



**ABRIDGED PROSPECTUS**

**OCTOBER 2009**

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# **Executive Summary**

## **African Leisure, now a real investment opportunity**

African Executive Investments Limited (AEI), registered in the British Virgin Islands, now offers a real investment opportunity in the African Leisure Market, giving investors a return through annuity income and capital growth.

AEI now comes to the market with this offer when both the local and international markets are looking to Africa as their leisure destination option. East Africa is fast becoming Africa's Riviera with pristine beaches and isolated islands, each with their own mystique, steeped in a uniquely different African Culture.

Over the last 4 years, East Africa has experienced exponential growth in European and Asian tourists visiting these African shores. However, unsophisticated access through their limited infrastructures and the intricacies of securitizing properties in Africa has still limited the Continents tourism potential and retarded its growth.

AEI, on the other hand has close association with both experienced developers and qualified resort operators on the continent, and has secured contracts with them. They have thus leveraged our competitive edge, and afforded us the luxury of hand picking the very best properties in some of the most sought after locations in Africa. As a result of this, AEI has at least 3 years advantage over any new entrants into this market and are strongly equipped to translate these African eccentricities into business strengths.

AEI's destinations and 5-star Villa-Style accommodation is extremely attractive to leisure seekers globally, and with limited accommodation in general, across this continent, AEI's quality and standard afford us the opportunity of being the brand of choice for consumers, where premier rates are achievable.

## **1. REDEEMABLE DEBENTURES and PREFERENCE SHARES**

- AEI is offering 3 700 Debentures, giving investors the opportunity to invest in a company that has leisure properties in some of the best parts of Africa.
- Entry Level Participation is at US\$20,000
- Investors can purchase as few or as many Debentures as they wish.
- There will be no more than 3 700 Debentures issued on this property portfolio, however, when AEI invests in further leisure properties internationally, these 3 700 preferential Debenture Owners will be given first right of access to further investment within the new portfolio.
- Each debenture allotted shall include a par value US\$0.01 non-voting right preference share included give the investor the opportunity to participate in the growth of the company.

## **2. RETURN ON INVESTMENT**

- AEI offers a projected average annuity return of 12% (based on 800 POD's per Debenture) per annum, calculated over a period of 6 years. For a detailed explanation, please refer to addendum "A" attached hereto.
- This return is calculated after the annual operating fees have been deducted.
- No account has been taken in this projection for capital growth.
- The Debenture earns net rental income relating to accommodation in the ratio of unused PODs to the total value of the Debenture Register. Income is distributed within 120 days after the 31<sup>st</sup> of December each year.
- Note that although the ROI is calculated in US Dollars, the bulk of the company's operating costs are delivered in the country's local currency, thus enhancing the return potential due to the sale being in hard currencies and a portion of the operating costs being in relatively soft currencies.

### 3. PREFERENTIAL ACCESS RIGHTS

- All Debenture owners will also have Preferential Access Rights to utilise the leisure property portfolio of the company.

The present property portfolio is:

• Mauritius		Villas Valriche
• Zanzibar	Tanzania	Mnemba View
• Pemba Island	Tanzania	Wambaa Beach
• Bilene	Mozambique	Bilene Club Lodge
• Livingstone	Zambia	Livingstone Royal Golf & Country Club

- The annual Operation Fee is US\$1200 per Debenture held. On calculating the ROI, these Operating Fees have been deducted in the calculations of the Net Annuity Income.
- PODs are allocated to a Debenture and used to manage the use of the Leisure Property Portfolio by Debenture Owners. At present, 800 PODs are allocated to each US\$20,000 Debenture held. Please refer to the tables named POD Values per Leisure Property (Addendum B)
- The directors reserve the right to replace any portion of the portfolio with a similar one in the region determined above.

### 4. REDEMPTION

- Over and above the Nett Return of the Company on an annual basis, AEI shall redeem Debentures from Debenture Owners at 100% of their face value after a period of 10 years. This redemption is solely at the Debenture Owners discretion.
- However, Debenture Owners are entitled to sell their Debentures out-of-hand at any stage of ownership, or can choose to retain their Debentures in perpetuity. One year's notice is required for any redemption request after the 10 years period.
- The property portfolio of the company shall remain unencumbered save for any encumbrance required **solely** for debenture redemptions.

### 5. PROPERTY MANAGERS

The appointed manager of the property portfolio is **Red Carpet Leisure Ltd**. The company is a Swiss based hospitality company that has hotel development and management experience in Africa and the Indian Ocean Islands. The company holds investments in property, hotel management contracts, event production and related equipment hire and event management. A detailed profile of the company can be found in addendum "C" attached hereto.

### 6. FUTURE GROWTH

The management of the company is presently pursuing other suitable sites in Africa. Should these destinations prove to be viable, a second portfolio may be acquired thereby increasing the asset base of the Company. This acquisition would be purchased utilising a similar structure as that used to acquire the present portfolio.

When the right opportunity arises, a listing on a bourse still to be determined may take place. All debenture holders, through the allotted preference share shall participate in this opportunity.

# Pertinent Information

- **Company details**

African Executive Investments Limited (formerly The Executive Club Limited) BVI Registration No. 1433643, a company incorporated and existing under the laws of The British Virgin Islands and administered by BAOBAB Trust & Corporate Services Ltd, Zurich for the time being.

Contact person: Piers A.M. Bunting      elink@mweb.co.za

- **Company administrators**

BAOBAB Trust & Corporate Services Ltd c/o IAP Investments & Trust Services S.A., Todistrasse 51, CH – 8002, Zurich, Switzerland.

Contact person: Markus Amrein      markus@baobab-group.com

- **Attorneys**

Wynand Naude, 341 Byers Naude , Northcliff, Gauteng, South Africa, 2195.

Contact person: Wynand Naude      wynand@wynandnaude.co.za

- **Accountants and Debenture registrars**

Wakely Smith Dante Sinclair, registered Accountants and Auditors having the place of business at 33 Peter Place, Bryanston, Sandton, South Africa.

Contact person: Dario Zuccolotto      darioz@wsds.co.za

- **Bankers**

AKB Privatbank, Zurich AG, Zurich, Switzerland.

- **Property Portfolio Managers**

Red Carpet Leisure Ltd. Les Martelles, 68 Chemin des Hauts Crets, 1223 Cologny, Geneva, Switzerland.

Contact person: Lou DuPont      lou.dupont@bluewin.ch

# Management

Presently, the management of the company is conducted by the following people:-

- **Non executive directors**

- Luis Manuel Couto Trigo de Morais

An Economist and Auditor, Luis has consulted to several international companies and organisations such as the World Bank and held positions based in Mozambique as financial advisor to The First Economic Rehabilitation Program of Mozambique and then as director of the auditing of Urban Rehabilitation Program of Maputo. In the early 90s, he founded his own company and today is Executive Chairman of what is now a holding company with solid interests in Tourism, property, fisheries and security.

- **Executive directors**

- Piers A.M. Bunting

A chartered accountant, Piers has been active in the property and development industry for some 30 years. Having worked in the corporate environment until 1993, he established his own enterprise completing developments in the residential, commercial, retail and leisure portfolios. For the past six years he has concentrated predominantly in the leisure industry in Southern Africa owning and managing developments in Mozambique, Tanzania and Zambia.

- Fred Koch

Fred is responsible for the establishment of the Red Carpet Hotels division of managed establishments on behalf of Red Carpet Leisure. He is a hotelier by birth and has remained in associated businesses ever since. He is a marketing strategy consultant to the Tourism, Hospitality and Leisure industry in conjunction with Grant Thornton International. Fred has branded and marketed hospitality and tourism product internationally and was a global Brand marketing strategist to South African Tourism. He serves on a number of industry related bodies.

- William Radmore

With twenty nine years in the construction and leisure industry, Billy Radmore has built up a solid knowledge base and excellent reputation in this highly challenging industry throughout Southern Africa. Today, he is a shareholder and director of a number of successful leisure development companies in Zimbabwe, Botswana, Zambia and Mozambique and is also involved in partnerships and projects that will further expand his interests in these countries and Southern Africa.

- Jody Bloch

From advertising agency beginnings, Jody gravitated to the strategic side of business development. From a consulting perspective Jody worked across the spectrum of commerce from logistics to retail. Her uncanny ability to merge business and creative skills culminated in delivering wealth from a vision. Her big picture perspective that was core to her consulting business, with the incredible network that had consistently delivered optimum results for her and her clients, once repositioned and packaged, became her signature IP. Jody's obsession with performance accountability and delivery guaranteed trading consulting fees for performance based equity options would deliver a sustainable result and stake holder wealth for both her clients and herself.

# Financial Information

The financial five year projection has been based on discounted hospitality rates determined in July 2009 within geographical regions that the relevant resorts are located. Red Carpet Leisure management team have reviewed the financial information and the basis of calculation and concur with the projection.

An additional fifty nine units over and above those purchased through the debenture issue will be acquired from the relevant developments on a soft loan basis as detailed in the notes to the accounts thus increasing the collateral value securing the debenture register.

The shareholders and directors of the Company reserve the right to vary the location percentage holding in the present property portfolio within the geographical areas listed.

## Pertinent information relating to the Financial Review

	Year	Year	Year	Year	Year
	1	2	3	4	5
<b>Number of debentures issued</b>	<b>1538</b>	<b>2988</b>	<b>3683</b>	<b>3700</b>	<b>3700</b>
<b>Total number of rooms</b>	<b>127</b>	<b>283</b>	<b>364</b>	<b>364</b>	<b>364</b>
<b>Number of rentable rooms relating to the debenture portfolio</b>	<b>107</b>	<b>237</b>	<b>305</b>	<b>305</b>	<b>305</b>
Bilene Club Lodge, Mozambique	61	113	125	125	125
Waamba Beach, Pemba Island	22	56	56	56	56
Mnemba View, Zanzibar, Tanzania	16	16	16	16	16
Livingstone Golf and Country Club, Zambia		44	100	100	100
Villas Valriche, Mauritius	8	8	8	8	8
<b>Number of rentable rooms relating to the Third party loan</b>	<b>20</b>	<b>46</b>	<b>59</b>	<b>59</b>	<b>59</b>
Bilene Club Lodge, Mozambique	12	23	25	25	25
Waamba Beach, Pemba Island	4	11	11	11	11
Mnemba View, Zanzibar, Tanzania	3	3	3	3	3
Livingstone Golf and Country Club, Zambia		9	20	20	20
Villas Valriche, Mauritius					

**AFRICAN EXECUTIVE INVESTMENTS LIMITED**

**Projected Abridged Income Statements and Balance Sheets**

	Note	Year	Year	Year	Year	Year
		1	2	3	4	5
<b><u>Projected Abridged Income Statements</u></b>						
Return on investment	1	\$ 2,403,209	\$ 6,569,740	\$ 11,404,049	\$ 14,416,477	\$ 15,129,747
Less operating costs		\$ 120,160	\$ 328,487	\$ 570,202	\$ 576,659	\$ 605,190
Net return before distribution		\$ 2,283,049	\$ 6,241,253	\$ 10,833,847	\$ 13,839,818	\$ 14,524,557
Distribution to debenture owners		\$ 1,710,926	\$ 5,113,046	\$ 9,401,527	\$ 12,127,289	\$ 12,563,081
Net return before taxation		\$ 572,122	\$ 1,128,207	\$ 1,432,320	\$ 1,712,529	\$ 1,961,476

		Year	Year	Year	Year	Year
		1	2	3	4	5
<b><u>Projected Abridged Balance Sheets</u></b>						
<b>Shareholders Equity</b>		<b>\$30,768,235</b>	<b>\$ 59,761,930</b>	<b>\$ 73,656,137</b>	<b>\$ 73,994,110</b>	<b>\$ 73,994,110</b>
Ordinary share capital	2	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
Preference share capital	3	\$ 15	\$ 30	\$ 37	\$ 37	\$ 37
Debentures		\$30,768,120	\$ 59,761,800	\$ 73,656,000	\$ 73,993,973	\$ 73,993,973
<b>Retained income</b>		<b>\$ 572,122</b>	<b>\$ 1,700,329</b>	<b>\$ 3,132,649</b>	<b>\$ 4,845,179</b>	<b>\$ 6,806,655</b>
<b>Third party loans</b>	4	<b>\$ 4,615,218</b>	<b>\$ 8,964,270</b>	<b>\$ 11,048,400</b>	<b>\$ 11,099,096</b>	<b>\$ 11,099,096</b>
<b>Total Capital employed</b>		<b>35,955,576</b>	<b>\$ 70,426,529</b>	<b>\$ 87,837,186</b>	<b>\$ 89,938,385</b>	<b>\$ 91,899,861</b>
Property portfolio	5	\$35,383,338	\$ 68,726,070	\$ 84,704,400	\$ 85,093,069	\$ 85,093,069
Startup costs		\$ 1,385,330	\$ 1,385,345	\$ 1,385,352	\$ 1,385,352	\$ 1,385,352
Net current assets/(Liabilities)		\$ - 813,093	\$ 315,114	\$ 1,747,434	\$ 3,459,964	\$ 5,421,440
<b>Employment of capital</b>		<b>\$35,955,576</b>	<b>\$ 70,426,529</b>	<b>\$ 87,837,186</b>	<b>\$ 89,938,385</b>	<b>\$ 91,899,861</b>

**Notes:**

- 1 The projected return on investment includes the return on the property portfolio financed by the third party loan
- 2 The authorised and issued ordinary share capital shall be 10 000 par value shares of US\$0.01 each
- 3 The authorised "A" class preferences shall be 10 000 par value shares of US\$0.01 each
- 4 The third party loan represents additional rental accomodation in certain of the resorts contributed by the developers.  
The loan bears no interest and is repayable in five equal instalments starting in year ten.
- 5 The company has a fully repairing and maintaining contingent lease agreement with Red Carpet Leisure Limited
- 6 No account has been taken for re-valuation of assets.
- 7 No account for depreciation has been taken due to note 5 above.

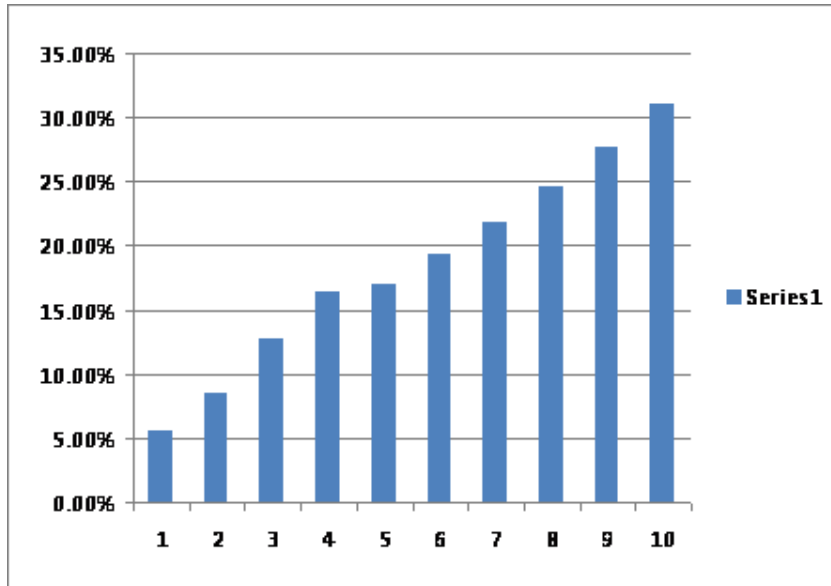
**Pertinent information**

Year	Year	Year	Year	Year
1	2	3	4	5

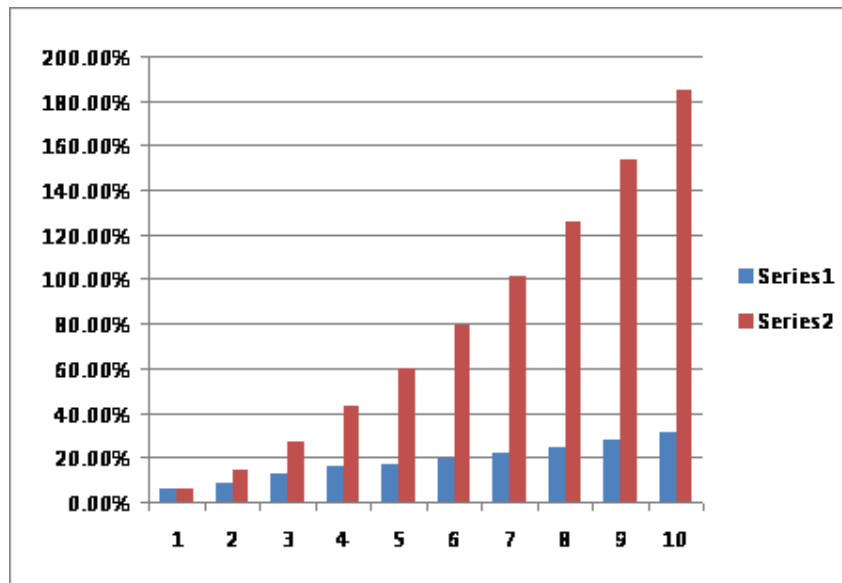
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# AFRICAN EXECUTIVE INVESTMENTS LIMITED

## Percentage Return on Projected Earnings



Percentage return	5.56%	8.56%	12.76%	16.39%	16.98%	19.28%	21.80%	24.58%	27.64%	31.01%
Year	1	2	3	4	5	6	7	8	9	10



Percentage return	5.56%	8.56%	12.76%	16.39%	16.98%	19.28%	21.80%	24.58%	27.64%	31.01%
(series 1)										
Cumulative percentage return (series 2)	5.56%	14.12%	26.88%	43.27%	60.25%	79.52%	101.33%	125.91%	153.56%	184.56%
Year	1	2	3	4	5	6	7	8	9	10

THE EXECUTIVE CLUB LIMITED. BVI

**BALANCE SHEET**  
at 9 September 2009

Notes  
2009  
USD

Assets

**Non-current assets**

**3,749,970**

Land and Buildings  
Start -up costs

1

3,351,600  
398,370

**Total Assets**

**3,749,970**

Equity and liabilities

**Capital and reserves**

**1**

Issued capital  
Non-distributable reserve

1  
0

**Current liabilities**

**3,749,969**

Accounts payable  
Third party loans

2

1,732,990  
2,016,979

**Total equity and liabilities**

**3,749,970**

**Notes**

- 1 Certain accommodation located at Bilene Club Lodge, Gaza Province, Mozambique and Wambaa Beach, Pemba Island, Tanzania.
- 2 Loans are interest free and are payable on date of occupation of the assets purchased.
- 3 The company has an option to acquire certain accommodation and property rights in Tanzania, Mozambique and Zambia at a pre determined cost for a period of three years totaling an additional 305 rooms.
- 4 The company has made application to change its name to African Executive Investments LTD.

THE EXECUTIVE CLUB LIMITED. BVI

**INCOME STATEMENT**  
as at 9 SEPTEMBER 2009

Notes  
2009  
USD

**Income**

**0**

**Expenditure**

**0**

Marketing  
Printing and Stationery  
Traveling and Entertainment  
Financial, Structure and Legal Fees  
Transfer to start up costs

85,264  
34,073  
43,598  
235,434  
(398,369)

Profit for the year

**0**