



TINAPA
C A L A B A R

Investors' Presentation

Investment Opportunity in Tinapa

February 2009



OUTLINE

- ▶ Executive Summary
- ▶ Nigeria - Country Overview
- ▶ Profile of Cross River State
- ▶ Tinapa - Project Overview
- ▶ Tinapa - Investment Incentives
- ▶ Financial Overview



EXECUTIVE SUMMARY

- The Tinapa Business Resort (“Tinapa” or “the Project”) is a N56 billion (US\$470 million) development located within the Tinapa Free Zone and Resort (TFZR), a Free Trade Zone, adjacent to Calabar Port and Calabar Free Trade Zone (CFTZ). Though supported by the Cross River State Government (CRSG), Tinapa is a fully private commercial venture
- Tinapa’s centre-piece is 65,000 sq m of warehousing and wholesaling facilities as well as retail outlets developed to serve importers using the Calabar Port and exporters who plan to target the West African sub regional market for consumer products.
- The Project structure highlights the following:
 - Project vehicle - **Tinapa Business Resort Limited (TBRL)**; a public limited liability company incorporated in Nigeria which acts as project sponsor and developer and enters into contracts with tenants and providers of key services
 - TFZR is to be managed by Tinapa Business Resort Free Zone Company (TBRFZC) a subsidiary of TBRL in conjunction with world-class professional firms such as Broll
- Tinapa’s financial viability is driven primarily by import, export and trading activities in addition to services offered by the leisure and tourism components of the Project



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POLITICAL ENVIRONMENT

Political Landscape:

- Relatively calm and stable following successful transition to civilian rule in 1999
- Achieved first successful transition from one civilian government to another in May 2007
- The implementation of a credible reform programme has resulted in improved global perception of Nigeria as evidenced by the following:
 - Improvement in ranking on the Transparency International Corruption Index (up from 142 in 2006 to 121 in 2008). One of the most improved countries over the period.
 - Exclusion from the Financial Action Task Force list of non-cooperative countries in the fight against money laundering and terrorist financing

Political Outlook:

- Expected to remain calm and stable as the nation settles for a term of four years under the present civilian administration
- The implementation of the Niger Delta Development Plan is expected to reduce the crisis in the region



ECONOMIC ENVIRONMENT

- GDP:**
- US\$215.3 billion (2008)
- Economic Growth:**
- Average real GDP growth rate of 6% per annum from 2003 to 2008
- Exchange Rate:**
- The Naira appreciated significantly in 2007. However, it has depreciated recently on the back of international oil price pressures. Currently at N151:US\$1
- Inflation:**
- Single digit inflation achieved in the last two years. However, year-on-year inflation stood at 15.6% as at December 2008.
- FDI:**
- Significant growth from US\$1.1 billion in 2001 to US\$2 billion in 2007
- Sovereign Risk:**
- Fitch upgraded Nigeria's local currency rating to "BB" from "BB-" in May 2008 and maintained the foreign currency rating at "BB-".
 - Credit rating of BB- and B by Fitch and Standard & Poors (S&P) respectively in 2006



ECONOMIC ENVIRONMENT

Personal Disposable Income:

- Growth in aggregate personal disposable income from US\$26.6 billion in 2001 to US\$50 billion in 2007

External Reserves:

- Grown from US\$7.5 billion in 2003 to US\$53 billion by December 2008.

Foreign Trade:

- Exports are dominated by oil. Trade surplus was US\$23 billion in 2007 (estimated at US\$31 Billion in 2008). However, this is estimated to contract in the near term due to low oil prices.

External Debt:

- Total external debt stock is currently US\$3.1 billion (as at June 2008), down from about US\$32 billion in 2005.

Stock Market:

- Market capitalisation of the Nigerian Stock Exchange grew by 227% from US\$24 billion in 2005 to about US\$85 billion as at January 2008 but dropped by about 100% in 2008. This was due to domestic and global market crash.



INVESTMENT INCENTIVES

- The Federal Government of Nigeria (FGN) established the Nigeria Investment Promotion Commission (NIPC) as a one-stop-resource for exploring and planning foreign investment and new business in Nigeria
- To encourage further inflow of direct investment, FGN has streamlined investment regulations for foreign firms seeking to invest in Nigeria:
 - Liberalisation of exchange control regulations and abolishment of all restrictions on the importation of foreign capital
 - 100% repatriation of dividends
 - 100% foreign ownership
 - 100% exemption from all taxes for companies licensed to operate in several free trade zones across the country
 - Additional incentives for (pioneer status) for applicable industries



SOCIAL ENVIRONMENT

Population:

- 140 million people based on 2006 national census (annual growth rate of 3.2%) offers a large domestic market

Urbanisation:

- 46% of population

Age distribution:

- Significant proportion of the population estimated at 92% is below 65 years hence relatively young population with high demand for leisure and tourism related activities

Per capita income:

- US\$1,350 per head

Income distribution:

- Income is highly concentrated in Nigeria as the top 20% of the population accounts for 80% of the nation's income which translates to a market of about 28 million people with a per capita income of US\$4,000 per head. Though highly skewed, there is a rapidly growing and expanding middle class.



TECHNOLOGICAL ENVIRONMENT

The pace of technological development in Nigeria has improved in the last few years as evidenced by the:

- Increased internet usage from 200,000 users in 2000 to 20 million in 2008 (*ITU*)
- Increased use of real-time operations by the banking and oil and gas sectors
- Adoption of ATM technology and card payment system (over 26 million cards have been issued to date and there are currently about 6,200 ATMs in use in Nigeria)

However, despite the recent progress, technology is yet to achieve wide spread adoption as investment in the sector remains low, with implementation often restricted to few sectors of the economy



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CROSS RIVER STATE

Geography

- ▶ Land area of 21,787 sqm
- ▶ South-east of Nigeria, frontier to Cameroon, Sao Tome
- ▶ Located on the West-African coast

Demographics

- ▶ 2.9 million people, growing at 2.5% p.a.
- ▶ 70,000+ high-income consumers

State economy

- ▶ Primarily agrarian
- ▶ Tourism, construction, forestry, fisheries also key growth drivers
- ▶ 15th largest economy in Nigeria
- ▶ Largest Free Trade Zone in Nigeria with over 30 companies located in the Calabar Free Trade Zone
- ▶ 3rd largest port in Nigeria (recently concessioned)

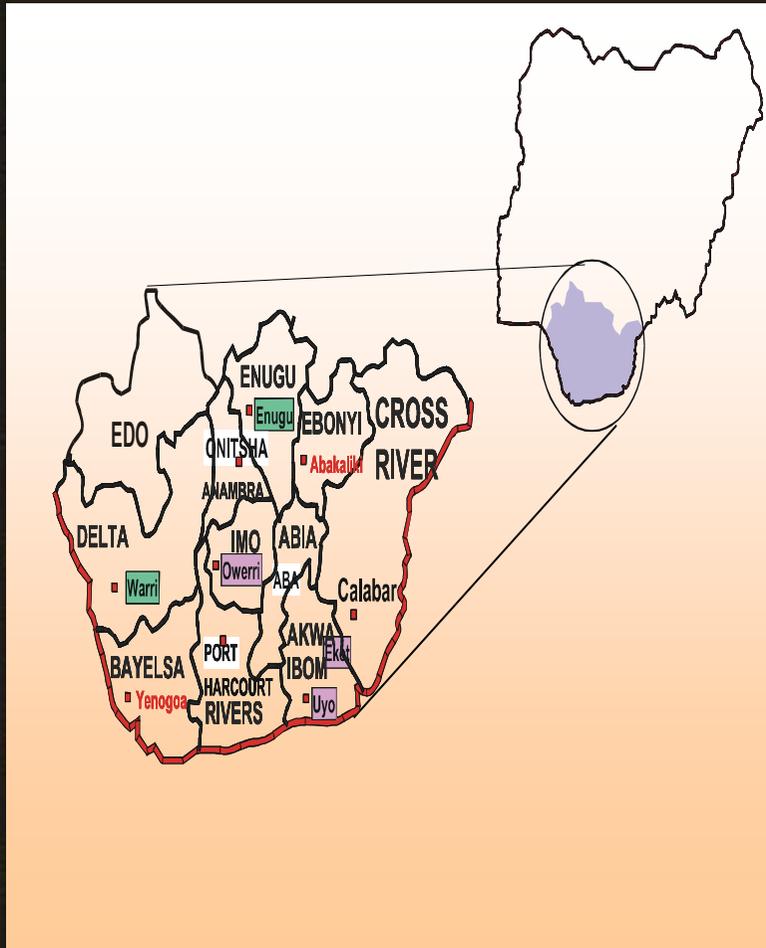
Recent Developments

- ▶ Integrated infrastructure development program
- ▶ Revamping of agricultural sector
- ▶ Establishment of several tourism initiatives
- ▶ Establishment of Tinapa Free Zone and Resort adjacent to the Calabar Port





CROSS RIVER STATE



- Cross River State is blessed with abundant natural resources which include oil and non-oil mineral resources, but agriculture is the main contributor to its GDP
- Cross River State is a peaceful State with a low crime rate and few incidents of communal violence
- The moderate contribution of offshore oil production to Cross River's economy reduces incidences of communal dissatisfaction as witnessed in onshore oil producing states in the Niger Delta region
- In spite of the above, the State Government is undertaking an overhaul of the police force in the State, a project estimated to cost over US\$4 million and aimed at reducing response time, in order to ensure adequate security of lives and property within the State



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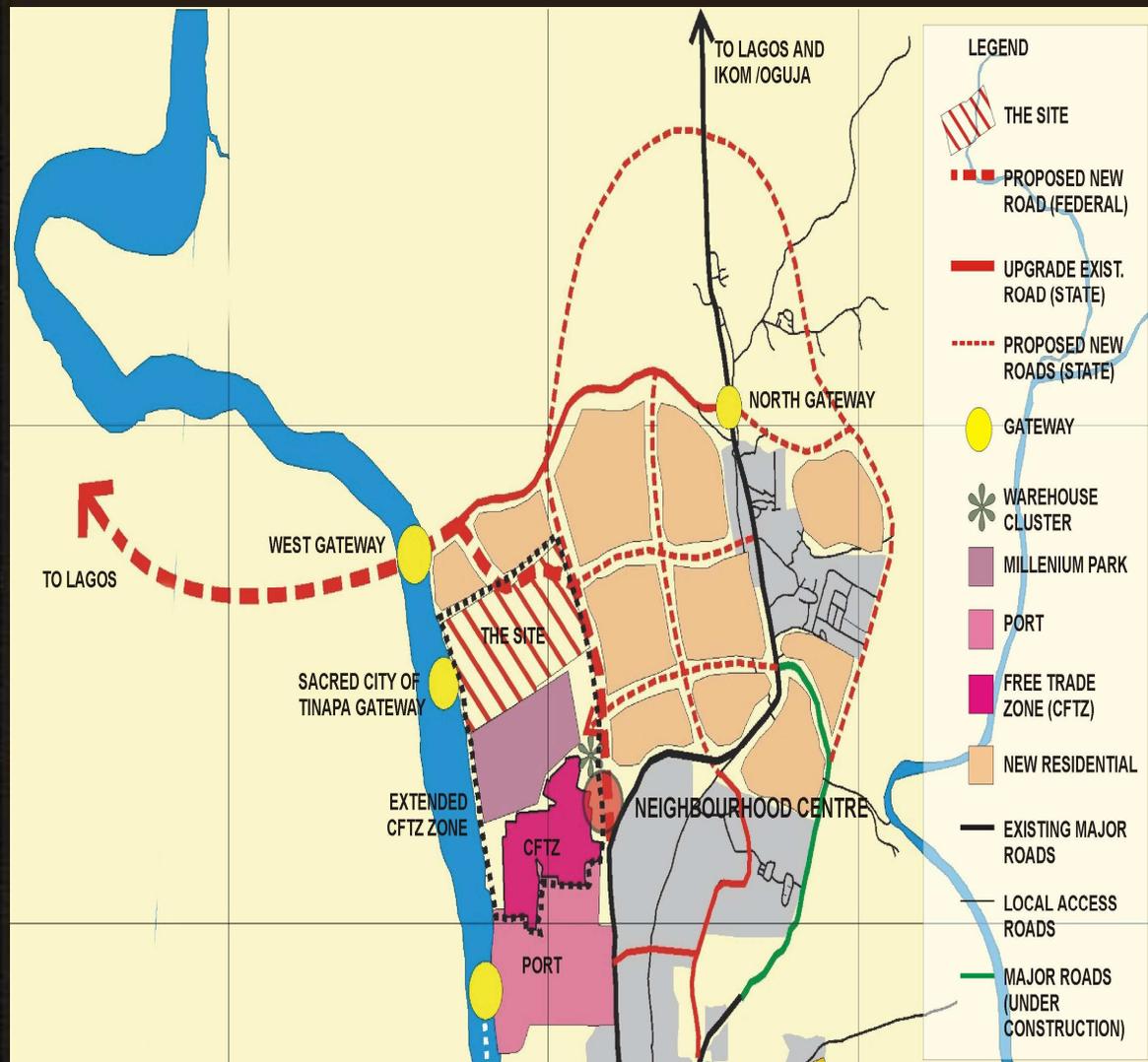


PROJECT OVERVIEW

- Tinapa is a mixed-use development located within the TFZR and adjacent to the Calabar Port and the CFTZ in Calabar, Cross River State, Southern Nigeria
- The Project was conceived by CRSG to play a catalytic role in establishing Cross River State as a trade and distribution hub in West Africa while at the same time providing a unique tourism experience that will inform the growth of tourism in the State and Nigeria as a whole
- A phased approach comprising four phases, has been implemented in developing the Project. The initial phase comprising strong retail facilities complimented by entertainment facilities is expected to form a critical mass of attractions to pull a core market that will form the foundation for the development of a business and leisure tourism market
- Towards this end, Tinapa is expected to comprise a wide range of complimentary components which include, trade and distribution, accommodation, conferencing, entertainment, leisure, food and beverage, cultural and educational, agritourism and ecotourism facilities.
- Consequently, Tinapa is conceptualised as a world-class integrated leisure and business resort and a global trading hub, the first of its kind in Africa



PROJECT SITE, FREE TRADE ZONE and CALABAR PORT



- ▶ Tinapa is adjacent to the existing CFTZ and the Calabar Port



PROJECT RATIONALE

First Mover Advantage

- ▶ Presently the non availability of similar service offering in the West and Central African sub-region offers first mover advantage
- ▶ The project will exploit the existing frustrated demand for such services which has seen both locals and expatriates go seek alternative destinations abroad

Proximity to Market

- ▶ Strategic location of Calabar on the West African coast and its close proximity to Central Africa provides strong opportunities for Tinapa to tap into both markets
- ▶ Close proximity to the CFTZ also presents opportunities for manufacturers in the zone to expand their activities due to increased trade

Easy Accessibility

- ▶ Close proximity to the Calabar Port and airport
- ▶ CRSG has executed a loan agreement for the construction of a monorail connecting TFZR to the airport to further improve accessibility

Availability of Requisite Infrastructure

- ▶ Independent Power Project (IPP) to ensure uninterrupted power supply
- ▶ Integrated information and communication technology to service operators within the complex
- ▶ Construction of dam to provide continuous water supply

Reduced Business Risk

- ▶ Project concept promotes diversification of target markets and reduces business risk



TARGET MARKET

Calabar residents and South East Nigeria

- Population - 42 million people
Strong middle class employed by oil companies and multinationals
- High consumer demand evidenced by significant telecoms spending

West African traders, shoppers and leisure seekers

- Opportunity supported by Calabar's proximity to WA countries and the Calabar Port and CFTZ
- Significant trade potentials demonstrated by huge population size (over 140 million people - excl. Nigeria) and existing intra region trade (US\$10.75Bn)

Nigeria business community, traders and wholesalers

- Geared towards wholesale and retail trade
- Potential to expand sub-regional trade within West and Central Africa

Nigerian shoppers and leisure seekers

- Focus on middle and upper income class shopping abroad - estimated spend about N53 billion per annum
- Growth potential - 88% increase in disposable income between 2001 to 2007

Expatriates resident in Nigeria

- Usually foreign nationals seconded by large MNCs, working for short/medium term
- Expatriate visits grew by a CAGR of 49% from 100,000 (1999) to 400,000 (2004)

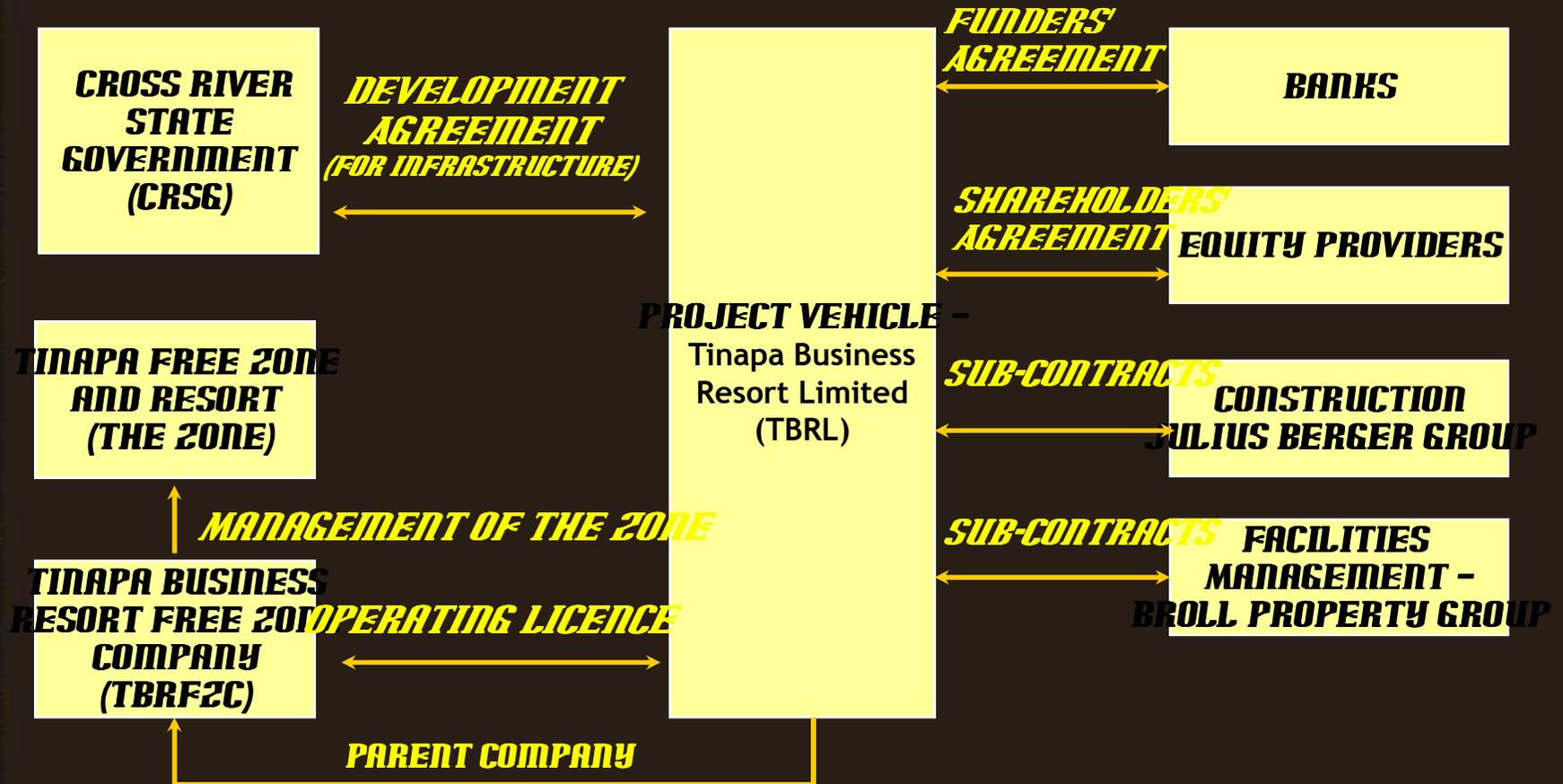
International arrivals to Nigeria

- Total number of international arrivals to Nigeria in 2004 - 2.7 million
- Arrivals are driven primarily by the business sector

Tinapa will serve a diversity of customer segments



PROJECT STRUCTURE



TINAPA IS PRESENTED AS A PPP STRUCTURE

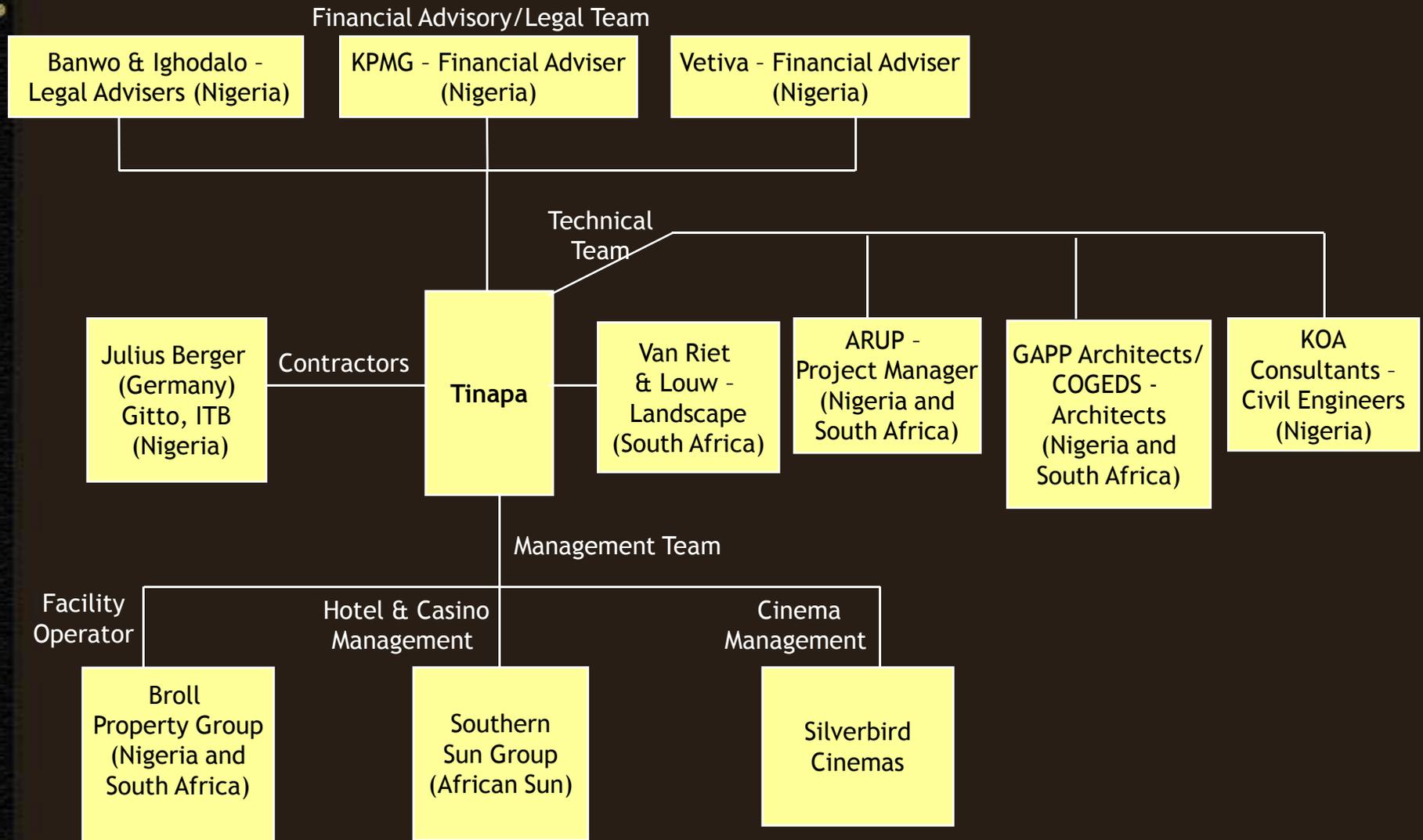


PROJECT SPONSOR AND SHAREHOLDERS

- Though conceived by CRSG, Tinapa is a fully private commercial venture
- Major stakeholders in the Project include:
 - ▶ CRSG as the major promoter of the Project:
 - Conceived and funded feasibility studies for project
 - Played a key role in arranging financing and securing approvals
 - Granted land and contributed significantly towards infrastructure
 - Expected to control project until completion of construction
 - To retain a maximum of 10% equity stake in the Project at completion
 - ▶ Several Nigerian banks with equity investments in the Project
 - ▶ FGN through provision of permits and guarantees for the financing of the Project



KEY PROFESSIONAL PARTIES INVOLVED





PROPOSED PHASES OF DEVELOPMENT

Phase
One

Phase One
(Ongoing)

Consists of assets owned by TBRL which include:

- A shopping complex comprising:
 - ▶ four wholesale emporiums of 10,000 square metres (sqm) each
 - ▶ 54 line shops
 - ▶ a fast food court with take away outlets and a communal sitting area
 - ▶ an administrative centre
 - ▶ parking for approximately 4,000 cars and coaches
- A warehouse cluster of four warehouses with a combined lettable area of 17,000 sqm
- A 242-room hotel (inclusive of 59 executive suites) of three star standard
- An entertainment strip which includes:
 - ▶ an 8 screen cinema complex (1,915 seats)
 - ▶ a casino of international standard
 - ▶ Restaurants
 - ▶ a fisherman's village comprising themed bars, a themed nightclub and an arts and crafts village with 20 stalls
 - ▶ a games arcade and ten pin bowling alley
 - ▶ an Internet and Newscafé
 - ▶ a children's play area
- The entertainment strip also includes assets which were financed solely by CRSG in addition to its equity investment in the Project. These include:
 - ▶ leisure land / waterworld
 - ▶ a film studio of international standard



PROPOSED PHASES OF DEVELOPMENT



- ▶ Construction of Phase 1 is on-going nevertheless it was formally commissioned by former President Olusegun Obasanjo in April '07.
- ▶ Details of construction update are presented below:

Tinapa Project	% Completion	Date of Final Completion	Contractor
Shopping and entertainment	100	Completed	Julius Berger
Mechanical & electrical works	90	TBD	Nairda
Warehouses: ▶ Civil works ▶ Steel works ▶ Wet works	100 50 50	Completed TBD TBD	Julius Berger Global Structures CAT Construction
Hotel: ▶ Building works ▶ Furniture fixtures & fittings	100 100	TBD	ITB CCC&C
Fixtures & fittings: ▶ Cinema ▶ Casino	15 10	TBD	TBD TBD

TBD - To Be Determined (dependent on fundraising timeline)



PROPOSED PHASES OF DEVELOPMENT

Phase
One

Infrastructure (CRSG)	% Completion	Date of Final Completion	Contractor
Infrastructure works	100	Completed	Julius Berger
Leisure land	100	TBD	Ponet
Lake dredging	100	Completed	Van Oord
Independent Power Plant (IPP)	100	Completed	CET Power
Movie studio (JV between CSG and Dream Entertainment)	90	TBD	Dream Entertainment

TBD - To Be Determined (dependent on fundraising timeline)



PROPOSED PHASES OF DEVELOPMENT

Phase Two



Phase Two

- A hotel and conference complex including:
 - ▶ 200 room, branded international four star hotel
 - ▶ conference centre with a main ballroom seating up to 1,000 delegates
 - ▶ three boutique stores of 50 sqm each
 - ▶ business centre
 - ▶ fitness centre
- Expansion of leisure and entertainment facilities to include:
 - ▶ water sports facilities
 - ▶ quad biking track
 - ▶ archery range
 - ▶ clay pigeon shooting area
- Expansion of cultural and education components to include:
 - ▶ 10 additional stalls with craft making area
 - ▶ fisherman's wharf
 - ▶ restoration and upgrading of the existing Old Residency Museum in Calabar



PROPOSED PHASES OF DEVELOPMENT

Phase
Three
&
Four

Phases Three
& Four

- Accommodation facilities including:
 - ▶ 150 room, branded international four star hotel
 - ▶ luxury beach lodge with 30 letting units
 - ▶ luxury bush lodge with 30 letting units
- Agritourism in the form of a tropical fish farm
- Ecotourism in the form of an exotic bird aviary
- A primate rehabilitation centre which will cover an area of approximately 20,000 sqm



UPDATE ON RECENT DEVELOPMENTS (1)

REGULATORY UPDATE

- ▶ Gazetting of the Procedures and Operational Guidelines for the Zone by the Federal Government of Nigeria

COMMENCEMENT OF ACTIVITIES

- ▶ Tinapa currently attracts up to 500 visitors daily. About 3,000 daily visitors were recorded during the Trade expo
- ▶ Boat facility from Tinapa to Calabar town - February 2009
- ▶ Water Park and Leisureland - December 2008
- ▶ Seaworld Amusement Arcade & Family Centre - December 2008
- ▶ Amber Tinapa Hotel - December 2008.

AMBER TINAPA

- ▶ 242 Rooms (59 Suites, 183 Standard)
- ▶ Commenced trading on 22 December 2008
- ▶ Occupancy at 6% in the 1st month of operation.
- ▶ Easily the best in Calabar, facilities, all fully-fitted, include kitchen, bar, laundry, breakfast and dining area, landscaped external areas, car park
- ▶ Managed by African Sun Limited



UPDATE ON RECENT DEVELOPMENTS (2)

CALABAR PORT

- ▶ Port currently recording increased activity levels since concessioning to EcoMarine
- ▶ Dredging commenced but facing slow progress due to hitches between contractors and the Nigerian Port Authorities

LEASING UPDATE



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INCENTIVES & CONCESSIONS AVAILABLE IN THE TFZR (1)

- Legislative provisions pertaining to taxes, levies, duties and foreign exchange regulations shall not apply within the Zone
- Repatriation of foreign capital investment in the Zone at any time with capital appreciation of the investment
- Remittance of profits and dividends earned by foreign investors in the Zone
- No import or export licenses shall be required
- Up to 100% of their products may be exported into the Nigerian Customs Territory against a valid permit, and on payment of appropriate duties, subject to extant fiscal guidelines of Government
- Allocation of land and space at a rent as determined by Zone Management
- Up to 100% foreign ownership of business in the Zone allowable.



INCENTIVES & CONCESSIONS AVAILABLE IN THE TFZR (2)

- Foreign managers and qualified personnel may be employed by companies operating in the Zone
- The import duty on goods in commercial quantity exported into the Nigerian Customs Territory, shall be the rate applicable in the Nigerian Customs Territory (in the state in which they are originally introduced from the Zone); and
- Any special product imported into the Zone under this Scheme
 - ✓ on which value has been added without changing the essential character of the product after processing in the Zone; and
 - ✓ intended for the Nigerian Customs Territory shall be granted 75% of the chargeable import duty as tariff rebate



INCENTIVES & CONCESSIONS AVAILABLE IN THE TFZR (3)

- Persons who purchase goods up to a maximum of N50,000 (Fifty Thousand Naira) or its equivalent within TFZR, in respect of which valid receipts from approved enterprises operating within the Zone, have been issued, shall be entitled to import such goods into the Nigerian Customs Territory, duty free and all customs and other licensing requirements that apply to goods imported into Nigeria Customs Territory from other countries shall not apply to such goods
- Imported goods conveyed through other ports outside the Zone but consigned to the Zone shall not be subject to VAT
- Tax returns to the FIRS for operators within the Zone shall be submitted through the Zone Management

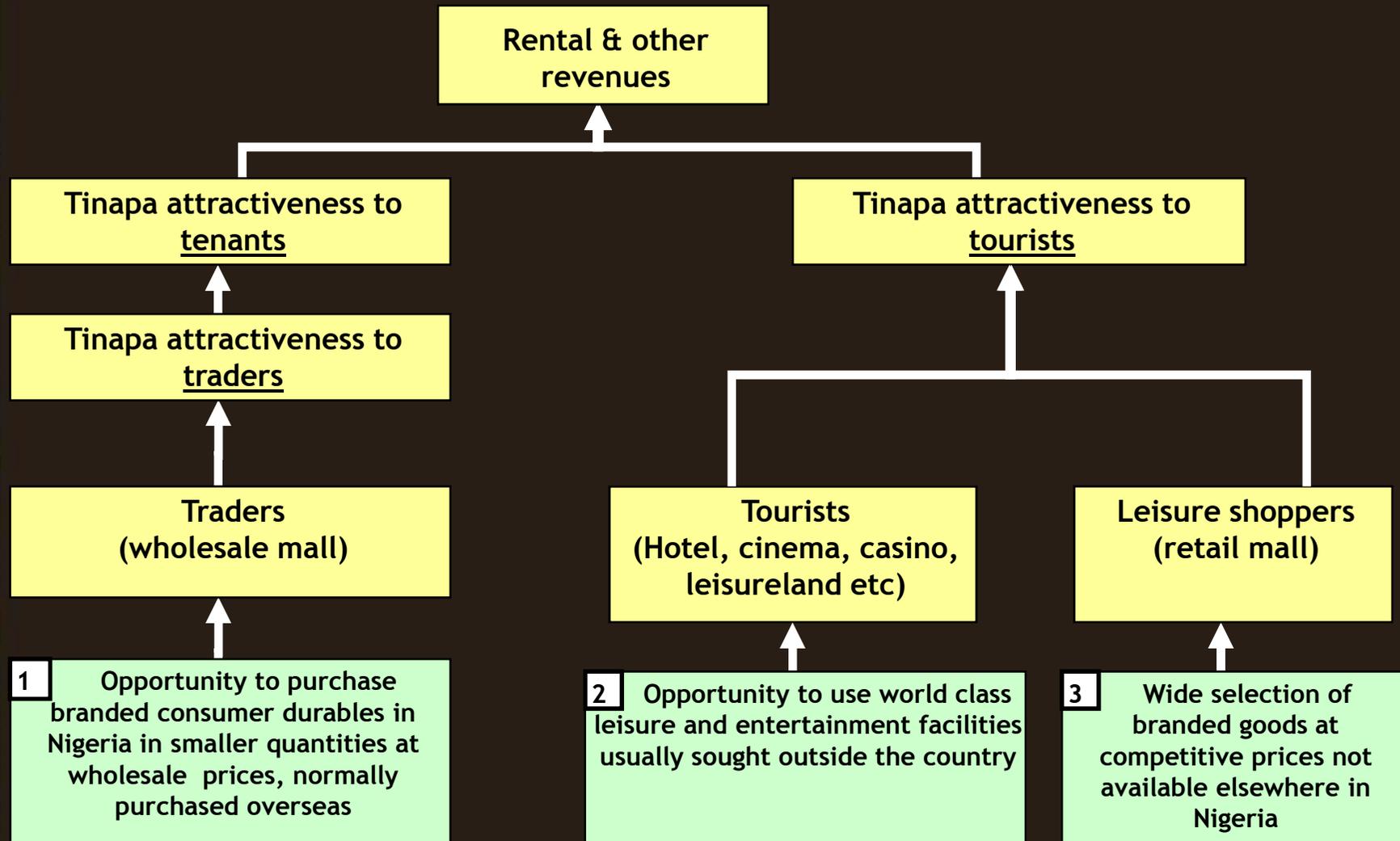


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KEY DRIVERS OF PROFITABILITY/PERFORMANCE





PROJECT COST AND FUNDING STATUS

Project Cost

Summary of project cost is presented below:

Description	N 'Bn
Construction Costs	29.98
Professional Fees	2.90
Cost of Funds	5.99
Other Expenses	0.74
IPP	2.00
Security	1.00
Project Cost	42.61
Infrastructure (CRSG)	13.27
Total Project Cost	55.88

Funding Structure

Details of sources of funds raised is as follows:

Description	N 'Bn
Deposit for shares:	
Banks and other investors	6.85
Total	
Preference Shares*	20.00
5-year Term Loan	5.00
12-month Bridge Finance	3.00
Total funding to date	34.85
Funding gap	7.76
Total Finance	42.61

* CRSG's exposure on redemption of N20 billion FGN guaranteed Tinapa zero-coupon bond. To be refinanced via additional equity investment and longer term debt finance



CONTACT DETAILS

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AFRICA'S PREMIER BUSINESS RESORT