

The Emperor's Island Resort & Casino Project Atimpoku Ghana

THE ATIMPOKU ISLAND, ATIMPOKU



FOREIGN INVESTMENT PROPOSAL

SEPTEMBER 2008

Prepared by Henry Osei Haines for:
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DOCUMENT INFORMATION

	Project Name	Document No	Document Title	Revision Status
	The Emperor's Island Resort & Casino	20/01	Investment Proposal	Final

This Investment Proposal is for the Ministry of Tourism & Diaspora Relations to assist in securing foreign investors to finance the proposed project.

Prepared By:

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Chairman & CEO

Disclaimer:

The information contained in this memorandum about the proposed business opportunity is not intended to be the only information upon which your decision to become an investor in the project is made and is not a substitute for a prospectus or any other notice that may be required under the Companies Act 179. Kings Island Hotel Resort & Enterprises Ltd has supplied this information and presents it in good faith believing it to be true but makes no representations as to its accuracy.

Prospective investors are advised to make further inquiry about this business opportunity as well as seek professional advice before proceeding. If after having read this information memorandum and you then wish to proceed, please contact:

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EXECUTIVE SUMMARY

INTRODUCTION

Kings Island Hotel Resort & Enterprises Ltd (KIHR&EL), a registered Ghanaian company, having acquired a 35.35-acre uninhabited island in Atimpoku, Ghana proposes to develop it into a luxury concept-driven 5 Star international island hotel resort with casino to be called The Emperor's Island Resort & Casino (EIR&C).

KIHR&EL is negotiating with the Ghana Government to obtain Ghana's first island resort casino gambling license and to capitalize on this opportunity, KIHR&EL desires to make EIR&C a one of a kind fantasy destination in Ghana if not Africa specifically targeting up-market international visitors to Ghana and wealthy domestic clientele looking for a paradise with the ultimate in luxury and seclusion.

KIHR&EL have submitted an Environmental Impact Assessment (EIA) proposal of the project to the Environmental Protection Agency (EPA) that has now been approved.

The business plan and financial feasibility of the project, which are available on request, demonstrates that: your investment of US\$24 million in this project will yield a realistic and achievable return of at least US\$100 million in five years.

PROJECT SPONSORS

KIHR&EL, a Ghanaian private liability limited company (LTD) was formed and registered in 2004 by Henry and Jeanette Osei Haines in Accra, Ghana as the sponsor of the project.

PROJECT DESCRIPTION

The project involves building 180 luxury concept-driven hotel units with restaurants, swimming pools, a commercial centre with casino, cinema complex and shops; a golf course, a spa, tennis court, discotheque, and conference and meeting rooms, exhibition space with conferencing equipment and security. There will also be tour boat operations, bush walking and horse riding on the island as well as water and river sports activities, and tennis tournaments.

The resort will also consist of a 162-metre long bridge, roads, 2 wharves, helipad, sewage, and waste and water treatment plants requiring US\$24million of capital in the form of debt and equity investment.

LOCATION & SITE ANALYSIS

The proposed project is to be located on the island owned by KIHR&EL in the middle of the Volta River at Atimpoku in the Asuogyaman District of the Eastern Region of Ghana and a mere 45 minutes drive away from Kotoka International Airport in Accra (capital of Ghana).

KIHR&EL will lease the island to EIR&C for the development on a Debt and Equity investment basis.

The Asuogyaman District Assembly has zoned the land for hotel development. Hydrological and Geological reports indicate that the island can never be flooded and can sustain the project. Electricity supply will be tapped from a 33-kilovolt pylon already positioned on the island to produce 220–240 volts of electric power for the resort.

MARKET DEMAND

Ghana attracted over 1 million international holiday and business visitors in 2007 and with the discovery of oil in Ghana this target will increase to over 2 million visitors by 2010. Presently, most of these visitors stay in 4–5 star hotels in Accra that meet international tourist standards and travel to the Akosombo and Atimpoku area on day trips to see the Akosombo dam and the Volta Lake and return to their hotels in Accra.

The Atimpoku and Akosombo area is the “tourist district of Ghana”. And with its close proximity to the country’s only suspension bridge at Atimpoku, the hydroelectric dam and the Volta Lake, the largest man-made lake in the world at Akosombo and with its potential for cruising in addition to being a means of direct and cheaper transportation, makes Atimpoku and Akosombo an important corridor linking Accra and her Eastern, Volta and Northern neighbours, thus attracting over 1 million foreigners and nationals a year that use Atimpoku and Akosombo as a tourist and a transit point.

Currently, there are only two high quality 3–2 star hotels in the area to cater for this growth. The number of tourists staying overnight is low because of lack of proper accommodation facilities.

Based on research conducted, the sponsors believe that an upmarket concept-driven resort on the island with 180 luxury hotel units enhanced with recreational facilities will add to room stock and capture the majority of the tourists returning to the Accra market and get more people to stay overnight as well as significantly improve the quality of the product, which will increase the attractiveness of the area to a wider market, giving rise to opportunities to re-brand this area.

INVESTMENT ENVIRONMENT

Ghana offers a good environment for investment in tourism infrastructure, especially hotels. As a result, tourist arrivals and receipts since 1991 have increased by 576%.

The government also actively encourages investment in hotel properties that meets international standards to cater for the influx of international visitors to Ghana and also offers many opportunities for private investors. They include:

- ◆ A liberal investment environment and a stable, democratic political system
- ◆ 100% foreign ownership of local companies and joint-venture operations
- ◆ Excellent sea and air connections, with daily flights to Europe and USA
- ◆ Existence of the best-trained, trainable and stable workforce in Africa
- ◆ Competitive labour costs
- ◆ Operational capital market
- ◆ Good and improving infrastructure development

Incentives are:

- ◆ Hotel companies profits not liable for tax in the first five years of operation
- ◆ Depreciation or capital allowance of 50% in the first year of investment for building
- ◆ Exemptions from taxes and rates levied on building properties for three years
- ◆ Investment allowance of 7.5% per annum
- ◆ Corporate tax rebates of 40%–75%
- ◆ Exemptions from custom duties on plant, machinery, equipment and parts for business
- ◆ Relief from double taxation for foreign investors and employees
- ◆ Immigrant quotas are automatic depending on paid-up capital
- ◆ Free transferability of profits, dividends and capital gains overseas

MANAGEMENT

EIR&C is a private Partnership venture and a wholly owned subsidiary of KIHR&EL and will be incorporated in Accra, Ghana. EIR&C will manage the project and the completed resort will be outsourced to a competent international group that has the resources and the ability to manage it completely. The project management team will comprise of:

H. Osei Haines – Founder, Chairman, President, and CEO

He is an Accountant by profession and a veteran in the hospitality and transport industry with 20 years experience as CEO of his own luxury hospitality and transport company in Australia. His mix of skills enables him to understand the business of EIR&C from all perspectives and will direct EIR&C in the right direction over the coming years. His experience in founding and successfully managing another project makes him perfectly placed in this position.

J. Romanous – Consulting Architect

J. Romanous delivers 15 years of successful business ownership in the highly competitive field of Architecture in Australia. His team is ideally suited for this position.

M. Walsh - Chief Finance Officer (CFO)

M. Walsh has MBA and with over 28 years of business acumen. Having successfully run a number of businesses and trained in financial services, his role as CFO is most suited.

FUNDS REQUIRED (US DOLLARS)

KIHR&EL and its subsidiary, EIR&C are seeking Investors/ Lenders to provide **\$24Million** to fund:

■ Bridge & 2 Wharfs construction & Beach Area Development	\$ 4,000,000
■ Buildings/Infrastructure/Landscaping	\$ 13,000,000
■ Electronic, Computer, Gaming, Kitchen/Bar Equipment	\$ 2,000,000
■ Furniture & Fixtures	\$ 2,800,000
■ Ferry/Barge/Vehicles purchase	\$ 1,200,000
■ Pre-Construction/ Pre-operation/Contingency costs	\$ 1,000,000
TOTAL FINANCING	<u>\$ 24,000,000</u>

Funds received by late 2008 or early 2009 will be used in providing the working capital necessary to implement the first two years development strategy and loan repayments deferred until December 31, 2011.