,234,157	-	1,290,432	25,775
Intercompany payables	-	-	-	-	-
Deferred tax liabilities	46,441,385	15,280,768	40,547,249	2,725,789	1,460,722
Total non-current liabilities	46,441,385	22,514,925	40,547,249	4,016,221	1,486,497
Current Liabilities					
Trade and other payables	23,821,891	9,903,728	25,705,823	1,766,632	3,381,547
Provisions	1,565,081	3,921,971	1,565,081	699,603	628,074
Short term portion of long-term borrowings	1,641,633	15,398,684	1,641,633	2,746,824	5,169,590
Customer deposits	26,884,946	11,040,791	22,662,126	1,969,461	-
Bank overdraft	-	-	-	-	644,155
Current Tax Liabilities	20,350,493	1,144,006	20,349,400	204,069	385,912
Total current liabilities	74,264,044	41,409,180	71,924,063	7,386,589	11,702,988
Total Equity and Liabilities	512,885,793	267,875,358	404,729,697	47,783,723	40,688,624

ANNEXURE 2 – INDEPENDENT ACCOUNTANTS REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF ZIMFLOW



Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
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Bulawayo

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22 September 2020

WM/NJM/RD

The Directors
Zimflow Holdings Limited
39 Steelworks Road
Heavy Industrial Sites
P.O Box 1059
Bulawayo

Dear Sirs,

REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF ZIMFLOW HOLDINGS LIMITED ("ZIMFLOW" OR "THE COMPANY")

(A public company incorporated in the Republic of Zimbabwe under company registration number 53/1949)

1. Introduction

The directors of Zimflow are proposing:

An offer to acquire 100% share capital of Scanlink (Private) Limited ("Scanlink"), Tredcor Zimbabwe (Private) Limited ("Tredcor"), Birmingham Investments (Private) Limited ("Birmingham") and Stand 30001 Dagenham Road, Willowvale Township, Harare, currently owned by Essential Proposition Properties (Private) Limited ("EPP"). Upon the acquisition, EPP and the shareholder(s) of Tredcor Zimbabwe, Scanlink and Birmingham Investments will receive 106,199,706 Zimflow ordinary shares as consideration.

The directors are responsible for the preparation of the Circular to which this report relates, and the information contained therein. This report is prepared in terms of the Listing Requirements of the Zimbabwe Stock Exchange for the purpose of inclusion in the Circular to Shareholders dated 24 September 2020.

2. Scope of audited annual financial statements

We audited the historical financial information for the years ended 31 December 2015 to 31 December 2018 and the inflation adjusted financial information for the years ended 31 December 2018 and 31 December 2019 for Zimflow.

We conducted our audits and in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform that audit to obtain reasonable assurance whether the historical financial information relating to the financial years ended 31 December 2015 to 31 December 2019 are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

ANNEXURE 2 – INDEPENDENT ACCOUNTANTS REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF ZIMFLOW (CONTINUED)

3. Prior year audited financial statements

We are the auditors of Zimflow and have reported on its annual financial statements for the years ended: 31 December 2015, 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019. Our audit reports for the financial periods ended 31 December 2015 to 31 December 2017 were issued without qualification. Our audit reports for the financial periods ended 31 December 2018 and 31 December 2019 were issued with adverse audit opinions.

We draw attention to certain pertinent issues that resulted in Zimflow receiving adverse audit opinions to the financial statements for the years ended 31 December 2018 and 31 December 2019. The adverse opinion for the year ended 31 December 2018 related to non-compliance with International Financial Reporting Standards: International Accounting Standard (IAS) 21- The Effects of Changes in Foreign Exchange Rates. The non-compliance related to disagreements with management on the functional currency and the exchange rates applied. The 2019 adverse audit opinion was on the basis of the non-compliance with International Financial Reporting Standards: International Accounting Standard (IAS) 21- The Effects of Changes in Foreign Exchange Rates, and inappropriate application of IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors i.e. the continuing effects of the prior year matters, current year exchange rates and application of IAS 29- Financial Reporting in Hyperinflationary Economies to incorrect base amounts. A detailed outline of the basis for adverse opinions is given in the Annual Reports which are included as part of the documents available for inspection in accordance with section 14 of the Circular.

4. Scope

As the purpose of the appended financial information differs from the purpose of the financial statements prepared for members, the appended financial information is not intended to comply with the full presentation and disclosure requirements of the Companies Act (Chapter 24:31) and International Financial Reporting Standards. Our reporting shall not in any way constitute recommendations regarding the completion of the Transactions or the issue of the Circular to the Shareholders.

5. Exclusion of Notes and Accounting Policies

At the request of the Company, and with the approval of the ZSE, the notes to the financial statements, and the accounting policies have been excluded from the Circular but are available in the Annual Reports as set as out in section 14 of the Circular.

6. Distribution and Assurances

This report is prepared solely for the Directors of Zimflow. Any uses that a third party makes of this report, or any reliance or decisions made based on it, are the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this report.

Yours faithfully,



ERNST & YOUNG
CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS

ANNEXURE 3 – PROFORMA FINANCIAL INFORMATION

	Zimplot Group Note 1	Scanlink Note 2	Tredcor Note 3	Adjustments/ Eliminations Note 4.1	Note 4.2	Note 4.3	Note 4.4	Zimplot Post Acquisition
ASSETS								
Non-current assets								
Property, plant and equipment	231 017 990	2 928 193	5 420 899	-	-	37 040 000	18 450 740	294 857 822
Intangible assets	563 543	41 162	-	-	-	-	-	604 705
Investment in Subsidiary	-	932	-	-	-	-	-	932
Investment property	3 845 000	-	-	-	-	-	-	3 845 000
Long term receivables	10 588 619	-	-	-	-	-	-	10 588 619
Goodwill	5 185 002	-	-	-	-	-	-	5 185 002
Deferred tax asset	-	2 151 422	-	-	-	-	-	2 151 422
Total non-current assets	251 200 154	5 121 709	5 420 899	-	-	37 040 000	18 450 740	317 233 502
Current assets								
Inventories	156 607 003	23 592 090	16 497 623	-	-	-	-	196 696 716
Trade and other receivables	83 281 547	18 397 277	5 758 439	-	-	-	-	107 437 263
Related party receivables	-	88 013	-	-	-	-	-	88 013
Investment in financial assets	124 394	-	-	-	-	-	-	124 394
Cash and cash equivalents	21 672 695	2 794 905	3 620 142	-	-	-	-	28 087 742
Total current assets	261 685 639	44 872 285	25 876 204	-	-	-	-	332 434 128
Total assets	512 885 793	49 993 994	31 297 103	-	-	37 040 000	18 450 740	649 667 630
EQUITY AND LIABILITIES								
Share capital	534 543	621	34 445	9 882	(20 014)	11 236	6 310	577 023
Share premium	110 668 969	-	-	10 309 188	5 231 467	37 028 764	18 444 430	181 682 818
Non-distributable reserves	86 655 010	7 605 854	2 735 098	(7 605 854)	(2 735 098)	-	-	86 655 010
Shareholder loans	-	-	15 171 510	-	(15 171 510)	-	-	-
Accumulated Profit/(loss)	134 186 863	2 713 216	(12 695 155)	(2 713 216)	12 695 155	-	-	134 186 863
Total equity attributable to holders of the parent	332 045 385	10 319 691	5 245 898	-	-	37 040 000	18 450 740	403 101 714
Non-controlling interests	60 134 979	-	-	-	-	-	-	60 134 979
Total Equity	392 180 364	10 319 691	5 245 898	-	-	37 040 000	18 450 740	463 236 693
Non-current liabilities								
Long term borrowings	-	10 255 648	6 239 177	-	-	-	-	16 494 825
Deferred tax liabilities	46 441 385	-	-	-	-	-	-	46 441 385
Total non-current liabilities	46 441 385	10 255 648	6 239 177	-	-	-	-	62 936 210
Current Liabilities								
Trade and other payables	52 271 918	28 267 617	17 391 172	-	-	-	-	97 930 707
Related party payables	-	495 844	-	-	-	-	-	495 844
Short term borrowings	1 641 633	-	2 420 856	-	-	-	-	4 062 489
Current tax liabilities	20 350 493	655 194	-	-	-	-	-	21 005 687
Total current liabilities	74 264 044	29 418 655	19 812 028	-	-	-	-	123 494 727
Total equity and liabilities	512 885 793	49 993 994	31 297 103	-	-	37 040 000	18 450 740	649 667 630

The tables above set out the proforma financial information of Zimplot Holdings Limited based on the audited financial statements for the year ended 31 December 2019. The proforma financial information has been prepared for illustrative purposes only and because of its proforma nature, may not fairly present the Company's financial position nor the effect and impact of the Transaction going forward.

ANNEXURE 3 – PRO FORMA FINANCIAL INFORMATION (CONTINUED)

The purpose of the proforma financial information is to illustrate the impact of the Transaction had it been effective 31 December 2019 and on the assumptions set out below. The proforma financial effects presented above do not purport to be indicative of the financial results of the Transactions if they had been implemented on a different date. In terms of IFRS3: Business Combinations, the assets and liabilities acquired and the consideration paid will need to be recognised at fair value at the acquisition date. The process may result in numbers that are significantly different from the numbers illustrated above which are primarily based on the historical book values as at 31 December 2019.

The proforma financial information has been prepared using accounting policies that comply with International Financial Reporting Standards (“IFRS”) and that are consistent with those applied in the audited consolidated annual financial statements of Zimplow for the year ended 31 December 2019. The Directors are responsible for the compilation, contents and preparation of the proforma financial information. Their responsibility includes determining that the proforma financial information has been properly compiled on the basis stated, which is consistent with the accounting policies of Zimplow and that the proforma adjustments are appropriate for purposes of the proforma financial information disclosed pursuant to the ZSE Listings Requirements.

The proforma group statement of financial position as at 31 December 2019 should be read in conjunction with the independent reporting accountant’s report thereon contained in Annexure 4.

Notes to the Proforma Statement of Financial Position

Note 1 – Extracted from the audited financial statements of Zimplow Holdings Limited for the year ended 31 December 2019.

Note 2 – Extracted from the audited financial statements of Scanlink (Private) Limited for the year ended 31 December 2019.

Note 3 – Extracted from the audited financial statements of Tredcor Zimbabwe (Private) Limited for the year ended 31 December 2019

Note 4 – Acquisition of Scanlink, Tredcor Zimbabwe, Birmingham Investments and Stand 30001 Dagenham Road, Southerton, Harare through the issuance of new Zimplow shares.

- 4.1 Acquisition of Scanlink (Private) Limited through the issue of 26,257,033 Zimplow shares to the shareholder of Scanlink (Private) Limited.
- 4.2 Acquisition of Tredcor Zimbabwe (Private) Limited through the issue of 36,077,577 Zimplow shares to the shareholders of Tredcor Zimbabwe (Private) Limited.
- 4.3 Acquisition of Willowvale property through issue of 28,090,650 Zimplow shares to Essential Proposition Properties (Private) Limited.
- 4.4 Acquisition of Birmingham Investments (Private) Limited through issue of 15,774,446 Zimplow shares to the shareholder of Birmingham Investments (Private) Limited.

ANNEXURE 4 – REPORT OF THE INDEPENDENT AUDITORS AND REPORTING ACCOUNTANTS ON THE PROFORMA FINANCIAL INFORMATION



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22 September 2020

WM/NJM/NM

The Directors
Zimplot Limited
39 Steelworks Road
Heavy Industrial Sites
P.O Box 1059
Bulawayo

Dear Sirs,

REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF ZIMFLOW HOLDINGS LIMITED

(A public company incorporated in the Republic of Zimbabwe under company registration number (53/1949))

1. Introduction

The directors of Zimplot are proposing:

An offer to acquire 100% share capital of Scanlink (Private) Limited ("Scanlink"), Tredcor Zimbabwe (Private) Limited ("Tredcor"), Birmingham Investments (Private) Limited ("Birmingham") and Stand 30001 Dagenham Road, Willowvale Township, Harare, currently owned by Essential Proposition Properties (Private) Limited ("EPP"). Upon the acquisition, EPP and the shareholder(s) of Tredcor Zimbabwe, Scanlink and Birmingham Investments will receive 106,199,706 Zimplot ordinary shares as consideration.

The directors are responsible for the preparation of the Circular to which this report relates, and the information contained therein. This report is prepared in terms of the Listing Requirements of the Zimbabwe Stock Exchange for the purpose of inclusion in the Circular to Shareholders dated 24 September 2020.

2. Responsibility

The directors are solely responsible for the preparation of the unaudited pro forma information to which this independent reporting accountants' report relates. They are also responsible for the preparation of the information from which the unaudited financial information has been prepared. Our responsibility as independent reporting accountants is to form an opinion on the basis used to compile the unaudited pro forma financial information. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed at their dates of issue.

3. Scope

Our work consisted primarily of reviewing the pro forma financial information, considering the evidence supporting the adjustments and discussing the pro forma financial information with directors. We were not involved in the independent examination of the underlying information.

The scope of our work included the following procedures:

- Agreed Zimplot's statement of financial position as at 31 December 2019 to the published audited financial statements
- Reviewed the pro forma journals
- Agreed the arithmetic accuracy of the overall sub-totals and totals contained in the pro forma statement of financial position.

ANNEXURE 4 – REPORT OF THE INDEPENDENT AUDITORS AND REPORTING ACCOUNTANTS ON THE PROFORMA FINANCIAL INFORMATION (CONTINUED)

Major Assumptions

The pro-forma statement of financial positions has been prepared assuming that:

- Zimplow will acquire 100% ownership of the Target Companies and the Target Property.
- As a consequence, Scanlink, Tredcor Zimbabwe and Birmingham Investments will become subsidiaries of Zimplow while the target property, Stand 30001 Dagenham Road, Willowvale Township, Harare will be wholly owned by Zimplow.
- Upon the Acquisition, the Shareholders of the Target Companies and Essential Proposition Properties (Private) Limited ("EPP") will receive a total of 106,199,706 Zimplow ordinary shares. The Offer is based on the relative earnings and valuation ratios of Zimplow, Scanlink, Tredcor Zimbabwe and Birmingham Investments as well as the valuation of the target property, as of the valuation date of 26 June 2020 being the date the initial offer was made to the shareholders of the Target Companies and EPP.

From our enquiries of Zimplow management, we understand that there have been no material subsequent events arising which have, or that could reasonably be expected to have a material impact on the statement of financial position as at 31 December 2019.

4. Unaudited Pro forma Financial Information

The pro forma financial information has been prepared for illustrative purposes only to provide information demonstrating how the transaction would have impacted on the financial position of Zimplow had the Proposed Transaction been undertaken on the 31 December 2019. Because of its nature, the unaudited pro forma financial information may not give a fair reflection of Zimplow's financial position going forward.

In our opinion the adjustments are appropriate for purposes of the pro forma financial information and consistent with Zimplow's accounting policies.

5. Distribution and Assurances

This report is prepared solely for the Directors of Zimplow. Any uses that a third party makes of this report, or any reliance or decisions made based on it, are the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this report.

Because the procedures conducted by us do not constitute either an audit or a review performed in accordance with statements of International Standards on Auditing, we do not express assurance on the fair presentation of the pro forma financial information. Had we conducted additional procedures, or had we performed an audit in accordance with the International Standards on Auditing, other matters might have come to our attention that would have been reported to you.

Yours faithfully,



ERNST & YOUNG
Chartered Accountants (Zimbabwe)
Registered Public Auditor

ANNEXURE 5 – REPORT OF THE INDEPENDENT FINANCIAL ADVISOR



Corporate Finance

The Board of Directors
Zimplow Holdings Limited
36 Birmingham Road, Southerton
Harare
Zimbabwe

18 August 2020

FAIR AND REASONABLE OPINION ON THE PROPOSED ACQUISITION BY ZIMPLow HOLDINGS OF THE ENTIRE ISSUED SHARE CAPITAL OF TREDCOR ZIMBABWE (PRIVATE) LIMITED, SCANLINK (PRIVATE) LIMITED AND BIRMINGHAM INVESTMENTS (PRIVATE) LIMITED AS WELL AS THE ACQUISITION OF AN IMMOVABLE PROPERTY KNOWN AS STAND 30001 DAGENHAM ROAD, WILLOWVALE TOWNSHIP, HARARE

Introduction

Zimplow Holdings Limited ("Zimplow") is seeking to acquire the entire issued share capital of Tredcor Zimbabwe (Private) Limited ("Tredcor Zimbabwe"), Scanlink (Private) Limited ("Scanlink") and Birmingham Investments (Private) Limited ("Birmingham Investments") as well as Stand 30001 Dagenham Road, Willowvale Township, Harare, a property currently owned by Essential Proposition Properties (Private) Limited, together "the Proposed Transaction". The acquisition of Tredcor Zimbabwe, Scanlink, Birmingham Investments and Stand 30001 Dagenham Road, Willowvale Township, Harare will be settled through the issue of 106,199,706 Zimplow shares and will result in a dilution of up to 30.82% of current Zimplow shareholders.

The negotiated value of the acquisition at the effective date is to be settled via an issuance of 106,199,706 Zimplow ordinary shares that will be listed on the Zimbabwe Stock Exchange. The Zimplow shares to be issued as consideration have been determined based on the relative earnings and valuation ratios of Zimplow, Scanlink and Tredcor Zimbabwe as at the valuation date of 26 June 2020, being the date the initial offer was made to the shareholders of Tredcor Zimbabwe, Scanlink and the property holding companies.

The 106,199,706 Zimplow shares shall be allotted to the shareholders of Tredcor Zimbabwe, Scanlink and the property companies as follows:

- Scanlink – 26,257,033 Zimplow shares;
- Tredcor Zimbabwe – 36,077,577 Zimplow shares;
- Birmingham Investments (Private) Limited – 15,774,446 Zimplow shares; and
- Essential Proposition Properties (Private) Limited – 28,090,650 Zimplow shares

The issuance of the 106,199,706 Zimplow shares will result a dilution of approximately 30.82% of current Zimplow shareholders.

ANNEXURE 5 – REPORT OF THE INDEPENDENT FINANCIAL ADVISOR (CONTINUED)

Scope

The board of directors of Zimplow has appointed Imara Corporate Finance Zimbabwe to act as Independent Financial Advisor as required by the Zimbabwe Stock Exchange Listing Requirements and the Companies and Other Business Entities Act [Chapter 24:31] to provide its opinion on whether the terms and conditions of the proposed acquisitions are fair and reasonable to the shareholders of Zimplow.

For the purposes of our opinion our assessment of fairness is primarily based on quantitative issues, whilst the assessment of reasonableness is based primarily on qualitative factors.

A transaction may be said to be fair if the benefits received by the shareholders as a result of the transaction are equal to or greater than the value ceded by the shareholders as determined in accordance with an accepted valuation approach, or unfair if the opposite would hold true. Hence the Proposed Transaction would be considered fair to the shareholders of Zimplow if the value of consideration shares to be issued to the selling shareholders of Tredcor Zimbabwe, Scanlink and Birmingham Investments is within the range implied by the fair values of 100% of the issued share capital of Tredcor Zimbabwe, Scanlink and Birmingham Investments as well as the target property, Stand 30001 Dagenham Road, Willowvale, Harare.

A transaction maybe considered reasonable even though the consideration may be lower than fair value after considering other qualitative factors related to the Proposed Transaction.

Fair and reasonable opinions do not purport to cater for individual shareholders but rather the larger general body of shareholders. Also an individual shareholder's decision may be influenced by such shareholder's particular circumstances and various options available to them. Accordingly a shareholder should consult an independent advisor if in any doubt as to the merits or otherwise of the Proposed Transaction.

Information considered

In arriving at our opinion we have considered the following information which has been provided by our financial data providers (Capital IQ, ZFN, and Bloomberg), the management of Zimplow, Inter-Horizon Advisory Services (Private) Limited or obtained from publicly available sources:

1. Information on Zimplow (and its subsidiaries), Tredcor Zimbabwe and Scanlink including the history, nature of businesses, products, key customers and competitor activity;
2. Audited financial information for Tredcor Zimbabwe and Scanlink for the financial years ended 31 December 2017 to 2019;
3. Projected financial information for Zimplow for the financial years ending 31 December 2020 to 2024, including supporting assumptions and schedules, as prepared by Zimplow management;
4. Projected financial information for Tredcor Zimbabwe for the financial years ending 31 December 2020 to 2024, including supporting assumptions and schedules, as provided to by Tredcor Zimbabwe through IH Advisory Services (Private) Limited and Zimplow management;
5. Projected financial information for Scanlink for the financial years ending 31 December 2020 to 2024, including supporting assumptions and schedules, as provided to us by Scanlink through IH Advisory Services (Private) Limited and Zimplow management;
6. The Zimplow proforma statement of financial position regarding the Proposed Transaction;
7. The management presentation on proposed acquisition of Tredcor Zimbabwe, Scanlink, Birmingham Investments and Stand 30001 Dagenham Road, Willowvale Township, Harare dated 9 July 2020;
8. Recent share trading data (volumes and prices) for Zimplow and other publicly available financial information on listed companies the operations similar to those of Zimplow, Tredcor Zimbabwe and Scanlink;
9. The valuation report of Stand 30001 Dagenham Road, Willowvale Township dated 12 February 2020 prepared by Dawn Property Consultants and the valuation report of the property owned by Birmingham Property (Private) Limited, being Stand 4831 Salisbury Township dated 15 July 2020 prepared by CBRE;
10. Publicly available information regarding the pricing of recent transactions in equity interests in companies with operations similar to those of Tredcor Zimbabwe and Scanlink; and
11. Other publicly available information relevant to the industry in which Zimplow operates.

ANNEXURE 5 – REPORT OF THE INDEPENDENT FINANCIAL ADVISOR (CONTINUED)

Where practical, we have corroborated the reasonability of the information provided to us for the purpose of our opinion including publicly available information whether in writing or obtained in discussion with the management of Zimplow.

Imara has also considered and reviewed the Circular to Zimplow shareholders dated 24 September 2020 of which this report forms a part of.

Our approach to considering the Proposed Transaction and procedures performed

Valuation and assessment of quantitative and other factors

In considering the terms and conditions of the Proposed Transaction we performed valuations of 100% of the issued share capital of Tredcor Zimbabwe and Scanlink and reviewed the property valuation reports for the property owned by Birmingham Investments as well as the property known as Stand 30001 Dagenham Road, Willowvale Township, Harare. Imara also performed a valuation of Zimplow using appropriate methods with a view to determining a range of fair values for the three companies and there after an appropriate range of swap ratios for the Proposed Transaction.

For the purposes of our valuation work we used the income approach as our primary approach. In addition, we considered the market approach (based on publicly available financial data for comparable publicly traded companies and for recent transactions in comparable companies) and the asset approach as alternative valuation approaches to support the results of our income approach.

In performing our valuations we considered the sensitivity of the valuation results to changes in assumptions around key business performance and value drivers. We reviewed the share trading history of Zimplow and calculated the volume weighted share price of Zimplow shares over a period of 30 days to 360 days. Finally we compared the number of the Zimplow consideration shares to be issued to the monetary value of Stand 30001 Dagenham Road, Willowvale, Township, Harare as well as the number of shares implied by our range of fair values of Tredcor Zimbabwe, Scanlink and Birmingham Investments and we considered the terms and conditions of the share sale agreement between Zimplow and the shareholders of Scanlink, Tredcor Zimbabwe and Birmingham Investments as well as the Agreement of Sale between Zimplow and Essential Proposition Properties (Private) Limited.

Assessment of qualitative and other factors

Our assessment of reasonableness included considering the Proposed Transaction consideration in relation to the prevailing trading prices of Zimplow prior to the announcement of the Proposed Transaction and the prevailing trading prices at key times within the evolution of the Proposed Transaction.

We note that, in terms of the Circular, the Zimplow Board believes that the Proposed Transaction will present a number of benefits to Zimplow with the main benefit being the opportunity to diversify the company's revenue, products and services into sectors that the company views to be complementary to current operations and strategic in the long term.

In considering the terms and conditions of the Proposed Transaction we have performed the following procedures:

- considered the background information on Tredcor Zimbabwe and Scanlink;
- considered the value of the two immovable properties owned by Birmingham Investments (Private) Limited and Essential Proposition Properties (Private) Limited respectively;
- considered the rationale for the Proposed Transaction;
- considered information made available by management of Zimplow, Tredcor Zimbabwe and Scanlink that included an overview of the mining and agricultural equipment markets, tyre distribution and the automotive distribution, capital equipment and after sales services market including the overall market positioning of the three companies, their individual business models and synergies that may arise from the Proposed Transaction;
- considered any reasonably probable beneficial and significant effects of the Proposed Transaction on the business and prospects of Zimplow; and
- considered other qualitative aspects of the Proposed Transaction.

ANNEXURE 5 – REPORT OF THE INDEPENDENT FINANCIAL ADVISOR (CONTINUED)

Opinion

Based upon and subject to the foregoing, we are of the opinion that the terms and conditions of the acquisitions of Tredcor, Scanlink, Birmingham Investments and Stand 30001 Dagenham Road, Willowvale Township, Harare are fair and reasonable to the shareholders of Zimplow. Our opinion is based upon the market, regulatory and trading conditions as they currently exist and can only be evaluated as at the date of this letter. It should be understood that subsequent developments may affect our opinion, which we are under no obligation to update, revise or re-affirm.

Limiting conditions

The financial forecasts used in the income approach relate to uncertain future events and are based on assumptions, which may not remain valid for the whole of the forecast period. Consequently, forecast financial information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual results of Tredcor Zimbabwe and Scanlink will correspond to the financial projections provided to us.

Our procedures and inquiries did not constitute an audit in terms of International Standards on Auditing. Accordingly, we cannot express an audit opinion on the financial data or other information used in arriving at our opinion.

Further, this opinion does not contain all the information required for an investment decision and the content may not be relied upon as such by any third party. This opinion shall not, in whole or in part, be disclosed, reproduced, disseminated, quoted, summarised or referred to at any time, in any manner or for any purpose, save for inclusion in this Circular, without the prior written consent of Imara Corporate Finance Zimbabwe.

Independence

We confirm that we have no financial interest in Zimplow and in the outcome of the Proposed Transaction. Furthermore, we confirm that our professional fees are fixed and are not contingent upon the successful conclusion of the Proposed Transaction.

Consent

We hereby consent to this letter being included in the Circular to Zimplow shareholders to be issued on or about 24 September 2020.

Yours faithfully

Imara Corporate Finance Zimbabwe (Private) Limited

ANNEXURE 6 – NOTICE OF EXTRAORDINARY GENERAL MEETING



(Incorporated in Zimbabwe on 04th April 1949 under Company Registration Number 53/1949)

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of the Shareholders of Zimplow Holdings Limited will be held virtually by electronic means, on Thursday 15 October 2020, at 1000 hours, for the purpose of transacting the following business: -

TO CONSIDER and, if deemed fit, to pass, with or without modification, the following Resolutions:

SPECIAL RESOLUTION 1 – ELECTRONIC VIRTUAL PLATFORMS

“**THAT** the convening of this Extraordinary General Meeting and remote voting by shareholders through an electronic virtual platform as permissible under Section 170(10) of the Companies and Other Business Entities Act Chapter (24:31) be and is hereby approved.”

SPECIAL RESOLUTION 2 – INCREASE OF COMPANY’S SHARE CAPITAL

“**THAT** the directors of the company be and are hereby authorised to increase the authorised share capital of the company from 300,000,000 ordinary shares of nominal value ZWL\$0.0004 each to 400,000,000 ordinary shares of ZWL\$0.0004 each.”

ORDINARY RESOLUTION 1 – ACQUISITION OF SCANLINK (PRIVATE) LIMITED

“**THAT** the directors of the company be and are hereby authorised to acquire the entire issued share capital in Scanlink (Private) Limited.”

ORDINARY RESOLUTION 2 – ACQUISITION OF TREDCOR ZIMBABWE (PRIVATE) LIMITED

“**THAT** the directors of the company be and are hereby authorised to acquire the entire issued share capital in Tredcor Zimbabwe (Private) Limited.”

ORDINARY RESOLUTION 3 – ACQUISITION OF BIRMINGHAM INVESTMENTS (PRIVATE) LIMITED

“**THAT** the directors of the company be and are hereby authorised to acquire the entire issued share capital in Birmingham Investments (Private) Limited.”

ORDINARY RESOLUTION 4 – ACQUISITION OF CERTAIN PIECE OF LAND SITUATE IN THE DISTRICT OF SALISBURY MEASURING 2.0358 HECTARES CALLED STAND 30001 SALISBURY TOWNSHIP OF LOT 5 OF LOT 6 OF WILLOWVALE HELD UNDER DEED OF TRANSFER NUMBER 12217/2001

“**THAT** the directors of the company be and are hereby authorised to acquire an immovable property, being a certain piece of land situate in the District of Salisbury measuring 2.0358 hectares called stand 30001 Salisbury Township of Lot 5 of Lot 6 of Willowvale held under Deed of Transfer Number 12217/2001.”

ANNEXURE 6 – NOTICE OF EXTRAORDINARY GENERAL MEETING (CONTINUED)

ORDINARY RESOLUTION 5 - ALLOTMENT OF UNISSUED SHARES

“THAT the directors of the Company be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot up to 106,199,706 ordinary shares in the unissued share capital of the Company to Essential Proposition Properties (Private) Limited and to the shareholders of Scanlink (Private) Limited, Tredcor Zimbabwe (Private) Limited and Birmingham Investments (Private) Limited as consideration in relation to the Acquisitions, pursuant to Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3, and Ordinary Resolution 4 above.

ORDINARY RESOLUTION 6 - WAIVER OF RIGHTS OF PRE-EMPTION

In order to give effect to ordinary resolutions 1, 2, 3, 4 and 5 above, the Shareholders hereby waive their rights of pre-emption.

ORDINARY RESOLUTION 7 – TO PLACE UNISSUED SHARES UNDER THE CONTROL OF DIRECTORS

THAT, the balance of the authorised but unissued ordinary shares of the Company, be placed under the control of the Directors for a period of twelve months or until the next AGM, to be issued in compliance with the terms of the Memorandum and Articles of the Company and the Zimbabwe Stock Exchange listing requirements, provided that no issue will be made which would effectively transfer the control of the Company without the prior approval of the Shareholders in a general meeting.

ORDINARY RESOLUTION 8 – DIRECTORS AUTHORISED TO GIVE EFFECT TO RESOLUTIONS

“THAT the directors be and are hereby authorised to do any and all such things as may be necessary or desirable to give effect to the above resolutions.”

BY ORDER OF THE BOARD

ANNEXURE 7 – FORM OF PROXY

I / We
 Of.....
 Being member/members of the Zimplow Holdings Limited, hereby appoint:
 Mr. / Mrs. / Ms. / Dr
 Or failing him or her/the Chairman of the EGM.....
 Of.....

As my/our proxy to vote for me/us on my/our behalf at the EGM of the Company to be held on Thursday 15 October 2020 at 1000 hours and at any adjournment thereof, for the purpose of considering and, if deemed fit passing, with or without modification, the resolutions to be proposed thereat in accordance with the following instructions:

Special Resolutions	For	Against	Abstain
SPECIAL RESOLUTION 1 – ELECTRONIC VIRTUAL PLATFORMS “THAT the convening of this Extraordinary General Meeting and remote voting by shareholders through an electronic virtual platform as permissible under Section 170(10) of the Companies and Other Business Entities Act (Chapter 24:31) be and is hereby approved.”			
SPECIAL RESOLUTION 2 – INCREASE OF COMPANY’S SHARE CAPITAL “THAT the authorised share capital of the company be increased from 300,000,000 ordinary shares of nominal value ZWL\$0.0004 each which is the current authorized share capital to 400,000,000 ordinary shares of ZWL\$0.0004 each.”			

Ordinary Resolutions	For	Against	Abstain
ORDINARY RESOLUTION 1 – ACQUISITION OF SCANLINK (PRIVATE) LIMITED “THAT the directors of the company be and are hereby authorised to acquire the entire issued share capital in Scanlink (Private) Limited.”			
ORDINARY RESOLUTION 2 – ACQUISITION OF TREDCOR ZIMBABWE (PRIVATE) LIMITED “THAT the directors of the company be and are hereby authorised to acquire the entire issued share capital in Tredcor Zimbabwe (Private) Limited.”			
ORDINARY RESOLUTION 3 – ACQUISITION OF BIRMINGHAM INVESTMENTS (PRIVATE) LIMITED “THAT the directors of the company be and are hereby authorised to acquire the entire issued share capital in Birmingham Investments (Private) Limited.”			
ORDINARY RESOLUTION 4 – ACQUISITION OF CERTAIN PIECE OF LAND SITUATE IN THE DISTRICT OF SALISBURY MEASURING 2.0358 HECTARES CALLED STAND 30001 SALISBURY TOWNSHIP OF LOT 5 OF LOT 6 OF WILLOWVALE HELD UNDER DEED OF TRANSFER NUMBER 12217/2001 “THAT the directors of the company be and are hereby authorised to acquire an immovable property, being a certain piece of land situate in the District of Salisbury measuring 2.0358 hectares called stand 30001 Salisbury Township of Lot 5 of Lot 6 of Willowvale held under Deed of Transfer Number 12217/2001.”			
ORDINARY RESOLUTION 5 - ALLOTMENT OF UNISSUED SHARES “THAT the directors of the Company be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot up to 106,199,706 ordinary shares in the unissued share capital of the Company to Essential Proposition Properties (Private) Limited and to the shareholders of Scanlink (Private) Limited, Tredcor Zimbabwe (Private) Limited and Birmingham Investments (Private) Limited as consideration in relation to the Acquisitions, pursuant to Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3, and Ordinary Resolution 4 above.			

ANNEXURE 7 – FORM OF PROXY (CONTINUED)

Ordinary Resolutions	For	Against	Abstain
<p>ORDINARY RESOLUTION 6 - WAIVER OF RIGHTS OF PRE-EMPTION In order to give effect to ordinary resolutions 1, 2, 3, 4 and 5 above, the Shareholders hereby waive their rights of pre-emption.</p>			
<p>ORDINARY RESOLUTION 7 – TO PLACE UNISSUED SHARES UNDER THE CONTROL OF DIRECTORS THAT, the balance of the authorised but unissued ordinary shares of the Company, be placed under the control of the Directors for a period of twelve months or until the next AGM, to be issued in compliance with the terms of the Memorandum and Articles of the Company and the Zimbabwe Stock Exchange listing requirements, provided that no issue will be made which would effectively transfer the control of the Company without the prior approval of the Shareholders in a general meeting.</p>			
<p>ORDINARY RESOLUTION 8 – DIRECTORS AUTHORISED TO GIVE EFFECT TO RESOLUTIONS “THAT the directors be and are hereby authorised to do any and all such things as may be necessary or desirable to give effect to the above resolutions.”</p>			

Signed this.....day of..... 2020

Signature(s) of member

NOTE

1. In terms of Section 171 of the Companies Act members are entitled to appoint one or more proxies to act in the alternative and to attend and vote and speak in their place. A proxy need not also be a member of the Company.
2. Regulation 74 of the Company's Articles of Association provides that the instrument appointing a proxy shall be deposited at the office of the Company not less than 48 hours before the time appointed for holding the meeting.
3. Shareholders in the form of a corporate body must provide documentary evidence establishing the authority of a person signing the Form of Proxy in a representative capacity, this authority must take the form of a resolution of the corporate body.

FOR OFFICIAL USE
 NUMBER OF SHARES HELD

ANNEXURE 7 – FORM OF PROXY (CONTINUED)

INSTRUCTIONS FOR SIGNING AND LODGING THIS FORM OF PROXY

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space provided, with or without deleting "the Chairman of the EGM", but any such deletion must be initialed by the Shareholder. The person whose name appears first on the form of proxy will, unless his/her name has been deleted, be entitled to act as proxy to the exclusion of those whose names follow.
2. A Shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space/s provided as well as by means of a cross whether the shareholder wishes to vote, for, against or abstain from the resolutions. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the EGM as he/she deems fit in respect of all the Shareholder's votes exercisable thereat. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or by his/her proxy or cast them in the same way.
3. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialed. Any alteration or correction must be initialed by the signatory/ies.
4. The Chairman shall be entitled to decline to accept the authority of a person signing the proxy form:
 - i. under a power of attorney
 - ii. on behalf of a company
unless that person's power of attorney or authority is deposited at the offices of the Company's transfer secretaries, or the registered office of the Company, not less than 48 hours before the meeting.
5. If two or more proxies attend the meeting then that person attending the meeting whose name appears first on the proxy form and whose name is not deleted, shall be regarded as the validly appointed proxy.
6. When there are joint holders of shares, any one holder may sign the form of proxy. In the case of joint holders, the senior who tenders a vote will be accepted to the exclusion of other joint holders. Seniority will be determined by the order in which names stand in the register of members.
7. The completion and lodging of this form of proxy will not preclude the member who grants this proxy form from attending the EGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.
8. In order to be effective, completed proxy forms must reach the Company's Transfer Secretaries or the registered office of the Company not less than 48 hours before the time appointed for the holding of the EGM.
9. Please ensure that name(s) of the member(s) on the form of proxy and the voting form are the same as those on the share register.

