



FINANCIAL ADVISORY SERVICES

Silver Moon Resort, Grande Comore

Feasibility Study

October 2009

ADVISORY

Mr. Patrick V. Jabre
Vice President
SCAC Inc.
Massachusetts,
USA

KPMG
Beirut Central District
Lazarieh Building
Beirut
Lebanon

5 October 2009

Dear Sirs,

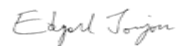
Establishment of the Silver Moon Resort, Grande Comore

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 Silver Moon Resort, 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

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 Silver Moon Resort.
- 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 11 September 2009, and was completed on 5 October 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)

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 Silver Moon Resort. 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

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

The contacts at KPMG in connection with this report are:

Edgard Joujou
KPMG
Managing Partner, KPMG Lebanon

Tel: + 961-1-985 501
Fax: + 961-1-985 503
ejoujou@kpmg.com.lb
ejoujou@kpmg.com

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Executive Summary

The opportunity

Opportunity overview

- Silver Moon Resort is located in Grande Comore and is focused on leisure tourism, with a Hotel of 150 rooms, 40 Villas, a Restaurant and a Casino.
- The selected site enjoys a private postcard-like sand beach.
- The Comoros Island of “Grande Comore” presents a unique eco-tourism potential: hiking, visits of mangroves preserves, scuba-diving in the reef, as well as cultural attractions.
- Required financing: USD 72.9 million
- Unlevered IRR = 29.1% (no debt assumption)
- Levered IRR = 44.2% (50% debt assumption)
- Expected payback period = 5 years (no debt assumptions)
- Expected payback period = 4.8 years (50% debt assumption)

Opportunity highlights

Favourable environment

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

Unleveraged natural assets

- Strong touristic potential, stemming from the islands luxurious nature, magnificent landscapes, unique beaches and sea life, and historical attractions
- Significant gap in offering, currently far from leveraging the islands assets

Attractive markets dynamics

- Historical issues resolved, notably with regard to airline connections
- Significant infrastructure improvements and sustained political stability
- In progress landmark projects (e.g. Dubai World, Lac Sale), to serve as anchors for tourism development

Very limited competition

- Only 6 hotels, mostly 1-star to lower 2-stars. Almost-inexistent leisure offering

Headlines

Country profile

- 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 Comoros comprises three main islands, Grande Comore, Anjouan and Moheli with a dispute pending over a fourth island, Mayotte, currently under French administration.
- The country total area amounts to 2,170 km², with over 340 km of coastline, with 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 protected by the natural barrier of Madagascar mainland from the tropical hurricanes affecting the Seychelles, Mauritius and the Reunion.
- Comoros recent history witnessed a long period of political turmoil, with 18 coups or attempted coups from 1975 till 2001, when a federal arrangement, the Fomboni Accord, was adopted leading to a presidential election in 2002.
- Between 2002 and 2006, the country went through a stabilization of its political landscape, achieving the rationalization of finances and of the security apparatus, as well as the establishment of a Constitutional Court. 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.

Overview

- The Comoros Islands arose from the seabed of the Western Indian Ocean as the result of volcanic activity and they once played a major role in the world economy of the ocean. For centuries, they were a major stopover along the mercantile routes of the Indian Ocean from Africa to the Orient.
- The Comoros archipelago is blessed with warm tropical weather, extraordinary flora and fauna, incredible white sandy beaches, a rich culture, and a genuinely hospitable population. Comorian beaches are considered to be among the most beautiful in the world. The name of the islands comes from the Arabic word "qamar" meaning "moon". Known as the Perfumed Islands as well, Comoros Islands are the world's number one producer of the Ylang-Ylang essence, an essential ingredient in perfumes. In addition, it is the world's second largest producer of Vanilla.
- New visitors to Comoros will be amazed by the wondrous experience the Islands offer. For nature lovers who are bored with the stressful artificial city life and looking for some refreshing inspirational time off, the Perfumed Islands will be the right place for an escape to a relaxing atmosphere of untouched wonderful nature with lush foliage, majestic waterfalls, picturesque towns, and incredible coral reefs. And travellers seeking a unique adventure will enjoy discovering the wonders of the Comoros that shelters some endangered species in its seas and forests, such as the Hawksbill and green sea turtles, the Coelacanth (or Gombessa). It is a unique fish once thought by western scientists to have been extinct for millions of years. But in the second half of the last century, an ichthyologist learned that Comorian fishermen regularly caught Coelacanths in the deep waters surrounding the islands of Ngazidja (Grande Comore) and Nzwani (Anjouan). Several specimens have since been preserved and can be seen today in museums around the world. Another wonder found nowhere else in the world is the Livingstone's flying fox, a fruit bat with a 3-meter wing span.
- There is an abundance of life in the sea around the Comoros. One can find everything from giant whales, large sharks, big manta rays, sailfish, sunfish, to lobsters, crabs and tiny shrimp. Deep water close to the islands, coral reefs, miles of sandy beaches, plus fresh water streams and shoreline springs provide multiple habitats for the marine life.
- The culture of the Comoros is no less rich and interesting than its nature. Being located in the Mozambique Channel at the Indian Ocean, the Islands have played a central role in the commerce among the Arab World, Europe and Africa. The Comorian people's customs, traditional clothes, cuisine and celebrations demonstrate a blend of diverse cultures imported centuries ago by Arabs, Portuguese and French traders.

Headlines (cont'd)

Overview (cont'd)	<ul style="list-style-type: none"> • The rich cultural heritage of the Islands of the Moon has generated a variety of beautifully made crafts which includes: pearl and shell jewellery, wood carving, pottery and basketry, women cloth, embroidered skull caps and slippers, carved chests, panels and portes-croix (lecterns). • The Comorian cuisine is as delicious as it is healthy. It is based on fresh seafood (lobster, crab, shrimp...), locally grown rice and vegetables, and tropical fruits (mango, pineapple, coconuts...) • Comoros people greatly enjoy music and dancing. The local music is composed of a blend of Arabic, African and European influences and usually includes the use of drums, rattles, guitar, and zithers. Of the famous Comorian singers are Abou Chihabi and Nawal (lives in France but her music draws on her Comorian culture).
Economic developments	<ul style="list-style-type: none"> • 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). • Major companies and investment firms are currently investing heavily in the country's untapped potential across all industries. • 2009 tourist arrivals are expected to pick up significantly with the establishment of Comoros Airlines and Etihad Airways establishing flights between UAE and Moroni.
Project summary	<ul style="list-style-type: none"> • 2009 tourist arrivals are expected to pick up significantly with the establishment of Comoros Airlines and Etihad Airways establishing flights between UAE and Moroni. • The Silver Moon Resort, 20,000 sqm of built-up space, consists of a 5 stars ultra luxury hotel with 150 rooms, 20 luxurious 4-room villas and 20 luxurious 2-room villas, a high end restaurant and a casino • The main revenue drivers are: <ul style="list-style-type: none"> – 5 stars ultra luxury hotel (150 rooms, indoor restaurant, leisure activities, business services) – 40 luxurious villas (2-rooms, 115 sqm and 4 rooms, 230 sqm, reception, maintenance) – High end restaurant (Multicultural and rich cuisine, 1000 sqm) – Casino (Slot machines, poker machines, roulette, blackjack, punto banco and others, 2 big rooms 1000 sqm each) • The total CAPEX is USD 72.9 million, with a payback period of 4.4 years. • A Discounted Cash Flow analysis was used over a period of 20 Years, assuming no terminal value. Using this conservative approach we obtained an Unleveraged IRR of 35.8% (100% Equity financing) and a Leveraged IRR of 61.3% (50% Equity financing and 50% Debt financing).

Business plan essentials

Free cash flows are forecasted to reach USD 3.5 million

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

Financial summary							
Activity USD, million	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Total revenues	-	-	14.4	28.0	39.3	48.9	51.4
Rooms occupancy			35.7%	40.8%	47.7%	53.4%	55.1%
EBITDA	-	(0.1)	10.8	18.7	24.9	30.3	31.9
EBITDA margin	0.0%	0.0%	75.5%	66.9%	63.4%	62.0%	62.1%
Net income	-	(0.5)	8.9	15.7	21.9	27.3	28.9
Cash flows USD, million	Year 0	Year 1	Year 2				
Capital expenditure	(21.6)	(30.0)	(21.1)	-	-	-	-
Free cash flows	(21.6)	(30.0)	(13.8)	15.3	22.1	27.9	31.3

Sources: Union of the Comoros Chamber of Commerce

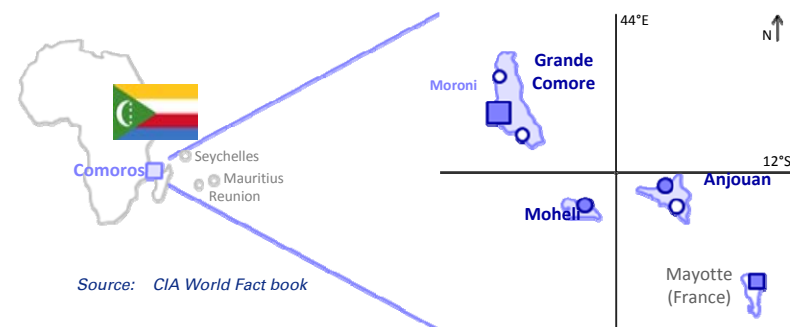
The Comoros Islands at a glance

Country profile - Introduction

Comoros Islands is comprised of 3 main islands with a total area of 2,170 km²

- 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 km², 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



Source: CIA World Fact book

Country profile - History and overview

Comoros Islands entered a maturity phase since 2006 after witnessing a French colonialization 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 (19th 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)

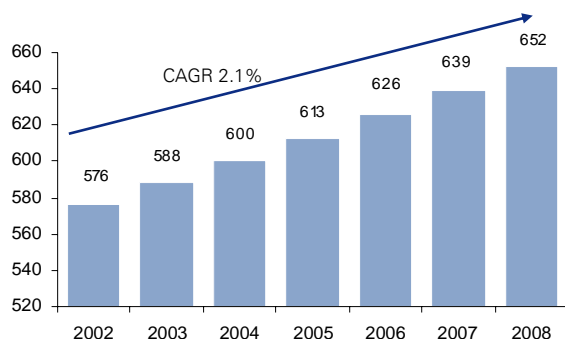
- With the election of president Ahmed Abdallah Mohamed Sambi in 2006, in a two stages electoral process deemed free and fair by international observers, the country entered a maturity phase, illustrated by the handling of the minor political gridlock in May 2007, with the Anjouan President refusing 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%		
	Total	Females	Males
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%.

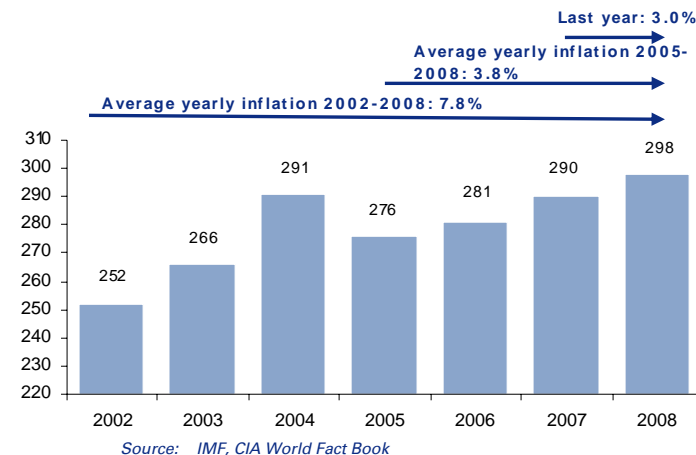
Country profile - Economy overview

Comorian economic growth is 2.9% per annum since 2002

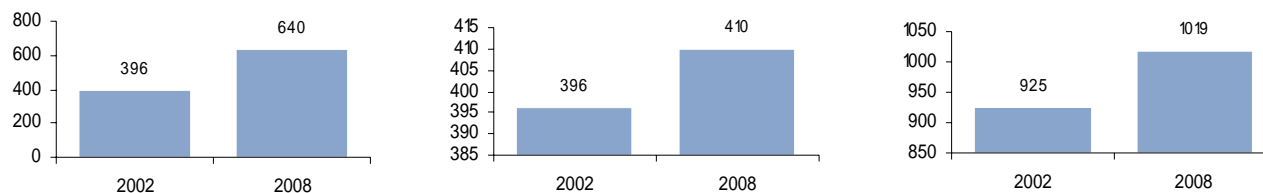
Historical evolution

- 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

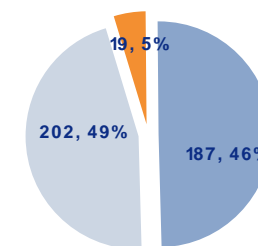
Activity breakdown

- 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,...

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.

Breakdown of nominal GDP (2008E) in million USD



Source: IMF

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 – Market fundamentals

Comoros Islands are endowed with many amazing natural sites, beaches and shores, landscaping and vegetation...

Touristic Potential of The Comoros Islands

- The Comoros islands are endowed with many amazing natural sites, a luxurious landscape and vegetation, bristling with a unique distinctive fauna. The three main attractions on the Grande Comore are the town of Fombouni, Le Khartala mount and the Lac Sale site:
 - *The Town of Fombouni*, located on the east coast of Grande Comore (not to be confused with Moheli's Fomboni), has amazing bright white buildings. The town is well known for its pottery and woodworking artists and is home to several interesting tombs of Portuguese navigators discovered right outside the town.
 - *Le Khartala Mount* is an active volcano and the Union's highest point (2,360 m). The mountain is covered by evergreen forests and is home to many unique species of birds native of Comoros. Four bird species seen here are native only to the slopes Karthala. The four bird species that are native only to Comoros are the Comoro Drongo, Comoro Scops Owl, Comoro White-eye, and the Humbolt's Flycatcher. This is a must do hike for bird watcher and naturalists alike.
 - *The Lac Sale Site* is an extinct crater flooded by sea water through an underground cave network. The peaceful sight of the lake waters encompassed in the steep frame of the crater is a unique destination incomparable to any other. A landmark touristic project is under development for the location.
- The naturally beauty of the Comoros is best experienced in Moheli, probably the most attractive destination, notably for hikers.
 - *The Island of Moheli*, the smallest of the Union (10 km x 25 km) is covered with a plethora of trails winding all over a wild landscape. The trails take hikers to jungle-highlands, uninhabited beaches, and to the crater lake of Dziani Boundouni. While hiking on the island, visitors will see many local plants and wildlife. One of the most common animals to see on Moheli is the Mongoose lemur. This is the most common species of lemur on Comoros. Also, the marine natural reserve of Nioumachoua is a must-see destination for nature lovers, with an exceptional fauna and flora.
- Additionally, all three islands have magnificent shores and beaches, and offer unique opportunities for sea-related activities:
 - *Beaches* are scattered along the sea shore, as patches of white soft sand framed by the black volcanic basalt that constitute most the islands ground. The waters are warm and inviting. All in all, the Comoros beaches rank amongst the most acclaimed 'postcard' topical paradises.
 - *Scuba diving* off the coast of the islands is quite a treat. The marine life is abundant with giant whales, sailfish, sunfish, manta rays, and many species of sharks. One of the most famous fish found in the waters of the Comoros is the Coelacanth. It was thought extinct until 1938, with no other sighting until 1952. The first time this fish was ever seen in its natural habitat was off the coast of Comoros and was documented by the National Geographic Society in 1988. Scuba diving here is a must just to catch a glimpse of this rare creature.
- All in all, the islands diving, hiking, and beaches are first class. There are many things to do and enjoy on every island in the Comoros, making them a hidden utopia in the Indian Ocean.



Market assessment – Market fundamentals (cont'd)

Poor infrastructure was the main reason for limited tourism

Touristic Infrastructure of The Comoros Islands

- Until today, the current touristic infrastructure is far from living up to the country's potential. However, this image is changing with massive FDI into this sector being channelled to the Islands.
- Lodging options are limited. Once hosting world-class hotels, the Comoros suffered from the progressive disaffection of major hotel groups in the 1990's, driven by political instability, and has not recovered since:
 - *Old Outdated Hotels*: Most hotels have not been renovated since the 1980's, and many are currently abandoned, e.g. Le Galawa Beach Hotel, a world renowned luxury hotel when operated by Sun, and now in complete ruins.
 - *Very Limited Referencing*: The presence of most hotels in the Comoros in major international databases is very limited, with consequent difficulties for potential tourists to plan their trip an important hindrance to visiting the country.
- Furthermore, transportation to and from Comoros has substantially improved: In the past, atop Air Comores, the islands are currently serviced only by 5 airlines (Yemenia, Air Austral, Air Tanzania, Kenya Airways and Air Madagascar) operating 14 flights per week. As such, access from countries with an important potential to 'provide' tourists (e.g. Europe, notably France, South Africa, GCC) entails long stop-overs, and is rather expensive (coach prices typically between 800 € and 1,200 €). However a new airline, Comoros Airlines, was recently established and flights started on the 15 May 2009. Comoros Airlines has 3 planes and serves currently 3 destinations: Jeddah, Dubai and Paris.
- Transportation within the Comoros is also improving with Comoro Gulf Holding investing over USD 5 million in inter-islands travel.
- So far, the country has failed to build an attractive value proposition around its natural assets, further limiting its attractiveness as touristic destination:
 - *Inadequate Offering*: The strong potential of the Comoros for eco-tourism, a solidly anchored perception in Western Europe is not leveraged, nor is its low-budget positioning.
 - *Poor Range of Activities*: Despite the wide and rich opportunities offered by the country landscape, the development of touristic activities (tours, hikes, diving...) remains limited to basic, low quality offers.
- All considered, the poor infrastructure has been over the last years a major hindrance for the development of 'mass' tourism in the Comoros.

Market assessment – Market dynamics

The decrease in the number of international arrivals will be offset by the establishment of new airline connections

Currently, the interest of GCC investors helped increase traffic to the Comoros

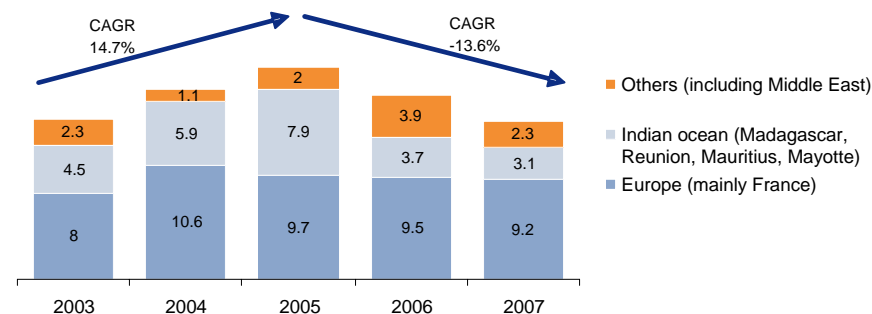
Historical Development

- After a strong growth between 2003 and 2005 (circa. 15% p.a.), the number of international arrivals in the Comoros dropped sharply by 2007 to 14,600.
- The main driver behind the decrease is the reduction of visitors from Mayotte (accounting for over 50% of lost volumes) reflecting political evolution (notably, French legislative changes).
- The termination of some airline connections, notably with South Africa and Dubai, has also been an important driver of the drop, de facto isolating the island.
- 2008 brought an end to the decrease, with estimated arrivals higher than in 2007 and in 2009 tourist arrivals are expected to pick up significantly with the establishment of Comoros Airlines and Etihad Airways establishing flights between UAE and Moroni.

Current Situation

- Europe and notably France remains the major source of visitors to the Comoros, representing close to two thirds of the total. Visits from neighbouring Indian Ocean countries are also significant, notably the two French territories of Reunion and Mayotte.
- Traffic from the Middle-East has witnessed significant growth of 47% p.a. since 2004, notably driven by the increasing interest of GCC investors for the Comoros.

International arrivals in the Comoros



Source: Union of the Comoros Chamber of Commerce

Origin	Europe	Indian Ocean	Others
France	8,845	Madagascar 518	Middle-East 826
United Kingdom	65	Reunion 1,286	South Africa 183
Germany	53	Mauritius 186	Others Africa 400
Others	187	Mayotte 1,142	Others World 891
Total	9150	3132	2300

Source: Union of the Comoros Chamber of Commerce

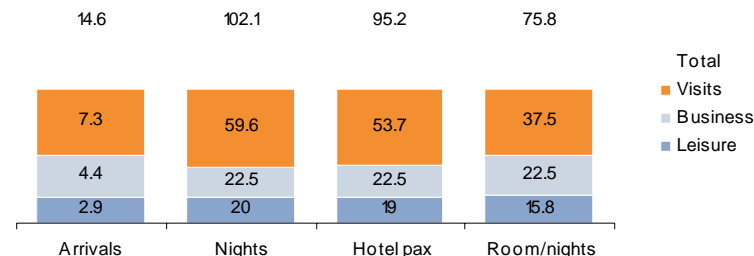
Market assessment – Market dynamics (cont'd)

The Comorian market amounted to 76,000 room nights in 2008

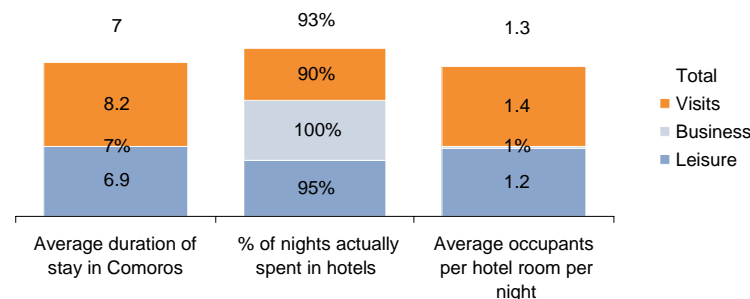
Current Situation (cont'd)

- Comoros visitors are characterized as long-stayers with an average duration of 7 nights per stay.
- Business travellers (at least self-stated) represent 30% of total and self-stated tourists 20% - remaining 50% stating visit as purpose of travel. The number of business travellers is expected to pick up in the near future due to the significant increase in FDI and projects in the Comoros. The Silver Moon Resort will be fully equipped to accommodate all business needs as well as provide leisure activities and services for all business travellers.
- The average stay in the Comoros lasts 7 days, with 93% of corresponding nights spent in hotels or other lodging accommodations.
- All in all, the Comorian market amounted to 76,000 room nights in 2008.
- The Grande Comore hosts close to 65% of total nights. Anjouan (16% of total nights) is underweighted when considering the relative islands sizes. Moheli (20% of total nights) is clearly a more touristic destination, attracting relatively less business travellers than the other two islands

Tourists behavior by stated purpose of visit (2008E, thousand)

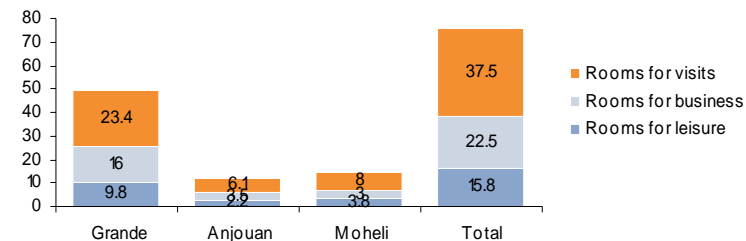


Tourists behavior by stated purpose of visit (2008E)



Source: Union of the Comoros Chamber of Commerce

Breakdown of rooms by Islands & purpose of visits (2008E)



Source: Union of the Comoros Chamber of Commerce

Market assessment – Market dynamics (cont'd)

Comorian tourism and hotel market have a flourishing business outlook

Expected Evolution

- Despite the difficulties it has faced historically, the Comorian tourism and hotel market contemplates a promising outlook, as many important issues are progressively resolved.
- Political stability and sustained, if not accelerating, economic growth lay a favourable context for the development of tourism, a major asset for the country yet to be leveraged.
- Ongoing improvement of the country's infrastructure will also enhance the attractiveness of the Comoros as a touristic destination, notably when related to transportation (imminent establishment of connections with GCC countries, inter-islands shipping lines...).
- The heightened interest of foreign investors is also translating into tourism and real estate investments, like the already opened hotel Itsandra, or the ongoing projects for the Corniche, the Lac Sale project, etc...
- Nevertheless, materializing the improvement of the environment will require the development of an appropriate value proposition, a major opportunity to be grabbed.

Competitive analysis – Competitive landscape

As at January 2009, there were 6 hotels and 31 boarding houses

Overview of Hotels In The Comoros

- The national tourism directorate has categorized hotels in the Comoros in three categories:
 - International type category, defined by the number of rooms and amenities offered
 - Intermediary type category, equivalent to international 1 or 2 stars hotels, targeting low-budget tourists
 - Others, comprising principally of small boarding houses with 6 to 10 rooms, typically managed by the family or with very limited staff
- At the end of January 2009, there were 37 establishments in the Comoros, 6 hotels per se and 31 boarding houses, distributed over the three islands

Grande Comore Establishments

Le Moroni	<ul style="list-style-type: none"> ● Located 5 minutes from downtown Moroni and 35 minutes from the airport ● Built in 1984 by Accor, government owned – 50 years lease granted to Sodeco in 2000 ● 60 rooms, of which 4 suites and 2 apartments
Les Arcades	<ul style="list-style-type: none"> ● Built in 1998 by Les Alleles – privately owned and operated ● 25 rooms (10 standard and 15 deluxe)
Itsandra	<ul style="list-style-type: none"> ● Located between the airport and Moroni (2 km from downtown) ● Renovated in 1984, government owned, originally operated by Comotel and then by Sun International – 40 years lease granted to Comoro Gulf Holding in 2007 with a partial start of operations in the second half of 2008 ● 22 rooms and 12 bungalows (under construction), of which 6 suites
Boarding houses	<ul style="list-style-type: none"> ● An estimated 20 boarding houses ● Scattered over the island, with a higher concentration in and around Moroni ● Representing circa. 160 rooms

Anjouan Establishments

Al Amal	<ul style="list-style-type: none"> ● Renovated in 1984, government owned, originally operated by Comotel – 50 years lease granted to Sodeco in 2004 ● 23 rooms
Boarding houses	<ul style="list-style-type: none"> ● An estimated 5 boarding houses ● Principally in Mutsamudu, with some in Domoni ● Representing circa. 40 rooms

Competitive analysis – Competitive landscape (cont'd)

Supply in 2007 amounted to 389 units excluding Itsandra

Moheli Establishments	
Laka Lodge	<ul style="list-style-type: none"> • Located on the islands facing the Nioumachoua marine park and reserve • Built in 1997 – privately owned and operated • 13 rooms, of which 1 apartment and 5 bungalows
Singani	<ul style="list-style-type: none"> • Located in Moheli capital, Fomboni • Built in 1984, government owned until 1995 – since privately owned and operated • 20 rooms
Boarding houses	<ul style="list-style-type: none"> • An estimated 6 boarding houses • Principally in and around Fomboni • Representing circa. 50 rooms

- As such, the supply in 2007 amounted to 389 units (Itsandra not yet in operation), of which close to 250 in boarding houses (64% of total), and featured a higher concentration of capacity in Grande Comore:

Breakdown of Lodging Units [2007]

Boarding houses 160 units	Boarding houses 40 units	Boarding houses 48 units
Les Arcades 25 units	Al Amal 24 units	Singani 20 units
Le Moroni 60 units		Laka Lodge 13 units
Grande Comore 245 units 63%	Anjouan 64 units 16%	Moheli 81 units 21%

Source: Union of the Comoros Chamber of Commerce, hotels

- With the exception of Sodeco, managing Le Moroni and Al Amal, competitors are very small and local, with no other exposure to the hotel business.

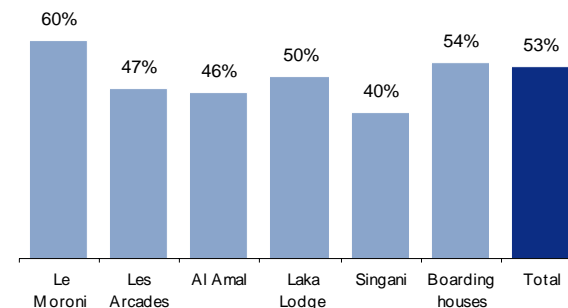
Competitive analysis – Competitive landscape (cont'd)

The average occupancy rate in 2007 was 53.4%

Occupancy analysis

- The previously identified 389 units supply corresponds to a total capacity of 142,000 rooms in the Comorian market.
- Compared with the 75,800 rooms sold, it translates to an average occupancy of 53.4% in 2007, with individual hotels occupancy ranging between 40% and 60%:

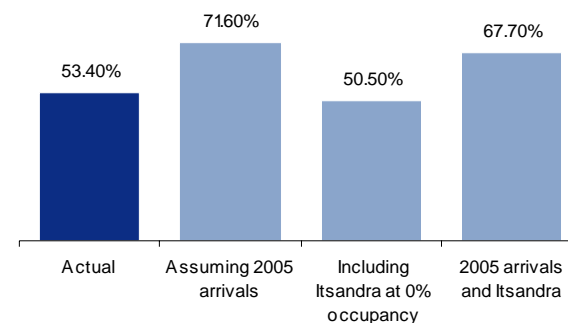
Average occupancy over 2007



Source: Union of the Comoros Chamber of Commerce, hotels

- The low occupancy level reflects the discussed decrease in arrivals, and should grow to higher levels with the increasing accessibility of the Islands.
- Pro-forma analysis, with or without the additional supply from Itsandra reveals that the available capacity is well dimensioned for the current market, at least from a volume perspective (i.e. not considering mismatch between demand and offering segments):

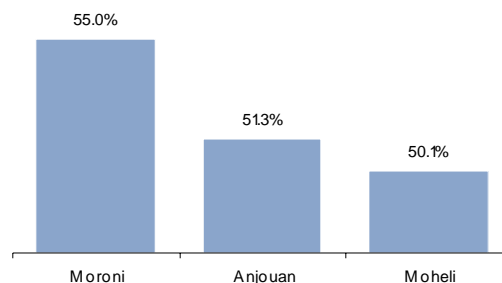
Occupancy analysis pro-forma



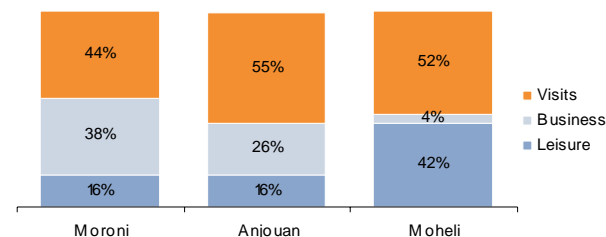
Source: Union of the Comoros Chamber of Commerce, hotels

- The analysis of occupancy by region reveals a broad segmentation in the market, with Moroni (featuring above par occupancy levels) and Mutsamudu relying mostly on business travellers, and Moheli being more dependent on leisure tourists.

Islands Occupancy 2007



Islands split of rooms by purpose of visits 2007



Source: Union of the Comoros Chamber of Commerce, hotels

Competitive analysis – Competitive positioning

Offering and Rates

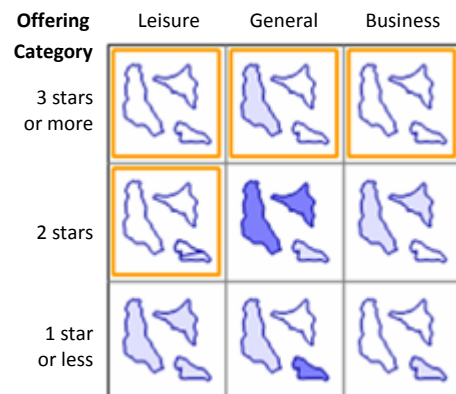
- The range of hotel categories available in the Comoros is very limited, with numerous boarding houses and only 6 regular hotels.
- Boarding houses, for all practical purposes, do not constitute a relevant competition to hotels. Primarily a residential facility transformed in semi-independent units, they are typically run by their owner with a very limited staff. While featuring varied levels of hygiene and comfort, they all provide the same basic services, principally, those of a bed & breakfast. Informal evidence suggests that they strongly benefit from the lack of a wider hotel offering, capturing the demand not addressed by regular hotels (mainly for geographical, occupancy or price reasons).
- Although the six regular hotels all claim a 3 stars equivalent positioning, most of them are far from matching the required levels of quality, comfort and amenities required by international standards for similar ratings.
- A closer comparison of the 6 hotels reveals very different profiles:
 - Le Moroni: Historically the leading hotel in the Comoros, Le Moroni puts forward a wide range of amenities (pool, casino, beach...) and standard 3 stars hotel services, notably for tourists (rentals, tours...). It openly positions itself as a high-end hotel, and has benefited from a quasi-monopoly situation to capture the corresponding demand. Nevertheless, the hotel is in a very poor condition, with old rooms, significantly below par service levels and questionable hygiene standards.
 - Laka Lodge and Al Amal: Both Laka Lodge and Al Amal enjoy a clear positioning, albeit at opposite ends of the spectrum. Laka Lodge, located in a natural reserve, leverages the eco-tourism card, notably through specific activities offerings. Meanwhile, Al Amal builds on its de facto monopoly in Anjouan to align with its predominant demand segment, namely business travellers.
 - Les Arcades and Singani: Both with only a basic lower-end offering, the two hotels operate a commodity-like business, with very limited value-added. Their 3 stars claim seems by all means farfetched, notably when considering their significantly poor performance, be it with regard to facilities, amenities or service.
 - Itsandra: Since it opened in the second half of 2008, Itsandra has established itself as the uncontested reference hotels in the Comoros, with quality and service levels exceeding competition by very large margins. The upcoming opening of a private beach and a casino should further strengthen its position. Nonetheless, it remains fundamentally a 3 stars hotel by international standards, albeit probably positioned in the higher-end of the market.
- The rack rates applied by the hotels reflect to some extent the previous highlighted positioning, and vary accordingly within a wide range (from as low as 22 € per night to as high as 165 € per night for a standard room):
- Consequently, RevPAR (revenues per available room) is estimated to vary between 10 € per night to 35 € per night, all in all a very low level.
- While some hotels differentiate rates between the high season (May to November) and the low season (December to April), pricing remains very simple and does not leverage the potential from bundles or packages in any way, even at basic levels like tours, activities...

Le Moroni	● Rooms from 51 € to 96 € per night, suites from 92 € to 111 €
Laka Lodge	● Rooms from 40 € to 60 € per night, suites from 70 € to 85 €
Al Amal	● Simple room at 60 € per night, double at 73 €
Les Arcades	● Standard rooms from 23 € to 33 € per night, deluxe from 40 € to 70 €
Singani	● Simple room at 22 € per night, with air conditioning at 30 €, double at 36 €
Itsandra	● Standard rooms at 165 € per night, suites at 274 €

Competitive analysis – Competitive positioning (cont'd)

Competitive Map

- The competitive map of the Comoros hotel market is structured by three dimensions:
 - Geography, given the uneven distribution of competitors between and within the islands, and the concomitant existence of some de facto monopolies.
 - Category, given the fairly poor segmentation of the competition, and overly enthusiastic rating claims of otherwise below standard players.
 - Offering, given the limited availability of options presented to typical customers profiles, e.g. business, eco-tourism, and the associated waste of potential.
- As such, the competitive map of the Comoros hotel market unfolds as follows:



Market areas defined as the cross of a category, an offering and a geography, and analysed from a competitive perspective

Classification of market areas:

or or very limited competitive activity

me competitive coverage of area

rly addressed area, with active competitors present

Identification of attractive spots

eas featuring spots attractive from a competitive perspective

- All considered, two areas emerge as most attractive from a competitive standpoint:
 - Mid-market hotels focused on leisure / touristic offering.
 - Higher-end hotels, irrespective of offering focus.
- With regard to the latter, the clearly higher occupancy enjoyed by Le Moroni (60%, versus average of 52% for the hotels), and the immediate success of Itsandra are strong indicators of the receptiveness of the market to a higher positioning / better quality offer, and suggest the existence of a corresponding solid and unrealised demand.

Competitive analysis – Regional competition

- The competitive map of the Comoros hotel market is structured by three dimensions:
- Foreign countries, surrounding the Comoros, are an integral part of the competition analysis. The following are the main competitors, primarily located in the east side from the Comoros. The main criteria used for comparison are geographical location, size of the country, cultural mix, similar micro/macro economical factors and luxury resort services offered (versus being just a touristic destination).
- Main Competitors
 - Mauritius
 - Seychelles
 - Madagascar
 - Other surrounding countries such as the Mozambique, Tanzania, Kenya and Somalia are not comparables to the Comoros based on the criteria listed above.

Mauritius

- The island is renowned for its beautiful sand beaches, its turquoise lagoon, the quality of its hotels and the warm welcome shown by its population.
- Mauritius is a blend of diverse cultures and religions. The population consists of Hindus, Creole, Chinese, Muslims and Europeans. English is the official language, and all business is conducted in it, however the French Creole spoken by the inhabitants is used in schools, the media, entertainment, and everyday life. The capital Saint Louis is a hive of activity as any capital city is, and major businesses are to be found here.
- In 2007, Mauritius' travel and tourism industry confirmed its growth trend, with 875,000 people visiting the country. The authorities' ambition to receive two million visitors per year by 2015 means that more income is expected from them. With a view to maintaining and sustaining the present growth momentum in the travel and tourism industry, the government has embarked upon an ambitious plan to renovate and construct new high-standard hotels.
- Air Mauritius operates over 30 weekly flights to and from all the European major cities including 15 combined flights with Air France to and from Paris. British Airways operates four weekly flights, Emirates Airlines three and Condor one.
- Mauritius is a democratic state based on the Westminster model and enjoys political stability.
- Major Luxury Hotels:
 - *Beau Rivage* - Located on a superb beach at Belle Mare in the east of the island, Beau Rivage has a natural class and relaxed elegance, without being ostentatious. It includes large pools, spacious accommodation (162 junior suites 60 sqm, 12 senior suites +100 sqm), high end restaurants, SPA.
 - *Le Prince Maurice* – Located on an idyllic location on the north east coast of Mauritius. It includes large pools, spacious accommodation (76 junior suites 70 sqm, 13 senior suites +150 sqm), high end restaurants, SPA, children clubs, library, shopping centres.
 - *One&Only Le Saint Géran* – Located on the island's northeast coast, on the golden peninsula of Belle Mare. It includes large pools, spacious accommodation (148 junior suites 75 sqm, 14 senior suites +120 sqm, villas 600 sqm), high end restaurants, SPA, children clubs, surfing centres, shopping centres, conference rooms.
 - *Le Touessrok* -Set on a beautiful stretch of white-sand coastline overlooking the tranquil Trou d'Eau Douce bay. It includes large pools, spacious accommodation (193 junior suites 60 sqm, 7 senior suites +130 sqm, 3 villas 430sqm), high end restaurants, SPA, children clubs, surfing centres, shopping centres, tennis court.

Competitive analysis – Regional competition (cont'd)

- *Royal Palm* – One of the most prestigious address in the Indian Ocean. It includes large pools, spacious accommodation (71 junior suites 65 sqm, 13 senior suites +120 sqm), high end restaurants, SPA.
- *The Oberoi* – Located at Turtle Bay on the North-West coast of Mauritius. It includes large pools, spacious accommodation (72 villas/pavillons), high end restaurants, SPA, private meetings room and conference centre.
- *Maradiva Villas Resort & Spa* – Spread on over 27 scenic acres. It overlooks the serene, blue waters of Tamarin Bay at Wolmar Beach. It includes large pools, spacious accommodation (65 villas/pavillons +150 sqm), high end restaurants, SPA, land and water sports activities, business and conference centres.

Seychelles

- The Seychelles islands are located in the Equatorial belt and are therefore characterized by a generally warm and humid climate throughout the year.
- The Republic of Seychelles comprises 115 islands occupying a land area of 455 km² and an Exclusive Economic Zone of 1.4 million km² in the western Indian Ocean.
- In 2007, Seychelles' travel and tourism industry confirmed its growth trend, with 162,000 people visiting the country, European representing 80% of the tourists. The average stay per tourist is 10 days.
- Languages spoken are Seselwa Creole, English and French. Seychelles are served by major airlines with frequent flights.
- The Seychelles president, who is both head of state and head of government, is elected by popular vote for a five-year term of office. The country is socialist multiparty republic and enjoys political stability.
- Major Luxury Hotels:
 - *Desroches Island Resort* - Located 230km south-west of Mahé. It includes large pools, spacious accommodation (20 junior suites, 85 sqm), high end restaurants, SPA.
 - *The Hilton Seychelles Northolme Resort & Spa* - Located the island of Mahé. It includes large pools, spacious accommodation (40 villas), high end restaurants, SPA, water sports.
 - *Lemuria Resort of Praslin* - Located just 5 minutes from Praslin airport, Lemuria enjoys an idyllic location on the northwest coast of the island. It includes large pools, spacious accommodation (88 junior suites 50 sqm, 8 senior suites +115 sqm, 9 villas 750 sqm), high end restaurants, SPA, championship golf course.
 - *Sainte Anne* – Located only 10 minutes away by boat from Mahé. It includes large pools, spacious accommodation (87 villas ranging from 100-400 sqm), high end restaurants, SPA, water sports, business centres.
 - *Banyan Tree Seychelles* -Nestled in the Intendance Bay On Mahe Island- 30 minutes by car from the Mahe International Airport and 45 minutes from the capital- Victoria. It includes large pools, spacious accommodation (47 villas), high end restaurants, SPA, water sports, business centres.

Competitive analysis – Regional competition (cont'd)

Madagascar

- Madagascar, or Republic of Madagascar (older name Malagasy Republic, French: République malgache), is an island nation in the Indian Ocean off the southeastern coast of Africa.
- The Malagasy language is of Malayo-Polynesian origin and is generally spoken throughout the island. Madagascar is a francophone country, and French is spoken among the educated population of this former French colony. English, although still rare, is becoming more widely spoken.
- Madagascar is served by major airlines Air France, Air Madagascar, Air Austral, Corsair.
- Madagascar is a semi-presidential representative democratic republic, whereby the Prime Minister of Madagascar is head of government, and of a pluriform multi-party system. Internal conflict in Madagascar had been minimal in the years that followed and since 2002, Ravalomanana and his party, Tiako-I-Madagasikara (TIM), have dominated political life. Tension since was generally associated with elections. A presidential election took place in December 2006 with some protests over worsening standards of living, despite a government drive to eradicate poverty. Calls by a retired army general in November 2006 for Ravalomanana to step down were said to have been 'misinterpreted' as a coup attempt.
- After losing support of the military and under intense pressure, President Ravalomanana resigned on 17 March 2009 and assigned his powers to a military council loyal to himself.
- Major Luxury Hotels:
 - *Carlou Hotel* - Located in the downtown business district of Madagascar's capital city, overlooking Lake Anosy. It includes large pools, spacious accommodation (170 suites), high end restaurants, SPA, water sports, casinos, shopping centres.
 - *Anjavy Hotel* - Located on the western coast 120 km north of Majunga. It includes large pools, spacious accommodation (suites and villas), high end restaurants, SPA, water sports, Oasis.

Competitive analysis – Positioning with respect to main competitors

Key indicators	Highlights	Positioning
Attractions and activities	<ul style="list-style-type: none"> ● Warm tropical weather with magnificent landscapes ● Unique undeveloped and white sandy beaches ● Rich culture and extraordinary flora and fauna ● Historical attractions, majestic waterfalls, picturesque towns, and incredible coral reefs ● Hiking, visits of mangroves preserves, scuba-diving in the reef and tours ● Top 3 major attractions: The town of Foubouni, the Khartala Mount and the Lac Sale site 	
Flights and transportation	<ul style="list-style-type: none"> ● Significant infrastructure improvements (public transportation, rehabilitation of the land network, renovation of the Moroni airport ...etc) ● Engaged development of the Moroni port and the transportation between the Islands ● 2009 tourist arrivals expected to pick up significantly with the establishment of Comoros Airlines and Etihad Airways new flights between UAE and Moron 	
Political stability	<ul style="list-style-type: none"> ● Maturity phase marked by the rationalization of finances and of the security apparatus as well as the establishment of a Constitutional Court ● Sustained political stability with the recent 1 year term extension of President Ahmed Abdallah Mohamed Sambi 	
Business and commerce attractiveness	<ul style="list-style-type: none"> ● Surge in Foreign Direct Investment (FDI) ● Strong and pro-active government support for investments ● Emergence of landmark projects, to serve as anchors for tourism development ● Significant increase in the number of business travellers – High potential to extend their stay in the resort with leisure activities and services 	
Silver Moon resort quality and services	<ul style="list-style-type: none"> ● Offering one of the best location in the Comoros ● 5 stars ultra luxury hotel (150 rooms, indoor restaurant, leisure activities, business services) ● 40 luxurious villas (2-rooms, 115 sqm and 4 rooms, 230 sqm, reception, maintenance) ● High end restaurant (Multicultural and rich cuisine, 1000 sqm) ● Ccasino (Slot machines, poker machines, roulette, blackjack, punto banco and others, 2 big rooms 1000 sqm each) ● One of the very rare luxury resort offering all these services at the same time and at a cheaper price than its competitors ● Multiple discounts and offers (room rates, food & beverages and services) 	

Source: 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.

Business Plan

Concept and strategy – Project concept

Description

- In that context, the site would be an ideal location to establish Silver Moon Resort, focusing on leisure tourists. The resort is estimated to comprise a total of 20,000 sqm of built-up space broken down as follows:
 - 5-stars 150-room luxury hotel, with a leisure focus taking up 6,000 sqm
 - 40 luxury villas taking up 7,000 sqm
 - Hotel public areas containing a restaurant and a casino taking up 3,000 sqm
 - Open coconut tree court taking up 1,000 sqm
 - Villa and VIP reception areas taking up 700 sqm
 - Miscellaneous space and other entertainment facilities taking up 2,200 sqm

Concept and strategy – Recommended strategy

Key success factors

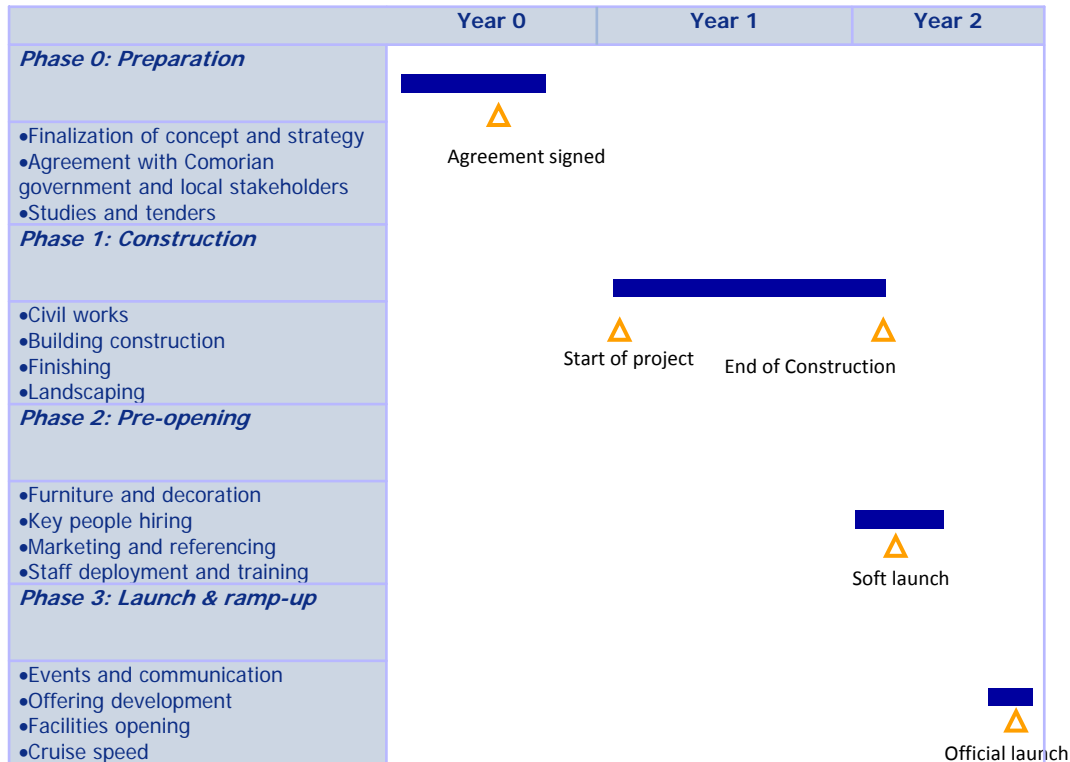
- Avoiding pitfalls faced by most hotels currently in operation (albeit on different geographies and segments) and overcoming the market gaps and weaknesses will require the project to:
 - Articulate a clear value proposition
 - Develop an attractive offering
 - Promote the hotel efficiently
 - Deliver on operations
- Only then can the project reap the full potential of the presented opportunity, and achieve maximal returns to the investor.

Strategic considerations

- In that context, the recommended strategy should focus on delivering against the aforementioned Key Success Factors:
 - *Value Proposition:* The identity of the site and its assets will be fully leveraged in a coherent positioning aligned with targeted demand. The unique eco-tourism potential and cultural attractiveness of the destination will be particularly emphasized. Additionally, the beach and seaside features offered will also be highlighted.
 - *Offering:* Meeting demand needs and fulfilling anticipations will govern the development of the hotel offering of activities and services. Bundled packages aligned to value proposition will also be designed to provide targeted segments with 'no-worry', one-stop-shop products, covering key highlights in the Comoros articulated around their stay at the hotel. The Silver Moon Resort also includes 40 luxurious villas, a high end restaurant (multicultural and rich cuisine) and a superb casino with the latest equipments. The Silver Moon Resort will also be equipped with a business centre and conference rooms to accommodate business travellers.
 - *Promotion:* Materializing Silver Moon Resort value proposition and offering will require pro-actively making sure that it reaches the targeted segments. The first priority with regard to promotion will entail insuring the referencing of the Silver Moon Resort by relevant databases / websites. Marketing efforts will also cover the development of potential partnerships with tour operators, airlines and / or market players (e.g. hotels in other islands).
 - *Operations:* Delivering quality and efficient service will be a key focus for Silver Moon Resort management to satisfy clientele and maximize profitability. Staff competencies will be developed through intense training and transfer of required skills to local employees. Finally, attention will be put on managing costs, notably with regard to the expected seasonality of the hotel activity
- As such, challenges or difficulties associated with implementing the recommended strategy are fairly basic and should not present any major difficulties.
- More so, the low, if not inexistent, level of competitive intensity should allow a stronger management focus on inherent considerations and further facilitate implementation. Also, the Comoros is well positioned against its neighbours (Seychelles, Mauritius and Madagascar) in terms of attractions and activities, flights and transportation, business attractiveness and services.

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.



Source: Union of the Comoros Chamber of Commerce

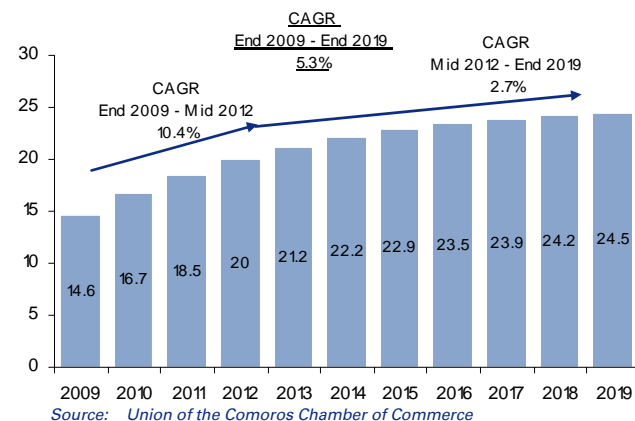
- Full operations should start expected in the end of Year 2.

- Sources of revenues are assumed to be:
 - 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).
 - Additional revenues include
 - Villas rental revenues
 - Restaurant
 - Rental of casino space to a casino operator

Room Revenues

- Room revenues are derived from forecasted volumes (i.e. the number of room/nights) and prices (i.e. the average realized rate).
- Volumes were projected by forecasting the evolution of market occupancy rates and conservatively applying it to the project, thus discarding the likely premium derived from the previously defined value proposition.
- Market occupancy is the direct result of the combined evolutions of demand, materialized by the number of international arrivals (assuming current behaviour patterns maintained) and supply, equal to the total number of units available in the market.
- As previously discussed, the number of international arrivals witnessed a sharp decrease from 20,000 in 2005 to stabilize from 2007 to date around 15,000. Given the establishment of Comoros Airlines and the pick-up of economic activity, international arrivals are expected to return to 2005 levels in the next 3 to 4 years, i.e. by 2012 – 2013 and around the start of the project operations. Annual growth is then assumed to slowdown to a conservative 2.5% - 3.0%.
- As such, international arrivals should go back to circa. 20,000 by 2012 - 2103, and slowly grow towards 25,000 per annum by 2019 - 2020, averaging 5.3% growth per annum over the period Concomitantly, supply should grow from the current 411 units at a slower rate than demand (i.e. international arrivals) in the next 3 to 4 years to restore healthier occupancy levels (5.6% p.a. vs. 10.4% p.a.)
- Afterwards, supply should roughly follow demand, and grow by an average of 4.5% per year, i.e. to around 750 units, including the project planned 150 units.

International arrivals forecast, thousand



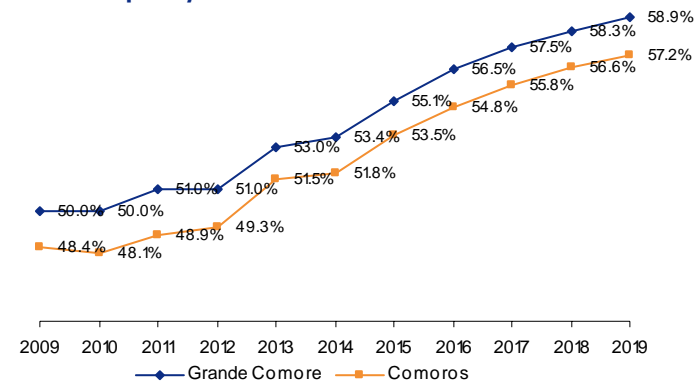
Revenue forecast (cont'd)

- All in all, market occupancy in the whole of the Comoro should grow in the next few years and eventually stabilize between 55% and 60% of available capacity:
- As previously indicated, market occupancy rates have conservatively 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 30%, 20% and 10% discount on the first 3 years of operation. The rate was derived from a benchmark of luxury hotels (Al Aman Resorts, Four Seasons, Le Meridien, Banyan Tree Seychelles...etc) leading an average room rate of USD400 per night at the opening (including the 30% discount for the first year). Furthermore, a 3% yearly inflation has been applied to derive future rates evolution. For all practical reasons, Year 0 is assumed to be 2009.

- We assumed ramp up rates for the hotel of 70% for Year 2, 80% for Year 3, 90% for Year 4, 100% for Year 5 and onwards on the Grande Comore market occupancy.

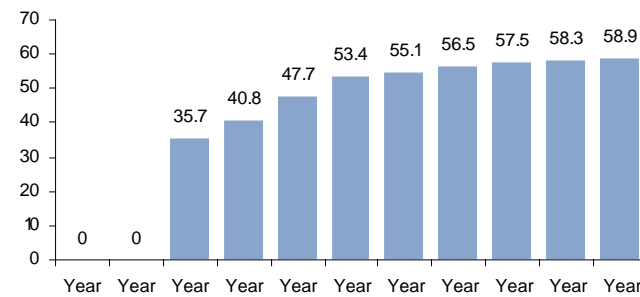
- All in all, the project room revenues should reach USD 23.4M in Year 10, and grow by an average of 3% per annum afterwards:

Market occupancy forecast



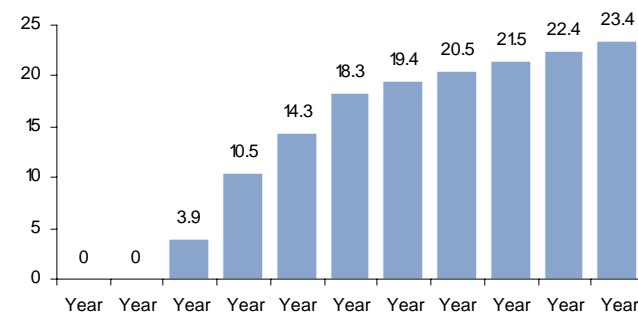
Source: Union of the Comoros Chamber of Commerce

Hotel rooms occupancy rate, %



Source: Union of the Comoros Chamber of Commerce

Room revenues, USD million



Source: Union of the Comoros Chamber of Commerce

Revenue forecast (cont'd)

The food & beverage revenues should reach USD 9.3 million in Year 10

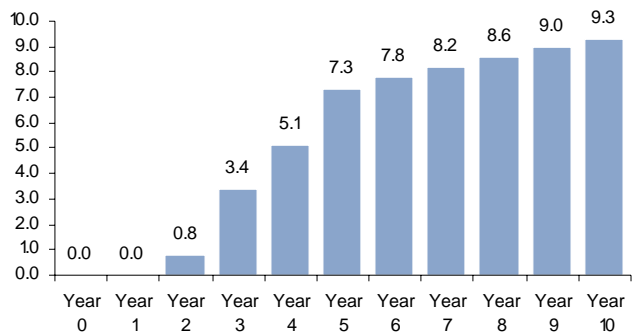
The service revenues should reach USD 4.7 million in Year 10

The total villas revenues should reach USD 20.0 million in Year 10

Food and beverage Revenues

- F&B revenues have been derived by applying a benchmark ratio of 40% of room revenues, while accounting for some ramp-up through a 50% discount in Year 2, a 20% discount in Year 3 and 10% discount in Year 4.

Food and beverage revenues, USD million

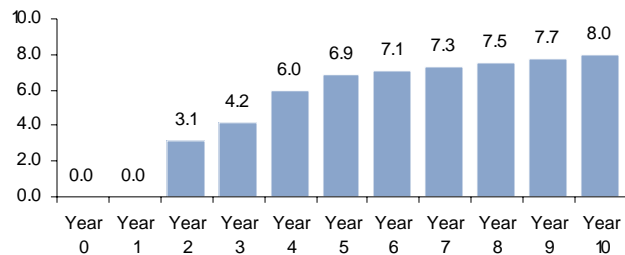


Source: Union of the Comoros Chamber of Commerce

Villas revenues

- Villas are split between 20, 4-room villas with an average rent per day of USD 1,500 and 20, 2-room villas with an average rent per day of USD 1,000. The daily rate was derived by applying a discount of 25% on a benchmark of luxury hotels offering villas (Al Aman Resorts, Four Seasons, Le Meridien, Banyan Tree Seychelles...etc)

Villas revenues - 2 rooms, USD million

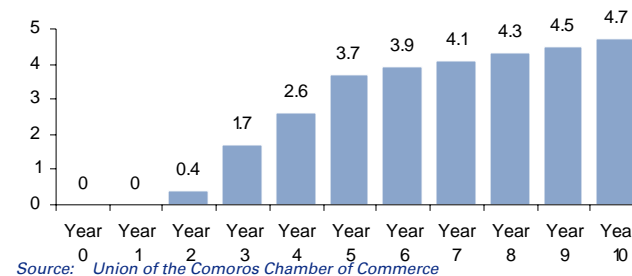


Source: Union of the Comoros Chamber of Commerce

Service Revenues

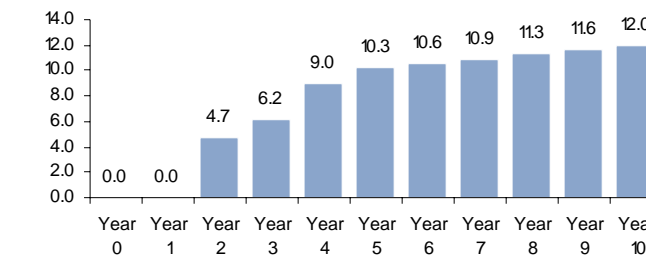
- Similarly, service revenues reflect a benchmark ratio of 20% of room revenues, with a slower ramp-up: discount of 50% in Year 2, 20% in Year 3 and 10% in Year 4.

Service revenues, USD million



Source: Union of the Comoros Chamber of Commerce

Villas revenues - 4 rooms, USD million



Source: Union of the Comoros Chamber of Commerce

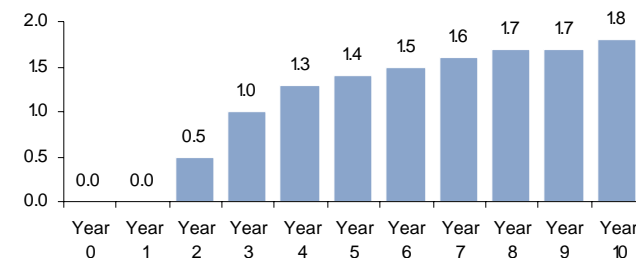
Revenue forecast (cont'd)

The restaurant revenues should reach USD 1.8 million in Year 10

Restaurant revenues

- The restaurant demand is mainly driven from the following assumptions:
 - 60% of the hotel customers
 - 10% of the villas habitants
 - Other customers from outside the Silver Moon Resort
- The rates charged on average per customer are USD 20 for lunch and USD 25 for dinner. A 10% service charge is also applied to the bill. The main customers are the hotel's customers.

Restaurant revenues, USD million



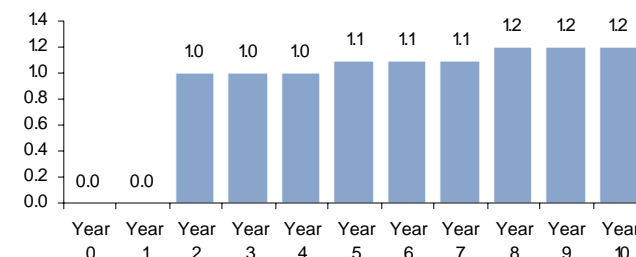
Source: Union of the Comoros Chamber of Commerce

The casino revenues from rent should reach USD 1.2 million in Year 10

Casino revenues

- The casino demand is mainly driven from the following assumptions:
 - 50% of the hotel customers
 - 30% of the villas habitants
 - Other customers from outside the Silver Moon Resort
- Silver Moon Resort will charge an annual rent of USD 1 million (based on benchmark and increase by inflation each year) for the casino operator.

Casino revenues, USD million



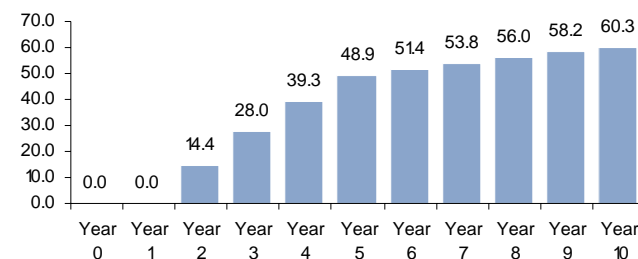
Source: Union of the Comoros Chamber of Commerce

Total project revenues should reach USD 60.3 million in Year 10

Total revenues

- All in all, the project revenues should amount to USD 60.3 million by Year 10, and subsequently grow by a yearly average of 3.0%.

Total revenues, USD million



Source: Union of the Comoros Chamber of Commerce

The total COGS should reach USD 9.3 million in Year 10

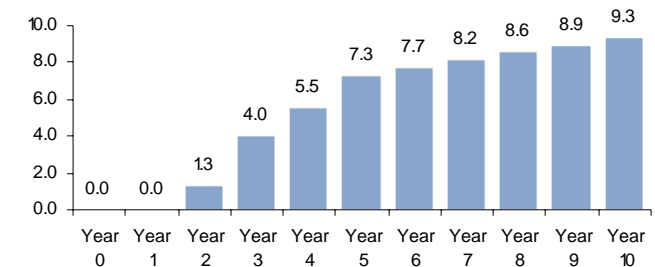
Costs Projection

- 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:
 - Hotel COGS F&B: assumed to represent 30% of F&B revenues
 - Hotel COGS Rooms: assumed to represent 20% of room revenues
 - Hotel COGS Services: assumed to represent 20% of service revenues
 - Restaurant COGS F&B: assumed to represent 30% of F&B revenues
 - Restaurant COGS Services: assumed to represent 20% of service revenues

Total COGS, USD million



Source: Union of the Comoros Chamber of Commerce

Cost projection (cont'd)

Total staff should amount to 181 employees in Year 6

SG&A will reach USD 6.7 million by Year 10

Payroll Costs

- We have identified the staff required to run the described setup based on comparison with local hotels, benchmarks and interviews.
- At cruise speed of recruitment (Year 6), total staff should amount to close to 181 employees, dedicated for the hotel, the restaurant and the villas maintenance.

SG&A

- Non-payroll costs related to operations (sales & marketing) have been forecasted to represent 10% of revenues.
- Accounting for pre-opening expenses operating costs (other SG&A) are expected to amount to USD 50k in Year 1 and USD 50k in Year 2.
- Maintenance CAPEX was calculated as 7 % of initial CAPEX (3% for the hotel, 3% for the villas and 1% for the restaurant).

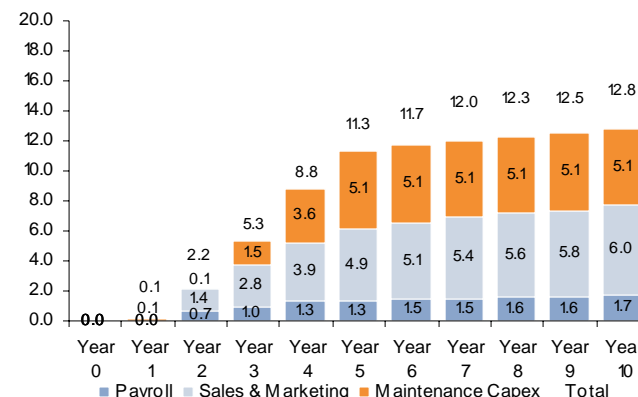
Capital expenditure

- Initial CAPEX covers the full cost of the hotel construction and finishing, as well as expenditures for furnishing the rooms and facilities, the full cost for the villas construction and furnishing, the restaurant construction and furnishing and the casino equipment and construction.

Other Items

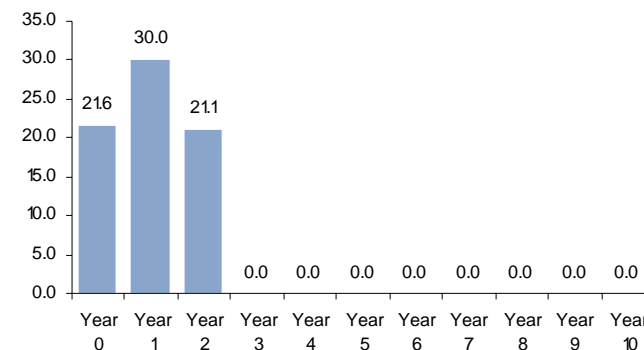
- A linear depreciation has been adopted over 20 years for Construction and Finishing CAPEX and 10 years Casino Equipments CAPEX.
- Working capital includes receivables worth 90 days of revenues, inventories worth 90 days of COGS, and payables estimated to represent 90 days of COGS.
- Finally, after the initial tax exemption period (assumed to last 10 years), earnings will be subject to a 35% corporate tax rate.

Total SG&A, USD million



Source: Union of the Comoros Chamber of Commerce

Capex, USD million



Source: Union of the Comoros Chamber of Commerce

Cost projection (cont'd)

The initial investment needed is USD 72.9 million to finance the Capex

Units	Total Area	Cost (in USD)
Hotel Construction & finishing	All building costs, including studies, materials, works, utilities, external and internal finishing, landscaping, etc.	27,108,000
Hotel rooms and facilities	All equipment costs, including rooms and lobbies furniture, kitchen, bar, laundry, and office equipment, etc.	3,012,000
2-room villas (20) Construction & finishing	All building costs, including studies, materials, works, utilities, external and internal finishing, landscaping, etc.	6,960,000
4-room villas (20) Construction & finishing	All building costs, including studies, materials, works, utilities, external and internal finishing, landscaping, etc.	13,920,000
Casino Construction & finishing	All building costs, including studies, materials, works, utilities, external and internal finishing, landscaping, etc.	6,000,000
Restaurant Construction & finishing	All building costs, including studies, materials, works, utilities, external and internal finishing, landscaping, etc.	3,000,000
Casino Equipments	All equipments (Slot machines, blackjack, roulette...etc) . We assumed a 50% discount on the total equipment cost	137,000
Land Concession, Infrastructure and Transaction Cost	Land and other required infrastructure	12,500,000
Working Capital	Assumed to be 2 months of total salaries	125,000
Additional CAPEX at Year 11	Casino equipment renewal	137,000
Total Estimated capital expenditures		72,899,000

Investment Analysis

Financial projections

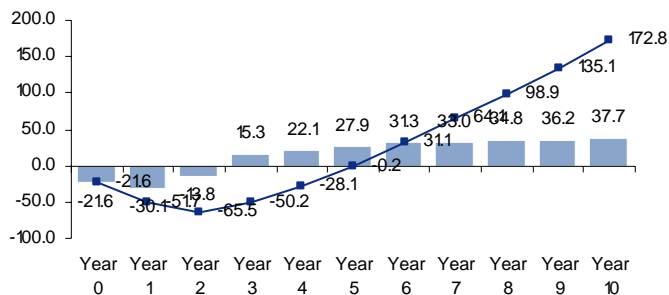
The project should generate cash flows of USD 37 million annually with breakeven after 4 years

- The analysis of the forecasted project cash flows reveals a cumulative need for financing USD 68.9 million of CAPEX, mostly spread over the first three years (15%, 50% and 35%) and USD 125k of working capital. The following cash flow is assuming 100% Equity
- Afterwards, the project should generate healthy cash flows in the range of USD 37 million per annum, with breakeven expected during Year 5 (after 4 years).
- 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 10 years.

Performance

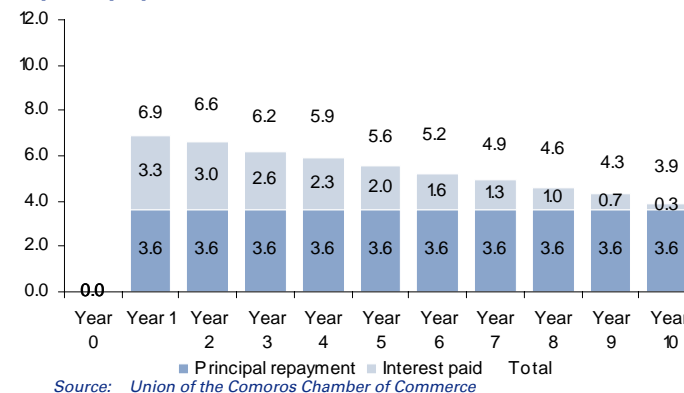
- A Discounted Cash Flow analysis was used over a period of 20 Years, assuming no terminal value. Using this conservative approach we obtained an Unleveraged IRR of 29.1% and a Leveraged IRR of 44.2%.

Unleveraged free cash flow, USD million



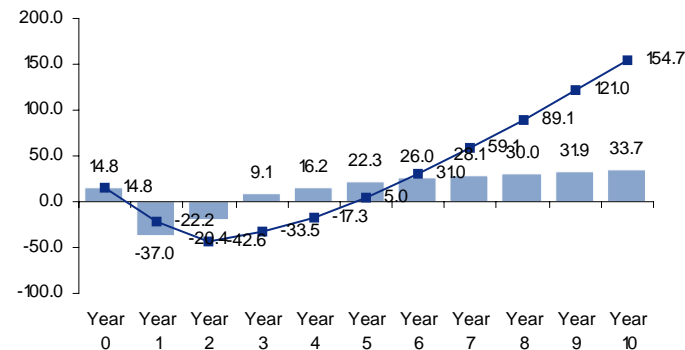
Source: Union of the Comoros Chamber of Commerce

Principal repayment and interest flows, USD million



Source: Union of the Comoros Chamber of Commerce

Leveraged free cash flow, USD million



Source: Union of the Comoros Chamber of Commerce

Financial statements

Net income is expected to reach USD 35.2 million in year 10

Income Statement											
in million USD	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total Revenues	-	-	14.4	28.0	39.3	48.9	51.4	53.8	56.0	58.2	60.3
Cost of Sales	-	-	1.3	4.0	5.5	7.3	7.7	8.2	8.6	8.9	9.3
Gross Profit	-	-	13.0	24.0	33.7	41.6	43.6	45.6	47.4	49.3	51.0
SG&A	-	0.1	2.2	5.3	8.8	11.3	11.7	12.0	12.3	12.5	12.8
EBITDA	-	(0.1)	10.8	18.7	24.9	30.3	31.9	33.6	35.2	36.7	38.2
Depreciation	-	0.5	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Amortisation	-	-	-	-	-	-	-	-	-	-	-
EBIT	-	(0.5)	8.9	15.7	21.9	27.3	28.9	30.6	32.2	33.7	35.2
Management Fees	-	-	-	-	-	-	-	-	-	-	-
Net Cash Interest	-	-	-	-	-	-	-	-	-	-	-
EBT	-	(0.5)	8.9	15.7	21.9	27.3	28.9	30.6	32.2	33.7	35.2
Tax	-	-	-	-	-	-	-	-	-	-	-
Net Income	-	(0.5)	8.9	15.7	21.9	27.3	28.9	30.6	32.2	33.7	35.2

Source: Union of the Comoros Chamber of Commerce

Total assets are expected to reach USD 309.1 million in year 10

Balance Sheet											
in million USD	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
Cash	51.3	21.2	7.4	22.7	44.9	72.8	104.1	137.1	171.8	207.9	245.7
Other Current Assets	12.6	12.6	16.5	20.5	23.7	26.5	27.2	27.9	28.5	29.2	29.8
PP&E	9.0	38.6	57.7	54.7	51.7	48.7	45.7	42.7	39.7	36.6	33.6
Total Assets	72.9	72.4	81.6	98.0	120.3	148.0	177.0	207.7	240.0	273.8	309.1
Liabilities & Equity											
Current Liabilities	-	-	0.3	1.0	1.4	1.8	1.9	2.0	2.1	2.2	2.3
Long Term Debt	-	-	-	-	-	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	0.3	1.0	1.4	1.8	1.9	2.0	2.1	2.2	2.3
Equity	72.9	72.4	81.3	97.0	118.9	146.2	175.1	205.7	237.9	271.6	306.8
Total Liabilities & Equity	72.9	72.4	81.6	98.0	120.3	148.0	177.0	207.7	240.0	273.8	309.1

Source: Union of the Comoros Chamber of Commerce

Financial statements (cont'd)

Net cash flow is projected to reach USD 37.7 million in year 10

Cash Flow											
in million USD	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Income	-	(0.5)	8.9	15.7	21.9	27.3	28.9	30.6	32.2	33.7	35.2
Depreciation	-	0.5	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Amortization	-	-	-	-	-	-	-	-	-	-	-
Change in Working Capital	-	-	(3.5)	(3.4)	(2.8)	(2.4)	(0.6)	(0.6)	(0.6)	(0.5)	(0.5)
Change in Other Long Term A&L	-	-	-	-	-	-	-	-	-	-	-
Cash from Operating Activities	-	(0.1)	7.3	15.3	22.1	27.9	31.3	33.0	34.6	36.2	37.7
Capex	(21.6)	(30.0)	(21.1)	-	-	-	-	-	-	-	-
Additions to Intangibles	-	-	-	-	-	-	-	-	-	-	-
Cash from Investing Activities	(21.6)	(30.0)	(21.1)	-	-	-	-	-	-	-	-
Change in injected capital / Equity	72.9	-	-	-	-	-	-	-	-	-	-
Issuance / (Repayment) of LT Debt	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-
Cash from Financing Activities	72.9	-	-	-	-	-	-	-	-	-	-
Net Cash Flow	51.3	(30.1)	(13.8)	15.3	22.1	27.9	31.3	33.0	34.6	36.2	37.7






Source: Union of the Comoros Chamber of Commerce

Financial statements (cont'd)

Ratios											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Liquidity Ratios											
Current Ratio	NA	34.3x	31.5x	41.0x	48.3x	62.2x	75.7x	88.9x	101.8x	114.5x	122.5x
Quick Ratio	NA	33.3x	30.5x	40.0x	47.3x	61.2x	74.7x	87.9x	100.8x	113.5x	121.5x
Working Capital	21.3	11.1	29.8	54.7	85.0	116.9	150.5	185.7	222.4	260.7	287.4
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
Profitability Ratios											
Gross Profit Margin	NA	90.6%	85.9%	85.9%	85.1%	84.9%	84.8%	84.7%	84.6%	84.6%	84.6%
Operating Income Margin	NA	75.5%	66.9%	63.4%	62.0%	62.1%	62.5%	62.8%	63.1%	63.4%	63.6%
Net Income Margin	NA	62.0%	56.1%	55.8%	55.8%	56.3%	56.9%	57.4%	57.9%	58.4%	38.2%
Financial Strength											
Debt to Equity Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Management Effectiveness											
Return on Assets (ROA)	(0.7%)	10.9%	16.0%	18.2%	18.5%	16.3%	14.7%	13.4%	12.3%	11.4%	7.1%
Return on Equity (ROE)	(0.7%)	10.9%	16.2%	18.4%	18.7%	16.5%	14.9%	13.5%	12.4%	11.5%	7.2%
Asset Management											
Total Assets Turnover	0.0x	0.2x	0.3x	0.3x	0.3x	0.3x	0.3x	0.2x	0.2x	0.2x	0.2x
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
Working Capital Cycle											
Days Receivables	NA	90	90	90	90	90	90	90	90	90	90
Days of Inventory	NA	90	90	90	90	90	90	90	90	90	90
Days of Payables	NA	90	90	90	90	90	90	90	90	90	90
Turnover	0.0x	1.3x	0.9x	0.7x	0.6x	0.4x	0.4x	0.3x	0.3x	0.2x	0.2x

Source: Union of the Comoros Chamber of Commerce

- The forecasted performance is mostly exposed to potential variations in five key drivers: arrivals (growth of international arrivals), occupancy (performance versus competition), rates (average realized rate per room/night), costs (control of operating costs) and capex (level of initial capital expenditures).
- The pertaining risks are limited by strong mitigating factors, be it for inherently exogenous drivers (i.e. arrivals, occupancy and rates) or endogenous ones (costs, capex):

Arrivals	<ul style="list-style-type: none"> ● With the imminent resolution of the issues that led to last years' drop, principally air connectivity, arrivals growth is expected to catch-up lost ground and realign with historical patterns afterwards. ● Additionally, the booming economic activity, the efforts to develop tourism (notably eco-tourism) and the improvement of the offering are most likely to fuel additional growth in arrivals. 	
Occupancy	<ul style="list-style-type: none"> ● The Base Case assumes that the project will grab its fair share of the Comoros (and Grande Comore) hotel market. ● The hotel nevertheless has a strong case to outperform competition, given notably its value proposition and positioning, and its more aggressive marketing strategy. 	
Rates	<ul style="list-style-type: none"> ● Although rack rates are aligned below competition, the discount level assumed is high when compared international benchmarks. ● More so, with a somewhat selective clientele, characterized by a lower price sensitivity in the 5 stars price range, the hotel is unlikely to face any notable pressure on prices. 	
Costs	<ul style="list-style-type: none"> ● Variable and operating costs assumptions are both in line with estimated local levels and higher international benchmark. ● Payroll costs feed both on an inflated roster (about 20% more staff than benchmarks), and very generous packages, notably for local employees (typical wage for low-skill staff of 175 €). 	
Capex	<ul style="list-style-type: none"> ● The assumptions adopted are based on estimates provided by a potential contractor. 	

Potential upsides

- Finally, some upsides have not been accounted for in the Base Case and could potentially materialize into important performance boosts:
 - Surge In Activity Levels: No particular acceleration of the Comoros economy, and consequent international traffic, was accounted for in the Base Case. Nevertheless, it is probable that the boom in foreign investments will fuel arrivals, first of business travellers and then of tourists, and fairly likely that the Comoros succeeds in developing an attractive eco-tourism value proposition.
 - Lower Capital Expenditures: As previously discussed, the initial capex is very likely to remain below the forecasted level, notably thanks to some intelligent purchasing.
- All in all, higher performance could be achieved as potentially significant upsides materialize.

Appendices

Hotel			
Average Room Rate Discount		COGS Rooms	
	IRR		IRR
92%	31.7%	23%	28.7%
87%	30.9%	22%	28.9%
82%	30.0%	21%	29.0%
77%	29.1%	20%	29.1%
72%	28.2%	19%	29.3%
67%	27.3%	18%	29.4%
62%	26.4%	17%	29.6%

Hotel			
F&B Revenues		COGS F&B	
	IRR		IRR
55%	30.2%	39%	28.7%
50%	29.8%	36%	28.8%
45%	29.5%	33%	29.0%
40%	29.1%	30%	29.1%
35%	28.8%	27%	29.3%
30%	28.4%	24%	29.5%
25%	28.1%	21%	29.6%

Hotel			
Service Revenues		COGS Services	
	IRR		IRR
35%	30.4%	23%	29.1%
30%	30.0%	22%	29.1%
25%	29.6%	21%	29.1%
20%	29.1%	20%	29.1%
15%	28.7%	19%	29.2%
10%	28.3%	18%	29.2%
5%	27.8%	17%	29.2%

Source: Union of the Comoros Chamber of Commerce

General	
Sales & Marketing	IRR
13%	28.0%
12%	28.4%
11%	28.7%
10%	29.1%
9%	29.5%
8%	29.9%
7%	30.3%

General	
Maintenance CAPEX	IRR
9%	28.5%
8%	28.7%
8%	28.9%
7%	29.1%
7%	29.4%
6%	29.6%
6%	29.8%

General	
CAPEX	IRR
115%	26.3%
110%	27.2%
105%	28.2%
100%	29.1%
95%	30.2%
90%	31.3%
85%	32.4%

Villas and Restaurant	
4 rooms- average room rate discount	IRR
115%	30.2%
110%	29.9%
105%	29.5%
100%	29.1%
95%	28.8%
90%	28.4%
85%	28.1%

Villas and Restaurant	
2 rooms- average room rate discount	IRR
115%	29.9%
110%	29.6%
105%	29.4%
100%	29.1%
95%	28.9%
90%	28.7%
85%	28.4%

Villas and Restaurant	
Average Meal Rate Discount	IRR
115%	29.2%
110%	29.2%
105%	29.2%
100%	29.1%
95%	29.1%
90%	29.1%
85%	29.1%

- 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

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