



SALE PROPOSAL



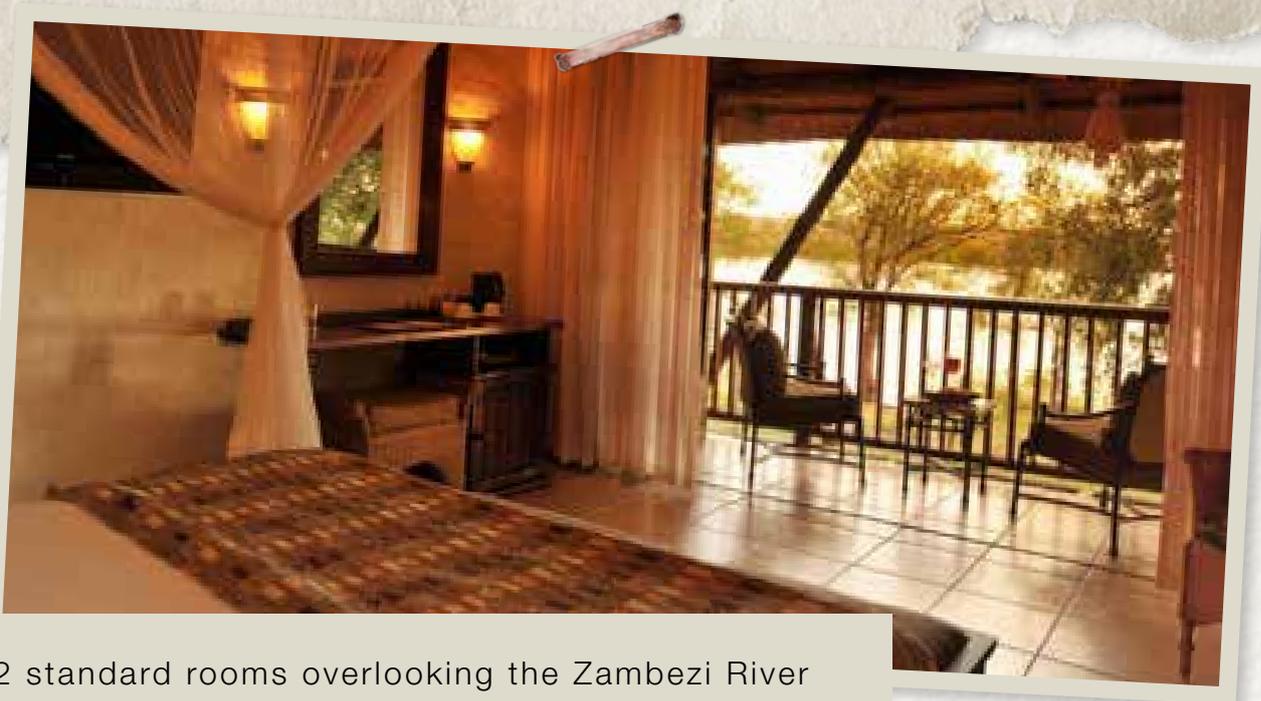
INTRODUCTION

The Shareholders of The David Livingstone Safari Lodge and Spa Limited are offering potential investors up to 100% shareholding in this unique riverside hotel. The value of the company is approx US\$30-35 Million – see extract of valuations below.

ABOUT

The award winning 4.5* David Livingstone Safari Lodge & Spa ideally mixes luxury and comfort on the banks of the Zambezi River, a stunning setting in the Mosi-Oa-Tunya National Park with fantastic views of the spray of the Victoria Falls. This luxury Livingstone Lodge has all the modern comforts that a guest would need as well as many unique features to make one's stay as enjoyable as possible.

The David Livingstone Safari Lodge and Spa boasts all river-facing accommodation so each guest can enjoy the view that once captivated David Livingstone, the intrepid explorer and missionary who was the first European to set eyes on the Victoria Falls. This fantastic Livingstone hotel is within easy reach of all the major activities with the Safpar Activity Booking Office situated right next door at the Victoria Falls Waterfront.



72 standard rooms overlooking the Zambezi River



5 Signature suites



The 150 Seater Lady Livingstone

HISTORY AND BACKGROUND

The hotel commenced trading on the 24th January 2009, and consists of the following:

72 luxury rooms

5 signature suites

6 room Spa

150 seater river cruiser

280 seater conference centre

8 management houses

FUNDING AND SHAREHOLDING

The primary funding for the David Livingstone Safari Lodge and Spa was The Development Bank of Southern Africa (DBSA) and the shareholders.

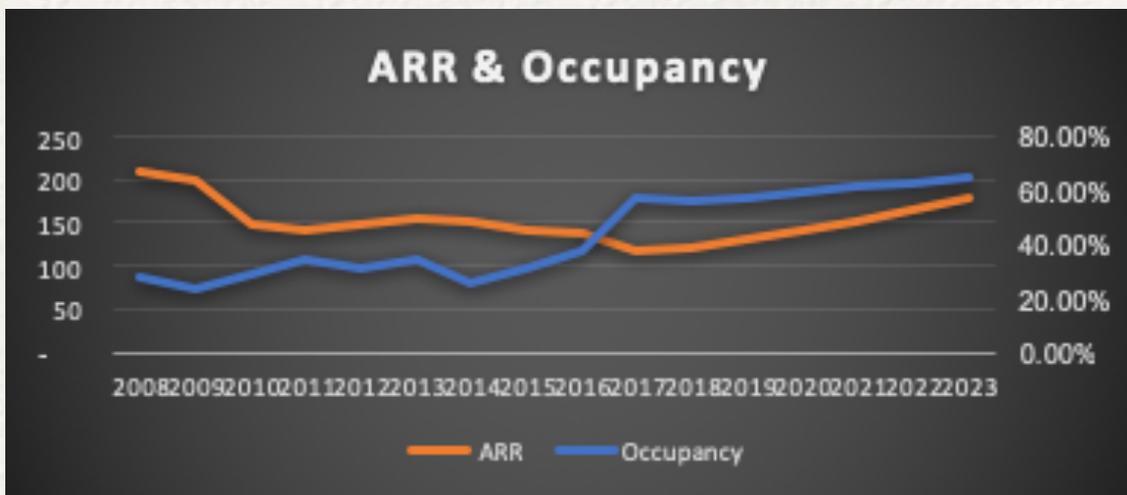
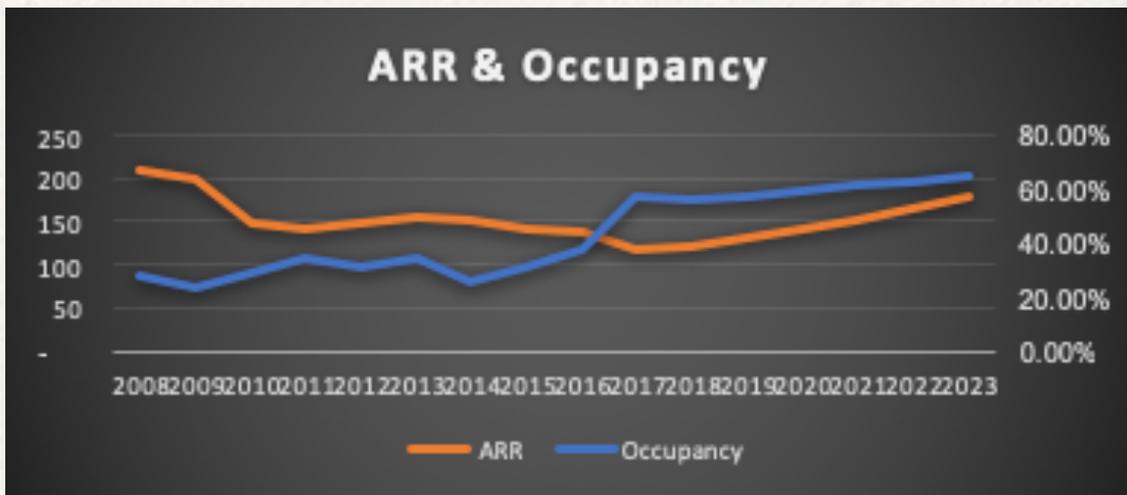
The current shareholding is as follows:

Shareholder Percentage

Consolidated Tourism Investments Limited ("CTI")	25.61%
Virgin Adventures Limited	25.61%
Safari Par Excellence Limited	25.12%
Zambia State Insurance Pension Trust Fund	15.63%
Construction Services Africa Limited	4.33%
Dunliv Limited	3.70%



HISTORICAL PERFORMANCE AND FORECAST



FINANCIAL HIGHLIGHTS

	31-Dec-19	31-Dec-18	31-Dec-17	31-Dec-16
	US\$	US\$	US\$	US\$
Statement of profit and loss				
Revenue	4,858,121	5,146,697	5,140,089	3,558,068
EBITDA	1,133,559	1,291,420	746,377	687,888
EBITDA margin	23%	25%	15%	19%
Statement of financial position				
Total assets	34,132,751	35,069,716	23,297,101	23,312,232
Total shareholders investment	14,187,407	15,332,469	3,878,004	3,848,240
Interest bearing debt	19,363,288	18,878,609	18,472,753	17,896,215
Profitability and asset management				
Return on total assets	3%	4%	3%	3%
Return on equity	8%	8%	19%	18%
Net debt/equity	136%	123%	476%	465%



STATEMENT OF FINANCIAL POSITION

	Note(s)	2019 \$	2018 \$
Assets			
Non-Current Assets			
Property, plant and equipment	2	32,812,908	33,491,004
Deferred tax	3	610,227	610,227
		<u>33,423,135</u>	<u>34,101,231</u>
Current Assets			
Inventories	4	364,524	382,980
Trade and other receivables	5	164,145	190,335
Current tax receivable		11,930	11,930
Cash and cash equivalents	6	169,017	383,240
		<u>709,616</u>	<u>968,485</u>
Total Assets		<u>34,132,751</u>	<u>35,069,716</u>
Equity and Liabilities			
Equity			
Share capital	7	6,531,411	6,531,411
Reserves		14,789,378	14,789,378
Retained income		(14,490,002)	(13,344,940)
		<u>6,830,787</u>	<u>7,975,849</u>
Liabilities			
Non-Current Liabilities			
Loans due to related parties	8	9,061,102	8,990,053
Borrowings	9	17,658,806	17,245,176
		<u>26,719,908</u>	<u>26,235,229</u>
Current Liabilities			
Trade and other payables	10	582,056	858,638
Total Liabilities		<u>27,301,964</u>	<u>27,093,867</u>
Total Equity and Liabilities		<u>34,132,751</u>	<u>35,069,716</u>

VALUATION

The company's assets have been valued independently by Bitrust and HLB Reliance who valued the company at \$35 million and \$30 Million respectively

The valuation is also supported by a 10 year trading forecast (Refer Annexures). The property, plant and equipment on the balance sheet has been revalued to \$29million.

Extract from BiTrust Valuation

VALUATION CERTIFICATION

Having inspected the subject property and taking all relevant facts into consideration such as location, condition of the property and the state of the property market, we are of the considered opinion that the current open market value of the subject properties being FARM No Sub A/Lot 14730-31 KNOWN AS "DAVID LIVINGSTONE SAFARI LODGE AND SPA LIMITED" OFF SICHANGO ROAD - LIVINGSTONE would be:

US\$ 35,550,800

***Holland C. Mulenga, BSc (Land Economy), MSc (Urban Land Appraisal) SCV, FSIZ, Registered Valuation Surveyor.
Society of Property Researchers (UK)
Principal Consultant***

INVESTMENT RISK

Zambia has improved its profile and status as a tourist destination considerably over the last twenty years and has become one of the safest African investment destinations. In 1985 the country attracted only 110,000 visitors. By 2007 this figure had grown to 897,500 and is set to top one million by the year 2019. Zambia's primary attraction is the town of Livingstone. This is due to its proximity to the Victoria Falls combined with a multitude of tourist activities and superior infrastructure including a variety of accommodation types and a redeveloped airport with direct flights to Southern Africa's transport hubS of Johannesburg and Cape Town. Livingstone airport is now able to accept long-haul flights direct from Nairobi and Europe's principal hubs such as London and Frankfurt, further enhancing its appeal as a tourism destination. Zambia has also proven itself over the past ten years as an example to the rest of Africa as one of its most secure investment destinations. The Government has placed a high priority on tourism development and has laid out a mission statement, which reads as follows:-

"to develop a sustainable, market oriented, private sector driven tourism industry, based on a quality product and service which is sensitive to national and local community needs and aspirations, in such a way as to enable bonafide entrepreneurs wishing to enter the industry, whilst ensuring the preservation of environmental, historical and cultural integrity."



PROPOSAL

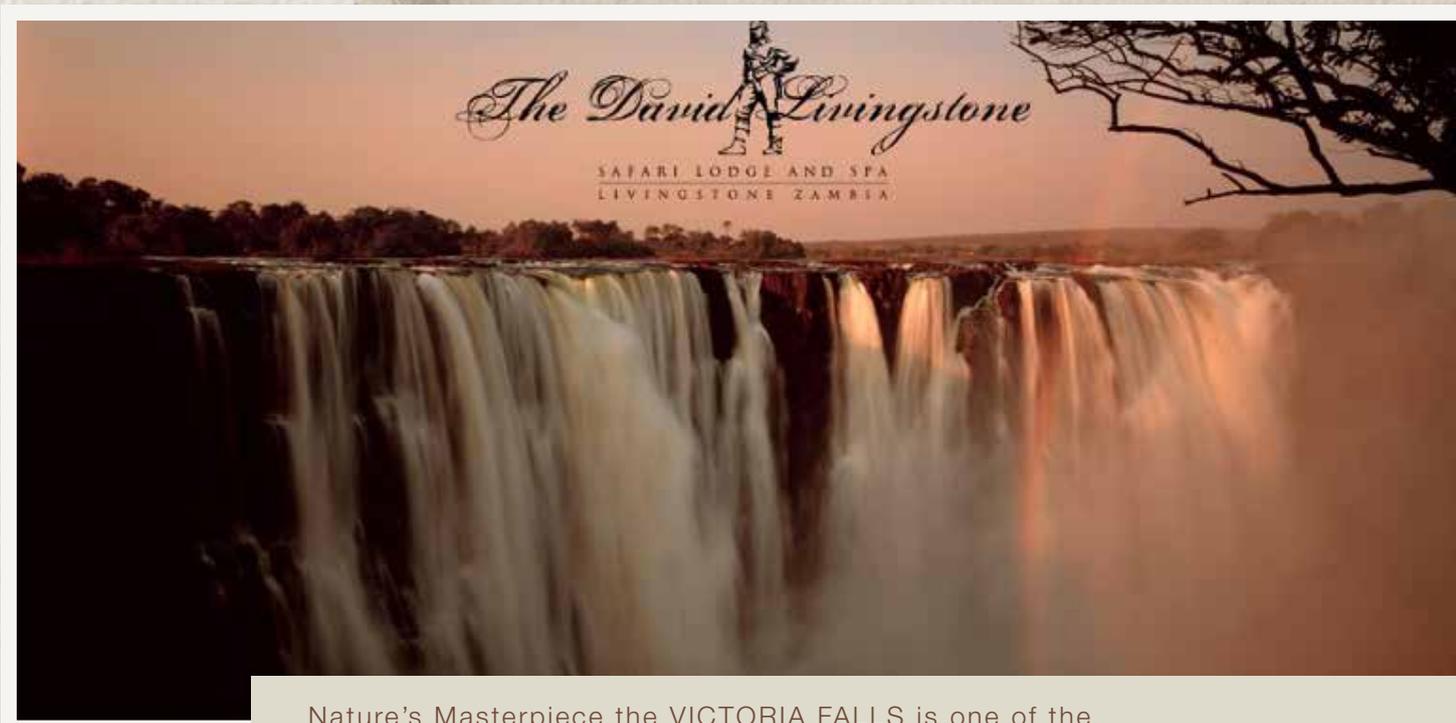
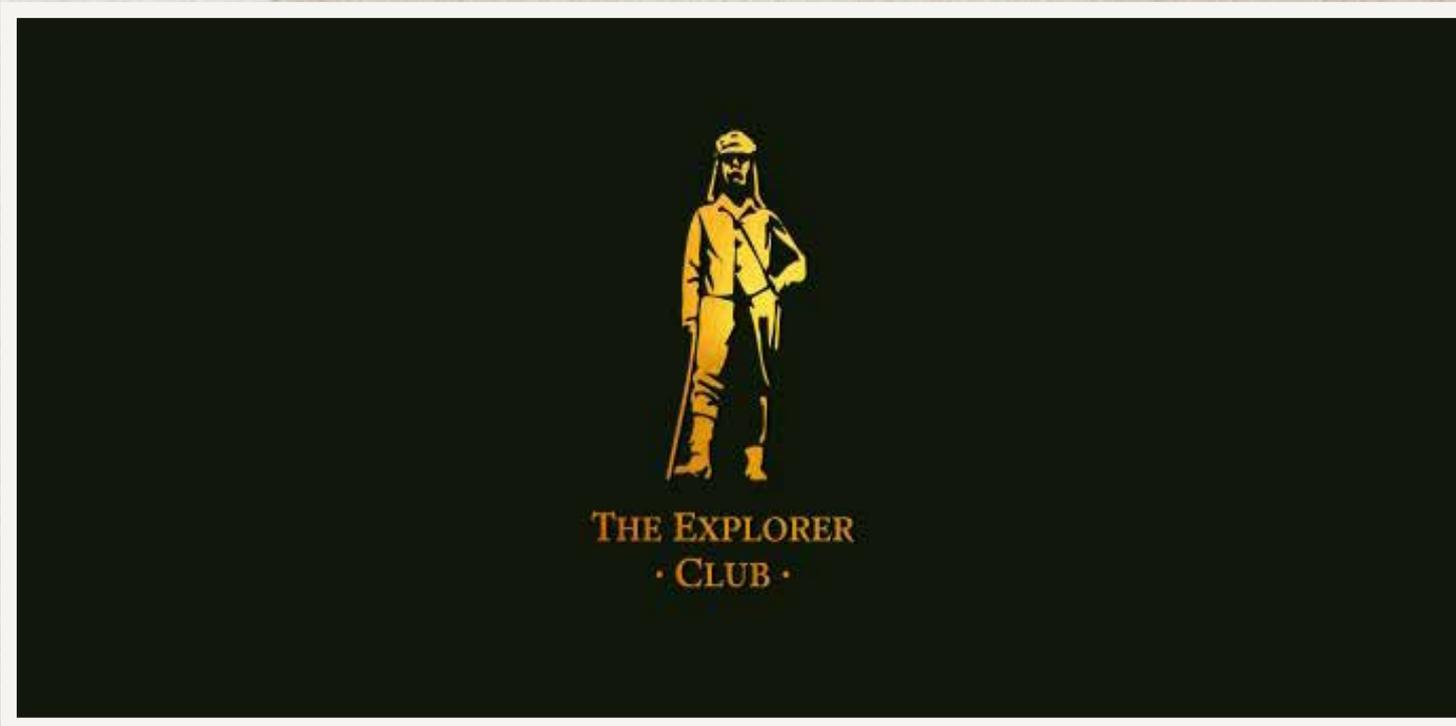
The shareholders have agreed to a 100% sale of The David Livingstone Safari Lodge and Spa Limited for a price of \$18,000,000 (US\$ Eighteen Million United States Dollars).

POTENTIAL

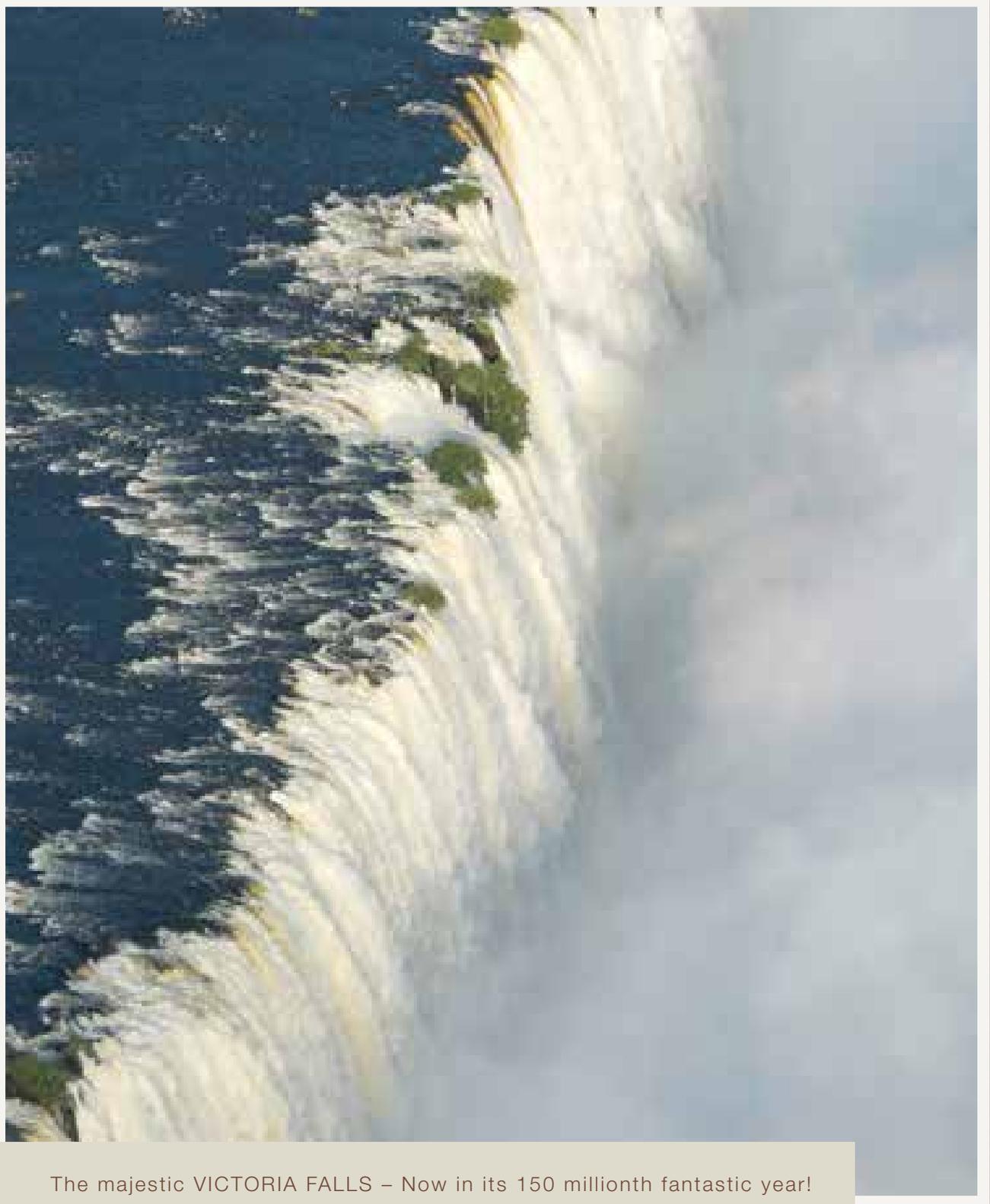
There is the added investment opportunity of an outright purchase of the neighbouring riverside resort known as The Victoria Falls Waterfront measuring approx 40,000 square meters (4 Hectares) for US\$4,800,000 (Four Million Eight Hundred Thousand Dollars). This already developed piece of riverside land next to the hotel would be ideal to establish an extension of the hotel by another 58 rooms (52 standard rooms plus 6 suites). The existing 42 rooms would be upgraded to a 4-5* level. Connecting of all infrastructure ie electricity, water, sewage, access, parking etc will be an inexpensive procedure compared to a totally new development. There is also the opportunity to purchase 100% of The 5* Riverclub (100% value is \$4,200,000 – US\$ Four Million Two Hundred Thousand Dollars), a sister property which currently has 11 rooms – total capacity would then be 188 rooms. Both properties hold 99 year title deeds. The David Livingstone Safari Lodge and Spa, The Victoria Falls Waterfront, The Riverclub and the activity service provider, Safari Par Excellence collectively trade and operate under the umbrella brand “ The Explorer Club Africa”



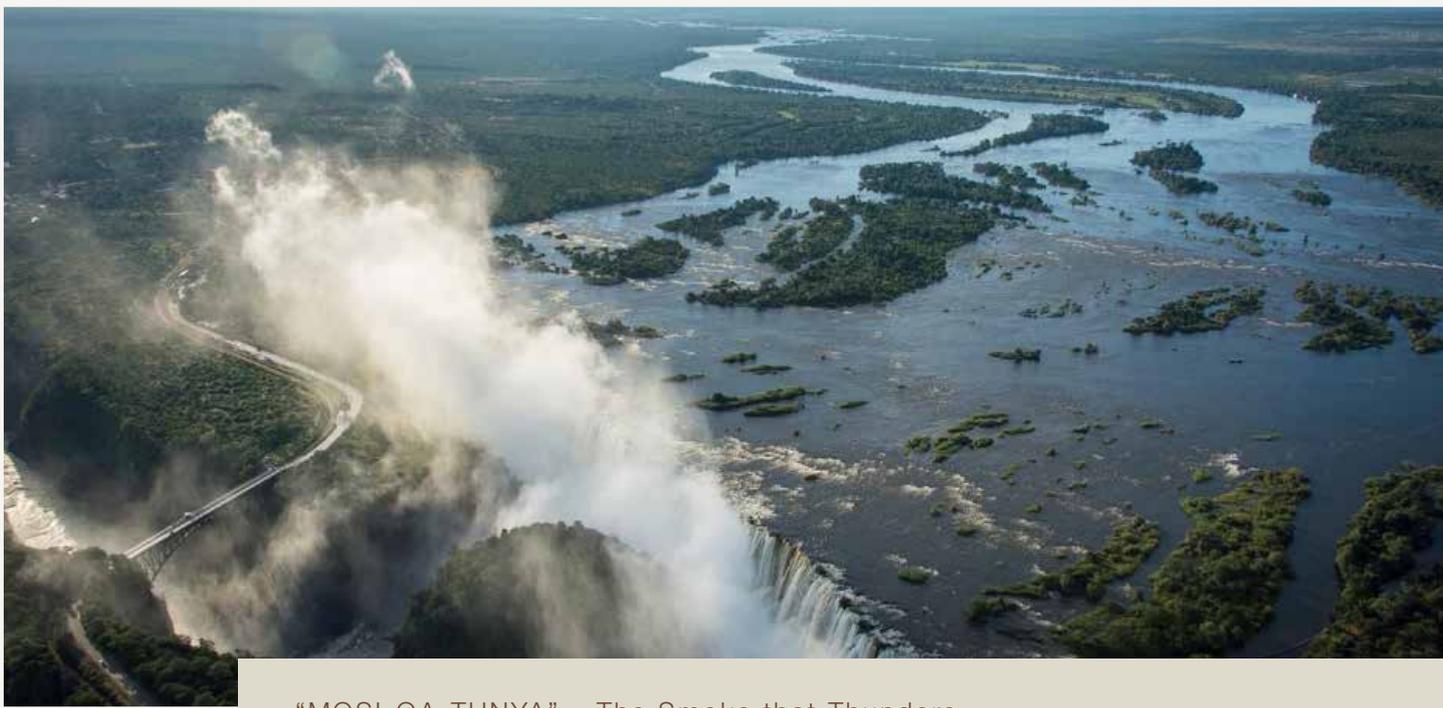
PICTORIAL OVERVIEW



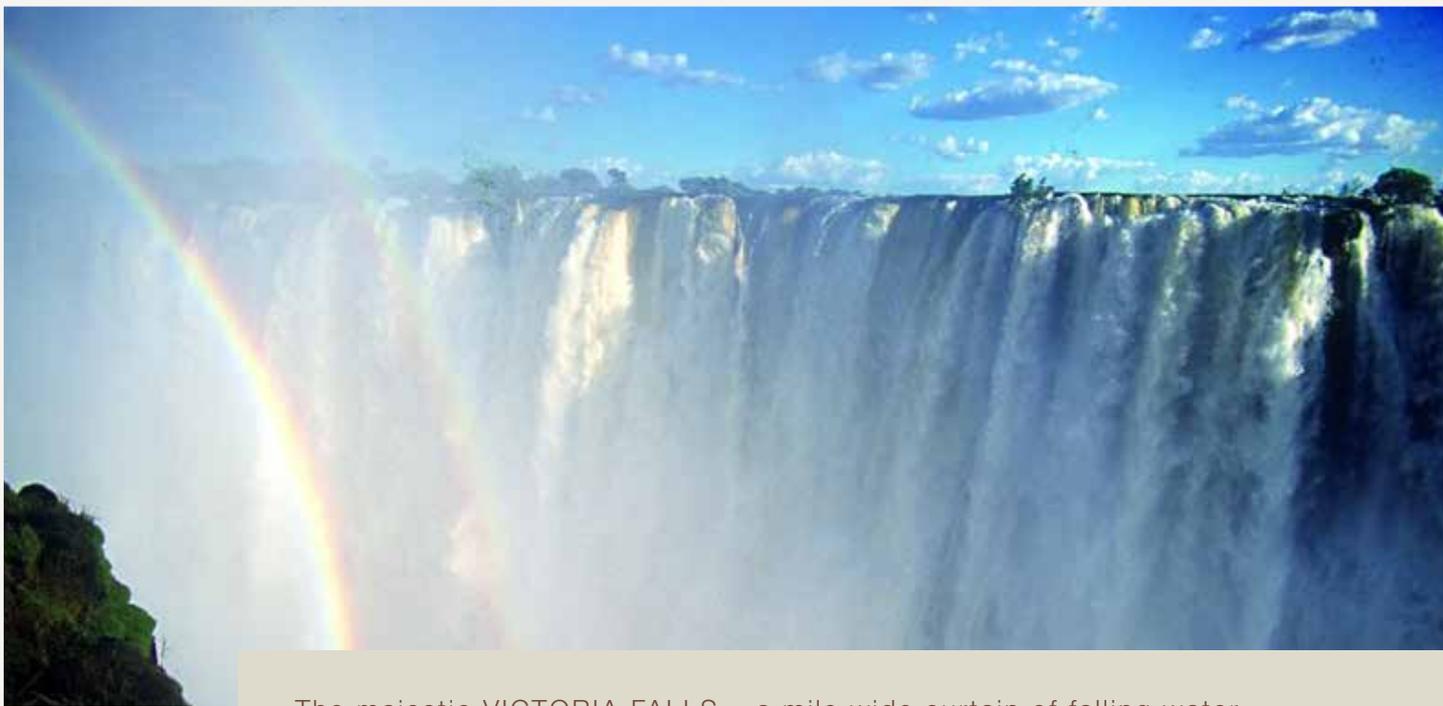
Nature's Masterpiece the VICTORIA FALLS is one of the world's 7 Natural Wonders



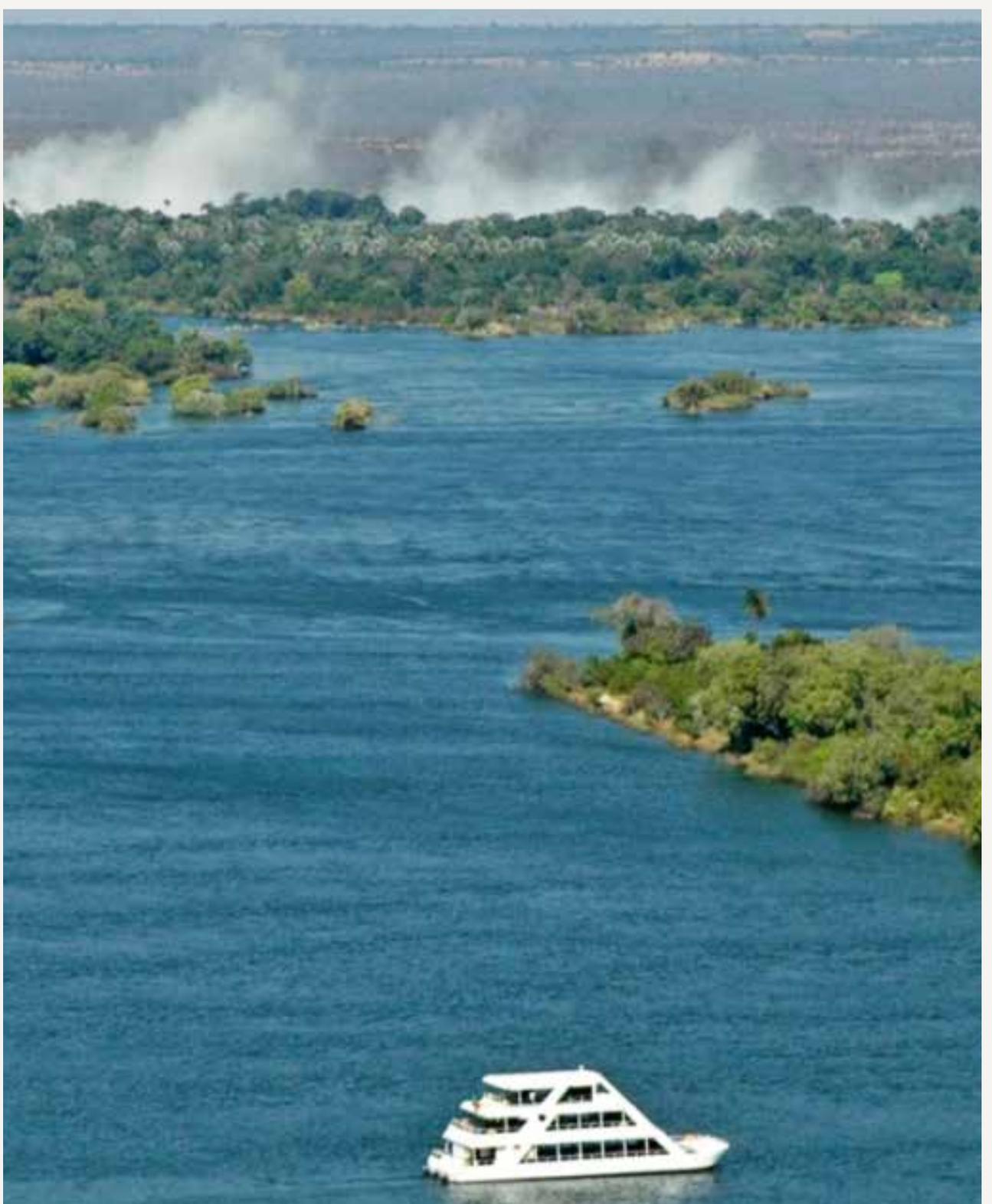
The majestic VICTORIA FALLS – Now in its 150 millionth fantastic year!



“MOSI-OA-TUNYA” – The Smoke that Thunders



The majestic VICTORIA FALLS – a mile wide curtain of falling water



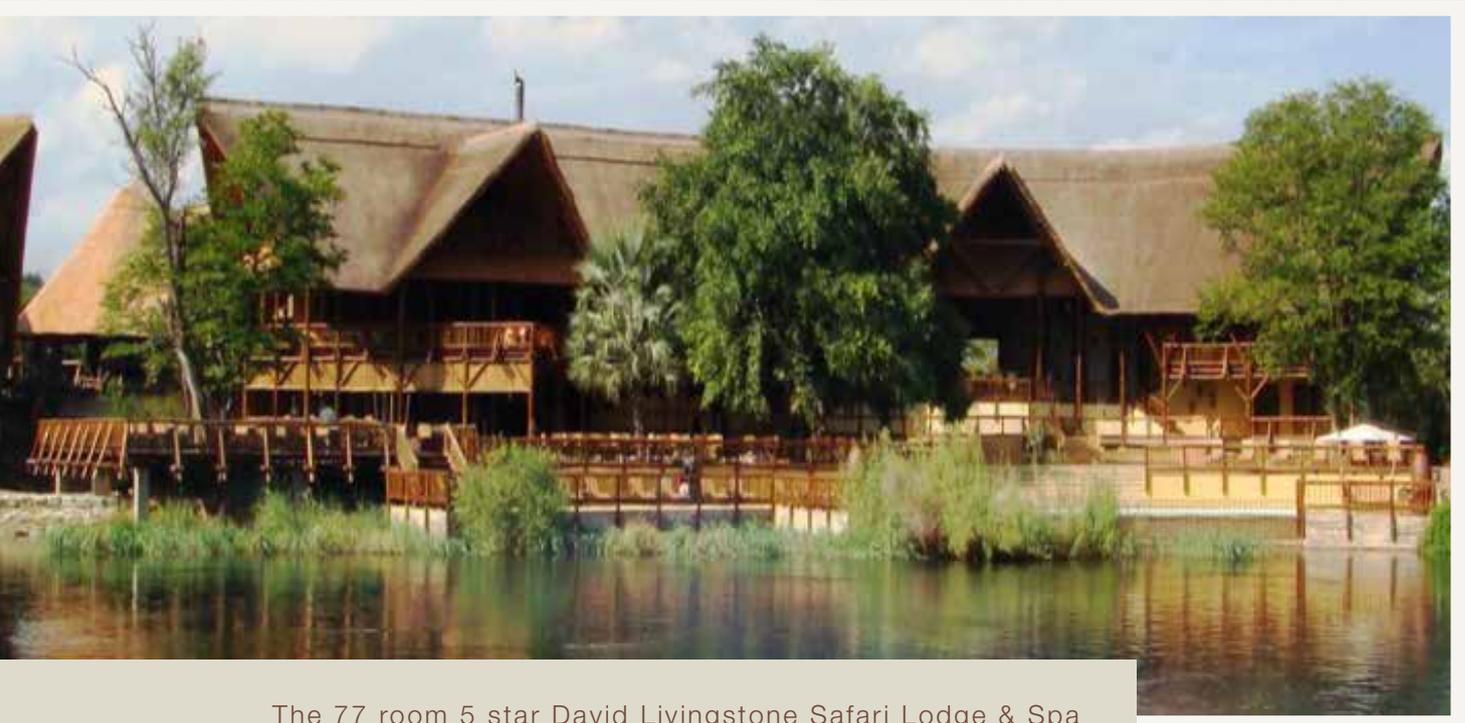
The luxury “LADY LIVINGSTONE” a 150 seater cruiser with THE VICTORIA FALLS as a dramatic backdrop



View from the "LADY LIVINGSTONE" jetty where the spray of the Victoria Falls may be clearly seen



"Scenes so lovely must have been gazed upon by angels in their flight" - DAVID LIVINGSTONE



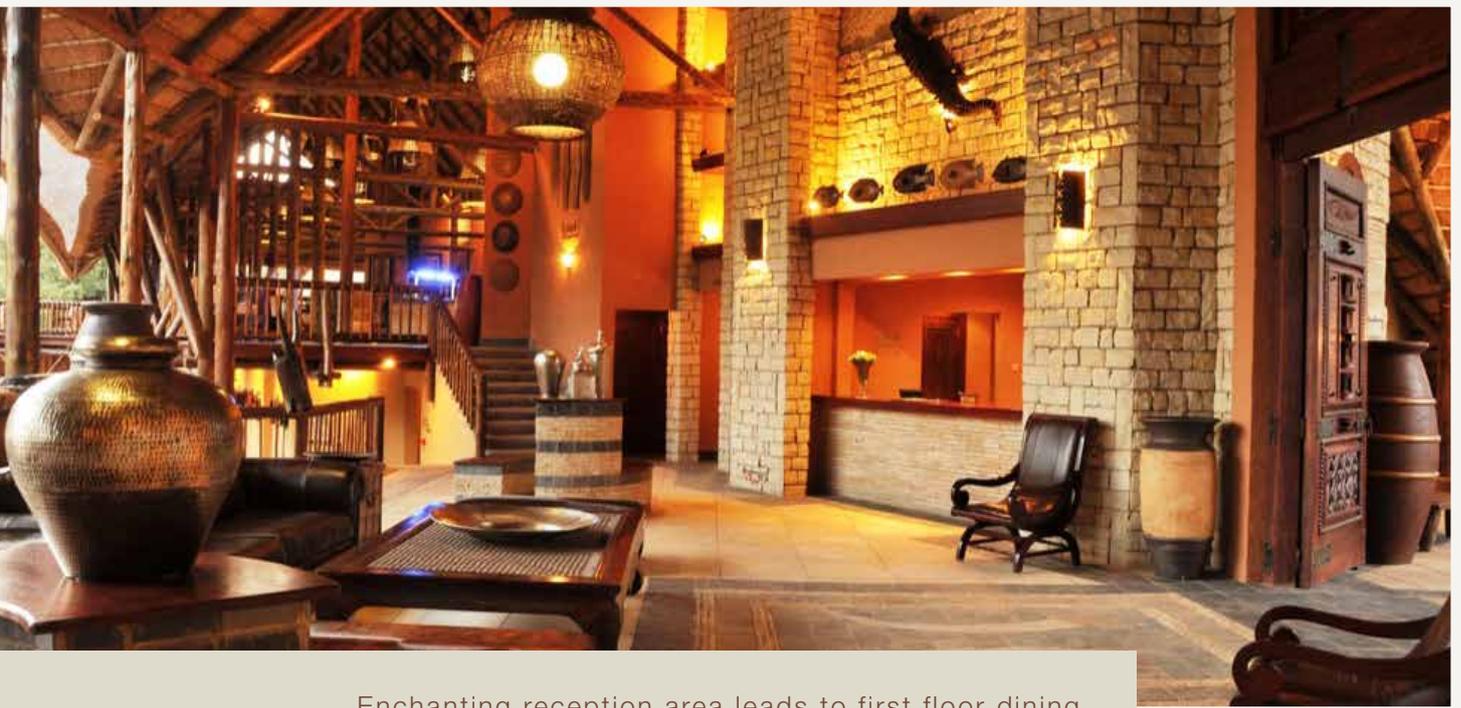
The 77 room 5 star David Livingstone Safari Lodge & Spa



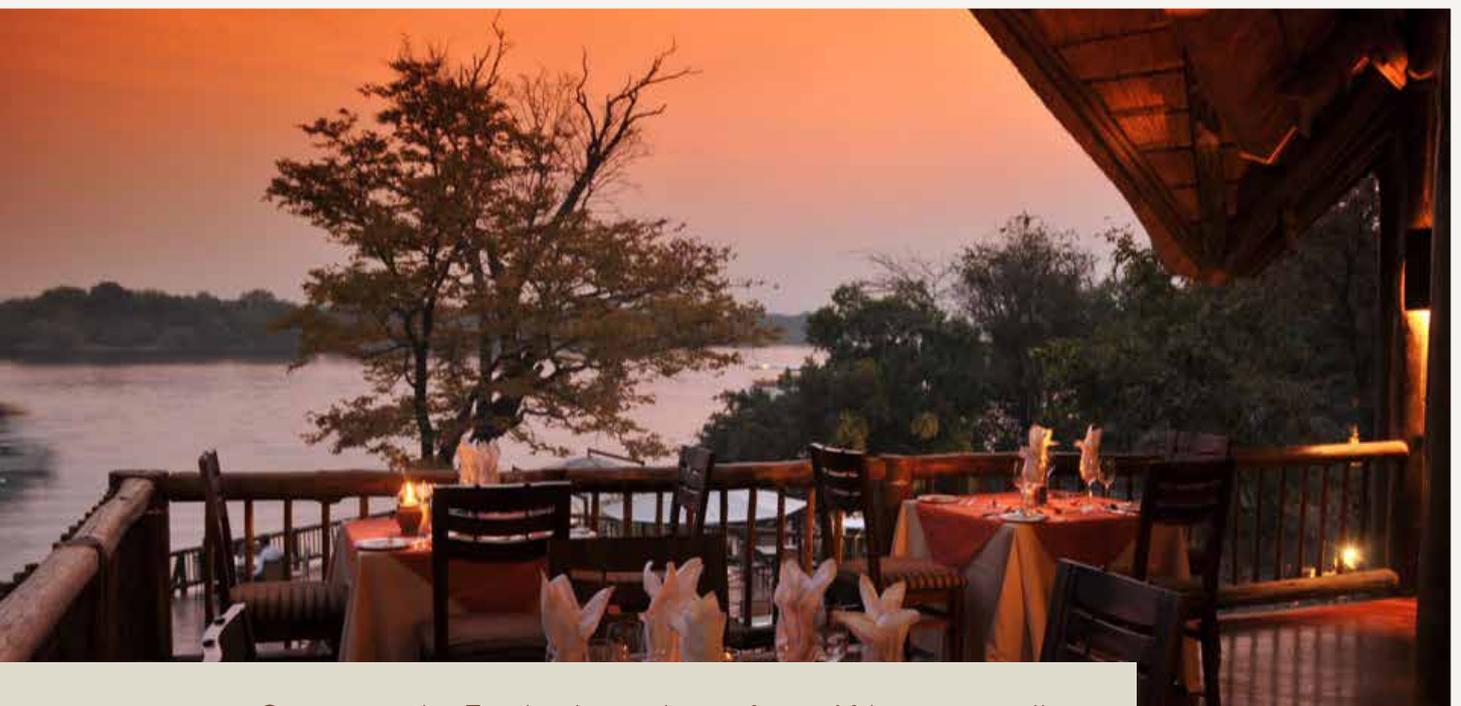
The signature view of the Zambezi River



The Falls are just 3km from The David Livingstone Safari Lodge & Spa where the spray of the Victoria Falls may be clearly seen.



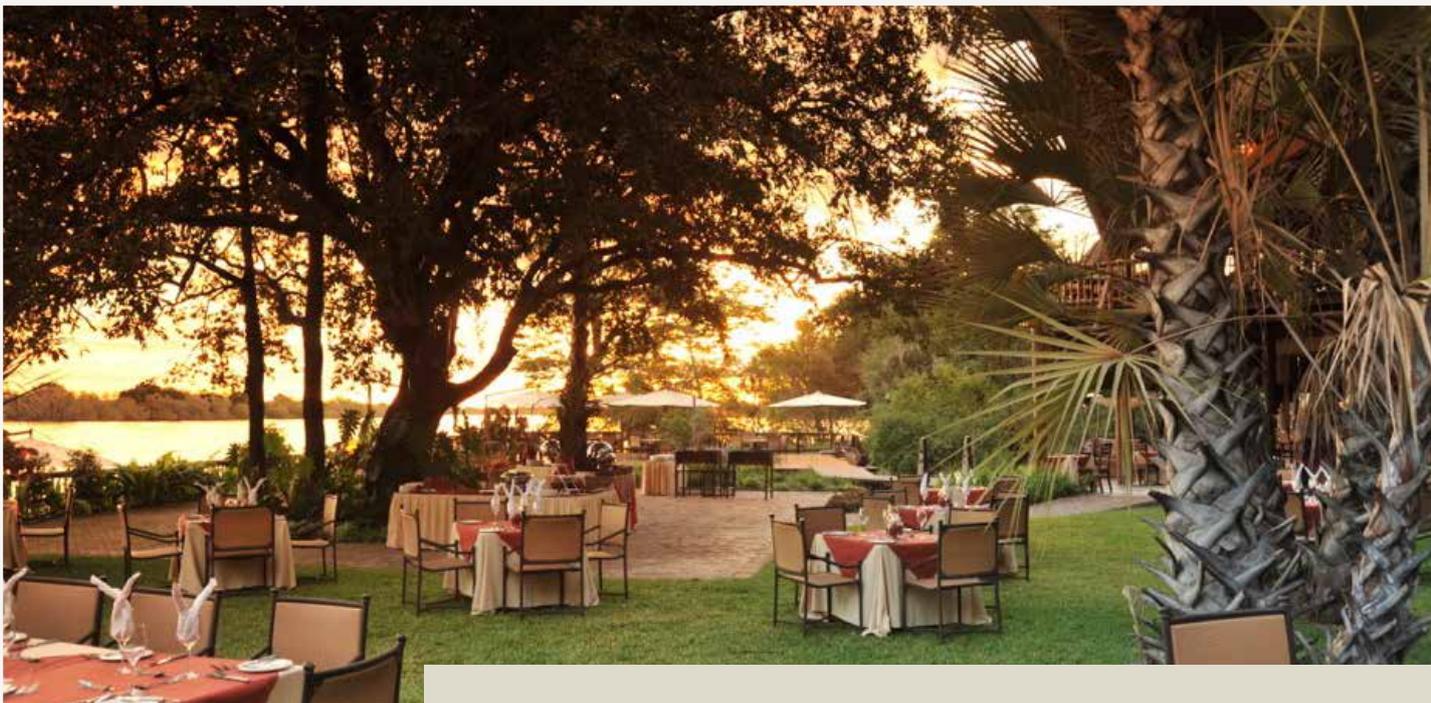
Enchanting reception area leads to first floor dining



Gaze over the Zambezi – a piece of raw Africa as you dine



The magical allure of the safari lodge at night.



Multi purpose front lawn for functions and events



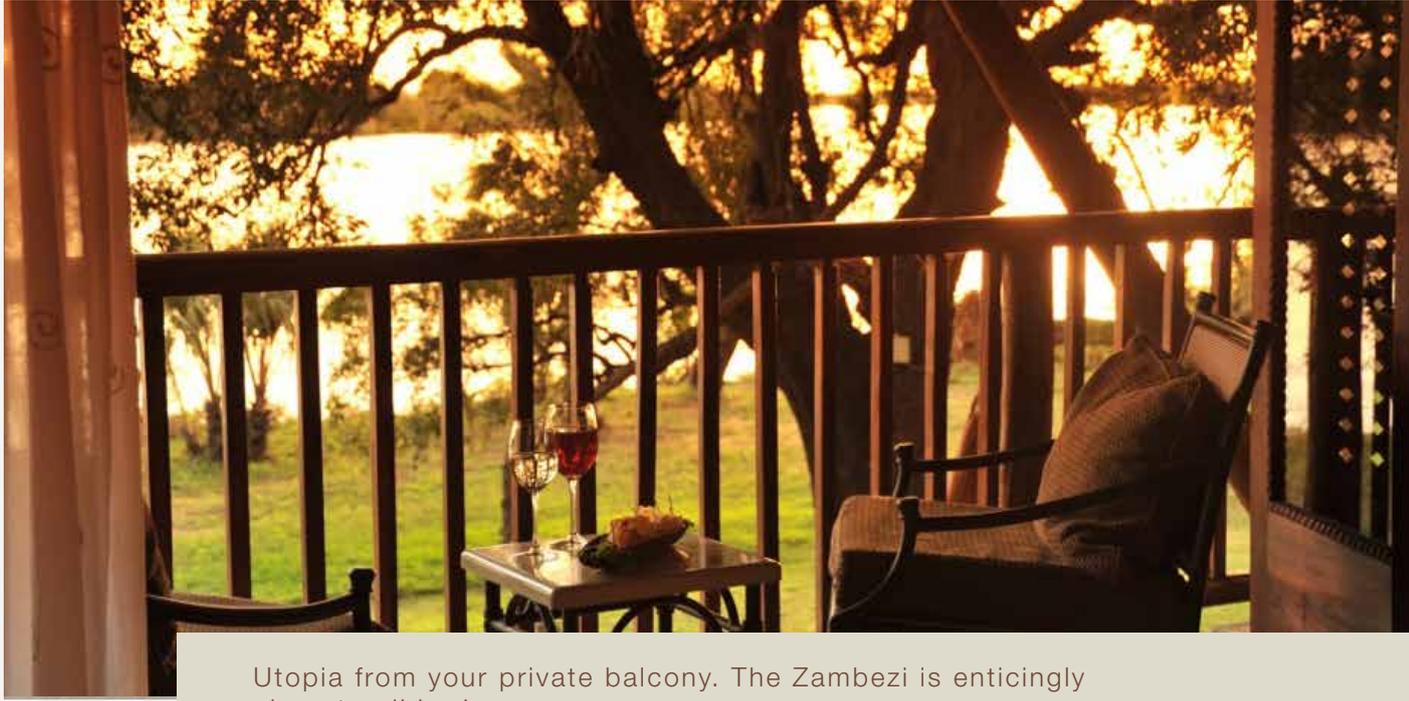
5 superior "Explorer" suites each with a jacuzzi, 2 TVs, 2 toilets, 2 balconies, working station and bar



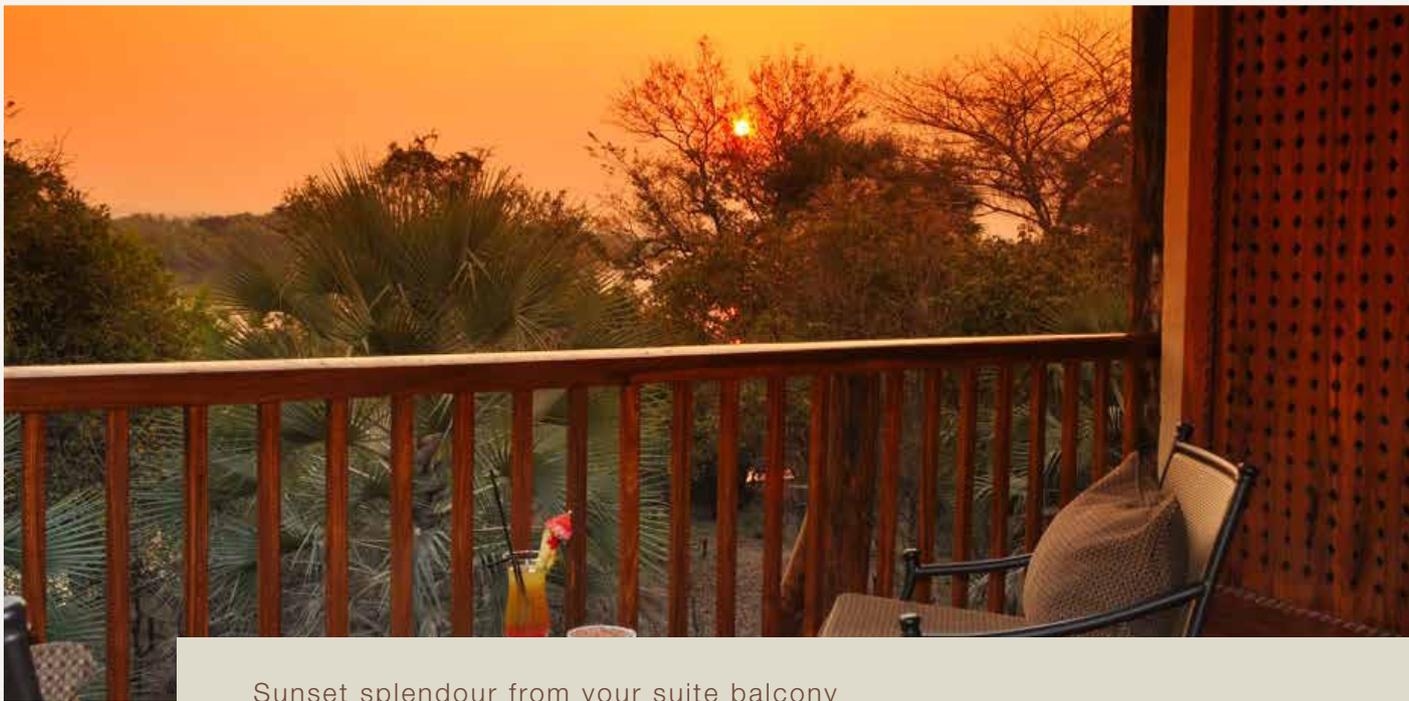
Spacious bathrooms feature a shower, bath, toilet and twin basins



The style and class of one of the 72 standard en-suite rooms



Utopia from your private balcony. The Zambezi is enticingly close to all bedrooms



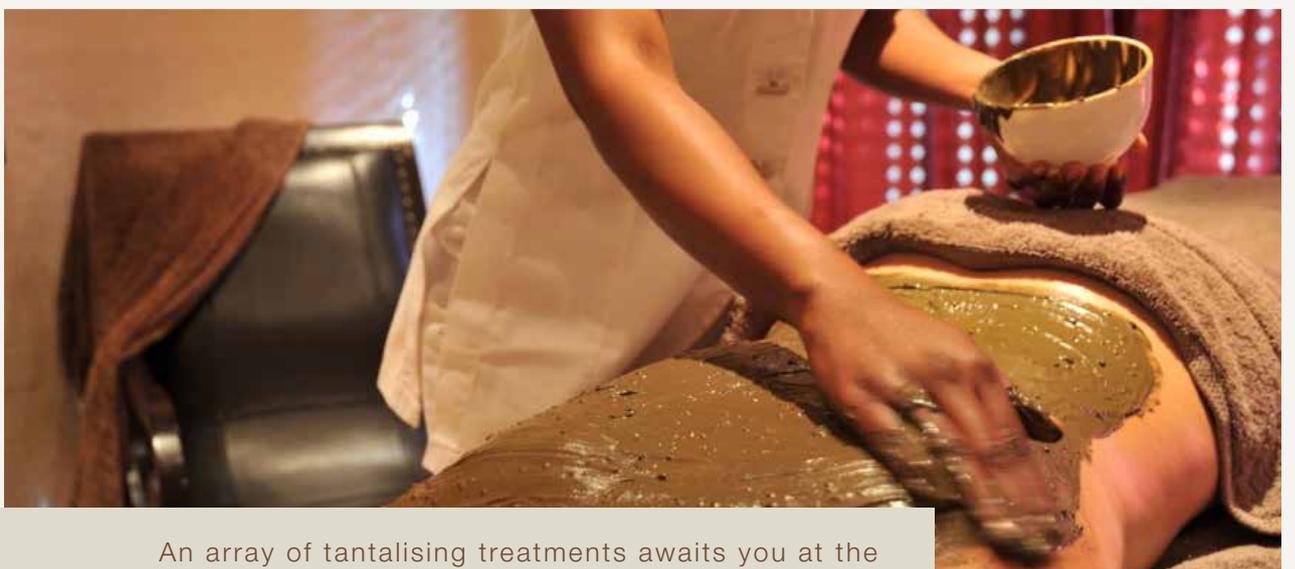
Sunset splendour from your suite balcony



Blissful relaxation



A view of the river from the spa and wellness centre



An array of tantalising treatments awaits you at the award-winning health spa



Gourmet's delight with spectacular views down river



Extraordinary events...our speciality



We create the magic



The David Livingstone
SAFARI LODGE AND SPA
LIVINGSTONE ZAMBIA

