

# **The Mape Project**

## **Information Memorandum**

**Prepared by**

**International Development Enterprise Associates (UK) Ltd**

---

**TABLE OF CONTENTS**

	<b>Executive Summary</b>	<b>4</b>
1	The Mape Project.....	6
	1.1 INTRODUCTION .....	6
	1.2 LOCATION .....	6
	1.3 HISTORY AND RELEVANCE .....	6
	1.4 WHAT IS THE BUILT ENVIRONMENT.....	7
	1.5 WHAT IS THE SUPPORTING INFRASTRUCTURE .....	7
	1.6 THE PROJECT PROMOTERS .....	8
	1.7 DESIGN PRINCIPLES .....	8
2	The Project Analysis .....	9
	2.1 THE OPPORTUNITY.....	9
	2.2 THE RESPONSE.....	9
	2.3 WHO ARE THE TARGET END USERS.....	10
	2.4 HOW IS THE PROJECT PHASED.....	10
	2.5 WHAT ARE THE BENEFITS TO SIERRA LEONE .....	12
	2.6 WHAT ARE THE BENEFITS TO INVESTORS .....	12
3	The Delivery.....	13
	3.1 WHAT IS THE OWNERSHIP AND CONTRACT STRUCTURE .....	13
	3.2 WHAT IS THE PROJECT TIMETABLE.....	13
	3.3 QUANTUM OF CONSTRUCTION ACTIVITY.....	14
4	The Team.....	15
	4.1 IDEA (UK) – PROJECT PROMOTER .....	15
	4.2 THE DELIVERY TEAM .....	15
	THE EXTENDED TEAM .....	16
	4.3 PREFERRED PARTNERS.....	16
5	Risk Analysis & Mitigating Measures .....	18
	5.1 INTRODUCTION .....	18
	5.2 DESIGN & CONSTRUCTION RISK .....	18
	5.3 IMPLEMENTATION RISK .....	18
	5.4 BUSINESS OPERATIONS RISK (INCL. DEMAND RISK & FOREIGN EXCHANGE RISK).....	18
	5.5 POLITICAL (OR COUNTRY) RISK.....	18
6	Development Programme.....	19
	6.1 PRE-DEVELOPMENT PHASE.....	19
	6.2 DEVELOPMENT PHASE .....	19
	6.3 OPERATIONS .....	19
7	Conclusion.....	20



## IMPORTANT NOTICE

This document contains confidential information about International Development Enterprise Associates (UK) Ltd "IDEA (UK)" and the Mape Project. It is intended mainly for the purpose of giving information to potential investors and debt providers and to whom it is addressed.

The information contained in this Memorandum ("the Information") is selective and is subject to updating, expansion, revision and amendment. It does not purport to contain all the information that Recipients may require. No obligation is accepted to provide Recipients with access to any additional information, or to update, expand, revise or amend the information, or to correct any inaccuracies which may become apparent. Neither the Company nor the directors, shareholders or employees of the Company has verified the Information, and no such person makes any representation or warranty (express or implied) as to the accuracy, reasonableness or completeness of the Information. All such persons expressly disclaim any and all liability for or based on or relating to any of the Information or for errors or omissions from this Memorandum or relating to the Recipient's use of the Information or this Memorandum.

This Memorandum may include certain statements, estimates and projections with respect to the anticipated performance of the Company and the market for the Company's services. Such statements, estimates and projections reflect various assumptions made by the shareholders, directors and management of the Company concerning anticipated results, which assumptions may or may not prove to be correct. No representation is made as to the accuracy of such statements, estimates and projections.

This Memorandum is confidential for use only by the persons to whom it is issued and who have signed the form of confidentiality agreement required by the Company. The information contained herein may not be reproduced or used by anyone in any circumstance not authorised other than the select group of prospective Preferred Partners to whom it is addressed. .

The Directors of the Company have taken all reasonable care to ensure that information contained herein is , to the best of their knowledge and belief, true and accurate in all material respects and that there are no other facts, the omission of which would make statement herein whether of fact or opinion misleading or untrue. None of the Directors of IDEA (UK) or their officers commits to providing Recipients with any other information, update or corrections to this document or any information contained herein.

## CORPORATE DIRECTORY

---

### International Development Enterprise Associates (UK) Ltd

Registered Address:

30A North End Road

Golders Green

NW1 0XH,

LONDON

[www.themapeproject.com](http://www.themapeproject.com)

**CHAIRMAN:**

**MANAGING DIRECTOR:**

**FINANCE DIRECTOR:**

**INVESTMENT PROMOTION DIRECTOR**

**COMPANY SECRETARY:**

**Denis Stefanopulos** ([denis.stefanopulos@idea-uk.com](mailto:denis.stefanopulos@idea-uk.com))

**Keith Aki-Sawyers** ([keith.aki-sawyers@idea-uk.com](mailto:keith.aki-sawyers@idea-uk.com))

**Raymond Davies** ([raymond.davies@idea-uk.com](mailto:raymond.davies@idea-uk.com))

**Yvonne Aki-Sawyers** ([yvonne.aki-sawyers@idea-uk.com](mailto:yvonne.aki-sawyers@idea-uk.com))

**Amy Betts-Priddy** ([amy.betts-priddy@idea-uk.com](mailto:amy.betts-priddy@idea-uk.com))

# Executive Summary

The Mape Project is an innovative venture to create a coastal resort, a new high quality town, and the associated infrastructure in the Kaffu Bullom Chiefdom of Sierra Leone. Since the return to stability in 2002, Sierra Leone has undergone two successive democratic elections, including a smooth transfer of power between the country's two main political parties in 2007. Economic growth has averaged approximately 7 percent annually over the past five years, and under its current leadership, Sierra Leone is on the verge of transformation. According to the World Bank's 2010 Doing Business Report, it is in the top five countries for ease of starting a business in sub-Saharan Africa and second only to South Africa for investment protection.

With increasing attention being paid by the government to creating the policies and developing the infrastructure needed to attract private sector investment, significant opportunities exist in tourism, energy, agriculture and mining. These opportunities are being seized with investments totalling hundreds of millions of dollars made or committed in the agriculture, energy and mining sectors since 2008. The tourism sector remains under developed and offers early investors the benefit of first-mover advantage. With unspoiled beaches, untouched wilderness, islands, waterfalls, wildlife, dramatic mountain backdrops, historic monuments linked to the slave trade and one of the highest peaks in West Africa, Sierra Leone's tourism potential is tremendous.

The Mape Project will capitalise on the evident tourism opportunity through the Konakriddlee Coastal Resort but will also, through Mape Town, meet a pressing need for the provision of quality domestic and commercial real estate within close proximity of the capital Freetown and the international airport. The Konakriddlee Coastal Resort will sit on 55 acres of land and Mape Town will be located on a further 570 acres. The Project Company has secure tenure of both project sites. The project is phased with Phase 1a being the construction of the Konakriddlee Coastal Resort (capital requirement \$35million) and Phase 1b being the construction of the core elements of Mape Town (capital requirement \$90million). Finance is currently being raised for the Konakriddlee Coastal Resort on the basis of a 70:30 debt equity gearing ratio. The expected equity IRR for the Konakriddlee Coastal Resort is 30% rising to over 40% for Phases 1a and 1b combined (the Mape Project Cost Plan 160210v1).

The Mape Project offers investors the opportunity to participate in a phased development in Sierra Leone as the country's economy continues to grow through private sector stimulus. This growth is likely to be further accelerated by the discovery of offshore oil in Sierra Leone in September 2009.

## **Konakriddlee Coastal Resort**

7 miles north of Lungi International Airport and 30 minutes by boat from Freetown, the Konakriddlee Coastal Resort will be sited on a secluded peninsular with natural lakes, flanked by the Atlantic Ocean to the west and the River Sangua to the east. The Resort will include:

- 4 star international brand operated beach front hotel
- Leisure and recreational facilities (swimming pools, marina, sports centre, cinema)
- Commercial accommodation (shops, restaurants, night clubs)
- A beach front residential estate of circa 30 villas (for outright sale)

The location of the Konakriddlee Coastal Resort will give visitors access to beautiful local beaches and landscapes, fishing opportunities and water sports. It also provides an excellent base from which to access the tourist attractions across the country such as the Gola Forest National Park, Tiwai Island Wildlife Sanctuary and the many beautiful islands that lie along the Atlantic Ocean coast of Sierra Leone. The WTTC (World Travel and Tourism Council) states that demand for travel and tourism in Sierra Leone is likely to grow by 6.5% per annum over the next ten years. An independently compiled Market Demand and Financial Feasibility Report for the Konakriddlee Coastal Resort confirms that demand for this product will be very strong (i) as current hotel take up switches from existing poorer quality hotel stock and (ii) as overall hotel demand in Sierra Leone increases.

Our target market for the Konakriddlee Coastal Resort are middle income Sierra Leoneans (Diaspora and in country), corporate users including expatriate staff of oil and mining companies for stipulated "rest and relaxation", the sub-regional tourist market (particularly Nigerian and Ghanaian), the European tourist market and the African American Heritage market. Significant demand for hotel accommodation will be generated as Sierra Leone celebrates its 50th Independence Anniversary in April 2011 with celebrations continuing through the year to December 2011.

The Market Demand and Financial Feasibility Report for the Konakriddlee Coastal Resort referred to above provides detailed analysis of tourism in Sierra Leone and of current and future hotel stock and is available upon request.

## **Mape Town**

10 miles north east of the international airport and 4 miles inland from the Konakriddlee Coastal Resort, Mape Town is a response to the lack of available good quality residential and commercial real estate in Freetown. The population of Freetown has trebled from approximately 600,000 people in the early 1990s to over 1.6million people today. This population explosion has led to significant overcrowding, and has put considerable strain on the city's infrastructure. Inadequate power supply and severe water shortages have hampered

# The Mape Project Information Memorandum



commercial activity and served as a disincentive to Diaspora Sierra Leoneans returning home. Mape Town will provide a modern and desirable living environment and will include the following range of facilities:

- Hotel(s) and conference centre
- Residential accommodation (1350 houses and apartments)
- Leisure and recreational facilities (golf course, swimming pools, cinema/theatre)
- Commercial accommodation (shops, offices, light industrial units, restaurants etc))
- Civic and community facilities (museum, school, hospital, places of worship, emergency services and heritage centre)

Both the Konakriddlee Coastal Resort and Mape Town will benefit from: a robust road network within and connecting the two project sites; a dedicated reliable power plant (initially run on fossil fuels and later augmented by power from renewable sources); a reliable supply of potable water from replenishable ground water sources; and a reliable and regular boat/ferry service to Freetown that will depart from a new jetty.

Demand for the residential real estate at Mape Town and the limited residential inventory at the Konakriddlee Coastal Resort will come primarily from the estimated 1 million Sierra Leoneans in the Diaspora, which includes middle income professional wishing to return home or to invest in property in Sierra Leone. An element of demand will also come from Sierra Leoneans in country and from corporate organisations. The commercial real estate will be taken up by existing and new businesses servicing the Konakriddlee Coastal Resort and the Mape Town community as well as businesses that are attracted to Mape Town because of the benefits of reliable power, water and accessibility. The take up of quality real estate by the Diaspora of emerging market economies is an established trend as evidenced by experiences in Ghana, Nigeria, India and Pakistan.

The Mape Project is divided into 4 phases as set out below in **Table 1** below. Each phase is commercially viable on its own.

	Phase 1a	Phase 1b	Phase 2	Phase 3	Phase 4
<b>Konakriddlee Coastal Resort</b>	100%				
<b>Project Infrastructure and Utilities</b>	10%	40%	30%	10%	10%
<b>Mape Town Real Estate</b>		25%	30%	25%	20%
<b>Mape Town Hotels</b>		50%	15%	15%	20%
<b>Mape Town Golf Course</b>		60%		40%	
<b>Mape Civic and Leisure Amenities</b>		30%	30%	20%	20%

**Table 1.1 – Phasing of the Development**

The Mape Project is targeting three distinct end user groups:

- **Tourists** - Both the town and resort will capitalise on the warm tropical climate and beautiful natural setting and will provide suitable accommodation and recreation for tourists.
- **Residents** - The Mape Town has been designed to satisfy the inhabitants' needs for security, health and education. The town will also promote a wide range of lifestyle choices to cater for varying family sizes and needs;
- **Business Owners** – Mape and Konakriddlee will be desirable and accessible locations in Sierra Leone from which to work or run a business

In addition to being supported by Government of Sierra Leone, the Project Team has the required credentials, experience and skill sets necessary to deliver this exciting project. The project team members have proven track records of planning, organizing and managing resources that will be needed to bring about the successful completion of this project. The primary challenge of the team will be to deliver the new built environment whilst honouring the project constraints of quality, time and budget. The project team also has the necessary experience and ability to raise finance (secured on the anticipated revenues) rather than the balance sheets of the Project Sponsors. As risk identification and allocation is a key component of such project finance, the delivery programme will allocate the project risks amongst a range of specialist companies that are best placed to manage such risks.

## 1 THE MAPE PROJECT

### 1.1 Introduction

The Mape Project is an innovative venture to create an entirely new high quality town and associated coastal resort in Sierra Leone. We have structured a proposal wherein a Project Company will control and manage most of the key risks (such as utility supplies) associated with the project. Consequently the project is perceived as being attractive to corporate investors. In addition to this we have a dedicated network of professionals who are also passionate about Sierra Leone and will contribute to successfully deliver this project.

Close to the nearby Sierra Leone international airport at Lungi and across the river from Freetown, the Mape Project will provide a special opportunity to create a tourist resort along the Atlantic Ocean and a new centrally planned and administered settlement, independent of existing urban areas that will provide a high standard of living. In particular it will seek to achieve a standard of development and allow a quality of life that will appeal to the Sierra Leonean Diaspora and others, sufficient to encourage resettlement in the country and associated internal investments. This will strengthen and enrich the wider economy and society at large.

Integral to this vision is the aim to make the resort of Konakriddie and the new town of Mape a place that is specifically Sierra Leonean and not a foreign or imposed intervention. Whilst having strong international and national associations, the town will nonetheless be rooted within its local setting in both economic and cultural terms, bringing benefits and improvements to the local area and its inhabitants. The vision for the Mape Project is exciting and dynamic and the project is likely to become an exemplary model for similar new communities.

The Mape Project complements the Sierra Leone Government's programme of development. It will create an affordable living experience for middle income Sierra Leoneans and a variety of new businesses and jobs. Consequently it will improve the inflows of revenue from outside Sierra Leone and will act as a catalyst for similar developments elsewhere in Sierra Leone.

### 1.2 Location

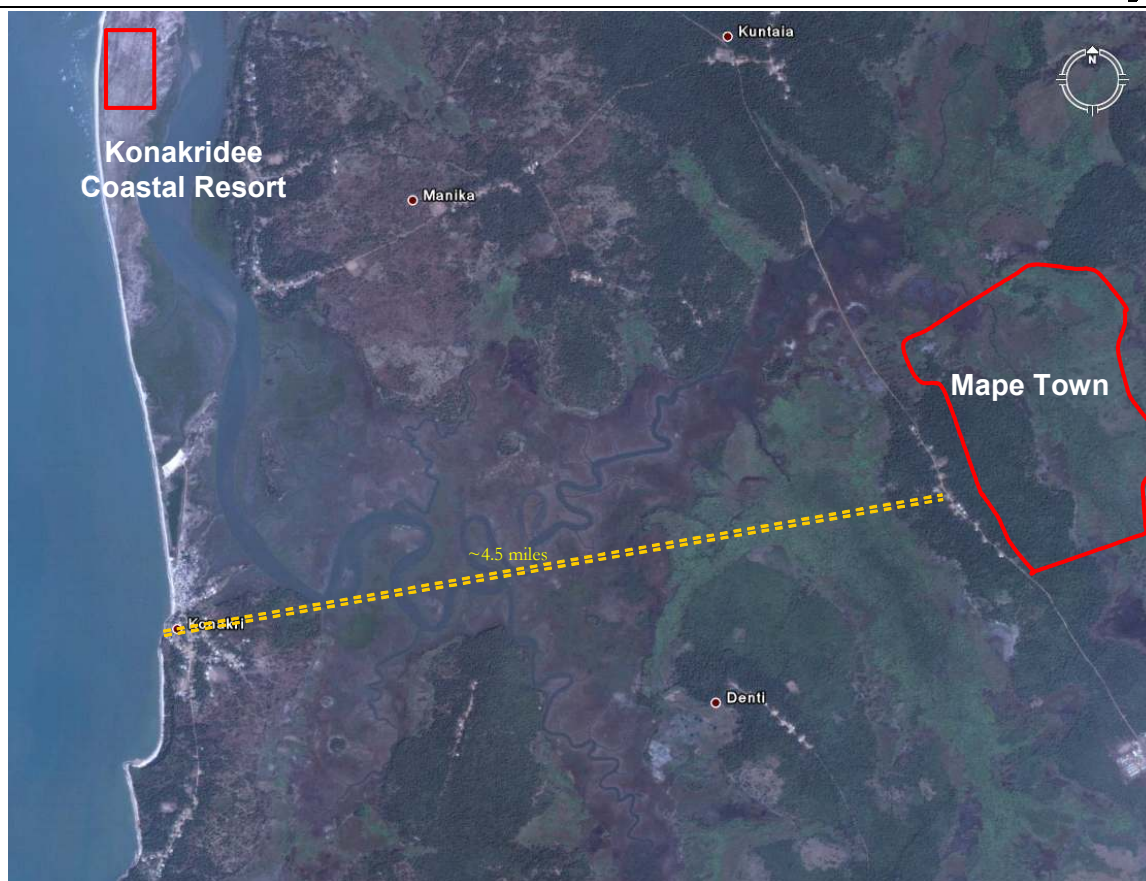
The Mape Project comprises an integrated new conurbation (with a golf course) at Mape and a Coastal Resort at Konakriddie. Both Mape and Konakriddie are located in the heart of the Kaffu Bullom Chiefdom, Port Loko District. Over 570 acres of land at Mape and 55 acres at Konakriddie have been secured for the project. Both sites lie within easy reach of the Sierra Leone International Airport at Lungi (which is 7 miles South West of Mape). The Project Company has secured tenure of all the project sites.



Figure 1.1 – Map of Sierra Leone showing location of Mape Project

### 1.3 History and Relevance

IDEA (UK) is the promoter of the Mape Project. The Mape Project was initiated at the behest of the late Paramount Chief, Bai Sherbro Komkanda II, Kaffu Bullom Chiefdom and the Local Communities in response to the need to create sustainable economic improvements in this region. This project aims to make a notable contribution to development in Sierra Leone. The Mape Project will create a modern town with fully functioning and maintained infrastructure and where the residents will be served by modern health (medical and dentistry) services, fire brigade, security posts, schools and civic services.



**Figure 1.2- Aerial Map of the Region**

The land is largely low lying and near the estuary of a stream and therefore there is an abundance of ground water. Consequently, the development will allow for coastal protection works to preserve reclaimed and existing land from erosion in the future. The project will include new and upgraded transport infrastructure that will provide quick and convenient connections between the new town and the coastal resort at Konakrider, and to the nearby Lungi International airport and Freetown.

#### **1.4 What is the Built Environment**

The Konakrider Coastal Resort will include:

- 4 star international brand operated beach front hotel
- Leisure and recreational facilities (swimming pools, marina, sports centre, cinema)
- Commercial accommodation (shops, restaurants, night clubs)
- A beach front residential estate of circa 30 villas (for outright sale)

The Mape Town will comprise a variety of facilities which will include but not be limited to:

- Hotel(s) and conference centre
- Residential accommodation (apartments and houses)
- Leisure and recreational facilities (golf course, swimming pools, cinema/theatre)
- Commercial accommodation (shops, offices, light industrial units, restaurants etc)
- Civic and community facilities (museum, school, hospital, places of worship, emergency services and heritage centre)

The master plans of the Mape conurbation and Konakrider Coastal Resort and the architectural drawings for the Hotel and Residential Estates at Konakrider are currently being finalised. Individuals and companies alike will be offered the opportunity to purchase homes and/or lease commercial premises in Mape Town that will have been designed and built to exacting standards. The main hotel will be a landmark hotel with premier conference facilities. A championship golf course is also programmed to be constructed to encourage golfing enthusiasts to visit Sierra Leone.

#### **1.5 What is the Supporting Infrastructure**

Both the Konakrider Coastal Resort and the Mape Town will benefit from the following integrated infrastructure systems:

**Road Network** – In the first phase, we propose to provide a robust road network within and connecting the two project sites. The Sierra Leone government has funding for and has begun a program of upgrading the road between Konakrider and the airport and consequently the road provision requirement for Phase 1a, the Konakrider Coastal Resort is reduced accordingly. With regards to connecting to Freetown, in Phase 1a reliable boat/ferry service will depart from a new jetty to be built at Konakrider.



**Power Generation Facility** – Ideally we would like to generate electricity from renewable sources. In the first instance however we will build a new dual fuel power plant (most likely run on fossil fuels and bio-ethanol) and then augment the power supply with power from other sources which may be based on a combination of solar and energy from waste. The estimated electricity demand for the Konakriddlee Coastal Resort and surrounding villages is approximately 2 MW and for approximately 10MW for the fully functioning Mape Town MW giving a combined electricity demand of approximately 12MW. Excess electricity will be sold into the national grid.

**Water Supply Facility** - We intend to use the replenishable ground water to supply potable water to the new conurbations and the existing local community. The water will be extracted from a myriad of boreholes located all over the site, treated and pumped into elevated storage tanks. The estimated daily water requirement for the Konakriddlee Coastal Resort (excluding the use of grey water) is 200m<sup>3</sup> and 1000m<sup>3</sup> for Mape Town.

**Municipal Waste Facility** – We will organize weekly collection of all waste products from the two sites and locate a Waste Treatment Plant to handle both domestic and commercial waste matter. Because we are using ground sources of water, we intend to treat all liquid and solid waste before final discharge.

**1.6 The Project Promoters**

IDEA (UK) is the promoter of the Mape Project. The directors of IDEA (UK) Ltd and their current respective shareholding in the company are listed below.

Shareholder Type	Current Shareholding
Directors	61.60%
Land Related Families	16.61%
Seed Capital Investors	10.00%
Unallocated Shares	11.69%
	<b>100.00%</b>

**Table 1.1 - Current Shareholding**

**1.7 Design Principles**

Project design principles have been agreed as being:

- IDENTITY: uniquely Sierra Leonean
- STANDARD OF LIVING: desirable, practical and comfortable
- FUNCTION & UTILITY: for living, working, business and leisure
- CONNECTIVITY & ACCESS: ease of movement and safety for pedestrians and motorist
- SECURITY: by design and use of management systems
- SUSTAINABILITY: in social, environmental and economic terms
- QUALITY: to maintain safety, cleanliness, aesthetics and longevity

The projection of these essential principles into the design of the new settlement of Mape will define the design and physical appearance of the town. This, together with a clear design theme, will ensure that Mape will have its own special and unmistakable identity. Similarly, Konakriddlee will seek to achieve an affiliated identity, but one that is somewhat different to express its separate function as a coastal resort.

High standards of design and construction will be applied throughout the project to ensure safety, cleanliness, the best use of resources, longevity and aesthetic quality to give the new town international status and acclaim. The Project will seek to achieve high standards of design, construction and management quality substantially through the raising of existing services and methodologies that already exists in Sierra Leone and through the use of locally available resources, but also in pursuing innovative pre-fabricated methods of construction. This will generally be in preference to the importation of foreign products and expertise. The project will therefore have an important role in raising aspirations and standards throughout Sierra Leone and in establishing a benchmark of quality through training and capacity building. All aspects of the Project and associated developments will seek to achieve the highest reasonable standards of sustainable development and a concern for the social welfare and benefit for all its inhabitants. Themes such as solar energy, natural cooling, recycling and composting of waste will be integrated into all levels of the development proposals from master planning to detailed design to ensure the least harm to natural resources and the wider environment. The relationship between the new developments and the natural environment will be carefully planned and managed with the aim of minimising the loss of and disruption to local fauna and flora and in mitigation where change is inevitable.



## 2 THE PROJECT ANALYSIS

### 2.1 The Opportunity

Sierra Leone is less than 6 hours from Europe and 2 hours from other West African Countries. It is safe and has very friendly people with many unique attributes which include:

- Miles of beautiful, unspoilt and sparsely populated beaches;
- Verdant landscapes, lush vegetation, waterfalls and breathtaking mountains;
- Wildlife including rare elephants, monkeys, apes, baboons, pygmy hippopotami and over 600 species of birds (some of which are unique to Sierra Leone)
- Diverse societies, traditions, festivals, local art and a range of delicious national cuisine; and
- Historical links with the Trans Atlantic slave trade.

As Sierra Leone is readily accessible by air from Europe and the African continent, she has the strong opportunity to attract tourists. The breakdown of international visitors to Sierra Leone in 2008 was:

- Business & Conference Visitor (60%)
- Visiting Friends and Relatives (25%)
- Tourists (15%)

The 15% tourist figure for Sierra Leone is well below other countries in the region which are established tourist destination such as The Gambia. Tourism in Sub-Saharan Africa generated \$90bn of economic activity in 2007 and is expected to grow to \$187bn by 2017. Sierra Leone is expected to take a growing market share of this growth with \$175m of economic activity generated by tourism in Sierra Leone in 2007 expected to grow by 5%pa to \$394m by 2017<sup>1</sup>.

Sierra Leone's tourism offering includes: Beach Tourism (Winter Sun); Adventure and Nature Tourism; and Historical and Heritage Tourism. With regards to Adventure Tourism the global market size is predicted to grow from the current level 4 to 5m trips per annum to approximately 60m trips per annum over the next five years. This growth is reported to be as a result of increased interest in exotic destinations such as West Africa; increased demand for family trips and increased demand for more customised itineraries<sup>2</sup>.

The Konakrdee Coastal Resort has the potential to benefit from that growing market in Adventure Tourism, which will be mainly European tourists. It will in addition benefit from the growing intra-Africa tourism market fuelled by the expanding West African middle class and it will position itself to capitalise on the Heritage tourism that is based on Sierra Leone's strong historical links with the abolished slave trade (e.g. Bunce Island, Creole (freed slave) settlements etc). Furthermore, with the recent discoveries of offshore oil and the single largest iron ore deposits in the world in Sierra Leone, the Konakrdee Coastal Resort will be ideally placed for the provision of "recreation and rest facilities" for expatriate staff of oil and mining companies.

The Mape Town will satisfy the need for functional and aesthetically pleasing conurbations as there is a scarcity of quality residential and commercial real estate in the existing over-crowded cities. Additionally, to date the electricity and water supplies can be unreliable and erratic and most conurbations suffer from poor roadways. Our market research suggests that the demand for the residential and commercial real estate at Mape Town will come from:

- Sierra Leoneans at home and abroad;
- The West African and wider international property investment market;
- Existing Sierra Leone Businesses (e.g. Professionals, Retailers and Manufacturers); and
- Businesses new to Sierra Leone seeking an operating base (e.g. Oil Companies).

### 2.2 The Response

The Mape Project, in response to the needs and opportunities identified above, is an integrated and secure development near Lungi Airport in Sierra Leone. It will be readily accessible to and from the airport and the capital city, Freetown. It comprises a coastal resort arranged over 50 acres (580 town lots) site at Konakrdee and a new 570 acre (6,670 town lots) town at Mape (including a championship golf course). Both sites will be serviced by dedicated and reliable electricity, potable water supply and waste management service.

The Konakrdee Resort will be a self-contained coastal resort located between the Atlantic Ocean and the River Sangha. The location of the Konakrdee Coastal Resort will give visitors access to beautiful local beaches and landscapes, fishing opportunities and water sports. It also provides an excellent base from which to access the tourist attractions across the country such as the Gola Forest National Park, Tiwai Island Wildlife Sanctuary and the many beautiful islands that lie along the Atlantic Ocean coast of Sierra Leone. Adjacent to the main resort will be a residential estate of circa 30 villas which will not be included within the hotel inventory but will be marketed for outright sale.

The WTTC (World Travel and Tourism Council) states that demand for travel and tourism in Sierra Leone is likely to grow by 6.5% per annum over the next ten years. An independently compiled Market Demand and Financial Feasibility Report for the Konakrdee Coastal Resort (available upon request) confirms that demand for this product will be very strong (i) as current hotel take up switches from existing poorer quality hotel stock and (ii) as overall hotel demand in Sierra Leone increases.

<sup>1</sup> World Travel & Tourism Council 2007 Report

<sup>2</sup> World Tourism Organisation (WTO) Report

# The Mape Project

## Information Memorandum



The Mape Town will be a self-contained town that aims to be a desirable place in which to live and do business. The Mape Town development will follow precedents of similar developments built in:

- Egypt (El Gouna see [www.elgouna.com](http://www.elgouna.com)); and
- Democratic Republic of Congo (La Cite Du Fleuve, see [www.lacitedufleuve.com](http://www.lacitedufleuve.com))

Mape Town will include new or upgraded road network linking the town, the coastal resort and Lungi Airport.

### 2.3 Who are the target end users

We have identified and confirmed demand from the target end users set out in **Table 2.2** below.

	<b>Tourists</b>	<b>Residents</b>	<b>Businesses</b>
<b>Resort</b>	<ul style="list-style-type: none"> <li>- Middle class population of Sierra Leone (in country and Diaspora)</li> <li>- Corporate users including expatriate mining companies for "rest and relaxation"</li> <li>- West African and European tourist market</li> <li>- African American Heritage market</li> </ul>	<ul style="list-style-type: none"> <li>Residential estate of <u>circa 40</u> high specification villas</li> <li>- Middle class population of Sierra Leone (in country and Diaspora)</li> <li>- Corporate entities</li> <li>- Real estate investors</li> </ul>	<ul style="list-style-type: none"> <li>- Retailers and leisure service providers</li> <li>- Restaurateurs, bars and night club operators</li> <li>- Event management companies</li> <li>- Sporting event organisers</li> </ul>
<b>Town</b>	<ul style="list-style-type: none"> <li>- Middle class population of Sierra Leone (in country and Diaspora)</li> <li>- West African and European tourist market</li> <li>- Sierra Leonean and West African conference market</li> </ul>	<ul style="list-style-type: none"> <li>- Middle class population of Sierra Leone (in country and Diaspora)</li> <li>- Corporate entities</li> <li>- Real estate investors</li> </ul>	<ul style="list-style-type: none"> <li>- Retailers, banks, offices for commerce</li> <li>- Restaurateurs, bars and night club operators</li> <li>- Light manufacturing industry</li> <li>- Services industry</li> </ul>

Our target market for the Konakrdee Coastal Resort include both corporate and leisure users. Due to its proximity to the Lungi International Airport and the ease of access to the major new mining areas and to Freetown, the hotel at the Konakrdee Coastal Resort offers time and travel advantages and modern business facilities to corporate users. Leisure users will be middle income Sierra Leoneans (Diaspora and in country), expatriate staff of oil and mining companies for stipulated "rest and relaxation", the sub-regional tourist market (particularly Nigerian and Ghanaian), the European tourist market and the African American Heritage market. Significant demand for hotel accommodation will be generated as Sierra Leone celebrates its 50th Independence Anniversary in April 2011 with celebrations continuing through the year to December 2011.

The Market Demand and Financial Feasibility Report for the Konakrdee Coastal Resort (available upon request), provides detailed analysis of current and projected tourism in Sierra Leone and of current and future hotel stock.

Demand for the residential real estate at Mape Town and the limited residential inventory at the Konakrdee Coastal Resort will come primarily from the estimated 1 million Sierra Leoneans in the Diaspora, which includes middle income professional wishing to return home or to invest in property in Sierra Leone. An element of demand will also come from Sierra Leoneans in country and from corporate organisations. The commercial real estate will be taken up by existing and new businesses servicing the Konakrdee Coastal Resort and the Mape Town community as well as businesses that are attracted to Mape Town because of the benefits of reliable power, water and accessibility. The take up of quality real estate by the Diaspora of emerging market economies is an established trend as evidenced by experiences in Ghana, Nigeria, India and Pakistan.

### 2.4 How is the project phased

The Mape Project will be delivered in a phased fashion with Phase 1 being split into Phase 1a (the Konakrdee Coastal Resort) and Phase 1b (Mape Town). Table 2.1 below shows the indicative phasing of the works.

	<b>Phase 1a</b>	<b>Phase 1b</b>	<b>Phase 2</b>	<b>Phase 3</b>	<b>Phase 4</b>
<b>Coastal Resort</b>	100%				
<b>Project Infrastructure and Utilities</b>	10%	40%	30%	10%	10%
<b>Mape Town Real Estate</b>		25%	30%	25%	20%
<b>Mape Town Hotels</b>		50%	15%	15%	20%
<b>Mape Town Golf Course</b>			60%	40%	
<b>Mape Civic and Leisure Amenities</b>		30%	30%	20%	20%

**Table 2.1 – Indicative Phasing Arrangements**



**Figure 2.1 – Overview Development Map (showing the Konakrīde Coastal Resort & Mape Town)**

Phase 1a, the construction of the Konakrīde Coastal Resort will create hotel inventory of 170 keys and residential estate inventory of circa 30 villas as set out in **Table 2.2** and **Table 2.3** below.

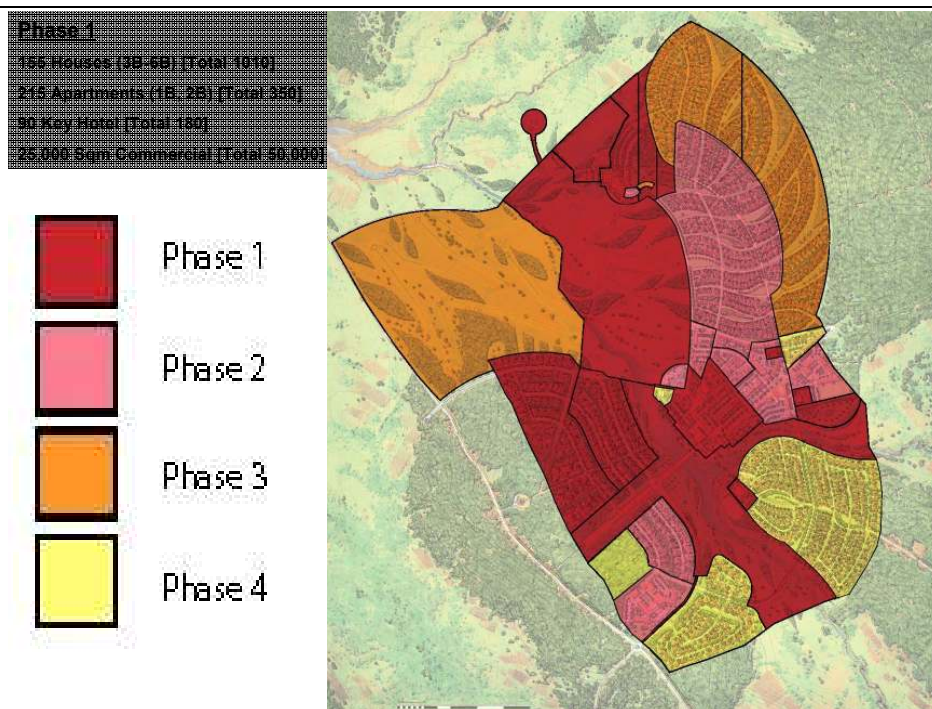
Description	Number of Keys	Gross Internal Floor Area (m <sup>2</sup> )
Main Hotel Hub	62	40
Studio Apartment	20	40
1-Bed Apartment	18	50
3-Bed Villa (3-key Lock Off)	60	220
Total	160	

**Table 2.2 Hotel Inventory**

Description	Number of Units	Gross Internal Floor Area (m <sup>2</sup> )
2-Bed Villas	9	90
3-Bed Standard Villa	11	170
3-Bed Luxury Villa	8	225
Total	28	

**Table 2.3 Residential Real Estate Inventory**

The phasing of Mape Town is shown diagrammatically in **Figure 2.2** below.



**Figure 2.2 – The Mape Town Phase Plan**

## 2.5 What are the benefits to Sierra Leone

In terms of economic benefits, the investment in the Mape Project will create jobs and increase the utilization of the excess capacity in the labour force. It will facilitate the growth of the tourism industry in Sierra Leone. As the fiscal multiplier of tourism in Sierra Leone is high (=2.1), every \$1 of direct economic activity will be result in \$2 of indirect economic activity. The dedicated reliable utilities and infrastructure that the Mape Project will provide will also enhance indirect economic activity in the local region. The use of local natural resources by the project (e.g. clay for roof tiles) will stimulate local industries. The establishment of a hospitality school will have a positive impact on the national tourism industry and through improved 'investor confidence' contribute to a change in the investment climate and infrastructure in Sierra Leone.

In terms of environmental impact, Fauna and Flora will not be adversely affected as the design of both the resort and town will be such as to be in harmony with nature. Preservation and conservation will be encouraged as part of the tourism package as would be evident when elements of solar energy are used in the provision of power to the project sites. In terms of the sociological impact, educational and health care development programmes will be planned with and implemented for the local community.

Other long terms benefits of the Mape Project include:

- Increased numbers of returning Diaspora Sierra Leoneans reversing the professional brain drain;
- Positive international awareness leading to increased visitor numbers to Sierra Leone and reduced cost of air-fares;
- Increased number of sustainable businesses, jobs and economic activity;

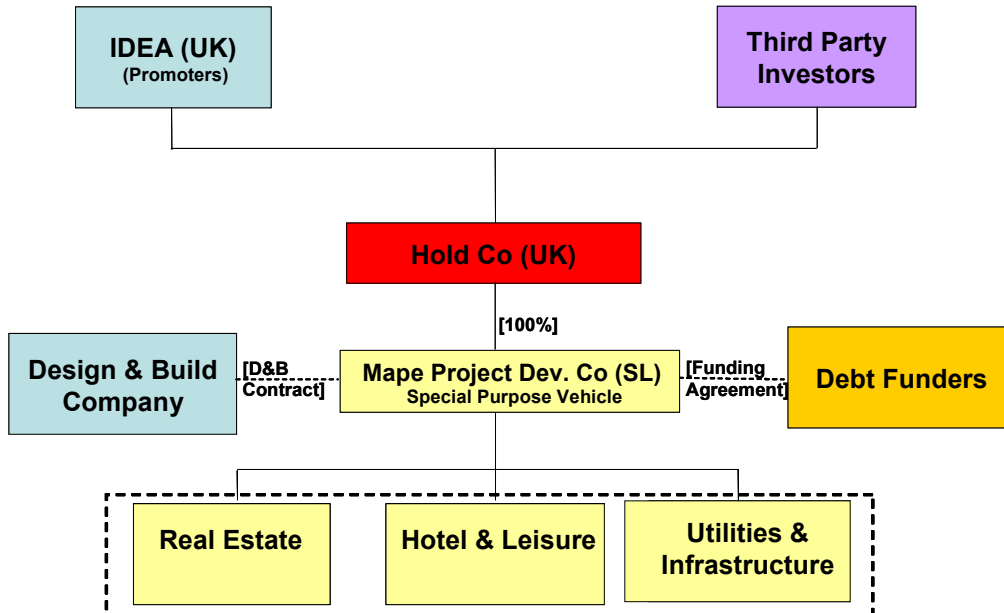
## 2.6 What are the benefits to Investors

Investors will be part of an exciting Sub-Saharan African development project with the opportunity to get involved in other Mape-based businesses. The targeted project Internal Rate of Return (IRR) is expected to be in excess of 40% for the combined Phase 1a and 1b of the project with a clear exit strategy for investors. The Mape Project will have a transformational impact on the Sierra Leone Travel and Tourism Industry and IDEA (UK) will seek to build upon the changing business environment by rolling out similar developments in other parts of Sierra Leone

**3 THE DELIVERY**

**3.1 What is the Ownership and Contract Structure**

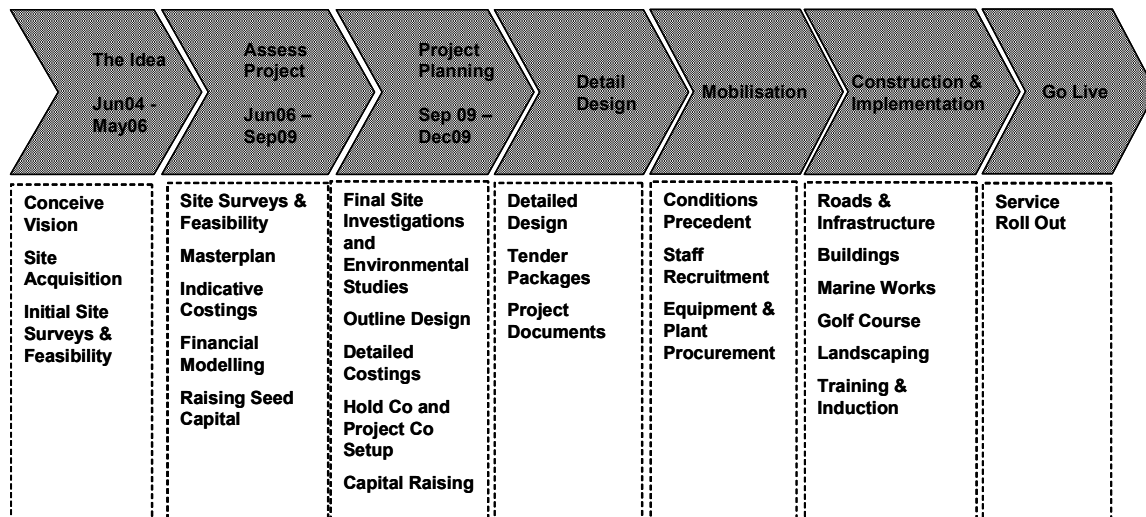
The Ownership structure is shown in **Figure 3.1** below. IDEA (UK) being the project promoters have created a subsidiary Holding Company "Hold Co (UK)" incorporated in the UK. Hold Co in return will own a 100% subsidiary called Project Co which is incorporated in Sierra Leone. HoldCo is a UK registered company. The choice for a UK registered Hold Co was largely influenced by the fact that of the three jurisdictions that operate a no-double taxation treaty with Sierra Leone, the UK proved to be the most efficient for a variety of reasons.



**Figure 3.1 – Ownership and Contract Structure**

**3.2 What is the Project Timetable**

IDEA (UK) has adopted the following seven project stages in **Figure 3.2** below. We are currently in the Detail Design Stage.



**Figure 3.2: The Project Stages**

# The Mape Project Information Memorandum



The Project Programme for the Konakriddlee Coastal Resort and the core elements of Mape Town is provided as Figure 3.3 below.

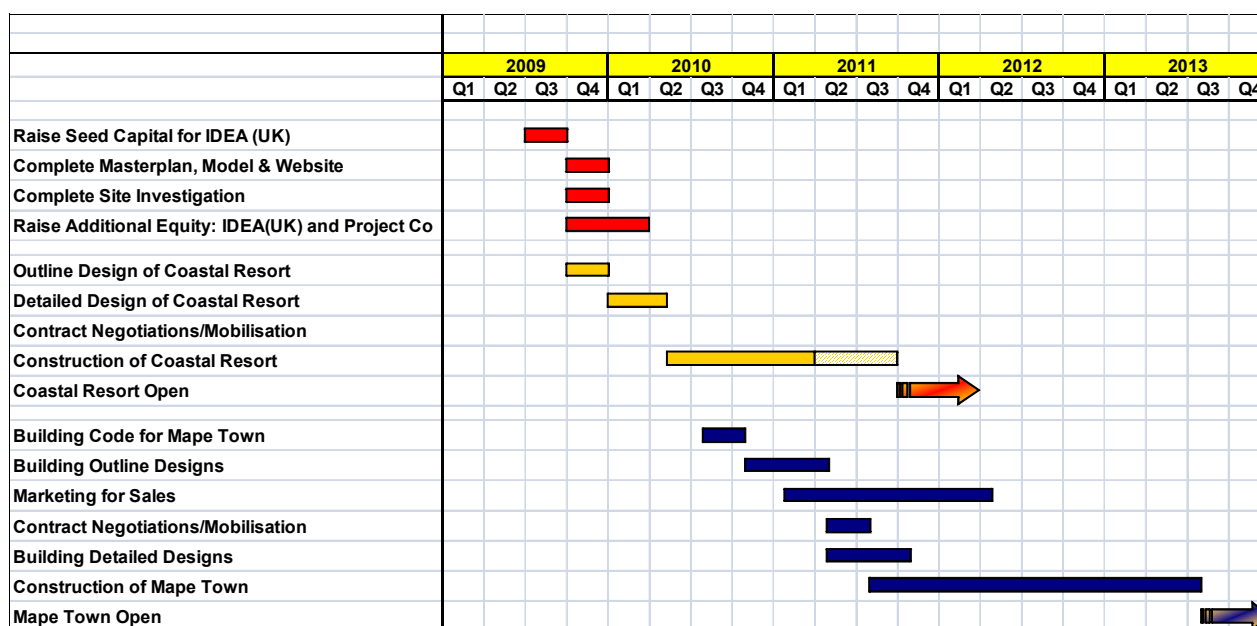


Figure 3.3 – The Project Programme

### 3.3 Quantum of Construction Activity

The Mape Project will be built out in four phases and the Master planning exercise has determined the respective portions of the sites (both Mape and Konakriddlee) that will be allocated to each phase. As previously explained in Section 3, 100% of the Konakriddlee Coastal Resort will be built out in Phase 1a together with a proportion of the Mape Town. The division of the Mape Town into the four phases is shown in Figure 3.2 above. On the basis of this an indicative breakdown of the amount of construction work required for the Mape Project is shown in Table 3.1 below.

Construction Activity	Phase 1a (Resort)	Phase 1b (Town)	Phases 2, 3 and 4 (Town)	
Roads (single carriageway)	3 miles (new)	10 miles (new) Bridge works	12 miles new	Constructions Preferred Partner
Homes	20 Homes Total GIFA 4,000sqm	370 Homes Total GIFA =60,000 sqm	1000 Homes Total GIFA =240,000 sqm	
Commercial Premises	GIFA = 2,000 sqm	10,000 sqm	40,000 sqm	
Marine Works	Reclamation/Protection Works + 2No Jetties	Reclamation/Protection Works	Reclamation/Protection Works	
Hotels	150+ Key 4-star Hotel Total GIFA 12,000 sqm)	150+ Key 4-Star Hotel Total GIFA 14,000 sqm	100+ Key 3-Star Hotel Total GIFA 5,000 sqm	Energy Preferred Partner
Power Plants	to service the above	to service the above	to service the above	
Solar Heating	To service the above	To service the above	To service the above	
Geothermal Cooling	To service the above	To service the above	To service the above	Water Preferred Partner
Potable Water Supply	To service the above	To service the above	To service the above	
Waste Water Treatment	To service the above	To service the above	To service the above	
Solid Waste Treatment	To service the above	To service the above	To service the above	

Table 3.1 – Breakdown of Construction Work in the Mape Project

## 4 THE TEAM

### 4.1 IDEA (UK) – Project Promoter

The Project Promoter is International Development Enterprise Associates (UK) Ltd (“IDEA (UK)”), a company established in 2004 to respond to investment opportunities in Sierra Leone. IDEA (UK) is 90% owned by Sierra Leoneans. The Mape Project is its first project and work on the project became in 2004.

### 4.2 The Delivery Team

The Project will be delivered by a dedicated and highly competent team with the required credentials, experience and skill sets. The Delivery Team comprises individuals with proven track records in the fields of project finance, real estate development, project/programme management, business development, construction and the hospitality industry. The team is led by Keith Aki-Sawyer, the Managing Director of IDEA (UK) and a dynamic Sierra Leonean with considerable commercial and technical knowledge derived from his civil engineering training and his extensive project finance experience. As a clear demonstration of the level of commitment to and focus on the successful delivery of the Mape Project, two members of the delivery team, including Keith, have worked full-time on the project since May 2009. A brief profile of each individual is set out below.



#### **Keith Aki-Sawyer – Overall Project Lead**

Keith is a civil and structural engineer with over 20 years experience in the design, construction and funding of infrastructure and accommodation projects. Keith started his engineering career with Sir William Halcrow & Partners in the UK where he spent eight years during which time he became a chartered civil engineer. He then spent a further four years with Lloyd’s Register where he was involved in Risk Assessments and the approval and certification of designs and manufacturing processes. Keith has an MBA from Cranfield School of Management and has spent the past 11 years specialises in structuring and negotiating complex PFI or Project Finance Transactions. Recently completed transactions include the UK’s £500m+ C-Vehicles Project and the Bradford BSF Phase 1 Project. Keith also owns UK based property development and construction companies. Keith holds a BEng (Hons) degree from Fourah Bay College and an MSc in Bridge Engineering from the University of Surrey. Keith is a Sierra Leonean and is the Managing Director of IDEA (UK).



#### **Raymond Davies – Finance Lead**

Ray is a chartered accountant with over 25 years professional service experience with KPMG in the UK, West and Southern Africa, serving clients ranging from small to medium enterprises and large public and private global entities. Whilst in West Africa, he was Senior Partner of KPMG based in Sierra Leone and responsible for KPMG services in Sierra Leone, The Gambia, and Liberia whilst also covering assignments in Senegal and Cote de Ivoire. In 1998 he transferred to Southern Africa to become Senior Partner of the Malawi Practice working in the Central Africa region which also included Zambia and Zimbabwe. In 2006 he returned to the UK and worked with KPMG London in Transaction Services in the Financial Services Sector before leaving KPMG in 2007 to work independently. Ray’s specialisation is in advisory services and has been responsible for restructuring businesses and preparing companies for disposal as well as providing due diligence services in respect of mergers and acquisitions. Ray is a Sierra Leonean who spent most of his formative years in the UK where he qualified as a chartered accountant. Ray is the Finance Director of IDEA (UK).



#### **Al Jawara - Commerce & Operations (Coastal Resort)**

Al is a chartered accountant with several years experience as a business improvement and change manager and has a proven track record in leading and delivering projects, programmes and business development initiatives in a wide range of organisations and across international boundaries. Al has also set up and run a 1000+ bed hotel family leisure and hotel business in The Gambia working with European Tour Operators (TUI in Germany, Thomson in UK and Spies in Scandinavia). Al is a former Vice President at JP Morgan Investment Bank. He was born in Sierra Leone and has an MBA from INSEAD in France.



#### **Sam During – Design Development Lead**

Sam is a Chartered Project Manager and Chartered Environmentalist, with over 30 years experience working in property development, construction and engineering projects, both in Sierra Leone and the UK. He has a demonstrable track record in managing and delivering complex multi- million pound mixed tenure development and regeneration projects. Amongst the projects Sam has worked on the £160 million Stonebridge Housing Action Trust Regeneration project in Wembley and a £450 million Clapham Park Regeneration project in Clapham. His responsibilities at Clapham Park included the delivery of the commercial and community facilities. He is a Fellow of the Chartered Institute of Building and a Member of the British Ecological Society. He also holds a B.Sc(H) and MSc in construction management, and gained a distinction in Diploma in Construction Health & Safety Management. He was a Fellow of the Royal Society of Health and a Member of the Association for Project Management. Sam is a CIOB International Ambassador to Sierra Leone, West Africa and UK, and sits on the CIOB London Regional Committee.



### **Yvonne Aki-Sawyer - Investment Promotion & Marketing Lead**

Yvonne is a Chartered Accountant and for the past 10 years has been Managing Director of the Caleb Group (which she co-founded), a developer and manager of its own portfolio of residential and commercial properties in the UK. At Caleb, Yvonne's key responsibilities included property, contract and financial negotiations, project and construction management, financial management, projections and analysis. Prior to the Caleb Group, Yvonne was a Director at Andersens (now Deloitte) where she acquired 11 years of experience in risk consulting within the financial services industry in London and Europe. At Andersens she focused on regulatory frameworks, corporate governance and the risk management of processes and controls. Yvonne is Chairperson and co-founder of SLWT (the Sierra Leone WarTrust for Children), a non-profit organisation that has successfully run significant education, health and self-sufficiency programs for children and youth in Sierra Leone since 1999. She holds an MSc in Politics of The World Economy from the London School of Economics (1990) and a BSc Hons in Economics from Fourah Bay College (1988). Yvonne is the Investment Promotion and Marketing Director of IDEA (UK).



### **Graham Simister - Advisor to the Delivery Team**

Graham has spent his career in finance and trading, holding senior management roles in London, Frankfurt and New York. He started his career with Citibank London and worked at Midland Bank and Nomura Bank before returning to Citibank in 1989. He became head of the Investment Bank for Citibank in Frankfurt and was Managing Director in charge of Fixed Income in New York. Graham retired from fulltime employment in 1995 and has since worked on a part-time basis in the capacity of a non-executive director with a number of private companies in the UK. Graham is a graduate of Cambridge University and Harvard Business School. Graham is a Non-Executive Director of IDEA (UK).



### **Dimitrios Hatzis - Advisor to the Delivery Team**

Dimitrios Hatzis has over 20 years experience in the support services and construction industry, including senior roles in Amey Plc and Miller. He has experience in growing asset focused operating businesses, and transactional experience in social infrastructure and M&A. Dimitrios has also held senior positions in the public sector, focused upon improving business efficiency and practices. A chartered engineer in Greece and the UK, Dimitrios has a B.Sc. in Civil Engineering from the University of Edinburgh, a Ph.D. in Engineering from St. John's College, Cambridge University and an MBA from INSEAD. Dimitrios is a Non-Executive Director of IDEA (UK).



### **Amy Betts-Priddy - Company Secretary**

Amy has a legal background and has worked in both the public and private sectors. Prior to her role with IDEA (UK) she spent almost four years working for Turner & Townsend plc a construction and consultancy firm, in their contracts services department dealing mainly with contractual and company compliance matters. During her time at the firm she was seconded to BAA to work on the \$4bn plus Terminal 5 project. Amy is Sierra Leonean with an LLB (Hons), an LLM and completed her LPC at the College of Law in Guildford in 2002.

## **The Extended Team**

To date, IDEA (UK) has used the services of a range of technical and commercial specialists to help develop the project. The key organisations we are working with are listed below.

- Matrix Partnership ([www.matrixpartnership.co.uk](http://www.matrixpartnership.co.uk)) - UK based firm of Town Planners
- Vertical Integration ([www.vi-limited.com](http://www.vi-limited.com)) - UK based firm of Architects
- Campbell Reith & Associates ([www.campbellreith.co.uk](http://www.campbellreith.co.uk)) - UK based firm of consulting engineers
- Edward Davies & Associates ([www.edwarddaviesandassociates.com](http://www.edwarddaviesandassociates.com)) - Sierra Leone based firm of consulting Engineers
- Techsult ([www.techsult.com](http://www.techsult.com)) - Sierra Leone based firm of consulting engineers.
- CEMMATS ([www.cemmatssl.com](http://www.cemmatssl.com)) - Sierra Leone based firm of consulting engineers.
- International Leisure Management (UK) Ltd ([www.ilm-uk.com](http://www.ilm-uk.com)) - UK based leisure advisory consultancy.
- KPMG ([www.kpmg.co.uk](http://www.kpmg.co.uk)) - UK based tax and accounting advisors
- DeRisk Advisory Services ([www.deriskas.co.uk](http://www.deriskas.co.uk)) - UK based firm of Risk Advisors
- Basma & Macaulay ([www.basmaandmacaulay.com](http://www.basmaandmacaulay.com)) - Sierra Leone based firm of legal advisor.

## **4.3 Preferred Partners**

IDEA (UK) is proposing to identify certain Preferred Partners to help build out the project. The benefits for the Preferred Partners is that they will be offered the certainty of future work flow in that all subsequent phases of the Mape Project will be carried out by them. The benefit to IDEA (UK) is that they would secure the certainty of a suitable provider now such that the partners will be fully involved in the design and so help determine the optimum technical solution. Another benefit is that the work packages would not need to be tendered by IDEA (UK) and consequently expensive tender documentation will not need to be produced. However to ensure the procurement



# The Mape Project Information Memorandum



process delivers best value-for-money, IDEA (UK) will market test all the prices received from the Preferred Partners before entering into a contract for the works.

Preferred Partners being sought for the following service provisions:

- **Construction JV Partner** – to design and construct the Groundworks (substructures), Roads, Marine Works, Buildings (superstructures) and Landscape Works;
- **Energy Supply Partner** – to design, procure and commission the energy solution(s); and
- **Water & Waste Management Partner**– to design, procure and commission the water and waste management solution.

The intention is that on confirmation of the Preferred Partner status, each Preferred Partner would acquire a seed capital stake in and become a shareholder of IDEA (UK). The seed capital investment is an absolute pre-requisite for securing preferred Partner status. In return the Preferred Partner will:

- become an integral and trusted member of the Mape Project Development Team and is provided with full access to all commercial information required to price the project;
- be jointly responsible for working up suitable appropriate design solutions for the project;
- be assured of the intention that all respective Preferred Partner work packages will be delivered by the Preferred Partner (or nominated party) and paid for on an arms-length basis by the Project Company (at market tested rates);
- be required to establish (and stand by) the fixed price for their work packages prior to Financial Close;
- be afforded the opportunity to acquire additional shares in the Project Company at preferential rates when the shares are being offered to 'Third Party Investors'.
- Preferred Partners will be required to hold on to 100% their shares until a date 1-year after completion of Phase 1a. This will be known as the "lock-in period".

## 5 RISK ANALYSIS & MITIGATING MEASURES

### 5.1 Introduction

The Project Team has considered a range of events that could affect its ability to either create the asset and/or realise revenues from the asset. The key risks were considered and assessed in the four categories of Design & construction, Implementation, Business Operations & Political Risk. The analysis and mitigations are summarised below.

### 5.2 Design & Construction Risk

To minimise cost exposure within the design process, IDEA (UK) has assembled a design team that has within it many years of project development experience. IDEA (UK) is also developing a 'design code' that all project architects and engineers will be required to work to. The project team will also adopt a standard set of modules (beams, columns sizes etc) which will be used in the design of all structures. IDEA will form a Joint Venture Construction company to self deliver many straight forward element of construction work (such as the internal roads, houses, apartments and commercial units) and subcontract the more specialist packages to others. Construction risk usually manifests itself in the construction price variations, quality (of materials and workmanship) and programme delay. To mitigate the effect of this risk, IDEA (UK) will require that the construction of all work packages are procured via a series of fixed price contracts. The Construction JV Company will develop a programme of quality assurance measures which include locating quarries for aggregate and sand (to ensure quality of materials), training programmes for staff and labour who will be employed on the Mape Project and building in ample 'float' into the construction programme.

### 5.3 Implementation Risk

There will be 'Implementation risk' if the Project Team is unable to smoothly transition from the construction phase to operating phase. A smooth transition depends on all systems having been tested and passed, the marketing programme being effective and successful and the ongoing operations teams being in place from the first day of operations. To this end, IDEA (UK) will manage and invest in stakeholder relationships and also procure the services of experience programme managers to manage the transition from construction to operations. IDEA (UK) will not only keep the implementation plan simple and by keeping our implementation team as small as efficiently possible which reduces the interfaces between people and/or companies.

### 5.4 Business Operations Risk (incl. Demand Risk & Foreign Exchange Risk)

In recent years, the exchange rate between the US dollar and the Leone had been relatively constant (1 US dollar = Le 3,000). Nonetheless, it cannot be assumed that this exchange rate will remain constant in the future. IDEA (UK) therefore proposes to raise all capital (debt and equity) required in US dollars, pay for the all the construction works in US dollars. After the start of operations, IDEA (UK) will continue to be exposed to fluctuations in the value of the Leone, given its dependence on tourists' money, mostly dollars, Sterling or Euros. IDEA (UK) has therefore decided to continue to establish its financial plan on the US Dollar and receive revenues (e.g. from the hotel) in US Dollars or SL Leones using the exchange rate applicable at the time and converting back into US Dollars. In doing so, the foreign exchange risk during both the construction and operation phases are greatly reduced.

Demand Risk exists when there is less take up of the properties or the hotel rooms than that anticipated which would mean that IDEA (UK) may be unable to generate sufficient revenue to keep the project viable. IDEA (UK) has therefore carried out extensive market research to try and ascertain the market price of the hotel rates and property prices and the likely levels of take-up during the early years of operation. We have also considered the effect of the period of relatively heavy rainfall (July and August) on the occupancy levels at the Konakriddlee Coastal Resort. We have carried out a range of sensitivity analyses on the effect of demand (for leases, utilities and hotels) on the project cashflow. This was done to provide a suitable level of confidence that the project cashflows will be sufficient to keep the project viable.

To further reduce the Business Operations Risk, we are seeking pre-approvals from the relevant government ministries prior to commencement of work or services. We are planning on using an experienced branded Hotel Operator for the Hotels and to have the Hotel Operator fully involved in the design phase. IDEA (UK) will also seek to incentivise its supply chain to perform rather than penalise them when they don't perform. Finally IDEA (UK) continues to work to establish alliances and networks in Sierra Leone.

### 5.5 Political (or Country) Risk

Sierra Leone's democracy is young and still faces hurdles. The prolonged instability derived from a critical period in Sierra Leone's history is subsiding after eight years of uninterrupted democratic rule. The election in 2007 resulted in a successful and smooth transition to another civilian administration extending the period of sustained political stability.

IDEA (UK) has sought to mitigate the effects of political instability by working to establish clear and transparent frameworks for its interactions with the government whilst ensuring that the Project benefits from investment and business incentives that are due tourist projects in Sierra Leone. IDEA (UK) continues to put in place robust procedures to minimise corruption. For the benefit of investors and debt providers alike, IDEA (UK) is in the process of procuring a MIGA Political Risk Guarantee.

## 6 DEVELOPMENT PROGRAMME

### 6.1 Pre-Development Phase

Several key activities were required in order to affirm the commercial viability of the project and confirm the likely levels of project returns. These activities include but are not limited to:

- Planning the layout, size and functionality of the resort;
- Carrying out the Site Surveys and Investigation work required to aid the Detailed Design work;
- Identifying the optimum corporate structure for the project companies and then identifying and where possible recruiting the key staff;
- Carry out the outline design of the resort (which will include the building and infrastructure designs and also capacity sizing for Electrical Power, Water and Waste Management Services) such that we are able to fully define the scope and fixed price of all activities required to build out the respective Project Phases;
- Confirming that all required permissions are in place or will be in place by the date of construction start;
- Prepare the Investment Appraisal Documents that would be reviewed by both Equity and Debt Providers.

### 6.2 Development Phase

At present we envisage that the Mape Project will be built out in four phases and the Master planning exercise has determined the respective portions of the sites (both Mape and Konakrīdee) that will be allocated to each phase. Phase 1a comprises all of the Coastal Resort and Phases 1b comprises the first portion of the Mape Town. Phases 2, 3 and 4 relate to the remainder of the Mape Town. The Mape Town Masterplan also shows how the four town phases can be built without affecting the portion of the town where construction has already been completed.

IDEA (UK) will construct the Konakrīdee Coastal Resort (which includes an element of 30 residential villas for outright sale), over a two year programme. The construction programme will be let as a design and build contract to allow Detail Design and construction to occur with the shortest possible lead-in period. IDEA (UK) is planning to invite a branded Hotel Operator to Operate and manage the Resort on its behalf. There it is envisaged that there may be a further lead-in period after construction completion before the Resort opens its doors to the public.

The Construction Programme of the Konakrīdee Coastal Resort (Phase 1a) will not only be characterised by the construction of the Resort Facilities but also the Roads, Marine Works, Power Generation Facility, Water Supply and Treatment Works and Waste Management Services works required to support both the Resort and the small fishing village of Konakrīdee to the south of the Resort.

The Construction Programme of the first part of the Mape Town (Phase 1b) is also expected to be of 2-year duration however it will not start until sufficient demand for the Mape Town properties has been converted to sales. The completion of the residential properties on the Coastal Resort site will mean that Investors and homeowners alike will be able to visit the resort and see and experience the quality of the homes that will be provided at Mape Town. Therefore the completion of the resort in advance of the town not only facilitates an early flow of revenues but also acts as a valuable marketing tool for the sale of the homes at the Mape Town.

The construction programme associated with Phase 1a and 1b will be coordinated so as to be fully completed within a 4-year timescale (as shown in Figure 3.3). IDEA (UK) currently envisages that it will require a total of circa \$125m of capital to realise the development of Phase 1a (Konakrīdee Coastal Resort) (\$35m) and Phase 1b (Part of the Mape Town) (\$90m) of the Mape Project. With regards to the Konakrīdee Coastal Resort, it is envisaged in the Base Case Scenario that the \$35m of capital can be funded by a combination of 30% equity and 70% debt.

### 6.3 Operations

On construction completion and the subsequent pre-operation activities of the branded Hotel Operator, the resort will be open to the public. The Project Company will own the Coastal Resort through a Resort Company/Division who will enter into a management contract with the branded Hotel Operator to operate and manage the resort. The branded Hotel Operator will operate and manage the Resort Hotel and entertainment centre and will also be responsible for leasing out the commercial premises within the resort to third parties.

In addition to owning the Coastal Resort, the Project Company will also own the assets used to deliver the energy, water and waste management services through an Infrastructure Company/Division. The Infrastructure Company therefore intends to deliver a service to the Resort Company and anticipates income streams as follows:

1. **Estate Management:** To provide for the maintenance of the private road network leading to and within the Resort and Residential Estate and also the regular cleaning and maintenance of the beach.
2. **Energy Provision:** To provide electrical power, heating (for hot water) and cooling (for occupied rooms) to the Resort and the Residential Estate. In addition to providing power to the Resort, the Infrastructure Company will also provide public area lighting for the existing Konakrīdee fishing Village (as part of our corporate social responsibility).
3. **Water Provision:** – To provide potable water to all facilities and to receive and treat the waste water before discharge. In addition to providing potable water to the Resort, the Infrastructure Company will also provide running water via standpipes to the existing Konakrīdee fishing Village (as part of our corporate social responsibility).
4. **Waste Management:** To provide a waste management service to the Resort company for all solid waste matter.

## **7 CONCLUSION**

The Mape Project is an exciting and innovative venture to create an entirely new high quality town and associated coastal resort in the Kaffu Bullom Chiefdom of Sierra Leone. It targets the three end user groups (Tourists, Businesses and Residents) and complements the Sierra Leone Government's programme of development. It will improve the inflows of revenue from outside Sierra Leone and will act as a catalyst for similar developments elsewhere in Sierra Leone. IDEA (UK) is the promoter of the Mape Project.

Sierra Leone is a small country with a fast growing travel and tourism economy. The fiscal multiplier of tourism in Sierra Leone is high (=2.1) and therefore the indirect economic activity brought about by the Mape Project will be significant. Other long terms benefits of the Mape Project will include:

- Improved standards of living and increased numbers of returning Sierra Leoneans;
- Positive international awareness
- to increased visitor numbers to Sierra Leone and reduced cost of the flights;
- Increased number of sustainable businesses, jobs and economic activity;

Investors will be part of an exciting Sub-Saharan African development project with the opportunity to get involved in other Mape-based businesses. The Mape Project will have a transformational impact on the Sierra Leone Travel and Tourism Industry and IDEA (UK) will look to build on the changing business environment by looking to roll out similar developments in other parts of Sierra Leone. The project company has secured the tenure of all the project sites.

The Project team have also developed a high-level programme from the Detail Design through to "Go Live" Stage for both the Coastal Resort and the Town. The current programme is that the Coastal Resort will be completed in 2011 and the Town at the end of 2013.

The Mape Project will be built out in several phases and IDEA (UK) currently envisages that it will require circa \$125m of capital to realise the development of Phase 1a (Konakrdee Coastal Resort) and Phase 1b (Part of the Mape Town) of the Mape Project. The Directors have taken reasonable care to ensure that the facts contained herein are true and accurate in all respects and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no material facts the omission of which would make any statement herein misleading or untrue.