Market and Feasibility Study – Star of Maputo

Maputo, Mozambique

June 2013

Premier SUPERSPAR

Drake & Scull

DOLMEN real estate development

SCRAPERS


Some people dream of great accomplishments, while others stay awake and do them – Danielle Luedtke

Shareholders Philosophy

The partnership for the project was established based on a common philosophy shared between the different parties involved. Along their long track record in their fields, they all share a common idea of creating a healthy empowering environment in the projects they engage in. Starting from this point, the shareholders started searching for a fast growing economy that would be a safe haven for their capital. A thorough research and numerous site visits were conducted, the shareholders met with Mr. Hussein Ahmad, a well-known businessman in Mozambique. During the visit of the President of Mozambique, his Excellency President Armando Emilio Guebeza and the First lady Maria Da Luz Doi Guebuza to Dubai, the partners admired the vision set by his Excellency and the leadership positions he has acquired.

Following their philosophy in creating a healthy environment, the partners decided to set an example for the African countries by creating a vigorous environment through empowering the people of Mozambique. Their philosophy was through securing a healthy life for the citizens and a better living; this would provide a better environment for their investments. The strategy was to relocate 520 families and provide them with a world class village through constructing new houses and providing all the facilities needed in hope of creating a prosperous region in the heart of the capital, Maputo.

On behalf of the shareholder, we would like to thank his Excellency President Armando Emilio Guebeza and First lady Maria Da Luz Doi Guebuza for providing the opportunity to empower the citizen of their beloved country.

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Section 1
Executive Summary

- One of the most striking features of Africa is the continent's sheer size. At 11.7 million square miles and representing over 20 percent of the Earth's landmass, Africa is larger than the United States, China, India, Europe, United Kingdom, and Japan combined.
- The Southern African Development Community (SADC) is an inter-governmental organization headquartered in Gaborone, Botswana. Its goal is to further socio-economic cooperation and integration as well as political and security cooperation among 15 southern African states.
- The Silk Road M3 Fund will focus on Mongolia, Myanmar and Mozambique. Silk Road, which invests in emerging and frontier markets, said the three countries should be among the fastest-growing economies over the next decade, as their formerly socialist governments open their economies.
- Mozambique is situated in south east Africa and is bordered by the Indian Ocean to the east, Tanzania to the north, Malawi and Zambia to the north west, Zimbabwe to the west and Swaziland and South Africa to the south west.
- Mozambique's total population increased from approximately 17.4 million in 2003 to 23.5 million in 2012. The total population compound annual growth rate ("CAGR") over this period was approximately 2 percent.
- In the last 10 years, Mozambique's economy has grown steadily at an impressive rate of 7.7 percent per year, driven by the service sector, light industry, and agriculture. This pace is expected to continue or even increase with the massive influx of already-planned investment on the order of $15–20 billion.
- The demand for the residential units is primarily driven by the expatriate and diplomatic community. After the recent news regarding the natural resources found in the country and the reforms done by the government, many international players are tapping the Mozambican market to be part of the potential investments taking place.
- Star of Maputo is a mix use project to be developed on one of the most strategic locations in Maputo. The project was initiated between the government of Maputo and Premier Group.
- In phase one of the project, a 400,000 sqm land is being bought in Mulotane, Boane Land. Boane Land Village, the phase one of Star of Maputo will be built on the land to accommodate 520 families that are currently living in lands 45 and 46 in Malhangane "B".
- Phase 2 of the project is under study to be developed on the area 45 and 56 of Malhangane "B". The land size is around 75,000 sqm. The land is strategically located on a rapidly developing area in Maputo.

Section 2
Introduction to the African Continent

As of mid-year 2010, the continent's population totaled 1.03 billion

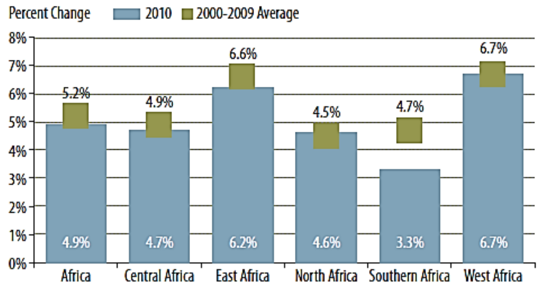
Continent Overview

One of the most striking features of Africa is the continent's sheer size. At 11.7 million square miles and representing over 20 percent of the Earth's landmass, Africa is larger than the United States, China, India, Europe, United Kingdom, and Japan combined. The African continent is comprised of more than 50 countries including South Sudan, which was declared independent on July 9, 2011. Among those countries that are members of the United Nations, on the continent itself, there are more than 40 countries, comprising sub-Saharan Africa. In addition, six countries comprise North Africa, and another six are island nations. And finally, there are various other partially recognized or unrecognized states, dependent territories, or territories considered parts of a non-African state (such as the Canary Islands, which are administered as part of Spain).As of mid-year 2010, the continent's population totaled 1.03 billion (or approximately 15 percent of the world's population), with Nigeria by far the most populous nation exceeding 158 million. The next largest countries by population are Ethiopia (84.9 million), Egypt (84.5 million), Democratic Republic of Congo (67.8 million), and South Africa (50.5 million). The African continent is truly defined by its diversity, with lands spanning both the northern and the southern temperate zones; geographies ranging from desert to rainforest to plains to mountains; and a populace with descendants from many different lineages, practicing a wide variety of religions, and speaking hundreds of languages. In South Africa alone, there are 10 languages that are commonly spoken and many of the country's citizens are conversant or fluent in five or more languages.

Economic and Political Overview

Economic and political diversity and stability are equally stark, with often dire consequences—such as sustained conflict and impeded development—for the nations that are most negatively impacted. Countries like Somalia, Chad, Sudan, and Democratic Republic of Congo continue to face significant obstacles, many of which can be attributed to ongoing questions concerning the legitimacy and sustainability of the government. Widely used measures of the success of governance (or lack thereof), such as The Fund for Peace's Failed States Index and the Ibrahim Index of African. Of the 20 worst-scoring countries in The Fund for Peace's annual Failed States Index, 14 are situated on the African continent. On the other hand, countries like Namibia, Mauritius, Ghana, Botswana, and South Africa have been quite stable and do not suffer from the same uncertainty surrounding the legitimacy and sustainability of the state.

Africa Real GDP Growth



Source: African Statistical Yearbook 2011. AfDB, UNECA et al.

2010 Ibrahim Index of African Governance. Scored 0-100 where 100=best

1	Mauritius	83.0
2	Seychelles	78.5
3	Botswana	75.9
4	Cape Verde	75.5
5	South Africa	71.5
6	Namibia	67.3
7	Ghana	64.6
8	Tunisia	62.1
9	Egypt	60.5
10	Lesotho	60.1
11	Sao Tome and Principe	58.2
12	Benin	56.6
13	Morocco	56.6
14	Senegal	56.3
15	Algeria	55.2
16	Tanzania	55.0
17	Zambia	54.9
18	Gambia	53.0
19	Mali	52.9
20	Mozambique	52.1
21	Burkina Faso	51.9
22	Malawi	51.7
23	Libya	51.5
24	Uganda	50.8
25	Swaziland	50.8
26	Kenya	50.5
27	Gabon	50.1
28	Madagascar	48.7
29	Comoros	48.5
30	Djibouti	48.5
31	Rwanda	47.2
32	Sierra Leone	46.0
33	Burundi	44.7
34	Cameroon	44.2
35	Ethiopia	43.5
36	Mauritania	43.4
37	Nigeria	43.3
38	Liberia	43.2
39	Togo	42.6
40	Niger	42.3
41	Congo	42.0
42	Angola	39.3
43	Guinea-Bissau	39.1
44	Cote d'Ivoire	36.8
45	Guinea	35.6
46	Equatorial Guinea	34.7
47	Sudan	32.9
48	Central African Republic	32.7
49	Zimbabwe	32.7
50	Eritrea	31.8
51	Congo, Democratic Republic	31.1
52	Chad	28.8
53	Somalia	7.9

The McKinsey Global Institute estimates that the African continent has 10 percent of the world's reserves of oil, 40 percent of its gold, and 80 to 90 percent of the chromium and platinum group metals.

Foreign Direct Investment (FDI) will continue to play a critical role as a source of financing for ongoing infrastructure build-out and the development of new industries, which should, in turn, lead to job creation and other economic and geopolitical stabilizing forces. A recent U.N. report stated that FDI flows to Africa increased from just $2.8 billion in 1990 to $58.6 billion in 2009. The continent's share of global FDI flows rose from 1.4 percent to 5.3 percent over the same period. In addition, although the U.S. and EU remain the most important sources of FDI for African countries, there is evidence that other large developing countries (such as Brazil, China, and India) are increasingly important sources of flows and investment to Africa. The same U.N. report noted that China, in particular, has been a significant contributor to infrastructure, with China's infrastructure finance commitment in sub-Saharan Africa increasing from **$470 million to $4.5 billion between 2001–2007, and is estimated to be well over $5 billion in 2008.** Many investors from China are playing an important role in Africa, with the general perception being appreciative, in the sense that the African investment community believes that China seems to better understand the risk/reward trade-off of investing in Africa compared to Western investors. However it is worth noting that, at the moment, FDI inflows are unevenly distributed, with a large share going to a limited number of oil-exporting countries. Additional progress must be made in attracting investment into a more diversified set of sectors before FDI flows can provide broad-based benefits to growth and progress throughout the continent.

Agriculture is critical to the future growth of Africa, as it contributes over **15 percent of the continent's total GDP** and provides livelihoods for about 60 percent of the continent's active work force. However, many of these laborers are barely more than subsistence farmers, and farmers' yields have stagnated for many years. Africa ranks lowest in the world in its use of technology for boosting agricultural productivity, with less than four percent of the continent's water resources harnessed and only seven percent of its arable cropland irrigated (compared to 40 percent in Asia). In addition, fertilizer consumption and use of pesticides are the lowest in the world. Crop yields and labor productivity must be improved, particularly as the continent's population grows and urbanizes.

Commodities/Natural Resources of the African continent are well-known to be abundant. The McKinsey Global Institute estimates that the African continent has **10 percent of the world's reserves of oil, 40 percent of its gold, and 80 to 90 percent of the chromium and platinum group metals**. Among the 99 countries ranked by the CIA's The World Fact book as having proved reserves of oil, Libya (eighth), Nigeria (ninth), Angola (15th), Algeria (16th), and Sudan (20th) are all in the top 20. Among the 103 countries ranked by The World Fact book as having proved reserves of natural gas, Nigeria ranks eighth and Algeria ranks tenth. Paper is another potential growth area, as Africa has large areas of forest and woodlands, but paper usage in Africa remains lower than the rest of the world.

Increasing urbanization and related growth of the middle-class African consumer: As the chart to the left illustrates, UN HABITAT projects that urban populations in Africa—numbering around 400 million people today (40 percent of the total population)—likely will double by 2030 and triple by 2050 (close to 60 percent of the total projected population). The rapid expansion of cities should help jump-start industrialization and boost productivity in Africa, as well as spur infrastructure projects within and around the growing cities. The rising middle class, in time, should begin to join the ranks of the world's consumers. McKinsey Global Institute estimates that the number of households on the continent with $5,000 or more in income will rise from 59 million in 2000 to about 106 million in 2014, and further notes that Africa already has more middle-class households (defined as those with incomes of $20,000 or more) than India. As this trend continues, demand for consumer durables as well as local products should grow.

Youthful population: With over **40 percent of its population below the age of 15,** Africa has the world's most youthful population. There are seven million to 10 million young people that enter the labor force each year. These young people will need to be educated and trained, and will need to have adequate services to support their health and lifestyle. This transition will require proper governance and policy-making, but, clearly, the large numbers of young people point to massive growth potential if their full productivity can be realized and sustained.

African countries have shown modest improvement on most measures of governance in recent years

The challenges and risks inherent in investing in Africa and realizing the continent's growth potential are well documented and remain vast. Without question, African countries continue to face many enormous challenges, such as:

Political instability and/or low quality of governance: African countries have shown modest improvement on most measures of governance in recent years, but still rank lowest in the world for many indicators, including transparency, human rights, and respect for the rule of law. Corruption remains a serious issue in most countries.

Disease/low life expectancy: Progress on improving health care has been slow, particularly vis-à-vis infant mortality, under-five child mortality, and maternal health/mortality. HIV/AIDS, and other diseases like malaria, remain major obstacles to improvements in overall life expectancy.

Inadequate infrastructure: Reliable electricity remains the biggest issue, with blackouts common. Provision of water and transportation are close behind. Roads are generally in poor condition and receive little maintenance in many countries, which can be particularly problematic in countries with extreme weather conditions. McKinsey Global Institute estimates that currently, **African governments and private sources are investing about $72 billion a year in new infrastructure across the continent,** with private infrastructure investment accounting for 13 percent of the emerging market total. However, there is much that still needs to be done.

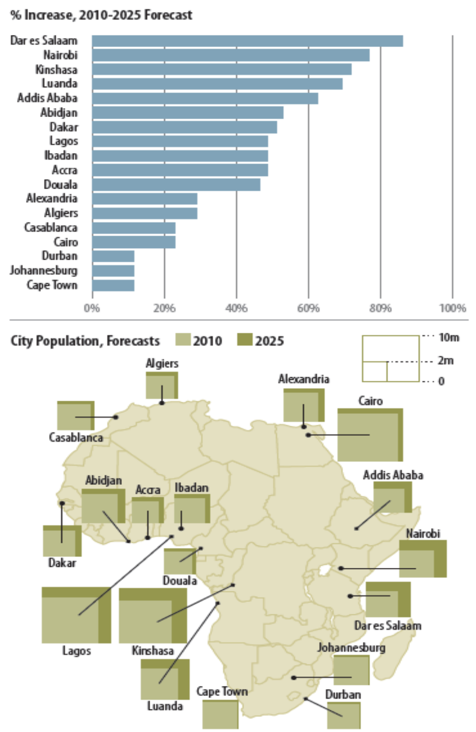
Extreme poverty: The World Bank's Research Development Group estimates that over 70 percent of people in sub-Saharan Africa live on less than $2.00 per day.

Low quality education: Illiteracy remains a major challenge, with adult illiteracy rates slowly improving overall but still over 40 percent in many countries.

Violence: Violent conflicts driven by a variety of factors continue to impede development in many countries.

High cost of doing business: In general, it is expensive to do business in Africa, due primarily to cumbersome bureaucracy and the lack of consistent or coherent regulatory and legal frameworks. Hiring people on the ground to handle these issues is costly.

Growth of African Cities



Data source: UN-HABITAT

The total market capitalization of all companies listed on African stock exchanges was $1.28 trillion

As of year-end 2010, 19 countries on the African continent had established stock exchanges: Botswana, Côte d'Ivoire, Egypt, Gabon, Ghana, Kenya, Malawi, Mauritius, Morocco, Namibia, Nigeria, Senegal, South Africa, Swaziland, Tanzania, Tunisia, Uganda, Zambia, and Zimbabwe. South Africa, Nigeria, and Egypt were by far the largest of these in terms of number of listed companies, although the Nigerian stock market's overall market capitalization has never fully recovered from the effects of the financial crisis in 2008. The smallest markets were Uganda and Swaziland, at less than $200 million in total market capitalization each. **The total market capitalization of all companies listed on African stock exchanges was $1.28 trillion, of which over $1 trillion was represented by the South African market.** The majority of the markets have fewer than 100 domestic companies listed. By way of comparison, the Johannesburg Stock Exchange has over 350 domestic companies listed, Frankfurt has over 800, and the New York Stock Exchange has over 4,000.

The MSCI indices have some sector and industry concentrations that should be noted. Although South African equities are fairly well diversified, the MSCI South Africa Index has a large allocation (23.4 percent as of June 30) to Metals & Mining companies. The MSCI Egypt Index, on the other hand, is concentrated in just three sectors—Financials (42.6 percent), Industrials (32.7 percent), and Telecommunication Services (24.6 percent). Finally, the MSCI Frontier Markets Africa Index is heavily concentrated in Financials (63.9 percent) —specifically commercial banks—and Consumer Staples (26.1 percent), which is fairly typical for frontier markets equities more broadly. Bond markets have a similar sliding scale to the equity markets in terms of their development and robustness across the various countries in Africa. Relatively new and still developing bond markets can be found in Côte d'Ivoire, Ghana, Kenya, Malawi, Namibia, Tanzania, Uganda, and Zambia. Mauritius and Nigeria have slightly more developed bond markets, while Botswana's and Egypt's markets are more advanced and are deepening. The South African bond market is the only market in Africa that can be rightly considered mature and is the only market in Africa that represents a meaningful allocation in any of the major emerging market sovereign bond indices.

African Countries' Inclusion in Major Equity Indices

	MSCI Emerging Markets Index	MSCI Frontier Markets Index	S&P Frontier Markets BMI	Russell Frontier Markets Index
Botswana	–	–	0.50%	0.40%
Cote d'Ivoire	–	–	0.50%	–
Egypt	0.34%	–	–	–
Gabon	–	–	–	0.10%
Ghana	–	–	0.20%	0.20%
Kenya	–	2.50%	1.90%	2.10%
Mauritius	–	1.21%	1.00%	1.90%
Morocco	0.15%	–	–	–
Namibia	–	–	0.10%	0.10%
Nigeria	–	6.80%	4.30%	8%
Senegal	–	–	–	0.40%
South Africa	7.30%	–	–	–
Tanzania	–	–	0.10%	0%
Tunisia	–	0.82%	0.50%	1.50%
Zambia	–	–	0.20%	0.00%
Total Africa	7.79%	11.33%	9.30%	14.70%

Note: MSCI data is from FactSet, using exposures as of June 30, 2011. Other index data was sourced from "Frontier Market Equity Investing: Finding the Winners of the Future" by Lawrence Speidell, CFA Frontier Market Asset Management; CFA Institute; May 2011.

African Countries' Inclusion in Major Bond Indices

	Sovereign Bonds			Corporate Bonds
	Dollar	Local Currency	Money Markets	Dollar
	JPMorgan EM Bond Index Global	JPMorgan GBI-EM Global Diversified	JPMorgan Emerging Market Local Markets Index Plus	JPMorgan Corporate EM Bond Index Diversified
Cote d'Ivoire	0.26%	–	–	–
Egypt	0.49%	0.19%	–	–
Gabon	0.25%	–	–	–
Ghana	0.20%	–	–	–
Nigeria	0.12%	–	–	0.53%
South Africa	2.42%	10.00%	4.70%	2.89%
Tunisia	–	–	–	–
Total Africa	3.74%	10.19%	4.70%	3.42%

Exposures shown are as of March 31, 2011
*Tunisia sovereign bonds were previously included (0.17% at December 31, 2010) but were excluded March 2011.
**Egyptian corporate bonds were previously included (0.75% weight at December 31, 2010) but were excluded January 2011.

Section 3
Introduction to SADC Countries

Members of the Southern African Development Community

The Southern African Development Coordination Conference (SADCC) was the forerunner of the socio-economic cooperation leg of today's SADC

SADC - Southern African Development Community

The Southern African Development Community (SADC) was established as a development coordinating conference (SADCC) in 1980 and transformed into a development community in 1992. It is an inter-governmental organisation whose goal is to promote sustainable and equitable economic growth and socio-economic development through efficient productive systems, deeper co-operation and integration, good governance and durable peace and security among fifteen Southern African Member States.

Member States: 15 countries
Year establsished: 1992
Land Area: 554,919 km squared
Population: 277 million
GDP Annual growth Rate: 5.14%
GDP (2010): 575.5 billion USD
Inflation (2010): 7.7%

Exports and Imports

Main intra SADC trade export items include petroleum oils, agricultural products, electricity and some clothing and textile products. Main export items to the rest of the world consist of predominantly export of resources (e.g. coal, ferrochromium, manganese ores, platinum, as well as precious metals and diamonds), resource intensive manufactured goods, mainly for the automotive industry, some clothing and textiles, and tobacco.

The highest share of total SADC exports over time is to the Asia Pacific Market, followed by the EU market. Trade within Africa is the smallest and of this the majority is intra SADC trade

Section 4
Introduction to 3M Countries

Introduction to 3M Countries

As a basis for an international alliance, a common first letter might not seem as natural as a common language, religion, or geography. But Mongolia needs all the friends it can get. Silk Road Management has launched a new hedge fund focused on three countries more likely to be missed on a map than to feature in a portfolio.

The Silk Road M3 Fund will focus on Mongolia, Myanmar and Mozambique. Silk Road, which invests in emerging and frontier markets, said the three countries should be among **the fastest-growing economies over the next decade**, as their formerly socialist governments open their economies. The three countries also have large pools of untapped resources and strong economic links to the great emerging-market success stories of Brazil, Russia, India, China and South Africa. Silk Road **said annual growth should be in the double-digits for the next 10 years.**

"The governments of Myanmar, Mongolia and Mozambique are committed to developing functioning local stock exchanges which would spur active participation of international investors in domestic capital markets," Silk Road said. "Interestingly, M3 countries are uncorrelated, therefore, the diversified investment portfolio with exposure to M3 countries would benefit from a very low level of correlation between individual countries." "Myanmar, Mongolia and Mozambique share some striking similarities and we are confident that their economies will be among the world's fastest growing in the next decade and offer outstanding opportunities for investors," Silk Road managing partner Alisher Ali said. "Our M3 Fund is the world's first investment product offering investors an early, diversified portfolio exposure to these three resource-rich frontier markets."

The company estimates that Mongolia, Myanmar and Mozambique will be among world's top five fastest growing economies in the next decade with Mongolia GDP growth at projected 15% per annum while Myanmar and Mozambique expanding annually 12% and 10% respectively.

Introduction to Mongolia

Mongolia, rich with coal, gold, and copper has been riding high on the global natural resource boom. The country's proximity to China makes its resources even more attractive. Over the past decade, mining sector development has led to significant foreign investment and growth in government spending, provided a boost to household incomes, and has moved much of the country beyond its nomadic herding past. **In 2012, Mongolia was one of the world's hottest economies, clocking GDP growth of 12.3 percent**. However, political risks emerging over the past year put this positive frontier market story at risk.

Short-Term Risks: The Mining Sector

In June of 2012, the Democratic Party of Mongolia came to power as part of a coalition after years of rule by the Mongolian People's Party. The new government has taken a more aggressive stance regarding FDI and is ratcheting up criticism of the country's largest investor, Rio Tinto and its management of the $13 billion Oyu Tolgoi copper and gold mine (commonly abbreviated OT), which has been in development for close to two decades.

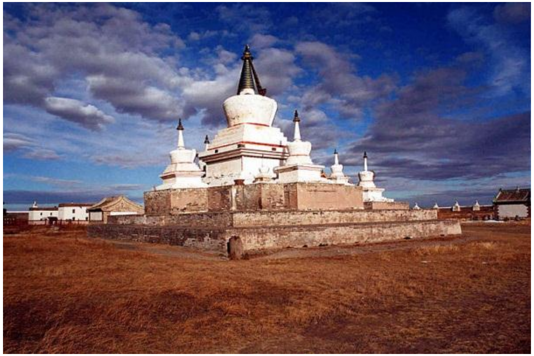
The government is refusing to support Rio Tinto's efforts to raise an additional $4-5 billion to finance the second stage of OT that is seen as key to the long-term economic viability of the ore body. Lawmakers in Mongolia's parliament are seeking to secure a greater share of the wealth extracted by quadrupling royalties from the current 5% to 20%. Meanwhile, the country's president has accused Rio Tinto of mismanagement and wants to secure a greater say in the mine's operations. The government's moves come as gold and copper prices have been tumbling on global markets, adding to the pressure on OT.

Thus far Rio Tinto has refused to renegotiate its agreement with the government, but support is seen as essential to raising stage two funding and for successful operation of the mine. Rio Tinto and the government made an initial effort to resolve the dispute in February, but failed. Following those conversations, Rio Tinto CEO Sam Walsh went so far as to state he had serious concerns regarding "recent political signals within Mongolia calling into question some aspects of the investment agreement" between the company and the government.

Mongolia – Continued

Longer-Term Risks: Fiscal Sustainability

The situations at OT and TT point to larger, long-term risks associated with the populist ruling coalition's questionable fiscal management. Since coming to power, the government has issued $1.5 billion dollars in sovereign bonds, introduced a draft mining law that would dramatically change the regulatory environment and raise royalty rates, fired TT's previous top executive, and halted coal shipments to China.



The parliament also voted in a 2013 budget heavy on spending and backed by poor revenue assumptions. The budget increases expenditures and net lending by 18% bringing it to a projected to 42% of GDP. This comes after spending almost tripled between 2009 and 2012.

Making matters worse, current policies have led to double-digit inflation. Thus far, inflation has not reached the record high levels of 2008, when it peaked at 33.7%, but inflation in 2012 was approximately 15%, driven by skyrocketing food prices, which according to the World Bank are undermining the real income and spending power of the population, a third of which still lives below the poverty line.

Several issues complicate Mongolia's future further. The first is $1.5 billion in sovereign debt issued in 2012, representing almost 12% of GDP. During the lending roadshow the government suggested that the proceeds would be used to finance infrastructure projects, which are sorely needed to sustain growth and lift the population out of poverty, but the recent handouts to the population suggest short-term priorities have intervened.

A second complicating factor is the revenue assumptions made by the government. The government currently projects corporate income taxes to swell by $320 million, approximately half of which is expected to come from a renegotiated investment agreement with Rio Tinto. The source of the other half of new corporate income taxes is not explained.

Myanmar

Myanmar plans to put over 20 offshore oil and gas exploration blocks up for auction by April as the country pushes to attract foreign investment and expertise to help overcome an energy deficit that's a legacy of gas export deals made by its former military rulers.

Myanmar produces more than enough natural gas, which is its primary source of energy after biomass, to meet domestic needs. But it exports about **80 percent of the 1.2 to 1.4 billion cubic feet of gas it produces each day** to Thailand under contracts signed by Myanmar's old authoritarian military rulers.

A new gas pipeline to China, which may not be able to commence operations in June as scheduled because of a recent outbreak of violence in Myanmar's northeast, would initially send an additional 400 million cubic feet of natural gas per day out of the country. Eventually, that could rise to 1.2 billion cubic feet per day, government officials said.

That leaves Myanmar with about half of the natural gas it needs to meet domestic demand. If it didn't export so much, it could easily meet its domestic needs, which are expected to rise from 471 million cubic feet per day in the fiscal year that ends March 31 to 918 million cubic feet per day next fiscal year, according to Ministry of Energy statistics.

Myanmar's energy sector today reflects the larger drama of a country struggling to change course, while still honoring contracts made by previous regimes on often unfavorable terms. The struggle to balance old commitments with new values and new freedoms can be seen around the country. A violent crackdown on protests against the Letpadaung copper mine in northwestern Myanmar — which is jointly owned by a Chinese company and a company owned by the Myanmar military — has triggered an official inquiry led by opposition leader Aung San Suu Kyi. And farmers who claim their land was seized by the country's old military junta are waging countless smaller battles to get their property back.

Ministry of Energy officials say that when those gas export contracts were negotiated, the world was a very different place. Back in 1998 and 2000, when Myanmar made its first big offshore gas discoveries, the moribund domestic economy meant demand for natural gas was low. Even today, 69 percent of domestic energy consumption comes from biomass, like wood. Meanwhile, the country, struggling under Western sanctions, badly needed foreign currency.

Those contracts, which mandate that 20 percent of production be kept for domestic use, could well be renegotiated, but the government must proceed carefully as it balances domestic complaints with the need to reassure foreign investors that their contracts will be honored.

Myanmar - Continued

"Now with development, we need oil and gas for domestic use," Htin Aung, Myanmar's Deputy Minister of Energy, said in an interview. "But we have signed the agreement and we are abiding by our commitments."

China is poised to become a major importer as well. Htin Aung said China's 495 mile gas pipeline, which connects the Bay of Bengal with Yunnan province in southwest China, will start operations in June, while a parallel 481 mile oil pipeline will begin pumping in September.

The pipelines are strategically important to China, which now routes most energy imports through the narrow Strait of Malacca and wants to develop an alternate supply route. The pipelines pass through an area of northeastern Myanmar where violence recently broke out between the government and ethnic Kachin fighters who want greater self-rule. China has been concerned about the skirmishes and brokered peace talks between the two sides in February.

Htin Aung insisted that there would be no delays to the pipelines because of fighting in Kachin and Shan states, but another ministry official, speaking on condition of anonymity because he is not authorized to speak with the press, said the violence, along with regulatory delays, could push back the start of operations to the end of the year.

Section 5
Mozambique General Market Overview

Mozambique covers a total land area of 801,590 square Kilometers

Geographical Overview

- Mozambique is situated in south east Africa and is bordered by the Indian Ocean to the east, Tanzania to the north, Malawi and Zambia to the north west, Zimbabwe to the west and Swaziland and South Africa to the south west.

- The country covers a total land area of 801,590 square kilometers ("sq. km.")The land area is divided to two topographic regions by the Zambezi river. To the north of the Zambezi River, the narrow coastline moves inland to hills and low plateaus, and further west to rugged highlands, which include the Niassa highlands, Namuli or Shire highlands, Angonia highlands, Tete highlands and the Makonde plateau, covered with miombo woodlands. To the south of the Zambezi River, the lowlands are broader with the Mashonaland plateau and Lebombo Mountains located in the deep south.

- Mozambique is divided into ten provinces (provincias) and one capital city (cidade capital) with provincial status. The provinces are subdivided into 129 districts (distritos). The districts are further divided in 405 "Postos Administrativos" (Administrative Posts) and then into Localidades (Localities), the lowest geographical level of the central state administration. Since 1998, 43 Municípios" (Municipalities) have been created in Mozambique.

Section 5.1
Demographic Overview

The population of Mozambique was estimated at 23.5 million in 2012, with 213 percent increase in the last 50 years.

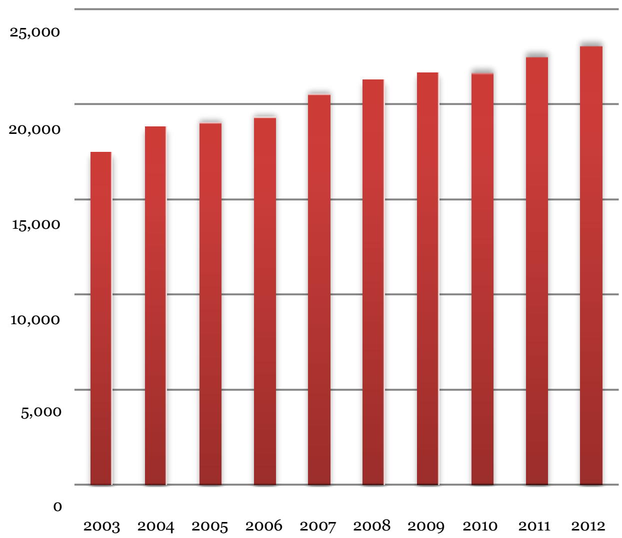
Population Growth

- Mozambique's total population increased from approximately 17.4 million in 2003 to 23.5 million in 2012. The total population compound annual growth rate ("CAGR") over this period was approximately 2 percent.

- The total population in Mozambique was last recorded at 23.5 million people in 2012 from 7.7 million in 1960, changing 213 percent during the last 50 years. Historically, from 1960 until 2012, Mozambique Population averaged 16.0 Million reaching an all- time high of 23.5 Million in December of 2012 and a record low of 7.7 Million in December of 1960. The population of Mozambique represents 0.35 percent of the world´s total population.

- Mozambique is the tenth most populated country in sub-Saharan Africa, and has a population growth rate estimated at 2.2 percent for the next decade.

Mozambique Historical Population Growth ('000)



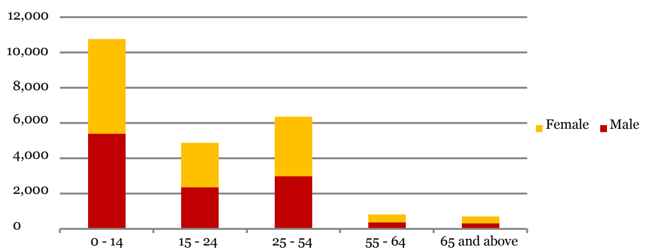
Source: The World Fact book, Index Mundi

Mozambique national population is young with approximately 66 percent of local population under the age of 24 years

Population Distribution

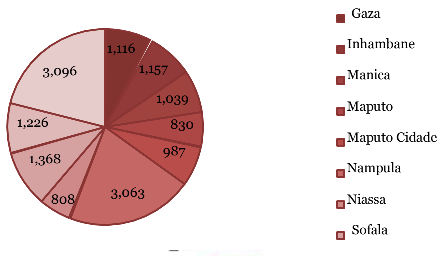
- 45.7 percent of Mozambique's population is under the age of 14, while approximately 20.7 percent of the population is between the age of 14 and 24.
- The substantially young demographic make-up of the country is anticipated to continue providing an essential economic activity with over half the population currently of working age.
- The vast majority of population in Mozambique lives in the two provinces of Nampula and Zambezia. Together, these regions were home to approximately 37.5 percent of the country's population in 2007.
- In terms of population, the next largest provinces in the country are Sofala and Tete governorates which comprised approximately 8.1 percent and 7.5 percent of the population respectively. Maputo and Maputo Cidade make up to 11.2 percent of the population.
- Around seven million people live in Mozambique's urban centers. Yet, an annual urban growth rate of over 3 percent expected for the next two decades means that, by 2030, around 14 million Mozambicans will be urban-based, compared to 22 million rural inhabitants. The urbanization growth is "swelling existing urban nodes". Currently, Maputo's population is estimated at 1.6 million, over double what it stood at in 1990, and will increase by approximately one million people by 2020.

Population Age Distribution 2012 ('000)



Source: World Fact book

Population Distribution by Provinces, 2007 ('000)



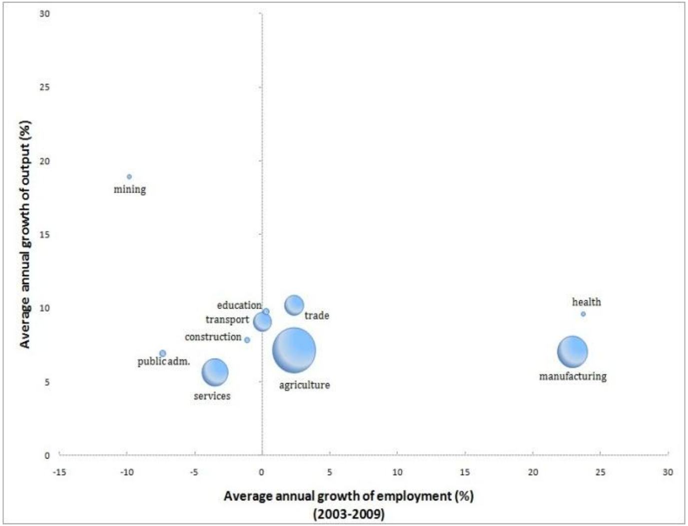
Source: Mozambique City Population website

Agribusiness employs around 80% of the workforce in Mozambique and accounts for 25 percent of GDP.

Employment Indicators

- The formal economy is largely urban in nature and accounts for only 32% of all employment. As a result, many of the new entrants into the labor market are forced into marginal jobs in the informal economy, both in rural and urban areas.
- Agribusiness is one of the key contributors to growth and job creation in Mozambique. **Agribusiness employs 80% of the work force and accounts for 25 percent of GDP**. While growth has been strongest in crop production, there has also been solid growth in livestock, forestry and fishing.
- The government's development strategies include a 5-year plan (2010-14), PARP (2011-14) and Urban Poverty Reduction Strategy (2010-14) where employment is a priority. However, there is no specific strategy for promoting youth employment. Pressure on the government to create employment has increased. The government has indicated its interest in expanding work guarantee schemes to include youth, combined with social protection measures for the most vulnerable.
- Additionally, The International Labor Organization (ILO) has developed a Decent Work Country Programme which has youth employment as a key area of focus. However, the programme is not yet fully financed.

Workforce Sector Distribution 2003



Source: Louise Fox, World Bank

Section 5.2
Economic Overview

In the last 10 years, Mozambique's economy has grown steadily at an impressive rate of 7.7 percent per year

Key Economic Indicators

Descript ion	2003	2004	2005	2006	2007	2008	2009	2010	2011
Real GDP (% change)	7	8.2	7.5	7.9	7.3	6.5	6.3	7	7.1
GDP PPP (USD bil.)	2 1.23	23.38	2 6.18	2 9.17	17.64	18.94	20.19	21.81	24.19
GDP Per Capita (USD)	237	281	317	333	368	443	423	394	535
GDP PPP Per Capita (USD)	1 ,200	1,200	1,300	1,500	800	900	900	1,000	1,100
Current Account Balance (USD million)	-	(101.2)	(639)	(444.4)	(795.1)	(975)	(866)	(1,210)	(1,422)
Trade Balance (USD bil.)	(0.5)	(0.34)	(0.28)	(0.35)	(0.39)	(0.81)	(1.11)	(1.01)	(1.38)
Trade Balance (% of GDP)	(2.4)	(1.5)	(1.1)	(1.2)	(2.2)	(4.3)	(5.5)	(4.6)	(5.7)
BOP Export of Goods (USD bil.)	0.68	0.8	0.69	1.69	2.43	2.65	1.95	2.52	2.65
BOP Import of Goods (USD bil.)	1.18	1.14	0.97	2.04	2.82	3.46	3.06	3.53	4.03

Source: Index Mundi

Primary Economic Indicators

- In the last 10 years, Mozambique's economy has grown steadily at an impressive rate **of 7.7 percent per year**, driven by the service sector, light industry, and agriculture. This pace is expected to continue or even increase with the massive influx of already-planned investment on the order of $15–20 billion.
- The roll-out of pro-poor measures prepared during 2011, coupled with an ambitious infrastructure investment programme should widen the fiscal deficit from -3.3% in 2011 to -6.8 and -7.4% in 2012 and 2013.
- Given the anticipated growth profile of Mozambique's GDP through, it can be viewed as a positive signal that consumer spending will increase.

GDP per Capita has increased by 125 percent from 2001 till 2011

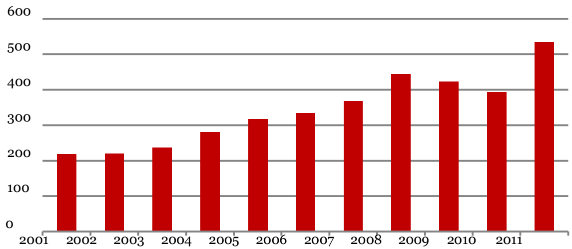
GDP Per Capita

- GDP per capita in Mozambique stood at approximately USD 535 in 2011.
- Despite a slowdown in 2009, due to the financial down turn over the 2008 - 2009 period, overall GDP per capita has grown by 125 percent over the period from 2001 till 2011.
- In 2011, Mozambique registered a record high GDP per capita of USD 535 up from USD 394 in 2010 and USD 423 in 2009.

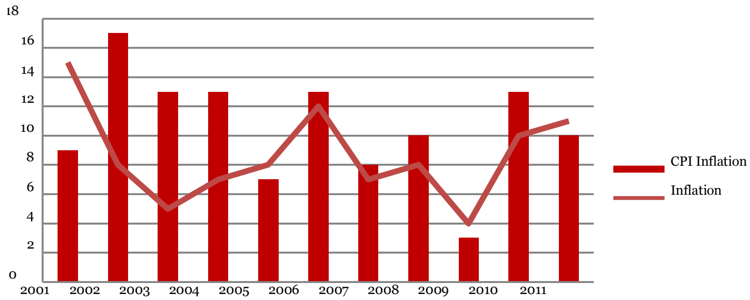
Inflation

- As indicated on the graph to the bottom right, the global financial crises had worked to ease inflation levels from highs experienced in 2008. Since 2009, inflation has increased to reach 10 percent in 2010 while the CPI inflation reached 13 percent in 2010.
- Like other monetary authorities concerned about rising inflation, the Mozambican government in 2010 raised interest rates and implemented some direct price control measures, including lowering import tariffs and fixing the prices of certain foodstuffs.
- Much of the growth in the wholesale price index over the 2009 - 2010 period has been from strong growth prices of fish, charcoal, petrol, sugar, and groundnut.

Historical GDP Per Capita (in USD)



Historical Inflation growth (%)



Mozambique has barely scratched the surface of its tremendous potential, and there are opportunities to increase both the scope and efficiency of agricultural production

Agriculture Potential Growth

- Mozambique's diverse soils and climatic conditions, influenced by latitude, variations in altitude, topography and the proximity to the coast, offer a wide range of production opportunities; agricultural potential is high despite frequent droughts and floods. Water resources are relatively plentiful and the country is traversed by a number of perennial rivers and enjoys considerable mineral reserves.
- Mozambique has barely scratched the surface of its tremendous potential, and there are opportunities to increase both the scope and efficiency of agricultural production. Under use of agricultural land is clear: (i) only 10% of its 36 million hectares of arable land is being exploited leaving the vast majority uncultivated; and (ii) of its 46.4 million hectares of forest only 20 million hectares are productive while another 8.8 million hectares have been classified as natural reserves. A significant number of very large estates have been allocated, but are not farmed, or have been frozen awaiting commercial farmers. The National Zoning study identified approximately 7 million hectares that are not allocated or are not under productive use. With an abundance of low-cost labor and favorable climatic conditions, it should be relatively easy to attract investment to develop unused land.
- There also appears to be scope to expand fishing production although sustainability must be ensured. According to the Government, the country's fishing potential is 240,000 tons per year compared to current production of just 90,000 tons.

Source: African Development Bank

Four of the five largest oil and gas discoveries in the world in 2012 have been made off Mozambique

Natural Resources

- Mozambique's largely unexplored natural resources are attracting substantial foreign direct investments in large energy-intensive industries as well as in the mining, exploration and transformation sectors. This comes against a backdrop of favorable global demand trends for these products.
- On 14 September 2011, **for the first time in 20 years, an overseas shipment of 35 000 tons of coal was made from the Beira seaport by the Brazilian company Vale**, placing Mozambique on the global coal market. The coal sector continues to expand and attract large investments. Vale has already announced its intention to expand Moatize's capacity from the 11 million tons per year it expects to reach by the end of 2014, to 26 million tons per year.
- With the construction of the Cahora Bassa hydro dam in 1974, before independence, Mozambique became a large producer of hydroelectricity. Mozambique's hydropower generation potential is estimated at roughly 15,000 MW per year of which only 2,100 MW is currently being exploited. The Government has identified roughly 100 locations with hydropower potential including Manica, Tete and Niassa.
- Mozambique is a producer of **gold, iron and titanium.** Major operations are fully operational since 2008 including the Moma titanium and the Corridor Sands projects.
- Mozambique's first gas field has been in operation since 2004 in Pande/Temane. Most of the gas is being exported to South Africa through a pipeline. Sasol is currently working on a second phase that would increase gas supply to Mozambique and provide gas for a power plant near Maputo.

Natural Resources	2007	2008	2009
Natural Gas Production (Cubic Meter)	2.4 billion	3.3 billion	3.6 billion
Aluminum (Metric Tons)	564,000	536,000	545,000
Bauxite (Metric Tons)	8,645	5,422	3,611
Diatomite (Metric Tons)	1,299	1,299	651
Hydraulic Cement (Metric Tons)	800,000	730,000	NA
Gold (Kg)	97	298	511
Bentonite (Metric Tons)	9,707	17,047	15,000
Beryl (Metric Tons)	31	8	45
Nibium and Tantalum (Metric Tons)	196	395	404

Source: Index Mundi, CTA-CONFEDERATION OF ASSOCIATIONS ECONOMIC MOZAMBIQUE

Natural Gas Discovery

Four of the five largest oil and gas discoveries in the world in 2012 have been made off Mozambique, including three earlier finds by Eni, according to the consultants Wood Mackenzie in Edinburgh. These discoveries have the potential to **put Mozambique, which previously had little oil and gas production, in the gas-exporting big leagues with countries like Qatar and Australia.**

Mozambique's infrastructure is well developed in some sectors, including its east west transport infrastructure, power grid, and water networks.

Infrastructure Overview

Roads

The country has approximately 30,400 kilometers of highways, 5,685 kilometers of which are paved. Large sections of the remaining 24,175 kilometers of highway are virtually impassable during the rainy season. **The World Bank is currently implementing an $850 million program to rebuild the road network**, along with the coastal port system.

Maritime

Six of Mozambique's seven seaports are operating with the involvement of the private sector, which positions **Mozambique as a country with a relatively high level of private sector involvement in the port system**. In 1998 the management and operation of the general cargo and terminals of the Beira port was conceded to the Dutch company Cornelder. In 2003 the ports of Maputo and Matola were conceded to a consortium that included the consortium Maputo Port Development Company (MPDC), formed by the UK's Mersey Docks and Harbour Company, which secured a 15-year concession with a right to a 10-year extension. Then in 2005, the operation of the Nacala port was conceded to the RITES Ltd. and IRCON International consortium for a 15-year period as part of the concession of the Beira Corridor. The same year, Cornelder was awarded the concession for the Port of Quelimane.

Rail

Mozambique's 3,130 km railway system comprises three disconnected networks located in the north, central, and south parts of the country, structured and managed around the three major Mozambican corridors: Maputo, Beirra, and Nacala. Over the period 2005–08, these railways were responsible for around two-thirds of cargo and one-third of passengers transported on Mozambican railways.

Utilities

- Mozambique is **relatively well endowed with water compared to countries occupying similar climatic zones**. Mozambique has 104 main river basins, the Zambezi and Rovuma rivers being some of the most important given that their catchment areas are more than 100,000 squared km.
- Mozambique's **energy supply is relatively reliable compared to its African peers**. According to the Enterprise Survey for 2007, firms' value lost due to power outages in Mozambique was 2.4 percent of sales, less than half the value lost in other LICs and close to the level of MICs**. In Mozambique there were 37 days when power outages occurred.**

Airport

Air travel in Mozambique registered strong growth between 2001 and 2007. Over this period, the estimated seat capacity grew at an annual rate of 10 percent. International seat capacity almost doubled from 305,214 in 2001 to 582,836 seats in 2007, whereas availability of domestic seats increased by 70 percent from 660,417 to 1,144,644 for the same years.

Section 5.3
Natural Resources Overview

Natural resources can generate economic dynamics and a flow of income that can help the Mozambique Government in fighting the poverty and stimulate economic growth.

Natural Resources Overview

- Mozambique is on the Eastern part of South Africa and has considerable amount of natural resources, of which major part is yet to be explored including coal, gold, titanium, bauxite etc. The exploration and export of natural resources positively contributes to the poverty reduction and economic growth of the country.

- The principal natural resources of Mozambique are coal, Gold, iron ore, titanium, tantalum etc. Mozambique is blessed with abundance of natural resources; in fact there is no deficiency in Mozambique natural resources.

- Natural resources help in boosting up the economy of Mozambique. The dependence on forest resources is high because almost **70% of Mozambique is covered in forest.**

- Natural resources can generate economic dynamics and a flow of income that can help the Mozambique Government in fighting the poverty and stimulate economic growth.

The growing mining sector in Mozambique is a source of export income and also creates a large number of well-paid jobs.

Coal Sector in Mozambique

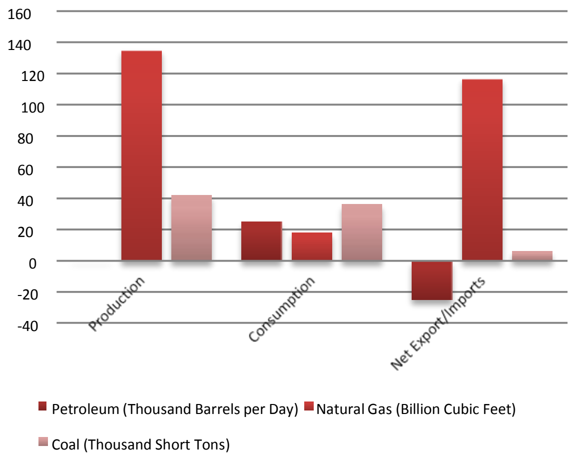
- Mozambique is already exporting coal from Matola Coal Terminal at Maputo. Mozambique also exports coal to the neighboring state of Malawi, but the Government expects export on a large scale in the coming years. The growing mining sector in Mozambique is a source of export income and also creates a large number of well-paid jobs.
- Apart from export, coal can be used for domestic industries and thermal power plants. The new coal mine in Tete Province of Mozambique is a reflection of the government's policy of using mineral wealth as a lever to eradicate poverty from Mozambique. The rights to the Mozambique coal mines have been given to multinational companies at a rapid rate in recent years. 36,742 tons of coal production was expected in Mozambique in 2003 comparing 43,512 tons in 2002.
- Mozambique has substantial coal deposits situated in the Moatize and Mucanha - Vuzi coal basins in the Tete province. The basin contains seven coal seams and has reserves estimated at 750 Mt. The Mucanha – Vuzi basin is said to contain as much as 3 600 Mt coal reserves. Coal production from Moatize reached a peak in the early 1980's at 5,00,000 tons per year.
- Mozambique has recently announced plans to export 2Mt of coal to Nigeria annually. These studies reveal that Mozambique is emerging as a great potential source of thermal and coking coal.
- In recent years, coal mining activity has mushroomed like never before. Commercially 7,036 Mt/year of coal is mined in over 50 countries from all over the world. Technological advancements have made coal mining procedures more productive than ever before.
- Mozambique is the world's 35th largest country located on the southeast coast of Africa. As a matter of fact, Mozambique stands as Africa's second largest coal producer behind South Africa which holds Africa's major coal reserves.
- An estimated amount of 2.4 billion tons of coal reserves in Tete province of Mozambique makes it a region with world's largest untapped coal reserves.

Mozambique expects to begin exporting LNG to the global market in the next five to ten years.

Oil and Gas Overview

- Mozambique holds 4.5 trillion cubic feet (Tcf) of proven natural gas reserves, but does not have any crude oil reserves as of January 1, 2013, according to the Oil and Gas Journal. The country has large onshore and offshore sedimentary basins that contain natural gas resources, but much of it is unexploited. Additionally, the country holds large untapped coal resources.
- Mozambique is one of two countries (including Tanzania) that produce natural gas in East Africa. In 2011, Mozambique produced 135 billion cubic feet (Bcf) of natural gas from two onshore gas fields, Pande and Temane.
- The majority of natural gas produced in Mozambique was exported (117 Bcf) to South Africa via the 535-mile Sasol Petroleum International Gas Pipeline and the remainder was domestically consumed (18 Bcf).
- Since 2010, there have been a series of natural gas discoveries in the offshore Rovuma Basin that are large enough to support liquefied natural gas (LNG) projects. The U.S.-based Anadarko and Italy-based Eni have led exploration activities in the area. Mozambique expects to begin exporting LNG to the global market in the next five to ten years.
- Anadarko made several natural gas discoveries in its Prosperidade and Golfinho/Atum complexes, of which each contain between 17 to 30 Tcf and 15 to 35 Tcf of recoverable natural gas resources, respectively. Eni's natural gas discoveries are in the Mamba complex and the Coral site, of which each contain 62 Tcf and 13 Tcf of natural gas in place, respectively.

Oil, Gas and Coal Production, Consumption and Net Export/Imports; 2010



Section 6
Real Estate Market Overview

Article 110 of the Constitution states that "the right to use and benefit from land shall be granted to individual or corporate persons, taking into account social or economic purpose".

Real Estate Market Overview

This section of the report will provide a general overview of Mozambique's real estate sector's including the legal framework for real estate in the country.

Property and Land Ownership (Nationals and Corporate)

On Mozambique's independence, the state nationalized land, authorizing town councils to assign land concessions in urban areas. Shortly after independence, a 17-year civil war ensued that had the effect of pushing rural populations to Maputo, creating huge unplanned settlements on the city's periphery. One of the government's key urban issues after the end of the war and the signing of a peace agreement in 1992 was how to address the growing land pressure in cities.

What was needed urgently was a legal framework that prevented land conflicts between diverse arrays of stakeholders. The 1996 Constitution continued to vest all land with the state, forbidding the sale or disposal of land by individuals or corporations. However, it gave individuals and investors the right to benefit from land. Article 110 of the Constitution states that "the right to use and benefit from land shall be granted to individual or corporate persons, taking into account social or economic purpose".

The Mozambique Land Act of 1997 sought to ensure a balance between promoting national and foreign investment, while at the same time protecting the rights of those who had accessed land through customary law or occupied it in good faith for more than 10 years. This meant that many internally displaced persons (IDPs) and households living in unplanned settlements without formal title had security of tenure for as long as they used the land productively. The law also created incentives for private investment by granting land-use concessions for renewable periods of 50 years.

Although the ownership of land by individuals and corporations is illegal, as we saw earlier, there are provisions in the law for the long-term use and occupation of land through a state-granted land right, known as a DUAT. The document is transferable, and is provided on condition that the holder develops the land within five years (for Mozambican nationals and residents) and two years for non-nationals.

The DUAT can be withdrawn if the holder fails to adhere to these provisions. Once a DUAT holder has developed the land, the individual can apply for a titulo that provides them ownership of the structures and any developments on the land for a period between 49 and 99 years.

The construction sector in Mozambique has been hovering between 3 and 3.5% of GDP in recent years which is quite small for a fast growing country

Construction Overview

Construction Sector - Mozambique

The construction sector in Mozambique features both formal and informal operators. However, it is within the housing market (family sector) where informal operators are dominant throughout the entire value chain. The formal market for project developers, building materials, equipment rental firms, and contractors has oligopolistic characteristics, but it tends to be more competitive for projects requiring reduced amounts of project finance, including demand for housing projects, construction of small scale industries in both rural and urban areas, and public services at the district level. It is also within this market segment where we find the majority of indigenous contractors and more intensive use of locally generated building materials and project developers. In this context, complaints regarding unfair competition, project delays, and delivery of poor quality projects are frequent. As one moves from low project finance requirements to high cost projects, the degree of competition is reduced. This is carried over into the market share of local contractors, project developers, and inputs. The public sector development projects and increasing Foreign Direct Investment (FDI) constitute the main sources of demand for projects requiring higher project finance.

The presence of indigenous companies and the use of local inputs is minimum to nonexistent. The market segment is close to bilateral monopoly, allowing for collusion among suppliers and bid rigging. The main contractors are South African, Chinese and Portuguese companies, as they can take advantage of their network with foreign investors and markets, and are better placed to secure rewarding contracts. Their foreign connections provide greater flexibility for sourcing inputs and accessing financial resources. This explains their competitive advantage over indigenous companies.

Moreover, the construction sector in Mozambique has been hovering between 3 and 3.5% of GDP in recent years which is quite small for a fast growing country – e.g. the construction sector had typically accounted for more than 10% of GDP in high growth developing countries. Furthermore, the current level of activity may not be sustainable as most of it is still driven by donor funded programs, which are bound to decrease as a share of GDP as the country continues to develop. Construction costs are high (more than 30% higher than in South Africa) due to high costs of materials (most of them imported), low productivity and high financing costs. We discuss these in more detail below:

Output mostly limited to donor programs, the high end housing market and slums. Most of the construction activity is in public works (e.g. roads, schools and clinics) essentially financed through donor programs. These have been estimated to exceed $400 million in 2007 (with only a fraction sourced locally).
Despite huge needs and very high demand, formal housing construction is currently limited to the very high end of the market (e.g. luxurious houses in Maputo).
The rest of housing construction consist mostly of informal construction in slums (75% of the urban population live in “bairros” which are very basic concrete block houses) and manufacturing of traditional straw huts in rural areas, which still account for the vast majority of housing in the country. Social housing financed by the government is non-existent. Private commercial and industrial construction is also limited – mostly financed through FDI. Construction material output is also limited - most of the construction materials are imported.

Despite low labor costs for most of the workforce, construction costs in Maputo are more than 30% higher than in South Africa

Construction Costs - Mozambique

Despite low labor costs for most of the workforce, construction costs in Maputo are more than 30% higher than in South Africa (it gets worse the further north you go). The main drivers of high construction costs have been:

High material costs: Material costs typically account for more than 50% of total construction cost. Material costs in Mozambique have been high because the most valuable materials are imported with high transportation/logistic costs and import duties. Only the most basic materials are sourced locally – e.g. cement and wood – even steel has to be imported. Around 90% of the construction material value has to be imported for high end construction. Material costs are further increased by low quality construction (requiring remakes) and sub-optimal use of quantities as well as inadequate construction standards. The situation should improve with better trade logistics (especially with South Africa), lower import duties and increasing local production (e.g. new steel plant from Tata on the way).

Low productivity: Given the dual structure of the construction industry, we distinguish between formal and informal construction activities: The formal part of the industry is dominated by a few relatively large vertically integrated and well managed foreign construction companies from Portugal (e.g. Teixeira Duarte, Emocil, Soares da Costa and Jomofi Construcoes), South Africa (e.g. SB Construction and Group Five), Italy (CMC Africa Austral) and China (SOGECOA and CCM). There are very few significant formal Mozambique players – one exception is CETA which used to be State Owned. Despite being dominated by these large good practice international players, these players estimate that they only reach 50% of their productivity potential. This is because of legacy issues (work ethics of older workers), the lack of specialization and technical skills (e.g. lack of carpenters and plumbers). This is why Chinese construction companies tend to rely on imported labor and imported prefabricated components. Informal "concrete block by concrete block" or traditional straw hut construction by individual owners have extremely low level of productivity – having been estimated in other countries to achieve less than 20% of the productivity performance of formal construction. The extremely low productivity of informal construction is largely a result of the very low opportunity cost of labor in self-made (low skilled) construction as well as lack of/expensive financing.

High financing costs: Only two banks give loans for construction and they do so to only rich and reputable clients at high interest rates – e.g. 16-22.5%. This is due to macroeconomic instability (improving but real interest rates are still around 300 basis points) as well as high risks resulting from issues with the land/building registration and contract enforcement systems. Mortgages to individuals willing to build their own houses are similarly affected – the few mortgages being issued are mostly for existing homes in Maputo and neighboring Matola. Most informal construction is being financed through very expensive consumer loans or informal lenders. Affordable government housing finance is very limited.

The residential market is the most buoyant property sector, benefiting both from demand for housing, and from occupiers using residential properties as offices.

Real Estate Overview

According to a recent research conducted by “knight Frank” ,a leading independent global real estate consultancy providing an integrated prime commercial and residential offering, operating in key hubs across the globe, the real estate market in Mozambique is briefed as following:

Office market

Demand for office space in Maputo principally derives from the banking, telecoms, professional and diplomatic/aid sectors. There has been a reasonable amount of development, particularly by JAT, whose latest development is JAT 5, constructed in three phases, one of which is preleased to a bank. There has been modest rental growth over the past 2-3 years, with prime office rents rising from **US$25 per sqm per month to US$30 per sqm per month**. New office space in Maputo is completed to a “shell and core” finish.

Retail market

The retail market has been slow to take off because of the large size of the informal sector. However, there has been a flurry of recent activity, which has seen South African retailers, in particular, entering Mozambique. Most retail developments are out-of-town on the main arterial routes. There are a number of shopping centers in mixed-use developments, including the Polana Shopping Centre and the Maputo Shopping Centre, while the upmarket Marés Shopping Centre is a recent entrant to the market. Retail rents are in the order **of $30-40 per sqm per month**, with good potential for rental growth.

Industrial market

A congestion charge for large commercial vehicles in the city and escalating land prices are forcing industrial business to move to peripheral city locations. Traditional industrial areas in the center of Maputo and close to the port and airport are generally seeing property being converted to higher value office or retail warehouse uses. Prime warehouse rents are high, in the order of **US$10 per sqm per month**, but this reflects the city center location of some warehouse properties and the fact that they are often used as offices.

Residential market

The residential market is the most buoyant property sector, benefiting both from demand for housing, and from occupiers using residential properties as offices. Growth has been strongest at the top end of the market. Villas in areas such as Sommerschield, which two years ago were leasing for US$3,500-4,000 per month, now lease for **$5,500-6,000 per month**. Rents are much lower on the local mass market, at around 10-20% of these levels. There is a major development programme, with low and middle income housing proposed and under construction around Maputo’s new ring road and in areas such as Matola and Zimpeto.

The residential sector is booming, although compared to the commercial sector it is still very slow

Mozambique real estate market has been developing rapidly recently. Many projects have been launched mainly concentrating on the residential units. In our research, we came across 3 distinctive projects that have been launched. The projects show the high demand in the market for luxurious and high finishing residential units.

The demand for the residential units is primarily driven by the expatriate and diplomatic community. After the recent news regarding the natural resources found in the country and the reforms done by the government, many international players are tapping the Mozambican market to be part of the potential investments taking place.

According to the General Manager of Pam Holding, a leading real estate brokerage company in Mozambique, The residential sector is booming, although compared to the commercial sector it is still very slow. New commercial real estate developments in Maputo are often sold out before construction even finishes. There has also been an increased demand for commercial real estate in the provinces, although there tends to be a higher demand for industrial property there, such as warehouses, factories, and agricultural projects. He also notes that there are numerous developers coming into the real estate market. This is mainly in Maputo, Tete, and Nacala. These developers are coming in both from abroad as well as from within Mozambique itself. Most of the developments are destined for expatriates and wealthy Mozambicans. Regarding affordable accommodation, some projects are already about to start, but as long as there is the problem with the interest rate on loans, it will be very difficult for people to access financing. There have been discussions to change the laws regarding loans, mortgages, and property acquisition. Interest rates are expected to fall to the single digits by the end of 2013. Until then, access to credit is limited to people who have the available cash.

Cidadela da Matola

According Sumbana Lucio, one of the managers of the initiative, will invest about 200 million dollars in real estate project that will allow the city of Matola after passing a shopping center with an area of 46 square meters, with shops, restaurants, hairdressers and other services, health center and spa, hotel and conference center, offices, specialty shops for the sale of automobiles and related services, independent restaurants, government buildings of the provincial and municipal cultural center, museum and plaza that will take the name of Samora Machel.

This project will rely on investment to be made by the Public Investment Corporation is an investment fund of South Africa specializes exclusively in the public sector, which counts as customers the largest pension fund of the land of Rand, including the Government Pension Fund (GEPF) and the Fund and Unemployment Insurance (UIF) and Compensation Fund, the same country.

The project will also include the participation of South African company McCormick Property Development, an organization that aims to be a leading real estate development in Africa. The Mozambican counterpart is led by the SIF, a consortium of investment firms in the areas of real estate development and infrastructure.

Facim Project

The Maputo Waterfront initiative is a significant urban regeneration project for Maputo which aims to create jobs, attract investment and introduce, on a phased basis, a fantastic new "urban village" to this important site in downtown Maputo. It is a private sector development that has the potential to transform this part of town into a new, vibrant mixed-use community.

The project is a blend of residential, commercial and leisure developments that will breathe new life into an area of town that has fallen victim to decline in the past, but is fast becoming a new growth point in the city, with the release of land for development to the north of the site for office and commercial development, as well as the emergence of major new institutional buildings to the west.

Not only will the project bring a massive economic boost to the area and offer more and improved leisure facilities, but it will also help foster a renewed sense of pride among local residents by introducing a truly world class development to this large (83,000m2) strategic site.

Montanhana Project

Launched in July 2008, Montanhana Golf & Marine Estate is the first development of its kind in Mozambique. With the demand for upmarket residential property on the increase, Montanhana presents prime residential, commercial and leisure investment opportunities for privileged individuals seeking an exclusive and secure lifestyle within easy reach of the country's capital.

Since the launch of the project, the interest shown by the diplomatic community, members of government, expatriates and the local population alike has been overwhelming.

Once the final phase of Montanhana has been completed, the 504-hectare estate will comprise a completely self-sufficient village complete with shopping centers, office blocks, top dollar medical, health and spa facilities, a 5-star hotel (a casino is on the cards), a yacht and motorized craft marina.

A world-class golf course is already under development

Caressing the Indian Ocean coastline, Mozambique's premier residential, golf and marine estate lies 8 kilometers from Costa Do sol, and 18 kilometers from the city center. Easy to access in a conventional 4 x 2 vehicle via a soon-to-be tarred road, Montanhana is a short drive from the city.

In tandem with the development's luxurious lifestyle and state-of-the-art amenities, Montanhana Golf & Marine Estate's owners, residents and their guests will enjoy a level of security that is unprecedented - undoubtedly a top priority for discerning and long-term investors in this exclusive, world-class development.

The estate is being designed to complement the locale's natural beauty and resources and the developers are taking care to cause as little disruption as possible to the area's abundantly rich habitat.

Section 7
Shareholders Profile

Introduction to the partnership done for "Star of Maputo"

After the financial crisis that hit the markets in 2008, and the Arab spring that started in 2010, investors have been tapping new markets to explore opportunities. Africa, Latin America and Scandinavian Countries became primary destinations for investors seeking high returns. Working on this strategy, Architect Mohamad Ayash, Business Development manager in Drake and Scull who is also the owner of Dolmen Real Estate Development Company, met with Mr. Hussein Ahmad, a Mozambican citizen with Lebanese roots. Mr. Hussein is the owner of "Premier Group Lda" a leading company in the retail sector in Mozambique. Mr. Hussein, through his in depth knowledge of the Mozambican market and the strong network built in the country, shared an investment opportunity with Architect Mohamad Ayash.

On a later stage, a site visit to Maputo was conducted by Mr. Rami Mansour, a managing director in Drake and Scull International, representing Mr. Khaldoun Al Tabari. Mr. Khaldoun Al Tabari is the Vice Chariman and CEO of Drake and Scull International, an international company that started in England since 1966. The company was acquired by Mr. Khaldoun in 1998 . The site visit included the locations of "Star of Maputo", "Boane Village", "Pequenos Libomos", "Land of 25 September" and "Contra Placadouche", all of which are potential investment opportunities in the future. Mr. Hussein Ahmad also arranged a meeting with the first lady of Mozambique and the mayor of Maputo Municipality. The introductory meeting was set to expand on the projects in Mozambique, and was concluded on a good note.

Upon this site visit, followed by numerous meetings between the parties involved, an MOU was drafted between Drake and Scull International and Premier Group to go into a partnership for the execution of "Star of Maputo". It was agreed that the project will be financed by the new partnership and the construction management will be handled to Dolmen Real Estate Development Company in assistance with Scrappers, a consultancy design company managed and owned by Architect Fawaz Fawaz.

Introduction to the partnership done for "Star of Maputo" – Pictures from Mr. Rami's visit to Mozambique

Mr. Rami Mansour, Architect Mohamad Ayash, Mr. Hussein Ahmad, Architect Fawaz Fawaz during the visit to the first lady of Mozambique

Mr. Rami Mansour, Architect Mohamad Ayash, Mr. Hussein Ahmad during the visit to the Mayor of Maputo Municipality

Introduction to the partnership done for "Star of Maputo" – Pictures from meetings held

Mr. Hussein Ahmad and architect Mohamad Ayash in premier Group Offices

Mr. Hussein Ahmad and Architect Mohamad ayash

Introduction to the partnership done for "Star of Maputo" – Pictures from meetings held

Mr. Hussein Ahmad, Mr. Rami Mansour and architect Mohamad Ayash

Mr. Hussein Ahmad, Architect Fawaz Fawaz and Architect Mohamad ayash

Premier Group

Business Profile

Established in 2002 with a Showroom Area of 3,000 sqm., PREMIER GROUP is located in the heart of the Main Business District in Maputo, the Capital City of Mozambique; with an Impressive Distribution Network extending up to the farthest interiors of the Country.

Today, Premier Group boasts of Showroom Area of 14,000 sqm. Adjacent

to the Showroom, the Group has Warehousing Facilities admeasuring 7,000 sqm. that ensures immediate supply of goods to the Showroom

Premier Group Trades in Building Materials, Hardware Goods, Hand Tools, Power Tools, Garden Tools, Lighting, Pool Items, Sports Goods, Kitchenware, Toys, Electrical Goods, Branded Electronic Products, Fitness Equipment, Food Items, Cosmetics, Cleaning Products, Home Furnishing, towels, Linens , Hygiene Products, Glassware, Decoration Items and a host of other Variety Items.

Premier Group has proudly acquired the Franchise for the Worldwide Prestigious Retail Brand “Super Spar” making it the largest “Super Spar” in the world . With its new Departments such as Fresh fruits/vegetables , Bakery, Butchery, Hot foods, Restaurant / Coffee shop etc., will gives its customers a complete and enriched shopping experience, with new variety and wide range of high quality products. Our slogan is “ YOU WANT IT WE HAVE IT “

Two New Showrooms have been established adjacent to the existing showroom. One Showroom has been devoted exclusively for the Textiles business, another one for the Sanitary Business.

Parking Facility for up to 500 Cars is available in the Complex that is wholly owned by Premier Group Limitad

Promoter

Premier Group is the Result of the Sincere and Honest Efforts of Mr. Hussein Ali Ahmad. It benefits from the vast and varied experience of Mr. Hussein in making the right kind of Purchases with respect to a Profitable Mix of Goods. He and his Team are on the move all around the Globe looking for Newer and Profitable kind of goods suitable for the African Market.

Mr. Hussein also looks after the Smooth Running of the day to day Affairs of the Business with the able support of Professionally Qualified Managers. His Administrative Skills and Strategic Business Ideology, his appreciation for Efficiency, Integrity and Dedication of the Premier Group Family has contributed to the effective Growth of the Group. His Political Connections and Social Acquaintances go a long way in furthering the Interests of the Company.

Premier Super Spar offers the widest choice of products you can find anywhere under one roof in a spacious area where you and your family can enjoy shopping for all your needs at the lowest price, such as:

- Nonalcoholic beverages
- Baby foods, baby-care, Feminine hygiene products and Medicines and first aid items
- Breads and bakery products
- Fresh produce, fruits and vegetables
- House-cleaning products and Laundry products
- Meats, fish and sea foods
- Bulk dried foods, Canned goods and dried cereals
- Home Equipments, Sport Machines and House wares
- Electrical products such as light bulbs, extension cords, etc. Paints, Health and Safety accessories
- Car Care, Luggage items (typically limited), Electronics such as TVs, CDs, Audio cassettes, DVDs, and videos (including video rentals)
- Dairy products, Frozen foods and crushed ice
- Books, newspapers, and magazines, including supermarket tabloids, Cigarettes and other tobacco products, Toys and novelties
- Confections, candies, Snack foods
- Seasonal items and decorations, Greeting cards and flowers

About Us

Mission:

Premier Group prides itself as a “One stop” Mega retail store, selling the best quality products, with continued commitment to its customers by giving them a distinctive and exciting shopping experience by offering a whole variety of products, exceptional service and solutions. Its endeavor has been to exceed customers’ expectations in selection, convenience and value.

Growth:

Over a short span of 7 years, Premier Group is a force to reckon with in the Country of Mozambique. It has a very Strong Presence in the Business Fraternity. From a modest start, Premier Group has grown into a Multifaceted Business Group. The Group is very well established and is very well poised for a sustained growth in the future.

Social Welfare:

The Company is always sponsoring Social & Sports Events and is one of biggest sponsors for the Soccer Team and local league of Mozambique. The Company is also taking steps to rehabilitate the inhabitants of the slums adjacent to its premises, by making affordable houses and to improve their living conditions.

Diplomas and Awards – Premier Group

Premier Group also received the Golden Arrow for the year 2012, for being the first retailer in the country. It is an award granted for leaders and achievers that helped the growth in economy and development in Mozambique.

Premier Group also received Merit Diplomas for the years 2009 and 2012 for their top performance in the market.

Group Companies

Textile business:

Mozambique International Trading Lda. – Dealing in Textiles since 1995, having 3 showrooms and 2 warehouses in the city of Maputo.

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Home Center:

Home center is a showroom for office, residential and retail furniture. It has a wide range of products to supply the need of the Mozambican market. The home center has a show room of 5,000 sqm in a strategic location in Maputo.

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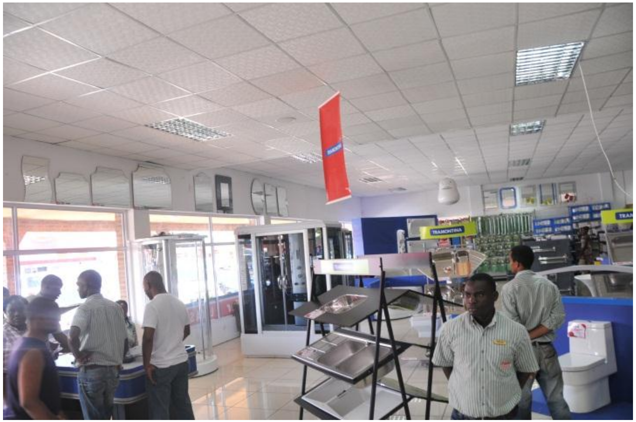
Group Companies

Sanitary business:

Mr. Hussein Ahmad also owns sanitary showroom in Maputo.

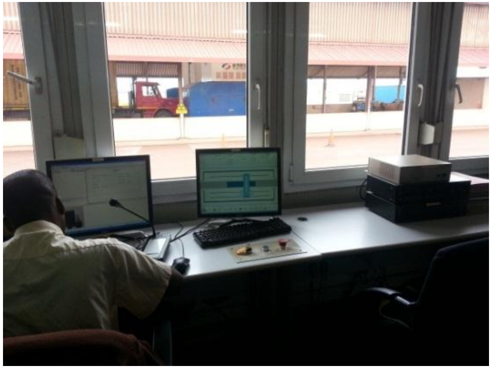


Kudumba Investment Lda

Kudumba Investments Lda. has been operating in Mozambique early since 2006; offering the best and latest technologies associated with our security service provision at the Borders points of Mozambique.

Kudumba along with five other international companies took part in a tender launched by the Mozambican Government in October 2005. The tender called for the provision of equipment and services for the Non Intrusive Inspection of goods, vehicles, people, and luggage.

As the winner of the above tender, Kudumba signed a concession contract with the Government of Mozambique. The contract was signed by the Minister of Finance, Mr. Manuel Chang representing the Government Of Mozambique on the 26 April 2006. The concession contract was awarded as a Build Own Operate Transfer (BOOT) which will last for a period of 20 years, commencing from the date of service provision starting at each of the Frontier/Border posts, Rail, Land, Sea and Air throughout the country.



Moreover, Mr. Hussein Ahmad owns strategic lands in Mozambique.

In addition to Premier Group operations, Mr. Hussein Ahmad is also a businessman trading in different commodities. He supplies different shortages of commodities in the Mozambican market.

Moreover, Mr. Hussein Ahmad owns strategic lands in Mozambique. Some of the sites visited during Mr. Rami Mansour's trip to Maputo are owned by Mr. Hussein Ahmad and is currently studying the potentials of investing these lands in profitable projects. Some of the lands are:

- Piquenos Libombos: Area 331,000 sqm
- Contra Palacadouche Land: Area: 25,000 sqm
- 25 September Land. Area: 25,535 sqm
- Buanne Land Village: 400,000 sqm
- Buanne Smart Village: 1,200,000 sqm
- Save River Land: 250,000 sqm
- Premier Group Land (Head Quarters)

Picuenos Libombos land owned by Mr. Hussen Ahmad

Picuenos Libombos land owned by Mr. Hussen Ahmad

Picuenos Libombos land owned by Mr. Hussen Ahmad

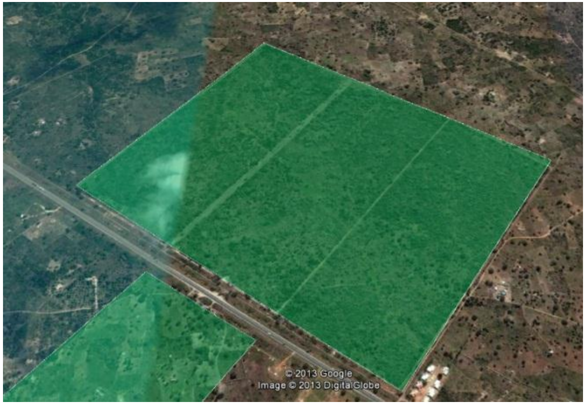
Contra Placadouche Land Owned by Mr. Hussein

Land of 25 September Owned by Mr. Hussein Ahmad

Boanne Land Owned by Mr. Hussein Ahmad

Premier Group Land (Head Quarters) - Maputo

Boanne Smart Village Land Owned by Mr. Hussein Ahmad



Drake & Scull International PJSC

About Us

Drake & Scull International PJSC (DSI) is a regional market leader delivering world class quality projects via end to end solutions that provide integrated design, engineering and construction disciplines of of Engineering (Mechanical Electrical and Plumbing (MEP) and Water & Power), General Contracting, Rail, Oil and Gas, Infrastructure Development and Wastewater Treatment.

DSI established its first office in Abu Dhabi in 1966, and has since expanded operations to offices across Dubai, Egypt, Kuwait, Libya, Oman, Saudi Arabia, Qatar, India, Jordan, Algeria and Thailand, as well as managing projects in Europe and other parts of North Africa.

DSI operates 6 main business streamlines to address the various needs of the region's industry, namely Drake & Scull Engineering, which offers MEP and Water & Power solutions, Drake & Scull Construction (DSC), which acts as the General Civil Contracting unit, Drake & Scull Rail focusing on Rail networks and rail stations, Drake & Scull Oil and Gas focusing on Onshore and Offshore Oil facilities, Passavant-Roediger which caters to Water and Waste water treatment and Drake & Scull Development which addresses Public Private Partnerships (PPP) in the Infrastructure sector.

In over 4 decades, DSI has transformed into a professional multi-billion entity with a strong track record of sustained profitability and industry acclaim. In 2008, DSI offered 55% of its shares to the public and the IPO was oversubscribed 101 times. Ernst & Young ranked the IPO among the top 20 global IPOs in 2008.

The fully Integrated Management Systems, certified to ISO 9001:2008, ISO 14001:2005 and OHSAS 18001:2007 standards are compliant with leading building, health and safety regulations, as well as sound environmental and energy management procedures.

DSI are leaders through experience, and have established a regional leadership position over 47 years of successfully completing the most complex projects on time, within budgets and matching set quality parameters within the region.

Mission and Vision

OUR MISSION

We will safely deliver world-class projects, providing integrated design and engineering in Mechanical, Electrical & Plumbing (MEP), Civil Contracting and Infrastructure, Water & Power through our value system – People, Innovation and Passion – while promoting environmental protection and sustainable communities' development.

OUR VISION

By capitalizing on our heritage and brand values, we will invest to grow organically and inorganically in order to become global market leaders, providing engineering excellence to clients while achieving optimum shareholder value, through commitment in delivering best practices in corporate governance and transparency.

OUR VALUES

We are proud to be a company that is driven by vision and fuelled by our passion. The cores of our success are our people, and in recognition of their contribution, we restructured our corporate Values, to reflect our reinforced commitment to them. The three values at the heart of our business are:

- PEOPLE

  We recognize that our people are the heart of our organization. We strive to provide an environment that attracts, motivates, and develops individuals, and while encouraging cooperative efforts at every level and across all activities in the company. We create and implement a succession/ career progression planning program that clearly articulates corporate expectations while charting a course for employee development.

- INNOVATION

  We encourage innovation to cultivate originality and pursue new ideas and technologies, while introducing the right processes and models to put them to work safely, quickly and efficiently, in order to continuously improve the standards and the diversity of our services for the common benefit of all stakeholders.

- PASSION

  We believe that great success requires heart and dedication. We embrace and foster passion in every aspect of our business from Innovation and learning, to management and client satisfaction, to employee and skills development.

Business Streamlines Overview

MEP

Main activities include:
• Heating, Ventilating, and Air Conditioning (HVAC) systems
• Power distribution systems
• Piped heating and cooling water generation and distribution systems

WP (Water & Power)

Main activities include:
• EPC for District Cooling Schemes, Sewage Treatment.
• Power Distribution and Transmission, Water & Sewage Pumping, Electrical and Mechanical Infrastructure Networks, Industrial and Production Plants, Solar Power, Geothermal Power, Thermal Power Generator and Telecommunication Infrastructure

Civil

Main activities include:
• Buildings and various civil projects and Infrastructure works
• Detail design, contract plans, and specification
• Construction planning, scheduling, and estimation
• Materials and equipment procurement
• Construction management, inspection, and quality control

Rail

Main activities include:
• Complete EPC solutions for all Rail systems and services across MENA and South Asia.
• Completed Projects include St Pancras Railway Station, Jubilee Line Extension, and complete MEP Works for London Underground

Oil & Gas

Main activities include:
Drake & Scull Oil & Gas provides a wide range of Construction and Construction Management services tailored to the specific needs of the Oil, Gas and related industries. Drake & Scull Oil & Gas clients span Turnkey Solutions and Construction activities for:
• Oil, Gas and Water Pipelines.
• Oil and Gas Facilities.
• Oil Refineries, Gas, Chemical & Petrochemical process plants.

Projects

Lamar Towers, Jeddah:

Drake and Scull was awarded the contract by Lamar Investment and Real Estate Development Co. The project involves a pair of high-rise towers of 322m and 293m respectively, linked by a 13-floor curved podium. The 322m tower will have 57 stories and the 293m tower 49 storeys.

Jabal Omar Phase III:

Arabian Construction Company and Drake and Scull Construction have been awarded a $720mn contract to build Phase III of Jabal Omar.

Projects

Lake Side Towers:

Lakeside is a large residential development set within the International Media Production Zone (IMPZ) in Dubai. Set amidst beautiful lawns, fountains and gardens, Lakeside extends a pioneering, premier residential complex within the heart of IMPZ, a unique free zone in Dubai.

Royal Amwaj Resort and Spa:

Royal Amwaj Resort and Spa is a hotel and resort under construction on a crescent of Palm Jumeirah, Dubai, United Arab Emirates. When completed, the hotel and resort will feature two lagoons, a swimming pool, tennis courts, a health and fitness centre, and a spa and water sports centre.

Projects

KAPSARC:

The King Abdullah Petroleum Studies and Research Center (KAPSARC) is an independent, non-profit research institution dedicated to researching energy economics, policy, technology, and the environment across all types of energy. KAPSARC is located in Riyadh, where its facilities are currently under construction.

Projects

DSC ask the right questions to ensure the company understands clients' needs and then deliver the best solution with in depth knowledge and expertise in engineering. For this reason many of the company's clients are major developers and main contractors who demand excellence and they are confident that DSC possesses the capability to meet that challenge.

DSC and ICC's major clients in construction include:

ARAMCO, Damac, Star properties, CAMPCO Properties, Union Properties, Luxury Real Estate Development, Marina Exclusive LLC, Meydan LLC, Seven Tides Limited, Asteco Development Management, Government of Dubai, EMICOOL, Laguna Tower Residences, Riyadh Investment Company, EMPOWER, Dubai Festival City, Cayan, IFA Hotels and Resorts, Nakheel, TECOM, Dubai Airport Freezone Authority, among others. ,Saudi Aramco, Al Riyadh Development Authority, Royal Commission for Jubail and Yanbu, Al Olyan Real Estate, Yanbu Cement Company, Saudi Oger, Emaar Middle East & Jeddah Gate, Mansour Bin Juma Trade Establishment, Al-Jeraisy Group, Qassim Cement Company, AL-Hokair Group, Al-Issa for Real Estate Development, Gulf Real Estate, Al-Amoudi Group, United Motor Company and the Al-Jazirah Corporation.

DSE's major clients in engineering include:

Adnec, ARAMCO, Emicool, Zabeel Investments, Dubai Properties Group, Cayan, Dubai Festival City, Arabtec, Meydan, DCC, DAMAC, Qatari Diar, Carillion, CCC, IFA Hotels & Resorts, Gulf Contractors,FIBREX Industrial and Construction, DOHALAND, Wahal Al Khartoum Urban Development Company, Meydan LLc, Saudi Basic Industry Company, EMICOOL, Rayadah Investment Company,Al Nahda Real Estate and Trading, Dubai Festival City, TECOM, Dubai Airport Free Zone Authority, and Tabreed.

Projects

Globally, some of DSE's major clients include:

Hong Kong Air Cargo Terminals Ltd, Ministry of Works (Tanzania), Government of Hong Kong, Government of Singapore, HSBC, Hong Kong Airport Authority, Texport Terminal (HK) LTD/Unilever, Brooke Management Ltd, Bank of China, Government of Peoples Republic of China, Union Carbide, Dupont Iberica, Magrini (Italy), Intel Corp, Pepsi, West Africa Portland Cement Co., Bestland Development Corp.

Ltd., Trafalgar House Developments Ltd., British Airways, Gulf Air, Government of Jamaica, Government of Jordan, Government of Mauritius, Government of Barbados, National Methanol Company (KSA), among others.

For more than 40 years, DSI PJSC has been involved all over the MENA and South Asian regions in a variety of projects, undertaking MEP, Civil and Water & Power work in remote locations. Drake & Scull Oil and Gas is currently involved in Iraq and Egypt but Drake & Scull has a deep history of involvement in complex petrochemical projects.

Drake & Scull Oil and Gas' current projects include the following:

- EPC Pipeline Installation Works - Zubair Field Development, Iraq (2012)
- Plant Construction Works in Low Density Ammonium Nitrate Plant, Egypt (2012)

Dolmen Real Estate Development

About Us

Dolmen Contracting specializes in providing general contracting services for commercial, industrial and Residential.

We have successfully served national, regional and local firms by maintaining a customer-based philosophy which emphasizes working as a team member to meet the desired project objectives. Construction is a complex and costly process that can challenge first-time and experienced owners equally. Whatever the scope or nature of the project, your success depends on choosing the right contractor. The right contractor offers experience, competitive pricing, financial strength, professionalism, integrity and a commitment to your project that is supported by quality and workplace safety initiatives without fail that is what Dolmen offering you.

Dolmen Contracting is strongly committed to the vision and value under which we operate are of paramount importance. ***Safety, quality, customer satisfaction*** and all the values associated with being an ***ethical, responsible and innovative*** company will guide our company in the 21st century.

Our successful construction approach is based on ***aggressive subcontractor administration, accurate cost control and low overhead***. We employ only qualified subcontractors who share our goal in creating a quality cost control, low overhead and a quality cost-competitive project because scheduling and budget concerns are important to us.

We assign a team of experts to every project from the earliest design and pre-construction phases through post-construction clean up. Our team's goal is to create ***distinctive design ideas and develop streamlined methods of construction*** that suit each project specifically. We also provide our clients with reliable and expedient information throughout the construction process, ensuring well-informed decision making that ultimately enhances the quality of our final product.

The direction we provide is based on a thorough knowledge of the industry and our client's specific needs. We believe in hiring talented people for their long-term potential, giving them the responsibility and authority to be effective team players. Having the full support of the company, Dolmen Contracting employees consistently produce top quality work that exceeds client objectives and promotes future construction opportunities.

Our mission is to pay close attention to the fine details while delivering cost effective services to our clients on al long term basis. The client relationships that we've developed over the years are as important to us as the job themselves. From start to finish, every project will receive our utmost care and attention.

Values

To provide progressive building services in the **Dolmen Contracting Co.** tradition:

PROFFESSIONALISM

Providing our clients with a staff of well-trained and highly skilled individuals.

INTEGRITY

Adhering to our strong moral principles.

PRIDE

Providing our clients with outstanding service.

HONESTY

Being open with our clients and building a foundation of trust

RELIABILITY

Meeting deadlines, keeping promises and building a long-term relationship.

DEDICATION

Working hard to get the job done right.

SINCERITY

Communicating with our clients with candor and respect

Services

PRE-CONSTRUCTION

The biggest benefit of working with a contractor of **Dolmen Contracting** experience is the know-how that comes routinely integrated into your building. It's our unique methodology – our process. Majority of construction decisions are made within the initial design development phase, **Dolmen Contracting** understands how critical the Preconstruction phase is to ensure maximize your construction dollar.
Dolmen Contracting's Preconstruction services include:

- Schematic design & drawings review
- Design development review
- Construction document preview
- Site Development
- Constructability reviews
- Value engineering & cost solutions
- Critical path scheduling
- Permitting & approval

CONSTRUCTION

We are not just committed to building your building, we are committed to building your building right and building it right requires the kind of quality craftsmanship that makes reeducations. **Dolmen Contracting** construction services and corresponding work include:

- General Contracting
- Development
- Civil engineering
- Excavation works
- Finishing
- Water supply, sewerage system installation
- Electronical works
- Façade works
- Reinforced complete installation
- Asphalt road building
- Improvement work

Projects

Amchit Mall:

Land Area: 12,000 sqm

Built Up area: 70,825 sqm

Gross leasable area: 25,405 sqm

Status: Under Construction

Date: 2013

Saida Mall:

Land Area: 8,500 sqm

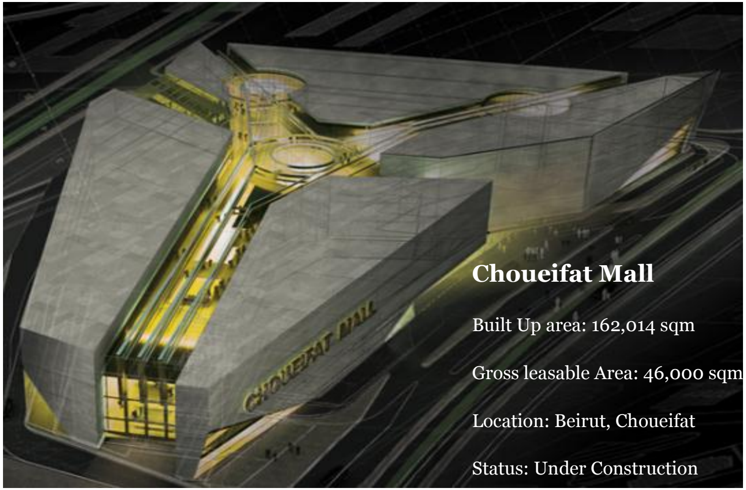
Built Up area: 27,000 sqm

Gross leasable Area: 13,000 sqm

Status: Built

Date: 2010

Projects



Choueifat Mall

Built Up area: 162,014 sqm

Gross leasable Area: 46,000 sqm

Location: Beirut, Choueifat

Status: Under Construction

Tayyouneh Mall

Built Up area: 42,200 sqm

Gross Leasable Area: 18,000 sqm

Location: Beirut, Tayyouneh

Status: Under Construction

Projects


Kaslik Mall:
BUA: 13,000 sqm
Status: Built
Year: 2011
STARBUCKS
COFFEE


Chtoura Mall:
BUA: 102,500 sqm
Status: Preliminary Design
Year: 2012

Projects

BHV Building:

Function: Residential and commercial

Location:: Beirut, Jnah

Status: Preliminary Design

Built Up area: 12,000 sqm

Sanayeh:

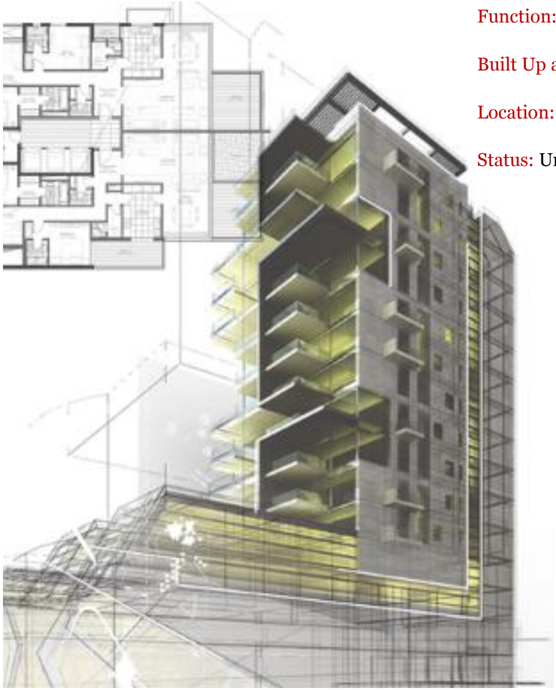
Function: Residential

Built Up area: 7,600 sqm

Location:: Beirut, Verdun

Status: Under Construction

Projects



V Verdun:

Function: Mix Use development

Built Up area: 16,570 sqm

Location:: Beirut, Verdun

Status: Under Construction

Vermelho:

Function:
Residential building
BUA: 8,500 sqm

Projects

Patriarcat Tower:

Function: Residential

Built Up area: 8,900 sqm

Location:: Beirut, Patriarcat

Status: Under Construction

Caracas Building:

Function: Residential

Built Up area: 5,400 sqm

Location:: Beirut, Caracas

Status: Under Construction

Projects

Yarze 3224:

Function: Residential

Location: Yarze, Lebanon

Status: Under Construction

Date: 2012

Isocele:

Function: Multifunctional building

Built Up area: 18,504 sqm

Location: Badaro, Lebanon

Status: Under Construction

Date: 2012

Projects

Palacio:

Function:
Residential building

Built Up area: 12,600 sqm

Location: Ain El Tineh, Beirut

Status: Under Construction

Date: 2011

Olive Residence:

Function:
Residential

BUA: 25,000 sqm

Status: Under Construction

Date: 2011

Scrapers

About Us

Overview

Scrapers was founded in Beirut in 2003, and has a well-known reputation concerning, innovative and artistic architectural designs. Our work is involved in both, architecture and interior design, offering excellent quality-oriented services though with very effective price considerations.

Philosophy

Our philosophy is to satisfy our clients by providing quality-architectural solutions with exemplary service. Our goal is to build long-term relationships. We achieve this by communicating with our clients throughout the life of each project. We include them as much as possible to ensure a quality experience and a product they are satisfied with. We have a dedicated team assigned to each project that has many years of experience in their fields of expertise. They are the primary people working on the project and remain constant through the entire process, providing the continuity of knowledge to hold it together.

The Future

With God's will, it is in our vision and goals to grow and prosper in various fields. Our geographical coverage will continue to expand as well as our experience, by reinforcing our reputation in the market. After all, clients are looking for a lead consultant, with proven success and respect. We greatly appreciate further discussions and suggestions in concern of our approach and way of work.

Staff

Scrapers' staff, consisting of a number of qualified and experienced architects, interior designers, and engineers, is familiar with most of the architectural environments often used. This has allowed us to undertake projects for a wide variety of client types. Our team is constantly motivated to be up-to-date with the latest cutting-edge technologies in the field of 3D rendering, for both exterior, and interior designs.

Scope of Work

Once it was founded, we insisted that "scrapers" engages in most building types, putting our own touch in all of our projects, and offering extremely realistic, photo-like, and mind-blowing rendered pictures.

Our scope of work consists of:

Commercial

- High-rise office towers
- Shopping malls
- Banks and financial businesses
- Show rooms
- Resorts

Residential

- High-rise apartments
- House towns
- Luxurious villas
- Custom homes

Public buildings

- Hospitals
- Educational
- Worship homes

Full Spectrum of services

- Master Planning | Urban Design
- Architectural Design and Consultancy
- Engineering Design (MEP, Structure)
- Interior Design
- Landscape Design
- 3D Visualization and Animation

Projects

Residential
Jannat Falougha, Vy Hotel, Kab Elias Complex, Ghazzeh Villa, Fawaz El kaaki, Asma Palace, Abdalla Jamal, Vila El Sheikh Hammad, Jouwaya Palace, Mazraa Square, Ashrafieh Bldg.

Commercial
Chtoura Mall, Ghazeleh Mall, Oman Restaurants.

Mixed Use | High rise
Centric Tower, Doha Tower, La Luna Tower, Malaysia Tower.

Offices
Egypt Spf, Ashrafieh Office Bldg, Centric Tower.

Urban Planning
Military Club, 4000 Residential Units, Anbar Modern Village, Dana Island, El Riyadh Compound, Madinat Al Saltana, Qatar Island, Race Track.

Religious
Masjid El Foutouwa, Masjid Al Kwait, Masjid Boukhamsine

Interior
Wedad El Kouwary, Environmental Agency Of Abu Dhabi, Ali Joumaa, Dolly, Zess Shop

Below is a brief about the projects done by the company. We selected few of the projects from a pool of more than 1,500 projects done by the company.

Projects

Iraq - Al anbar

Spanning over 135,000 m² lot of land, it includes large number of spaces and recreation areas. The challenge was to create a modern village, taking into consideration the identity and the conservative society of Iraq.

Dana Island

Dana island is dedicated to the world's wealthiest people. With its exceptional ultra-modern design, Dana island's villas are inspired from the shape of an eagle .

Projects

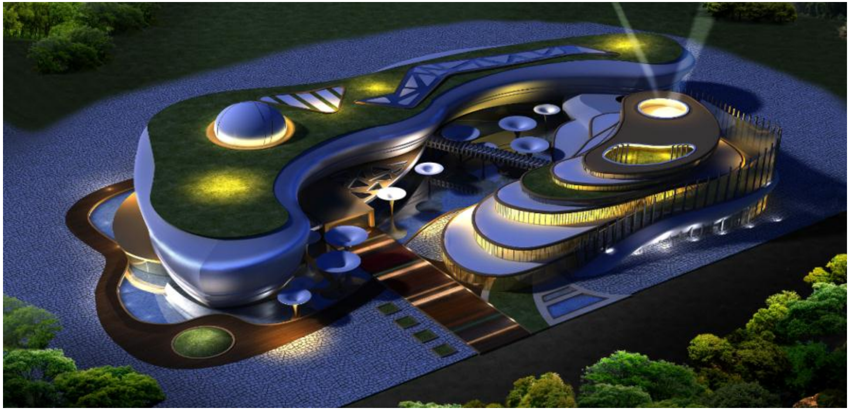
Luna Tower: **Verdun, Lebanon**

Beirut Centric tower

Al Mathaf Tower: **Beirut, lebanon**

Projects

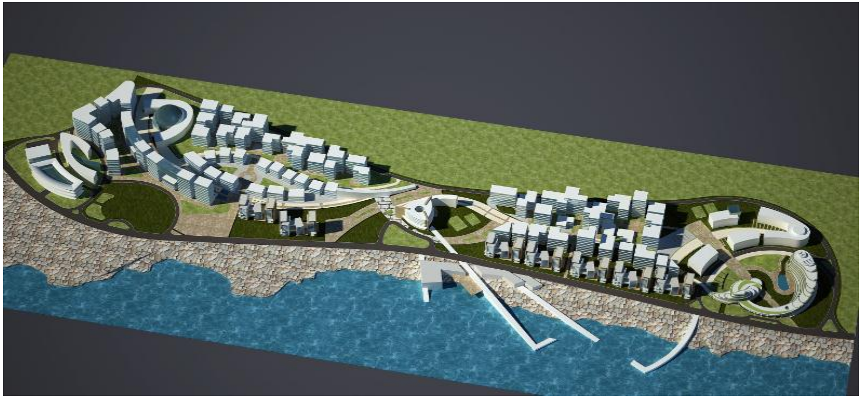
Erbil Mall



VY Hotel

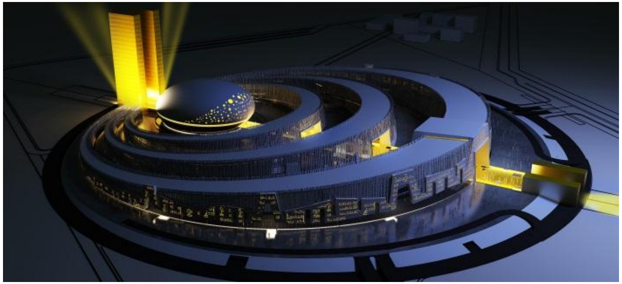
Nawwaf Palace

Atlantic Boulevard - Morocco



Projects

Iraq Parliamant



Oman Office Building: Oman

Meydan City Tower: Dubai, UAE

Ghana Offices Tower

Section 8
Star of Maputo – Phase 1

In this section, we will provide the details of phase 1 of "Star of Maputo"

Phase 1 Project Brief → Phase 1 Forecasted Figures → Phase 1 Exit Strategies

Star of Maputo is a mix use project to be built in one of the most strategic locations in Maputo

Star of Maputo is a mix use project to be developed on one of the most strategic locations in Maputo. The project was initiated between the government of Maputo and Premier Group represented by the chairman of “Premier Group Lda” Mr. Hussein Ahmad. The project has
2 main purposes which are:

- Providing a better living environment for the people of Mozambique
- Constructing a world class city in Maputo – Mozambique

The project consists of 2 major phases:

Phase 1:

In phase one of the project; a 400,000 sqm land is being bought in Mulotane, Boane Land. Boane Land Village, the phase one of Star of Maputo will be built on the land to accommodate 520 families that are currently living in lands 45 and 46 in Malhangane “B”.

The project will be constructed in cooperation with the Government of Maputo, The Children Institute Nosso Futuro, and the Municipality of Maputo.

Once “Boane Land Village” is delivered, our group will receive the right to use and invest (DUAT right) on the land 45 and 46 in Malhangane “B”.

The land 45 and 46 Malhangane “B” are located in the center of the new world class city that is being built in Maputo. The strategic location off the land and the high demand for real estate projects in Mozambique gives the “Star of Maputo” a competitive eedge for a high profit project

On the right are pictures of the lands 45 and 46 Malhangane “B” which will be used at a later stage for the construction of the “Star of Maputo” project.

Above are pictures of lands 45 and 46 Malhangane “B”

Project initiation

The project was initiated by a visit done by the first lady of Mozambique, who is also the leader in Futuro Nosso an NGO taking care of securing a better lives for the people of Mozambique, to the lands 45 and 46 Malhangane. In her trip, she discussed the phase one of the project with the people and noted their approval to change their habitat to a better houses in Buanne Land. Below are few pictures from the trip of the first lady of Mozambique:

Boane Land Village is the first phase of the project aiming to provide the people of Maputo a healthy environment to live in

Boane Land Village

Boane Land Village is the first phase of the project aiming to provide the people of Maputo a healthy environment to live in. The construction of the village will include the development of residential units, infrastructure and all living essentials.

The development of Boane Land Village will include:

- 520 houses
- Roads
- Sanitation
- Public Electricity
- Water pipes
- Area of leisure
- Use of fluvial water
- Use of white waters
- Health clinic with 3 houses for technical staff
- School with 3 residences for the technical staff
- Police station
- Space for commerce, including market

In order to cover the legal issues related with the project, "Premier Group Lda" has signed a memorandum of understanding with the government of Maputo to agree on the headline of the project. In Appendix A you can find a copy of the MOU signed.

Supply of Prefabricated Houses

The Phoenician Holding team has conducted a thorough market research in quest of the perfect candidate for the supply and manufacture of the low income prefabricated units. The research included the following candidates:

- James Hardie: Australia / China
- Dalal Group: Lebanon
- Karmod: Turkey
- Royal Housing: UAE
- Ozge Yapi: Turkey
- SpaceMaker: UAE

After long discussions and comparison between the above 6 suppliers, 3 names reached the final filtering phase: KARMOD OZGE YAPI and SpaceMaker. The below resulted after our visit to Turkey to inspect both suppliers and be able to give out our recommendation:

After a careful study of the quality of the houses and the price offers received, Ozge Yapi was selected to supply us with the prefabricated houses.

Karmod Site Visit

Ozge Yapi Site Visit

SpaceMaker Site Visit

Samples of the 3 types of pre-fabricated houses

Type A

Type A
Ground Floor Plan
area = 50.40 m2

Perspective

Type B

Type B
Ground Floor Plan
area = 66.80 m2

Perspective

Type C

Type C
Ground Floor Plan
area = 88.00 m2

Perspective

The sample houses will be studied by the municipality of Maputo, and once approved, the remaining 517 house will be constructed

Launching Phase 1

As indicated in Appendix A, the memorandum of agreement signed between prmier group and government of Maputo, The project will be initiated by setting up 3 sample houses. The sample houses will be studied by the municipality of Maputo, and once approved, the remaining 517 house will be constructed.

The 3 sample houses were constructed, and we are waiting for the government approval to continue the project. Below are the pictures taken from the construction process which was executed on a period of 3 weeks.


Premier

First Lady of Mozambique visited the launching of phase 1 of the project

First Lady visits the project

After the construction of the sample houses, the first lady of Mozambique and the Governor of Maputo visited the site. A ceremony was thrown in the honor of the first lady of Mozambique who was very delighted by the success and the high quality of the constructed samples. Below are some pictures of the ceremony.

Mr. Hussein Ahmad during the visit of the first lady of Mozambique to the project

First Lady of Mozambique visiting the houses

Ceremony during launching

Mr. Hussein Ahmad with the Governor of Maputo and Dolmen Team

Speech during ceremony with the first lady of Mozambique

Forecasted figures and expenditure for phase one of "Star of Maputo"

Phase 1 – Forecasted Figures

During phase one of the project, the investors major expenses are:

- Purchasing a 400,000 sqm land
- Building 520 prefabricated houses and the "Boane Land Village"

The project is expected to be finalized in 18 months and expected costs:

Expenditures for Buying the Land	Value (in USD)
Area (400,000 sqm x $15)	6,000,000
Marginal costs (brokerage and other expenses)	3,000,000
Total	**9,000,000**

Expenditure of Sample Houses	Value in USD
CIF Maputo Port	41,770.00
Transport	1,200.00
Customs duties and VAT	9,000.00
Foundations	24,532.00
Brick tiles	2,000.00
Electricity and painting	5,500.00
Subtotal	**84,002.00**

Expenditure of 520 Houses	Value in USD
CIF Maputo Port	39,682.00
Transport	1,200.00
Customs Duties and VAT	4,500.00
Foundations	17,172.00
Brick tiles	2,000.00
Electricity and painting	5,500.00
Subtotal	**70,054.00**
Cost per square meter	**346.80**
Total of 520 houses	**11,699,018.00**

Expenditure on Infrastructure (Per sqm)	Value in USD
Roads, including signs, markings, public lighting, pavements, maintenance, etc.	17.34
Drinking water, plumbing, reservoirs, water treatment, filters, pumps, including constructed infrastructures, drains, ditches, etc.	21.00
Electricity, electricity grid (distribution lines), generators, etc.	14.00
Subtotal of infrastructures	**52.34**
Total of infrastructures cost for 520 houses	**1,754,168.00**
Total per m² for houses and infrastructures	**398.80**

Expenditure on other Developments	Value in USD
Health center and 3 supportive houses (400.00m²)	159,520.00
School and 3 supportive houses (1,200.00m²)	478,560.00
Police Station (400.00m²)	159,520.00
Zone for trade (2,000.00m²)	797,600.00
Total	**1,595,200.00**

COST SUMMARY	
Land evaluation	6,000,000.00
Marginal costs	3,000,000.00
Construction and infrastructures	15,132,388.00
Drawings and plans	1,000,000.00
TOTAL	**25,132,388.00**

Exit Strategies after executing phase one of "Star of Maputo"

Phase 1 of the project is expected to cost around $ 25,132,388. After the execution of the first phase, the partnership will receive the DUAT right for the areas 45 and 46 in Malhangane "B". The area of the new land is around 75,000 sqm, with an average price of $1,000 sqm.

The value of the DUAT right is estimated at $ 75 million. The ROI on the first phase of the project is expected at 300% of initial investment. Accordingly, shareholder will have 3 exit options for their investment:

- **Scenario A**: Sell their share in the DUAT right for a value of $ 37.5 million. And hence investors would have paid back their initial cost plus a 200% return in 18 months.
- **Scenario B:** Shareholders can sell 33% of the DUAT right to a third strategic partner for a value of $ 25 million. In this case each shareholder will keep 33% of the project and phase two would start without extra investments
- **Scenario C:** Shareholders can choose to keep their share at 50% of the project each and invest in phase 2 of the project. In this case, shareholders will have to add $12.5 million each to invest in part 2 of "Star of Maputo".

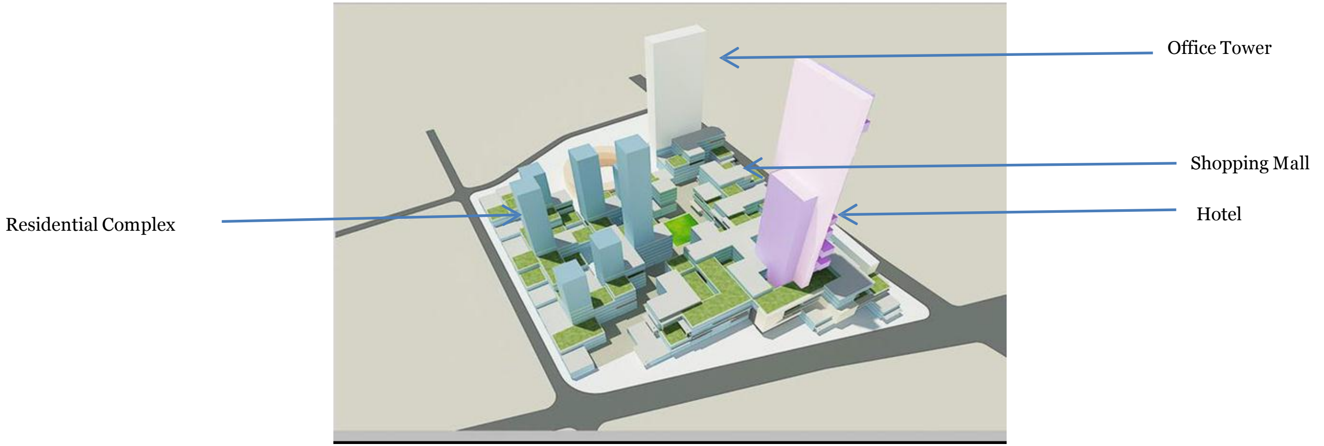
Section 9
Star of Maputo – Phase 2

Project Concept and Development Program

Phase 2 – Star of Maputo

Phase 2 of the project is under study to be developed on the area 45 and 56 of Malhangane "B". The land size is around 75,000 sqm. Once it is emptied from people living there, and we receive the DUAT right, a mix use project is expected to be developed. According to our primary studies, the project is expected to develop the following:

- Residential Complex with an area of 140,000 sqm
- Shopping mall with an area of 120,000 sqm
- Offices Tower with an area of 25,000 sqm
- Hotel with an area of 25,000 sqm



Overview of the Project

Project Development

Residential Complex - Sales

	GLA/Unit (sqm)	# Units	%	Total Allocation
Unit Mix				
One Bedroom Apartments	100	350	25%	35,000
Two Bedroom Apartments	150	300	25%	45,000
Three Bedroom Apartments	200	300	50%	60,000
Circulation Allowance	-	-	-	-
Total/Average	**150**	**950**	**100%**	**140,000**

Project Developments - Rental

Description	BUA	GLA
Retail Space – Including Mall	120,000	96,000
Offices	25,000	20,000
Hotel	25,000	20,000
-	-	-
Total/Average	**190,000**	**136,000**

Project Development

- Spacious apartments with high-quality finishings and functional layouts catering to high-end expatriate families.
- Adequate parking space and security-controlled environment.
- All leasable developments are constructed on core and shell basis

Below are the assumptions taken into consideration while calculating the financial returns of the project

Expenditure Assumptions

Assumptions with regards to the development of the project are as mentioned below:

Parking Construction expenses

- It is anticipated that the construction of the parking space is around $ 400 per sqm.

Residential Construction expenses

- It is anticipated that the construction of residential units is around $ 700 per sqm.

Retail Construction expenses

- It is anticipated that the construction of retail units is around $ 700 per sqm. Retail units will be delivered as core and shell.

Offices Construction expenses

- It is anticipated that the construction of offices is around $ 700 per sqm. Offices will be delivered for rental as core and shell.

Hotel Construction expenses

- It is anticipated that the construction of the hotel is around $ 700 per sqm. Hotel will be delivered to hotel operators as core and shell.

Taxes

- Taxes are anticipated at a rate of 10% from sale and rental income. Attached in Appendix C is the tax report from KPMG for the year 2012

Capitalization Rate

- In our financial analysis, we used a capitalization rate of 20% to calculate the residual value of the leased developments.

Occupancy Rate

- It is anticipated that the retail and offices space will be occupied at a constant rate of 80% throughout the rental years.

Below are the revenues assumptions taken into consideration while calculating the financial returns of the project

Revenues Assumptions

Assumptions with regards to the revenues of the project are as mentioned below:

Revenues from retail units

- It is anticipated that the retail units will be leased at an occupancy rate of 80% at a price of $ 30 per sqm per month.

Revenues from Offices

- It is anticipated that the offices will be leased at an occupancy rate of 80% at a price of $ 25 per sqm per month.

Revenues from Hotel

- It is anticipated that the hotel will be leased for a hotel operator at a rate of $ 20 per sqm per month.

Revenues from Residential units

- It is anticipated that the residential units will be sold over a period of 4 years. Below is the sales schedule and forecasted cash flow from the residential units.

	Year 1	Year 2	Year 3	Year 4
Sales Schedule:	30%	30%	30%	10%
Year 1 Buyers	40%	20%	20%	20%
Year 2 Buyers		50%	30%	20%
Year 3 Buyers			80%	20%
Year 4 Buyers				100%
Revenues Cash Flow				
Year 1 buyers	36,000,000	18,000,000	18,000,000	18,000,000
Year 2 Buyers		45,000,000	27,000,000	18,000,000
Year 3 Buyers			72,000,000	18,000,000
Year 4 buyers				30,000,000
TOTAL	**36,000,000**	**63,000,000**	**117,000,000**	**84,000,000**

Project Development – Financial Assumptions

	BUA	Sellable Area	Construction Cost Per sqm	Total construction Cost	Sales Price per sqm	Rental price per year per sqm	Rental Price Per Month per sqm	Income
Basements	140,000		$400	$56,000,000				
Retail Hotel	120,000	96,000	$700	$84,000,000		$360	$30	$34,560,000
Offices	25,000	20,000	$700	$17,500,000		$240	$20	$4,800,000
Residential	25,000	20,000	$700	$17,500,000		$300	$25	$6,000,000
	140,000	120,000	$700	$98,000,000	$2,500			$300,000,000
Total Rents per year								**$45,360,000**
Total Sales								**$300,000,000**
Project Totals	**450,000**	**256,000**		**$273,000,000**				

Capital Structure of the project

Capital Structure

The execution of phase 2 of the project will require a mix of equity, debt and pre sales of residential apartments. The structure used in our financial analysis is according to the following:

Equity of$ 37-5 million

Debt of$ 75 million. The land will be used as collateral for the loan

Presales of residential apartments according to the schedule in the revenue assumptions.

Equity:

Equity will be raised according to the exit strategy executed in phase 1of the project.

In case of selling 33% of the project for a third strategic partner, the money raised will be used as equity. The sale of 33% of the DUAT right for $ 25 million will be used in addition to $12.5 million for the participation in the project.

In case any of the partners sold 50% of his shares, then the new partnership will need to raise$ 37-5 million as equity.

In case both parties agreed to keep their 50% share, then an additional equity of$ 37-5 million will be needed from the shareholders.

Debt:

It is assumed that a loan of$ 75 million will be raised from a commercial bank. The interest is anticipated to be 7% with a grace period of 3 years. During the 3 years, only interest from the debt used will be paid. Payment of the loan will start after the third year.

Forecasted Cash Flow

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Residual Value
Occupancy Retail						80%	80%	80%	80%	80%	80%	80%	80%	
Occupancy Offices						80%	80%	80%	80%	80%	80%	80%	80%	
DUAT RIGHT	(75,000,000)													
Construction Costs	(1,556,100)	(34,316,100)	(84,247,800)	(90,472,200)	(62,407,800)									
Sales of Residential apartments		36,000,000	63,000,000	117,000,000	84,000,000									
Rent of Retail Space						27,648,000	27,648,000	27,648,000	27,648,000	27,648,000	27,648,000	27,648,000	27,648,000	138,240,000
Rent of Office						4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	24,000,000
Rent of Hotel						4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	24,000,000
Taxes		(3,600,000)	(6,300,000)	(11,700,000)	(8,400,000)	(3,724,800)	(3,724,800)	(3,724,800)	(3,724,800)	(3,724,800)	(3,724,800)	(3,724,800)	(3,724,800)	(18,624,000)
Cash Flow	**(76,556,100)**	**(1,916,100)**	**(27,547,800)**	**14,827,800**	**13,192,200**	**33,523,200**	**33,523,200**	**33,523,200**	**33,523,200**	**33,523,200**	**33,523,200**	**33,523,200**	**33,523,200**	**167,616,000**
Financing	39,056,100	4,650,027	30,607,229											
Loan Payments		(2,733,927)	(3,059,429)	(5,201,935)	(13,459,052)	(13,459,052)	(13,459,052)	(13,459,052)	(13,459,052)	(13,459,052)	(13,459,052)			
Net Cash Flow	**(37,500,000)**	**0**	**0**	**9,625,865**	**(266,852)**	**20,064,148**	**20,064,148**	**20,064,148**	**20,064,148**	**20,064,148**	**20,064,148**	**33,523,200**	**33,523,200**	**167,616,000**
Accumulated Cash Flow	**(37,500,000)**	**(37,500,000)**	**(37,500,000)**	**(27,874,135)**	**(28,140,987)**	**(8,076,840)**	**11,987,308**	**32,051,455**	**52,115,603**	**72,179,751**	**92,243,898**	**125,767,098**	**159,290,298**	**326,906,298**

IRR	**27%**
ROI	**8.72**

Section 10
SWOT Analysis

SWOT ANALYSIS

STRENGHTHS:

- High profitability of the project
- High demand for real estate projects in Mozambique
- Expertise and the know how acquired by the partners
- Political stability in the country

Government commitment to a business friendly environment

WEAKNESSES:

- Poor infrastructure in the country
- Shortage of construction material
- Lack of skilled and technically trained labor
- Weak and non-transparent administration

OPPORTUNITIES:

- Tapping new market
- High potential of the Mozambican market
- Economic boost the country is passing in
- Opportunities available in the market due to the natural

resources discovered in the country

- Mozambique is one of the fast growing economies

THREATS:

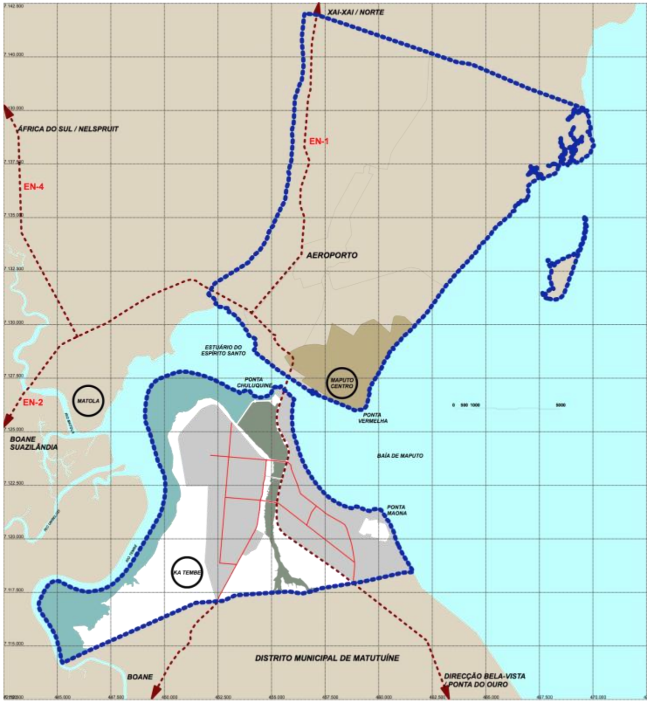
- Corruption in the Mozambican official points
- HIV/AIDS epidemic and its impact on the availability and productivity of labor

Section 11
Other Investment Opportunities

Katembe Project

The project to build a bridge across Maputo Bay, linking the Mozambican capital with the district of Katembe, is arousing the interest of both foreign and national investors.
According to Nelson Nunes, Executive Director of the publicly-owned "Maputo-Sul" Development Company, which is responsible for the project, interest is coming from investors in Portugal, Spain, China and other countries.
The project, valued at 500 million US dollars, consists of the construction of roads and a bridge linking the city of Maputo with Katembe on the other side of Maputo Bay. It will also involve building roads between Katembe and the tourist resort of Ponta do Ouro, on the border with the South African province of KwaZulu-Natal, and between the towns of Boane and Bela Vista.
There will also be an urban development programme for Katembe and a redevelopment programme in the district of Malanga, in Maputo city, along with the construction of access roads.
According to the Deputy Minister of Public Works, Francisco Pereira, the government considers this project a priority "not only for its grandeur and beauty - which it certainly is going to have - but because of its importance to the southern region of our country".
"It is not just about linking the city of Maputo with Katembe, because that exists and could always be improved with new, modern ferries", insisted Pereira.

To ensure the sustainability of the project, the bridge and roads will have toll gates. To ensure that there is no interference with shipping entering or leaving Maputo port, the bridge will tower 48 metres above the bay.



Katembe Project

The first installment of building materials and equipment for the construction of the bridge linking Mozambique's capital city Maputo with the district of KaTembe has been delivered.

Various construction materials have been offloaded in Maputo port from a Chinese cargo ship. This shipment contains only a small amount of materials to be used in the construction of the camp, mainly houses for the workers. According to the Project Manager for CRBC, the value of the material is less than a million dollars.

The construction project, known as the Maputo - KaTembe Bridge and Roads Project includes three components: the bridge over Maputo Bay will be three kilometres long with two approach roads. The bridge is a dual carriageway with two lanes in each direction. It will be built 60 metres above the bay, thus ensuring that ships can enter and leave Maputo port at any time of the day.

Secondly, the project will construct a new road between KaTembe and Ponta do Ouro on the border with South Africa, which is a distance of about a hundred kilometres. Thirdly, there will be an upgrading the road between Bela Vista and the district of Boane.

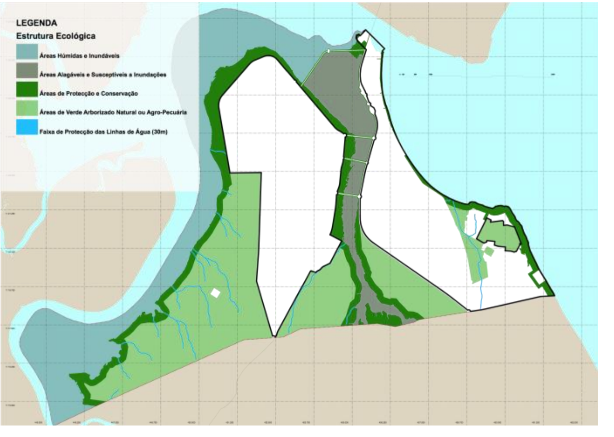
One of the very first segments of the overall project will be a bridge over the Umbeluzi River near Boane, part of the Boane – Bela Vista road.

The actual schedule for the rest of the project has not yet been finalized.

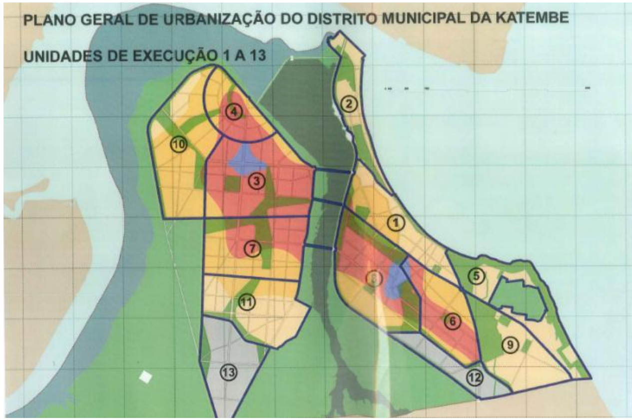
Drake and Scull signed a Letter of Intent with Maputo Sul , a governmental organization for the participation in this project. The LOI is attached in appendix D.

Katembe Project

After the development of the infrastructure for the area, the government of Maputo is planning to construct a world class city.
The area has been divided to different Zone. To the right is the pic of Katemebe at the moment.

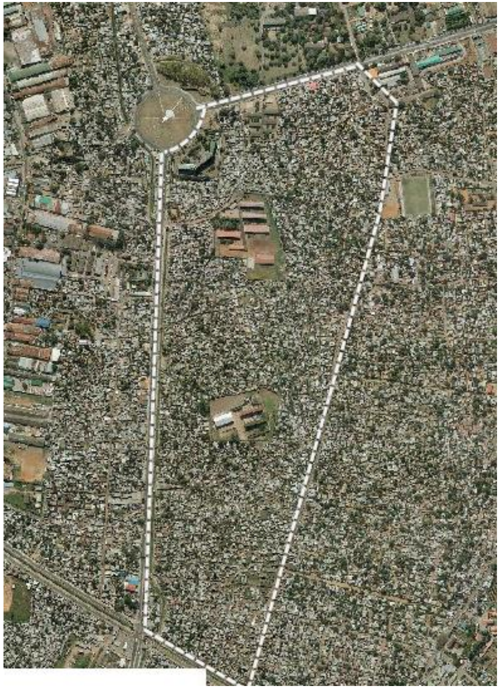


Katembe project

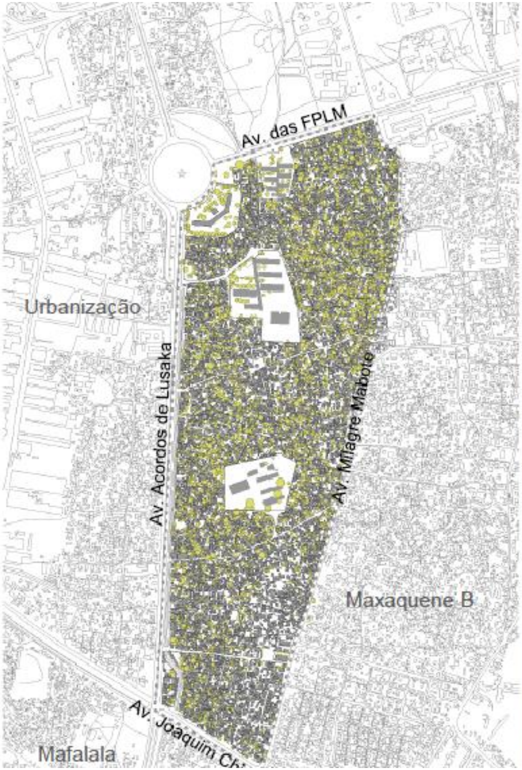


Maxaquene A

During the visit to the first lady of Mozambique, she mentioned that another land "Maxaquene A" is also under study. The new land has 22,759 habitants at the moment and a project similar to "Star of Maputo" can be developed in the land. This project will also has 2 phases since the habitants will have to be moved from the land. The land area is estimated at 875,000. This project is larger in scale then "Star of Maputo" and could be a golden opportunity in the future.



Maxaquene A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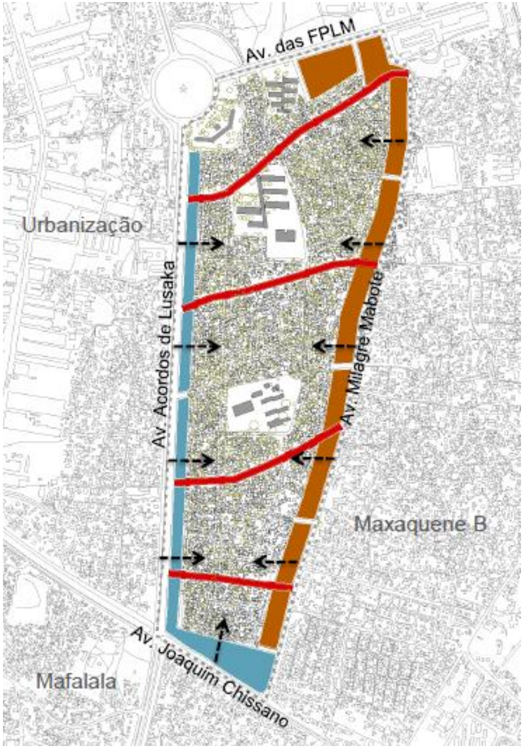
Av. Acordos de Lusaka
Av. Milagre Mabote
Maxaquene B
Av. Joaquim Ch
Mafalala

Maxquene A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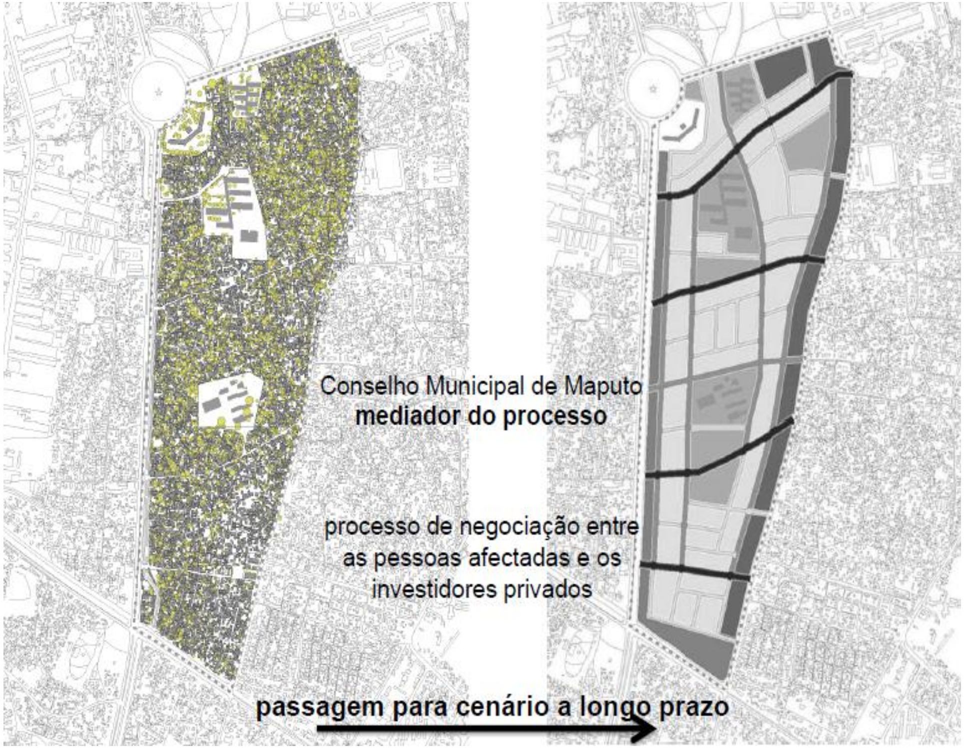

Conselho Municipal de Maputo
mediador do processo
processo de negociação entre
as pessoas afectadas e os
investidores privados
passagem para cenário a longo prazo

Maxquene A

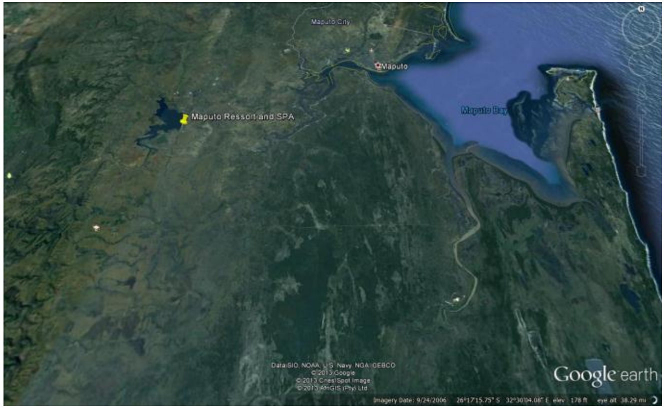
Pequenos Libombos

Another investment opportunity in Maputo, Mozambique is developing a resort and spa on a 331,000 sqm land in Pequenos Libombos. The land lies in the hills about 45 km southwest of Maputo and provides water to the capital. The landscape is quiet. The river has crocodiles and makes a pleasant day getaway if you have your own vehicle. Near Libombos Mountains, offers a wide view and is a good area for cycling. The land is owned by Mr. Hussein Ahmad.

The Spa and resort will have a wide range of amenities from pools to gym, restaurants, shopping area,...

The project is still in its preliminary design phase.

Pequenos Libombos



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