



Infrastructure Development Bank of Zimbabwe

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

ABRIDGED PRE-LISTING STATEMENT

Relating to the listing by introduction of the entire issue of the Infrastructure Development Bonds ("IDB") Series 1 2014B and the Infrastructure Development Bonds ("IDB") Series 2 2014B, on the Financial Securities Exchange ("FINSEC") Fixed Income Board, which bonds were issued in November 2014 by the Infrastructure Development Bank of Zimbabwe for purposes of funding energy infrastructure projects in Zimbabwe.

Action Required: In order to trade the Bonds on the FINSEC ATP, bondholders should contact their broker to initiate the dematerialisation process. If you are in any doubt as to the action you should take, please consult your stockbroker, banker, accountant or any other professional advisor immediately.

Nominated Advisors



Bond Trustee



Legal Advisors



Auditors and Independent Reporting Accountants



Transfer Secretaries



Independent Assurance Provider



Sponsoring Brokers



1. IMPORTANT DATES

Event	Date
Abridged Pre-Listing Statement published in the local press	Monday, 27 November 2017
Pre-listing Statement publication on the Bank's website www.idbz.co.zw	Monday, 27 November 2017
Listing of the Bonds on the Financial Securities Exchange and commencement of trading	Wednesday, 29 November 2017

Interest Payment	Semi-annually in arrears commencing six (6) months after the Allotment Date. Interest is calculated on the basis of a 365 day year.	Semi-annually in arrears commencing six (6) months after the Allotment Date. Interest is calculated on the basis of a 365 day year.
Security	a) Guaranteed by the Government of the Republic of Zimbabwe.	c) Guaranteed by the Government of the Republic of Zimbabwe.
	b) Sinking Fund	d) Sinking Fund

Since the issuance of the Bonds in November 2014, investors in the Bonds have continued to hold the instruments with no opportunity to trade them on the secondary market prior to maturity. The very limited secondary market trading in the Bonds has been based on private arrangements between investors but with no opportunity for price discovery. The need to facilitate efficient trading of the Bonds on the secondary market in a transparent manner has led to the IDBZ to seek admission of the Bonds onto the Fixed Income Board of the FINSEC ATP.

On the 22nd of August 2017, the Board of Directors resolved to seek the listing of the IDB Series 1 2014B and Series 2 2014B Bonds on the Fixed Income Board of FINSEC by way of introduction. Existing bondholders are being notified of the proposed listing of the Bonds on the FINSEC ATP through this Abridged Pre-Listing Statement published on the 27th of November 2017 and copies of the full Pre-Listing Statement will be distributed to all registered bondholders beginning the 27th of November 2017. The FINSEC Listings Committee has approved this Abridged Pre-Listing Statement and the Listing of the IDB Series 1 2014B and Series 2 2014B Bonds on the ATP.

2. INTRODUCTION AND BACKGROUND

The Infrastructure Development Bank of Zimbabwe is proposing the listing, by introduction, of its Series 1 2014B and Series 2 2014B Infrastructure Development Bonds that were issued in November 2014.

The Infrastructure Development Bank of Zimbabwe is a statutory development finance institution that was established in 2005 in terms of Section 3 of the Infrastructure Development Bank of Zimbabwe Act [Chapter 24:14] ("the IDBZ Act"). The Bank is a 'Public Entity' as defined under Section 2 of the Public Finance Management Act [Chapter 22:19] and is also subject to the provisions of the Public Debt Management Act [Chapter 22:21]. The objectives and mandate of the Bank are provided for under Section 16 of the IDBZ Act as follows:

- 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;
- to develop institutional capacity in undertakings and enterprises of all kinds in Zimbabwe;
- to support development projects and programmes in all sectors of the Zimbabwean economy;

Through all or any of the following means—

- providing capital for the expansion or modernisation of existing infrastructure, undertakings and enterprises or the creation or development of new infrastructure, undertakings and enterprises;
- mobilising internal and external resources from the public and private sectors;
- facilitating the participation of the private sector and community organisations in development projects and programmes;
- appraising, planning and monitoring the implementation of development projects and programmes;
- 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. DETAILS AND TERMS OF THE LISTING

The full issues of the IDB Series 1 2014B Infrastructure Bonds, with a nominal value of \$15,000,000 and the IDB Series 2 2014B Infrastructure Bonds, with nominal value of \$50,000,000, are to be listed on the Fixed Income Board of the Financial Securities Exchange, FINSEC, by way of introduction. The trading of the bonds shall be conducted on the ATP provided by FINSEC.

The IDBZ raised US\$15 million through a Bond Issue (IDB Series 1 2014B) for purposes of financing the completion of Zimbabwe Electricity Transmission and Distribution Company ("ZETDC")'s Prepaid Metering Project. IDBZ further raised US\$50 million through a Bond Issue (IDB Series 2 2014B) for purposes of financing the refurbishment of the Kariba South Power Station and the repowering of the Harare Power Station by Zimbabwe Power Company ("ZPC").

The terms of the bonds to be listed are summarised as follows:

Subject	Series 1 2014B	Series 2 2014B
Issuer and Arranger	Infrastructure Development Bank of Zimbabwe	
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	Fixed rate Bonds
Issue Date	Thursday, 20 November 2014	Friday, 14 November 2014
Tenor	Five (5) years	Five (5) years
Maturity Date	Monday, 9 December 2019	Wednesday, 18 December 2019
Currency of Issue and Payment	United States Dollars	United States Dollars
Original Issue Amount	Up to US\$15,000,000.00 (Fifteen Million United States Dollars)	Up to US\$50,000,000.00 (Fifty Million United States Dollars)
Issue Price	The Bonds were issued on a fully paid up basis at par.	The Bonds were issued on a fully paid up basis at par.
Denominations	Principal amount of US\$10,000 and integral multiples of US\$1,000 thereof.	Principal amount of US\$10,000 and integral multiples of US\$1,000 thereof.
Coupon Rate	Eight Percent (8%) per annum	Nine Percent (9%) per annum
Period to Maturity	Approximately two (2) years from the date of the Pre-Listing Statement.	Approximately two (2) years from the date of the Pre-Listing Statement.
Principal Repayment	One tenth (1/10) of the face value after every six months until final redemption.	One tenth (1/10) of the face value after every six months until final redemption.

4. RATIONALE FOR THE PROPOSED LISTING

The principal reasons for the listing of the IDB Series 1 2014B and Series 2 2014B Infrastructure Bonds include:

- Broadening market participation in the trading of the Bonds to include stockbroking firms, custodians and qualifying individuals and institutional investors;
- Enhancing the liquidity of the Bonds due to the wider access that buyers and sellers will have to professional broking services on FINSEC;
- Allowing for a market-determined price discovery mechanism in the trading of the Bonds;
- Increasing the visibility of the IDBZ brand in the market by having the Bank's Infrastructure Bonds traded on a public platform;
- Unlocking bondholder value through access to a bigger trading platform with a variety of market participants;
- Increased investor protection as a result of:
 - The FINSEC being a regulated market;
 - The segregation of duties between order taking, matching, settlement and custody of securities and cash;
 - Monitoring of insider trading and price manipulation;
 - Monitoring of false and misleading reporting; and
 - Keeping up with international best practice in the electronic trading and settlement of settlement of financial securities.

5. REGULATORY ISSUES

The IDBZ as Issuer and ZETDC/ZPC, as beneficiaries of the Bonds, have a policy to comply with all relevant regulations governing their operations. The Government of Zimbabwe as principals to IDBZ, ZETDC and ZPC require these institutions to continue to fulfil their respective mandates and all future regulatory interventions will be positively influenced by this policy thrust.

The Admissions Committee of FINSEC granted approval for the publication of this Abridged Pre-listing Statement and the distribution to bondholders of the full Pre-listing Statement in respect of the proposed listing of the bonds on the FINSEC ATP.

6. TAX IMPLICATIONS OF THE LISTING

The Bonds are exempt from tax on interest and there are no other tax implications arising as a result of the listing.

7. MATERIAL LITIGATION

The Bank has no extraordinary cases of litigation. The following case listed below arose from the normal conduct of the Bank's business.

Engen Petroleum (Private) Limited vs IDBZ

As at 31 December 2016, IDBZ was involved in a litigation case involving a company in the petroleum industry, which contended that the Group should honour a guarantee of US\$847 848 issued in favour of a third party. On conclusion of trial at the High Court of Zimbabwe, judgement was entered against IDBZ on 15 April 2016. The Group filed an appeal to the Supreme Court, which has resulted in a staying of execution of the High Court judgement. The matter is disclosed on note 33 of the 2016 annual report.

8. IDBZ SHAREHOLDING STRUCTURE

As at 30 September 2017, being the last practicable date prior to the publication of the Pre-Listing Statement, the IDBZ had 4,462,090 (Four million, four hundred and sixty two thousand and ninety) issued ordinary shares and its top Shareholders were as follows:

Ordinary Share Capital of the IDBZ

Shareholder	Shares Held	Percentage
Government of Zimbabwe	3,901,549	87.4377%
Reserve Bank of Zimbabwe	560,435	12.5599%
IDBZ Staff Share Trust	78	0.0018%
Fidelity Life Assurance Company of Zimbabwe Limited	12	0.0003%
Finish Fund for Industrial Cooperation (Finnfund)	5	0.0001%
Africa Development Bank (AfDB)	4	0.0001%
German Investment & Development Company (DEG)	3	0.0001%
Netherlands Development Finance Company (FMO)	3	0.0001%
European Investment Bank (EIB)	1	0.0000%
Total	4,462,090	100.00%



In addition to the above ordinary shareholding structure, the Bank introduced preferred share capital into its capital structure in December 2014. The Bank hived off its legacy debt totalling US\$38.3 million and in the process issued preference shares to the Government of Zimbabwe equivalent to the legacy debt assumed by the Zimbabwe Asset Management Corporation (Pvt) Ltd ("ZAMCO") on behalf of Government.

Preferred Share Capital

Shareholder	Shares Held	Percentage
Government of Zimbabwe	382,830	100%

The preference shares, which were issued at US\$100 per share, are non-cumulative and non-redeemable and carry a preferred dividend of 5% per annum.

9. FINANCIAL PERFORMANCE

The Abridged Audited Statements of Income for the years ended December 2014, 2015 and 2016 and the reviewed financial statement for the 6 months to June 2017 are presented in the table below:

Abridged Statements of Income as at 30 June 2017

	Unaudited HY 2017 US\$	Audited FY 2016 US\$	Audited FY 2015 US\$	Audited FY 2014 US\$
Interest and similar income	5 422 832	12 147 443	11 360 979	9 942 938
Interest and similar expense	(3 058 680)	(6 301 291)	(6 388 358)	(6 332 430)
Net interest and similar income before loan impairment charge	2 364 152	5 846 152	4 972 621	3 610 508
Property sales	2 155 598	1 600 324	1 155 000	-
Cost of sales	(1 020 310)	(1 070 821)	(1 092 108)	-
Gross profit on sales	1 135 288	529 503	62 892	-
Loan impairment	(394 516)	(1 597 558)	(720 613)	(807 874)
Net interest income after impairment charge	740 772	4 778 097	4 314 900	2 802 634
Fee and commission income	961 901	1 004 969	1 682 833	2 834 203
Net gains/(losses) on financial assets at FVTPL	97 270	2 256	(797)	(687)
Dividend income	15 604	44 983	16 669	15 068
Other operating income	342 796	1 771 021	670 338	1 852 867
Fair value (loss)/gain on investment property	-	(1 660 560)	(1 842 268)	(147 497)
Net foreign exchange gains/(losses)	43 341	322 175	473 760	2 967 375
Operating expenses	(4 328 527)	(7 606 248)	(10 140 127)	(9 539 733)
Share of loss from associates	(40 737)	(162 453)	(228 530)	(291 289)
(Loss)/profit	196 572	(1 505 760)	(5 053 222)	492 941
Other comprehensive income	-	207 965	1 056 872	384 859
Total comprehensive (loss)/income for the year	196 572	(1 297 795)	(3 996 350)	877 800
Total comprehensive (loss)/income attributable to:				
Equity holders of the parent entity	199 015	(1 083 358)	(4 002 981)	869 160
Non-controlling interest	(2 443)	(214 437)	6 631	8 640
	196 572	(1 297 795)	(3 996 350)	877 800

10. FUTURE PROSPECTS OF THE IDBZ

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 in 2012 and for a longer tenure of 3 years not witnessed in the Zimbabwe market post dollarization. Proceeds of the bond were used to kick-start the rollout of the prepaid metering system for electricity consumers, a project meant to enhance revenue collection against billed consumption on the distribution side.

Following the success of the maiden US\$30 million bond issue, the Bank issued a 5-year infrastructure bond for US\$15 million in November 2014, known as IDB Series 1 2014B, to raise additional funds to complete the Prepaid Metering Project by the ZETDC. At the same time, the Bank also issued another 5-year infrastructure bond for US\$50 million to finance the refurbishment of the Kariba South Power Station (US\$38.8 million) and repowering of Harare Power Station (US\$11.2 million).

With the overwhelming support that the Bank's infrastructure bonds have received from institutional investors, the Bank is confident that its bond issuances which are anchored on bespoke structures and attractive enhancement features will continue to resonate with institutional investors and facilitate the mobilisation of resources in support of key infrastructure projects in the country.

11. EXPERTS' CONSENTS

Intellego, Scanlen & Holderness, Kantor & Immerman, Corpserve, FBC Securities, Deloitte and PricewaterhouseCoopers have given, and have not withdrawn, their consents to the issue of this Abridged Pre-Listing Statement with the inclusion of their logos, names and reports in the forms and contexts in which they appear.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or certified copies thereof, will be made available for inspection at the registered offices of the Issuer, IDBZ House, 99 Rotten Row, Harare, during normal business hours:

- The Infrastructure Development Bank of Zimbabwe Act [Chapter 24:14];
- Letters of authority to issue the Bonds by the Government of Zimbabwe;
- Letters from the Ministry of Finance and Economic Development confirming compliance with the Public Finance Management Act [Chapter 22:19];
- IDBZ Board Resolutions to issue the Series 1 2014B and Series 2 2014B Bonds on the FINSEC ATP;
- IDBZ Board Resolutions to list the Series 1 2014B and Series 2 2014B Bonds on the FINSEC ATP;
- Series 1 2014B Bonds, Guarantee from the Government of the Republic of Zimbabwe;
- Series 2 2014B Bonds, Guarantee from the Government of the Republic of Zimbabwe;
- IDB Series 1 2014B Bond Prospectus dated 20 November 2014;
- IDB Series 2 2014B Bond Prospectus dated 20 November 2014;
- Letter from the office of the Commissioner of Insurance and Pensions granting Prescribed Asset Status to the Series 1 2014B Bonds;
- Letter from the office of the Commissioner of Insurance and Pensions granting Prescribed Asset Status to the Series 2 2014B Bonds;
- Letters from the Reserve Bank of Zimbabwe conferring Liquid Asset Status and Lender of Last Resort Security Status to the Series 1 and Series 2 Bonds;
- Letters from Treasury confirming Tax Exemption on Coupon on both the Series 1 2014B and Series 2 2014B Bonds;
- Letter from ZETDC confirming the extension of the Revenue Cession to cover the Series 1 2014B and Series 2 2014B Bonds;
- Supplementary Trust Deed between the Issuer and the Series 1 2014B Bondholders Trustee;
- Supplementary Trust Deed between the Issuer and the Series 2 2014B Bondholders Trustee;
- Summary of Sinking Fund Performance for the last 36 months;
- IDBZ Annual Reports 2012-2016;
- ZETDC's Annual Reports 2012-2016;
- ZPC's Annual Reports 2012-2016;
- ZETDC Prepaid Metering Project Documentation;
- Project information for KSPS Extension;
- Project information for Harare Power Station Repowering;
- Project information for KSPS Refurbishment;
- Letters of consent from advisors mentioned above;

HEADQUARTERS:
IDBZ House, 99 Rotten Row, Harare, Zimbabwe
Tel: 04 750171-8
Fax: 04 749012/774225

BULAWAYO:
9th Avenue / J. M. Nkomo, Bulawayo, Zimbabwe
Tel: 09 9 230 984, 230 984, 230 986, 230 987
Email: enquiries@idbz.co.zw

13. DETAILS OF DIRECTORS

Below is a list of the IDBZ's Board of Directors as at 30 September 2017.

Name	Nationality	Position
Manungo, Willard Lowenstern	Zimbabwean	Non-Executive Chairman
Sakala, Thomas Zondo	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
Mukahanana-Sangarwe, Margaret Mazvita	Zimbabwean	Non-Executive Director
Tahwa, Charles Simbarashe	Zimbabwean	Non-Executive Director

The following are summary profiles of the Directors of the Bank:

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.

Sakala, Thomas Zondo – Chief Executive Officer

Mr. Sakala joined the Bank in September 2015 as Chief Executive Officer. He is an experienced economist and development banker. He is the former Vice-President of the African Development Bank (AfDB) in charge of Country and Regional Programmes (as of October 2014). In May 2015 he was the SADC nominee for the Presidency of the AfDB. He holds a B.Sc. (Hons) and a M.Sc. in Economics from the University of Ibadan in Nigeria. Prior to joining the AfDB, Mr. Sakala worked for three years as Senior Research and Principal Planning Officer in the newly created Ministry of Manpower Planning and Development in Zimbabwe, which carried out Zimbabwe's first post-independence National Manpower Survey.

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.

Mukahanana – 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.

Tahwa, Charles Simbarashe - Non Executive

Mr. Tahwa 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. Tahwa is a member of the Corporate Governance, Finance & Risk Management and Investment Committees of the IDBZ Board.

14. DIRECTORS RESPONSIBILITY STATEMENT

The Directors of IDBZ whose names are listed in this Abridged Pre-Listing Statement collectively and individually accept full responsibility for the accuracy of the information given in this Abridged Pre-Listing Statement 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 Pre-Listing Statement misleading.

The Directors also confirm that this Abridged Pre-Listing Statement 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 **20th day of November 2017**.

Director's Name	Position	Signature
Manungo, Willard Lowenstern	Non-Executive Chairman	(Signed on original)
Sakala, Thomas Zondo	Chief Executive Officer	(Signed on original)
Choga, Vavarirai Humwe	Non-Executive Director	(Signed on original)
Kudenga, Nelson	Non-Executive Director	(Signed on original)
Mhakayakora, Joseph (Rtd. Col.)	Non-Executive Director	(Signed on original)
Mlambo, Shadreck Sariri (Dr.)	Non-Executive Director	(Signed on original)
Mukahanana-Sangarwe, Margaret Mazvita	Non-Executive Director	(Signed on original)
Tahwa, Charles Simbarashe	Non-Executive Director	(Signed on original)

FURTHER INFORMATION

Requests for further information or clarification on this important notice or any matters pursuant to this document should be addressed to the following representatives of the Infrastructure Development Bank of Zimbabwe:

Willing Zvirevo, Taurai Duku or Blessings Chiwandire

