

Sierra Leone Tourism

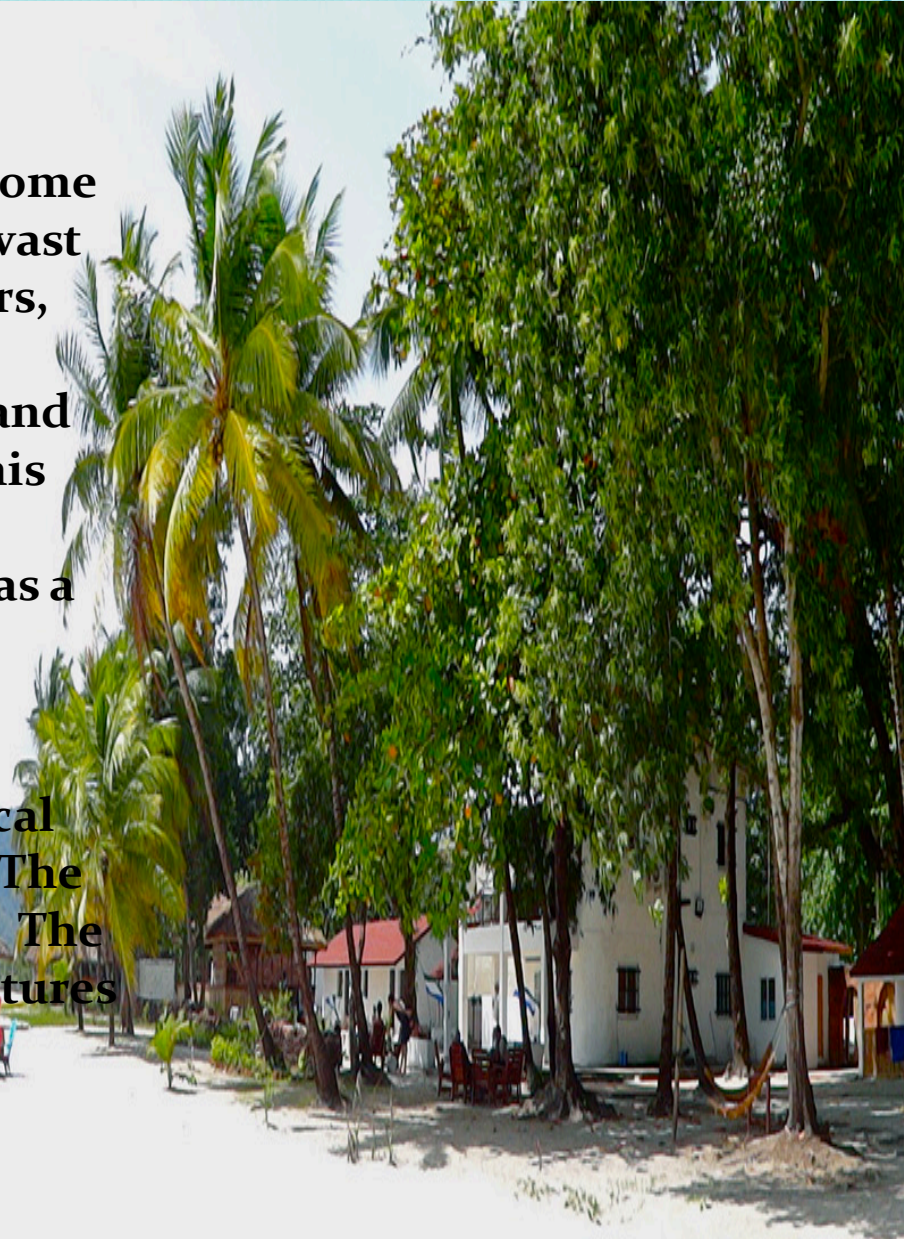
Sector Overview



Sector Overview

The Tourism sector in Sierra Leone has become one of the top priority sectors due to the vast improvement demonstrated over the years, with the huge inflow of foreign direct investment and improvement in quality and standards by our domestic investors in this sector.

Sierra Leone is definitely back on the map as a tourist destination , with the surge in the number of tourists visiting Sierra Leone annually witnessing the emergence of International Brands partnering with local entrepreneurs. This has led to attracting The Hilton International , Radisson Blu and The Savoy who are providing either joint ventures or management partnership.

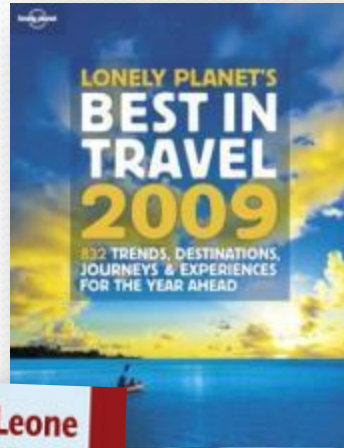


The Best Kept Secret in Destination Tourism

With 360km of beautiful ,
unspoilt **white sand beaches**...

...**31 protected areas** with
unique wildlife including
pygmy hypos, chimpanzees,
jungle elephants, and
many species of birds...

...**world-class game
fishing**, with record
setting tarpon catches



**18 national heritage
sites** linked to Sierra
Leone's rich past of both
the slave trade and as a
home for returning
slaves...

...all only **3 hours** away
from Lagos, Africa's
largest city, **8 hours**
away from the US, and
6 hours from Europe...

...highlight the opportunities for
first movers in both **leisure** and
business hospitality in Sierra
Leone

A History of Interrupted Development...

Tourism **expanded** rapidly during the **1980's**

There were a number of **international brands** operating in country
Frantel Hotel Group, Caledonia Hotel Management, Hotel Sofitel and
Accor

Tourist **services** were active and expanding
Trained guides and industry staff, catamaran tours, fishing expeditions,
traditional and cultural experience tours, etc

However, the civil conflict of the 1990's ~~erased~~ ~~the~~ ~~gains~~ that had been
made



...Leaving the sector underserved, but set to Rebound

Despite the hurdles experienced in the mid to late 90's, currently **there are two huge international brands soon to start operations** in Sierra Leone which are Hilton and Radisson Blu and there are more credible hotel groups in the pipeline soon to be confirmed.

Vibrant group of **small local entrepreneurs** and community organizations currently serving the market

- *A fishing lodge, operated by local entrepreneurs*
- *An eco-village, run by a local community*
- *Series of Hotels and guesthouses, run by local operators*

Leaving the abundant tourism assets of the country **primed for**



Wide Range of Tourism Assets...

Bunce Island

Built in the **17th century**, the island was the major collection point for **slaves destined for Europe and the Americas**



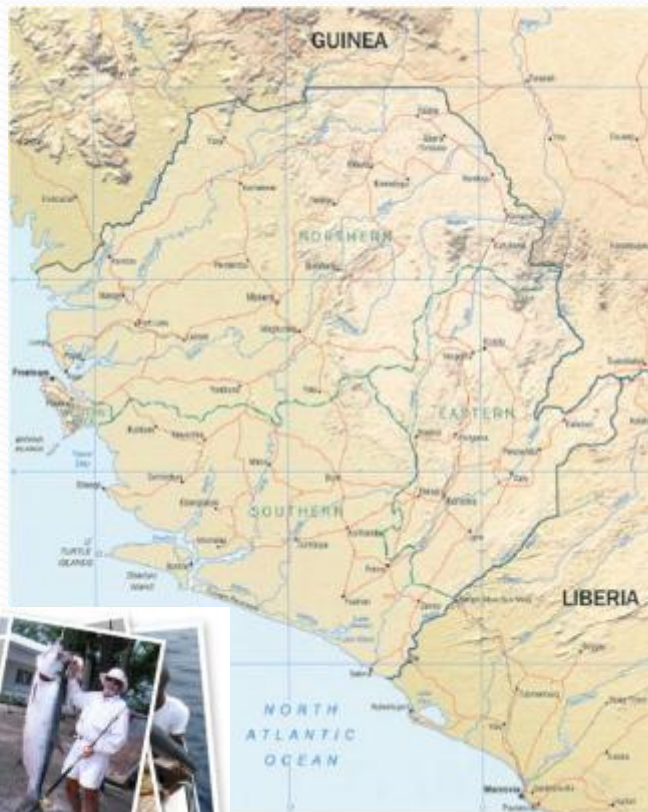
Sport Fishing

Record breaking sport fishing of **tarpon** off Sherbro Island



Freetown

Founded in 1787 as the “Province of Freedom”. Mixes **heritage** (eg, Old Fourah Bay College), with **vibrant nightlife & social scene**



Ecotourism

Some of the **premier locations** in West Africa, including **Tiwai Island, Outamba Kilimi National Park, Tacaguma**

Chimp



...Including West Africa's Most Stunning Beaches

“River No 2, with its mountainous backdrop and glittering oceanic horizon, rivals anywhere on earth for breathtaking coastal grandeur...” – The Observer



Lakka

Close proximity to Freetown, potential to participate in the corporate/business demand of the city, great out of town location for conferences



No. 2 River

The setting of the 'Bounty' candy bar adverts going back to the 1970s, this stunning setting is serviced by a community run organization



Tokeh

Vast expanse of soft white sand, ideal location for a larger-scale full service resort catering to the individual traveler and tour operator markets

... But also diverse Eco-Tourism Experiences

Blessed with some of the **premier Eco-Tourism** locations in **West Africa**

Tacaguma

Locally owned and operated, home to dozens of rescued and abandoned chimps that are being prepared for release

Outamba-Kilimi

A diverse area of rolling hills, grasslands, flood plains and rainforests that is home to a rare collection of elephants, hippos, leopards, primates and birdlife

Tiwai Island

Island located in the middle of the Sewa River, it has 11 species of primate, over 135 different bird species and is home to the rare and elusive pigmy hippo

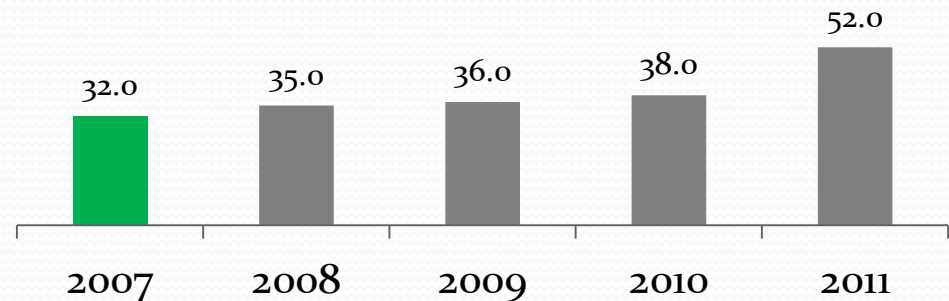


Critically Acclaimed Step-Change Growth Potential

“There is nowhere quite like Freetown anywhere else in the world...This is real Africa, not comparatively clinical South Africa, or package-holiday north Africa - this is **where** the sights, the sounds and smells of the continent come alive.”

The Observer

Annual Tourist Arrivals
(2007 -2011)
(in '000s)



Some Facts & Figures

The tourism sector contributed **\$36.9 million** as revenue in **2011**, an increase from \$27.1million in revenue contributed in 2010 indicating an increase of 36.2% (Credit: National Tourist Board of Sierra Leone, 2012)

Government incentives applying specifically to the tourism sector:

The Development of Tourism Act 1990 and The Finance Act 2011 makes adequate provisions in attracting investors with the following criteria:

- Where for the purpose of an Approved Development by way of constructing a new hotel, extending, restoring or renovating an existing hotel; or any tourist facility or amenity, with a minimum number of rooms for hotels established in the Western Area of 50 ensuite bedrooms and 10 ensuite bedrooms for the rest of the country.
- These incentives shall not be available to Night Clubs, Casinos and Restaurants unless they are an integral part of an eligible hotel.
- Import building materials, machinery and equipment, linen, cutlery, glassware, chinaware, furnishing attract import duty rate of 0% for three years. Taxpayers would be allowed to elect the three years when they would be eligible for the duty free importation.
- Relief from income tax in such manner and for such period not exceeding five year and in any case shall not extend beyond 2015 and, however, that such relief shall not apply to the extent that the total amount during the tax holiday period exceeds one hundred and fifty per centum of the original capital invested.
- Capital allowances on any asset in respect of which qualifying expenditure as defined under the Seventh Schedule to the Income Tax Act has been incurred by any person wholly or exclusively for the purpose as set out above shall be computed and deducted from the profits or income of that person arising from such business in accordance with the provisions of the Seventh Schedule to the Income Tax Act relating to capital allowances
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Some Facts & Figures

- National Tourist Board of Sierra Leone Visitors arrival by air (purpose of visit) 2011

Purpose	HOLIDAY	Visiting Friends / Relatives	BUSINESS	CONFERENCE	OTHERS	TOTAL
TOTAL	11,146	9,483	18,480	5,337	7,996	52,442
2010	7,728	5,156	12,803	4,208	8,720	38,615
VARIANCE	3,418	4,327	5,677	1,129	724	13,827

- National Tourist Board of Sierra Leone Visitors arrival by air (place of res:

Regions1	AFRICA		ASIA	AMERICA	MIDDLE EAST	EUROPE	AUSTRALIA & OCEANIA	TOTAL
	ECOWAS	NON-ECOWAS						
TOTAL	11,054	4,598	5,360	10,474	2,485	13,807	3,664	52,442
2010	7,838	2,968	3,516	7,406	2,667	10,295	3,925	38,615
VARIANCE	3,216	1,630	1,844	3,068	818	3,512	261	13,827

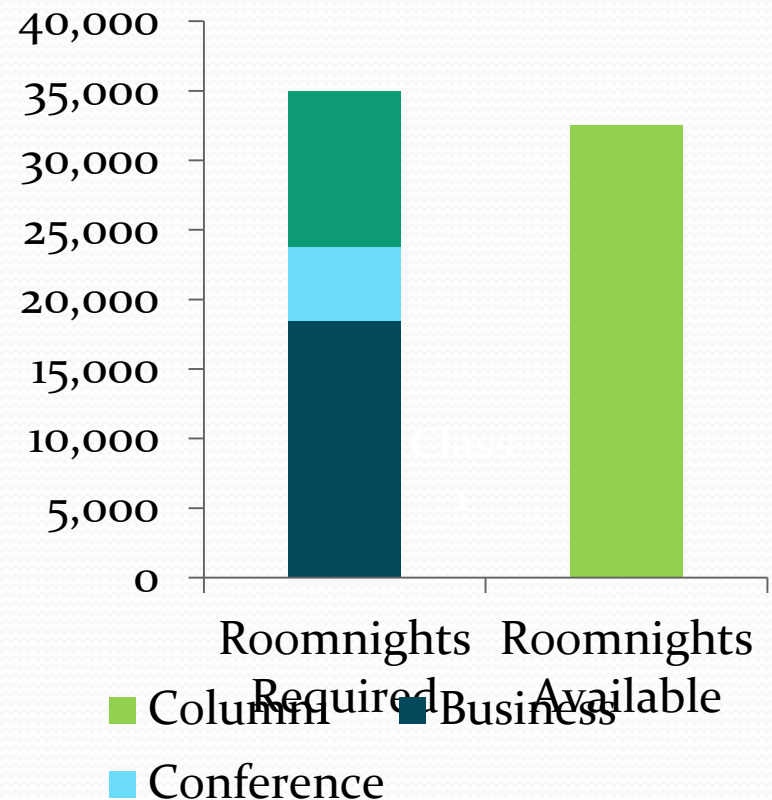
- The total passenger arrivals at Lungi International Airport for 2011 was 99,181 out of which tourist/visitor arrivals accounted for 53%. Estimated revenues from that traffic amounted to \$36.9m, a robust 36.3% increase from 2010.
- 2011 also witnessed the arrival of cruise ship tourist traffic generating approximately 1000 tourists This business was facilitated by KTI Tours and Visit Sierra Leone both Local Handling Agencies with professional capacity to handle such business.



Freetown Class 1 Demand vs. Capacity (2011)

113,679 room nights of estimated Freetown demand in 2009 was served by **38,325 room nights** of Class 1 supply

Assuming these **travellers** were seeking **Class 1** accommodation, that potentially left over **80,000 room nights** of **unmet Class 1** demand



Supported by a Focused, Motivated Government...

The Government of Sierra Leone has a **four point strategy** for development:

1. An Eco-Tourism Policy and Action Plan will be formulated and the Development of Tourism Act 1990 reviewed to tailor meet the current market environment.
2. 5 eco tourism sites country wide will be enhanced and developed through grants and Eco Tourism marketing initiatives will be promoted.
3. All leases on government properties are currently being reviewed and a detailed report will be produced by May 2012, showing the availability of Government properties available for lease/purchase
4. Targeted tourism development around the **Western Area Peninsula**
5. The capacity of selected tourism Institutions such as the Ministry of Tourism & Cultural Affairs, National Tourist Board and the Hotel and Tourism Centre and some private sector operators will be enhanced.
6. Government **reforms** to further facilitate investing in tourism in Sierra Leone
7. **Review and upgrade** of tourism related **regulations** to ensure ongoing consistency with global best practices

...with some big names already here!

Investment size



- The Cape Sierra Hilton will be redeveloped into an international 4-star hotel with 200 rooms.

\$40 million



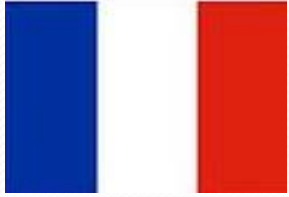
- The Mammy Yoko Hotel in Sierra Leone's capital Freetown is to be rebranded under Rezidor's Radisson Blu brand later this year

\$15 million



- 6 hours direct flight to Freetown twice a week since 2011

Why does Sierra Leone want to attract French investors in tourism?



1. France was one of the first countries to have diplomatic mission in Sierra Leone after the independence
2. French companies in 1980s invested substantially in the provision of Hotel and Accommodation (e.g: Accord managed the 189 rooms of Mammy Yoko and Frantel managed 75 bedroom and 50 chalets of Cape Sierra Hotel) as well as air transport (e.g UTA)
3. Until 1990 prior to the war, **90% of the ~100 000 tourists visiting the country were from France**

Marketing, Specific Opportunities for Investment

Lakka Sunshine	Former tourist resort with a great beach location close to Freetown. Local joint venture partner/site owner looking to partner with investors.	\$5 million
Bureh town resort	200 bungalows resort on the most beautiful beaches along Peninsula	\$25 million
Tokeh Resort	On one of the best beaches of Western Peninsular, presented as 4 star international standard with extensive facility mix (spa, 18 holes golf course, indoor sports facility, extensive water sports and pier for direct boat access to Lungi Airport). Greenfield project.	\$15 million
Kimbima Hotel	75 bedroom Hotel in Freetown under refurbishment looking for equity participation and management support	\$3 million
Leone Lodges	Approximately 150 (one hundred f fifty rooms) of high class lodges being constructed country wide. To carter for business and leisure clientele. Owner looking for joint venture and management	\$ 12 million
E-den park	Beach resort with 15 bungalows and 8 rooms to expand to 50 rooms, looking for equity participation	\$2 million

Other projects: greenfield land to acquire in the peninsula. PPP management of national




TOKEH SANDS

Project 1: Tokeh Sands



Description



Area for bungalows

- **Location**

- 30 km away from Freetown
- ..

- **Current Assets:**

- 2 acres of beachfront land
- 3 structures totalling 30,000 sq. ft & occupancy of 150

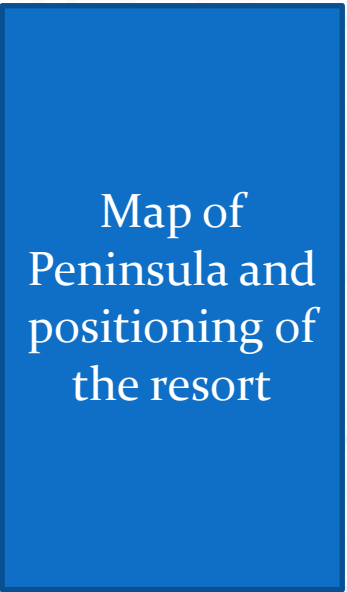
- **Size**

- 50 bungalows

- **Targets**

- High-end tourists

- **Partners**



Map of Peninsula and positioning of the resort

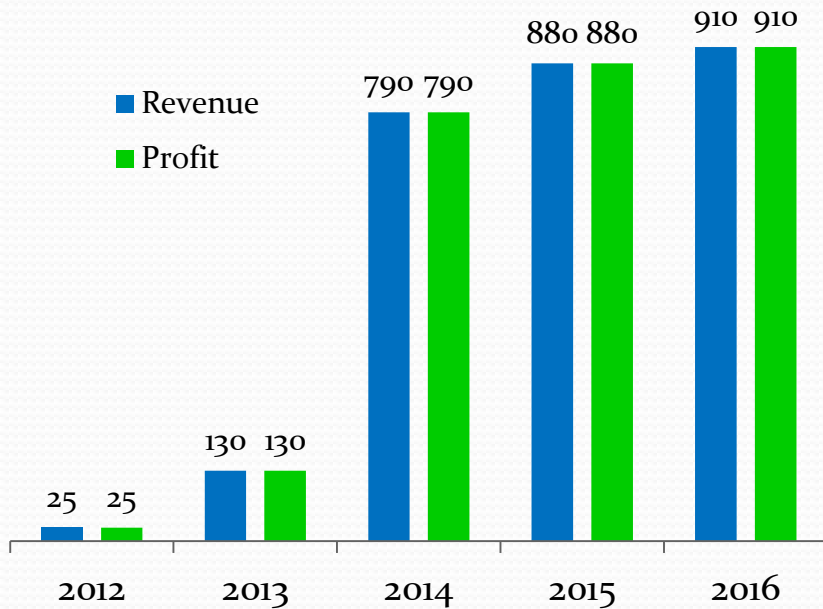
Project 1: Tokeh Sands

Business case

Business case

Projected revenues and profit

M, \$



Key Assumption

- **Tourists**
 - Occupation: 50%
 - Provenance: France, Belgium
- **Spends**
 - Occupation: 50%
 - Provenance: France, Belgium
- **Labor**
 - Occupation: 50%
 - Provenance: France, Belgium

Project 2: Lakka Beach



Project 2: Lakka Beach



Location:

Prominent seafront tourist area 10km from Freetown owned by private investor

Current Assets:

2 parcels of land: 52,598m²

First parcel currently houses two bungalows of two bedroom each - and a fence, as well as a partly demolished building and pool, tennis court and compound. The fence has fallen due to rampant sea sand excavation by contractors. Any new development will have to include effective sea protection. Investor is bringing in an architectural and engineering team for this and other projects – to get plans for an effective wall protection and an accurate BOQ. The land has a 150 meter frontage .

The second and third parcels are on the other side of the road. This area is sufficient for facilities – power house, staff rooms, parking, tennis courts. They also provide space for hotel expansion.

Proposed Plans:

It is ideal for a hotel at the 3* range – with rooms effectively less than 10m from the sea. Land area can easily accommodate 50 rooms with sufficient space for requisite sea front amenities. Located on the same beach as the largest single real estate development in the country, and adjacent to a new tourist hotel development & what used to be the Lakka Cotton Club.

Targets:

Mid range tourists

Expected investment:

\$5m

Investor is looking to finance 65% of the project externally via debt or equity

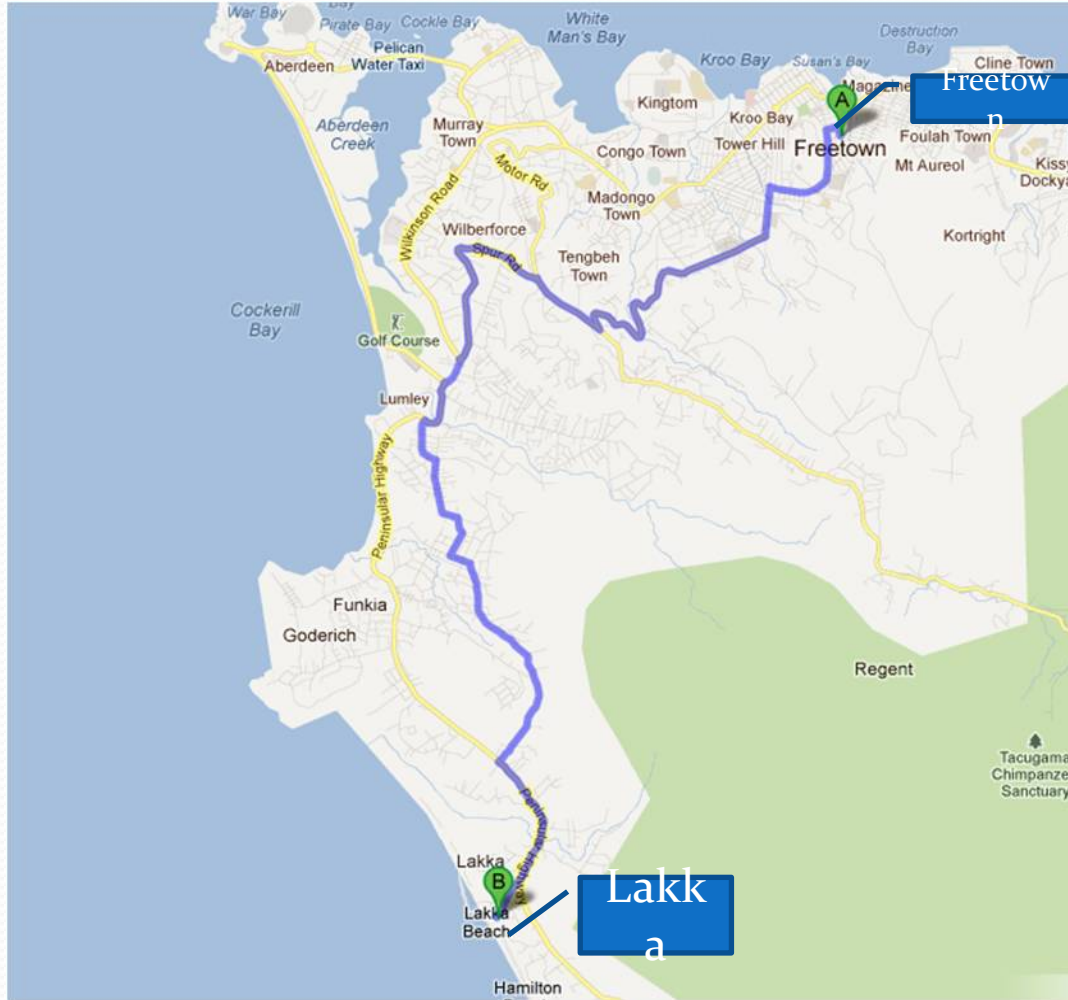
Accessibility:

Accessible through the new peninsular highway that is scheduled to be completed to Lakka before the rainy season of 2012.

Electricity:

Connected to Guma Valley water and National Power Authority.

Project 2: Lakka Beach





Project 2: Bureh Town Beach

• 170,000m² freehold owned by Investment and Property Company Limited with ~600m seafront

• Includes an island (20,000m²), river, lagoon & coconut-lined white sand protected beach

Accessibility:

- Around 30kms from Freetown.
- 2 routes: via the peninsular highway when completed in 2013. The other direction is from Waterloo and if the new proposed Songo Airport is built, Bureh Town will be one of the closest beaches to the airport.

Expected Size:

- 40 Bungalows

Targets:

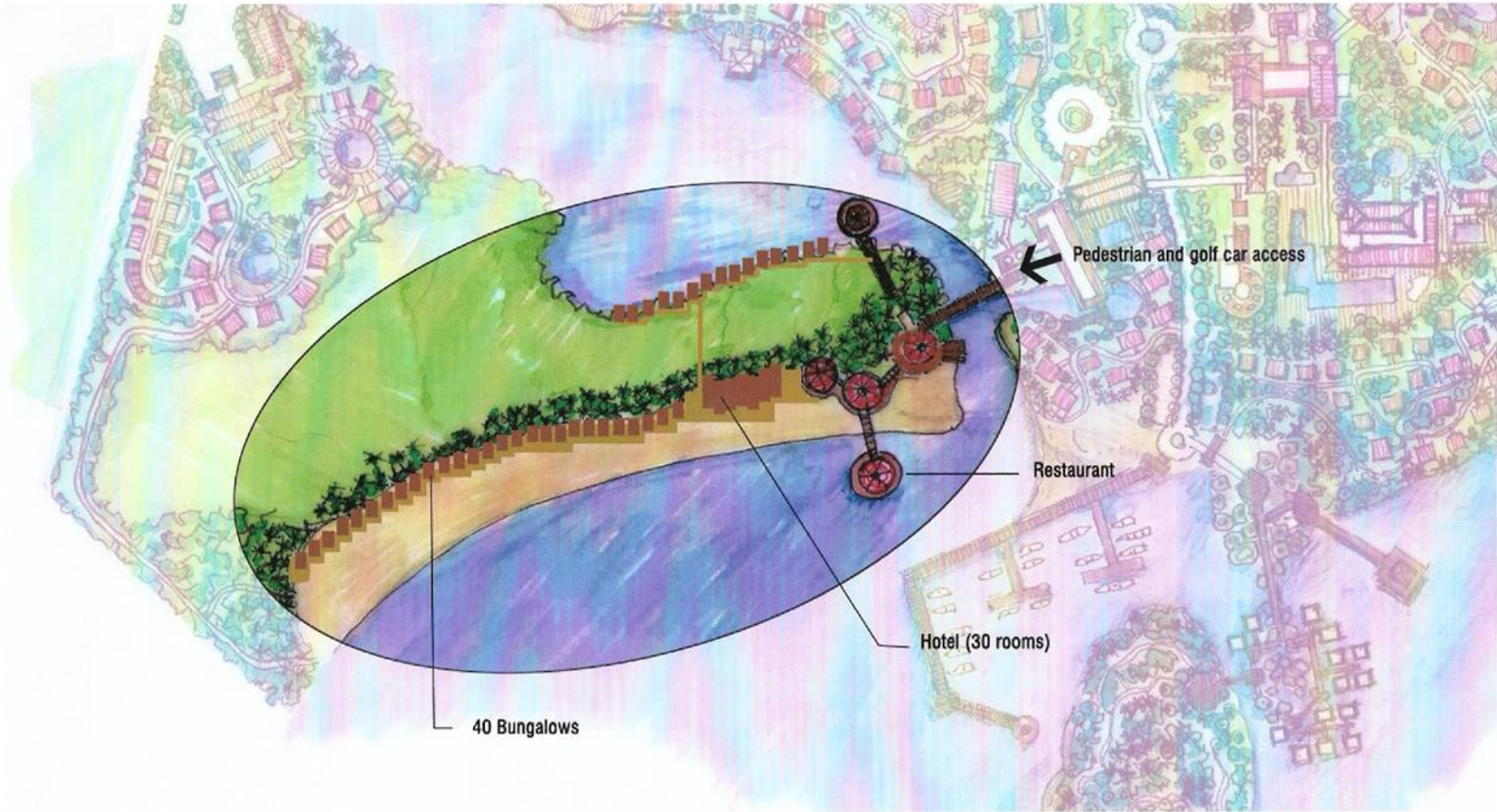
- Mid to high end tourists

Proposal:

- Seeking a partner that brings in significant experience and value add in managing high-end resorts/boutique hotels that considers the environment and the economic well-being of the Bureh Town Community.
- Only seeking debt financing

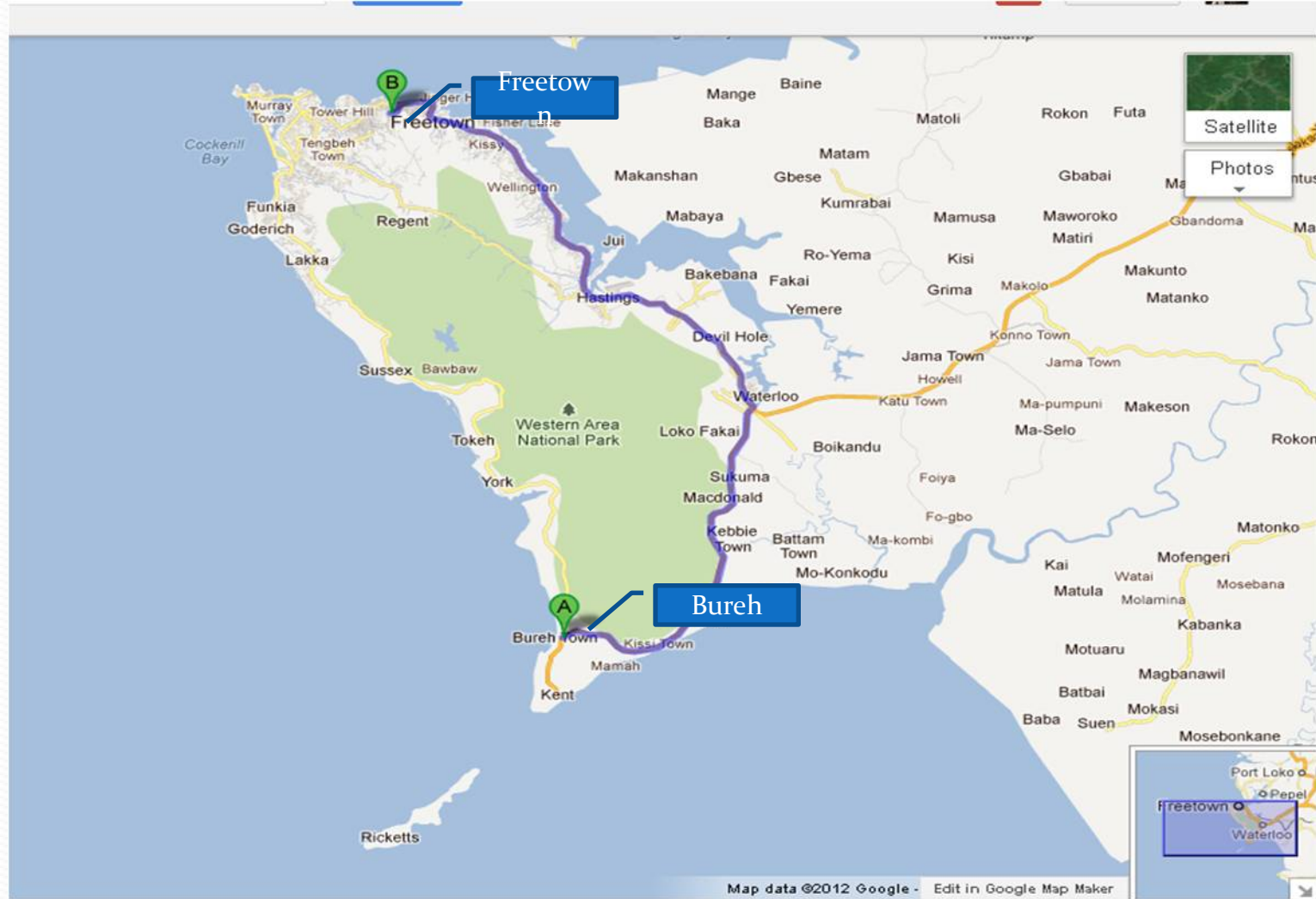


Project 2: Bureh Town Beach



BUREH TOWN BEACH	SITE PLAN	SCALE 1/1250
		BRG+ ... simonbarakatarchitect

Project 2: Bureh Town Beach



Project 3:Aberdeen Beach 360 Views



Location:

- Aberdeen road within Freetown's prime Hotel district

Current Assets:

- Land is freehold – in the name of Aberdeen Beach Rendez-Vouz Ltd.
- Land is approximately 4 acres divided into two plots by Aberdeen road. The larger plot of over 3 acres includes what used to be Paddy's Restaurant - at present not operational.

Proposal:

Hotel:

- Leading branded operator with an international institutional investor to finance up to 65% of the project via debt and equity. Requires an investment of around USD12m.
- The objective is to get a 3* Park Inn/Novotel/Ibis equivalent, 80-120 bedroom business hotel
- From our experience in managing the Mammy Yoko Hotel with the Accor Group under the Sofitel brand - the extra inputs to provide 4 star service and amenities may not be warranted.

Furnished Apartments:

- This aspect of the project will be linked and driven by the Hotel project. If a partner is sought for the hotel project, the Apartments would be located on the smaller parcel on the other side of the road – which is linked to the larger land by a tunnel that has been built under the road.
- The aim is to build out four floors and 1,600m² of rental space .

- The property has access to electricity and is located in a prime tourist and hotel district.

Project 3: Aberdeen Beach 360 Views

Project IRR, Equity IRR and Equity Multiple

Project IRR	<i>US\$ unless otherwise specified</i>
Project's free cash flows	(841,000)
Terminal value	-
Total Project's free cash flows	(841,000)
Quarterly Project IRR	3.72%
Yearly Project IRR	15.75%
Equity IRR and Equity Multiple	
Free cash flows to equity holders	-
Equity injection	(841,000)
Net Terminal Value	
Total free cash flows to equity holders	(841,000)
Quarterly Equity IRR	4.56%
Yearly Equity IRR	19.51%
13-Year Equity Multiple	8.40

LEONE LODGE (Leone Lodge Plc)

Project Overview

- Leone Lodge project was initiated by Sam-King Group – this is an indigenous group of companies headed by Mr. Wilfred Sam-King
- Leone Lodge Plc seeks to establish 6 up-market hotel & lodging facilities in various districts in Sierra Leone
- When completed the project will offer high quality hotel rooms and hospitality facilities
- Leone Lodge Plc currently operates two hotels – Freetown and Taiama in Moyamba District
- There are four Leone Lodge Plc hotels under construction in Bo, Kenema, Makeni and Rogbere Junction

LEONE LODGE (Leone Lodge Plc)

- Leone Lodge Plc projects upon completion will provide 365 permanent jobs and up to 250 jobs for casual & contract workers
- The project will also create economic opportunities within the localities for local goods and services
- The project will contribute to the increase in bed capacity in the country and resulting domino effect on the GDP contribution of the tourism sector

LEONE LODGE (Leone Lodge Plc)

Business issue/opportunity

- Two completed hotels in operation currently generating a turnover of over \$500,000
- When the other four are completed projected net annual earnings will be:
 - Bo = \$ 335,500
 - Kenema = \$ 413,000
 - Makeni = \$ 443,850
 - Rogbere = \$ 373,450

LEONE LODGE (Leone Lodge Plc)

Equity

- Equity has already be invested by the developers (SKG/SKMC) provided by interested investors both local and international
- Project will provide investors adequate returns and mitigate risk profile as it is already obtained all necessary approvals and titles
- Additional funding to be invested to complete the project will amount \$ 12million which will be converted to equity

LEONE LODGE (Leone Lodge Plc)

- **Project Operations** – the Sam-King Group has partnered with Savoy Hotels of South Africa to operate the project facilities. They are also providing equity funding
- **Project Assets** – Assets of the project has the following certified values
- **Current Assets** = \$ 976,155
- **Non-Current Assets** = \$ 8,585,434

LEONE LODGE (Leone Lodge Plc)

- Project land are freehold with title deeds made to Leone Lodge
- Leone Lodge is a registered Private Limited Liability Company



Accessibility	Infrastructural development countrywide, thereby creating accessibility that will benefit areas of tourism attractions and sites. One important area is the Western Peninsular Area where some of the pristine and unspoiled beaches with Eco Tourism facilities are located. Several other road constructions to potential tourist sites/attractions are being undertaken in the Provinces.
Land laws	The World Bank recently (2009) conducted a study for Land reforms and the recommendations have direct benefit and relevance to the development of the tourism sector. Land rights are being resolved so as to open areas for investment. Initially the focus is on high priority tourism areas such as the Western Area Peninsular, Outamba Kilimi – National Park Tiwai and Kabala.
Electricity	Efforts are also being made to increase electricity output from the Bumbuna Hydro Dam and other Hydro Dams countrywide. In the case of Bumbuna, it is projected that the current 50Kwh will increase to 400Kwh thereby improving the electricity generation to most tourism development areas.
Licenses & Regulation	The National Tourist Board is the one stop shop for the granting of license to hotels, resorts and other tourist establishments. The process of issuing licenses is very short with no bureaucracy. The National Tourist Board also regulates and classifies all tourism establishments.
Challenges	<ul style="list-style-type: none">▪The poor transfer facilities between the city and the International Airport which is located across the Sierra River▪The need for better managed and up to date curriculum for human resource capacity building is a vital component that needs to be addressed.



Thank you!

