

APPENDIX I

(referred to in paragraph 2.1)

Lonrho: principal companies

UNITED KINGDOM

Financial services

A V P Properties Ltd
Balfour, Williamson & Co Ltd
F E Wright (UK) Ltd
John Holt & Co (Liverpool) Ltd
L A Rix & John Holt Ltd
London City & Westcliff Properties Ltd

Lonrho Exports Ltd
Scottish and Universal Investments Ltd

Property ownership
Export confirming
Insurance brokers
Export confirming
Insurance brokers
Ownership and development of residential and commercial property
Export confirming
Investment holding

General trade

Baumann Hinde & Co Ltd
Peter J Hopkinson (Plumbing Factors) Ltd
Kühne & Nagel Ltd (associate)
Southern Watch & Clock Supplies Ltd
Tradewinds Airways Ltd

Cotton brokers and merchants
Plumbing factors
Freight forwarding and warehousing
Supplier to the horological trade
Cargo airline operators

Leisure, wine and spirits

Birmingham Metropole Hotels Ltd

Hotel Metropole (Brighton) Ltd

London Metropole Hotel Ltd
Metropole Casinos (Holdings) Ltd
Pembroke Hotel Ltd
Whyte & Mackay Distillers Ltd

Proprietors of the Birmingham Metropole and Warwick Hotels

Proprietors of the Brighton Metropole and Bedford Hotels

Proprietors of the London Metropole Hotel
Owners of casino proprietors
Proprietors of the Pembroke Hotel, Blackpool
Whisky distillers, blenders and brokers

Manufacturing

Church & Bramhall (Stockholders) Ltd
David Whitehead & Sons Ltd
Eden Fisher (Southend) Ltd

Emerald Stainless Steel Ltd
Fassnidge, Son & Norris Ltd
Firsteel Ltd
Firsteel Metal Products Ltd
George Outram & Company Ltd

Greenaway Harrison Ltd
Harrison & Sons (High Wycombe) Ltd

Holmes McDougall Ltd
Lightfoot Refrigeration Co Ltd

Lonrho Textiles Ltd

Newell Dunford Ltd

Nicol & Andrew (London) Ltd
Page Bros (Norwich) Ltd
Robey of Lincoln Ltd
Scottish & Universal Newspapers Ltd
Sheer Pride Ltd

Sportworks Ltd
The Observer Ltd
T R F Plant Ltd

Steel stockholders
Manufacturers of domestic textiles
Printers of technical and commercial periodicals and directories
Distributors of sink tops and kitchen furniture
Contract builders
Manufacturers of cold rolled steel strip
Manufacturers of cold formed sections
Printers and publishers of 'Glasgow Herald' and 'Evening Times'
Security printers
Security printers, printers of stamps and paper processors
Printers, publishers and booksellers
Manufacturers of commercial refrigeration equipment
Manufacturers and distributors of polyester cotton products and retailers of such products through Brentfords and Accord outlets
Designers and suppliers of processed plant systems and equipment
Specialist engineers
Printers of periodicals, directories and books
Manufacturers of industrial boilers
Newspaper proprietors, printers and publishers
Manufacturers of filing cabinets and other office equipment
Sportsground and civil engineering contractors
Printers and publishers of 'The Observer'
Manufacturers of stainless steel sinks

Motor and equipment distribution

The Dovercourt Motor Co Ltd
 Dutton-Forshaw Facilities Ltd (associate)
 Jack Barclay Ltd
 MAN-VW Truck and Bus Ltd

Saville Tractors Ltd

Saville Tractors (Belfast) Ltd

The Dutton-Forshaw Motor Group Ltd
 VAG (United Kingdom) Ltd

Watveare (Overseas) Ltd

Western Machinery & Equipment
 Company Ltd

Retailers of Volkswagen and Audi motor cars
 Contract hirers of motor vehicles
 Retailers of Rolls-Royce and Bentley motor cars
 Importers and distributors of MAN and Volkswagen
 trucks and buses
 Distributors of construction and agricultural
 machinery
 Distributors of construction and agricultural
 machinery and retailers of Vauxhall motor cars
 Retailers of BL motor cars
 Importers and distributors of Volkswagen and Audi
 motor cars
 Sole importers and distributors of Deutz tractors and
 Fahr machinery
 Importers, wholesalers and retailers of agricultural
 machinery

OVERSEAS**Agriculture**

Dwangwa Sugar Corporation Ltd
 (associate)

East African Tanning Extract Co Ltd
 Kalangwa Estates Ltd
 Lonrho Sugar Corporation Ltd

P S Mandrides & Co Ltd (associate)
 Makandi Estates Ltd

The Wattle Company Ltd
 Willoughby's Consolidated Plc

Sugar growing and processing

Crop and livestock farming, and wattle processing
 Mixed livestock and crop farming
 Sugar growing and processing in Malawi, Mauritius,
 South Africa and Swaziland
 Oilseed merchants
 Ownership of tea estates and tobacco plantations in
 Malawi
 Wattle growing and processing
 Ownership of cattle ranches in Zimbabwe

Financial services

JHI Ltd (associate)
 Lonrho South Africa Ltd
 Lonrho Zimbabwe Ltd

Investment and property holding
 Investment holding
 Investment holding and finance

General trade

African Commercial Holdings Ltd

Kühne & Nagel (AG & Co) (partnership)
 Kühne & Nagel International, AG
 (associate)

Lonrho Industrial Corporation Ltd
 National Airways & Finance Corporation
 Ltd

Teal Record Co (Zambia) Ltd
 Turnpan Zambia Ltd

Distributors of electrical goods and batteries, Coca-
 Cola bottlers and manufacturers and distributors of
 paint
 Freight forwarding and warehousing
 Freight forwarding and warehousing

Wholesale hardware and steel merchants
 Retailers and lessors of Beechcraft aircraft

Distributors of records and tapes
 Importers and distributors of Bucyrus Erie, Wagner,
 Wabco, Goodman and Robbins mining machinery
 and spare parts

Leisure, wine and spirits

Chibuku Products Ltd
 Heinrich's Syndicate Ltd
 Louis Eschenauer SA
 Merville Ltd
 National Breweries Ltd (associate)
 Princess Properties International Ltd

Brewers of a traditional African beer
 Proprietors of the Edinburgh and Lusaka Hotels
 Wine shippers, blenders and owners of vineyards
 Proprietors of the Merville Hotel
 Brewers of a traditional African beer
 Proprietors of hotels in The Bahamas, Bermuda and
 Mexico. Casino operators in The Bahamas

Manufacturing

Consolidated Holdings Ltd

Construction Associates (Pvt) Ltd
 David Whitehead & Sons (Malawi) Ltd
 David Whitehead Textiles Ltd
 Delkins Ltd

Printers and publishers of 'The Standard' newspaper
 and millers of paper
 Civil engineering and construction
 Manufacturers of textile products
 Manufacturers of textile products
 Civil engineers and building contractors

John Holt Ltd (associate)	Manufacturer of cosmetics, toiletries, confectionery, plastic crates and boats; bottling of soft drinks; assembly and distribution of motor cycles and generators, distribution of motor vehicles, agricultural equipment and pharmaceuticals
John Holt Agricultural Engineers Ltd	Manufacturers of ploughs and other agricultural equipment
Stainless Steel Products Ltd	Manufacturers of stainless steel sinks
Stainless Steel Products (Ireland) Ltd	Manufacturers of stainless steel sinks
W Dahmer & Co (Pvt) Ltd	Vehicle manufacturers and coachbuilders
Zambesi Coachworks Ltd	Coachbuilders
Mining and refining	
Ashanti Goldfields Corporation (Ghana) Ltd (associate)	Gold mining
Attica Mining (Pvt) Ltd	Gold and copper mining
Corsyn Consolidated Mines Ltd	Gold and copper mining
Duiker Exploration Ltd	Anthracite, coal and gold mining and shareholders in Eastern Gold Holdings Ltd
Independence Mining (Pvt) Ltd	Gold mining
Lonrho Refinery Ltd	Platinum refining
Western Platinum Ltd	Platinum mining
Motor and equipment distribution	
Lonrho (Malawi) Ltd	Importers and distributors of BL motor vehicles and Massey Ferguson and Perkins agricultural equipment
Lonrho Motor Holdings Ltd	Distributors of General Motors and Mercedes vehicles and spares
Lonrho Zambia Ltd	Importers and distributors of Toyota, Fiat, BL, Mercedes, Volkswagen and Peugeot vehicles and spares. Owners of a construction company
Maternaco SA	Retail agents for engineering, industrial and agricultural equipment
Motor Mart & Exchange Ltd	Distributors of Renault and General Motors vehicles and spares in Kenya; also Massey Ferguson agricultural equipment in Kenya and Uganda
Power Equipment Ltd	Importers and distributors of Massey Ferguson and other agricultural equipment and industrial machinery
Star Motors (Commercial) Ltd	Importers and distributors of Mercedes heavy commercial vehicles and spare parts
Wankel International SA	Joint owners of patents for the Wankel Rotary Engine
Westlands Motors Ltd	Agents for Toyota vehicles and spares
Zimoco Ltd	Distributors of Mercedes cars and heavy commercial vehicles

APPENDIX 2

(referred to in paragraphs 2.2 and 2.3)

Lonrho: principal acquisitions, developments and disposals since September 1981

UNITED KINGDOM

Principal acquisitions and developments

- Hotels** —Acquisition and development of Pembroke Hotel, Blackpool for £6 million.
—Extension to London Metropole Hotel for £1.5 million.
—Brighton Metropole Hotel: Development of Exhibition Halls and renovation for £3 million.
- Casinos** —Acquisition and refurbishment of 45 Park Lane, opened in July 1984.
—Acquisition of property in Curzon Street and transfer of Crockford's licence.
—Acquisition of Demetriou Clubs.
—Acquisition of Distinctive Clubs.
- VAG** —The Lonrho Board authorised total expenditure of £6 million for the development of a new Southern Region site and the extension of facilities at Milton Keynes.
- SUITS** —Printing and publishing: over £2 million was spent on photocomposition equipment at Greenaway Harrison and updating equipment in other companies.
- Tradewinds** —Licences obtained to operate scheduled services. The company became a wholly-owned subsidiary.

Principal disposals

- Firsteel** —Disposal of Hadfields to a consortium headed by the British Steel Corporation as part of the Government's Phoenix II Plan for the Engineering Steels Industry, and the closure, sale and rationalisation of certain smaller subsidiaries.
- SUITS** —Printing and publishing: the closure of the Sunday Standard and the disposal of Harrison Colour International.
—Dutton-Forshaw: the closure and sale of depots at Brighton, Liverpool and elsewhere.
- Casinos** —Sale of Bournemouth Casino.
- Holts** —Sale of Ashe & Nephew, together with eight other businesses, for £18 million in January 1984.
—Closure of John Holt Vintners (wine shippers).
- Kendall Globe** —Sold to Kühne and Nagel (50 per cent of which is owned by Lonrho).
- House of Fraser** —Sale of 29.9 per cent holding to Alfayed Investment and Trust (UK) Ltd in November 1984.
(associate)

OVERSEAS

Principal acquisitions and developments

- Princess Properties** —Purchase in December 1981 of the remaining 50 per cent of the share capital at a cost equivalent to £52.3 million.
—Completion of the Marquessa Tower at the Acapulco Princess in September 1982 for the equivalent of £19.4 million.
—Acquisition of 'El Casino' in The Bahamas in 1983.
—Hamilton Bermuda renovation 1982/84 Phases I and II for £11 million.
- South Africa** —Western Platinum: completion of the development of a second higher grade reef (UG2) in 1982. The Lonrho Board has now approved the construction of a copper/nickel refinery which will be commenced shortly.
—Eastern Gold: the development of this new gold mine in association with Anglo American Corporation remains on schedule.
- Ashanti** —The finance for the planned increase in production is now being finalised, using loans from a consortium led by the International Finance Corporation.
- Malawi** —The cotton/polyester project has been completed at a cost of £10 million and ahead of schedule.
- Sugar** —The Ubombo Sugar Estate in Swaziland has been expanded at a cost of £8 million.
- Zimbabwe** —The Beira/Mutare oil pipeline has been rehabilitated at a cost of some US\$ 20 million, has been re-opened and is now operating.

Principal disposals

The only significant overseas disposal has been of the loss-making Sir Francis Drake Hotel in San Francisco, which was sold in July 1983 for the equivalent of £16.6 million.

APPENDIX 3

(referred to in paragraphs 2.9 and 7.46)

Lonrho: management regions

Balfour Williamson
Baumann, Hinde
Cominière
East Africa
F E Wright
Firsteel
Holts
London City & Westcliff
Lonrho Exports/Balfour Williamson
Lonrho Textiles
Malawi
Metropole Casinos
Metropole Hotels
The Observer
Princess Properties International
South Africa
Southern Watch and Clock
Sugar
SUITS (including Dutton-Forshaw)
Tradewinds
VAG
Wankel
Whiteheads
Zambia
Zimbabwe
Ashanti (associate)
Kühne & Nagel (associate)

APPENDIX 4
(referred to in paragraph 2.18)

Lonrho: source and application of funds

	1979	1980	1981	1982	1983
<i>£ million</i>					
<i>Source</i>					
Funds generated from operations	51.4	71.9	64.4	38.2	66.1
Shares issued including net share premium	17.2	39.3	0.9	0.2	0.3
Reduction/(increase) in working capital	(8.5)	(87.2)	39.5	(20.1)	48.2
	<u>60.1</u>	<u>24.0</u>	<u>104.8</u>	<u>18.3</u>	<u>114.6</u>
<i>Application</i>					
Minority interests	12.3	(50.7)	(3.3)	105.8	5.9
Dividends paid	12.6	18.0	22.2	26.3	21.1
Purchases of assets (net)	42.6	171.9	142.1	43.1	53.4
Other items	1.2	1.2	(1.1)	0.3	1.8
	<u>68.7</u>	<u>140.4</u>	<u>159.9</u>	<u>175.5</u>	<u>82.2</u>
Net source/application of funds	<u>(8.6)</u>	<u>(116.4)</u>	<u>(55.1)</u>	<u>(157.2)</u>	<u>32.4</u>
<i>Movements in net borrowings</i>					
Cash at bank and in hand	25.0	52.1	18.3	(74.5)	51.9
Bank loans, overdrafts and bill advances	30.7	(50.1)	10.6	(29.8)	33.0
Loans	(64.3)	(118.4)	(84.0)	(52.9)	(52.5)
	<u>(8.6)</u>	<u>(116.4)</u>	<u>(55.1)</u>	<u>(157.2)</u>	<u>32.4</u>

Source: Lonrho.

APPENDIX 5
(referred to in paragraph 3.1)

House of Fraser: developments and changes since 1981

Year to January 1982

Harrods Magazine was launched.

Harrods new escalator was completed.

Harrods major project was started. This was completed in 1983 and has involved:

- (i) establishing a new 11,250 square feet hair and beauty salon on the fifth floor;
- (ii) creating 37,000 square feet (a 4 per cent increase of total store space) of new selling space on the fourth floor;
- (iii) establishing 'Cook's Way'—a presentation of kitchenware and household items for entertaining in the home;
- (iv) establishing a new international crystal room; and
- (v) creating two new food halls and refurbishing the bakery, charcuterie and meat halls.

A renovated store in Newport, Isle of Wight was opened in November 1981; the project added 6,000 square feet to the original 12,000 square feet and provided the town with its first department store selling both fashions and furnishings.

Seven new branches of Astral Sports were opened.

Stag Insurance Limited, a company registered in Guernsey, and formed to engage in various classes of insurance and re-insurance business, commenced underwriting on 1 February 1981.

Watt & Grant of Aberdeen ceased to trade and the site was sold.

Wallaces of Perth ceased to trade pending the redevelopment of the site and the opening of a store in the Spring of 1984.

Arnotts of Edinburgh ceased to trade. An adjacent hotel was purchased with a view to redeveloping the whole site, and agreement reached with Scottish Highland Hotels to lease to it a 215 room, 4 star hotel: the remainder of the development (due to be completed in 1985) will comprise 11 shop units for rent.

An arrangement with Barratt Developments was made whereby House of Fraser undertakes the furnishing of show homes throughout the country for Barratts.

A new Dickins & Jones store was opened in September 1981 in Milton Keynes shopping centre.

Year to January 1983

A 'Harrods Shop' was opened within the Harrods store, selling only Harrods own name merchandise. A similar small shop was opened within the Mitsukoshi Department Store in Tokyo.

Eight new escalators were installed in the Bromley extension, which added 30,000 square feet to the existing store.

'Lifestyle' was launched in Frasers, Glasgow and subsequently introduced in other stores.

A 19,000 square feet extension to the Altrincham Store was opened in September 1982.

There was a major reduction in trading space and the start of the modernisation programme for the interior of Barkers: the store now trades on only four floors, the remainder of the premises having been cleared prior to redevelopment. The freehold was purchased for £10 million.

Certain residential properties in Trevor Square were sold for £1.8 million.

Year to January 1984

A 'Harrods Shop' was opened in Illums, Copenhagen.

£2 million was spent on refurbishing the basement and ground floor of D H Evans in Oxford Street.

House of Fraser (International) Ltd was launched as a joint venture company with Allied International Designers to provide a worldwide franchise service for retail companies wishing to create and operate major department stores.

Fraser Insurance Services Ltd commenced operations, providing insurance and brokerage service to House of Fraser customers.

The Army & Navy Maidstone store extension was completed.

The Army & Navy store in Aldershot, the Binns store in Liverpool and the Chiesmans store in Maidstone were closed and disposed of.

A warehouse at Avonmouth was completed.

Period since January 1984

The programme for the refurbishment of a number of House of Fraser stores started.

A 'Harrods Shop' was opened on the QE2.

A new store was opened in Perth at a cost of £4.8 million.

A new store was opened in the Ashley Centre in Epsom at a cost of £4.2 million.

APPENDIX 6

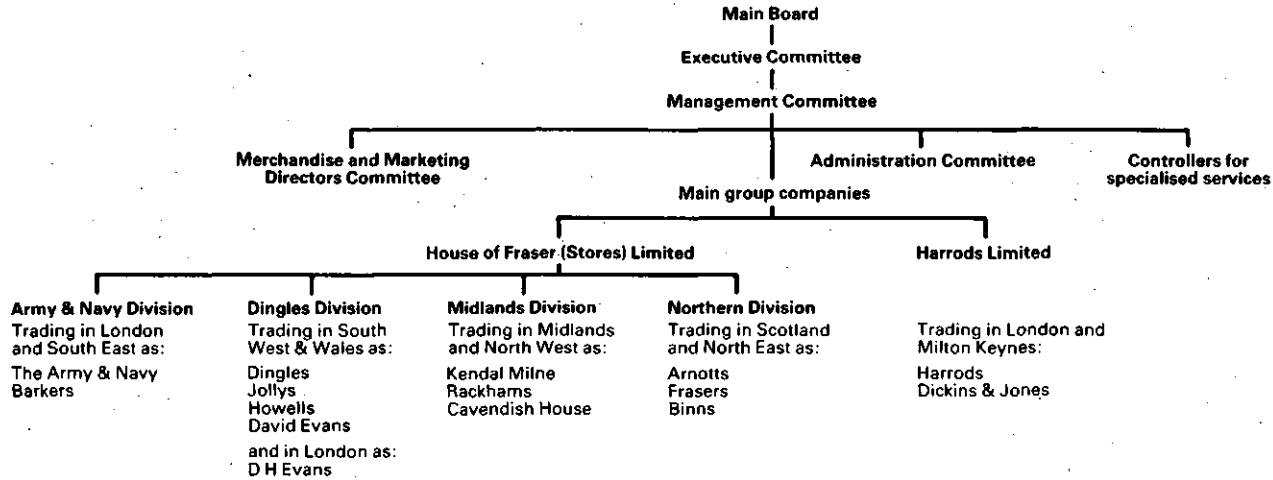
(referred to in paragraph 3.1)

House of Fraser: location of stores and shops



APPENDIX 7
(referred to in paragraph 3.4)

House of Fraser PLC: organisational structure



Each of the divisions is managed by a separate local management company

Other separate subsidiary companies

Astral Sports & Leisure (Retail) Limited
(Sports Goods Retailers)

Chanelle Limited
(Fashion Retailers)

M & I Gay Limited
(Wholesale Fancy Goods)

Wylie & Lochhead (Funerals) Limited
(Funeral Directors)

Highland Tourist (Cairngorm Development) Limited
(Tourist Centre Operator)

Stag Insurance Company Limited
(Insurance Underwriting)

A C Illum A/S
(Department Store in Copenhagen)

House of Fraser (Finance) Limited
(Finance Company)

Harrods Estate Offices
(Estate Agents)

Harrods (Insurance) Limited
(Insurance Brokers)

Harrods Trust Limited
(Licensed Deposit-taking Institution)

Fraser Insurance Services Limited
(Insurance Consultants)

Retail & General Finance Limited
(Finance Company)

J & A Ogilvie Limited
(Coffin Manufacturers)

Harrods (Ireland) Limited
(Investment Company)

John Barker (Construction & Development) Limited
(Construction & Decorating Contractors)

Benjamin Simon & Sons Limited
(Clothing Manufacturers)

House of Fraser (International) Limited
(Consultancy)

APPENDIX 8
(referred to in paragraph 3.25)

House of Fraser: source and application of funds

	£ million				
	1980	Year to January		1983	1984
	1981	1982			
<i>Source</i>					
Profit before tax	35.7	33.0	26.9	30.9	38.8
Items not involving the movement of funds:					
Depreciation	8.5	9.6	12.4	13.9	15.5
Profit retained in related companies	(0.8)	(0.1)	(0.5)	(0.6)	(0.3)
Total generated from operations	43.4	42.5	38.8	44.2	54.0
Proceeds of sales of fixed tangible assets	4.7	30.1	15.8	5.5	10.6
Proceeds of sales of investments	4.2	0.1	—	—	—
Loan capital received	18.5	9.1	25.5	19.6	24.5
Shares issued (including share premiums)	1.6	1.5	1.4	1.1	1.3
Increase in trade and sundry creditors	20.3	7.1	5.4	11.0	11.1
Currency translation differences	(0.3)	(0.6)	0.1	0.2	(0.2)
	92.4	89.8	87.0	81.6	101.3
<i>Application</i>					
Expenditure on fixed tangible assets	19.2	17.7	20.6	39.1	43.1
Purchase of fixed asset investments	—	—	—	—	0.3
Premium on acquisition	0.8	0.2	0.2	0.1	0.1
Taxation paid	14.2	13.8	8.4	6.7	10.1
Dividends paid	7.3	9.0	10.0	10.7	12.2
Extraordinary items	—	—	0.7	1.1	2.2
Increase in stocks	9.9	1.8	12.2	6.4	10.2
Increase in debtors	24.4	21.5	16.4	23.5	18.5
Increase in current asset investment	—	—	0.6	0.1	1.9
Loan capital repaid	8.6	12.1	32.2	1.0	2.4
	84.4	76.1	101.3	88.7	101.0
Increase/(decrease) in net liquid funds	8.0	13.7	(14.3)	(7.1)	0.3
<i>Source: House of Fraser</i>					

APPENDIX 9

(referred to in paragraphs 4.3, 7.26 and 9.31)

Lonrho's 1981 undertakings to the Secretary of State for Trade

LONRHO LIMITED HEREBY UNDERTAKES to the Secretary of State that it will not either by itself or through its subsidiaries or bodies corporate controlled by it

- (i) Acquire any additional part of the equity share capital of House of Fraser Limited which would result in Lonrho Limited holding or having an interest in 30 per cent or more of such equity share capital;
- (ii) Do anything with the intent that a person associated with Lonrho Limited will acquire equity share capital of the House of Fraser Limited with the result that the aggregate of the shares which Lonrho Limited, its subsidiaries, companies controlled by it and any person associated with Lonrho Limited hold or in which they have an interest will be 30 per cent or more of such equity share capital;
- (iii) Acquire the whole or any part of the undertaking or assets of the business of House of Fraser Limited;
- (iv) Do anything which will result in Lonrho Limited and House of Fraser Limited becoming interconnected bodies corporate within the meaning of Section 137(5) of the Fair Trading Act 1973.

In the above undertakings "associated person" has the same meaning as in Section 77(4) of the Fair Trading Act 1973; "equity share capital" has the same meaning as in Section 154(5) of the Companies Act 1948; "controlled" shall be construed in accordance with the construction of "control" prescribed by Section 77(5)(b) of the Fair Trading Act 1973; and "subsidiary" has the same meaning as in Section 154 of the Companies Act 1948.

Signed Duncan-Sandys
for and on behalf of
LONRHO LIMITED

15 December 1981

APPENDIX 10
(referred to in paragraph 4.3)

Letter from the Department of Trade to Lonrho

The Rt Hon Lord Duncan-Sandys PC CH
Chairman
Lonrho Limited
Cheapside House
138 Cheapside
London EC2V 6BL

15 December 1981

Dear Lord Duncan-Sandys

I am writing to thank you for the undertakings by Lonrho Limited to the Secretary of State not to proceed with its proposed acquisition of House of Fraser Limited. The undertakings will be made public in the near future and the Director General, in accordance with section 88(4) of the Fair Trading Act 1973, will keep them under review.

I can confirm that the undertakings do not affect the normal rights of Lonrho Limited as a shareholder of House of Fraser Limited.

I also confirm that the Government will be prepared to consider at any time representations from Lonrho Limited that in the light of new circumstances Lonrho should be released from the undertakings or that the undertakings should be changed.

Yours sincerely

J A Cooke