

# Shareholders want Lonrho appointees off LonZim board

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Shareholders in a key subsidiary owned by AIM-listed Lonrho are not letting up on their battle to convene an extraordinary meeting to demand a restructuring of the board and management.

Pitted against Lonrho executive chairman David Lenigas and CEO Geoffrey White are LonZim shareholders SA-based AMB Capital and Damille Partners IV, as well as Lonrho shareholder Sovereignty Capital, who are unhappy about some of the investments LonZim has made, particularly in Zimbabwe.

They have called for an emergency general meeting to vote on removing Lonrho appointees on the LonZim board and replacing them with their own. They are also reportedly asking for the dismissal of Lenigas and White.

Lonrho owns 23,7% of LonZim, which was formed by Lonrho to invest in Zimbabwe and the Mozambican Beira corridor. It recently acquired a small hotel and announced plans to set up a pharmaceutical distribution company. It also has stakes in a telecommunications firm in the country.

A spokesman at AMB Capital last week confirmed that there was a shareholder dispute centred on investment strategy and corporate governance issues.

Sovereignty is reportedly demanding that LonZim assets be evaluated, a decision made on which ones to keep and which to sell, and money returned to shareholders.

The shareholders believe LonZim has overpaid for some of the Zimbabwean assets which are not profitable, and argue that these investments would erode shareholder value in the longer term.

But White last week denied Lonrho was wasting money on unprofitable ventures, and likened the unhappy shareholders to “nothing more than corporate raiders”.

He said they had bought LonZim shares cheaply after a previous investor was forced into a fire-sale to raise cash.

White said Lonrho's other investors had bought into the company for long-term gains and were happy with LonZim's investments and would resist calls to remove management.

He said he was convinced the strategic focus of both Lonrho and LonZim to invest in five core sectors — aviation, infrastructure, agro-processing, tourism and information technology — was the best for shareholders. He expects group

turnover to reach £100m in the year to September.

*Source: Business Day*

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