



FINANCIAL ADVISORY SERVICES

# Corniche Grande Comore

Feasibility Study

August 2009

ADVISORY

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12 August 2009

Dear Sirs,

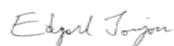
**Establishment of the Corniche Grande Comore.**

In accordance with the terms of reference set out in our engagement letter dated 9 July 2009, we enclose our report on the feasibility study of the establishment of the Corniche Grande Comore.

Our report is for information of the addressees only and should not be quoted or referred to, in whole or in part, without our prior written consent, except as specifically provided in our engagement letter. The terms of reference for this report have been agreed by the addressees and we will not accept responsibility to any other party to whom the report may be shown or who may acquire a copy of the report.

Our report does not constitute investment advice. Any decision regarding whether or not to proceed with the proposed Hotel shall rest solely with the Client.

Yours faithfully



KPMG

# Important notice

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## Notice to the reader

- KPMG has been appointed to act as financial advisor to SCAS Inc ("The Company"), for a feasibility study exercise on the establishment of the Corniche Grande Comore.
- This report has been prepared in accordance with KPMG's terms of reference as set out in our engagement letter dated 9 July 2009. This report is prepared on the basis that it is for the Company's internal use only and that it will not otherwise be quoted or referred to, in whole or in part, without KPMG's prior written consent.
- Our work commenced on 10 July 2009, and was completed on 12 August 2009. We have not undertaken to update our report for events or circumstances arising after that date.
- The contents of the report may not be used for any other purpose without the prior written consent of KPMG.
- If this report is received by anyone other than our client, the recipient is placed on notice that the attached report has been prepared solely for our client for its own use and its contents are not to be shared with or disclosed to anyone by the recipient without the express written consent of the Company and KPMG.
- KPMG shall have no liability and shall pursue all available legal and equitable remedies against the recipient for the unauthorized use or distribution of this report.
- The financial forecasts and calculations are based on estimates provided to us by the Management, and the same has not been independently verified by us. In preparing this report, we have relied upon and assumed, without independent verification, the accuracy and completeness of any information available from public sources.
- KPMG, nor affiliated partnerships or bodies corporate, nor the directors, shareholders, managers, partners, employees or agents of any of them, makes any representation or warranty, expressed or implied, as to the accuracy, reasonableness or completeness of the information contained in the report. All such parties and entities expressly disclaim any and all liability for or based on or relating to any such information contained herein, or errors or omissions from this report or based on or relating to the use of this report.

# Important notice (cont'd)

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## Scope and limitations

- KPMG has carried out a desktop review of the information provided by Management in relation to the feasibility study exercise on the establishment of the Corniche Grande Comore. If there were any omissions, inaccuracies or misrepresentations of the information provided by Management, this may have a material effect on our findings.
- This report sets forth our analysis based on the facts and assumptions provided to KPMG. If any of the above foregoing is not entirely complete or accurate, it is imperative that we are informed immediately, as the inaccuracy or incompleteness could have a material effect on our conclusions.
- Our work did not constitute an audit of the information submitted by Management and accordingly we do not express any opinion on the same.
- We must emphasize that the realization of the projections/forecasts set out within our report is dependent on the continuing validity of the assumptions on which they are based. The assumptions will need to be reviewed and revised to reflect such changes in trading patterns and cost structures as they emerge.
- Since the forecast relate to the future, actual results are likely to be different from the forecast results because events and circumstances frequently do not occur as expected, and the difference may be material.
- A sensitivity analysis was performed in order to measure the impact of variation in some key assumptions on financial indicators.

## Basis of information

In the preparation of this report, we have relied on the following information:

- Information provided by Management
- Meetings and discussions with Management
- Other publicly available information on Comoros Islands economy and the Hospitality sector in Comoros Islands

# Glossary of terms

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<b>Capex</b>	Capital Expenditure
<b>COGS</b>	Cost Of Goods Sold
<b>DCF</b>	Discounted Cash Flow
<b>EBIT</b>	Earnings Before Interest and Taxation
<b>EBITDA</b>	Earnings Before Interest, Taxation, Depreciation and Amortisation
<b>F&amp;B</b>	Food and Beverage
<b>FCF</b>	Future Cash Flows
<b>FOB</b>	Freight On Board
<b>FV</b>	Future Value
<b>GDP</b>	Gross Domestic Product
<b>IMF</b>	International Monetary Fund
<b>IRR</b>	Internal Rate of Return
<b>Ke</b>	Cost of equity
<b>LFCF</b>	Leveraged Free Cash Flow
<b>UAE</b>	United Arab Emirates
<b>UFCF</b>	Unleveraged Free Cash Flow
<b>UNDP</b>	United Nations Development Program

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# Executive Summary

# The opportunity

## Opportunity overview

- The Corniche is located in the Comorian capital Moroni, Grande Comore.
- The Corniche, with a total area of 136,046 sqm, is composed of 16,800 sqm of offices, 14,200 sqm of retail space, 7,400 sqm of apartments, a 4 Stars luxury hotel, a big conference room and business center and a marina.
- Required financing: USD 83.4 million
- Unleveraged IRR = 19.6% (no debt)
- Leveraged IRR = 29.6% (50% debt)
- Expected payback period = 6.6 years (No debt)
- Expected payback period = 6.1 years (50% debt)

## Opportunity highlight

### Favourable environment

- Continued economic growth, fuelled notably by the surge in foreign investments
- Strong and pro-active government support

### Strong Potential

- Good touristic potential, stemming for the islands luxurious nature, magnificent landscapes, unique beaches and sea life, and historical attractions
- Strong business momentum with important investors showing high interest across all sectors

### Attractive markets dynamics

- Historical issues resolved, notably with regard to airline connections
- Significant infrastructure improvements and sustained political stability
- In progress landmark projects to serve as anchors for business development

### Very limited competition

- Almost non-existent high quality leisure and business offerings



# Headlines

## Mixed development market environment

- The main drivers for the Moroni Corniche demand are:
  - Strong macroeconomic fundamentals (significant population growth, increase in GDP/Capita, growing expatriate population and increase in tourist arrivals)
  - Surge of business opportunities and foreign direct investments
  - Improvement of the country's infrastructure and the establishment of Comoros Airlines and Etihad Airways new flights between UAE and Moroni
  - Political stable country, surrounded by countries that are politically unstable
  - Strong Government support and engagement to Corniche project
  - Limited competition
  - Promising regional market where the strategic location of the Comoros Islands in the Mozambique Channel makes it easy for neighbouring countries to reach out for trade and services
  - State-of-the-art infrastructure facilities and services, consistent with leading developments in the world
  - High quality housing and community services, to attract local and international human resources
  - In progress landmark projects, to serve as anchors for business development
  - Cheap local labour
  - Land is plentiful and low cost
  - Natural geography conducive to security where Madagascar acts as barrier to natural hazards
  - Good touristic potential, stemming from the islands luxurious nature, magnificent landscapes, beaches and sea life, and historical attractions

## Project summary

- The Corniche, with a total area of 136,046 sqm, is composed of:
  - 16,800 sqm of offices
  - 14,200 sqm of retail space
  - 7,400 sqm of apartments
  - 9,750 sqm for a 4 Stars luxury hotel
  - 2,500 sqm for a big conference room and business center
  - 85,396 of external space, including the marina
- Sources of revenues are assumed to be:
  - Hotel revenues from room, food & beverage and services
  - Apartments, offices and retail units rental revenues
  - Conference room rental revenues
  - Additional revenues will also include income from the marina, which will be managed and operated by a specialised company
- The total CAPEX is USD 83.4 million with an unleveraged IRR of 19.6% and a payback period of 6.6 years

# Business plan essentials

- Particular emphasis on:
  - Adequate offering and packages
  - Efficient promotion and referencing
  - Capabilities and costs management

Financial Summary							
Activity (in USD million)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Total revenues	-	4.7	10.7	15.8	19.1	22.1	24.6
EBITDA	-	3.6	8.9	12.3	13.8	15.7	18.0
EBITDA margin	-	0.8	0.8	0.8	0.7	0.7	0.7
Net Income	-	4.1	6.9	8.6	10.4	12.8	15.6
Cash Flows (in USD million)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Capital expenditure	(25.0)	(33.4)	(25.0)				
Free Cash Flows	(25.0)	(29.8)	(16.1)	12.3	13.8	15.7	18.0

Sources: Union of the Comoros Chamber of Commerce

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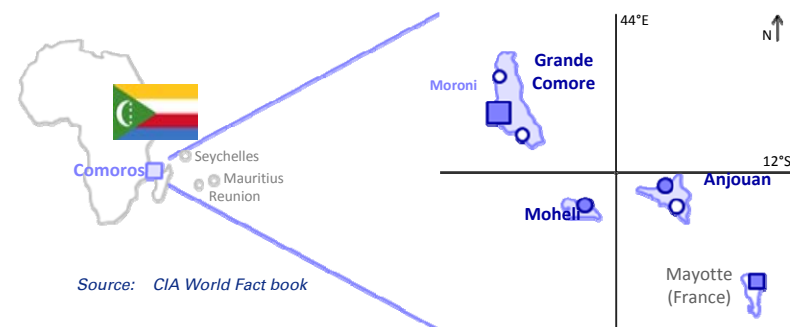
# The Comoros Islands at a glance

## Country profile - Introduction

**Comoros Islands is comprised of 3 main islands with a total area of 2,170 km<sup>2</sup>**

- The Comoros Islands are an independent federal republic of islands located in south-eastern Africa, at the north of the Mozambique Channel, about two-thirds of the way between northern Madagascar and northern Mozambique, and constitute a major and historical cross-road between Africa, Indonesia and the Middle-East.
- The Union of the Comoros comprises three main islands, with a dispute pending over the fourth island, Mayotte, currently under French administration:
  - Grande Comore (locally known as Njazidja), the largest island, where Moroni, the capital and largest city, is located.
  - Anjouan (Nzwani), the second largest, with Mutsamudu the largest city in the island.
  - Moheli (Mwali), the third and least populated island, with Fomboni as main city.
- The country total area amounts to 2,170 km<sup>2</sup>, with over 340 km of coastline, and an important maritime domain.
- The islands feature a varied landscape, from reefs to low hills and steep mountains, with the main volcano, the Karthala, culminating at 2,360 m above sea level.
- The Comoros have a tropical climate, with 25°C to 30°C in the summer (January to April) and 20°C to 25°C in the winter (August to October). Although, the first four months of the year qualify as a rainy seasons, the Comoros are significantly protected by the natural barrier of Madagascar mainland from the tropical hurricanes plaguing the Seychelles, Mauritius and the Reunion.

### Geographic location of the Comoros Islands



## Country profile - History and overview

**Comoros Islands entered a maturity phase since 2006 after witnessing a French colonization and political turmoil**

### Early history

- Numerous evidences of early settlements from varied origins have been found, from Phoenician to African Bantu, as well as Melanesian and Polynesian.
- Over the centuries, the islands were invaded by a succession of diverse groups from the coast of Africa, the Persian Gulf, Indonesia, and Madagascar, with a notable period spent as part of the Oman Sultanate, albeit with changing levels of control.

### French colonization (19<sup>th</sup> century to 1975)

- The Comoros were eventually claimed as a colony by France towards the end of the 19th century.
- After World War II, the islands became a French overseas territory and were represented in France's National Assembly and internal political autonomy was granted in 1961.
- An agreement was reached with France in 1973 for the Comoros to become independent in 1978. On July 6, 1975, however, the Comorian parliament passed a resolution declaring unilateral independence. The deputies of Mayotte abstained.
- Subsequently, in two referendums, in December 1974 and February 1976, the population of Mayotte voted against independence from France (by 63.8% and 99.4% respectively).
- Mayotte has since remained under French administration.

### Political turmoil (1975 to 2001)

- Thereafter, and until 2001, the country witnessed a period of political turmoil, with 18 coups or attempted coups, orchestrated notably by French mercenary Bob Denard, leading to Anjouan and Moheli seceding in 1997.
- Eventually, a peaceful coup in 1999 by military chief Azali, who pledged to resolve the crisis through a federal arrangement (the Fomboni Accord) led to the adoption of a new constitution in December 2001, overwhelmingly approved (75%) by voters, with presidential elections following in spring 2002.

### Stabilization (2002 to 2006)

- Between 2002 and 2006, the country went through a stabilization of its political landscape, with the newly elected Assoumani's union government acting as an umbrella authority for the islands administrations and achieving the rationalization of finances and of the security apparatus, as well as the establishment of a Constitutional Court.
- The National Assembly was inaugurated with parliamentary elections held in 2004.

### Maturity (since 2006)

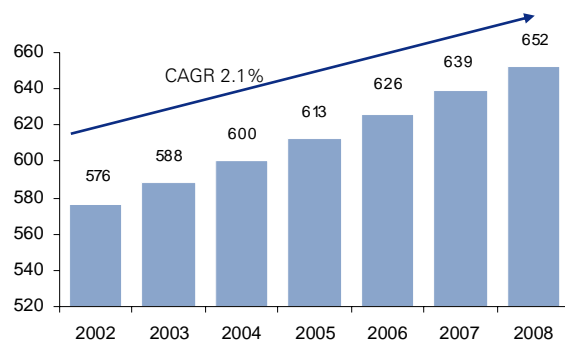
- With the election of president Ahmed Abdallah Mohamed Sambi in 2006, in a two stages electoral process deemed free and fair by international observers, the country entered a maturity phase, illustrated by the handling of the minor political gridlock in May 2007, with the Anjouan President refusing to give up his post for a successor – a situation eventually solved thanks to the intervention of the African Union.
- The Union of the Comoros islands is a member of numerous African and International institutions, notably the Arab League, joined in 1993.

# Country profile - Demography overview

**Comorian population growth rate averages 2.1% per annum since 2002**

- With little over 650,000 habitants in 2008, the Comoros are one of the least populous countries in the world, despite a significant growth, averaging 2.1% per annum since 2002.

## Comorian population



Source: IMF

- The population is representative of that of African countries, notably the shape of the age pyramid highlighting a high share of habitants aged 14 years or less:

### Comorian population profile (2008e)

Females	50.30%		
Males	49.70%		
	<b>Total</b>	<b>Females</b>	<b>Males</b>
0 to 14 years	42%	42%	43%
15 to 64 years	55%	55%	54%
65 years and a	3%	3%	3%

Source: UNDP, CIA World Fact Book

- Moving forward, strong fundamentals should support a sustained growth, if not a mechanical acceleration, given the shape of the age pyramid, as today's youth ages and enters the fertile population pool:
  - High birth rate: 36.9 births per 1,000 habitants
  - Important fertility: 5.0 births per fertile woman
  - Low death rate: 8.2 deaths per 1,000 habitants

- Limited prevalence of endemic diseases, notably HIV, with a prevalence estimated by the World Health Organization to represent less than 0.1% of the total population.
- As such, population growth is expected to average 2.5% per year in the next 10 to 15 years, reaching 800,000 habitants by 2015 and exceeding the 900,000 habitants before 2020.
- Despite the small size of the population, the Comoros are one of the most densely populated countries in the world, with an average of 335 people per Skm.
- Urban population amounts to approximately 40% of total and has been steadily growing since 2001. Major urban centres: include Moroni, Mutsamudu, Domoni, Fomboni, and Tsembehou.
- Additionally, the Comoros have an important Diaspora, principally in France, with the largest community concentrated in Marseilles.
- The islands of the Comoros share mostly African-Arab origins: Antalote, Oimatsaha, Cafre, Makoa, Sakalava... inherited from historical settlements and relations with Africa and the Middle-East. There is also a very small minority of Asian descents, notably Indian and Chinese.
- Sunni Islam is the dominant religion, representing over 98% of the population. Numerous mosques are available in the country, many of which finely crafted, particularly the Vendredi Mosque in Moroni.
- While French and Arabic are the two official languages, the most common language is Comorian, or Shikomor, a descendant of Swahili with Arabic influences, with dialects spoken in each of the islands.
- Arabic is widely known as a second language, being the language of Quranic teaching, and French is the language of all other formal education. More so, Arab culture is firmly established throughout the archipelago and is recognized as a sign of higher culture and education.
- Comorian has no native script, but both Arabic and Latin scripts have been used. Latest estimates [2003] evaluate total literacy at 62.5%, with men at 69.6% and women at 55.3%. Literacy in the Latin alphabet is estimated at 57%.

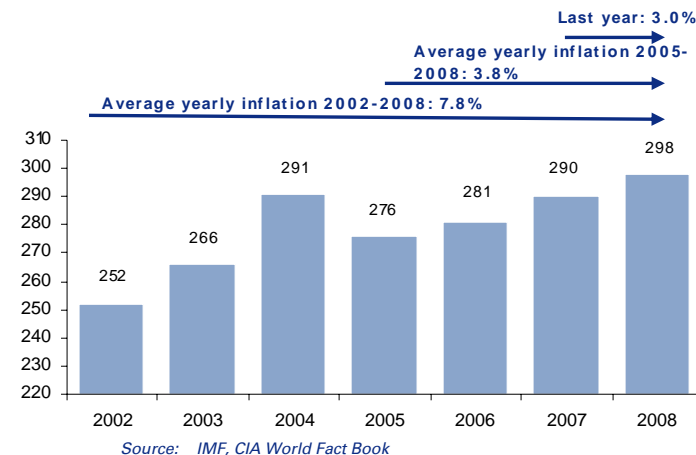
# Country profile - Economy overview

**Comorian economic growth is 2.9% per annum since 2002**

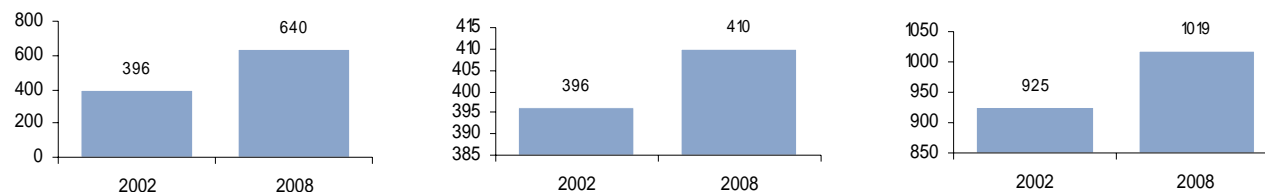
## Historical evolution

- The Comorian economy has been growing at 2.9% per annum since 2002, translating to a real GDP of close to USD 298 million in 2008E.
- The high inflation witnessed by the Comoros (7.8% per year on average since 2002) reflects the global inflation in commodity prices, notably in oil prices, a major import for the country.
- Fortunately, inflation has been slowing down lately (3.0% between 2007 and 2008 vs. 3.8% p.a. since 2005 and 7.8% on average since 2002).
- The aforementioned estimations of the Comoros GDP feature a potential underestimation of the important size of the grey and black economy, as bartering is still used in remote areas.
- Similarly, there is very limited if any available data and visibility on the remittances from the Comorian Diaspora, likely to be significant.

## Comorian real GDP and inflation (USD million, 2002 prices)



- In that context, and given the strong growth of population, wealth evolution has remained limited to a 1.6% average yearly increase of the country GDP per capita at Purchasing Power Parity, reaching 1,020 International Dollars per capita in 2008, amongst the lowest in the world:



Source: UNDP, IMF, CIA World Fact Book

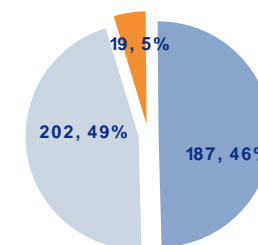
## Country profile - Economy overview (cont'd)

**Services and agriculture represent respectively 50% and 46% of GDP**

### Activity breakdown

- The Comorian economy is dominated by Services and Agriculture, representing respectively 50% and 46% of total GDP, and has a negligible industrial activity.
- Services include: tourism, trading, telecom, banking, and others
- Agriculture includes: Vanilla, Ylang-ylang, clover and spices, fishing, banana, coconut etc,...

**Breakdown of nominal GDP (2008E) in million USD**



Source: IMF

### Trade balance

- The country trade balance is strongly negative, with importations (USD 170 million in 2008E at FOB prices, i.e. 36% of GDP) exceeding exports (USD 52 million, 11% of GDP) by close to 25% of GDP.
- Main import items include:
  - Oil for electrical production and cars, representing 709 barrels per day
  - Foodstuff (32% of imports), notably rice and meat
  - Commodities , e.g. cement
- Main import partners: France, UAE, South Africa, Pakistan, China
- Main export items include:
  - Ylang-ylang (by far world largest producer)
  - Vanilla (world 2nd producer / exporter – good quality)
  - Clover, copra and other exotic spices...
- Main export partners: Turkey, France, Singapore, Saudi Arabia
- All in all, the high reliance on imports is a structural weight on the Comorian economy, notably with regard to primary products.
- Concomitantly, the agricultural activity is geared towards exports, mainly at the expense of local foodstuff production, mostly imported, and representing 46% of trade balance.



## Country profile - Economy overview (cont'd)

**The Comorian economy is expected to achieve a significant stepping up in growth, favoured by the current conjuncture, supported by major government efforts**

### Economic outlook

- While real growth has remained limited since 2002, some acceleration has been witnessed in the last few years, materializing notably by a slowdown of inflation and the launch of numerous projects in various key sectors.
- Moving forward, the Comorian economy is expected to achieve a significant stepping up in growth, favoured by the current conjuncture, supported by major government efforts, notably with regard to infrastructure overhaul, and fuelled by surging Foreign Direct Investments (FDI).
- As such, the Comorian economic outlook should benefit from:
  - *Positive Impact of Global Crisis:*
    - The Comorian economy should benefit overall from the current economic conjuncture
    - The Comoros trade activity is very limitedly exposed to the sectors most impacted by the global downturn
    - More so, exports are related to 'feel-good' products (vanilla for candy, pastry and ice-cream, ylang-ylang for perfume), that typically benefit from negative environments
    - Finally, the sharp decrease in commodities prices, principally oil, translates to direct savings for the Comorian economy
  - *Political Stability and Government Commitment:*
    - The Comoros are now able to reap the benefits of the political progress achieved since 2002, notably thanks to a very pro-active approach of the government, eager to support economic development
    - The now sustained reliability of institutions provides a level of confidence for business operators to engage in developing their activity
    - The government is showing significant flexibility in setting-up legislations and regulations attractive to foreign investors and in providing them with numerous facilities and incentives
  - *Infrastructure Overhaul:*
    - A major upgrading of the country infrastructure has been initiated by the government and is expected to continue with a strong and efficient pace
    - With regard to transportation, the old Moroni airport has been completely renovated, and should very soon welcome direct flights from the Gulf. The land network is under rehabilitation with the help of the international community (Kuwait and the European Union notably). A network of rapid ship lines connecting the three islands is expected to start operations by the end of 2009. Additionally, the envisaged development of the Moroni port should provide the country with a second major harbour releasing the current pressure on the Anjouan International Port
    - Telecommunication services have been opened to competition, with a second mobile operator (Groupe Com) due to go live in the next 6 months
    - A banking license has been granted, with the Banque Federale du Commerce expected to open for business in the second quarter of 2009
  - *Strong FDI Momentum:*
    - Numerous projects have been announced and started by landmark players, creating a cluster bound to attract additional investors. AWI, one of the largest press groups in the Middle-East, is already in operation, publishing a newspaper and a magazine, running a printing press, and planning to roll-out an outdoor advertising network
    - Comoro Gulf Holding, a Kuwaiti company, has secured a significant area around the Lac Sale, and is currently developing a major real estate project, expected to represent over 3,000 villas and major touristic features (marina, golf, sports...). Ernst & Young, the internationally renowned audit firm, has already established a local office in Moroni, and is in the process of deploying a permanent team

# Market assessment

**The offering will be unique in the capital Moroni resulting in a monopoly especially when considering the land location in the city center with an easy access**

- The investment opportunity was assessed assuming a mix of developed property expected to have a surge in demand.
- Such property includes a residential area consisting of furnished apartments and hotel, a business area consisting of offices, restaurants, cafes, retail space, etc.
- This offering will be unique in the capital Moroni resulting in a monopoly especially when considering the land location in the city center with an easy access.
- The Corniche is a costal land of 136,048 sqm including parking, playgrounds and landscaping.

## Imperative of the Corniche

- State-of-the-art infrastructure facilities and services, consistent with leading developments in the world
- Global marketing of the development as attractive location for tourism and business
- High quality housing and community services, to attract local and international human resources
- The Corniche will leverage the many competitive advantages Comoros has and try to minimise and enhance its disadvantages

## Core advantages

- Continued economic growth, fuelled notably by the surge in foreign investments
- Good touristic potential, stemming for the islands luxurious nature
- Historical issues resolved, notably with regard to airline connections
- Significant infrastructure improvements and sustained political stability
- In progress landmark projects, to serve as anchors for business development
- Cheep local labour
- Limited competition from other mixed-use development
- Land is plentiful and low cost
- Political security and stability
- Natural geography conducive to security where Madagascar acts as barrier to natural hazards

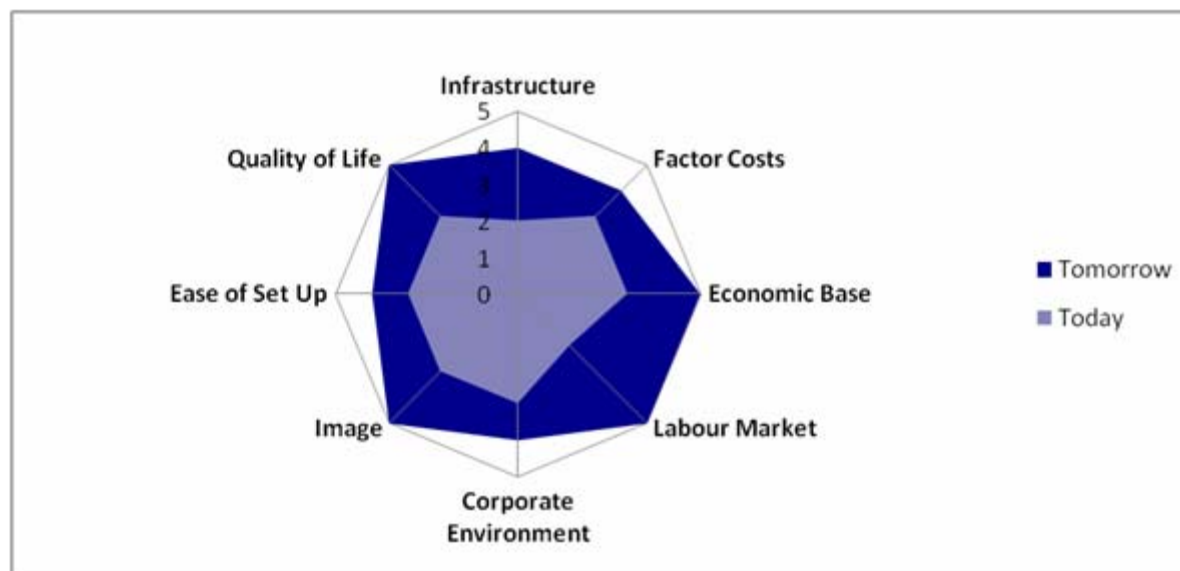
## Core disadvantages

- Poor infrastructure
- Limited qualified local labour market
- The development of the Corniche will allow filling the gap perceived by the international business community vis-a-vis to the Comoros. A huge potential is perceived across all major selection parameters:
  - Infrastructure: World class facilities and services
  - Factor Costs: Employment flexibility and low cost of utilities
  - Economic Base: Growing markets, free trade agreements
  - Labour Market: Qualifications, training and labour pool transport
  - Corporate Environment: Consistent policies, attractive tax and import duty environment
  - Image: Stability, transparency and liberalization
  - Ease of Set Up: “One Stop Shop” for company establishment
  - Quality of Life: High quality housing and community/recreational services

## Market assessment (cont'd)

**The development of the Corniche will allow filling the gap perceived by the international business community vis-a-vis the Comoros**

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  - Labour Market: Qualifications, training and labour pool transport
  - Corporate Environment: Consistent policies, attractive tax and import duty environment
  - Image: Stability, transparency and liberalization
  - Ease of Set Up: “One Stop Shop” for company establishment
  - Quality of Life: High quality housing and community/recreational services



Sources: Union of the Comoros Chamber of Commerce

1-Poor, 2-Below Average, 3-Average, 4-Good, 5-Excellent

## Corniche benefits

**The Corniche will enhance Comoros's image and yield substantial social and environmental benefits**

Beyond financial and economic benefits, the Corniche will enhance Comoros's image and yield substantial social and environmental benefits.

### International Recognition

- The successful execution of the Corniche will enhance Comoros's international reputation as a place to do business.
- Additionally, it will help promote Comoros's heritage and culture.

### Social Benefits

- Job creation
- Opportunities for entrepreneurship
- Land appreciation
- Improved services and amenities

### Environmental Benefits

- Improvement of physical environment
- Developments in harmony with natural surroundings
- Preservation of heritage and natural assets

### Other Benefits

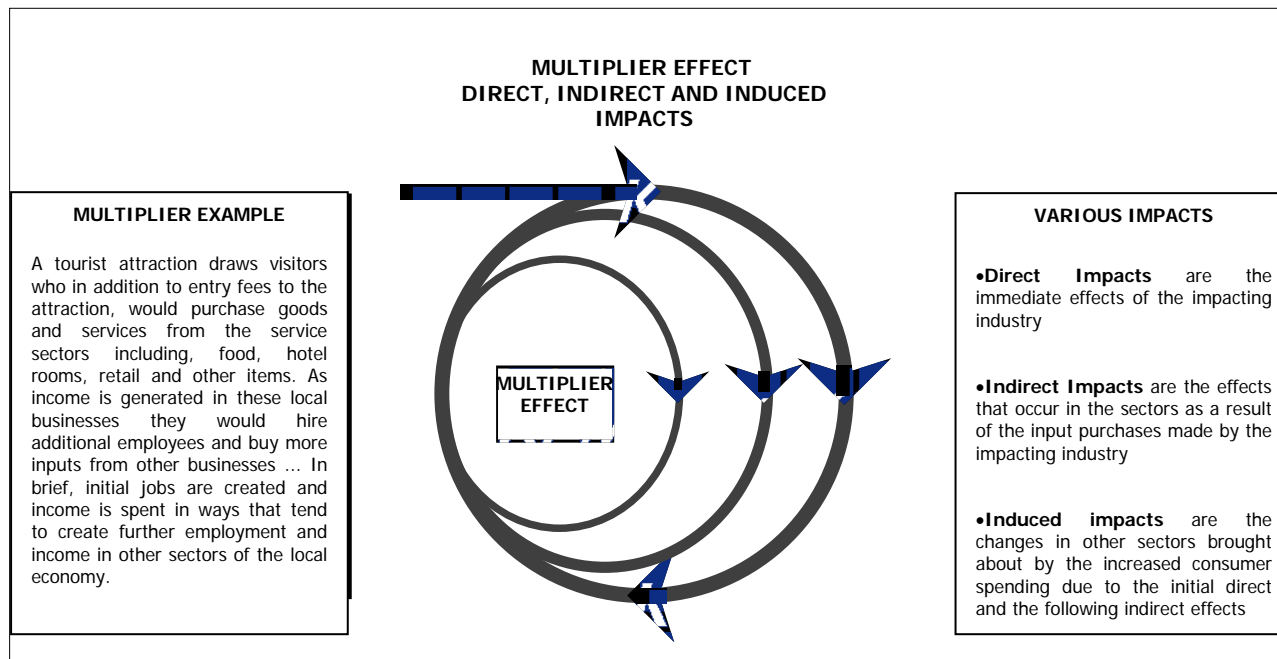
- An integrated development leading to higher and faster land price appreciation
- An investment opportunity for Comorians: more investment opportunities and lower expatriation of Comoros capital
- A success story for Comoros

## Corniche benefits (cont'd)

**The Corniche will boost business and tourism travel in the coming years combined with increased local employment opportunities**

### Multiplier Effect









- In summary, the Corniche will boost business travel to the Comoros, followed by tourism travel in the coming years which will be combined with increased local employment opportunities and boost income for Comorian living on the Island.
- Additionally, such mega projects and investments in the scale mentioned, which are relatively large in scope/investment with respect to the country's GDP, will apart from having a direct impact into the economy, inevitably create the well-known phenomenon called the "Multiplier Effect" which will lead to a boost in both indirect demand for more residential and commercial property.
- As illustrated in the following chart, the indirect demand created from the Multiplier Effect will come from two sources:
  - Projects related: These benefits would be the result of other economic and business activities that stem out of the projects above
  - Induced impact: These benefits would come as a result of increased resident spending due to the initial direct and indirect effect



Sources: Union of the Comoros Chamber of Commerce

# Competitive analysis

**Corniche Competitive Positioning Upon Completion With Respect to Other Mixed Developments**

Site Selection Parameters	CEFZ *	Rationale
<b>Infrastructure</b>		<ul style="list-style-type: none"> <li>Infrastructure required for most industries will be put in place (ports, airports, power generation and distribution, roads, ...)</li> </ul>
<b>Factor Costs</b>		<ul style="list-style-type: none"> <li>Labor, water and telecommunication costs are comparable to neighboring countries. However land costs are very competitive</li> </ul>
<b>Economic Base</b>		<ul style="list-style-type: none"> <li>The Corniche currently serves a small domestic market. However, the Corniche could have the potential to serve other markets</li> </ul>
<b>Labour Market</b>		<ul style="list-style-type: none"> <li>Comoros local labour market skills base are low</li> <li>However, appropriate incentives, such as premium on wages, will help attract highly skilled and educated foreign workers to Comoros</li> </ul>
<b>Corporate Environment</b>		<ul style="list-style-type: none"> <li>There is a need to provide consistent policies across all industries, simplified tax and customs procedures, and a one-stop-shop for all administrative formalities</li> </ul>
<b>Image</b>		<ul style="list-style-type: none"> <li>Comoros is currently being marketed as a good location for business</li> </ul>
<b>Ease of setup</b>		<ul style="list-style-type: none"> <li>Bureaucratic procedures are fragmented but are improving and becoming more efficient</li> </ul>
<b>Quality of life</b>		<ul style="list-style-type: none"> <li>Comoros has very basic amenities for a decent quality of life</li> <li>However, there are tremendous opportunities to enhance the quality of life given the specific tourism attributes that are currently not fully leveraged</li> </ul>

Sources: Union of the Comoros Chamber of Commerce

\* Attractiveness: ○ Low, ● High

# Untapped potential

**There are solid opportunities to address the Comorian market, notably with regard to the development of a high-market touristic and business offering**

## Rationale

- All things considered, the Comoros mixed use developments market shows important gaps translating to an under-exploited potential:
  - Unleveraged natural resources, notably in terms of eco-tourism appeal, given the unique scenery and features, and the world-class quality of the islands landscape and nature
  - Mismatched supply and demand, notably when considering the poor lodging offering, as connectivity is to be imminently solved, and the direct proofs of the existence of a higher-end demand, as well as strong evidence for a latent demand (cf. historical situation and the current absence of marketing).
  - Unoccupied competitive spots, notably in the mixed leisure and business high end range, and valid in all the islands and across the various segments of the market (tourism, business...).
- Hence, there are solid opportunities to address the Comorian market, notably with regard to the development of a high-market touristic and business offering.

## Attractiveness

- More so, the attractiveness of such opportunities, whether from a financial perspective or from an accessibility standpoint, benefits from several characteristics pertaining to both the industry and the Comorian market:
  - Structurally Attractive Activity: The hotel business is globally growing, boosted by both global wealth growth and an inherent evolution of consumers demand, in particular, eco-tourism is one of the fastest growing segments of the industry. More so, the activity is structurally a cash-generating one, with room for flexibility and optimization in managing P&L evolutions, and benefits from the presence of a real estate component, providing balance sheet solidity and strengthening financial profile.
  - Empowering Market Fundamentals: The strong improvement of the market background, notably with regard to infrastructure, the growth of business related traffic (typically a trigger for leisure travel), the presence of numerous low-hanging assets to leverage combine to bode a strong boost for the hotel market. Additionally, solid opportunities and limited competitive intensity shape an attractive environment for an easy successful market entry, notably in the current conjuncture.
  - Facilitating Business Environment: The Comoros investment code of the Comoros shapes a friendly framework for foreign businessmen and entrepreneurs. Also, the government has demonstrated a strong willingness to accommodate and back foreign investments, notably through the facilitation of formalities, potential exoneration from taxes and duties and the provision of supportive grants (e.g. land). Furthermore, local stakeholders, municipalities and local communities alike, are expressing similar commitment levels, and strong enthusiasm in facilitating investments (from offering real estate to support in project development, hiring....)
- All in all, there is a strong case for investing in the Corniche and reap identified opportunities, with promising financial prospects and a reassuring low expected complexity.

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# Business Plan



# Concept and strategy – Project concept

**Moroni in the Grande Comore is a perfect candidate for a mixed-use development resort, with its attractive natural landscape, rich cultural landmarks and attractions and incomparable beach front**

## Value proposition

- As previously discussed, there is an attractive potential for a luxury mixed-use development resort to be established in the Grande Comore. In particular, Moroni, is a perfect candidate for such a resort, with its attractive natural landscape, rich cultural landmarks and attractions and incomparable beach front.
- The real estate developments should provide enough differentiating factors:
  - A well-thought urban planning and lay-out
  - A well-defined and controlled zoning
  - Excellence in design, construction and property management
  - A capital value driven thinking rather than revenue driven
  - Flexibility in leasing agreements and availability of long-term leases
  - World-class technology infrastructure
- As such, real estate development should be designed primarily around the core commercial and residential activities of the Corniche, as the island's early population will consist of an influx of foreign professionals.
  - Set a clear international and regional identity for the island
  - Provide a coherent vision for the development
  - Define transparent criteria for selecting residents
- The total area for the Corniche is 136,048 sqm: 16,800 sqm of offices, 14,200 sqm of retail space, 7,400 sqm of apartments, a 4 Stars luxury hotel, a big conference room and business center and a marina.
- The master plan for the mix development has been chosen after carefully evaluating commercial demand with businesses that are already established in Moroni and lack the adequate facilities for their business needs.

## Concept and strategy - Site location and design



- The Corniche, with a total area of 136,046 sqm, is composed of:
  - 16,800 sqm of offices
  - 14,200 sqm of retail space
  - 7,400 sqm of apartments
  - 9,750 sqm for a 4 Stars luxury hotel
  - 2,500 sqm for a big conference room and business center
  - 85,396 of external space, including the marina

## Concept and strategy - Offices design



- Offices design
  - Total area: 16,800 sqm
  - Number of offices: 224
  - Area per office: 200 sqm
  - Number of floors per building: 4
  - Ratio of total area to built up area: 1.5
- Comoro Gulf Holding (CGH) will commit to rent its head offices in the Corniche area.

## Concept and strategy - Retail design



- Retail design
  - Total area: 14,200 sqm
  - Number of retail units: 284
  - Area per retail unit: 100 sqm
  - Number of floors per building: 4
  - Ratio of total area to built up area: 2.0

## Concept and strategy - Apartments design



- Apartments design
  - Total area: 7,400 sqm
  - Number of retail units: 148
  - Area per retail unit: 100 sqm
  - Number of floors per building: 3
  - Ratio of total area to built up area: 1.5



## Concept and strategy - Conference room design



- Conference room design
  - Total area: 2,500 sqm

## Concept and strategy - Hotel design



- Hotel design
  - Total area = 9,750 sqm
  - Number of rooms: 100
  - Area per room: 30 sqm
  - Number of floors per building: 3
  - Ratio of total area to built up area: 1.1

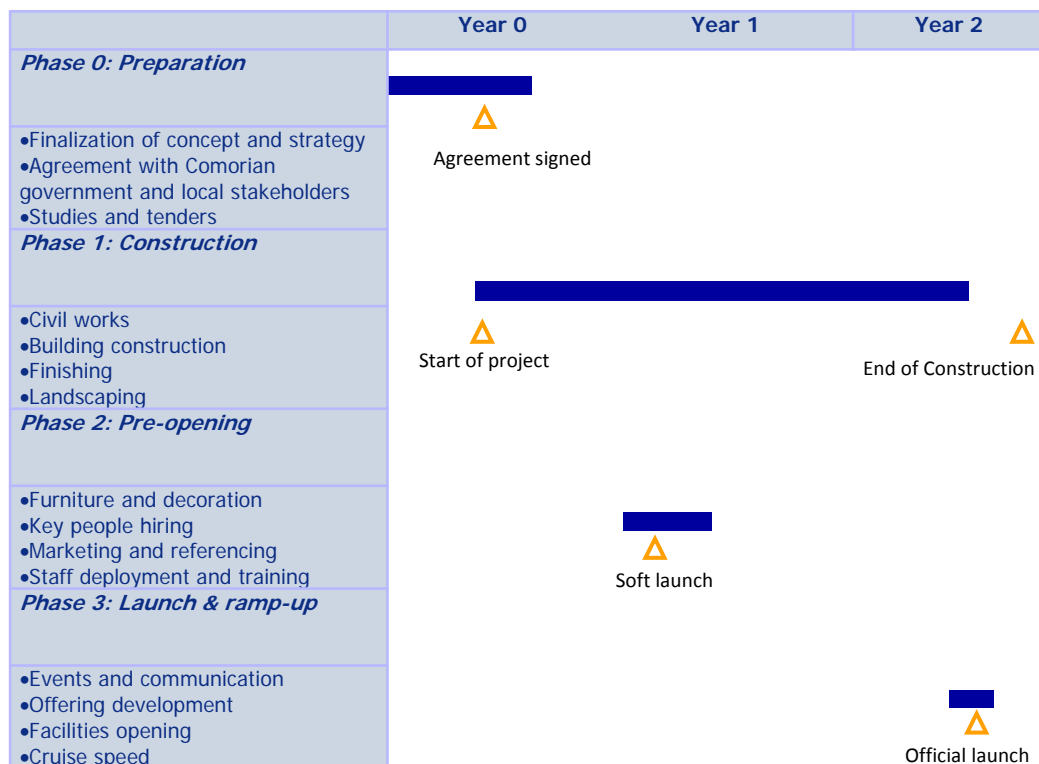
## Concept and strategy - Marina design





# Approach and timeline

- The proposed timeline assumes construction to start once the project has been finalized, i.e. by mid of Year 0, for a full delivery scheduled mid/end Year 2.



Sources: Union of the Comoros Chamber of Commerce

- Full operations should start expected in the end of Year 2 with all construction finalised

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# Investment Analysis

# Revenue and cost assumptions

Revenues generated by the hotel are split between room, F&B and service revenues

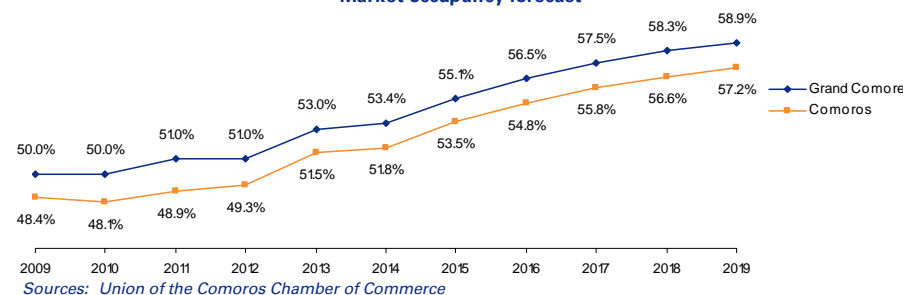
Room revenues should reach USD 4.2 million in Year 10, and grow by an average of 5% per annum afterwards

- Sources of revenues are assumed to be:
  - Hotel revenues from room, food & beverage and services
  - Apartments rental revenues
  - Offices rental revenues
  - Retail units rental revenues
  - Conference room rental revenues
  - Additional revenues will also include income from the marina, which will be managed and operated by a specialised company

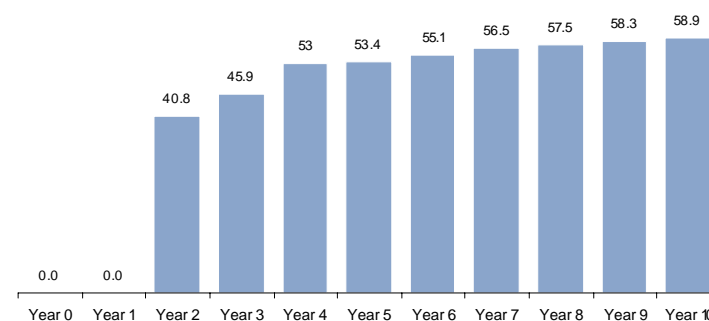
## Hotel Revenues

- Revenues generated by the hotel can be split between:
  - Room revenues: from guests occupying rooms at a given daily rate
  - Food & Beverage revenues: from both hotel guests (min-bar, room service...) and all customers (guests or external) of the hotel F&B outlets (bar, snack, restaurant...)
  - Service revenues: from other services provided to both guests (from Telecom communications to activities organization, and including laundry, valet...) as well as others (e.g. conference rooms rental)
  - All in all, market occupancy should grow in the next few years and eventually stabilize between 55% and 60% of available capacity:
- As previously indicated, market occupancy rates have been applied to the project, thus discarding any premium versus the market.
- The average realized rate per room/night has been forecasted by applying a USD 200. Furthermore, a 5% yearly inflation has been applied to derive future rates evolution. For all practical reasons, Year 0 is assumed to be 2009.
- Ramp up rates assumptions for the hotel are 80% for Year 2, 90% for Year 3, 100% for Year 4 and onwards on the Grande Comore market occupancy.
- The hotel revenues and the COGS will be split with a hotel operator. The hotel operator will be earning 40% of the total hotel revenues, and will also contribute to 40% of the hotel COGS as well as hire all the staff required to run the hotel.
- All in all, the project room revenues should reach USD 4.2 million in Year 10, and grow by an average of 5% per annum afterwards

Market occupancy forecast

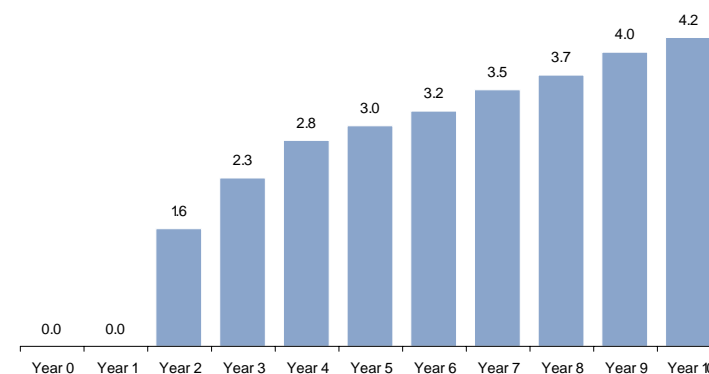


Hotel Rooms Occupancy Rates



Sources: Union of the Comoros Chamber of Commerce

Room Revenues



Sources: Union of the Comoros Chamber of Commerce

# Revenue and cost assumptions (cont'd)

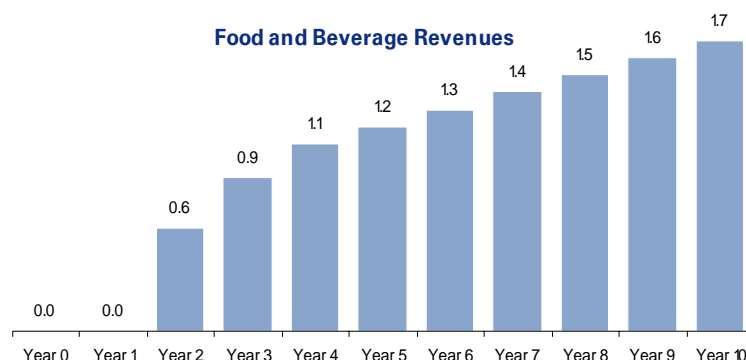
**F&B revenues have been derived by applying a benchmark ratio of 40% of room revenues**

**Service revenues reflect a benchmark ratio of 20% of room revenues**

**Apartment's rental revenues will reach USD 4.1 million by Year 10**

## Food and beverage Revenues

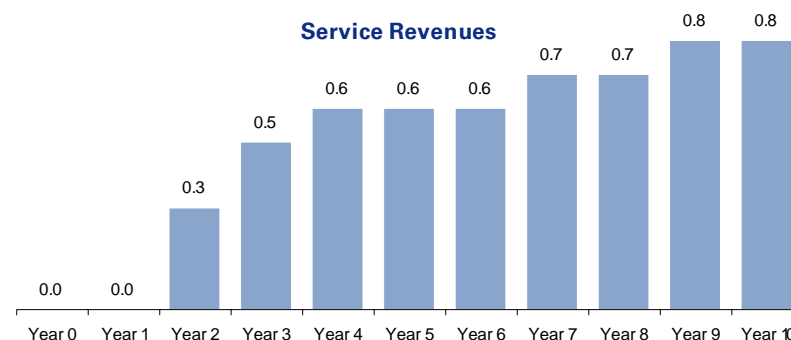
- F&B revenues have been derived by applying a benchmark ratio of 40% of room revenues.



Sources: Union of the Comoros Chamber of Commerce

## Service Revenues

- Similarly, service revenues reflect a benchmark ratio of 20% of room revenues.

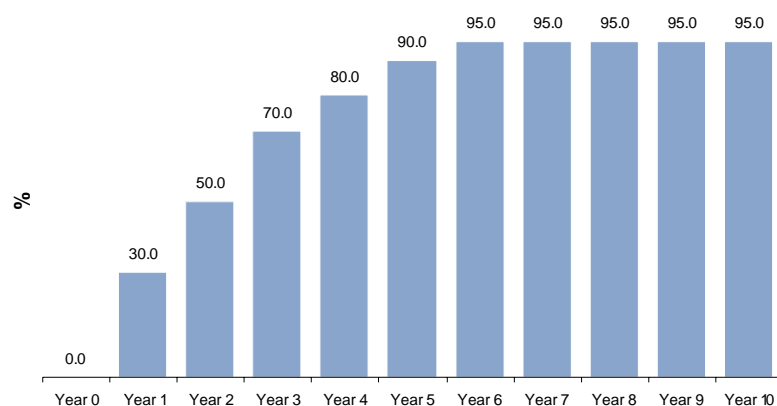


Sources: Union of the Comoros Chamber of Commerce

## Apartment Rental Revenues

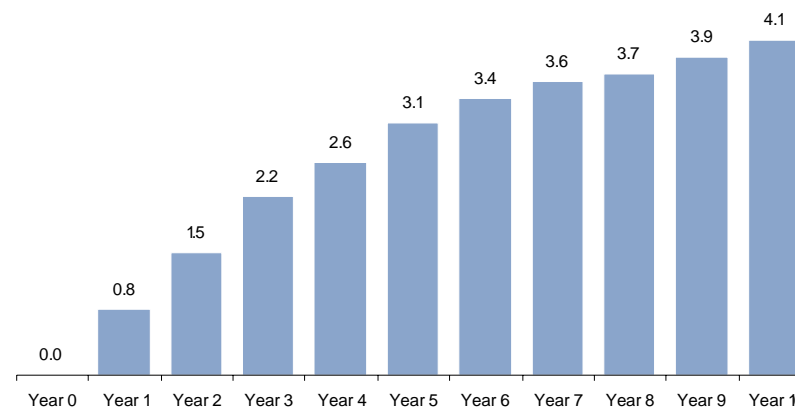
- 7,400 sqm will be used as a residential area, where 148 apartments of 100 sqm each, will be built. The buildings will have 3 floors and ratio of total area to built up area of 1.5. The apartments will mainly accommodate the expatriate's population of the Corniche.
- The apartment rent / year is assumed to be USD 18,000, growing at 5% per year. Apartment's construction will start at Year 0 with rental revenues starting to come in at Year 1.
- Apartment's rental revenues will reach USD 4.1 million by Year 10.

### Appartments Occupancy rates



Sources: Union of the Comoros Chamber of Commerce

### Appartments Rental Revenues



Sources: Union of the Comoros Chamber of Commerce

# Revenue and cost assumptions (cont'd)

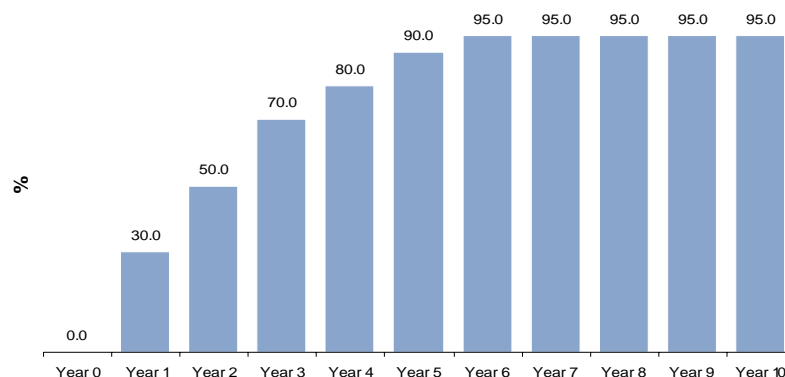
**Offices rental revenues will reach USD 8.3 million by Year 10**

**Retail units rental revenues will reach USD 10.5 million by Year 10**

## Offices Rental Revenues

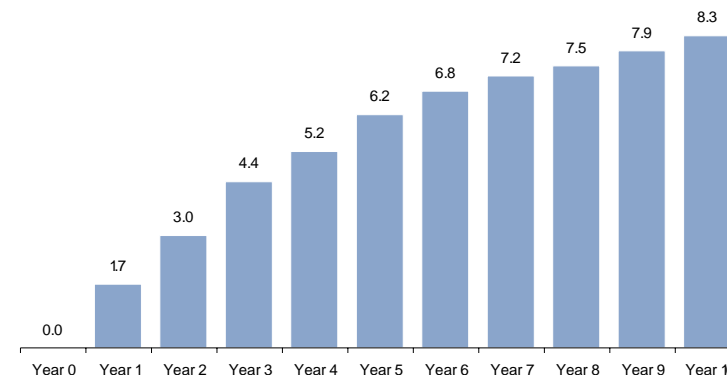
- 16,800 sqm will be used as office area, where 224 offices of 200 sqm each, will be built. The buildings will have 4 floors and ratio of total area to built up area of 1.5. The office rent / year is assumed to be USD 24,000, growing at 5% per year. Apartment's construction will start at Year 0 with rental revenues starting to come in at Year 1.
- Offices rental revenues will reach USD 8.3 million by Year 10.

### Offices Occupancy Rates



Sources: Union of the Comoros Chamber of Commerce

## Offices Rental Revenues

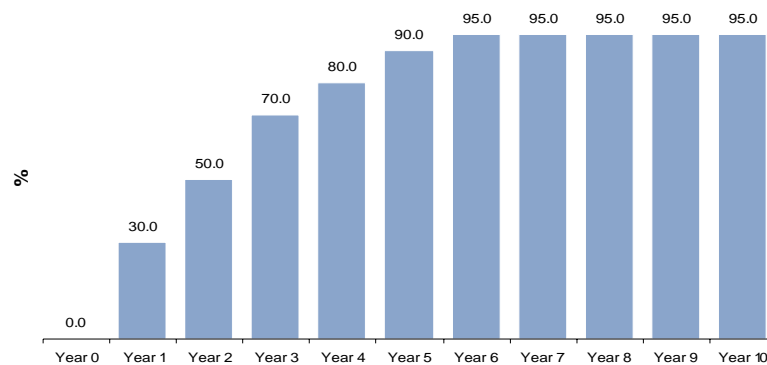


Sources: Union of the Comoros Chamber of Commerce

## Retail Rental Revenues

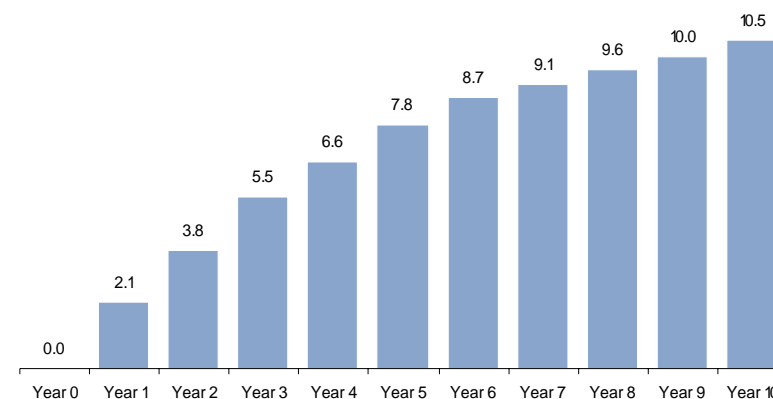
- 14,200 sqm will be used as retail area, where 284 retail units of 100 sqm each, will be built. The buildings will have 4 floors and ratio of total area to built up area of 2.0. The retail unit rent / year is assumed to be USD 24,000, growing at 5% per year. Apartment's construction will start at Year 0 with rental revenues starting to come in at Year 1.
- Retail units rental revenues will reach USD 10.5 million by Year 10.

### Retail Occupancy Rates



Sources: Union of the Comoros Chamber of Commerce

## Retail Rental Revenues



Sources: Union of the Comoros Chamber of Commerce

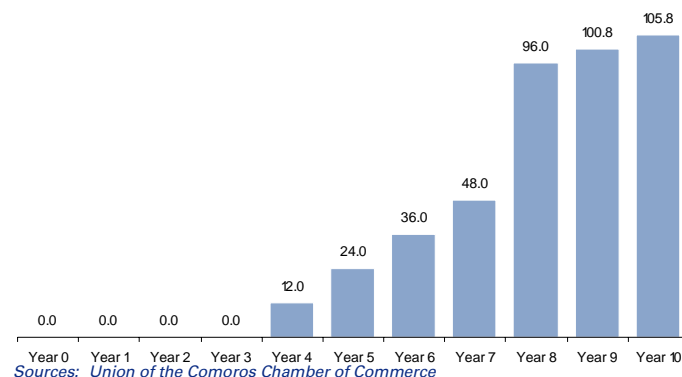
# Revenue and cost assumptions (cont'd)

**Conference room rental revenues will reach USD 1.7 million by Year 10**

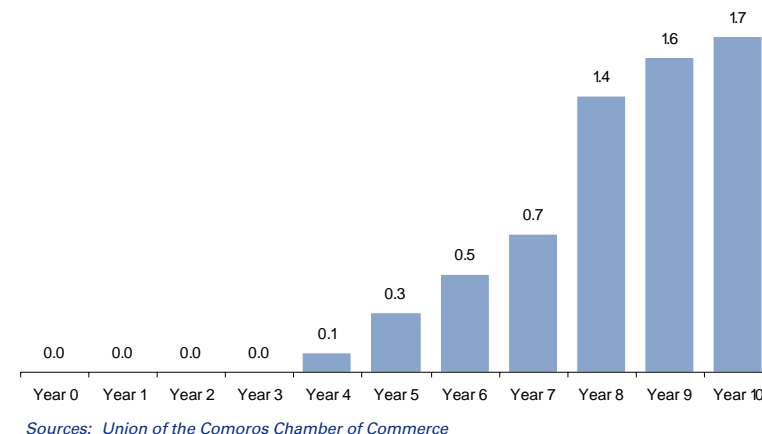
## Conference Room Rental Revenues

- 2,500 sqm will be used as a convention/conference room area, offering full services to accommodate business travelers. The conference room rent / event is assumed to be USD 10,000, growing at 5% per year.
- Conference room rental revenues will reach USD 1.7 million by Year 10.

Conference Room Yearly Number of Events



Conference Room Rental Revenues



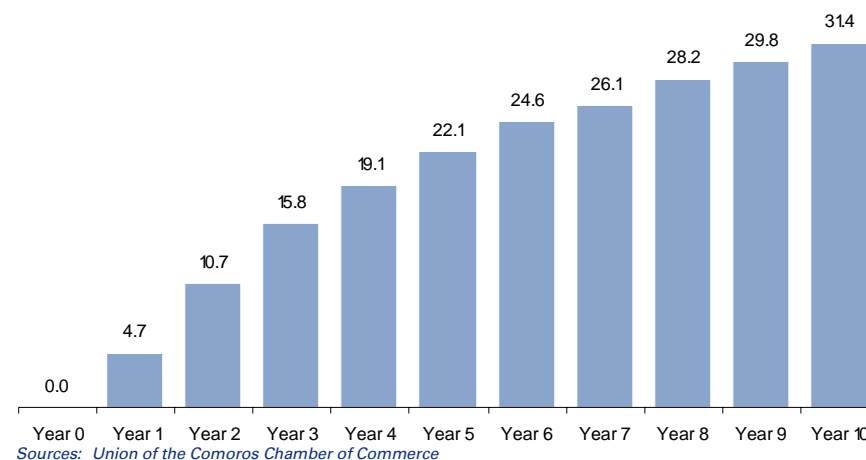
## Additional Revenues

- Additional revenues will also include income from the marina, which will be managed and operated by a specialised company.

## Total Revenues

- All in all, the project revenues should amount to USD 31.4 million by Year 10.

Total Revenues



**The project revenues should amount to USD 31.4 million by Year 10**

## Revenue and cost assumptions (cont'd)

**COGS F&B are assumed to represent 30% of F&B revenues, COGS Rooms 7% of room revenues and COGS Services 7% of service revenues**

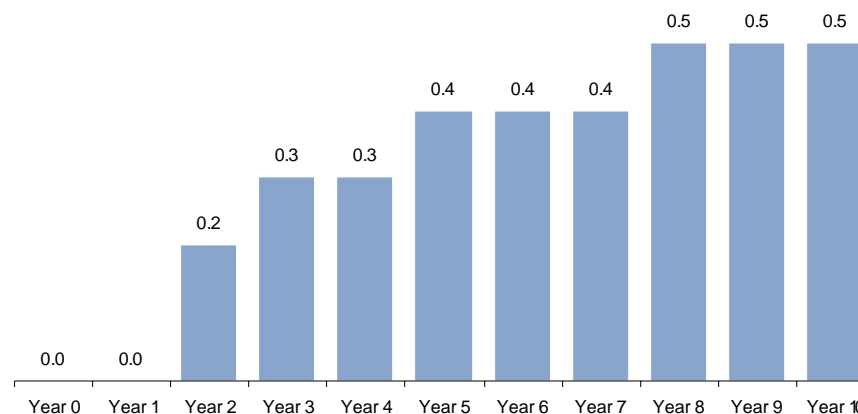
### Costs Projection

- The project costs streams can be split between:
  - Costs of goods sold (COGS): Notably related to F&B revenues streams, as well as costs directly related to the activity like Telecom, events
  - Payroll costs: All expenditures related to personnel, including wages, associated taxes, training, benefits and other items
  - SG&A: Which includes payroll costs and other costs streams related to operations, e.g. sales & marketing, maintenance CAPEX and others
  - Capital expenditures: Costs dedicated to the acquisition / development / heavy maintenance of tangible and intangible assets and capitalized as such by
  - Other items: e.g. working capital, taxes – excluding financing structure considerations

### COGS

- Most of the COGS incurred are related to Food & Beverage, with the rest including Telco, laundry, room consumables (notably for the bathroom, small repairs...), as well as recreational activities and events.
- COGS are costs directly related to revenues, and as such have been modelled as a percentage of the latter, based on industry benchmark and information from other local hotels:
  - COGS F&B: assumed to represent 30% of F&B revenues
  - COGS Rooms: assumed to represent 7% of room revenues
  - COGS Services: assumed to represent 7% of service revenues

**Total COGS**



Sources: Union of the Comoros Chamber of Commerce

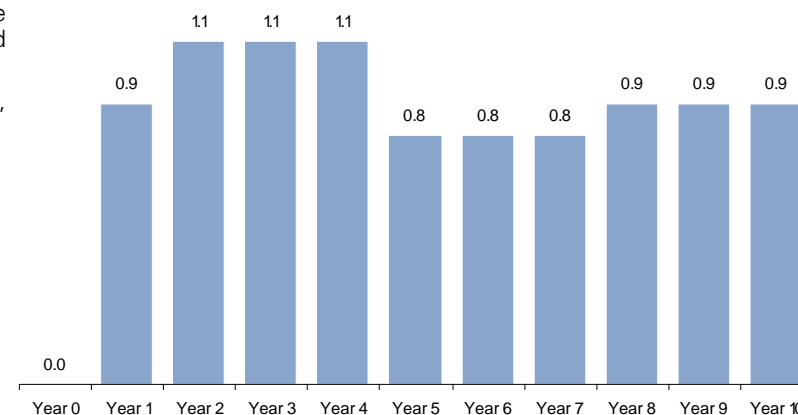
# Revenue and cost assumptions (cont'd)

**Payroll costs should amount to USD 0.9 million by Year 10**

## Payroll Costs

- At cruise speed of recruitment (Year 2), total staff should amount to close to 41 employees mainly dedicated for the infrastructure set up and construction (engineers, surveyors, workers).
- At Year 7, the headcount will drop to 28 employees mainly in the sales, marketing and maintenance departments.
- The payroll costs should amount to USD 0.9 million by Year 10.

## Payroll Costs



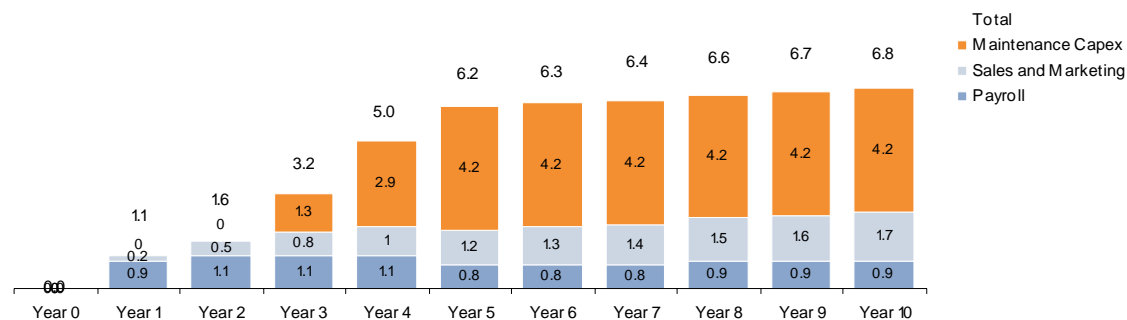
Sources: Union of the Comoros Chamber of Commerce

**SG&A will reach USD 6.7 million by Year 10**

## SG&A

- Non-payroll costs related to operations (sales & marketing) have been forecasted to represent 5% of revenues.
- Maintenance CAPEX was calculated as 5% of total initial CAPEX.
- Total SG&A will reach USD 6.7 million by Year 10.

## Total SG&A



Sources: Union of the Comoros Chamber of Commerce



## Revenue and cost assumptions (cont'd)

The initial investment needed is USD 83.4 million to finance the Capex spread over 3 years

### Capital Expenditures

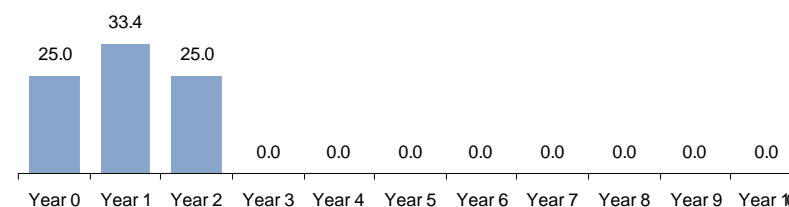
Units	Total Area	Cost (in USD)
<b>Offices Units Construction &amp; finishing</b>	Total Area: 16,800 sqm –Includes Tendering and Contract Requirement, General Requirements, Site work, Concrete, Masonry, Metals, Wood and Plastics, Thermal and Moisture Protection, Doors and Windows, Finishes, Specialities, Equipment, Furnishing, Special Construction, Conveying System, Mechanical, Electrical, Contingencies	14,616,884
<b>Mall / Retail Construction &amp; finishing</b>	Total Area: 14,200 sqm –Includes Tendering and Contract Requirement, General Requirements, Site work, Concrete, Masonry, Metals, Wood and Plastics, Thermal and Moisture Protection, Doors and Windows, Finishes, Specialities, Equipment, Furnishing, Special Construction, Conveying System, Mechanical, Electrical, Contingencies	20,508,271
<b>Apartments Construction &amp; finishing</b>	Total Area: 7,400 sqm –Includes Tendering and Contract Requirement, General Requirements, Site work, Concrete, Masonry, Metals, Wood and Plastics, Thermal and Moisture Protection, Doors and Windows, Finishes, Specialities, Equipment, Furnishing, Special Construction, Conveying System, Mechanical, Electrical, Contingencies	11,116,613
<b>Hotel Construction &amp; finishing</b>	Total Area: 9,750 sqm –Includes Tendering and Contract Requirement, General Requirements, Site work, Concrete, Masonry, Metals, Wood and Plastics, Thermal and Moisture Protection, Doors and Windows, Finishes, Specialities, Equipment, Furnishing, Special Construction, Conveying System, Mechanical, Electrical, Contingencies	17,970,699
<b>Conference Room Construction &amp; finishing</b>	Total Area: 2,500 sqm –Includes Tendering and Contract Requirement, General Requirements, Site work, Concrete, Masonry, Metals, Wood and Plastics, Thermal and Moisture Protection, Doors and Windows, Finishes, Specialities, Equipment, Furnishing, Special Construction, Conveying System, Mechanical, Electrical, Contingencies	4,460,350
<b>Infrastructure and External Area</b>	Total Area: 85,396 sqm - Includes transportation, landscaping, water, electricity and telecom	14,714,339
<b>Total Estimated capital expenditures</b>		<b>83,387,158</b>

- The initial investment needed is USD 83.4 million to finance the Capex spread over 3 years.

### Other Items

- A linear depreciation has been adopted over 20 years for the Capex. A tax rate of 35% is applied after 10 years.

### Capital Expenditures



Sources: Union of the Comoros Chamber of Commerce

**The project should generate cash flows of USD 30 million annually with breakeven after 6.3 years**

- The analysis of the forecasted project cash flows reveals a cumulative need for financing USD 83.4 million of CAPEX, spread over the first three years. The following cash flow is assuming 100% Equity.



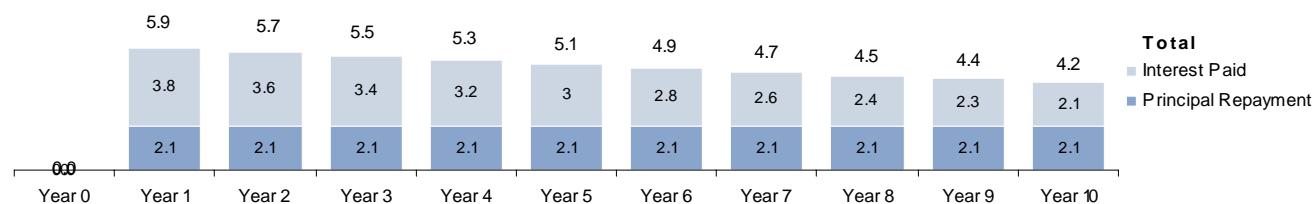
Sources: Union of the Comoros Chamber of Commerce

# Financial projections (cont'd)

**A Discounted Cash Flow analysis led to an Unleveraged IRR of 19.6% and a Leveraged IRR of 29.6%**

- The other scenario is assuming the project financed by 50% Equity and 50% Debt. The interest rate on debt is assumed to be 9.0% and the loan term is 20 years.

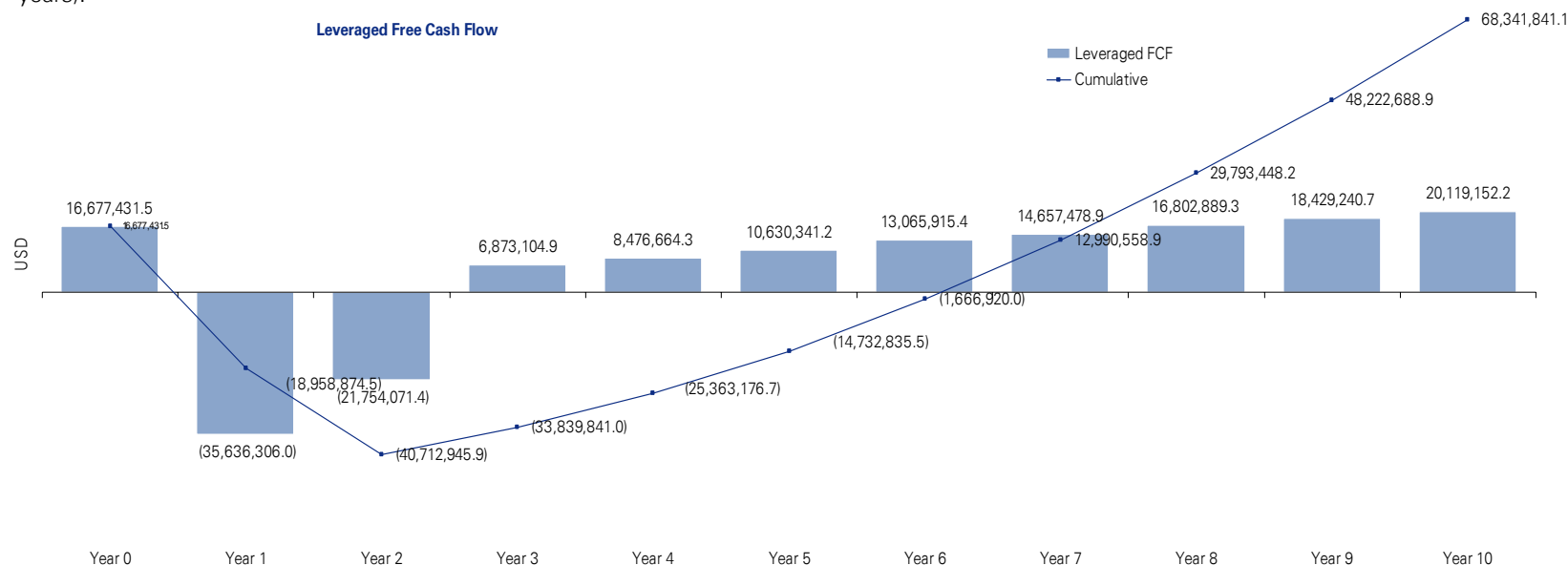
## Principal Repayment and Interest Flows



Sources: Union of the Comoros Chamber of Commerce

- Afterwards, the project should generate healthy cash flows in the range of USD 25 million per annum, with breakeven expected during Year 7 (after 6.6 years).

## Leveraged Free Cash Flow



Sources: Union of the Comoros Chamber of Commerce

## Performance

- A Discounted Cash Flow analysis was used over a period of 20 Years, assuming no terminal value. Using this approach, Unleveraged IRR is 19.6% and Leveraged IRR is 29.6%.

# Financial statements

Net income is expected to reach USD 24.7 million in year 10

## Corniche Grande Comore

### Income Statement

in USD millions	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total Revenues	-	4.7	10.7	15.8	19.1	22.1	24.6	26.1	28.2	29.8	31.4
Cost of Sales	-	-	0.2	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.5
Gross Profit	-	4.7	10.5	15.5	18.8	21.8	24.2	25.7	27.8	29.3	30.9
SG&A	-	1.1	1.6	3.1	5.0	6.1	6.2	6.3	6.4	6.5	6.7
EBITDA	-	3.6	8.9	12.3	13.8	15.7	18.0	19.4	21.3	22.8	24.3
Depreciation	-	1.3	2.9	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
Amortisation	-	-	-	-	-	-	-	-	-	-	-
EBIT	-	2.3	6.0	8.2	9.6	11.5	13.8	15.2	17.2	18.6	20.1
Management Fees	-	-	-	-	-	-	-	-	-	-	-
Net Cash Interest	-	1.8	0.9	0.5	0.8	1.3	1.8	2.4	3.0	3.8	4.6
EBT	-	4.1	6.9	8.6	10.4	12.8	15.6	17.6	20.2	22.4	24.7
Tax	-	-	-	-	-	-	-	-	-	-	-
<b>Net Income</b>	<b>-</b>	<b>4.1</b>	<b>6.9</b>	<b>8.6</b>	<b>10.4</b>	<b>12.8</b>	<b>15.6</b>	<b>17.6</b>	<b>20.2</b>	<b>22.4</b>	<b>24.7</b>

Sources: Union of the Comoros Chamber of Commerce

# Financial statements (cont'd)

Total assets are expected to reach USD 226.6 million in year 10

Corniche Grande Comore											
Balance Sheet											
in USD millions	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Assets</b>											
Cash	58.4	30.3	15.1	27.9	42.5	59.5	79.2	101.0	125.3	151.9	180.7
Other Current Assets	-	-	-	-	-	-	-	-	-	-	-
PP&E	25.0	57.1	79.2	75.0	70.9	66.7	62.5	58.4	54.2	50.0	45.9
<b>Total Assets</b>	<b>83.4</b>	<b>87.4</b>	<b>94.3</b>	<b>103.0</b>	<b>113.4</b>	<b>126.2</b>	<b>141.8</b>	<b>159.4</b>	<b>179.6</b>	<b>201.9</b>	<b>226.6</b>
<b>Liabilities &amp; Equity</b>											
Current Liabilities	-	-	-	-	-	-	-	-	-	-	-
Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-	-	-	-	-	-
Equity	83.4	87.4	94.3	103.0	113.4	126.2	141.8	159.4	179.6	201.9	226.6
<b>Total Liabilities &amp; Equity</b>	<b>83.4</b>	<b>87.4</b>	<b>94.3</b>	<b>103.0</b>	<b>113.4</b>	<b>126.2</b>	<b>141.8</b>	<b>159.4</b>	<b>179.6</b>	<b>201.9</b>	<b>226.6</b>

Sources: Union of the Comoros Chamber of Commerce

# Financial statements (cont'd)

Net cash flow is projected to reach USD 28.8 million in year 10

## Corniche Grande Comore

### Cash Flow

in USD millions	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Net Income</b>	-	4.1	6.9	8.6	10.4	12.8	15.6	17.6	20.2	22.4	24.7
Depreciation	-	1.3	2.9	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
Amortization	-	-	-	-	-	-	-	-	-	-	-
Change in Working Capital	-	-	-	-	-	-	-	-	-	-	-
Change in Other Long Term A&L	-	-	-	-	-	-	-	-	-	-	-
<b>Cash from Operating Activities</b>	-	5.3	9.8	12.8	14.6	17.0	19.7	21.7	24.4	26.5	28.8
Capex	(25.0)	(33.4)	(25.0)	-	-	-	-	-	-	-	-
Additions to Intangibles	-	-	-	-	-	-	-	-	-	-	-
<b>Cash from Investing Activities</b>	(25.0)	(33.4)	(25.0)	-	-	-	-	-	-	-	-
Change in injected capital / Equity	83.4	-	-	-	-	-	-	-	-	-	-
Issuance / (Repayment) of LT Debt	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-
<b>Cash from Financing Activities</b>	83.4	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Flow</b>	<b>58.4</b>	<b>(28.0)</b>	<b>(15.2)</b>	<b>12.8</b>	<b>14.6</b>	<b>17.0</b>	<b>19.7</b>	<b>21.7</b>	<b>24.4</b>	<b>26.5</b>	<b>28.8</b>

Sources: Union of the Comoros Chamber of Commerce

# Financial statements (cont'd)

Corniche Grande Comore											
Ratios											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Liquidity Ratios</b>											
Current Ratio	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Quick Ratio	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Working Capital	30.3	15.1	27.9	42.5	59.5	79.2	101.0	125.3	151.9	180.7	202.4
Inventory to Working Capital	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x
<b>Profitability Ratios</b>											
Gross Profit Margin	100.0%	98.2%	98.2%	98.2%	98.4%	98.4%	98.4%	98.4%	98.4%	98.4%	98.4%
Operating Income Margin	76.0%	83.2%	78.3%	72.0%	71.0%	73.1%	74.2%	75.6%	76.4%	77.2%	77.9%
Net Income Margin	86.7%	64.4%	54.7%	54.5%	57.9%	63.4%	67.3%	71.5%	75.0%	78.4%	53.1%
<b>Financial Strength</b>											
Debt to Equity Ratio	-	-	-	-	-	-	-	-	-	-	-
<b>Management Effectiveness</b>											
Return on Assets (ROA)	4.6%	7.3%	8.4%	9.2%	10.2%	11.0%	11.0%	11.2%	11.1%	10.9%	7.2%
Return on Equity (ROE)	4.6%	7.3%	8.4%	9.2%	10.2%	11.0%	11.0%	11.2%	11.1%	10.9%	7.2%
<b>Asset Management</b>											
Total Assets Turnover	0.1x	0.1x	0.2x	0.2x	0.2x	0.2x	0.2x	0.2x	0.1x	0.1x	0.1x
Total Debt to Total Assets	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x
<b>Working Capital Cycle</b>											
Days Receivables	-	-	-	-	-	-	-	-	-	-	-
Days of Inventory	NA	-	-	-	-	-	-	-	-	-	-
Days of Payables	NA	-	-	-	-	-	-	-	-	-	-
Turnover	0.2x	0.7x	0.6x	0.4x	0.4x	0.3x	0.3x	0.2x	0.2x	0.2x	0.2x

Sources: Union of the Comoros Chamber of Commerce

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# Appendices



Appartment Rent/Month	IRR
1650	19.9%
1600	19.8%
1550	19.7%
1500	19.6%
1450	19.5%
1400	19.4%
1350	19.3%

Contingencies	IRR
13%	19.1%
12%	19.2%
11%	19.4%
10%	19.6%
9%	19.8%
8%	20.0%
7%	20.2%

Convention Centre Rent/Month	IRR
13000	19.8%
12000	19.8%
11000	19.7%
10000	19.6%
9000	19.6%
8000	19.5%
7000	19.4%

Office Rent/Month	IRR
6.5%	19.3%
6.0%	19.4%
5.5%	19.5%
5.0%	19.6%
4.5%	19.7%
4.0%	19.9%
3.5%	20.0%

Margin for Hotel Revenues	IRR
75%	19.8%
70%	19.8%
65%	19.7%
60%	19.6%
55%	19.6%
50%	19.5%
45%	19.4%

Marina Rent/Month	IRR
3500	19.6%
3000	19.6%
2500	19.6%
2000	19.6%
1500	19.6%
1000	19.6%
500	19.6%

Retail Rent/Month	IRR
2150	20.2%
2100	20.0%
2050	19.8%
2000	19.6%
1950	19.4%
1900	19.2%
1850	19.0%

Maintenance CAPEX	IRR
6.5%	18.8%
6.0%	19.0%
5.5%	19.3%
5.0%	19.6%
4.5%	19.9%
4.0%	20.2%
3.5%	20.5%

Hotel Room Rates	IRR
275	21.2%
250	20.7%
225	20.2%
200	19.6%
175	19.1%
150	18.5%
125	18.0%

Sources: Union of the Comoros Chamber of Commerce

- The drivers underlying the modelled forecast have been tested to assess the sensitivity of the investment performance were they to deviate from the assumptions retained in the Base Case.
- IRR returns appear to be robust to changes in revenues, costs and balance sheet drivers.

## Sources of information

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### Source of information

- We held discussions with the Client, mainly:
  - Mr. Patrick V. Jabre (Vice President)
  
- Information relating to the Bank were mainly taken from:
  - Business plan prepared by SCAS Inc.
  - Union of the Comoros Chamber of Commerce
  - CIA World Factbook
  - IMF (International Monetary Fund)
  - UNDP (United Nations Development Program)
  - Other publicly available information on Comoros Islands' economy