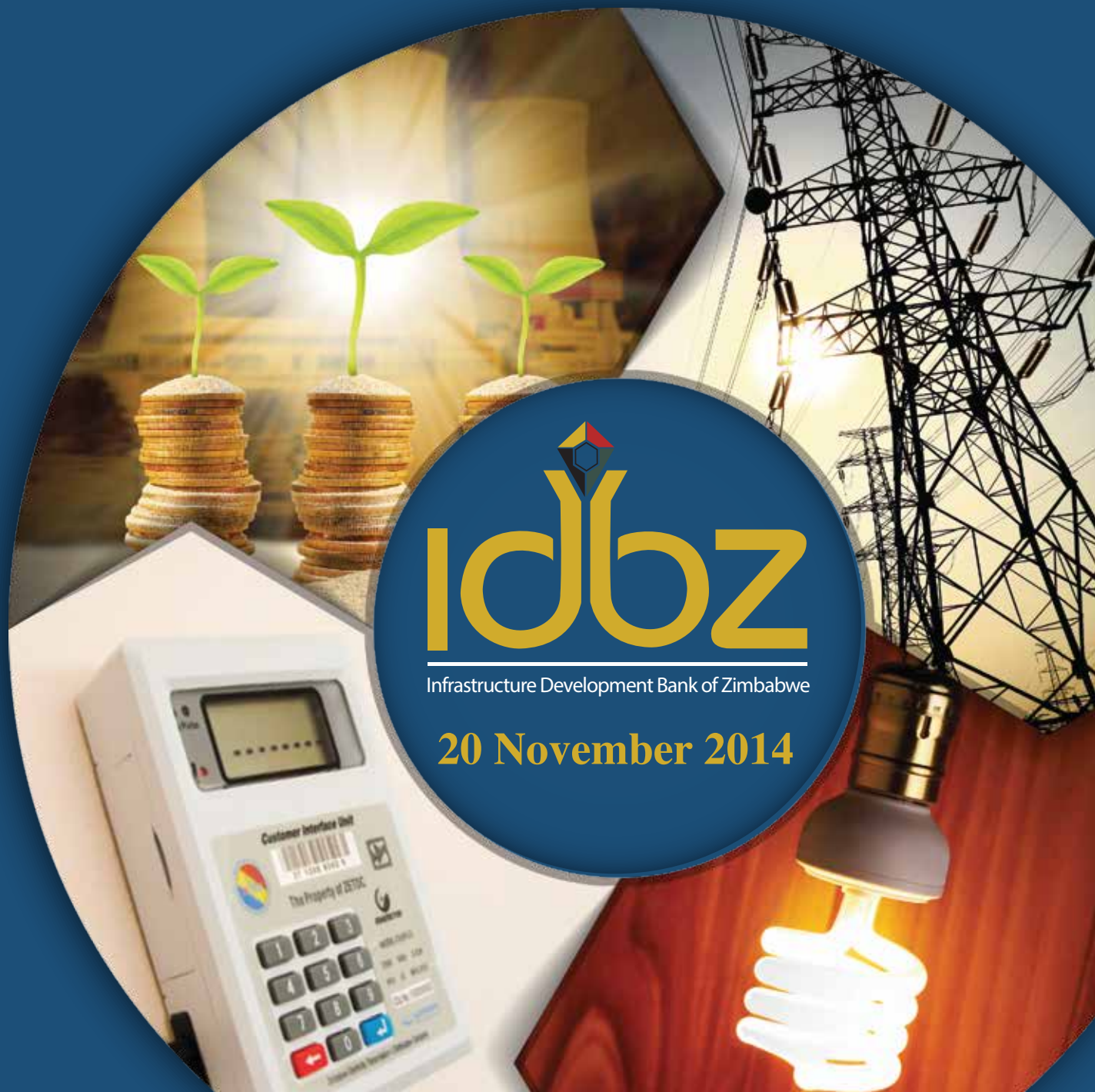


BOND ISSUE SERIES 1 2014B PROSPECTUS

In respect of an Offer of 8% Fixed Rate Infrastructure Development Bonds of up to US\$15 Million for purposes of funding the completion of the Zimbabwe Electricity Transmission and Distribution Company (Private) Limited's Prepaid Metering Project, incorporating a Bond Application Form.




idbz

Infrastructure Development Bank of Zimbabwe

20 November 2014



Infrastructure Development Bank of Zimbabwe

National Growth Builders

*A development finance institution established in terms of section 3 of the
Infrastructure Development Bank of Zimbabwe Act [Chapter 24:14]*

ISSUER

Government of the Republic of Zimbabwe



Guarantor

A handwritten signature in black ink, reading "Seanler & Holderness".

Bond Trustee

ADVISORS TO THE BOND ISSUE

KANTOR & IMMERMANN
LEGAL PRACTITIONERS

Legal Advisors



Independent Assurance Provider

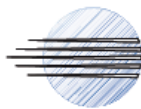
Deloitte.

Auditors and Reporting Accountant



FBC Securities (Private) Limited

Sponsoring Broker



Corpserve

Registrar and Transfer Agent

Offer Timetable



Event	Date
Announcement of the Offer	Thursday, 20 November, 2014
Offer Opens – 0900 Hours	Thursday, 20 November, 2014
Offer Closes – 1600 Hours	Friday, 05 December, 2014
Allotment Date	Monday, 08 December, 2014
Announcement of Results of the Issue	Wednesday, 10 December, 2014
Processing of Refunds and Certificates to Subscribers	Wednesday, 10 December, 2014

These dates may be changed at the instance of the Issuer. Prospective investors will be duly notified of any changes to the Offer Timetable.



Investors' Diary

Event	Date
Allotment Date	Monday, 08 December, 2014
Interest and Principal Record and Payment Dates	
First Interest and Principal Record Date	Monday, 18 May, 2015
First Interest and Principal Payment Date	Monday, 08 June, 2015
Second Interest and Principal Record Date	Tuesday, 17 November, 2015
Second Interest and Principal Payment Date	Tuesday, 08 December, 2015
Third Interest and Principal Record Date	Tuesday, 17 May, 2016
Third Interest and Principal Payment Date	Tuesday, 07 June, 2016
Fourth Interest and Principal Record Date	Wednesday, 16 November, 2016
Fourth Interest and Principal Payment Date	Wednesday, 07 December, 2016
Fifth Interest and Principal Record Date	Wednesday, 17 May, 2017
Fifth Interest and Principal Payment Date	Wednesday, 07 June, 2017
Sixth Interest and Principal Record Date	Thursday, 16 November, 2017
Sixth Interest and Principal Payment Date	Thursday, 07 December, 2017
Seventh Interest and Principal Record Date	Thursday, 17 May, 2018
Seventh Interest and Principal Payment Date	Thursday, 07 June, 2018
Eighth Interest and Principal Record Date	Friday, 16 November, 2018
Eighth Interest and Principal Payment Date	Friday, 07 December, 2018
Ninth Interest and Principal Record Date	Friday, 17 May, 2019
Ninth Interest and Principal Payment Date	Friday, 07 June, 2019
Tenth Interest and Principal Record Date	Monday, 18 November, 2019
Tenth Interest and Principal Payment Date	Monday, 09 December, 2019
Maturity Date	Monday, 09 December, 2019

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Important Notice

This Prospectus is important and should be read as a whole. It contains information and particulars given in compliance with the requirements of the Infrastructure Development Bank of Zimbabwe Act [*Chapter 24:14*], the Public Finance Management Act [*Chapter 22:19*] and the Zimbabwe Stock Exchange Listings Requirements for the purpose of providing information on the Issuer, the Guarantor and the Infrastructure Bonds (“the Bonds”) issued in terms of the Prospectus, which is necessary to enable investors to make an informed assessment of the financial position and prospects of the Issue.

A copy of this Prospectus is lodged with the Registrar and Transfer Agent and the Bond Trustee together with the documents referred herein which are available for inspection.

An investment in Bonds involves risks, including but not limited to those set out under “Key Investment Considerations” section of this Prospectus. Investors are advised to seek independent professional advice in relation to the Issue, the terms of the Bonds and the merits and risks involved. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, you should consult your stockbroker, attorney, accountant or other professional advisor.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the Issuer’s knowledge, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to materially affect the importance of such information. To the best of the knowledge of the Guarantor, having taken all reasonable care to ensure that such is the case, the Guarantor information contained herein is in accordance with the facts as at the date hereof and does not omit anything likely to affect the importance of such information. The Guarantor accepts no responsibility for any other information contained in this Prospectus. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Guarantor as to the accuracy or completeness of any information contained in this Prospectus or any other information supplied in connection with the Bonds or their distribution.

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Bonds and, if given or made, such other information or representation must not be relied upon as having been authorised by the Issuer or the Guarantor. This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy securities by any person in circumstances in which such offer or solicitation is unlawful. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs or financial position of the Issuer or the Guarantor or the project funded from the proceeds of the Bond since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented.

The Independent Assurance Provider, the Reporting Accountants, Legal Advisors, Registrar and Transfer Agent, Sponsoring Brokers and Bond Trustee have relied on information provided by the Issuer herein. Accordingly, to the fullest extent permitted by law, none of the Independent Assurance Provider, the Reporting Accountants, Legal Advisors, Registrar and Transfer Agent and Bond Trustee accept any responsibility for the contents of this Prospectus (and do not provide assurance for the accuracy or completeness of the information contained in this Prospectus) or for any other statement, made or purported to be made by the Independent Assurance Provider, the Reporting Accountants, Legal Advisors, Registrar and Transfer Agent and Bond Trustee or on their behalf in connection with the Issuer or the issue and offering of the Bonds.

Neither this Prospectus nor any other information supplied in connection with the Bonds or their distribution is intended to provide the basis of any credit or other evaluation and should not be considered as recommendations by the Issuer’s advisors that any recipient of this Prospectus, or of any other information supplied in connection with the Bonds or their distribution, should purchase any of the Bonds.

The Bonds may not be offered or sold, directly or indirectly, and neither this Prospectus nor any form of application, advertisement, other offering material or other information relating to the Issuer or the Bonds may be issued, distributed or published in any country or jurisdiction, except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. The Bonds have not been and will not be registered under any other securities legislation whether in Zimbabwe or any other country. For a further description of certain restrictions on offers and sales of the Bonds and the distribution of this document see “Subscription and Sale”.

The distribution of this Prospectus in or into certain countries may constitute a violation of the laws of such countries. Accordingly, this Prospectus does not constitute an offer for the sale or the solicitation of an offer to buy bonds in any jurisdiction in which such offer or solicitation is unlawful.

This Prospectus has not been registered in any jurisdiction under any applicable securities legislation. Accordingly, this Prospectus is, and the persons receiving it confirm that it is, issued and being distributed only to persons who are of a kind to whom this Prospectus may lawfully be issued under any applicable securities legislation and/or any other applicable laws and regulations in the relevant country, territory or jurisdiction.

Further copies of this Prospectus and Application Forms may be obtained, free of charge, during business hours, from 09:00 hours on Thursday 20 November 2014 to 12:00 hours on Friday 5 December 2014, from the following organisations: Infrastructure Development Bank of Zimbabwe, Zimbabwe Electricity Transmission and Distribution Company (Private) Limited, FBC Securities (Private) Limited, and Corpserve Registrars (Private) Limited at the addresses given in this Prospectus, as well as from

Important Notice



the banking halls of selected commercial banks and members of the Zimbabwe Stock Exchange.

Investors and readers of this Prospectus should note that this Prospectus focuses specifically on information pertaining to the US\$15 million top-up funding requirement for completion of the Prepaid Metering Project supported by this Bond. Additional overall project details and information for the entire ZETDC Prepaid Metering Project can be obtained from the maiden bond Prospectus dated 29 October 2012 copies of which are available on request from the Issuer.

All communications or enquiries relating to this Prospectus should be addressed to the representatives of IDBZ shown below:

Tonderai Nhika,

Or
Blessings Chiwandire

Or
Philip Jengwa;

All of
Infrastructure Development Bank of Zimbabwe
IDBZ House
99 Rotten Row
Harare
Zimbabwe

Telephone: +263 4 750171-8 /774224

Fax: +263 4 774 225/749012

Mobile: Tonderai: +263 774 501716
Blessings: +263 772 584570
Philip: +263 773 444998

Email: tnhika@idbz.co.zw
bchiwandire@idbz.co.zw
pjengwa@idbz.co.zw



Forward Looking Statements

Some statements in this Prospectus as well as written and oral statements that the Issuer, the Guarantor or their respective representatives make from time to time in reports, filings, news releases, conferences, teleconferences, web postings or otherwise, may be deemed to be "forward-looking statements".

Forward-looking statements include statements concerning the Issuer's or Guarantor's plans, objectives, goals, strategies and future operations and performance and the assumptions underlying these forward-looking statements. Throughout this Prospectus, the Issuer and Guarantor use words such as "should", "may", "anticipates", "estimates", "expects", "believes", "intends", "plans", "will", "seeks", "projections", "future", "likely" and any similar expressions to identify forward-looking statements.

The Issuer and Guarantor have based these respective forward-looking statements on the current view of their respective officials with respect to future events and financial performance. These views reflect the best judgment of the Issuer's and Guarantor's respective officials but involve uncertainties and are subject to certain risks, the occurrence of which could cause actual results to differ materially from those predicted in the Issuer's and Guarantor's forward-looking statements and from past results, performance or achievements. Although the Issuer and Guarantor believe that the estimates and the projections reflected in its forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise or occur, including those which the Issuer and Guarantor have identified in this Prospectus, or if any of the Issuer's or Guarantor's underlying assumptions prove to be incomplete or incorrect, the Issuer's or Guarantor's actual results of operations may vary from those expected, estimated or projected. These forward-looking statements speak only as at the date of this Prospectus. Neither the Issuer nor the Guarantor are obliged to, and neither the Issuer nor the Guarantor intends to, update or revise any forward-looking statements made in this Prospectus whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributable to the Issuer or the Guarantor, or persons acting on either the Issuer's or the Guarantor's behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Prospectus. As a result of these risks, uncertainties and assumptions, a prospective investor in the Bonds should not place undue reliance on these forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. Prospective

investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements. These factors include but are not limited to the following:

- the Issuer's ability to refinance its indebtedness on reasonable terms or at all, if necessary regard being given to prevailing market conditions;
- the Issuer's ability to timely recover subsequent loans extended to beneficiary projects from the proceeds of this Bond;
- the Issuer's ability to maintain its liquidity levels above the minimum holding of liquid assets in compliance with section 20(4) of the Infrastructure Development Bank of Zimbabwe Act [*Chapter 24:14*];
- changes in the Issuer's establishing Act;
- changes in the Issuer's shareholding;
- the technological changes which may adversely impact on revenue collection for projects to be funded;
- fluctuations in inflation, interest rates and other economic conditions in Zimbabwe;
- the effects of, and changes in, the fiscal and monetary policy of the Zimbabwean government as announced from time to time by the Ministry of Finance & Economic Development and regulations promulgated by the Reserve Bank of Zimbabwe ("RBZ");
- the effects of changes in laws, regulations, taxation or accounting standards or practices in Zimbabwe;
- global, regional and domestic socio-political and economic developments;
- such other factors as discussed in the "Key Investment Considerations" section of this Prospectus, and
- the Issuer's ability to manage the risks associated with the aforementioned factors.

When relying on forward-looking statements, prospective investors should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Issuer and the Guarantor operate. Such forward-looking statements speak only as of the date on which they are made. Accordingly, the Issuer and the Guarantor do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. The Issuer and the Guarantor do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario and/or outcome.



Bank Secretary and Registered Address

Kenias Kanguru
Infrastructure Development Bank of Zimbabwe
IDBZ House
99 Rotten Row
Harare
Zimbabwe
Tel: +263 4 750 171-8
Fax: +263 4 774 225/749012

Regional Offices

Bulawayo
5th Floor, First Mutual House
9th Avenue/Main Street
Bulawayo
Tel: +263 9 70035
Fax: +263 9 67389

Legal Advisors

Kantor & Immerman Legal Practitioners
MacDonald House
10 Selous Avenue
P.O. Box 19
Harare
Tel: +263 4 793626 – 9
Fax: +263 4 704438

Guarantor

The Government of the Republic of Zimbabwe
C/o The Ministry of Finance & Economic Development
New Government Complex
Fourth Street/ Samora Machel Avenue
P.O. Box 7705
Harare
Tel: +263 4 797759
Fax: +263 4 792750/ 250614

Sponsoring Broker

FBC Securities (Private) Limited
2nd Floor Bank Chambers
76 Samora Machel Avenue
P.O. Box 1227
Tel: +263 4 797775
Fax: +263 4 704492

Independent Assurance Provider

PricewaterhouseCoopers Advisory Services (Private) Ltd
Building No.4, Arundel Office Park
Norfolk Road
Mount Pleasant
P. O. Box 453
Harare
Tel: +263 4 338362
Fax: +263 4 338395

Auditors and Reporting Accountants

Deloitte & Touche Chartered Accountants Zimbabwe
Deloitte & Touche
Borrowdale Office Park
Borrowdale Road
Harare
Tel: +263 (0) 8677000261 or (0) 8644041005
Fax: +263 4 852130

Registrar and Transfer Agent

Corpserve Registrars (Private) Limited
2nd Floor, ZB Centre
Corner First Street and Kwame Nkrumah Avenue
P.O. Box 2208
Harare
Tel: +263 4 751 559/61 or 758 193
Fax: +263 4 752629

Bond Trustee

Scanlen & Holderness
13th Floor, CABS Centre
74 Jason Moyo Avenue
P.O. Box 188
Harare
Tel: +263 4 799636 – 42
Fax: +263 4 702569/ 700826

Bankers

FBC Bank Limited
Bank Chambers
76 Samora Machel Avenues
P.O. Box 1227
Harare
Tel: +263 4 700928/797764-8
Fax: +263 4 783440



Definitions

The following definitions apply throughout this Prospectus, unless otherwise stated or the context requires otherwise. In this Prospectus, unless otherwise indicated, the words or phrases in the left hand column bear the meaning stipulated in the second column. Words in the singular shall include the plural and vice versa, words importing natural persons shall include juristic persons (whether corporate or incorporate and *vice versa*) and words in the masculine shall import both the feminine and neuter.

Term / Subject/Usage	Definition
“Applicant”	A person who applies for issuance of Bonds pursuant to the terms of this Prospectus and Application Form.
“Application Form”	The form in terms of which the Applicant shall make an offer to subscribe to the Bonds and which will be considered as the application for issue of Bonds in terms of this Prospectus.
“Auditors”	the auditors for the time being of the Issuer.
“Arranger”	Infrastructure Development Bank of Zimbabwe.
“Bonds”	The 8% Fixed Rate Infrastructure Bonds of up to US\$15,000,000.00 in registered form, issued by the Issuer pursuant and subject to the Trust Deed and the Terms and Conditions and for the time being outstanding or, as the case may be, a specific number thereof.
“Bond Certificate”	A definitive certificate substantially in the form set out in this Prospectus representing a Bondholder’s holding of Bonds.
“Bondholder”	any person who is for the time being holder of the Bonds (being a person whose name is entered in the register of holders of the Bonds as the holder thereof) and the words "holder" and "holders" and related expressions shall (where appropriate) be construed accordingly.
“Bondholder’s registered account”	The bank account maintained by or on behalf of the Bondholder with a bank, details of which appear on the register of Bondholders at the close of business.
“Business Day”	a day (other than a Saturday or Sunday or public holiday) which is a day on which commercial banks and foreign exchange markets settle payments in or from Harare, or such other place in Zimbabwe where commercial banks and foreign exchange markets settle payments.
“Certificate”	a Bond Certificate
“CSD”	the Central Securities Depository system that facilitates the holding of securities in electronic accounts for processing of transactions on the ZSE as more fully defined in the Securities Act [Chapter 24:25]
“EFT”/ “RTGS”	Electronic Funds Transfer / Real Time Gross Settlement, an electronic funds transfer from one banking institution or bank account to another through a computerized system recognized under Zimbabwe’s National Payment System.
“Exchange Control Regulations”	The exchange control regulations currently in force in Zimbabwe.
“Event of Default”	Any of the events of default as described in Clause 2.20 of the Terms and Conditions of the Bonds and the Trust Deed.
“Financial Year”	Means the accounting year of the Issuer commencing each year on 1st January and ending on the following 31st December, or such other period as the Issuer may from time to time designate as its accounting year.
“Guarantor”	The Government of the Republic of Zimbabwe
“Independent Assurance Provider”	PricewaterhouseCoopers Advisory Services (Private) Limited
“Interest Commencement Date”	The date on which the interest on the Bonds begins to accrue, being the Allotment Date.



“Interest Payment Date”	Any date Interest becomes payable to a Bondholder as set out in the Investors’ Diary
“Interest Period”	The period of six (6) months from the Interest Commencement Date and every subsequent (6) month interval period to the next interest payment date as defined in the Investors’ Diary.
“Issue” or “Offer”	the issue of the Bonds described in this Prospectus
“Issue Date”	The date on which the issue opens in accordance with the Investors’ Diary
“Issue Price”	The price of the issue of the Bonds
“Issuer” or “IDBZ” or “the Bank”	Infrastructure Development Bank of Zimbabwe
“Legal Advisors”	Kantor & Immerman Legal Practitioners
“MW”	Megawatt
“Outstanding Bonds”	<p>in relation to the Bonds means all the Bonds issued other than:</p> <ol style="list-style-type: none"> those Bonds which have been redeemed pursuant to the Trust Deed and the redemption funds paid or remain available for payment; those Bonds which have been purchased and cancelled in accordance with the Trust Deed; those Bonds which have become void hereunder; those mutilated or defaced Bonds which have been surrendered and cancelled and in respect of which replacements have been issued; and for the purpose only of ascertaining the principal amount of the Bonds outstanding and without prejudice to the status for any other purpose of the relevant Bonds, those Bonds (if any) which are for the time being held by, for the benefit of, or on behalf of, the Issuer.
“PPA”	Power Purchase Agreement
“Principal Repayment Date”	any one of the Principal Repayment Dates as set out in the Investors’ Diary;
“Prospectus”	This Prospectus dated 20 November 2014
“RBZ”	The Reserve Bank of Zimbabwe, a central bank, financial services regulator and national monetary authority established under the Reserve Bank Act [<i>Chapter 22:15</i>]
“Register”	A register kept at the office of the Registrar on which shall be entered the names and addresses of the Bondholders and the particulars of the Bonds held by them, the Bondholders registered bank accounts and of all transfers and redemption of Bonds.
“Registrar” or “Transfer Agent”	Corpserve Registrars (Private) Limited
“Reporting Accountants”	Deloitte & Touche Chartered Accountants (Zimbabwe)
“SADC”	Southern African Development Community
“SAPP”	Southern African Power Pool
“SECZ”	The Securities and Exchange Commission of Zimbabwe established in terms of the Securities Act [<i>Chapter 24:25</i>] of Zimbabwe.
“Special Resolution”	A resolution passed at a meeting of the Bondholders duly convened and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 75% of the persons voting thereat upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than 75% of the votes given on such poll.
“Sponsoring Broker”	FBC Securities (Private) Limited
“Terms and Conditions”	the Terms and Conditions to be endorsed on and regulating the Bonds in definitive form in the form or substantially in the form set out in the Trust Deed as the same may from time to time



Definitions

be modified and any reference in the Prospectus to a particular specified Condition or paragraph of a Condition shall be construed accordingly.

“Transfer Agent”	Corpserve Registrars (Private) Limited
“Trust Deed” or “Bond Indenture”	The Supplementary Trust Deed, incorporating the Bond Indenture Agreement dated on or about the date of this Prospectus to be entered into between the Issuer and the Bond Trustee as modified and/or supplemented and/or restated from time to time.
“Trustee” or “Bond Trustee”	Scanlen & Holderness Legal Practitioners, its successors-in-title and any other trustee who may be appointed from time to time in terms of the Trust Deed, whilst acting in that capacity.
“US Dollar”, “USD” or “US\$”	The Issue currency being lawful currency of the United States of America.
“ZESA”	ZESA Holdings (Private) Limited, Registration Number 1648/04, the holding company of Zimbabwe Electricity Transmission and Distribution Company (Private) Limited.
“ZETDC” or the “Company”	Zimbabwe Electricity Transmission and Distribution Company (Private) Limited, Registration Number 2292/2009, a private limited company incorporated in Zimbabwe in accordance with the Companies Act [<i>Chapter 24:03</i>] and wholly owned by ZESA.
“ZIMRA”	Zimbabwe Revenue Authority established in accordance with the Revenue Authority Act [<i>Chapter 23:11</i>].
“ZPC”	Zimbabwe Power Company (Private) Limited Registration Number 59/1996, a private limited company incorporated in Zimbabwe in accordance with the Companies Act [<i>Chapter 24:03</i>] and wholly owned by ZESA.
“ZSE”	the Zimbabwe Stock Exchange, constituted in terms of the Securities Act [<i>Chapter 24:25</i>]
“ZSE Listings Requirements”	The Listings Requirements of the ZSE.

Salient Features of the Offer

PART

1





Part 1: Salient Features of the Offer

This summary presents the salient features in relation to the Bond Issue, the detailed terms and conditions of which are more fully set out in this Prospectus. The Prospectus should be read in its entirety for a full appreciation of the Offer.

1.1. Principal Purpose of the Offer

IDBZ seeks to raise US\$15 million through a Bond Issue for purposes of financing the completion of ZETDC's Prepaid Metering Project. The Bond Proceeds will be utilized as follows:

Use of Funds	Amount (US\$)
Hardware, Testing Equipment and Accessories	6,700,316.17
Pole Mounting	1,127,581.00
Labour variations and outstanding labour costs to completion	7,172,102.83
Total Requirement	15,000,000.00

Please refer to Clause 5.6 of this Prospectus for a detailed breakdown of the intended utilization of the targeted US\$15 million.

1.2. Salient Features of the Bond

Subject	Description
Issuer and Arranger	Infrastructure Development Bank of Zimbabwe
Name of Issue	IDB Bond Series 1 2014B
Guarantor	The Government of the Republic of Zimbabwe
Bond Trustee	Scanlen & Holderness, Legal Practitioners
Registrar and Transfer Agent	Corpserve Registrars (Private) Limited
Type of Issue	Fixed rate Bonds
Issue Amount	Up to US\$15,000,000.00 (Fifteen Million United States Dollars)
Currency of Issue and Payment	United States Dollars
Purpose	To finance the completion of the ZETDC Prepaid Metering Project
Eligibility	Both local and foreign investors; individuals or institutional and/or corporates.
Method of Issue	The Bonds will be issued to the primary market by way of public offer and private placement. The Bonds will also be tradable on the secondary market.
Issue Date	Thursday, 20 November, 2014
Issue Price	The Bonds will be issued on a fully paid up basis at par.
Denominations	The Bonds will be denominated in the principal amount of US\$10,000 and integral multiples of US\$1,000 thereof.
Coupon Rate	Eight Percent (8%) per annum
Tenor	Five (5) years
Principal Repayment	One tenth ($\frac{1}{10}$) of the face value after every six months until final redemption.

Salient Features of the Offer



Interest Payment	Interest on the Bonds will be paid semi-annually in arrears (each such date an “Interest Payment Date”) commencing six (6) months after the Allotment Date. Interest will be calculated on the basis of a 365 day year.
Form of Bonds	The Bonds will be issued in definitive certificated registered form, serialized. The Bonds will be dematerialised, at the option of the Applicant, on the CSD platform. The Certificate(s) issued will be evidence of the total amount of Bonds held by a Bondholder.
Status of Bonds	<p>The Bonds constitute registered, direct, general, secured and unconditional obligations of the Issuer, which will at all times rank <i>pari passu</i> among themselves and be constituted by and owing under the Trust Deed.</p> <p>The Bonds will, by virtue of being guaranteed by the Government of Zimbabwe, also constitute:</p> <ul style="list-style-type: none">- Liquid Assets as defined in the Banking Regulations, 2000.- Approved Securities or Prescribed Securities as defined in the Insurance Act [Chapter 24:07], and- Lender of Last Resort Security Status conferred by the Reserve of Bank of Zimbabwe.
Security	<ul style="list-style-type: none">a) Guaranteed by the Government of the Republic of Zimbabweb) Sinking Fund
Sinking Fund	ZETDC has agreed to extend the Sinking Fund arrangements already in place between IDBZ and ZETDC on the previous bond issue (IDB Bond Series 1 2012B). Receivables from ring-fenced customers have been ceded and escrowed to provide one times (1X) cover on interest and capital payments throughout the tenor of the IDB Bonds Series 1 2014B.
Taxation	The coupon payments shall be exempt from tax.
Listing and Tradability	To enhance fungibility of the Bonds, a listing on the bourse and dematerialisation on the CSD platform will be considered post issue close in line with assessed stability of trading modalities for debt instruments.
Investment Rating	Both the Guarantor and Issuer have not been rated for investment purposes. The proposed Bonds are also not rated.
Compliance	<p>Upon introduction to the ZSE, the placement of the Bonds shall comply with the following:</p> <ul style="list-style-type: none">a) the requirements of the SECZ and the ZSE for approval of the listing of the Bonds;b) the SECZ and ZSE reporting requirements from time to time;c) the provisions of the Companies Act [Chapter 24:03] for benchmark purposes only as the Issuer is expressly not governed by this Act;d) any other applicable provisions of the law in Zimbabwe relating to companies, statutory corporations, and capital markets that is in existence or that may be passed before or during the pendency of the issue of the Bonds.
Governing Law	The Bonds will be governed by and interpreted in accordance with the laws of the Republic of Zimbabwe.

Terms and Conditions of the Bond

PART

2





Below are the Terms and Conditions applicable to and to be endorsed upon the Bonds. Words and expressions defined in the Trust Deed shall have the same meanings wherever used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated. Any reference to a statute, any provision thereof or to any statutory instrument, order or regulation made there under shall be construed as a reference to such statute, provision, statutory instrument, order or regulation as the same may have been, or may from time to time be, amended or re-enacted. Headings and sub-headings are for ease of reference only and shall not affect interpretation.

2.1. Constitution

2.1.1. This IDB Series 1 2014B Bond, is issued by the IDBZ (the “Issuer”), constituted by the Supplementary Trust Deed as modified and/or supplemented and/or restated from time to time dated 8 December 2014 made between the Issuer and the Bond Trustee (which expression shall include any successor trustee appointed in accordance with the provisions of the Trust Deed).

2.1.2. The Trustee acts for the benefit of the Bondholders in accordance with the provisions of the Trust Deed. Original bond support documents are lodged at the Issuer’s Head Office. Copies of the Trust Deed for the Bonds are available for inspection during normal business hours at the specified offices of the Registrar/ Transfer Agent and at the specified office of the Bond Trustee. The Bondholders are deemed to have notice of, are entitled to the benefit of, and are bound by, all the provisions of the Trust Deed.

2.1.3. The issue of the Bonds is authorised pursuant to authority granted by the Ministry of Finance and Economic Development and the resolution of the Board of Directors of the Issuer passed on 21 August 2014.

2.1.4. The Bonds constitute registered debt obligations of the Issuer constituted by and owing under the Trust Deed and take the form of entries in the Register. Each entry in the Register constitutes a separate and individual acknowledgement to the relevant Bondholder of the indebtedness of the Issuer to the relevant Bondholder.

2.1.5. Bond Certificates will be issued to evidence ownership of the Bonds. Such Bond Certificates shall be security printed in accordance with the laws of Zimbabwe. The Bond Certificates shall be signed manually or electronically by authorised signatories of the Issuer and shall be authenticated by or on behalf of the Registrar / Transfer Agent. The Issuer may use on the Bond Certificate a facsimile signature of an authorised signatory of the Issuer which signature shall remain valid notwithstanding the fact that when the said Bond Certificate is delivered to any person, the authorized signatory shall have ceased to hold such office, provided,

however, that the said signatory held office as at the date on which the Bond Certificate is issued. The Bond Certificate so executed and authenticated shall be a binding and valid obligation of the Issuer.

2.1.6. In the event that the Bonds module on the CSD platform is commissioned, the Bonds shall, on application, be dematerialised at the option of the applicant, serially numbered and with interest coupons attached, same will constitute the registered debt obligation of the Issuer constituted by and owing under the Trust Deed. In that event a Bondholder’s rights will not be in any way affected by the dematerialisation of the bonds.

2.2. Independent obligations

The obligations of the Issuer in respect of each Bond constitute separate and independent obligations which the Bondholder to whom those obligations are owed is entitled to enforce subject to the Terms and Conditions of the Trust Deed.

2.3. Currency and Denomination

2.3.1. The Bonds will be denominated in United States Dollars.

2.3.2. The Bonds will be issued in the denomination of US\$10,000.00 or integral multiples of US\$1,000.00 in excess thereof. On the Allotment Date, the Certificates evidencing (but not representing) an individual Bondholder’s holding in the Bonds will show the total amount of Bonds held by them. Such value shall be expressed in denominations of US\$10,000.00 and integral multiples of US\$1,000.00 in excess thereof.

2.4. Registration and Title

2.4.1. Register

(a) The Issuer will cause to be kept at the registered office of the Registrar a Register on which shall be entered the names and addresses of the Bondholders and the particulars of the Bonds held by them, the Bondholders’ registered bank accounts and of all transfers and redemption of Bonds.

(b) The Register shall set out the principal amount of the Bonds issued to the Bondholders and shall show the Issue Date. The Register shall show the serial number of Bond Certificates issued in respect of the Bonds and shall be open for inspection for at least two (2) hours during the normal business hours of the Registrar / Transfer Agent to any Bondholder or any authorised person on their behalf.

2.4.2. Register conclusive evidence of title

(a) Entries in the Register in relation to a Bond



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constitute conclusive evidence that the person so entered is the registered owner of the Bond subject to rectification for error or fraud.

- (b) The Registrar / Transfer Agent shall not be obliged to record any transfer during the period of twenty one (21) calendar days ending on the maturity date for final redemption.
- (c) The Transfer Agent shall not be bound to enter any trust into the Register or to take notice of any or to accede to any trust executed, whether express or implied, to which any Bond may be subject or to enter the name of any minor, insane person or any other person under any legal disability as a Bondholder in the Register.
- (d) No Bond will be registered in the name of more than three (3) persons. A Bond registered in the name of more than one person is held by those persons as joint owners. Bonds will be registered by name only without reference to any trusteeship. The registered Bondholder will be regarded as being the only person having title to any Bonds and such person shall be deemed, except as ordered by a court or as required by statute, to be and may be treated as absolute owner of the Bond in all circumstances and no person is, except as ordered by a court or as required by statute, obliged to take notice of any other claim to the Bonds.

2.4.3. Absolute Title

Upon a person acquiring title to any Bond by virtue of becoming registered as the owner of that Bond, all rights and entitlements arising by virtue of the Trust Deed in respect of that Bond vest absolutely in the registered owner of the Bond, such that no person who has previously been registered as the owner of the Bond has or is entitled to assert against the Issuer or the Registrar or the registered owner of the Bond for the time being and from time to time any rights, benefits or entitlements in respect of the Bond.

2.4.4. Location of Register

The Register will be established and maintained at the specified office of the Registrar unless otherwise agreed to the contrary between the Issuer and the Registrar.

2.5. Title

- 2.5.1. Subject to the terms and conditions set out below, title to the Bonds will pass upon registration of transfers in the Register of Bondholders.
- 2.5.2. The Issuer and the Registrar may deem and treat the registered holder of any Bond as the absolute owner thereof (whether or not overdue and

notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes.

2.6. Mutilated, Lost, Stolen or Destroyed Bonds

2.6.1. In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer shall execute and the Registrar shall authenticate a replacement Bond Certificate of like series, date, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Registrar for cancellation and, in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Issuer and the Registrar evidence of such loss, theft or destruction satisfactory to them, together with any indemnity satisfactory to them.

2.6.2. In the case of a past-due or a matured, lost, stolen or destroyed Bond, the face value of such past-due or matured Bond may be paid upon delivery to the Issuer and the Registrar of evidence of such loss, theft or destruction satisfactory to them, together with any indemnity satisfactory to them. The Issuer and the Registrar may charge the Bondholder of such Bond their reasonable fees and expenses for such replacement.

2.6.3. Any such duplicate Bonds issued pursuant to this Clause shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Bonds be at any time found by any one, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of security for payment with all other Bonds issued hereunder.

2.7. Transfer, Exchanges and Registration of Bonds.

2.7.1. During the subsistence of this Trust Deed, the Bonds shall be capable of being transferred in whole or in part in the specified denominations.

2.7.2. In order for any transfer of such Bonds represented by a Bond Certificate to be effected through the Register, and for the transfer to be recognised by the Issuer, the transfer of such Bond must be embodied in a Transfer Form. Bonds entered in the CSD clearing system will be transferable only in accordance with the prevailing rules and regulations of the CSD.

2.7.3. The Transfer Form must:

- a) be signed by the relevant Bondholder and the transferee, or any authorised representatives of that registered Bondholder and/or transferee; and
- b) be delivered to the Transfer Agent together with the Bond Certificate in question for cancellation.

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- 2.7.4. Upon surrender for registration of transfer of any Bond at such office, the Registrar shall, within three (3) business days of receipt by it of a valid Transfer Form (or such longer period as may be required to comply with any applicable laws or applicable procedures), authenticate and deliver in the name of the transferee or transferees one or more new fully registered Bonds, if any, of authorized denomination of the same maturity and like aggregate principal amount. In the case of the transfer of part only of a Bond Certificate, a new Bond Certificate in respect of the balance of the Bond Certificate not transferred will be so authenticated and delivered or, at the risk of the transferor, sent to the transferor by registered mail.
- 2.7.5. Exchange of Bonds
- (a) At the option of the Bondholder, Bonds may be exchanged for other Bonds of authorized denominations of the same series and maturity and like aggregate principal amount upon surrender at any such office.
- 2.7.6. Whenever any Bonds are so surrendered for exchange, the Registrar shall authenticate and deliver in exchange therefore the Bond or Bonds that the Bondholder making the exchange shall be entitled to receive.
- 2.7.7. Transmission
- (a) Any person who is entitled to Bonds as a result of the legal incapacity of a Bondholder may on delivery of such evidence of his rights as the Issuer may deem necessary:-
- (i) be registered as the holder of those Bonds; and/or
- (ii) transfer those Bonds subject to the Trust Deed.
- (b) The Issuer will be entitled to postpone the payment of interest in respect of any such Bonds until such time as the person referred to in clause 2.7.6(a) is registered as a Bondholder or has transferred the Bonds.
- (c) In the event of the legal incapacity of the joint holder of a Bond, the joint holder who is not subject to any legal incapacity will, subject to clause (d) below, be the only person recognised by the Issuer as having any title to or interest in such Bond.
- (d) For the purpose of this clause “legal incapacity” means death, sequestration or judicial management or liquidation, the placing under curatorship by reason of insanity or prodigality, infancy or minority or any other reason which in the opinion of the directors of the Issuer deprives a Bondholder of legal capacity to act. In the case of legal incapacitation other than death, a curator bonis or in the event of death, an Executor or any other lawful agent of the deceased joint holder shall be recognised as representing the title and interest in the Bond for the said joint holder.
- 2.7.8. The Registrar may require payment by the person requesting an exchange or registration of transfer of Bonds of a sum sufficient to cover any transfer fee, tax or other statutory charge that may be imposed in relation thereto provided that the Registrar shall not charge more than is reasonably necessary to meet such charges, fees and/or taxes.
- 2.7.9. The Issuer and the Registrar shall not be required to issue, register the transfer of or exchange any Bonds during a period of twenty one (21) days beginning at the Record Date preceding an Interest Payment Date or Principal Repayment Date and ending at the close of business on the Interest Payment Date or Principal Repayment Date.
- 2.7.10. All Bonds delivered upon any registration of transfer or exchange of Bonds shall be valid obligations of the Issuer, evidencing the same debt and entitled to the same benefits under the Trust Deed as the Bonds surrendered.
- 2.7.11. Prior to due presentment for registration of transfer of any Bond, the Issuer and the Registrar, and any agent of the Issuer or the Registrar may treat the person in whose name any Bond is registered as the absolute owner thereof for all purposes subject to the provisions of the Trust Deed whether or not such Bond shall be overdue, and shall not be bound by any notice to the contrary.
- 2.7.12. The transferor of any Bonds shall be deemed to be the holder thereof until such a time as the name of the transferee is entered into the Register as the holder thereof;
- 2.7.13. The Issuer may require reasonable evidence to be furnished in respect of the identity, legal right and capacity of the transferor and/or the transferee.
- 2.7.14. On registration of transfer the Transfer Form and the cancelled certificate shall be retained by the Issuer.
- 2.7.15. All transfers of Bonds and entries will be made subject to the usual rules and procedures concerning transfers of Bonds set as applied by the Transfer Secretaries or Agents.
- 2.8. Cancellation and Destruction of Bonds**
- 2.8.1. Whenever any outstanding Bond shall be delivered to the Registrar for payment of the Principal Amount, for replacement, registration of transfer or exchange, such Bond shall be cancelled and destroyed by the Trustee and counterparts of a



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certificate of destruction evidencing such destruction shall be furnished to the Issuer.

- 2.8.2. All Bonds so cancelled shall thereafter be forwarded to the Issuer and cannot be re-issued, traded or resold.

2.9. Security

- 2.9.1. This Bond is secured by a Guarantee granted by the Government of Zimbabwe to the Bondholders and further securitized for repayment by a Sinking Fund established by the Issuer.

- 2.9.2. The Guarantor has in and under the terms of the Deed of Guarantee unconditionally and irrevocably guaranteed to the Bondholders remittance of all scheduled principal and interest payments which may from time to time be due and payable by the Issuer in respect of the Bonds.

- 2.9.3. The Guarantee constitutes a direct and unconditional obligation of the Guarantor. The Guarantee is only enforceable by the Bondholders indirectly through the Trustee.

- 2.9.4. Payments by the Guarantor to, or to the order of, the Trustee under the Guarantee will, to the extent of the payment obligation in question, fully discharge the Guarantor's obligations thereunder and the Guarantor will have no obligation to make payments directly to the Bondholders.

2.10. Status of bonds

The Bonds constitute direct, general, secured, unsubordinated, and unconditional obligations of the Issuer which will at all times rank pari passu among themselves.

2.11. Interest

- 2.11.1. Interest on Bonds

- 2.11.1.1. The Bonds carry a coupon rate, from the Issue Date at the rate of eight per cent (8%) per annum (the "Fixed Interest Rate").

- 2.11.1.2. Interest shall be payable semi-annually in arrears as highlighted in the Investors' Diary, each such date being an "Interest Payment Date".

- 2.11.2. Calculation of Interest Amount

- 2.11.2.1. Interest in respect of any Bond shall be calculated on the principal amount of the Bonds outstanding (the "Calculation Amount").

- 2.11.2.2. The amount of interest payable per calculation amount for any Interest Period shall be equal to the product of the Fixed Interest Rate, the Calculation

Amount and the actual number of days in the Interest Period divided by 365 for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

- 2.11.2.3. All certificates and calculations given by the Issuer or its authorised agent(s) shall be final and binding on the Trustee and Bondholders.

2.12. Payments

- 2.12.1. Method of payment

- 2.12.1.1. Payments of amounts due on the final redemption of the Bonds (the "Final Redemption Amounts") will be made against presentation or surrender of the relevant Bond Certificates at the registered office of the Registrar, or otherwise in accordance with the CSD rules (if dematerialized).

- 2.12.1.2. Payments of principal and interest and any other amounts due in respect of the Bonds, will be made by EFT to the Bondholder's registered bank account shown at the close of business on the Record Date being twenty one (21) days before the due date for the payment of the respective principal and/or interest.

- 2.12.1.3. Neither the Issuer, nor the Guarantor nor the Bond Trustee nor their agents, shall accept liability for any loss in transmission.

- 2.12.1.4. Payments in respect of principal and interest are subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment.

2.13. Payment Day

- 2.13.1. Payment instructions will be sent on the Business Day preceding the due date of payment (for value on the due date or, if that is not a Business Day, for value on the first following day which is a Business Day).

- 2.13.2. If the date for payment of any amount in respect of any Bond is not a Business Day, the holder thereof shall not be entitled to payment until the next following Business Day from the relevant country and shall not be entitled to further interest or other payment in respect of such delay.

2.14. Presentation of Bonds

- 2.14.1. In the case of any redemption payment or transfer of a Bond, the relevant Bondholder (and the recipient of the Bonds in the case of a transfer) shall be required, at least twenty one (21) days prior to the Payment Day or, in the case of a transfer, on the day such transfer is to take place, to surrender the Certificate evidencing such Bond (if applicable) to



the Registrar at the offices of the Registrar. Such Certificate shall then be destroyed by the Registrar and the Bondholder given a new Certificate evidencing such Bondholder's revised holding (if any) in the Bonds.

2.14.2. In the case of the Bonds being held by the CSD, the Bondholder shall provide such documentation for the surrender or transfer of the Bond as and when required by the CSD.

2.14.3. No further interest claim or entitlement to a Bondholder shall be due beyond the Payment Day regardless of any reasons of the Bondholder delaying the presentation of the certificate for payment.

2.15. Redemption and Purchase

All redemptions, purchases and sales of Bonds are required, after the listing of the Bond on the ZSE, to be executed on the floor of the ZSE or if dematerialised on the CSD platform in accordance with the CSD Rules.

2.15.1. Redemption in Installments

2.15.1.1. The Bonds will be redeemed as set out in the Investors' Diary, each such date being a "Principal Repayment Date".

2.15.1.2. Each Installment will be effected through an equivalent reduction in the face value amount outstanding on each Bond.

2.15.2. Early Redemption by Issuer/ Redemption at the Option of the Issuer

2.15.2.1. The Issuer may, at its election, redeem all or part of the outstanding Bonds at par (plus any interest accrued at the date of redemption) (the "Early Redemption Amount") on any Principal Repayment Date ("Early Redemption") provided that the Trustee and the Registrar shall have received from the Issuer not less than thirty (30) days prior written notice (which notice shall also have been given to Bondholders in accordance with the Deed) specifying the amount to be redeemed and the Principal Repayment Date on which such redemption is to take place. Once given by the Issuer in accordance with this Clause such notice shall be irrevocable but is only exercisable on acceptance by Bondholders.

2.15.2.2. Each Early Redemption Amount (if the Bonds are not redeemed in full) will be effected through an equivalent reduction in the face value amount outstanding on each Bond.

2.15.2.3. The amount of each Early Redemption shall either be applied to the installment amounts in inverse

order of maturity of the installments or -pro rata against Bondholders' holdings as evidenced in the Register to be maintained by the Registrar. The exact basis of application of Early Redemption proceeds shall be advised in writing by the Issuer in the relevant Early Redemption notice.

2.16. Purchases

2.16.1. Subject to compliance with applicable laws and regulations, the Issuer may at any time purchase Bonds at any price in the open market or otherwise.

2.16.2. If purchases are made by tender, tenders must be available to all Bondholders alike. Once the Bonds are listed on the ZSE, the purchase of Bonds shall take place through the ZSE.

2.16.3. Such Bonds may be held, reissued, resold or, at the option of the Issuer, surrendered to the Registrar for cancellation provided that any such Bonds, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meeting of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders. Any such purchase shall also be notified to the SECZ and the ZSE.

2.17. Cancellation

All Bonds which are redeemed, including any Bonds purchased for cancellation, in accordance with Condition 2.16 above, will forthwith be surrendered to the Registrar for cancellation. All Bonds so cancelled shall thereafter be forwarded to the Issuer and cannot be re-issued, traded or resold.

2.18. Taxation

2.18.1. The interest on the Bonds is exempt from taxation, as it is interest on a loan to the Government of Zimbabwe. A letter from ZIMRA confirming the tax exempt status of the Bond is available for inspection at the offices of the Issuer.

2.19. Extinctive Prescription

The Bonds will become void unless presented for payment of principal and interest within a period of six (6) years after the Relevant Date (as defined here below) thereof, subject to the Issuer or Registrar taking all reasonable and responsible steps to trace and advise the last recorded Bondholder as detailed in the Registrar's registration records. For the purposes of this Condition, the "Relevant Date" means the date on which such payment first becomes due.



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2.20. Events of default

The Bond Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in nominal amount of the Bonds then outstanding or if so directed by a Special Resolution of the Bondholders shall (subject in each case to being indemnified to its satisfaction), give notice to the Issuer and the Guarantor that the Bonds are, and they shall accordingly thereby forthwith become, immediately due and repayable together with accrued interest (if any) as provided in the Trust Deed, in any of the following events (each an "Event of Default"):

- 2.20.1. **Non-payment:** the Issuer and the Guarantor fail to pay any principal of or interest on any of the Bonds when due and such failure continues for a period of 15 days in either case; or
- 2.20.2. **Breach of other obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Bonds, the Prospectus or the Trust Deed which default is incapable of remedy or is not remedied within ninety (90) days after notice of such default shall have been given to the Issuer by the Trustee; or
- 2.20.3. **Legal Process:** attachment, execution or other legal process is levied, enforced or sued out on or against a significant portion or part of the assets, undertaking or revenues of the Issuer and is not discharged or stayed within 270 days after such levy, enforcement or suit; or
- 2.20.4. **Default of other security:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, including, for the avoidance of doubt, pursuant to the other existing borrowings, becomes enforceable and any step is taken to enforce it and which is not discharged or stayed within 270 days; or
- 2.20.5. **Creditor process:** the Issuer stops or suspends payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer; or
- 2.20.6. **Winding up and cessation of business:** an order is made or an effective resolution or an Act of Parliament is passed for the winding up or dissolution of the Issuer or the Issuer ceases or threatens to cease to carry on, or disposes of or transfers, all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by a Special Resolution of the Bondholders; or
- 2.20.7. **Authorisation:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds, (ii) to ensure that those obligations are legally binding and enforceable or (iii) to make the Bonds admissible in evidence in the courts of Zimbabwe is not taken, fulfilled or done; or
- 2.20.8. **Unlawfulness:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Trust Deed or the Issuer so alleges; or
- 2.20.9. **Change of constitutional documents** - without the consent of the Trustee, any provision in the articles of association of any of the Issuer's subsidiaries which in the opinion of the Trustee materially affects the rights or interests of the Bond holders is breached; or
- 2.20.10. **Disposal of major asset** - without the Trustee's prior written consent, the Issuer or any of its subsidiaries convenes a meeting to consider a resolution authorising the alienation or disposal of the whole or a major portion of its assets; or
- 2.20.11. **Subsidiary's reduction in capital** - any of the Issuer's subsidiaries passes a resolution that it makes an application to court for the reduction or confirmation of the reduction of any class of its share capital or of its share premium account or any share capital redemption reserve; provided that:
- 2.20.11.1. any such reduction which does not result in a reduction in the assets of the Issuer will be deemed not to be a default in terms of this sub-clause;
- 2.20.11.2. the redemption of redeemable preference shares will be deemed not to be a default giving rise to a default in terms of this sub-clause;
- 2.20.11.3. the application of any share premium account or share capital redemption reserve in paying up fully paid capitalisation shares will be deemed not to be a reduction giving rise to a default in terms of this sub-clause; or
- 2.20.12. **Analogous events:** any event occurs which, under the laws of any relevant jurisdiction, has an analogous effect to any of events referred to in any of the foregoing paragraphs.

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2.21. Additional Bonds

- 2.21.1. Additional Bonds may be issued pursuant to the Trust Deed under the conditions and in the manner provided in this Clause.
- 2.21.2. Additional Bonds may be issued from time to time for financing activities incidental to the Prepaid Metering Project and other power transmission and distribution projects being carried out under the mandate of ZETDC.
- 2.21.3. In the event Additional Bonds are issued, the Issuer and Trustee shall enter into a Supplementary Deed, the purpose of which shall be to authorize the Additional Bonds.
- 2.21.4. No Additional Bonds shall be authenticated and delivered by the Trustee unless there has been or is simultaneously with the issuance of the Additional Bonds delivered to the Trustee:
 - 2.21.4.1. The resolutions and documents required for delivery of the Series 1 2014B Bonds;
 - 2.21.4.2. An Issuer's Certificate to the effect that the Issuer is not in default hereunder; and
 - 2.21.4.3. A certificate from an independent Registered Public Auditor to the effect that the Issuer's revenues are projected to equal or exceed 1.10 times the face value and interest due in terms of the Additional Bonds for the Financial Year immediately following the date of the issuance of such additional Bonds, unless the source of repayment is not directly linked to the Issuer's revenue.
- 2.21.5. Additional Bonds issued under the provisions and within the limitations of this Clause shall be issued at parity with the Series 1 2014B Bonds, and all the covenants and other provisions of the Trust Deed (except as to details of such Additional Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Bondholders of the Series 1 2014B bonds and the Bondholders of any Additional Bonds subsequently issued from time to time within the limitations of and in compliance with this Clause.
- 2.21.6. All Bonds, regardless of the time or times of their issuance, shall rank without preference over any other.
- 2.21.7. No Additional Bonds shall be issued at any time, however, unless all the payments into the respective funds and accounts provided for in the Trust Deed on account of the Bonds then outstanding, and any other payments provided for in the Trust Deed, shall have been made in full as required to the date of delivery of the Additional Bonds.

2.22. Enforcement

- 2.22.1. The Bond Trustee may at its discretion and without further notice take such proceedings against the Issuer and the Guarantor as it may think fit to enforce the obligations of the Issuer under the Trust Deed, but it shall not be bound to take any such proceedings or any other action unless (i) it shall have been so directed by a Special Resolution of the Bondholders or so requested in writing by holders of at least over 50% in nominal amount of the Bonds outstanding and (ii) it shall have been indemnified to its satisfaction.
- 2.22.2. No Bondholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to do, fails so to do within a reasonable period and such failure is continuing.
- 2.22.3. The right to declare Bonds due terminates if the situation giving cause to it has been cured or is otherwise no longer continuing before such right is exercised and any notice or demand issued by the Trustee in accordance with this Clause shall be of no effect.

2.23. Notices

- 2.23.1. Notices to Bondholders
 - 2.23.1.1. Notices given by the Trustee or the Issuer to the Bondholders will be deemed to be validly given if made by fax, any electronic means, delivered by hand to them, or sent by registered mail or (if posted to an overseas address) by airmail to them, and:
 - (a) in the case of any communication made by fax, will be deemed to have been validly given upon receipt by sender of such fax of a confirmation from the fax number recorded in the Register of Bondholders that the transmission was successful; or in case of electronic mail, at the time of transmission as long as no delivery failure notification is received by the sender.
 - (b) in any other case, will be deemed to have been validly given when such communication or document is left with or, as the case may be, seven (7) business days after its being posted to the intended recipient at its address as recorded on the Register.
 - 2.23.1.2. In the case of joint holders of a Bond all notices will be given to that holder whose name stands first in the register and such notice shall be deemed sufficient notice to all the joint holders.
 - 2.23.1.3. All notices regarding the Bonds shall also be published in an English language daily newspaper



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of nationwide circulation in the Republic of Zimbabwe.

2.23.2. Notices to Trustee or the Issuer

2.23.2.1. All notices required to be served by the Issuer on the Trustee or by the Trustee on the Issuer will be given in writing by prepaid registered post or delivered by hand to the physical addresses of the Trustee and Issuer appearing in this Prospectus or such other address in Zimbabwe of which the party concerned may notify the other in writing marked in each case for the attention of the Chief Executive Officer.

2.23.2.2. Notices to be given by any Bondholder shall be in writing and given by lodging the same with the Bond Trustee who shall then take appropriate action in accordance with the Trust Deed.

2.24. Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the sanctioning by Special Resolution of a modification of the Bonds or any of the provisions of the Trust Deed.

2.24.1. **Request for Meeting** - Each of the Issuer and the Trustee at any time may, and the Trustee upon a request in writing of Bondholders holding not less than one-tenth in Principal Amount of the Bonds for the time being outstanding shall, convene a meeting of Bondholders. Every such meeting shall be held at such time and place as the Trustee, in consultation with the Issuer, may advise.

2.24.2. **Notice of Meeting** - At least twenty one (21) days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the day, time and place of meeting shall be given to the Bondholders. All notices regarding the Bonds shall also be published in an English language daily newspaper of nationwide circulation in the Republic of Zimbabwe.

2.24.3. Quorum

2.24.3.1. At any such meeting anyone or more persons present in person holding Bonds or Voting Certificates or being proxies or representatives and holding or representing in the aggregate not less than one-tenth in Principal Amount of the Bonds for the time being outstanding shall (except for the purpose of passing a Special Resolution) form a quorum for the transaction of business and no business (other than the choosing of a Chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of business.

2.24.3.2. The quorum at any such meeting for passing a Special Resolution shall be one or more persons present in person holding Bonds or Voting Certificates or being proxies or representatives and holding or representing in the aggregate not less than three-quarters in Principal Amount of the Bonds for the time being outstanding.

2.25. Voting

2.25.1. Every question submitted to a meeting shall be decided in the first instance by a show of hands and in case of equality of votes the Chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) which he may have as a Bondholder or as a holder of a Voting Certificate or as a proxy or representative.

2.25.2. If at any meeting a poll is so demanded, it shall be taken in such manner and either at once or after such an adjournment as the chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuation of the meeting for the transaction of any business other than the question on which the poll has been demanded.

2.25.3. At any meeting on a show of hands every person who is present in person and who produces a Bond or Voting Certificate or is a proxy or a representative shall have one vote and on a poll every person who is so present shall have one vote in respect of each US\$10,000.00 or portion thereof in excess in Principal Amount of the Bonds so produced or represented by the Voting Certificate so produced or in respect of which he is a proxy or a representative.

2.26. **Attendance of Advisors** - The Issuer and the Trustee (through their respective representatives) and their respective financial and legal advisors may attend and speak at any meeting of Bondholders. No one else may attend at any meeting of Bondholders or join with others in requesting the convening of such a meeting unless he is the holder of a Bond or a Voting Certificate or is a proxy or a representative.

2.27. Resolutions

2.27.1. A Special Resolution passed at a meeting of Bondholders duly convened and held in accordance with the Trust Deed shall be binding upon all the Bondholders, whether or not present at such meeting and whether or not they vote in favour and each of the Bondholders shall be bound to give effect to it accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances of such resolution justify the passing of it. The expression "Special Resolution" shall have a meaning given to it under the definitions section of



this Prospectus.

2.27.2. A resolution in writing signed by or on behalf of the holders of not less than ninety (90) per cent in Principal Amount of the Bonds who for the time being are entitled to receive notice of a meeting in accordance with these provisions shall for all purposes be as valid as a Special Resolution passed at a meeting of Bondholders convened and held in accordance with these provisions. Such resolution in writing may be in one document or several documents in like form each signed by or on behalf of one or more of the Bondholders.

2.28. Minutes of Meetings - Minutes of all resolutions and proceedings at every such meeting shall be made and entered in the books to be from time to time provided for that purpose by the Issuer or the Trustee and any such minutes, if purporting to be signed by the chairman of the meeting at which such resolutions were passed or proceedings transacted or by the Chairman of the next succeeding meeting of Bondholders, shall be conclusive evidence of the matters contained in them.

2.29. Trustee's Power to Regulate Meetings - Subject to all other provisions contained in this Trust Deed, the Trustee may without the consent of the Bondholders prescribe such further regulations regarding the holding of meetings of Bondholders and attendance and voting at them as the Trustee may in its sole discretion determine subject to certain limitations contained in the Trust Deed.

2.30. Amendments

2.30.1. To cure ambiguities - The Terms and Conditions may be amended by the Issuer, and the Trust Deed may be amended by the parties thereto without the consent of any Bondholder for the purposes of curing any ambiguity, or correcting or supplementing any defective or inconsistent provisions therein and such amendment does not adversely affect the interest of the Bondholders.

2.30.2. Approval by Bondholders - The Terms and Conditions and the Trust Deed may otherwise be varied by the Issuer with the approval of the Bondholders by Special Resolution. A variation will take effect in relation to all Bondholders who hold bonds on the date of any amending deed or other such instrument effecting the variation.

2.31. Indemnification

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances including provisions relieving it from instituting proceedings to enforce repayment unless indemnified to its satisfaction.

2.32. Governing Law

The Trust Deed and the Bonds are governed by, and shall be construed in accordance with, the laws of the Republic of Zimbabwe.

2.33. Jurisdiction and Waiver of Immunity

2.33.1. The Issuer agrees that any legal action or proceedings arising out of or in connection with the Bonds may be brought before an independent arbitrator in the Republic of Zimbabwe and irrevocably submits to arbitration for the final determination of any disputes arising in connection with the Bond Issue.

2.33.2. Service of any legal process shall be received by being served on the office of the Bank Secretary of the Issuer in Harare, at the Issuer's offices or at such other address advised by the Issuer.

2.33.3. Nothing in this Condition shall affect the right of any Bondholder through the Trustee to serve any writ, judgement or other notice of legal process in any manner permitted by applicable law and the Issuer hereby consents to service being effected in any such manner, whether by mail or otherwise.

2.33.4. To the extent that the Issuer may be entitled at present or at any time in the future to claim immunity for itself or any of its assets, the Issuer irrevocably undertakes not to claim and irrevocably agrees that all its assets (whatever the purpose for which those assets are used) are and shall be subject to service of process, jurisdiction, suit, judgment, set-off, counterclaim, enforcement of or execution of a judgment, attachment (whether before judgment or in aid of execution) and all other legal processes, including without limitation the giving of relief, on account of the indebtedness and other obligations incurred by it pursuant to the Bonds.

Information on the Issuer

The image shows the 'idbz' logo mounted on a light-colored brick wall. The letters are white and three-dimensional. The 'i' and 'd' are lowercase, while 'b' and 'z' are uppercase. A small, colorful flag-like emblem is positioned above the 'b'.

idbz

A dark blue circular graphic with a gold border. The word 'PART' is written vertically in white, uppercase letters on the left side. The number '3' is written in a large, bold, gold font on the right side.

PART

3



3.1. Corporate Details and Mandate

3.1.1. The Infrastructure Development Bank of Zimbabwe was established in 2005 in terms of Section 3 of the Infrastructure Development Bank of Zimbabwe Act [Chapter 24:14] (“the Act”).

3.1.2. The Bank is a development finance institution and a ‘Public Entity’ as defined under Section 2 of the Public Finance Management Act [Chapter 22:19] and thus is also subject to the provisions of that Act.

3.1.3. The objectives and mandate of the Bank are provided for under Section 16 of the Act as follows:

- (a) to promote economic development and growth, and to improve the living standards of Zimbabweans, through the development of infrastructure including, but not limited to, roads, dams, water reticulation, housing, sewerage, technology, amenities and utilities;
- (b) to develop institutional capacity in undertakings and enterprises of all kinds in Zimbabwe;
- (c) to support development projects and programmes in all sectors of the Zimbabwean economy; through all or any of the following means -
 - (i) providing capital for the expansion or modernisation of existing infrastructure, undertakings and enterprises or the creation or development of new infrastructure, undertakings and enterprises;
 - (ii) mobilising internal and external resources from the public and private sectors;
 - (iii) facilitating the participation of the private sector and community organisations in development projects and programmes;
 - (iv) appraising, planning and monitoring the implementation of development projects and programmes;
 - (v) providing technical assistance with regard to the identification, preparation, evaluation, financing, implementation and management of development projects and programmes;

whether by itself or in co-operation with international, regional or national organisations or bodies.

3.2. Financing of Projects through Debt Instruments

In terms of Section 20(3) of the Act, the Bank is enjoined by law to finance only those projects which are economically viable, technically feasible and yield a financially acceptable return on its

investment.

In pursuance of its statutory mandate to mobilize resources for key infrastructure projects, the Bank was mandated to develop and issue infrastructure development bonds to support critical and priority infrastructure projects. The IDBZ was the first institution to successfully issue an infrastructure related fixed coupon bond for a significant value of US\$30 million and for a longer tenure of 3 years not witnessed in the Zimbabwe market post dollarization. Proceeds of the bond were used to jumpstart the rollout of the prepaid metering system for electricity consumers, a project meant to enhance revenue collection against billed consumption on the distribution side. This Issue is intended to raise additional funds to complete the Prepaid Metering Project by the ZETDC.

Through the maiden bond issue, which received overwhelming support from both local and regional investor institutions, the Bank is confident that the IDB Bond with its requisite enhancement features resonating with investor expectations and supporting key projects will become a major source of most future financing needs for infrastructure projects in the economy.

While the maiden bond issue was targeted at kick starting the rolling out of prepaid meters to enhance ZETDC’s collection capacity through the prepaid metering platform, this current issue will deploy proceeds towards completion of the same prepaid metering project hence further strengthening ZETDC’s financial position.

3.3. Administration

3.3.1. The Board of Directors is responsible for the policy and administration of the affairs of the Bank, subject to any policy directions that may be given to it by the Minister of Finance given in terms of the Act.

3.3.2. In terms of the Act, the Board is appointed by the Minister of Finance together with the institutional shareholders of the Bank after consultation with the President of the Republic.

3.4. Powers of the Bank

3.4.1. In terms of the Act and for the purpose of achieving its objectives the Bank is empowered:-

- (a) to lend or advance money to any person or organization proposing to establish or expand or modernize any infrastructure, undertaking or enterprise in any sector of the economy;
- (b) to invest in development projects in all sectors of the economy;



Information on the Issuer

- (c) to lend or advance money on the security of a mortgage or hypothecation to enable or facilitate the construction of housing, buildings and other infrastructure;
- (d) to guarantee where necessary an undertaking given in relation to the financing of development projects;
- (e) to raise loans or borrow moneys subject to such limits as may be prescribed in shareholders regulations provided that the approval of the Minister of Finance shall be required where such

loans or moneys whether in Zimbabwean or any other currency are to be guaranteed by the State; and

- (f) to seek other specialized credit facilities including Euro-dollar credits.

3.4.2.

The Bank is specifically empowered to draw, make, accept, endorse, discount, execute and issue for the purposes of its functions or duties promissory notes, bills of exchange, bills of lading, securities and other negotiable or transferable instruments.

3.5. Shareholders and Shareholding Structure

Below is IDBZ's list of shareholders and shareholding structure as at 19 November 2014.

Shareholder	Shares Held	Percentage
Government of Zimbabwe	2,136,536	87,2395%
Reserve Bank of Zimbabwe	304,408	12.4297%
ZIMRE Holdings Limited	8,001	0.32670%
Staff Share Trust	78	0.00320%
Fidelity Life Assurance Company of Zimbabwe Limited	6	0.00024%
Finish Fund for Industrial Cooperation	5	0.00022%
Africa Development Bank	4	0.00016%
German Investment & Development Company	3	0.00012%
Netherlands Development Finance Company	3	0.00012%
European Investment Bank	1	0.00004%
Total	2,449,045	100.00000%

3.6. Corporate Governance

IDBZ has a unitary Board comprising a Non-Executive Chairman, a Chief Executive Officer and six (6) Non-Executive Directors. In terms of the Act, shareholders nominate their representatives for appointment by the Minister of Finance after consultation with the President of the Republic. The Non-Executive Directors have a wide range of competencies, significant experience in socio-economic development, development finance, business, commercial and other experiences that enable them to discharge effective oversight and bring independent judgment to bear on the operations and decision-making processes for the Bank.

Certain functions and responsibilities have been delegated by the Board to Board Committees established in line with best practice corporate governance standards to address the Bank specific operational requirements. The Board from time to time reviews the number and composition of its Committees as necessitated by the prevailing

operating environment. All board committees have formal and approved terms of reference which are regularly reviewed. At every Board meeting, the Chairpersons of respective Committees formally report to the full Board on responsibilities delegated to the committee together with appropriate recommendations for endorsement by the Board.

3.7.

Board Committees

For the effective discharge of its functions and in order to enhance oversight on the various areas and facets of the Bank's operations, the Board constituted and appointed five (5) Committees which operate under clearly defined areas of responsibility and terms of reference.

In the discharge of their respective terms of reference, the Board Committees ensure transparency, full reporting and disclosure of key decisions and recommendations of the Committees to the main Board. Members of the Committees are able to seek independent professional advice as and when required subject to the consent of the Board



Chairman. The Board has power to appoint to a Board Committee any person(s) for their skill and/or expertise as professionals to become Committee members even though such persons or professionals are not themselves directors of IDBZ. This provision, which is entrenched in the Act, is intended to enhance the effectiveness of Board Committee functions, particularly in areas requiring certain expertise, technical and professional input.

- 3.7.1. The IDBZ's Board Committees, with brief descriptions, are set out below:

Investment Committee

Investment decisions are made by the full Board constituted as an Investment Committee and chaired by the non-executive Board Chairman.

Audit Committee

The Board Audit Committee is chaired by a non-executive director and is made up of four (4) members, including the Committee Chairman. All members of the Committee are non-executive members; one member is an expert and a non-Board member of the Bank appointed for his skills and experience in finance and audit.

Corporate Governance Committee

This Committee is at the centre of the Board's emphasis on good corporate governance standards and practices. The Corporate Governance Committee comprises five (5) members, including the Committee Chairperson, all of whom are non-executive directors.

3.8. Details of Directors

The Table below shows a list of IDBZ's Board of Directors as at 19 November 2014.

Name	Nationality	Position
Manungo, Willard Lowenstern	Zimbabwean	Non-Executive Chairman
Chikaura, Charles	Zimbabwean	Chief Executive Officer
Choga, Vavarirai Humwe	Zimbabwean	Non-Executive Director
Kudenga, Nelson	Zimbabwean	Non-Executive Director
Mhakayakora, Joseph (Rtd. Col.)	Zimbabwean	Non-Executive Director
Mlambo, Shadreck Sariri (Dr.)	Zimbabwean	Non-Executive Director
Mukahanaana-Sangarwe, Margaret Mazvita	Zimbabwean	Non-Executive Director
Tahwa, Charles Simbarashe	Zimbabwean	Non-Executive Director



Information on the Issuer

Manungo, Willard Lowenstern – Chairman (Non Executive)

Mr. Manungo is a holder of a Bachelor of Arts Economics (honours) Degree and a Master of Science degree in Economics from the University of Zimbabwe. He is the Permanent Secretary in the Ministry of Finance and Economic Development and sits on the boards of the Reserve Bank of Zimbabwe (RBZ), chairs the PTA Bank Board, Zimbabwe Revenue Authority (ZIMRA), the Insurance and Pension Commission (IPEC) and the Zimbabwe Council of Higher Education.

Chikaura, Charles – Chief Executive Officer

Mr Chikaura is a holder of a Bachelor of Arts (Honours) Degree from the University of Rhodesia (1977) and a Master of Business Administration from the University of Zimbabwe (1991). He also holds an Institute of Bankers Diploma. He is former Deputy Governor of the Reserve Bank of Zimbabwe and was Acting Governor from June to November 2003. He sits on the boards of the Grain Marketing Board of Zimbabwe (Chairman), Agriculture Marketing Authority of Zimbabwe, Bindura University of Science Education (Vice Chairman). He is also a board member of NORSAD Finance Limited (Botswana) and is Deputy Chairman of SADC-DFRC (Botswana). He has vast experience in Zimbabwe's capital markets.

Choga, Vavarirai Humwe – Non Executive

Mr. Choga is a member of the Zimbabwe Institute of Engineers. He holds a Bachelor of Science Degree in Engineering, a Master of Science Degree in Engineering and a Post Graduate Diploma in Hydrology. He is a former Director of Water Development in the Ministry of Water Resources and Development. He chairs the Audit Committee of the Board and is also a member of the Investments and Corporate Governance Committees of the IDBZ Board.

Kudenga, Nelson - Non Executive

Mr. Kudenga holds a Bachelor of Science (Honours) Degree in Civil Engineering, and is a member of the Zimbabwe Institute of Engineers. He is a former Director of Roads in the Ministry of Transport, Communications and Infrastructure Development. He chairs the Corporate Governance Committee and is also a member of the Investments and Human Resources Committees of the IDBZ Board.

Mhakayakora, Joseph - Non Executive

Retired Colonel Mhakayakora is a holder of a Bachelor of Architecture (Honours) Degree. He had a distinguished career in the Zimbabwe National Army where he rose to the rank of Colonel and was appointed Director of Defence Buildings and Estates. He is currently the Principal Director in the Ministry of Local Government, Public Works and National Housing. He is a council member of the National University of Science and Technology and also sits on the Advisory Committee of the Great Zimbabwe University. He chairs the Human Resources Committee of the IDBZ Board and is also a member of the Investment, Audit and Finance and Risk Management Committee of the Board.

Mlambo, Shadreck Sariri - Non Executive

Dr. Mlambo holds a Doctor of Philosophy in Entomology from the University of Adelaide, Australia and is a plant protection

specialist/entomologist. He has over 35 years experience in agricultural development and management. He is currently the Technical Advisor to the Ministry of Agriculture Mechanisation, Irrigation and Development. Dr. Mlambo sits on the boards of Tobacco Research Board, Agriculture and Rural Development Authority and the Biotechnology Trust of Zimbabwe. He is a member of the Investments, Corporate Governance and Audit Committees of the IDBZ Board.

Mukahhanana – Sangarwe, Margaret Mazvita – Non Executive

Mrs. Sangarwe holds a Bachelor of Administration and Political Science, a Master of Science Degree in Natural Resource Management and a Master of Business Administration Degree from the University of Zimbabwe. She is the former Permanent Secretary in the Ministry of Tourism and Hospitality Industry and sits on the board of the Biotechnology Trust of Zimbabwe. She chairs the Finance & Risk Management Committee of the IDBZ Board. She is also a member of the Investments, Corporate Governance and Human Resources Committees of the IDBZ Board.

Tawha, Charles Simbarashe - Non Executive

Mr. Tawha is a holder of a Bachelor of Science (Honours) Degree in Mining Engineering. He is the Chief Government Mining Engineer and a specialist in Mining Assets. Mr. Tawha is a member of the Corporate Governance, Finance & Risk Management and Investment Committees of the IDBZ Board.

3.9. Executive Management

Chikaura, Charles - BA (Hon); IOB (Z); MBA (UZ)

Mr. Chikaura is responsible for the overall management of the Bank's operations, its strategic thrust and discharge of its mandate as set out in its enabling Act. He is a renowned banker, having occupied the most senior management positions of the Central Bank [see *Directors Profiles – 3.8*]. He has impeccable knowledge of development finance having served as CEO of the Bank since its establishment in August 2005.

Gaminga, Cassius - B.Acc (Hon); CA (Z)

As Finance Director, Mr. Gaminga is responsible for the financial strategy of the Bank which includes management of lines of credit, establishment of effective internal control systems, budgeting and financial reporting. He oversees the Bank's treasury function, ensuring at all times that the Bank's operations are properly and fully funded. Mr. Gaminga is a Chartered Accountant and Registered Public Accountant. He holds a Bachelor of Accountancy (Hon.) Degree from the University of Zimbabwe. He is a member of the Institute of Chartered Accountants, Zimbabwe (ICAZ) and member of the Institute of Directors of Zimbabwe. He has extensive banking experience gained with Premier Finance Group (Pvt) Limited (2002-2007) where he rose to the position of Chief Operations Officer.

Matete, Desmond - LLB (Hons) UZ

Mr. Matete is a holder of a Bachelor of Laws (Honours) Degree (LLBs) from the University of Zimbabwe. He is a commercial lawyer with extensive experience in financial services, investment banking and development finance.



He has successfully executed numerous mandates in corporate and project finance, project development and structuring, listings and capital-raising for high value mandates. Mr. Matete is former Deputy Chairman of ZPC; is a Non Executive Director of Africom Continental (Private) Limited and is Chairman of the Legal Resources Foundation amongst other board sittings he holds within industry and commerce. He joined the Bank at its inception in 2005 as Executive Director – Legal & Corporate Advisory Services. He is currently the Director in charge of Infrastructure Projects. In this role and in line with the Bank’s core mandate, he is responsible for business development, project packaging, capital raising and project implementation. He also oversees financial and technical advisory services, implementation monitoring and evaluation for government supported infrastructure projects through their various implementing agencies for such projects.

Mr. Matete is the Director in charge of this Bond Issue and responsible for the overall transaction execution.

Zinyemba, Francisca - Diploma in Social Work; IPMZ; M.Sc Strategic Management

Mrs. Zinyemba is a social scientist and qualified management trainer. She has extensive banking sector experience gained with Standard Chartered Bank Zimbabwe Limited (1985-1996) and CBZ Bank Limited (1996-2000) where she rose to the position of General Manager – Corporate Strategies, Training and Change Management. She joined IDBZ in February 2006 as Executive Director: Human Resources and Corporate Strategies, and now holds the position of Director-Human Resources and Corporate Services, responsible for human capital development, staff welfare, performance management and organisational methods. She oversees support functions in logistics, administration as well as the Bank’s IT function. She is a Non Executive Director of Chengetedzai Depository, an associate company of the IDBZ Group.

Munengwa, Norbert - B.Com (UNISA); ACIS; IOB (Z); MBA (UZ)

Mr. Munengwa is in charge of the Bank’s private sector projects. He has extensive banking experience gained at Merchant Bank of Central Africa Bank Limited and Stanbic Bank Zimbabwe Limited. He joined the then Zimbabwe Development Bank in 2004 as Senior Manager Corporate Banking and rose to his current position within IDBZ. He is responsible for Customer Relationship Management and the medium term finance, corporate lending, agri-business and international banking services of IDBZ.

3.10 Material Agreements (Detailed Disclosure available for inspection)

- IDBZ and National Social Security Authority (US\$10 Million Facility)
- IDBZ and IDC South Africa (US\$10 Million Facility)
- IDBZ and CBZ Bank Limited (US\$10 Million ZETREF Facility)
- IDBZ and IDB Bond Series 1 2012B Bondholders (balance of US\$20 Million Principal Obligation)

3.11 Material Litigation (Detailed Disclosure available for inspection)

The Bank has no extraordinary cases of litigation. The following cases listed below arose from the normal conduct of the Bank’s business. Detailed disclosure of the nature of the cases is available for inspection by the investors.

- *Engen Petroleum (Private) Limited vs IDBZ*
- *IDBZ vs J. Chiduku and 13 Others*
- *Peter Dzvairo vs IDBZ*

Information on the Guarantor

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- 4.1. The Guarantor is the Government of the Republic of Zimbabwe through the Minister of Finance and Economic Development.
- 4.2. In terms of Section 61 of the Public Finance Management Act [*Chapter 22:19*],
 - 4.2.1. The Minister of Finance and Economic Development is empowered to and may, in such manner and upon such conditions as he or she thinks fit with the consent of the President of the Republic, guarantee the repayment of the capital of, and the payment of expenses or charges incurred on or in connection with any indebtedness or other financial obligation raised, incurred or established, as the case may be, inside or outside Zimbabwe by a person approved by the Minister for purposes which are in the public interest or in the interest of the economy of Zimbabwe.
 - 4.2.2. The aggregate of the amounts that may be guaranteed in terms of subsection 61(1) in any financial year in respect of indebtedness or other obligations raised, incurred or established, as the case may be, within Zimbabwe shall not exceed forty per centum of the general revenues of Zimbabwe in the previous financial year provided that the limit fixed in terms of this subsection may be exceeded in any financial year if the Minister obtains the authority by a resolution of the House of Assembly to do so.
- 4.3. The Minister of Finance & Economic Development has, in accordance with the Public Finance Management Act and the provisions of the Infrastructure Development Bank of Zimbabwe Act [*Chapter 24:14*], approved the issue of the Bonds by the Bank and has issued a Guarantee in favour of the Bondholders. The intended financing of completion of the ZETDC Prepaid Metering Project has enormous benefits to the power sector and electricity consumers in particular and the overall supply of electricity in the broader business and socio-economic activities of Zimbabwe.
- 4.4. The Ministry of Finance & Economic Development has confirmed compliance with the above statutory provisions. The formal confirmation letter is available for inspection at Issuer's offices.

ZETDC Prepaid Metering Project



PART

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5.1. Background to the Project

Prior to the implementation of the Prepaid Metering Project, ZETDC was running on a conventional deferred payment billing system for electricity consumed. Shortages of manpower to conduct meter readings led to ZETDC billing customers on the basis of estimates which were widely disputed by consumers, leading to payment defaults. The unreliable post-paid billing system adversely affected the Company's revenue collection efforts and operations. Poor revenue collection affected the power utility's ability to settle its domestic and import bills from electricity suppliers. This had an adverse effect on the Company's credit rating and most SAPP members significantly reduced power exports to Zimbabwe on account of huge outstanding debts. The poor debtors book affected the ZESA Group's ability to mobilize capital for construction of new generation plants and effective investment in maintenance of existing plant in order to optimally generate power from the country's installed capacity.

In addition to revenue collection enhancement, the Prepaid Metering Project was also meant to buttress demand side management initiatives being implemented by the power utility. The project had an inherent solution to the huge outstanding debtors book which was approximately US\$600 million and is now performing on a recovery formula based on 25% deductions from current consumption going towards expunging the arrears. This has resulted in an improved financial condition for the ZESA Group.

5.2. Project Solution Description

In a bid to enhance revenue collection from electricity sales, ZETDC resolved to migrate from the post paid system to prepaid and smart metering systems. Prepaid metering is an electricity payment solution that allows customers to prepay for electricity and consume according to their budget. The solution works as follows:

- the customer buys electricity credit from the power utility in the form of tokens, such that revenue is collected prior to the supply and consumption electricity;
- where the electricity recharge credit is depleted, the supply of electricity is terminated automatically;
- electricity is sold by the utility through vending points located at various strategic areas within customer reach, and may be extended to third-party retailers to facilitate greater customer convenience and flexibility for electricity recharge purchases;
- in order to account for the revenue from the prepaid electricity sales, the utility will require a prepaid application system, which logs all transactions per meter and computes the total revenue derived from sales.
- With the evolution of technology and advent of mobile and electronic solutions, customers are also increasingly able to purchase tokens through banking and mobile phone solutions.

ZETDC's Prepaid Metering Project entailed the conversion of 508,000 conventional metered points to prepayment metering over a period of 18 months. This figure, which represented about 80% of domestic customers, implied that the bulk of ZETDC's customers would migrate to the prepayment platform. The objectives of the Project were as follows:

- To allow ZETDC to realize the benefits of enhanced cash collections while at the same time restricting the unprecedented growth of outstanding debt for electricity consumed on a deferred payment system by various off-takers across the country;
- To buttress the demand side management initiatives to conserve scarce electricity. Prepaid meters, coupled with other initiatives such as energy saving bulbs, were expected to save up to 300MW per annum, creating a virtual power station and the saved power then being redeployed to industry and commerce for productive activities;
- To save consumers the agony of standing in long queues in ZETDC's banking halls which were usually congested during month end periods;
- To eliminate non-technical losses arising from fraudulent use of electricity. Non-technical losses to ZETDC, attributable to loopholes in the conventional billing and collection system were estimated at about US\$4.5 million per month. Of this amount, an estimated 4% was due to meter and load tampering as conventional meters and load limiters had been easy targets for tampering by some unscrupulous customers.



ZETDC Prepaid Metering Project

5.2.1. Estimated Costs of the Project

Prior to Project implementation, the total project cost was estimated at US\$63.1 million, based on actual quotations plus a 5% contingency. The breakdown of the full cost estimate figure is given below:

Component	Cost (US\$)	Comments
Meter retrofit	61,461,580	Actual cost based on tendered prices (materials plus labour) + 5% contingency
Upgrade of vending platform	1,600,000	Upgrade of vending platform to increase capacity from 200,000 to 1,000,000 customers
Third party vending distribution	Nil	Introduction of third party vending will increase channels at no capital costs to ZETDC
Total	63,061,580	

The actual costs have exceeded the above estimates due to unavoidable material changes in the scope of work and statutory increases in labour rates.

5.2.2. Project Implementation Strategy

ZETDC through the State Procurement Board awarded a tender for design, supply and installation of prepaid meters to four (4) independent private sector contractors in values and quantities listed in the table below:

Contractor	Meter manufacturer	Single phase meters	Three phase meters	Total number of meters	Total cost
Solahart Zimbabwe	Hexing Electrical	223,000	Nil	223,000	\$20,582,900
Nyamezela Engineers (SA)	Shenzen Inhemeter	134,486	12,014	146,500	\$21,396,761
ZTE Corporation (China)	Shenzen Clou	Nil	9,460	9,460	\$ 2,022,453
Finmark Industries (Zim)	Shenzen Inhemeter	70,000	38,344	108,344	\$14,532,724
Total		427,486	59,818	487,304	\$58,534,838

Each contractor was required to start with a pilot project of 6,000 meters followed by a full scale implementation of the entire contract as allocated to them by tender.

5.3. Project Status Update

5.3.1. Installations to Date

The following table gives a current status report of each contractor's progress in implementing the Prepaid Metering Project.

Summary Installation Report as at 10 October 2014

Contractor	Total Meters Awarded	Installed Meters	Percentage Installed	Outstanding Installations	Outstanding percentage
Solahart Zimbabwe	223,000	190,759	85.54%	32,241	14.46%
Finmark Industries*	140,899	139,156	98.76%	1,743	1.24%
Nyamezela Engineers	146,500	129,911	88.68%	16,589	11.32%
ZTE Corporation*	9,460	6,988	73.87%	-	00.00%
Total	519,859	466,814	89.80%	50,573	10.20%



**The ZTE contract was cancelled and the outstanding installation meters allocated to Finmark Industries (Private) Limited, with the approval of the State Procurement Board. Apart from the ZTE allocations, Finmark was further awarded additional allocations.*

By the 10th of October 2014, the contractors had installed 466,814 meters representing 89.80% of the Project. An additional 45,000 meters were installed internally by ZETDC as new installations and faulty meter replacements. This resulted in a total of 511,814 meters installed by both contractors and ZETDC by the 10th of October 2014. This represents a massive success rate for such a national project considering the financial and logistical mobilization capability for all role players in this Project.

5.3.2. Contract Variations

The Project encountered two major challenges which were:

- Poor workmanship on installations to old buildings particularly in high density suburbs; and
- Meter tampering, which was exacerbated by installation of meters within customers' premises.

To circumvent the negative effects of these challenges, ZETDC varied the contracts to include pole mounting and enclosures (meter boxes) as a deterrent to tampering by putting the meters out of reach of end users. The following table outlines the meters that were pole mounted by 10 October 2014.

Summary of Pole Mounted Meters by Region as at 10 October 2014

Item Description	Meters Installed Per Region					Total
	Harare Region	Western Region	Southern Region	Northern Region	Eastern Region	
Total Installed	145,589	85,767	63,777	91,612	79,552	466,297
Pole Mounted Meters	67,822	46,272	13,618	29,726	963	158,401
Percentage Mounted	46.58%	53.95%	21.35%	32.45%	1.21%	33.94%

A total of 158,401 meters representing 34% of the installed meters have been pole mounted. However, this has increased costs by an additional US\$18.8 million due to increase in hardware costs such as poles, enclosures, cables, circuit breakers and glands. The percentage of pole mounting in Harare has been reduced from a possible 60% to 47% by ensuring that some of the meters being installed are retrofitted directly into the existing meter boxes. In areas where there is low tampering and where it is practically impossible to pole mount, contractors are installing British Standard (BS) meters which have tamper switches.

5.3.3. Vending Platform

ZETDC enhanced the effectiveness of the prepayment system by upgrading the vending platform to increase capacity from 200,000 customers to 1,000,000 customers by acquiring a vending platform through a public tender awarded to Revma Zimbabwe for US\$5,254,038. The platform will result in cost savings through elimination of manual meter reading, fraudulent billing, disconnection and reconnection, billing stationery, postage and printing. The platform will also integrate the consumption data to ZETDC's operational and financial systems thereby enhancing internal controls, integrity of management information and increasing efficiencies.

5.3.4. Third Party Vending

To facilitate greater customer convenience and flexibility for electricity recharge purposes, ZETDC contracted third party vendors such as CBZ Bank, ZB Bank, Agribank, POSB, Zimpost, NetOne, TelOne, Powertel and Petrotrade for



ZETDC Prepaid Metering Project

distribution of electricity vouchers through their vending platform on a commission basis. This has increased geographical coverage, thereby decongesting ZETDC banking halls and increasing convenience to customers.

5.4. Project Funding

5.4.1. Payments to Contractors

The following table gives a summary of the payments for the completed work to the four (4) contractors as at 10 October 2014.

Contractor	USD Amount
Solahart Zimbabwe	30,399,213.00
Finmark Industries	25,653,417.00
Nyamezela Engineers	19,175,362.00
ZTE Corporation	846,608.00
Total	76,074,600.00

ZETDC has paid out US\$76 million to the Prepaid Metering Project Contractors. This amount includes US\$18.8 million pole mounting variation costs but excludes US\$5 million labour variation costs that are still outstanding.

5.4.2. Sources of Project Funding

Payments to Project Contractors were made from the following sources:

Contractor	USD Amount
IDB Bond Series 1 2012 Bond Proceeds	30,000,000.00
Loan from a Regional Development Finance Institution	35,000,000.00
ZETDC Revenues (Own Resources)	11,074,600.00
Total	76,074,600.00

5.4.3. Labour Rates Variation Costs

The State Procurement Board awarded tender to the four (4) contractors on the basis of a Request for Proposal (RFP) that required bidders to quote materials and labour separately. The class of labour to be hired for the Project included artisans with labour rates that are regulated by the relevant National Employment Council (NEC) and are reviewed annually. The tender was awarded on the basis of NEC labour rates for December 2010. NEC labour rates were subsequently increased by 35% with effect from 1 March 2013 and this led to a 35% increase in installation costs. Consequently, ZETDC has an outstanding labour cost obligation to contractors of US\$5,047,198.97.

5.5. Project Impact Assessment

ZETDC carried out an Impact Assessment of the completed portion of the Project in September 2014. Their focus was on three aspects namely Power Demand, Energy Consumption and Revenue Collection. Below is a summary of their findings:

5.5.1. Impact on Electricity Consumption

The assessment revealed that the deployment of prepaid meters led to a drop in energy demand by both domestic and business customers as summarized in the following table.

ZETDC Prepaid Metering Project



Tariff Category	Number of Installed Prepaid Meters*	% Drop in Demand	Power Demand Saving (kW)
Domestic	464,269	21.50%	99,818
Commercial	44,762	16.55%	8,890
Total*	509,031		108,708

*Including ZETDC's own installations

Based on the total number of prepaid meters installed of 509,031 as of September 2014, the resultant reduction in power demand was 109MW which is enough to supply a greater part of Eastern Region (Mutare, Nyanga, Rusape, Chipinge, Chimanimani and Middle Sabi).

5.5.2. Improvement in Revenue Collections

The analysis by ZETDC revealed that actual collections from the pre-paid customers are higher than the equivalent usage billed on the post-paid platform. Despite the drop in consumption, collections have increased when compared to post billing equivalent.

5.5.3. Debtors Management

The Prepaid Metering Project has resolved the problem of non-performing debtors as the old debt has been loaded into the prepaid meter and is recovered at a rate of 25% of prepaid voucher purchases for customers' current consumption. As at 30 September 2014, a total of about US\$40 million had been recovered through the prepaid meters.

5.5.4. Other Financial Benefits

By implementing the prepaid metering system, ZETDC has realised the following financial impacts:

- *Improved creditworthiness* – ZETDC is now more attractive to lenders due to an improved credit rating as 80% of its domestic customers are now on the prepaid metering platform.
- *Capacity to support capital projects* – Increased cash flows have enhanced ZETDC and the ZESA Group's ability to finance repairs and maintenance, power generation projects and upgrading the transmission systems.
- *Ability to finance imports* - The Company is now able to pay for power imports in advance. This has increased security of power imports as well as local supply and has resulted in ZESA negotiating for additional supply headroom in its power purchase agreements with regional suppliers. It is expected that this will minimize load shedding which has adversely affected domestic, agricultural, mining, industrial and commercial customers.
- *Reduction in non-technical losses* - ZETDC has reduced its non-technical losses which were attributable to the old billing and collection systems.

5.6. Required Funding for Project Completion

ZETDC needs to complete the Prepaid Metering Project in order to pave way for the next project of the Smart Metering System.

The three Prepaid Metering Contractors; Nyamezela Consulting Engineers, Solahart Zimbabwe (Private) Limited and Finmark Industries (Private) Limited are currently in possession of 51,323 meters as outstanding installations. ZETDC needs US\$15 million to complete the Project before the end of year 2014.



ZETDC Prepaid Metering Project

Summary of Outstanding Project Costs as at 24 October 2014

Description	Amount (US\$)
Total Hardware Costs for 51,323 meters	6,302,729.00
Outstanding labour variation costs on completed work	5,047,198.97
Labour costs on outstanding Installations	2,124,903.86
Pole Mounting	1,127,581.00
Meter testing equipment and other accessories	397,587.17
Total Requirement	15,000,000.00

Whilst most of the proceeds will be paid out to Prepaid Metering Contractors, the balance of US\$397,587.17 will be used to purchase key testing equipment such as meter test benches, portable test equipment for various regions and meters for use in the post project phase. This will eliminate delays in commissioning of installed meters for the Prepaid Metering Project and the upcoming Smart Metering Project.

Project Funding Structure

PART

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Part 6: Project Funding Structure

ZETDC approached the IDBZ for an additional top-up facility of US\$15 million to finance the completion of the Prepaid Metering Project and IDBZ seeks to raise the required funding by issuing a five (5) year Infrastructure Development Bond. The Bond proceeds will be allocated to the Project in line with the requirements outlined in Clause 5.6 of this Prospectus.

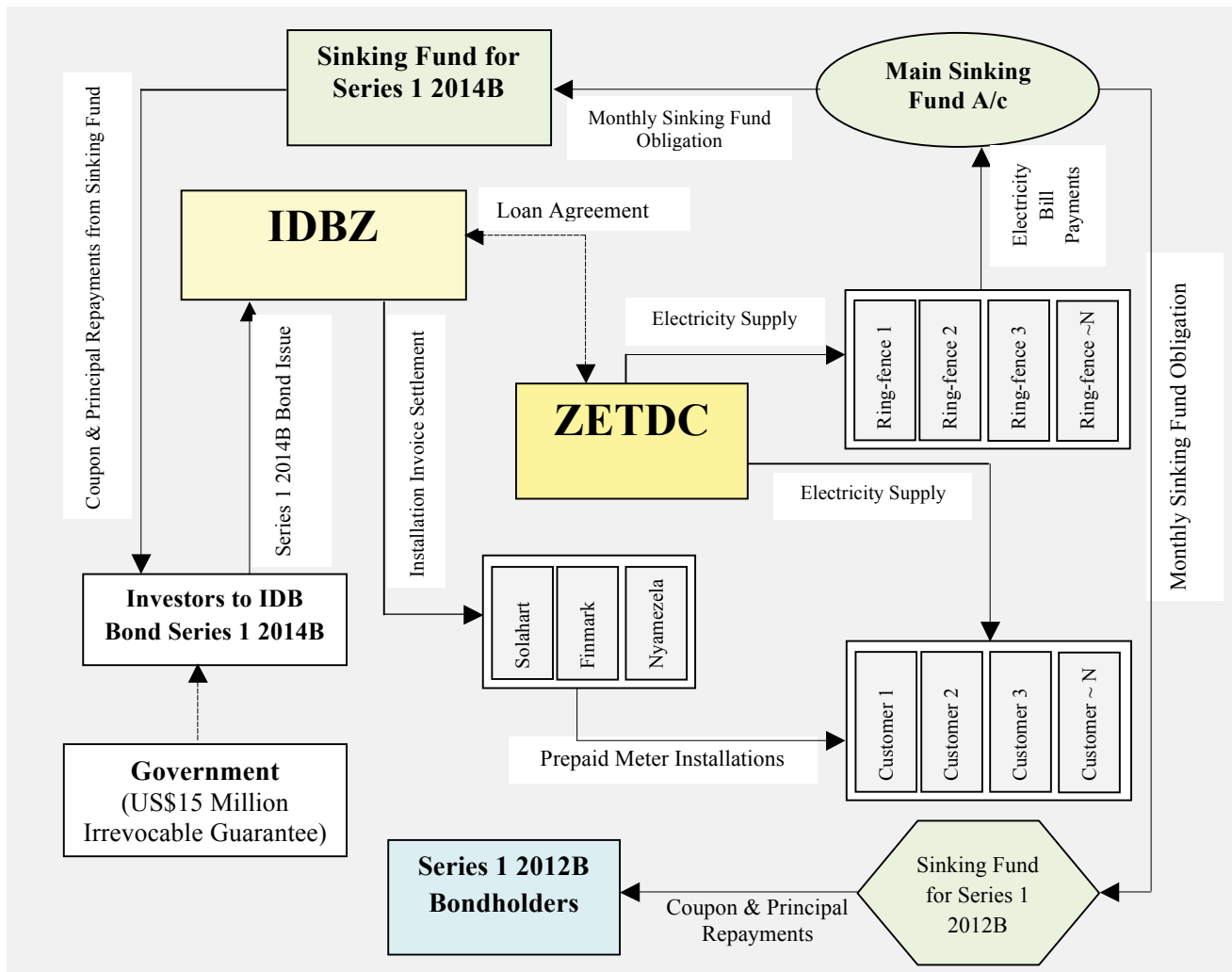
6.1. Proposed Funding Structure

To support the bond issue, ZETDC has agreed to extend the existing Sinking Fund arrangement put in place in support of the IDB Series 1 2012B Bond, proceeds of which were used to kick start implementation of the Prepaid Metering Project. Under this arrangement, ZETDC ceded its receivables from a selected group of customers (“the Ring Fenced Accounts”) into a sinking fund domiciled at IDBZ (“the Sinking Fund”). As a result of this extension,

capital and interest repayments to the IDB Series 1 2014B Bondholders will be effected from the Sinking Fund. The same customers have performed to the Issuer’s satisfaction on the previous bond issue and therefore enhance the comfort to investors in this additional bond issue.

In the unlikely event of revenue shortfalls from the Ring-fenced Accounts, ZETDC will arrange immediate top up for the balance from its other revenue sources to ensure that Bondholders receive the contractual amounts in the Sinking Fund in line with the stipulated cover ratio. The schematic presentation of the funding structure is summarized below:

6.1.1. Financing Structure and Funds Flow



•The letter of extension of the existing Sinking Fund arrangement in support of this Bond Issue is available for inspection at the Issuer’s premises.



6.1.2. Sources of Revenue to the Sinking Fund

The Sinking Fund arrangement in place for the Infrastructure Development Bond, Series 1 2012B which was issued to raise the initial funding of US\$30 million towards the ZETDC Prepaid Metering Project gives ZETDC the right to utilize any surpluses in the Sinking Fund. ZETDC has accepted to cede those rights in support of the IDB Bond Series 1 2014B through an Extension of Revenue Assignment Agreement. The Sinking Fund is expected to have one times (1X) cover to all outstanding payments to the IDB Bond, Series 1 2012B Bondholders by 5 December 2014, a year earlier than the final redemption date for the maiden IDB Bond Issue.

Analysis of the ZETDC-IDBZ Sinking Fund

- The Sinking Fund has received monthly average accruals of US\$1.7 million over the last 19 months to 31 October 2014. The monthly average receipts exceed the 1.5X cover requirement per the maiden Bond Issue Prospectus dated 29 October 2012 supported by the ring-fencing arrangement;
- If the ring-fenced customers continue paying an average of US\$1.7 million per month, the ZETDC Sinking Fund will hold a residual amount of approximately US\$11 million surplus on the next anniversary (5 December 2014) of the ZETDC Bond. This surplus will be applied towards the Bond obligations in the final year of the IDB Bond, Series 1 2012B and thus, create room to accommodate the new issue, IDB Bond, Series 1 2014B, being floated to raise funds to finance completion of the Prepaid Metering Project.

6.1.3. Evaluation of Ring-fenced Customers

The current Sinking Fund for the IDB Bond Series 1 2012B is backed by corporate electricity consumers from diverse sectors who include Trojan Nickel, Rio Zim, National Foods, Steel Makers, Tobacco Processors Zimbabwe, Mashonaland Tobacco, Delta Corporation, Zimbabwe Leaf Tobacco, Sino Zim, Colcom Foods, Bata Zimbabwe and Steel Company. These are some of ZETDC's quality customers operating in sectors that have been performing well since dollarization. Some of the entities are ZSE listed blue chip companies with excellent track records in their operations and electricity bill settlements for their consumption.

Zimbabwe Leaf Tobacco and Tobacco Processors Zimbabwe are agro-processors in the tobacco industry. The tobacco industry has posted a remarkable recovery and upward trend in terms of volumes and quality since 2010. The country has also experienced huge demand for its tobacco from China and Brazil and this demand has consistently outstripped supply over the last four agricultural seasons. This reinforces the capacity of these selected customers to adequately support the bond issue Sinking Fund through their reliable bill settlement track record for electricity consumption.

The Issuer and ZETDC have agreed that in the event of any of the customers showing distress and being unable for whatever reasons to persistently service their electricity bills through the sinking fund account, these would be replaced and substituted with performing customers with matching capacity for bills to be escrowed under the ring-fence.

Key Investment Considerations

PART

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7.1. Regulatory Environment

Both the Issuer and ZETDC have a policy to comply with all relevant regulations governing their operations. New laws and regulations are introduced from time to time, some of which may be adverse to the operations of IDBZ and/ or ZETDC. Any adverse regulatory changes may impact on ZETDC or the Issuer's profitability. Government of Zimbabwe as principals to both entities require the two institutions to continue to fulfill their respective mandates and all future regulatory interventions will be positively influenced by this policy thrust.

7.2. Political and Economic Environment

All the earnings of IDBZ and ZETDC are driven from operations and assets located in Zimbabwe. Consequently, IDBZ and ZETDC's financial performances are subject to the political, economic and social factors prevailing in Zimbabwe, notwithstanding developments within the SADC Region and global events. Such factors may include exchange rate policies, inflation, interest rates, trade and employment policies, foreign investment restrictions and any change in relevant government policies or promulgated laws.

7.3. Underwriting

The Transaction is not underwritten. However, repayments to investors are covered by a Government Guarantee and a Sinking Fund arrangement. In the event of limited support for the expected bond value, private placements and alternative funding sources will be engaged given the criticality of, and commitment to the Projects. ZETDC has shown a compelling ability to successfully negotiate financial support and packages both from local, regional and continental financiers. Consequently, the Project will not be imperiled by limited bond support to this issue.

7.4. Risk factors relating to the Bond, the Bond Market and Bonds in general

The following are the salient risk factors associated with the Bond, the Bond Market and Bonds in general:

- 7.4.1. Interest rate risk is the risk associated with the fluctuation of the price of a bond as a result of the change in market interest rates, and is the major risk faced by investors in the market.
- 7.4.2. Yield curve risk is the risk associated with a change in the term structure of interest rates in an economy, and the effect such term structure has on the pricing and the yield of bonds.
- 7.4.3. Call and Prepayment risk is the risk associated with the early retirement of a bond, which exposes investors to uncertainty with regard to cash flow planning and return patterns over the life of the bond.
- 7.4.4. Reinvestment risk refers to the risk that the proceeds received from the payment of interest and principal that are available for reinvestment must be reinvested at a

lower interest rate than the security or instrument that generated the proceeds.

- 7.4.5. Credit Risk: The three types of credit risk Bondholders are exposed to are:
 - a. Default risk - is the risk that the Issuer will fail to satisfy the terms of the obligation with respect to the timely payment of interest and principal;
 - b. Credit rate risk - is the risk that the market value of a bond will decline and/or the price performance of a bond will be worse than that of other bonds or alternative comparable instruments in the capital market in Zimbabwe;
 - c. Downgrade risk - is the risk that the credit rating of the Issuer and thus the bond will drop during the life of the bond, thus affecting the risk profile of the security.
- 7.4.6. Liquidity risk is the risk that the investor will have to sell a bond below its indicated value, where the indication is revealed by a recent transaction.
- 7.4.7. Exchange rate or currency risk is the risk of receiving less of the domestic currency when investing in a bond issue that makes payment in a currency other than the holder's domestic currency.
- 7.4.8. Inflation or purchasing power risk arises from the decline in the value of a security's cash flows due to inflation, which is measured in terms of purchasing power.
- 7.4.9. Volatility risk is the risk that the price of a bond with an embedded option will decline when expected yield volatility changes;
- 7.4.10. Event risk is the risk that the ability of an issuer to make interest and principal payments changes dramatically and unexpectedly because of factors including the following.
 - a. A natural disaster (such as an earthquake or hurricane) or an industrial accident that impairs an issuer's ability to meet its obligations.
 - b. A corporate restructuring that impairs an issuer's ability to meet its obligations.
- 7.4.11. Regulatory risk involves the risk that a regulation regarding the investment or holding of a security by regulated entities results in adverse movements in the price of a security.
- 7.4.12. Sovereign risk is the risk that the result of the actions of a government may adversely affect the risk and pricing associated with a bond, which include unwillingness of a government to pay or an inability to pay due to adverse conditions or an economic extremity.

7.5. Risk Factors Relating to the Issuer

The Board is responsible for overseeing the Bank's risk exposure as part of the role it plays in determining a business strategy for generating long term value. The Board approves the Bank's strategy, selecting its target markets and defining the level of risk acceptable to the institution.



Key Investment Considerations

7.5.1. IDBZ Risk Management Approach

The IDBZ, as a development finance institution, is exposed to various risks which are managed on an integrated basis bank wide. Different business units within the Bank are responsible for identification, measurement and reporting of various elements of these risk areas, while the aggregation of the Bank's risk profile is done centrally by the Risk Management Unit at an enterprise-wide level. The Bank has in place a Board-approved Bank-Wide Risk Management ("BWRM") framework which guides and informs all Bank activities, processes, procedures, systems and policies which relate to Enterprise Risk Management ("ERM"). The IDBZ's ERM framework provides enhanced capability to:

- a. **Align risk appetite and strategy**
Risk appetite is the degree of risk, on a broad-based level, that the Bank is willing to accept in pursuit of its goals. Management considers the entity's risk appetite first in evaluating strategic alternatives, then in setting objectives aligned with the selected strategy and in developing mechanisms to manage the related risks.
- b. **Link growth, risk and return**
IDBZ accepts risk as part of value creation and preservation, and it expects a return commensurate with the risk. Enterprise risk management provides an enhanced ability to identify and assess risks, and establish acceptable levels of risk relative to growth and return objectives.
- c. **Enhance risk response decisions**
Enterprise risk management provides the means to identify and select among alternative risk responses – risk avoidance, reduction, sharing and acceptance. Enterprise risk management provides methodologies and techniques for making these decisions.
- d. **Minimize operational surprises and losses**
It provides the Bank with enhanced capability to identify potential events, assess risk and establish responses, thereby reducing the occurrence of surprises and related costs or losses.
- e. **Identify and manage cross enterprise risks**
The Bank faces a myriad of risks affecting different parts of the organisation. Management does not only manage individual risks, but also understands interrelated impacts, and ERM helps in this aspect.
- f. **Provide integrated responses to multiple risk**
Business processes carry many inherent risks, and enterprise risks management enables integrated solutions for managing the risks.
- g. **Seize opportunities**
Management considers potential events, rather than just risks, and by considering a full range of events, management gains an understanding of how certain events represent opportunities.
- h. **Rationalise capital**
More robust information on the Bank's total risk allows management to more effectively assess overall capital

needs and improve capital allocation.

7.5.2. Risk Spectrum

7.5.2.1. Credit Risk

Credit risk is the risk that the Bank's customers, clients or counterparties default on their loan, accumulated interest or other credit commitments. Default occurs when obligors are not able or willing to pay interest, repay capital or otherwise fulfil their contractual obligations under loan agreements or other credit facilities.

Credit risk is managed by a comprehensive system of credit analysis, credit approval, credit monitoring and review, and credit loss control. The Bank's Lending Policy, which is subject to continuous review, regulates the granting of all credit facilities and aspects of credit risk management.

Credit analysis involves several different activities, like evaluation of the borrower's background, structure, management and ownership, economic environment and position of the borrower, analysis and evaluation of the business plan and submitted cash flow prognosis, evaluation of familiarity, reliability, and credit history of the customer. Credit granting approvals are performed collegially by credit committees i.e. Board Investment Committee and the Management Credit Committee in accordance to the limits established by the Board for loan sizes.

7.5.2.2. Liquidity Risk

Liquidity risk otherwise known as "funding liquidity risk" is the risk that a firm will not be able to meet its current and future cash flow and collateral needs, both expected and unexpected, without incurring losses, materially affecting its daily operations or overall financial condition.

The Management Asset and Liability Committee (MALCO) forms general liquidity risk management policies. It is responsible for assigning adequate allocations of assets and liabilities and planning the Bank's long-term liquidity profile. The Treasury Unit centrally manages the Bank's liquidity on a day-to-day basis. IDBZ's liquidity strategy also incorporates support to other units in areas of liquidity and capital management. IDBZ's liquidity is affected by the following factors:

- Need to fulfil clients' short-term demands for cash and marketable securities;
- Asset growth funded by transitory and often volatile large deposits;
- Ability to liquidate market positions.

7.5.2.3. Market Risk

Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or



prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

Interest rate risks are managed by correlation of asset and liability structure (maturity difference) and by interest-sensitive position. Market risks are monitored in real time by responsible Treasury traders/dealers and daily by Risk Management responsible for reporting to the executive, regular MALCO, Risk Management Committee and Audit Committee meetings held at management level.

Sources of interest rate risks at IDBZ:

- Re-pricing risk – The difference between the timing of rate changes and the timing of cash flows.
- Basis risk - Risk that the spread between instruments of similar maturities will change.
- Embedded options risk - borrower options to repay loans and depositors options to make deposits, withdrawals, and early redemptions.

A Liquidity Contingency Plan is in place to ensure efficient management of stress liquidity situations should they arise.

7.5.2.4. Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, procedures, systems, and people or from external events. This excludes business risk (speculative) but includes external events such as external fraud, security breaches, regulatory effects, or natural disasters. Operational risk is often non-speculative nature.

The IDBZ Operational Risk Framework includes strategies articulated in concise operational risk policies, an operational risk governance structure, operational risk monitoring, loss recording, reporting and escalation processes and risk reporting structure.

7.5.2.5. Project Risk

This is the collection of threats to the management of the project and hence to the achievement of the projects end results within cost and time. The Project Sponsor/Project Manager may manage these on a day to day basis. This represents all types of project failures, e.g. financial technical, environmental, etc, all of which could not only have a financial impact for the IDBZ but could also expose the Bank to impaired/tarnished reputation.

The Bank has in place a system to minimize project risk by ensuring that:

- The Board supports and promotes risk management, understands and accepts the time and resource implications of any countermeasures;
- Risk management policies and the benefits of effective

- risk management are clearly communicated to all staff;
- A consistent approach to risk management is fully embedded in the project management processes;

7.5.2.6. Strategic Risk

Strategic risk is the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. This risk is a function of the compatibility of an organization's strategic goals, the business strategies developed to achieve those goals, the resources deployed against these goals, and the quality of implementation.

The Bank has in place a corporate strategy framework with milestones measured using a balanced scorecard which is reviewed by management and approved by the board annually. The corporate strategy is systematically cascaded down to the tactical and operational levels where implementation takes place, with each unit and unit members having their own balanced score cards derived from the corporate framework.

7.5.2.7. Reputation Risk

Reputation risk is the risk that arises from the market perception of the manner in which the Bank packages and delivers its products and services, how staff and management conduct themselves and how it relates to the general business ethics. An adverse reputation in the market can lead to erosion of the Bank's reputation capital.

The IDBZ uses a multi-pronged strategy to manage this risk, with the public relations and corporate communications department as the champion. The Bank employs corporate governance best practices and adheres to the values of professionalism, integrity, ethics, transparency and accountability in the market place, the workplace and the community at large.

7.5.2.8. Legal and Compliance Risk

This is the risk of legal or regulatory restrictions, material financial loss, or loss of reputation the Bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organisation standards, and codes of conduct applicable to its banking and other activities.

The IDBZ has in place a legal services and advisory department, which together with the Risk and Compliance department identify, assess and monitor the Bank's exposure to legal and compliance risk in its business activities, products, processes, systems and practices.

Taxation and Exchange Control

PART

8



The following is a general description of certain tax considerations relating to the payments by the Issuer on the Bonds. It does not purport to be a complete analysis of all tax considerations relating to the Bonds and so should be treated with appropriate caution. It is based on taxation law and practice in Zimbabwe as at the date of this Prospectus and is subject to any changes therein. The description relates only to the position of persons who are the absolute beneficial owners of the Bonds. Prospective investors should consult their own professional advisors concerning the possible tax consequences of purchasing, holding and/or selling Bonds and receiving payments of interest, tax consequences of purchasing, holding and/or selling Bonds under the applicable laws of their country of citizenship, residence or domicile.

8.1. Payment of Interest

- 8.1.1. Payment of interest on the Bonds will be made by the Issuer in Zimbabwe.
- 8.1.2. The Bonds are exempt from tax on interest.
- 8.1.3. Non-residents will be entitled to the same privilege.

8.2. Double Taxation Agreements

Zimbabwe has Double Taxation Agreements with the following countries: Botswana, Bulgaria, Canada, DR Congo, France, Germany, Iran, Kuwait, Malaysia, Mauritius, Namibia, Netherlands, Norway, Poland, Serbia & Montenegro, South Africa, Sweden and the United Kingdom.

8.3. Exchange Control

The following is a general description of certain foreign currency exchange control considerations relating to the payments by the Issuer on the Bonds. It does not purport to be a complete analysis of all exchange control considerations relating to the Bonds and so should be treated with appropriate caution. It is based on law and practice in Zimbabwe as at the date of this Prospectus and is subject to changes therein. The description relates only to the position of persons who are the absolute beneficial owners of the Bonds. Prospective investors should consult their own professional advisors concerning the possible exchange control consequences of purchasing, holding and/or selling Bonds and receiving payments of interest, exchange control consequences of purchasing, holding and/or selling Bonds and receiving payments of interest, principal and/or other amounts under the Bonds under the applicable laws of their country of citizenship, residence or domicile.

- 8.3.1. Foreign investment on the money market is governed by the Foreign Exchange Guidelines to Authorised Dealers issued as Directive EC D1/2009 by the Reserve Bank of Zimbabwe in terms of Section 35(1) of the Exchange Control Regulations: Statutory Instrument 109 of 1996 (“the RBZ Guidelines”).
- 8.3.2. In terms of the Monetary Policy issued by the RBZ dated 25 August 2014, there are no Exchange Control restrictions on the level of foreign participation in the primary issuance of Bonds and participation by foreign investors in the secondary market. However the purchase of Bonds should be financed by confirmed inward transfer of foreign funds through normal banking channels.

Subscription and Sale

PART

9





The Bonds will be sold by the Issuer through the Transfer Agent as stated in this Prospectus. The Bonds will be marketed as a public offer of securities to the general public. The Issuer intends to list the Bonds on the ZSE in due course following issuance. This section describes the elements of the Bond subscription and sale process.

9.1.Applications

9.1.1. Persons wishing to apply for the Bonds must complete the Bond Application Form and, if and where applicable, the Transfer Form. Such forms must be completed in accordance with the provisions contained in this Prospectus and the instructions set out on the Application Form and physically returned to and received by the Transfer Agent. In the event of a rejection, for any of the reasons set out herein below, any such Bond Application Forms and accompanying payments shall be returned to the relevant Applicant.

9.1.2. Copies of this Prospectus, with the accompanying Bond Application Form, may be obtained from the Issuer and/or from the Transfer Agent.

9.1.3. Save in the case of negligence or willful default on the part of the Issuer, its Advisors or the Transfer Agent, neither the Issuer, nor any of the Advisors nor the Transfer Agent shall be under any liability whatsoever should a Bond Application Form not be received by the Closing Date.

9.1.4. The minimum application for a Bond is US\$10,000.00 with subsequent multiples of US\$1,000.00.

9.1.5. Joint applications may be made. However, joint applications must not be used to defeat the allocation policy. For purposes of the minimum initial allocation under the allocation policy, the Issuer reserves the right to treat each joint application as an application by each joint application date.

9.1.6. All alterations on the Bond Application Form, other than the deletion of alternatives, must be authenticated by the full signature of the Applicant/Applicants.

9.1.7. The Issuer will not directly receive any Bond Application Forms or payment. No receipts will be issued by the Issuer for applications and/or remittances.

9.1.8. Applications sent by facsimile or by means other than methods stipulated in the Prospectus will not be accepted.

9.1.9. Applications, once given, are irrevocable and may not be withdrawn once submitted.

9.1.10. By signing an Application Form each Applicant:

- (i) Confirms having read this Prospectus, and is deemed to have had notice of all information and

representations concerning the Issuer contained herein;

- (ii) Confirms that in making such application it is not relying on any information or representation in relation to the Issuer other than that which is contained in this Prospectus and it accordingly agrees that no person responsible solely or jointly for this Prospectus or any part thereof shall have any liability for such other information or representation;

- (iii) Agree to receive any communications from the Issuer including notices of meetings, through electronic means as set out in the Terms and Conditions;

- (iv) Represents and warrants that, except in the cases where the Applicant is licensed to apply for and hold Bonds for other persons, he applies for the Bonds on his own account, will be the beneficial owner of the Bonds, has not represented himself as a different person in any other application, has not applied for Bonds under a different name, and is not applying for the Bonds on the instructions or on behalf of any other person and has not instructed any other person to apply for Bonds as his nominee;

- (v) Being an Applicant who is authorized to apply for Bonds on behalf of other persons, represents and warrants that it is not making multiple applications to itself or any other person, is not applying as nominee of any person whom it knows to have applied under any other name or through any other nominee or person; or for any beneficial owner more than once; and

- (vi) Acknowledges that the Issuer reserves the right to reject any application found to be in contravention of subparagraphs (iv) and (v) above.

9.2. Payment

9.2.1. A prospective investor wishing to apply for the Bonds must duly complete and sign the accompanying Bond Application Form and return the same in its entirety accompanied by proof of bank electronic transfer (EFT) so that it is received by the Transfer Agent by the Closing Date. All such Bond Application Forms must be accompanied by such proof of EFT for the full amount due for the applicable Bonds.

9.2.2. All payments must be through EFT in United States Dollars and be payable to the bank account appearing on the Application Form. No cash or cheques will be accepted.

9.2.3. All charges incurred in submitting the Bond Application Form, together with the requisite funds, are for the account of the Applicant.

9.2.4. No interest will be paid on monies received in respect of application for Bonds, nor will interest be paid on



Subscription and Sale

any amounts refunded or indeed deposited at the time of application.e time of application.

9.3. Receipt of Applications

9.3.1. The Transfer Agents upon receiving a Bond Application Form, will (i) check that the Applicant has filled in the Application Form appropriately (ii) sign, stamp and include the Application Form serial number (iii) return the Acknowledgement Form to the Applicant (if any). As an extra security measure, Applicants are advised to photocopy their completed Application Form and have it stamped by the Transfer Agent as evidence of the Transaction.

9.3.2. The Transfer Agents are entitled to ask for sufficient identification to verify that the person(s) making the application has authority or capacity to duly complete or sign the Application Form. The Transfer Agents are therefore expected to undertake all verification procedures and activities on nominee accounts as required by law including the laws against money laundering. Every Applicant is required to provide all information as required in the Bond Application Form, where applicable.

9.3.3. The Financial Advisors and the Issuer have the right to demand and be provided with the details of the nominee accounts held by the Transfer Agent to ascertain the eligibility of any application by nominees. In default, the Issuer may, at its sole discretion, treat such an application as invalid.

9.4. Treatment of Applications

9.4.1. The Issuer reserves the right to reject any application not in all respects duly completed, and to accept or reject or scale down any other application in whole or in part. Scaling down will apply only if there is an over-subscription.

9.4.2. All valid applications received from Applicants will be allocated in full as per number of Bonds applied for, subject to any over-subscription. In the event of any doubt whatsoever as to the eligibility of an Applicant, the decision of the Issuer will be final.

9.4.3. The Issuer reserves the right to refuse to allocate Bonds to any investor it deems to be inappropriate for any reason and the Issuer shall not be obliged to give reasons therefor.

9.4.4. By signing a Bond Application Form, an Applicant agrees to the allotment and the bond issue of such number of Bonds (not exceeding the number applied for) as shall be allotted to the Applicant in line with the Terms and Conditions of the Prospectus and subject to the Act and Regulations governing the bond issue, and agrees that the Issuer may enter the Applicant's name in the Register of Bondholders as holder of such Bonds.

9.4.5. The Issuer shall not be under any liability whatsoever should any Bond Application Form fail to be received by the Transfer Agent by the Closing Date. In this regard, such Bond Application Forms and accompanying proof of EFT payments shall be returned to the Transfer Agent where the Application Form was submitted for collection by any applicable Applicants.

9.4.6. On acceptance of any application, the Issuer will, as soon as possible after the fulfilment of the Terms and Conditions relating to applications and completion of Bond Application Forms, register the Bonds allocated in the name of the Applicant concerned.

9.5. Bond Certificates

9.5.1. Applicants who elect to receive Bond Certificates in respect of the applicable number of allocated Bonds will collect them through the Transfer Agent through whom the Bond Application Form was submitted.

9.5.2. Applicants will not receive Bond Certificates by email or facsimile.

9.5.3. Applicants may opt to receive the Bonds in electronic (i.e. dematerialized) form for by way of crediting their Central Securities Depository (CSD) system accounts with the allocated number of Bonds, though they may opt to receive them in material form (Bond Certificates). Bondholders may opt to replace certificates with electronic and dematerialised Bonds once the CSD module for Bonds has been commissioned. Applications for such replacements will be handled through the Registrar/ Transfer Agent.

9.5.4. Trading of the Bonds on the ZSE will be under prevailing rules and regulations of the ZSE as read with the Securities Act [Chapter 24:25] and the regulations made in terms thereof.

9.5.5. Should the Bonds module on the CSD platform be operational by the time Bonds are listed on the ZSE, Applicants who elect to receive allocated Bonds in electronic form shall have their CSD Accounts credited with the allocated number of Bonds and the Issuer shall authorize the operators of the platform to effect the credit of the Accounts of such Applicants with the applicable number of allocated Bonds in accordance with the instructions set out in the Application Form and on the dates set out in this Prospectus.

9.5.6. In the case of joint applications, the joint Applicants should have a CSD Account in the name of the joint Applicants, in default of which a Bond Certificate shall be issued in the name of joint Applicants.



9.6. Rejection of Applications

9.6.1. Applications shall be rejected if full value of the Bonds applied for is not received.

9.6.2. Applications may also be rejected if:

- The name of a primary or joint Applicant in any Application Form is missing or illegible;
- Missing or illegible national registration/identification number, including corporation registration number;
- Missing or illegible address (either postal or street address);
- Missing nationality indicators (for primary Applicant in the case of an individual);
- Missing or inappropriately signed Bond Application Form;
- Primary signature missing from Signature Box 1;
- Joint signature missing from Signature Box 2 (if applicable);
- Two directors or a director and company secretary have not signed in the case of a corporate application;
- Number of Bonds does not comply with the rules as set out in the Prospectus in respect of the minimum application and subsequent multiple(s);
- Application Form has unauthenticated alterations;
- Multiple applications. Every applicant shall submit an application for the Bonds under only one set of names and using one identification number. An Applicant who applies in his/her name shall not be entitled to have Bonds applied for him/her by a nominee entity or by other persons on his request or otherwise, or to create joint accounts/applicants for the purpose of multiple applications. A nominee entity must ensure that persons on whose behalf it applies for Bonds directly are beneficiaries of only one such application by nominees that such persons are not using nominee applications for purposes of perpetrating more than one application. In the event that an application is found to have submitted multiple applications, the Issuer reserves the right to reject any or all the applications; and
- Proof of payment is not signed, or dates, or if amount in figures and word do not tally or the proof of payment is found to be fraudulent.

9.7. Refunds

9.7.1. Refunds will ONLY be made through EFT to an Applicant's bank account.

9.7.2. EFTs will only be credited to accounts held with registered commercial banks. Applicants are urged to verify that their bank account details are correctly stated on the Application Form. Applicants are also required to check for refunds with their banks. Where an EFT has been rejected, the refund will be defaulted to cheque payments as outlined below and in the event of inaccurate details having been furnished by the Applicant, the Applicant shall bear the related bank charges for processing the refund.

9.7.3. Where an EFT is rejected, the refunds will be paid to Applicants through bankers cheques drawn in favour of the Applicants as evidenced in the Application Forms and will be delivered to the Transfer Agent for onward collection by the concerned Applicants. Applicants are required to collect their refunds immediately upon release to the Transfer Agent. No refund cheques will be sent by mail.

9.8. Selling Restrictions

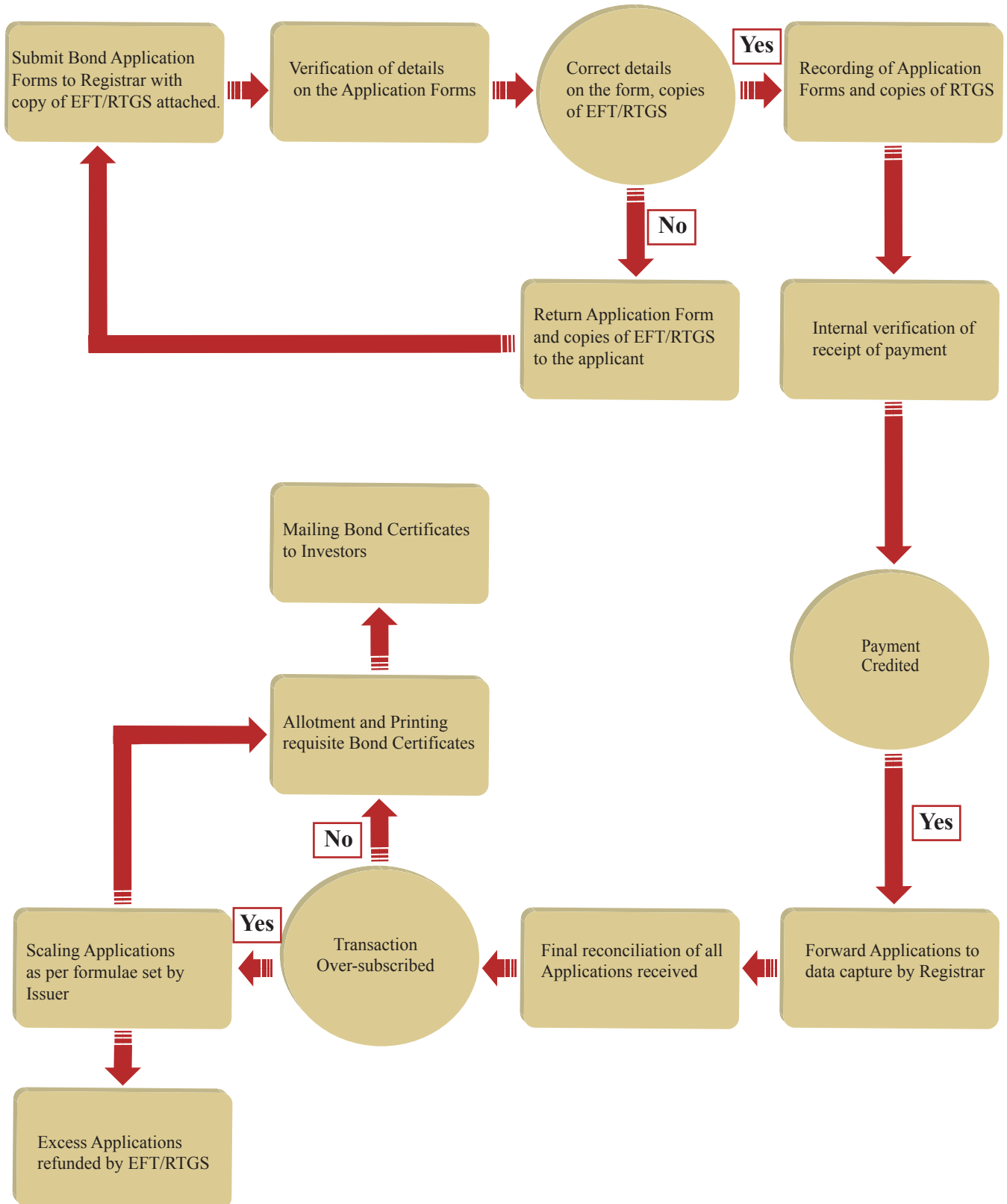
9.8.1. Neither the Issuer nor the Guarantor nor any of the Issuer's Advisors hereto represents that Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available there under, or assumes any responsibility for facilitating such sale other than in Zimbabwe.

9.8.2. The sale or transfer of Bonds by Bondholders will, upon listing, be subject to the rules and regulations of the ZSE, and all such other applicable laws and regulations.



Subscription and Sale

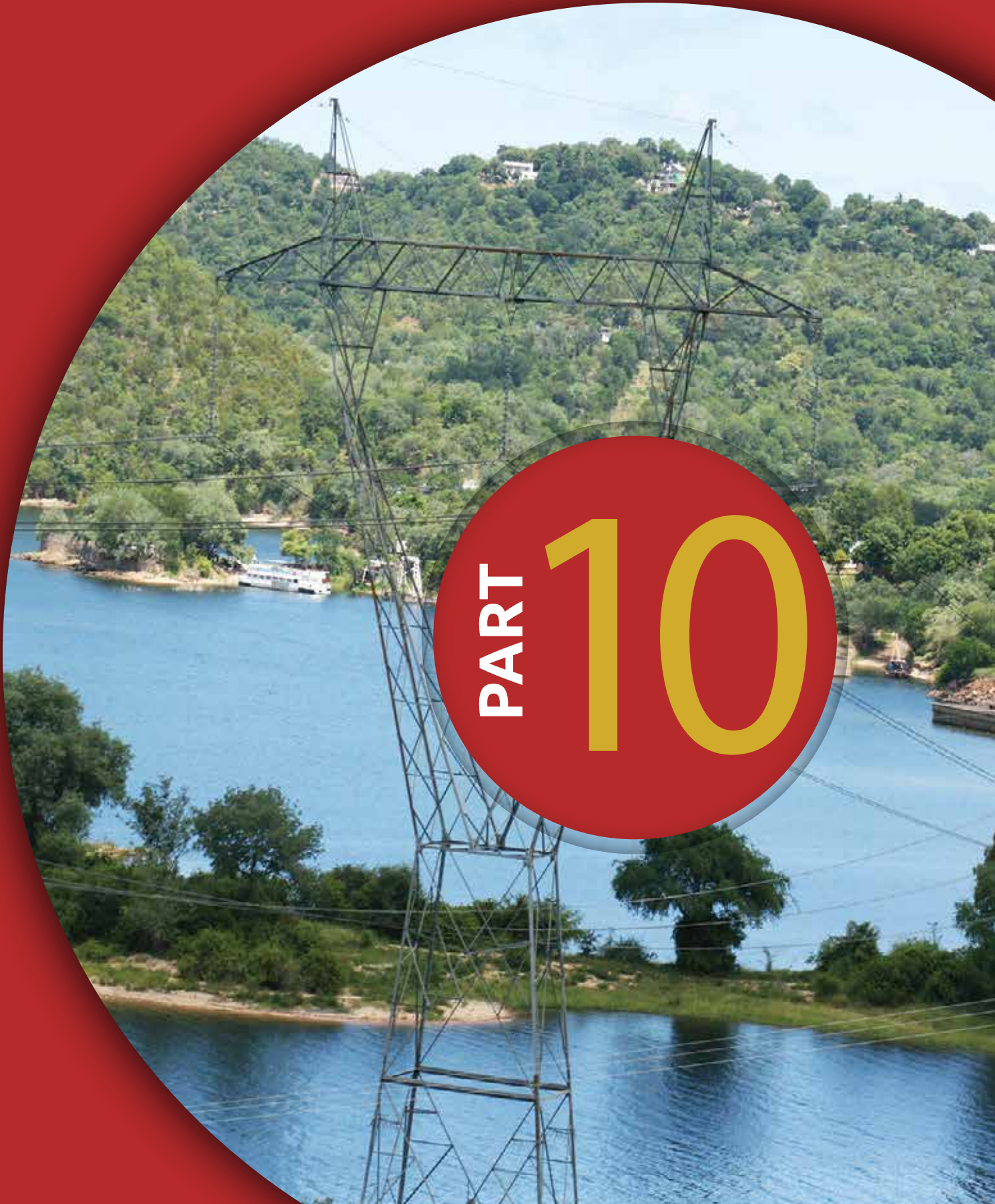
Subscription Process Flow: Bond Issue Flow Chart



Documents Incorporated by Reference
and Available for Inspection &
Directors' Responsibility Statement



PART 10





Part 10: Documents Incorporated by Reference and Available for Inspection

1. Copies of the following documents will be available for inspection at the Offices of the Issuer, IDBZ House, 99 Rotten Row, Harare, during normal business hours:

- (i) The Infrastructure Development Bank of Zimbabwe Act [*Chapter 24:14*];
- (ii) Letter of Authority to Issue the Bonds by the Government of the Republic of Zimbabwe;
- (iii) Letter from Ministry of Finance & Economic Development confirming compliance with Public Finance Management Act [*Chapter 22:19*];
- (iv) IDBZ Board Resolution to issue the Series 1 2014B Bonds;
- (v) Series 1 2014B Bonds, Guarantee from the Government of the Republic of Zimbabwe;
- (vi) Letter from the office of the Commissioner of Insurance and Pensions granting Prescribed Asset Status to the Bonds;
- (vii) Letter from the Reserve Bank of Zimbabwe conferring Liquid Asset Status and Lender of Last Resort Security Status;
- (viii) Letter from Treasury confirming Tax Exemption on Coupon;
- (ix) Letter from ZETDC confirming the extension of the Revenue Cession to cover the Bond Issue;
- (x) Summary of Sinking Fund Performance for the last 19 months;
- (xi) Supplementary Trust Deed between the Issuer and the Bondholders Trustee;
- (xii) IDBZ Annual Reports 2009-2013;
- (xiii) Letters of Comfort and Status update Ref: Removal of IDBZ Legacy Debt by Ministry of Finance & Economic Development
- (xiv) ZETDC's Annual Reports 2009-2013;
- (xv) ZETDC Prepaid Metering Project Documentation;
- (xvi) Letters of consent from the Bond Trustee and the advisors listed below;

2. Bond Trustee and Experts Consents

The written consents of the following parties, which consents have not been withdrawn before delivery of this Prospectus have been given by:

- (i) Scanlen & Holderness Legal Practitioners (Bond Trustees).
- (ii) Corpserve Registrars (Private) Limited;
- (iii) Deloitte and Touche Chartered Accountants (Zimbabwe);
- (iv) PricewaterhouseCoopers Advisory Services (Private) Limited;
- (v) Kantor & Immerman Legal Practitioners; and
- (vi) FBC Securities (Private) Limited;

as at the date of issue of this Prospectus, to its issue with the inclusion of their names and reports in the forms and contexts in which they appear.

Directors' Responsibility Statement



The Directors of IDBZ whose names are listed in this Prospectus collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm that they have made all reasonable enquiries and declare that to the best of their knowledge and belief, there are no facts, the omission of which would make any statement in this Prospectus misleading.

The Directors also confirm that this Prospectus includes all such information within their knowledge (or which it will be reasonable for them to obtain by making enquiries) as investors and their professional advisors would reasonably require and expect in order to consider investing in the Infrastructure Development Bonds.

The Directors further confirm that there are no legal proceedings, including any such proceedings which are pending or threatened, of which IDBZ is aware, and which may have a material effect on the Bank's financial position.

Signed at Harare by the following being Directors of the Bank, on the 19th day of November 2014.

Name

Manungo, Willard Lowenstern 

Chikaura, Charles 

Choga, Vavarirai Hungwe 

Kudenga, Nelson 

Mhakayakora, Joseph (Rtd. Col.) 

Mlambo, Shadreck Sariri (Dr.) 

Mukahanana-Sangarwe, Margaret Mazv 

Tahwa, Charles Simbarashe 

Appendix 1: Report of the Independent Auditor on the
Summary Financial Statements

Appendix 2: Report of the Independent Assurance Provider

Appendix 3: Form of Bond Certificate and Transfer Form

Appendix 4: Application Form





Appendix 1: Report of the Independent Auditor on the Summary Financial Statements



The Directors
Infrastructure Development Bank of Zimbabwe
99 Rotten Row
Harare

The accompanying summary consolidated financial statements, which comprise the summary consolidated statements of financial position as at 31 December 2013, the summary consolidated statement of comprehensive income, the summary consolidated statement of changes in equity and the summary consolidated statement of cash flows for the year then ended, are derived from the audited consolidated financial statements of the Infrastructure Development Bank of Zimbabwe for the year ended 31 December 2013. Our audit report on those consolidated financial statements dated 19 June 2014 contained an emphasis of matter paragraph as described in the opinion paragraph.

These 2013 summary consolidated financial statements are presented together with the summary consolidated financial statements for the financial years ended 31 December 2009, 2010, 2011 and 2012. These were audited by Messrs. PricewaterhouseCoopers Chartered Accountants (Zimbabwe) and their audit opinions are as presented in those years' annual reports. We therefore placed reliance on the work of the previous auditors. The annual reports for the financial years ended 31 December 2009, 2010, 2011 and 2012, together with the annual report for 31 December 2013, are available for inspection at the registered office of IDBZ –IDBZ House, 99 Rotten Row, Harare. Those consolidated financial statements, and the summary consolidated financial statements, do not reflect the effects of events that occurred subsequent to the date of the auditor's report on those consolidated financial statements.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Infrastructure Development Bank of Zimbabwe.

Directors' Responsibility for the Summary Financial Statements

The Directors are responsible for the preparation and fair presentation of the summary consolidated financial statements. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of summary consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of the Infrastructure Development Bank of Zimbabwe for the financial year ended 31 December 2013 are consistent, in all material respects, with those financial statements. Our audit report dated 19 June 2014 on the consolidated financial statements of the Group for the year ended 31 December 2013 includes the following emphasis of matter paragraph.

Emphasis of matter

We draw your attention to the matters highlighted below:

- As disclosed in note 19 of the consolidated financial statements, the Group has shareholder loans denominated in various foreign currencies amounting to US\$39,889,575 (2012: US\$37,544,268) as at 31 December 2013, 80% of which are guaranteed by the Government of Zimbabwe. The loans are past due and the Group is unable to service the interest charges and to repay the capital.
- For the year ended 31 December 2013, total liabilities of the Group exceeded total assets by US\$6,357,901 (2012: US\$11,344,865).

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our audit opinion is not qualified in respect of these matters.

Yours faithfully

(Signed on original)

DELOITTE & TOUCHE
Chartered Accountants (Zimbabwe)

19 November 2014

Consolidated Statements of Financial Position



	2013 US\$	2012 US\$	2011 US\$	2010 US\$	2009 US\$
ASSETS					
Cash and cash equivalents	3 286 076	10 897 032	23 748 808	54 047 242	1 870 663
Financial assets at FVTPL	8 851	6 198	43 904	47 927	44 351
Available for sale assets	5 534 695	173 156	-	-	-
Loans and advances to customers	63 254 495	66 443 494	30 548 961	38 831 714	7 859 223
Assets pledged as collateral	12 494 118	11 244 420	11 029 971	13 856 345	-
Trade and other receivables	2 153 000	3 769 328	4 520 195	1 620 422	943 564
Investment in associates	1 892 580	2 599 337	1 696 055	1 969 085	1 001 585
Inventories	1 326 744	185 249	249 941	1 251 744	1 147 697
Investment property	11 472 305	11 128 092	6 447 760	5 361 860	3 683 125
Intangible assets	473 040	665 632	706 878	-	-
Property and equipment	4 023 038	4 398 337	4 123 830	4 154 927	3 898 007
	<u>105 918 942</u>	<u>111 510 275</u>	<u>83 116 303</u>	<u>121 141 266</u>	<u>20 448 215</u>
Non-current assets held for sale	-	-	338 846	264 861	-
Total assets	<u>105 918 942</u>	<u>111 510 275</u>	<u>83 455 149</u>	<u>121 406 127</u>	<u>20 448 215</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	24 490	23 311	23 311	21 537	-
Share premium	9 171 552	5 847 969	5 847 969	849 743	-
Amount awaiting allotment	-	-	-	-	850 000
Non distributable reserves	(22 373 613)	(22 373 613)	(22 373 613)	(22 373 613)	(22 365 988)
Fair value reserve	1 575 182	-	-	-	-
Retained earnings/ (accumulated losses)	4 782 329	4 681 067	1 606 756	874 189	(3 082 699)
	<u>(6 820 060)</u>	<u>(11 821 266)</u>	<u>(14 895 577)</u>	<u>(20 628 144)</u>	<u>(24 598 687)</u>
Non-controlling interest	<u>462 159</u>	<u>476 401</u>	<u>537 427</u>	<u>555 303</u>	<u>536 535</u>
Total equity	<u>(6 357 901)</u>	<u>(11 344 865)</u>	<u>(14 358 150)</u>	<u>(20 072 841)</u>	<u>(24 062 152)</u>
Liabilities					
Deposits from customers	36 164 718	57 070 817	46 702 685	19 662 703	7 113 474
Foreign lines of credit	49 595 104	39 797 560	37 164 316	36 446 555	36 295 815
Local lines of credit	23 105 367	22 910 708	10 821 136	83 136 571	-
Other Liabilities	3 411 654	3 076 055	3 125 162	2 233 139	1 101 078
	<u>112 276 843</u>	<u>122 855 140</u>	<u>97 813 299</u>	<u>141 478 968</u>	<u>44 510 367</u>
Total Liabilities	<u>112 276 843</u>	<u>122 855 140</u>	<u>97 813 299</u>	<u>141 478 968</u>	<u>44 510 367</u>
Total equity and liabilities	<u>105 918 942</u>	<u>111 510 275</u>	<u>83 455 149</u>	<u>121 406 127</u>	<u>20 448 215</u>



Consolidated Statements of Comprehensive Income

	2013 US\$	2012 US\$	2011 US\$	2010 US\$	2009 US\$
Interest and similar income	13 421 294	13 513 891	14 886 407	10 900 132	1 345 418
Interest and similar expense	(8 007 498)	(6 547 998)	(4 952 009)	(5 503 799)	(2 059 652)
Net interest income/(loss) after impairment charge	5 413 796	6 965 893	9 934 398	5 396 333	(714 234)
Loan impairment charge	(1 289 021)	(2 097 028)	(5 745 473)	(2 923 521)	(514 757)
Net interest income after impairment charge	4 124 775	4 868 865	4 188 925	2 472 812	(1 228 991)
Fee and commission income	5 340 967	2 398 819	2 874 242	1 454 052	710 246
Net gains/(losses) on financial assets at FVTPL	2 653	3 542	(4 023)	3 575	5 142
Dividend income	265	1 224	1 789	-	-
Other operating income	897 226	1 628 227	434 253	1 895 933	623 429
Fair value gain/ (loss) on investment property	1 320 350	4 264 869	1 016 750	1 693 236	(419 100)
Net foreign exchange (losses) / gains	(329 063)	337 088	1 472 124	1 410 406	(423 353)
Operating expenses	(10 063 419)	(9 772 524)	(8 570 479)	(4 973 703)	(2 282 836)
Share of loss from associates	(706 757)	(220 858)	(198 890)	-	-
Profit/(loss) for the year	586 997	3 509 252	1 214 691	3 956 311	(3 015 463)
Other comprehensive income	1 575 182	-	-	-	-
Total comprehensive income/ (loss) for the year	2 162 179	3 509 252	1 214 691	3 956 311	(3 015 463)
Total comprehensive income/(loss) attributable to:					
Equity holders of the parent entity	2 176 422	3 574 289	1 232 567	3 955 934	(3 101 249)
Non-controlling interest	(14 243)	(65 037)	(17 876)	377	85 786
	2 162 179	3 509 252	1 214 691	3 956 311	(3 015 463)

Consolidated Statements of Cash Flows



	2013 US\$	2012 US\$	2011 US\$	2010 US\$	2009 US\$
Cash flows from operating activities					
Profit/(loss) for the year	586 997	3 509 252	1 214 691	3 956 311	(3 015 463)
Adjustments of non-cash items:					
Depreciation of property and equipment	522 443	343 068	354 509	340 431	301 747
Amortisation	258 786	231 038	93 014	-	-
Loan impairment charge	1 289 021	2 097 028	5 745 473	2 923 521	514 757
Net foreign exchange loss/(gain)	1 103 110	137 905	(711 955)	(1 410 406)	-
Profit on disposal of property and equipment	(123 643)	177 580	-	-	-
Profit on disposal of subsidiaries	-	(494 061)	-	(38 695)	(107 519)
Profit on disposal of investment property	(32 137)	(553 000)	-	(3 000)	419 200
Fair value (gain)/loss on investment property	(1 288 213)	(3 711 869)	(1 016 750)	(1 690 298)	-
Non-cash interest expense on foreign lines of credit	1 247 013	1 313 566	2 066 265	1 403 402	-
Changes in provisions	128 186	849 189	985 359	-	-
Net losses on financial assets at FVTPL	(2 653)	(3 542)	4 023	(3 575)	(5 142)
Share of (profits)/losses from associate	706 757	220 858	198 890	-	-
Repayment of loan through encumbered assets	-	(1 200 000)	-	-	-
Other non-cash items	18 537	(7 723)	(65 672)	118 376	-
	4 414 204	2 909 289	8 867 848	5 596 067	(1 892 420)
Changes in:					
Loans and advances to customers	1 899 978	(37 991 561)	2 537 280	(34 116 467)	(6 424 467)
Assets pledged as collateral	(1 249 698)	(214 449)	2 826 374	(13 856 345)	-
Financial assets at FVTPL	-	-	-	(3 576)	(2 940)
Other receivables and prepayments	1 616 328	211 254	(2 899 773)	(825 311)	(1 302 890)
Deposits from customers	(20 906 099)	10 368 132	27 039 983	12 549 229	7 103 749
Foreign lines of credit	-	-	-	-	1 816 955
Inventories	(1 141 495)	64 692	-	83 136 571	-
Other liabilities	(311 086)	(49 107)	268 594	1 172 067	445 686
Net cash inflow/(outflow) from operating activities	(15 677 868)	(24 701 750)	38 640 305	53 652 235	(256 327)
Cash flow from investing activities					
Acquisition of property and equipment	(161 746)	(359 159)	(687 667)	(597 351)	(12 963)
Proceeds from sale of property and equipment	138 226	38 925	-	38 695	-
Purchase of interest in associates	-	(1 050 000)	-	(967 500)	-
Sale of interest in a subsidiary to non-controlling interest	-	687 831	-	-	12 225
Purchase of available for sale financial assets	(461 595)	(173 156)	-	-	-
Purchase of investment property	-	-	-	-	(1 725)
Purchase of intangible assets	(66 194)	(189 454)	(435 636)	-	-
Proceeds from sale of investment property	976 137	252 100	-	50 500	56 625
Net cash inflow/(outflow) from investing activities	424 828	(792 913)	(1 123 303)	(1 475 656)	54 162



Consolidated Statements of Cash Flows

	2013 US\$	2012 US\$	2011 US\$	2010 US\$	2009 US\$
Cash flow from financing activities					
Payment of dividends	-	(499 978)	(500 000)	-	-
Repayment of foreign lines of credit	(661 512)	(1 200 000)	-	-	-
Increase in foreign lines of credit	8 113 750	2 253 292	-	-	-
Increase/ (decrease) in bonds and local line of credit	13 620 102	17 950 965	(72 315 435)	-	-
Repayment of local lines of credit	(4 474 556)	(5 861 393)	-	-	-
Repayment of bonds	(8 950 887)	-	-	-	-
Issue of shares	-	-	5 000 000	-	-
Capital injection	-	-	-	-	850 000
	-----	-----	-----	-----	-----
Net cash (outflow)/inflow from financing activities	7 646 897	12 642 886	(67 815 435)	-	850 000
	-----	-----	-----	-----	-----
Net increase/(decrease) in cash and cash equivalents	(7 606 143)	(12 851 777)	(30 298 434)	52 176 579	647 835
Cash and cash equivalents at the beginning of the year	10 897 032	23 748 808	54 047 242	1 870 663	1 222 828
Effect of exchange rate fluctuations on cash and cash equivalents held	(4 813)	-	-	-	-
	-----	-----	-----	-----	-----
Cash and cash equivalents at the end of the year	<u>3 286 076</u>	<u>10 897 032</u>	<u>23 748 808</u>	<u>54 047 242</u>	<u>1 870 663</u>



Consolidated Statement of Changes in Equity

	Share Capital US\$	Share premium US\$	Non- distributable Reserve ("NDR") US\$	Fair Value reserve US\$	Retained earnings US\$	Total before non-controlling interest US\$	Non-controlling interest US\$	Total equity US\$
Balance as at 31 December 2012	23 311	5 847 969	(22 373 613)	-	4 681 067	(11 821 266)	476 402	(11 344 865)
Profit for the year	-	-	-	-	601 240	601 240	(14 243)	586 997
Other comprehensive income	-	-	-	1 575 182	-	1 575 182	-	1 575 182
Fair value reserve available for sale financial assets	1 179	3 323 583	-	-	-	3 324 762	-	3 324 762
Transactions with owners of the Group	-	-	-	-	(499 977)	(499 977)	-	(499 977)
Dividend declared	-	-	-	-	-	-	-	-
Balance as at 31 December 2013	24 490	9 171 552	(22 373 613)	1 575 182	4 782 329	(6 820 060)	462 159	(6 357 901)
Balance as at 1 January 2012	23 311	5 847 969	(22 373 613)	-	1 606 756	(14 895 577)	537 427	(14 358 150)
Profit for the year	-	-	-	-	3 574 289	3 574 289	(65 037)	3 509 252
Other comprehensive income	-	-	-	-	-	-	-	-
De-recognition of non-controlling interest	-	-	-	-	-	-	4 011	4 011
Dividend paid	-	-	-	-	(499 978)	(499 978)	-	(499 978)
Balance as at 31 December 2012	23 311	5 847 969	(22 373 613)	-	4 681 067	(11 821 266)	476 402	(11 344 865)



Appendix 2: Report of the Independent Assurance Provider



The Directors
Infrastructure Development Bank of Zimbabwe
99 Rotten Row
Harare

20 November 2014

Dear Sirs

INDEPENDENT ASSURANCE PROVIDER REPORT ON INFRASTRUCTURE DEVELOPMENT BONDS OF UP TO SIXTY-FIVE MILLION UNITED STATES DOLLARS (US\$65,000,000)

Introduction

We have performed our assurance engagement procedures listed below, following the extension of the Revenue Assignment Agreement signed by Infrastructure Development Bank of Zimbabwe (“IDBZ” or “the Bank”), Zimbabwe Electricity Transmission and Distribution Company (Private) Limited (“ZETDC”) and Zimbabwe Power Company (Private) Limited (“ZPC”), for a 5 year period, and following the proposal by the Directors of IDBZ to raise the following:

- an additional top-up facility of fifteen million United States of America dollars (US\$ 15,000,000) for the ZETDC, in the form of Series 1 2014B Infrastructure Development Bonds (“Bonds”) for the purposes of completing the pre-paid metering project; and
- an amount of fifty million United States of America dollars (US\$ 50,000,000) for ZPC, in the form of Series 2 2014B Bonds for the purposes of the refurbishment of ZPC’s Kariba South Power Station and repowering of Harare Power Station.

We were given the mandate to perform the following reasonable assurance procedures:

1. Assess monthly electricity bill settlement inflows into the Sinking Fund from the ring-fenced customers over the 19 months ended 31 October 2014.
2. Establish an average monthly inflow figure for the 19 months ended 31 October 2014 under the existing Series I 2012B Bonds for thirty million United States of America dollars (US\$30,000,000).
3. Assess the adequacy of the current inflows to service the combined obligations of Series 1 2014B and Series 2 2014B Bonds.
4. Evaluate whether the current Series I 2012B Bonds Sinking Fund balance and the projected inflows to 5 December 2014 are sufficient to cover the outstanding principal and coupon obligations.

Management’s responsibility

IDBZ management is responsible for the completeness and accuracy of the Series I 2012B Sinking Fund bank statement and the preparation of the combined ZETDC Series 1 2014B and Series 2 2014B amortisation schedule.

Assurance provider’s responsibility

Our responsibility is to express a conclusion on the review of the Revenue Assignment Agreement, the Series I 2012B Sinking Fund bank statements and the combined Series 1 2014B and Series 2 2014B amortisation schedule provided, based on conducting a reasonable assurance engagement. We performed our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (“ISAE”) 3000 Assurance Engagements Other Than Audits or Reviews of Historical Information. This standard requires that we comply with ethical requirements and that we plan and perform the engagement to obtain reasonable assurance about whether the report is free from material misstatement.

Our assurance engagement involves performing procedures to obtain sufficient appropriate evidence about the information contained in the report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement in preparing the report, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.



Evaluation

Based on our review, our opinion is as follows:

1. Monthly average electricity bill settlement inflows from the ring-fenced customers was on average US\$1.7m, which is inline with the amount stated in the “Sources of Revenue to the Sinking Fund” section of this prospectus. If maintained at these levels the monthly receipts will adequately cover the combined monthly Sinking Fund obligations (1x cover) for Series 1 2014B (US\$15 million) and Series 2 2014B (US\$50 million).
2. The 12-month rolling average over the 19 month period ended 31 October 2014 presented a constant inflow trend month on month. Assuming all conditions remain unchanged, we expect the monthly average electricity bill settlement inflows to present a similar trend, thereby meeting the monthly Sinking Fund obligation target of 1x cover.
3. The Sinking Fund Arrangement currently in place appears sufficient to sustain the bi-annual principal and coupon repayment obligations of the bond instruments over the 60 months tenor (computed from December 2014).
4. Based on the current Sinking Fund balances and the projected inflows to 5 December 2014, the Sinking Fund appears sufficient to service the outstanding principal and coupon of US\$20million and US\$2million respectively for the Series 1 2012B Bonds.

Forward looking statement

Certain assertions made in our review constitute forward-looking statements. All statements, other than statements of historical fact, are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy; the economic outlook for the country; growth prospects and outlook for operations, individually or in the aggregate; liquidity and capital resources. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such risks, uncertainties and other factors, include technical analysis, general economic and business conditions, industry trends, interest rate fluctuations, changes in business strategy and other risks. PwC based these forward-looking statements on particular assumptions and actual results may differ materially from those expressed by the model. Owing to this risk, there can be no assurance that the accuracy of the results can be guaranteed.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe the following:

- the monthly receipts will not adequately cover the combined monthly Sinking Fund obligations for Series 1 2014B (US\$15 million) and Series 2 2014B (US\$50 million) over the 60 month tenor; and
- the current Sinking Fund balances and the projected inflows to 5 December 2014, will not sufficiently service the outstanding principal and coupon of US\$20million and US\$2million respectively for the Series I 2012B Bonds.

Yours faithfully

(Signed on original)

PricewaterhouseCoopers
Chartered Accountants (Zimbabwe)

BOND CERTIFICATE



Infrastructure Development Bank of Zimbabwe

Bond Series Number	Series 1 2014B Bonds
Certificate Number	

Transaction Type	
Transaction Date	

(Established in terms of Section 3 of the Infrastructure Development Bank of Zimbabwe Act [Chapter 24:14])
US\$ 15,000,000.00 FIVE YEAR FIXED RATE UNSUBORDINATED INFRASTRUCTURE DEVELOPMENT BONDS

This Bond Certificate certifies that
of;

	the " Bondholder"
	Address
	Principal Amount

is, as at the date hereof, registered as the holder of

of Fixed Rate, Unsubordinated Bonds referred to above, issued by the Infrastructure Development Bank of Zimbabwe (the "Issuer") on the terms of the Trust Deed referred to in the Terms and Conditions (the "Terms and Conditions") endorsed hereon. The Bonds are subject to the Terms and Conditions and are issued subject to, and with the benefit of, the Trust Deed referred to in the Terms and Conditions. Expressions defined in the Terms and Conditions have the same meanings in this Bond Certificate.

The Issuer, for value received, promises to pay to the holder of the Bond(s) represented by this Bond Certificate upon presentation and (when no further payment is due in respect of the Bond(s) represented by this Bond Certificate) surrender of this Bond Certificate on the Record Date (or on such earlier date as the amount payable upon early redemption in accordance with the Terms and Conditions falls due) the amounts payable upon redemption under the Terms and Conditions in respect of the Bonds represented by this Bond Certificate and to pay interest in respect of such Bonds from the Issue Date in arrears at the rates, in the amounts and on the dates for payment provided for in the Terms and Conditions together with such other sums and additional amounts (if any) as may be payable under the Terms and Conditions, in accordance with the Terms and Conditions of the Bond Issue.

For the purposes of this Bond Certificate, (a) the holder of the Bond(s) represented by this Bond Certificate is bound by the provisions of the Trust Deed, (b) the Issuer certifies that the Bondholder is, at the date hereof, entered in the Register as the holder of the Bond(s) represented by this Bond Certificate, (c) this Bond Certificate is evidence of entitlement only, (d) title to the Bond(s) represented by this Bond Certificate passes to the transferee only on due registration on the Register, and (e) only the holder of the Bond(s) represented by this Bond Certificate is entitled to payments in respect of the Bond(s) represented by this Bond Certificate.

This Bond Certificate shall not become valid for any purpose until authenticated by or on behalf of the Transfer Agent, Corpserve Registrars (Private) Limited

ISSUER'S EXECUTION: IN WITNESS whereof, the Issuer INFRASTRUCTURE DEVELOPMENT BANK OF ZIMBABWE, has caused this Bond Certificate to be signed on its behalf by:

	Company Secretary
--	--------------------------

	Authorized Signatory (for the purposes of authentication only)
--	--

Chief Executive Officer

Date

TRANCHE NUMBER:		MATURITY DATE:	09 Dec 2019	PRINCIPAL REPAYMENT:	Semi Annually
PRINCIPAL AMOUNT:	US\$ 15million	RATE OF INTEREST:	8% p.a	INTEREST PAYMENT:	Semi Annually
INTEREST PAYMENT & PRINCIPAL REDEMPTION DATES		2015	2016	2017	2018
	1st Half-Year	2nd Half-Year	1st Half-Year	2nd Half-Year	1st Half-Year
					2019
					1st Half-Year
					2nd Half-Year
					2nd Half-Year

CERTIFICATE OF AUTHENTICATION: This Bond Certificate is authenticated by or on behalf of the Transfer Secretary, CORPSEIVE REGISTRARS 2nd Floor ZB Centre, Corner First Street / K. Nkrumah Avenue, Harare:

FORM OF TRANSFER

FOR VALUE RECEIVED the identified transferor(s) hereby sell(s), assign(s) and transfers the referred value in principal amount of submitted Bond(s) currently outstanding and, all rights thereunder and irrevocably request(s) the Transfer Agent to transfer the Bond(s) on the books kept for registration thereof.	TRANSFEROR DETAILS			
	CERTIFICATE NUMBER	BONDHOLDER NAME(S)	SIGNATURE	PRINCIPAL AMOUNT
	1			
	2			
	3			
	4			
	5			
	TOTAL BONDS			

	TRANSFEEE DETAILS (INCLUDING REGISTRATION OF BALANCE CERTIFICATES)							
	TRANSFEEE NAME(S)	POSTAL ADDRESS	ELECTRONIC FUNDS TRANSFER DETAILS (FOR INTEREST AND PRINCIPAL REMITTANCE)					
			BANK NAME	BRANCH NAME	A/C NAME	A/C NUMBER	PRINCIPAL AMOUNT	
1								
2								
3								
4								
5								

NOTES:

1. **TRANSFERS:** The Bonds may be transferred in whole or in part in the specified denominations. In order for any transfer of such Bonds represented by a Definitive Certificate to be effected on the Register, and for the transfer to be recognised by the Issuer, the transfer of such Bonds must be embodied in a Transfer Certificate. Other requirements include the following: (i) the Transfer Certificate must be signed by the relevant Bondholder and the transferee, or any authorised representatives of that registered Bondholder and/or transferee; and (ii) the Transfer Certificate must be delivered to the Transfer Agent together with the Definitive Certificate in question for cancellation. The transferor of such Bonds shall be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.

Before any transfer is registered all relevant transaction charges, nominal in value, must have been paid and evidence of the same as the Issuer may reasonably require with respect to the identity and title of the transferor and the transferee, furnished. The Transfer Agent will, within 3 (three) Business Days of receipt by it of a valid Transfer Certificate (or such longer period as may be required to comply with any applicable laws or applicable procedures), authenticate and deliver or send by post (at the risk of the transferee) to the transferee, a new Definitive Certificate in respect of the Bonds transferred. In the case of the transfer of part only of a Definitive Certificate, a new Definitive Certificate not transferred will be so authenticated and delivered or, at the risk of the transferor, sent to the transferor by registered mail.

2. **PRINCIPAL AND COUPON PAYMENT:** Principal and Coupon payment will be effected upon confirmation of surrender of this Bond Certificate to the Transfer Agent 21 days before the Payment Dates set out in the Investors' Diary. This Certificate will become invalid upon payment of $\frac{1}{10}$ of the Principal Repayment amount in terms of the Trust Deed.

3. **CLOSED PERIODS:** A Transfer Form for the transfer of interest on any Bond received by the Transfer Agent during the period of 21 calendar days ending on the due date before any payments under the Bonds shall be deemed not to be effectively received by the Transfer Agent until the day following the due date for such payment. No transfer will be registered during the period of 21 calendar days ending on the due date for final redemption, on maturity of the bond or of any such Bond in whole or in part.

INFRASTRUCTURE DEVELOPMENT BANK OF ZIMBABWE IDB BOND SERIES 1 2014B - APPLICATION FORM

INSTRUCTIONS

INSTRUCTIONS

1. Before completing this form, please read the summary Terms & Conditions of the Bond overleaf and the detailed Terms & Conditions of the Issue set out in the Prospectus accompanying this form.
2. Use the original Application Form. Any photocopies must be legible for them to be accepted by the Issuer or Registrar.

Official Use Only →	RECIPIENT'S NAME	DATE STAMP	RECIPIENT'S SIGNATURE	← Official Use Only

To The Directors: I/We, the undersigned hereby apply to purchase the amount specified below of the fixed rate Infrastructure Development Bonds – (the “Bonds”) to be issued by the Infrastructure Development Bank of Zimbabwe (the “Issuer”) upon the terms and conditions set out in this application form, the Prospectus and the Supplementary Trust Deed (the “Trust Deed”) dated 8 December 2014 between Scanlen & Holderness Legal Practitioners (the “Bond Trustee”) and the Issuer. I/We authorise the Transfer Agent, Corpserve Registrars (the “Transfer Agent”) to send the Bonds allocated to me/us (at my/our risks) to the postal address/physical address given below.

SECTION A: APPLICANT(S) DETAILS (IGNORE SECOND APPLICANT'S FIELD IF THERE IS NO JOINT APPLICANT)

TITLE(Mr/Ms etc)	SURNAME / COMPANY NAME	FIRST NAME	IDENTITY No. / COMPANY REG No.

TITLE(Mr/Ms etc)	SURNAME / COMPANY NAME	FIRST NAME	IDENTITY No. / COMPANY REG No.

POSTAL ADDRESS

PHONE NUMBER	RESIDENCE (TICK✓ APPROPRIATE BOX BELOW)		EMAIL ADDRESS
	ZIMBABWEAN	FOREIGN	

SECTION B: DETAILS OF BONDS APPLIED, PAYMENT MADE, PREFERRED REFUND METHOD & SIGNATURES

AMOUNT OF NOTES IN WORDS:

(Lots Should Be of Principal Amount Of US\$10,000 And Integral Multiples Of US\$1,000 In Excess Thereof)

AMOUNT OF NOTES IN FIGURES	PAYMENT (RTGS) REFERENCE NUMBER

If over-subscribed, the excess value of Bonds will be refunded. Indicate how you would prefer to receive your refund payment. If you do not indicate your preference, a refund cheque will be generated and delivered to your agent or posted to your address above.

← Tick✓ Here For Refund by EFT. Provide Bank Details Below.
 Tick✓ Here For Refund by Cheque →

APPLICANT'S BANKDETAILS	BANK NAME	BANK CODE	BRANCH NAME	BRANCH CODE	ACCOUNT No.

Insert below, the signature(s) of the Applicant(s), or Company Officials, or Authorised Attorneys.
In the case of Joint Applications, both Joint Applicants and Signatories must sign.

I/We represent and warrant that I/we have the authority and power to purchase and hold the Bonds in accordance with this application form and have taken all necessary corporate action to approve such purchase and to authorise the person signing this application form to bind me/us in accordance with the terms hereof.

SIGNATURE 1

SIGNATURE 2

	COMPANY SEAL	
Holder / Joint Holder / Attorney / Co. Official (Delete Inapplicable)		Holder / Joint Holder / Attorney / Co. Official (Delete Inapplicable)
ID NUMBER DATE		DATE ID NUMBER

INFRASTRUCTURE DEVELOPMENT BANK OF ZIMBABWE IDB BOND SERIES 1 2014B - APPLICATION FORM



(Established in Zimbabwe in terms of Section 3 of the Infrastructure Development Bank of Zimbabwe Act [Chapter 24:14])

INFRASTRUCTURE DEVELOPMENT BOND APPLICATION FORM

In respect of an offer of 8% fixed-rate long term unsubordinated infrastructure bonds of up to US\$15,000,000.00 ("Fifteen Million United States of America Dollars") due to mature in 2019 at par and listing of the bond on the Zimbabwe Stock Exchange

Offer opens at 9.00 am on the.....20th November 2014 and
Closes at 4.00 pm on the.....5th December 2014

The Board of Directors may reject any application in whole or in part if the instructions as set out in the Prospectus and this Application Form are not complied with.

APPLICANT'S STATEMENT

By signing the Application Form overleaf, I /We the applicant(s) herein state that:-

1. I/We have full legal capacity and having read the Information Memorandum and this Application Form including the Prospectus I/we hereby irrevocably apply for and request you to accept my/our application for the under mentioned value of the IDBZ Infrastructure Development Bonds, or any lesser value of Bonds that may, in your sole and absolute discretion, be allotted to me/us subject to the provisions of the Infrastructure Development Bank of Zimbabwe Act [Chapter 24:14] as may be amended from time to time, the Prospectus and the Trust Deed in terms of which the Bonds are constituted.
2. I/We authorize the Infrastructure Development Bank of Zimbabwe to enter my/our name in its register of Bondholders as holder(s) of Bonds to me/us or issue a Certificate for the value of Bonds allocated to me/us and any refunds due to me/us via Electronic Funds Transfer in accordance with the Terms and Conditions in the Prospectus.
3. In consideration of agreeing to accept this Application Form, I/we agree that this application shall be irrevocable and shall constitute a contract which shall become binding upon receipt by Infrastructure Development Bank of Zimbabwe, and shall be governed by the terms and conditions of the Trust Deed and Prospectus.
4. I/We acknowledge that the Infrastructure Development Bank of Zimbabwe reserves the right to reject any application of mine/ours found to be in contravention of the above declarations.
5. I/We confirm that all information provided by me/us on the Application Form is true and correct and is in my/our personal knowledge.
6. I/We have consulted our financial advisor and am/are fully aware of the implications of my/our Application herein.
7. **Completing the form**
This completed form should be forwarded by facsimile or by hand to the Registrar at the following address:

Corpserve Registrars (Private) Limited
2nd Floor ZB Centre
Corner First Street and Kwame Nkrumah Ave
P.O Box 2208
Harare
Tel: +263 4 758193, 75155961 Fax: +263 4 752629
8. **Acceptance**

By signing an application form the applicant undertakes to pay to the Issuer on the Issue Date in same-day funds the purchase price for the Bonds allotted.
9. **Settlement procedure**
 - 9.1. Full payment must be made on application of bonds not later than 4pm on 5 December 2014.
 - 9.2. All payments must be made in favour of the Infrastructure Development Bank of Zimbabwe using the following details.
 - 9.2.1. Account name – IDBZ Bond Series 1 2014B
 - 9.2.2. Account number –3010242421042
 - 9.2.3. Bank –FBC Bank
 - 9.2.4. Branch –Samora Machel Avenue
 - 9.2.5. Swift Code - FBPCZWHA
10. **General**
 - 10.1. The Prospectus and Trust Deed and any contracts resulting from an acceptance of an application for the Bonds shall be governed and construed in accordance with the laws of Zimbabwe.
 - 10.2. The Directors reserve the right to reject any application, in whole or in part, particularly if the instructions have not been observed.
 - 10.3. All alterations to this application form must be authenticated by full signature. Preferably, a new form must be completed. All applications must be made without any conditions stated by applicants.
 - 10.4. Under no circumstances whatsoever may the name of the applicant be changed and if this is done then the application form will be invalid.
 - 10.5. Applications are made subject to the provisions of the Prospectus to which this form is attached.
 - 10.6. Applications are irrevocable and may not be withdrawn or amended without the written consent of the Issuer.
 - 10.7. Individual applicants must be 18 years of age or older.
11. **Allotment procedure**
 - 11.1. The basis of allotment will be determined by the Issuer and the Registrar and will be communicated by the Issuer to the Securities and Exchange Commission of Zimbabwe.
 - 11.2. Successful applicants will be notified by the Issuer and Registrar of the amount of Bonds allotted to them no later than 5:00 pm on Wednesday, 10 December 2014.
12. **Delivery of Bonds**
 - 12.1. The Bonds will be delivered to each successful applicant against cleared funds within 15 days of the Allotment Date.
 - 12.2. No temporary documents of title will be issued.

INFRASTRUCTURE DEVELOPMENT BANK OF ZIMBABWE IDB BOND SERIES 1 2014B - APPLICATION FORM

INSTRUCTIONS

INSTRUCTIONS

1. Before completing this form, please read the summary Terms & Conditions of the Bond overleaf and the detailed Terms & Conditions of the Issue set out in the Prospectus accompanying this form.
2. Use the original Application Form. Any photocopies must be legible for them to be accepted by the Issuer or Registrar.

Official Use Only →	RECIPIENT'S NAME	DATE STAMP	RECIPIENT'S SIGNATURE	← Official Use Only

To The Directors: I/We, the undersigned hereby apply to purchase the amount specified below of the fixed rate Infrastructure Development Bonds – (the “Bonds”) to be issued by the Infrastructure Development Bank of Zimbabwe (the “Issuer”) upon the terms and conditions set out in this application form, the Prospectus and the Supplementary Trust Deed (the “Trust Deed”) dated 8 December 2014 between Scanlen & Holderness Legal Practitioners (the “Bond Trustee”) and the Issuer. I/We authorise the Transfer Agent, Corpserve Registrars (the “Transfer Agent”) to send the Bonds allocated to me/us (at my/our risks) to the postal address/physical address given below.

SECTION A: APPLICANT(S) DETAILS (IGNORE SECOND APPLICANT'S FIELD IF THERE IS NO JOINT APPLICANT)

TITLE(Mr/Ms etc)	SURNAME / COMPANY NAME	FIRST NAME	IDENTITY No. / COMPANY REG No.

TITLE(Mr/Ms etc)	SURNAME / COMPANY NAME	FIRST NAME	IDENTITY No. / COMPANY REG No.

POSTAL ADDRESS

PHONE NUMBER	RESIDENCE (TICK✓ APPROPRIATE BOX BELOW)		EMAIL ADDRESS
	ZIMBABWEAN	FOREIGN	

SECTION B: DETAILS OF BONDS APPLIED, PAYMENT MADE, PREFERRED REFUND METHOD & SIGNATURES

AMOUNT OF NOTES IN WORDS:

(Lots Should Be of Principal Amount Of US\$10,000 And Integral Multiples Of US\$1,000 In Excess Thereof)

AMOUNT OF NOTES IN FIGURES	PAYMENT (RTGS) REFERENCE NUMBER

If over-subscribed, the excess value of Bonds will be refunded. Indicate how you would prefer to receive your refund payment. If you do not indicate your preference, a refund cheque will be generated and delivered to your agent or posted to your address above.

← Tick✓ Here For Refund by EFT. Provide Bank Details Below.
 Tick✓ Here For Refund by Cheque →

APPLICANT'S BANKDETAILS	BANK NAME	BANK CODE	BRANCH NAME	BRANCH CODE	ACCOUNT No.

Insert below, the signature(s) of the Applicant(s), or Company Officials, or Authorised Attorneys.
In the case of Joint Applications, both Joint Applicants and Signatories must sign.

I/We represent and warrant that I/we have the authority and power to purchase and hold the Bonds in accordance with this application form and have taken all necessary corporate action to approve such purchase and to authorise the person signing this application form to bind me/us in accordance with the terms hereof.

SIGNATURE 1			SIGNATURE 2	
		COMPANY SEAL		
Holder / Joint Holder / Attorney / Co. Official (Delete Inapplicable)			Holder / Joint Holder / Attorney / Co. Official (Delete Inapplicable)	
ID NUMBER	DATE		DATE	ID NUMBER

INFRASTRUCTURE DEVELOPMENT BANK OF ZIMBABWE IDB BOND SERIES 1 2014B - APPLICATION FORM



(Established in Zimbabwe in terms of Section 3 of the Infrastructure Development Bank of Zimbabwe Act [Chapter 24:14])

INFRASTRUCTURE DEVELOPMENT BOND APPLICATION FORM

In respect of an offer of 8% fixed-rate long term unsubordinated infrastructure bonds of up to US\$15,000,000.00 ("Fifteen Million United States of America Dollars") due to mature in 2019 at par and listing of the bond on the Zimbabwe Stock Exchange

Offer opens at 9.00 am on the.....20th November 2014 and
Closes at 4.00 pm on the.....5th December 2014

The Board of Directors may reject any application in whole or in part if the instructions as set out in the Prospectus and this Application Form are not complied with.

APPLICANT'S STATEMENT

By signing the Application Form overleaf, I /We the applicant(s) herein state that:-

1. I/We have full legal capacity and having read the Information Memorandum and this Application Form including the Prospectus I/we hereby irrevocably apply for and request you to accept my/our application for the under mentioned value of the IDBZ Infrastructure Development Bonds, or any lesser value of Bonds that may, in your sole and absolute discretion, be allotted to me/us subject to the provisions of the Infrastructure Development Bank of Zimbabwe Act [Chapter 24:14] as may be amended from time to time, the Prospectus and the Trust Deed in terms of which the Bonds are constituted.
2. I/We authorize the Infrastructure Development Bank of Zimbabwe to enter my/our name in its register of Bondholders as holder(s) of Bonds to me/us or issue a Certificate for the value of Bonds allocated to me/us and any refunds due to me/us via Electronic Funds Transfer in accordance with the Terms and Conditions in the Prospectus.
3. In consideration of agreeing to accept this Application Form, I/we agree that this application shall be irrevocable and shall constitute a contract which shall become binding upon receipt by Infrastructure Development Bank of Zimbabwe, and shall be governed by the terms and conditions of the Trust Deed and Prospectus.
4. I/We acknowledge that the Infrastructure Development Bank of Zimbabwe reserves the right to reject any application of mine/ours found to be in contravention of the above declarations.
5. I/We confirm that all information provided by me/us on the Application Form is true and correct and is in my/our personal knowledge.
6. I/We have consulted our financial advisor and am/are fully aware of the implications of my/our Application herein.
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10. **General**
 - 10.1. The Prospectus and Trust Deed and any contracts resulting from an acceptance of an application for the Bonds shall be governed and construed in accordance with the laws of Zimbabwe.
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12. **Delivery of Bonds**
 - 12.1. The Bonds will be delivered to each successful applicant against cleared funds within 15 days of the Allotment Date.
 - 12.2. No temporary documents of title will be issued.

INFRASTRUCTURE DEVELOPMENT BANK OF ZIMBABWE

IDB BOND SERIES 1 2014B - APPLICATION FORM

INSTRUCTIONS

INSTRUCTIONS

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Official Use Only →	RECIPIENT'S NAME	DATE STAMP	RECIPIENT'S SIGNATURE	← Official Use Only

To The Directors: I/We, the undersigned hereby apply to purchase the amount specified below of the fixed rate Infrastructure Development Bonds – (the “Bonds”) to be issued by the Infrastructure Development Bank of Zimbabwe (the “Issuer”) upon the terms and conditions set out in this application form, the Prospectus and the Supplementary Trust Deed (the “Trust Deed”) dated 8 December 2014 between Scanlen & Holderness Legal Practitioners (the “Bond Trustee”) and the Issuer. I/We authorise the Transfer Agent, Corpserve Registrars (the “Transfer Agent”) to send the Bonds allocated to me/us (at my/our risks) to the postal address/physical address given below.

SECTION A: APPLICANT(S) DETAILS (IGNORE SECOND APPLICANT'S FIELD IF THERE IS NO JOINT APPLICANT)

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TITLE(Mr/Ms etc)	SURNAME / COMPANY NAME	FIRST NAME	IDENTITY No. / COMPANY REG No.

POSTAL ADDRESS

PHONE NUMBER	RESIDENCE (TICK✓ APPROPRIATE BOX BELOW)		EMAIL ADDRESS
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SECTION B: DETAILS OF BONDS APPLIED, PAYMENT MADE, PREFERRED REFUND METHOD & SIGNATURES

AMOUNT OF NOTES IN WORDS:

(Lots Should Be of Principal Amount Of US\$10,000 And Integral Multiples Of US\$1,000 In Excess Thereof)

AMOUNT OF NOTES IN FIGURES	PAYMENT (RTGS) REFERENCE NUMBER

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← Tick✓ Here For Refund by EFT. Provide Bank Details Below.
 Tick✓ Here For Refund by Cheque →

APPLICANT'S BANKDETAILS	BANK NAME	BANK CODE	BRANCH NAME	BRANCH CODE	ACCOUNT No.

Insert below, the signature(s) of the Applicant(s), or Company Officials, or Authorised Attorneys.
In the case of Joint Applications, both Joint Applicants and Signatories must sign.

I/We represent and warrant that I/we have the authority and power to purchase and hold the Bonds in accordance with this application form and have taken all necessary corporate action to approve such purchase and to authorise the person signing this application form to bind me/us in accordance with the terms hereof.

SIGNATURE 1

SIGNATURE 2

	COMPANY SEAL								
Holder / Joint Holder / Attorney / Co. Official (Delete Inapplicable)		Holder / Joint Holder / Attorney / Co. Official (Delete Inapplicable)							
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">ID NUMBER</th> <th style="width: 50%;">DATE</th> </tr> <tr> <td style="height: 20px;"></td> <td></td> </tr> </table>		ID NUMBER	DATE			<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">DATE</th> <th style="width: 50%;">ID NUMBER</th> </tr> <tr> <td style="height: 20px;"></td> <td></td> </tr> </table>	DATE	ID NUMBER	
ID NUMBER	DATE								
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INFRASTRUCTURE DEVELOPMENT BANK OF ZIMBABWE IDB BOND SERIES 1 2014B - APPLICATION FORM



(Established in Zimbabwe in terms of Section 3 of the Infrastructure Development Bank of Zimbabwe Act [Chapter 24:14])

INFRASTRUCTURE DEVELOPMENT BOND APPLICATION FORM

In respect of an offer of 8% fixed-rate long term unsubordinated infrastructure bonds of up to US\$15,000,000.00 ("Fifteen Million United States of America Dollars") due to mature in 2019 at par and listing of the bond on the Zimbabwe Stock Exchange

Offer opens at 9.00 am on the.....20th November 2014 and
Closes at 4.00 pm on the.....5th December 2014

The Board of Directors may reject any application in whole or in part if the instructions as set out in the Prospectus and this Application Form are not complied with.

APPLICANT'S STATEMENT

By signing the Application Form overleaf, I /We the applicant(s) herein state that:-

1. I/We have full legal capacity and having read the Information Memorandum and this Application Form including the Prospectus I/we hereby irrevocably apply for and request you to accept my/our application for the under mentioned value of the IDBZ Infrastructure Development Bonds, or any lesser value of Bonds that may, in your sole and absolute discretion, be allotted to me/us subject to the provisions of the Infrastructure Development Bank of Zimbabwe Act [Chapter 24:14] as may be amended from time to time, the Prospectus and the Trust Deed in terms of which the Bonds are constituted.
2. I/We authorize the Infrastructure Development Bank of Zimbabwe to enter my/our name in its register of Bondholders as holder(s) of Bonds to me/us or issue a Certificate for the value of Bonds allocated to me/us and any refunds due to me/us via Electronic Funds Transfer in accordance with the Terms and Conditions in the Prospectus.
3. In consideration of agreeing to accept this Application Form, I/we agree that this application shall be irrevocable and shall constitute a contract which shall become binding upon receipt by Infrastructure Development Bank of Zimbabwe, and shall be governed by the terms and conditions of the Trust Deed and Prospectus.
4. I/We acknowledge that the Infrastructure Development Bank of Zimbabwe reserves the right to reject any application of mine/ours found to be in contravention of the above declarations.
5. I/We confirm that all information provided by me/us on the Application Form is true and correct and is in my/our personal knowledge.
6. I/We have consulted our financial advisor and am/are fully aware of the implications of my/our Application herein.
7. **Completing the form**
This completed form should be forwarded by facsimile or by hand to the Registrar at the following address:

Corpserve Registrars (Private) Limited
2nd Floor ZB Centre
Corner First Street and Kwame Nkrumah Ave
P.O Box 2208
Harare
Tel: +263 4 758193, 75155961 Fax: +263 4 752629
8. **Acceptance**

By signing an application form the applicant undertakes to pay to the Issuer on the Issue Date in same-day funds the purchase price for the Bonds allotted.
9. **Settlement procedure**
 - 9.1. Full payment must be made on application of bonds not later than 4pm on 5 December 2014.
 - 9.2. All payments must be made in favour of the Infrastructure Development Bank of Zimbabwe using the following details.
 - 9.2.1. Account name – IDBZ Bond Series 1 2014B
 - 9.2.2. Account number –3010242421042
 - 9.2.3. Bank –FBC Bank
 - 9.2.4. Branch –Samora Machel Avenue
 - 9.2.5. Swift Code - FBPCZWHZ
10. **General**
 - 10.1. The Prospectus and Trust Deed and any contracts resulting from an acceptance of an application for the Bonds shall be governed and construed in accordance with the laws of Zimbabwe.
 - 10.2. The Directors reserve the right to reject any application, in whole or in part, particularly if the instructions have not been observed.
 - 10.3. All alterations to this application form must be authenticated by full signature. Preferably, a new form must be completed. All applications must be made without any conditions stated by applicants.
 - 10.4. Under no circumstances whatsoever may the name of the applicant be changed and if this is done then the application form will be invalid.
 - 10.5. Applications are made subject to the provisions of the Prospectus to which this form is attached.
 - 10.6. Applications are irrevocable and may not be withdrawn or amended without the written consent of the Issuer.
 - 10.7. Individual applicants must be 18 years of age or older.
11. **Allotment procedure**
 - 11.1. The basis of allotment will be determined by the Issuer and the Registrar and will be communicated by the Issuer to the Securities and Exchange Commission of Zimbabwe.
 - 11.2. Successful applicants will be notified by the Issuer and Registrar of the amount of Bonds allotted to them no later than 5:00 pm on Wednesday, 10 December 2014.
12. **Delivery of Bonds**
 - 12.1. The Bonds will be delivered to each successful applicant against cleared funds within 15 days of the Allotment Date.
 - 12.2. No temporary documents of title will be issued.

INFRASTRUCTURE DEVELOPMENT BANK OF ZIMBABWE IDB BOND SERIES 1 2014B - APPLICATION FORM

INSTRUCTIONS

INSTRUCTIONS

1. Before completing this form, please read the summary Terms & Conditions of the Bond overleaf and the detailed Terms & Conditions of the Issue set out in the Prospectus accompanying this form.
2. Use the original Application Form. Any photocopies must be legible for them to be accepted by the Issuer or Registrar.

Official Use Only →	RECIPIENT'S NAME	DATE STAMP	RECIPIENT'S SIGNATURE	← Official Use Only

To The Directors: I/We, the undersigned hereby apply to purchase the amount specified below of the fixed rate Infrastructure Development Bonds – (the “Bonds”) to be issued by the Infrastructure Development Bank of Zimbabwe (the “Issuer”) upon the terms and conditions set out in this application form, the Prospectus and the Supplementary Trust Deed (the “Trust Deed”) dated 8 December 2014 between Scanlen & Holderness Legal Practitioners (the “Bond Trustee”) and the Issuer. I/We authorise the Transfer Agent, Corpserve Registrars (the “Transfer Agent”) to send the Bonds allocated to me/us (at my/our risks) to the postal address/physical address given below.

SECTION A: APPLICANT(S) DETAILS (IGNORE SECOND APPLICANT'S FIELD IF THERE IS NO JOINT APPLICANT)

TITLE(Mr/Ms etc)	SURNAME / COMPANY NAME	FIRST NAME	IDENTITY No. / COMPANY REG No.

TITLE(Mr/Ms etc)	SURNAME / COMPANY NAME	FIRST NAME	IDENTITY No. / COMPANY REG No.

POSTAL ADDRESS

PHONE NUMBER	RESIDENCE (TICK✓ APPROPRIATE BOX BELOW)		EMAIL ADDRESS
	<input type="checkbox"/> ZIMBABWEAN	<input type="checkbox"/> FOREIGN	

SECTION B: DETAILS OF BONDS APPLIED, PAYMENT MADE, PREFERRED REFUND METHOD & SIGNATURES

AMOUNT OF NOTES IN WORDS:

(Lots Should Be of Principal Amount Of US\$10,000 And Integral Multiples Of US\$1,000 In Excess Thereof)

AMOUNT OF NOTES IN FIGURES	PAYMENT (RTGS) REFERENCE NUMBER

If over-subscribed, the excess value of Bonds will be refunded. Indicate how you would prefer to receive your refund payment. If you do not indicate your preference, a refund cheque will be generated and delivered to your agent or posted to your address above.

← Tick✓ Here For Refund by EFT. Provide Bank Details Below.
 Tick✓ Here For Refund by Cheque →

APPLICANT'S BANKDETAILS	BANK NAME	BANK CODE	BRANCH NAME	BRANCH CODE	ACCOUNT No.

Insert below, the signature(s) of the Applicant(s), or Company Officials, or Authorised Attorneys.
In the case of Joint Applications, both Joint Applicants and Signatories must sign.

I/We represent and warrant that I/we have the authority and power to purchase and hold the Bonds in accordance with this application form and have taken all necessary corporate action to approve such purchase and to authorise the person signing this application form to bind me/us in accordance with the terms hereof.

SIGNATURE 1

SIGNATURE 2

	COMPANY SEAL								
Holder / Joint Holder / Attorney / Co. Official (Delete Inapplicable)		Holder / Joint Holder / Attorney / Co. Official (Delete Inapplicable)							
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">ID NUMBER</th> <th style="width: 50%;">DATE</th> </tr> <tr> <td style="height: 20px;"></td> <td></td> </tr> </table>		ID NUMBER	DATE			<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">DATE</th> <th style="width: 50%;">ID NUMBER</th> </tr> <tr> <td style="height: 20px;"></td> <td></td> </tr> </table>	DATE	ID NUMBER	
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INFRASTRUCTURE DEVELOPMENT BANK OF ZIMBABWE IDB BOND SERIES 1 2014B - APPLICATION FORM



(Established in Zimbabwe in terms of Section 3 of the Infrastructure Development Bank of Zimbabwe Act [Chapter 24:14])

INFRASTRUCTURE DEVELOPMENT BOND APPLICATION FORM

In respect of an offer of 8% fixed-rate long term unsubordinated infrastructure bonds of up to US\$15,000,000.00 ("Fifteen Million United States of America Dollars") due to mature in 2019 at par and listing of the bond on the Zimbabwe Stock Exchange

Offer opens at 9.00 am on the.....20th November 2014 and
Closes at 4.00 pm on the.....5th December 2014

The Board of Directors may reject any application in whole or in part if the instructions as set out in the Prospectus and this Application Form are not complied with.

APPLICANT'S STATEMENT

By signing the Application Form overleaf, I /We the applicant(s) herein state that:-

1. I/We have full legal capacity and having read the Information Memorandum and this Application Form including the Prospectus I/we hereby irrevocably apply for and request you to accept my/our application for the under mentioned value of the IDBZ Infrastructure Development Bonds, or any lesser value of Bonds that may, in your sole and absolute discretion, be allotted to me/us subject to the provisions of the Infrastructure Development Bank of Zimbabwe Act [Chapter 24:14] as may be amended from time to time, the Prospectus and the Trust Deed in terms of which the Bonds are constituted.
2. I/We authorize the Infrastructure Development Bank of Zimbabwe to enter my/our name in its register of Bondholders as holder(s) of Bonds to me/us or issue a Certificate for the value of Bonds allocated to me/us and any refunds due to me/us via Electronic Funds Transfer in accordance with the Terms and Conditions in the Prospectus.
3. In consideration of agreeing to accept this Application Form, I/we agree that this application shall be irrevocable and shall constitute a contract which shall become binding upon receipt by Infrastructure Development Bank of Zimbabwe, and shall be governed by the terms and conditions of the Trust Deed and Prospectus.
4. I/We acknowledge that the Infrastructure Development Bank of Zimbabwe reserves the right to reject any application of mine/ours found to be in contravention of the above declarations.
5. I/We confirm that all information provided by me/us on the Application Form is true and correct and is in my/our personal knowledge.
6. I/We have consulted our financial advisor and am/are fully aware of the implications of my/our Application herein.
7. **Completing the form**
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12. **Delivery of Bonds**
 - 12.1. The Bonds will be delivered to each successful applicant against cleared funds within 15 days of the Allotment Date.
 - 12.2. No temporary documents of title will be issued.

INFRASTRUCTURE DEVELOPMENT BANK OF ZIMBABWE

IDB BOND SERIES 1 2014B - APPLICATION FORM

INSTRUCTIONS

INSTRUCTIONS

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Official Use Only →	RECIPIENT'S NAME	DATE STAMP	RECIPIENT'S SIGNATURE	← Official Use Only

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	ZIMBABWEAN	FOREIGN	

SECTION B: DETAILS OF BONDS APPLIED, PAYMENT MADE, PREFERRED REFUND METHOD & SIGNATURES

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If over-subscribed, the excess value of Bonds will be refunded. Indicate how you would prefer to receive your refund payment. If you do not indicate your preference, a refund cheque will be generated and delivered to your agent or posted to your address above.

← Tick✓ Here For Refund by EFT. Provide Bank Details Below.
 Tick✓ Here For Refund by Cheque →

APPLICANT'S BANKDETAILS	BANK NAME	BANK CODE	BRANCH NAME	BRANCH CODE	ACCOUNT No.

Insert below, the signature(s) of the Applicant(s), or Company Officials, or Authorised Attorneys.
In the case of Joint Applications, both Joint Applicants and Signatories must sign.

I/We represent and warrant that I/we have the authority and power to purchase and hold the Bonds in accordance with this application form and have taken all necessary corporate action to approve such purchase and to authorise the person signing this application form to bind me/us in accordance with the terms hereof.

SIGNATURE 1

SIGNATURE 2

	COMPANY SEAL								
Holder / Joint Holder / Attorney / Co. Official (Delete Inapplicable)		Holder / Joint Holder / Attorney / Co. Official (Delete Inapplicable)							
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INFRASTRUCTURE DEVELOPMENT BANK OF ZIMBABWE IDB BOND SERIES 1 2014B - APPLICATION FORM



(Established in Zimbabwe in terms of Section 3 of the Infrastructure Development Bank of Zimbabwe Act [Chapter 24:14])

INFRASTRUCTURE DEVELOPMENT BOND APPLICATION FORM

In respect of an offer of 8% fixed-rate long term unsubordinated infrastructure bonds of up to US\$15,000,000.00 ("Fifteen Million United States of America Dollars") due to mature in 2019 at par and listing of the bond on the Zimbabwe Stock Exchange

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12. **Delivery of Bonds**
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Infrastructure Development Bank of Zimbabwe

National Growth Builders

IDBZ House, 99 Rotten Row
Harare, Zimbabwe
Tel: 263 4 750171-8, Fax : 263 4 749012