

**EL SEWEDY INDUSTRIES TANZANIA
LIMITED**

Business Plan 2020 – 2029




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ESTHER LEO KUJA
Advocate, Notary Public & Commissioner
for Oaths

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LIST OF ABBREVIATIONS

BOT	Bank of Tanzania
BRELA	Business Registration and Licensing Authority
CAGR	Compounded Annual Growth Rate
GDP	Gross Domestic Product
LTD	Limited
TIN	Tax Identification Number
TRA	Tanzania Revenue Authority
TSHS	Tanzanian Shillings
US	United States
USD	United States Dollars
VAT	Value Added Tax

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1.1 Introduction

This is the Business Plan for a manufacturing industry by El Sewedy Industries Tanzania, for the period 2020-2029. It outlines the mission, vision and objectives as well as the strategic direction the organization intends to embark on in order to achieve its primary business objectives.

This business plan aims to achieve the following:

- Assist in transforming the company's strategic direction into specific and measurable goals and targets;
- Identify market opportunities and highlight strategies to assist the organization capture its target market; and
- Provide a road map on the key actions required by the company to achieve its objectives.

1.2 Sources of information

Sources of information for the development of this business plan comprised of the following:

- Promoters knowledge of the Industry;
- Review and analysis of regional industry information, industry publications and press information; and
- Specific information from various players in the market.

1.3 Contents of the report

To facilitate the reading of this report, the document is organized as follows:

Section 1: Introduction

This section provides an introduction, sources of information and contents of the report.

Section 2: Executive Summary

This section provides an overview of the entire business plan highlighting the key points.

Section 3: Promoters, Project background, concept and location

This section provides a brief overview of the promoters, project and location

Section 4: Tanzania Economic Overview

This section provides analysis of macro environment in Tanzania

Section 5: Real Estate Sector Review

This section will examine the Real Estate sector with the focus outlining the unexploited opportunities in the industry.

Section 6: Financial Projections

This section provides financial projections for the company. It includes key assumptions and highlights of the profit and loss account, balance sheet and cash-flow projections for the next five years.

Section 8: Conclusion and Implementation plan

In this section, an overall conclusion and implementation plan for the project is provided.

1.4 Project Background

El Sewedy industries Tanzania is a limited liability company incorporated in the United Republic of Tanzania under the companies Act, 2002. The El Sewedy industries roots go back over 50 years, running successfully 10 production facilities exporting wide range of high quality and safe products to more than 50 Countries worldwide. The company is one of the world's most experienced manufacturing companies and we're considered one of the oldest & most successful industrial and trading business groups across the MENA Region.

In line with the same strategy, El Sewedy industries Tanzania is engaged in establishing manufacturing industry for the production of electrical products including L.V Cooper and Aluminium, Special Cables (wires & Control Cables and overhead conductors (AL & ACSR) with the intention of creating local market in the United Republic of Tanzania and later on export to other jurisdictions within Africa. El sewedy capability to play this integral role is thanks to its ability to provide fully-fledged integrated energy solutions in sectors as diverse as: power generation, telecom solutions, energy measurement and management, construction materials, turnkey projects and wind energy generation.

In the effort of establishing its presence in the United Republic of Tanzania, El Sewedy industries Tanzania plans to acquire some real state in Tanzania which will in turn be leased to its subsidiaries, sister companies and other customers.

1.5 Financial Projections

Table 1: Projected Statement of Comprehensive Income

US\$.	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue										
Income	51,480	61,261	71,413	81,946	92,872	100,002	106,585	114,046	119,749	123,341
Total operating r	51,480	61,261	71,413	81,946	92,872	100,002	106,585	114,046	119,749	123,341
Overhead costs										
Staff costs	24,000	24,480	24,970	25,469	25,978	28,836	31,431	33,631	35,313	36,372
Utilities costs	3,000	3,060	3,121	3,184	3,247	3,604	3,929	4,204	4,414	4,546
Consulting & audi	7,500	7,650	7,803	7,959	8,118	9,011	9,822	10,510	11,035	11,366
Other operating cc	5,000	5,100	5,202	5,306	5,412	6,008	6,548	7,007	7,357	7,578
Depreciation	12,875	12,775	12,695	12,631	12,580	13,964	15,220	16,286	17,100	17,613
Total overheads	52,375	53,065	53,791	54,549	55,336	61,423	66,951	71,637	75,219	77,476
Financing costs										
Finance costs										
Profit before Tax	-895	8,196	17,622	27,397	37,536	38,580	39,635	42,409	44,530	45,866
Taxation /(Tax cr	1,250	4,004	6,862	9,828	12,905	14,324	15,613	16,706	17,541	18,068
Net profit/(loss)	-2,146	4,192	10,760	17,569	24,632	27,341	29,802	31,888	33,482	34,487

1.6 Conclusion

El Sewedy industries Tanzania Company has identified an ideal opportunity, which lends favor to the natural growth and progression of the company. Through the clear vision and drive of the shareholders, the development and effective operation of the company can be assured. Additionally, given the continuously increasing demand for office premises, El Sewedy industries Tanzania is well positioned to be a profitable industry pioneer in the long-term.

1.7 Background

Egypt & Tanzania have a historical relationship going back to 50 years of cooperation for peace, development, and an increased volume of trade exchange. Nowadays the mega projects executed in both countries are primarily geared towards developing and improving the infrastructure and expediting the economic growth of both countries.

In line with the same strategy, El Sewedy Electric is already playing a vital role as a leading integrated cables and electrical products manufacturer in the Middle East enhancing the volume of business and investments in Tanzania. Elsewedy capability to play this integral role is thanks to its ability to provide fully-fledged integrated energy solutions in sectors as diverse as: power generation, telecom solutions, energy measurement and management, turnkey projects and wind energy generation.

El Sewedy Electric roots go back over 50 years, running successfully 23 production facilities in 12 countries in Africa, Europe and Asia, exporting wide range of high quality and safe products to more than 110 Countries worldwide. It is one of the world's most experienced manufacturing companies and it is considered one of the oldest and most successful industrial and trading business groups across the MENA Region.

In the effort of establishing its presence in the United Republic of Tanzania, El Sewedy industries company plans to acquire some real state in Tanzania which will in turn be leased to its subsidiaries, sister companies and other customers.

1.8 Legal status

El Sewedy industries Tanzania limited is a Tanzanian company incorporated in Tanzania and provided with a certificate of incorporation under the provision of section 15 of the companies Act 2002 and has been issued certificate of Incorporation by BRELA under number 141263242. Company business objectives are, among others, to carry out manufacturing of electrical products, cement , metal products .

TIN number has been issued by TRA authority under section 23 of the tax administration act 2015. TIN Number 141263242

The company have future plan for aggressive expansion in Tanzania in the filed of construction, electrical product manufacturing and steel activities and this expansion will be in compliance with the Tanzanian laws and regulations.

1.9 Company Ownership

The company's issued share capital is Tanzanian Shillings 1,150,000,000 Billion. The issued capital is 1,150,000,000 divided into 100 shares with a nominal value of 1,150,000 Tanzanian Shillings per share.

Table 4: List of Shareholders

S	Name	Number of Shares	%
1	El sewedy construction industries	99	99
2	SADEK AHMED SADEK ELSEWEDY	1	1
Total		100	100

1.10 Profile of the Shareholders

The majority shareholder of the company El Sewedy Electric construction industries is one of the oldest & most successful industrial and trading business groups across the MENA Region.

1.11 Investment

The project requires an initial investment of USD 3.75 million. The company plans to purchase various industrial sites within the jurisdiction of Tanzania.

1.12 Project Financing

The investment costs of USD 3.75 million will be financed through equity.

1.13 Employment Structure of the company

The project intends to have total number of 119 employees. Among these foreigners will be 15 from various professions and remain 104 shall be professionals and manual labor from Tanzania. This industry will provide job opportunities to Tanzanians and thus help in raising the economy especially in the areas where the industry will be located.

1.14 Project Capacity

The industry is expected to produce various products in course of 9 years but the initial expected production per year shall include the following; L.V Copper and Alluminium at 1,080,000 and 6,210,000,000 meters respectively per year, Special cables (wires and control cable 3,800,000 meters per year and Overhead Conductors (AL & ACSR) at 183,000,000 meters per year.

2 TANZANIA BUSINESS ENVIRONMENT

Political Context

There is a broad consensus that the process of consolidating the transition towards participatory political system in Tanzania over the 25 years has achieved remarkable success. Whereas once predominantly under a single party hegemony, Tanzania today is characterized by a plurality of political parties.

Though slow, the growth of the independent civil society has gained momentum.

2.1 Socio-Economic Development

Population

With 947,300 square kilometers of land, Tanzania is the 31st largest country in the world and the 14th largest in Africa.

Tanzania is estimated to have a population of over 50 million people and has one of the highest birth rates in the world and more than 44% of the population is under the age of 15. The total fertility rate is 5.01 children born per woman, which is the 18th highest of any country.

Tanzania has a very low median age with more than 44.8% of the population under 15, 52% between 15 and 64 and just 3.1% over the age of 64.

Urbanisation

A review of Tanzania's population growth, internal migration and urbanisation for the past five-post Independence Census (1967, 1978, 1988, 2002 and 2012) provides a good highlight of urbanisation in the country.

Table 5: Tanzania (Mainland): Urban Population (1967 – 2012)

Year	1967	1978	1988	2002	2012
Urban					
Population	685,092	2,257,921	3,991,882	7,554,838	12,701,238
Growth Rate	-	11.5%	5.9%	4.7%	5.3%
Dar-es-salaam					
Population	272,821	769,445	1,205,443	2,336,055	4,364,541
Growth rate	-	9.9%	4.6%	4.8%	6.5%
Tanzania (Mainland)					
Population	11,975,757	17,036,499	22,507,047	33,461,849	43,625,354
Growth Rate	-	3.3%	2.8%	2.9%	2.7%

Within the urban population, the position of Dar es Salaam has always been dominant, accounting for 34.4% of the urban population in 2012. Growth rates for the 19-other principal regional towns of Tanzania have also generally been quite rapid but more variable.

The smaller settlements classified as urban grew rather faster, both in number and size, accounting for 34% of the urban population by 2012 compared with only 7%

in 1967. The number of towns other than regional capitals with a population of over 10,000 was none in 1967; 14 in 1978; 38 in 1988; 80 in 2002; and 150 in 2012.

2.2 Macro-economic Performance

Tanzania maintains an economy highly dependent on agriculture, contributing an estimated 30% to GDP and employing nearly 80% of the working population. The service sector—which has been growing rapidly in recent years—accounts for approximately 47%. The industrial sector, dominated by the construction sub-sector, accounts for 23% of the GDP.

Tanzania's macro-economic performance for over 10-years period has been impressive, underpinned by steady implementation of policy/structural reforms; weathered through the global recession occurred in 2009; but can and should do better improving productivity and competitiveness.

Table 6: Tanzania: GDP Growth Rate (2008-2015)

Year	2008	2009	2010	2011	2012	2013	2014	2015
GDP Growth	7.4%	6.0%	7.0%	6.4%	6.9%	7.0%	7.1%	7.0%

Statistically, 2002-2012 averages indicate that Tanzania's fastest growing sub-sectors (annual average of more than 8%) were mining and quarrying (9.9%), manufacturing (8.6%), Wholesale and retail trade (8.3%), Transport and communication (11.1%) and Financial Intermediation (10.6%). Hotel and Restaurants grew by 6%.

The external sector of the economy improved following a declining current account deficit that stood at 8.1% of GDP in 2015. Export growth driven by regional trade in manufactured goods and reduced imports bill from cheaper imported oil contributed to this decline.

2.3 Economic Sectors Review

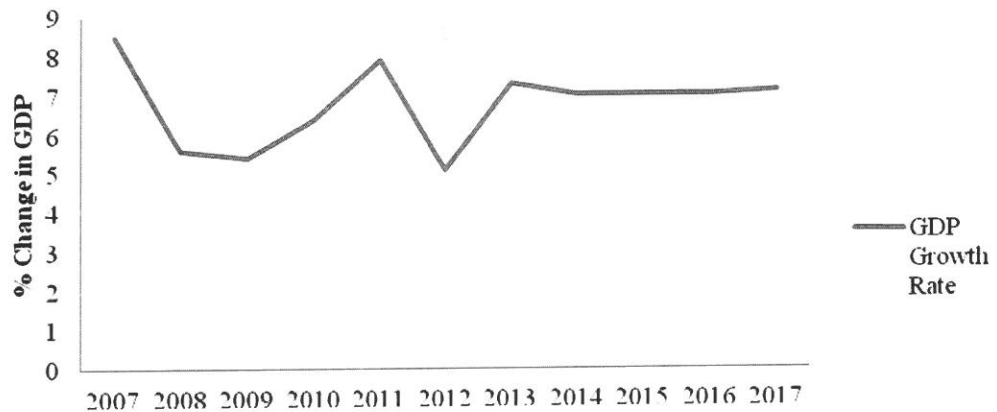
The Services are the largest sector of the economy in Tanzania, and their share of GDP stood at 43.9% in 2012. While the average growth rate for the service sector was around 8% between 2001 and 2012, very rapid growth within a number of service sub-sectors was critical to explaining Tanzania's higher growth rates in recent years.

The industrial sector has experienced impressive growth rates. The industrial growth was driven primarily by the rapid expansion of mining. Growing at an average of 13% across the 2000s, mining is now the biggest recipient of FDI and accounts for 40% of exports. The main minerals mined in Tanzania are gold, diamonds, iron, coal, nickel, Tanzanite, uranium and the recently discovered offshore and onshore deposits of natural gas. Tanzania is now Africa's third largest gold-producing country after South Africa and Ghana.

Tanzania's Gas production took off in 2015, and the country's recoverable natural gas reserves are now estimated at 57 trillion cubic feet. In a poverty-stricken and aid dependent country like Tanzania, natural gas revenues are likely to stimulate a wide range of opportunities for scaling-up the rate of growth through enhanced domestic resource mobilization and investment.

Tanzania achieved a GDP growth of 7.1% in 2017. The value of annual Gross Domestic Products at 2007 constant prices in absolute terms increased to Tshs 50.5 trillion in 2017 from 47.1 trillion in 2016. The main contributors to growth in 2017 were: mining and quarrying (17.5 percent), Water Supply (16.7 percent), Transportation and Storage (16.6 percent), Information and Communication (14.7 percent) and Construction (14.1).

Figure 1: Growth Rate of Gross Domestic Product (GDP) – Annual Percentage



SOURCES

1. Bank of Tanzania (www.bot-tz.org)
2. National statistics bureau of Tanzania (www.mbs.go.tz)

2.4 Income and Income Distribution

GDP per capita shows how much of the country's total income each person would get if it was divided equally. However, an increase in per capita income does not always translate into social development or poverty reduction.

According to the 2014 Global Human Development Report, Tanzania's GDP per capita income (constant 2011 PPP\$) in 2012 was \$1,654 compared to the global average of \$13,599 (UNDP 2014).

Dar es Salaam is the richest region in Tanzania with GDP per capita of more than Tshs. 1,600,000, whereas Kigoma region is the poorest region with GDP per capita of barely Tshs. 600,000 in 2012. The other five wealthiest regions are Iringa, Arusha, Ruvuma, Kilimanjaro and Mbeya. With the fast population growth, the country has experienced increased GDP per capita which is a sign of output growth.

According to the Central Bank of Tanzania (BOT), in 2012, Dar-es-salaam was the richest region in Tanzania with GDP of Tshs. 7.5 trillion followed by Mwanza with GDP of Tshs. 4.09 trillion and third is Mbeya with GDP of Tshs. 3.2 trillion.

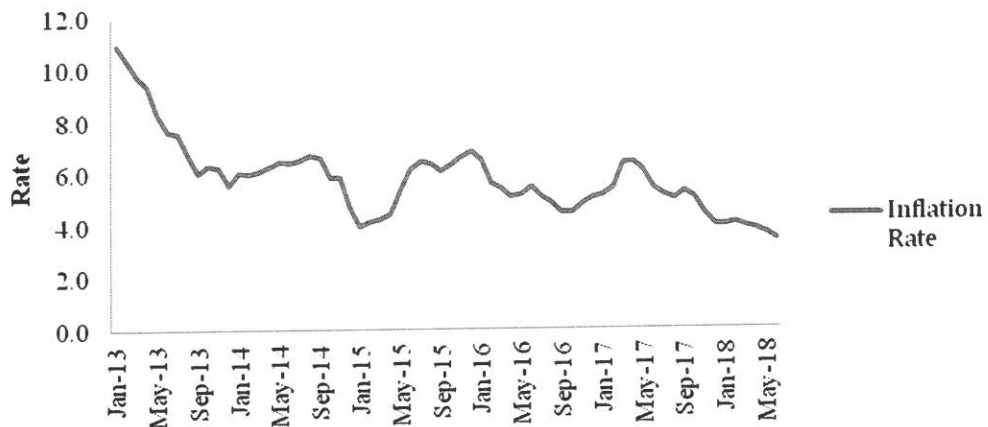
Table 7: Tanzania (Mainland): Regional GDP at current Market Prices (2007 – 2014)-2015)

Tanzania (Mainland): Regional GDP at Current Market Prices (2007 - 2014)									Shs. million
REGION/YEAR	2007	2008	2009	2010	2011	2012	2013	2014	Percentage
Dar -es salaam	4,174,004	5,235,448	6,484,117	7,368,793	8,807,745	10,402,309	12,259,974	13,664,110	17%
Mwanza	2,315,821	2,850,517	3,468,976	4,016,270	4,769,027	5,619,758	6,654,600	7,451,706	9%
Mbeya	1,915,970	2,352,899	2,762,034	3,226,572	3,849,235	4,500,842	5,272,770	5,910,522	7%
Shinyanga	1,604,994	1,987,053	2,246,973	2,659,742	3,181,439	3,693,951	4,203,285	4,710,940	6%
Iringa	1,435,513	1,771,758	1,965,354	2,310,923	2,791,441	3,224,478	3,677,346	4,123,066	5%
Morogoro	1,447,953	1,659,720	1,841,074	2,136,943	2,602,233	3,001,144	3,433,705	3,852,961	5%
Arusha	1,209,310	1,515,015	1,762,138	2,136,514	2,497,812	2,929,003	3,366,418	3,773,519	5%
Tanga	1,494,190	1,606,756	1,782,323	2,037,701	2,505,042	2,884,020	3,312,524	3,702,020	5%
Kilimanjaro	1,260,747	1,566,492	1,737,659	1,952,844	2,426,866	2,788,912	3,217,876	3,606,689	5%
Kagera	1,078,323	1,323,798	1,496,960	1,711,292	2,091,867	2,418,560	2,793,235	3,130,034	4%
Tabora	1,099,529	1,361,029	1,524,403	1,686,498	2,110,684	2,426,906	2,786,134	3,122,090	4%
Ruvuma	1,072,773	1,331,171	1,476,625	1,616,732	2,042,814	2,341,755	2,699,334	3,026,759	4%
Mara	1,031,773	1,271,159	1,410,056	1,589,876	1,971,697	2,266,604	2,612,931	2,915,540	4%
Rukwa	926,214	1,152,772	1,303,563	1,482,717	1,818,199	2,100,974	2,414,520	2,708,989	3%
Manyara	918,491	1,139,786	1,264,327	1,455,527	1,781,579	2,052,714	2,353,486	2,645,435	3%
Dodoma	807,032	999,783	1,141,329	1,390,889	1,629,710	1,904,068	2,151,647	2,415,052	3%
Kigoma	813,172	994,223	1,124,275	1,229,885	1,545,842	1,779,335	2,051,034	2,287,944	3%
Mtwara	648,206	804,940	892,894	1,258,435	1,363,242	1,625,221	1,788,397	2,009,895	2%
Lindi	518,742	626,865	695,361	843,880	999,604	1,159,599	1,312,577	1,477,630	2%
Singida	491,592	599,573	665,087	898,282	997,621	1,178,718	1,305,922	1,469,686	2%
Pwani	506,084	614,183	681,294	825,706	978,880	1,135,341	1,285,513	1,437,909	2%
Total	26,770,432	32,764,940	37,726,824	43,836,018	52,762,581	61,434,214	70,953,227	79,442,499	100%

2.5 Inflation

Annual Headline Inflation Rate for the month of June 2018 eased to 3.4% from 3.6% recorded in May 2018. This moderation in inflation was mainly on account of a decrease in non-food (4.5% to 4%) and energy (21.2 to 16.8) inflation rates. Food and Non-Alcoholic beverages inflation rate for the month of June 2018 increased to 3.4% from 2.6% recorded in May 2018.

Figure 2: Inflation trend – (2013 – 2018)



SOURCES
1. National statistics bureau of Tanzania (www.mbs.go.tz)

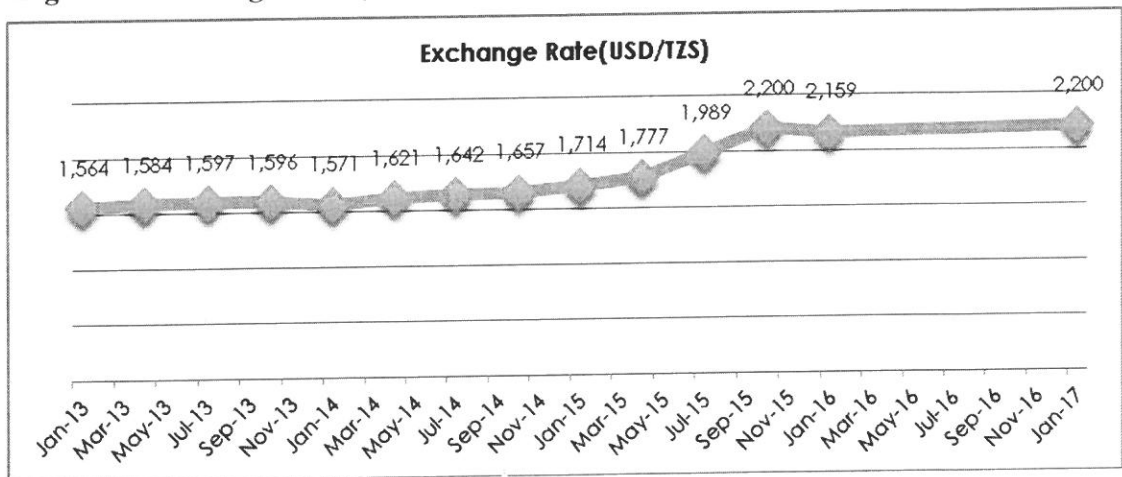
2.6 Exchange rates (Tshs:USD)

The Tanzania shilling has been relatively stable from 2011 to 2014. However, since the beginning of 2015, it has failed to hold against the US dollar (TSHS 2,266 / 1 USD as at 30th June 2018) and currencies of other major trading partners.

During the 1st and 2nd quarters of 2016, Tanzania shilling has stabilised against the US Dollar. External dynamics, notably a strong US Dollar and related shifts in investor perceptions towards emerging markets are the causes for the turbulences in the shilling currency.

The quarterly trend on the exchange rate against the US Dollar is presented below.

Figure 3: Exchange Rate (USD/TZS)



2.7 Conclusion

Growth in population and Per capita Income can be observed over the past five years. This implies that there is an increased in the market (customer base) and increased disposable income, which suggests that through the formulation of a

sound strategy, there is a strong opportunity for EL SEWEDY INDUSTRIES TANZANIA LIMITED to establish a long term presence in the market.

3 INDUSTRY ANALYSIS

3.1 Real Estate Industry Analysis

As a direct beneficiary of the government's current economic strategy, which focuses on major infrastructure, housing and energy investment, and a key player in the ongoing shift of government functions from Dar es Salaam to Dodoma, the construction industry is undergoing significant expansion in both absolute and relative terms. The pace of growth has been fast, with the overall sector valuation jumping from Tshs 2.4 Trillion in 2013 to Tshs 3.2 Trillion by 2017, but its contribution to GDP declined from 3.3% in 2013 to 2.7% in 2017 on mainland Tanzania, and increased from 5.7% to 8.2% on the Zanzibar archipelago. The government is betting that short-term struggles caused by rooting out corruption will pay dividends over the long term by providing a more predictable operating environment in which domestic builders can thrive. Tanzania has a relatively young real estate sector, with large-scale commercial development only taking off in the 1990s. While public sector actors historically handled the largest projects in the country, private sector players are now playing an increasingly important role in developing residential, office and commercial space. However, the industry in mainland Tanzania is growing more slowly than the economy overall, with its contribution to GDP declining steadily in the past 10 years, from 6.1% in 2006 to 3.2% in 2015. Cost sensitivity remains a significant concern, not only directly in terms of house sales, but also indirectly in terms of demand for formal retail and commercial space, since approximately three-quarters of the population live on \$2 or less per day. As a result, the country will most likely have to depend on government intervention and innovative financing to help address demand at the lower end of the real estate market, while higher-end residential and commercial spaces are left in the hands of private sector developers.

3.2 General Overview of Property Market in Dar es Salaam

Property market in Dar es Salaam incorporates office, residential, industrial and retail. The prime office market in Tanzania continues to be focused in Dar es Salaam and it is centred in the traditional CBD, the Gardens area to the east of the city and increasingly moving north of Salendar Bridge on Ali Hassan Mwinyi Road,

Bagamoyo Road and Msasani Peninsula. Dar-es-salaam's residential market is comprised of a number of tiers, with the higher end of the scale concentrated north of Salendar bridge, across the entire Msasani Peninsula and extending northwards to Mbezi and, to a limited extent, beyond. The industrial sector is principally located along Nyerere Road, leading from the CBD to the airport, and along Nelson Mandela Road, leading from the port, via the TAZARA railway station, around the city. There are two further industrial areas in Mikocheni and Chang'ombe. These industrial units are typically vast plots of some 20,000 to 150,000 m², with old dilapidated warehouses, offices, canteens and other facilities that are no longer relevant to today's market

3.3 General Overview of retail Market in Dar es Salaam

The retail market still principally revolves around small downtown specialist shops in National Housing Corporation buildings run, in the main, by the Indian Community and other retail outlets are in containers. This sector competes with on-street sales in ad hoc temporary pavement "outlets", known locally as "Wamachinga", sometimes on a massive scale such as in areas like Kariakoo and Manzese. Unconfirmed estimates put the percentage of clothing and shoes sold in shops at 20% against those sold from outside formal retail outlets at 80%. A large majority of goods sold "off pavement" are second hand, imported directly from Europe, Far East and the United States. The city council has somehow managed to reduce the number informal retail outlets within the last three years.

4 FINANCIAL PROJECTIONS

4.1 Introduction

In this section, we outline the financial projections developed as part of this business plan.

The assumptions used to derive the financial projections and the projected financial statements are presented in the following sub-sections.

4.2 Financial Projections

The financial forecasts have been prepared over a five-year period. The projected profit and loss, balance sheet, and cash flow statements are included as part of this business plan.

4.2.1 Basis of preparation

In preparing the financial projection we have used assumptions from various sources including the following:

- Bank of Tanzania and IMF – Macroeconomic assumptions
- Tanzania Revenue Authority – Tax rates
- Management Information
- Our analysis of the industry

4.2.2 Revenue Assumptions

Revenue

- Projected to grow at 16% CAGR for the next five years. The company estimates occupancy of 60% in the first year followed by an increase of 10% in occupancy in the subsequent years. The average rental price is expected to increase by 2% in the next five years. The increase is in line with the United States of America (USA) Inflation rate.

- **Table 8: Revenue assumptions**

<i>Item</i>	Rate	Description
Office space for letting	1869	Square Meters
Price per square meter	\$15	Per Month per square meter
Price increase	2%	CAGR
Occupancy Rate	60%	In the first year
Increase in Occupancy Rate :	13.6%	CAGR

4.2.3 Overheads Assumptions

Overheads are assumed to grow by inflation

4.2.4 Working Capital Assumptions

Table 9: Working Capital

Trade receivable days	30	Days
Trade payable days	45	Days
Other payable days	60	Days

4.2.5 Financing Assumptions

The company projects that the investment will be fully funded by equity. The funds will be used to purchase real estate property for letting.

4.3 Projected Financial Statements

Projected Financial statements are provided in the following sub-sections

4.3.1 Projected Statement of Comprehensive Income

The table below provides a projected statement of comprehensive income from 2020 to 2029.

Table 2: Projected Statement of Comprehensive Income

US\$.	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue										
Income	51,480	61,261	71,413	81,946	92,872	100,002	106,585	114,046	119,749	123,341
Total operating r	51,480	61,261	71,413	81,946	92,872	100,002	106,585	114,046	119,749	123,341
Overhead costs										
Staff costs	24,000	24,480	24,970	25,469	25,978	28,836	31,431	33,631	35,313	36,372
Utilities costs	3,000	3,060	3,121	3,184	3,247	3,604	3,929	4,204	4,414	4,546
Consulting & audi	7,500	7,650	7,803	7,959	8,118	9,011	9,822	10,510	11,035	11,366
Other operating co	5,000	5,100	5,202	5,306	5,412	6,008	6,548	7,007	7,357	7,578
Depreciation	12,875	12,775	12,695	12,631	12,580	13,964	15,220	16,286	17,100	17,613
Total overheads	52,375	53,065	53,791	54,549	55,336	61,423	66,951	71,637	75,219	77,476
Financing costs										
Finance costs										
Profit before Tax	-895	8,196	17,622	27,397	37,536	38,580	39,635	42,409	44,530	45,866
Taxation /(Tax cre	1,250	4,004	6,862	9,828	12,905	14,324	15,613	16,706	17,541	18,068
Net profit/(loss)	-2,146	4,192	10,760	17,569	24,632	27,341	29,802	31,888	33,482	34,487

4.3.2 Projected Statement of Financial Position

The table below provides projected Statement of Financial Position from 2020 to 2029.

Table 3: Projected Balance Sheet

Assets	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Leasehold land & buildings	362,625	350,250	337,875	325,500	313,125	302,439	292,118	281,419	270,720	260,428
Machinery, equipment & furniture	2,000	1,600	1,280	1,024	819	655	524	419	336	268
Motor vehicles	-	-	-	-	-	-	-	-	-	-
Total fixed assets	364,625	351,850	339,155	326,524	313,944	303,095	292,642	281,838	271,056	260,696
Current assets:										
Trade receivables	4,231	5,035	5,870	6,735	7,633	8,220	8,761	9,375	9,843	10,139
Cash at bank & in hand	8,553	24,757	47,419	76,796	113,153	150,929	190,857	233,119	277,055	321,694
Total current assets	12,784	29,792	53,289	83,532	120,787	159,149	199,619	242,493	286,899	331,833
Current Liabilities										
Trade payables	-	-	-	-	-	-	-	-	-	-
Other payables	2,055	2,096	2,138	2,181	2,224	2,395	2,611	2,794	2,934	3,022
Total current liabilities	2,055	2,096	2,138	2,181	2,224	2,395	2,611	2,794	2,934	3,022
Net Current Assets/(Liabilities)	10,730	27,696	51,151	81,351	118,562	156,753	197,007	239,700	283,965	328,811
Net Assets/(Liabilities)	375,355	379,546	390,306	407,875	432,507	459,848	489,650	521,538	555,021	589,508
Non-Current Liabilities										
Bank loans	-	-	-	-	-	-	-	-	-	-
Shareholders' funds										
Promoters contribution towards equity	377,500	377,500	377,500	377,500	377,500	377,500	377,500	377,500	377,500	377,500
Other shareholders capital										
Retained earnings	-2,146	2,046	12,806	30,375	55,007	82,348	112,150	144,038	177,521	212,008
Total shareholders' funds	375,355	379,546	390,306	407,875	432,507	459,848	489,650	521,538	555,021	589,508
Total capital employed	375,355	379,546	390,306	407,875	432,507	459,848	489,650	521,538	555,021	589,508

4.3.3 Projected Cash flow statement

The table below provides projected cash flow for the next 9 years

Table 4: Projected Cash Flow Statement

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Cash Flow from Operating Activities										
Profit Before Tax	-895	8,196	17,622	27,397	37,536	38,580	39,635	42,409	44,530	45,866
Adjustments for:										
Depreciation charge	12,875	12,775	12,695	12,631	12,580	12,539	12,506	16,286	17,100	17,613
Movement in working capital	-2,177	-763	-793	-823	-855	-108	-110	1,797	-152	-772
Cash generated from operations	9,803	20,208	29,524	39,205	49,262	51,010	52,031	60,492	61,478	62,707
Less: Tax charges	-1,250	-4,004	-6,862	-9,828	-12,905	-13,254	-13,607	-16,706	-17,541	-18,068
Net Cash Flow from Operating Activities	8,553	16,204	22,662	29,377	36,357	37,757	38,424	43,786	43,936	44,639
Cash Flow from Investing Activities										
Cost of PPE	-	-	-	-	-	-	-	-	-	-
Purchase of other assets	-	-	-	-	-	-	-	-	-	-
Net Cash Flow From Investing Activities	-	-	-	-	-	-	-	-	-	-
Cash Flow from Financing Activities										
Shareholders' equity	-	-	-	-	-	-	-	-	-	-
Bank loans	-	-	-	-	-	-	-	-	-	-
Repayment of bank loans	-	-	-	-	-	-	-	-	-	-
Dividend payments	-	-	-	-	-	-	-	-	-	-
Net Cash Flow From Financing Activities	-	-	-	-	-	-	-	-	-	-
Net Cash Flow for the year	8,553	16,204	22,662	29,377	36,357	37,757	38,424	43,786	43,936	44,639
Opening Balance	-	8,553	24,757	47,419	76,796	113,153	150,910	189,333	233,119	277,055
Closing Balance	8,553	24,757	47,419	76,796	113,153	150,910	189,333	233,119	277,055	321,694

4.4 Project Feasibility

Technical Feasibility

The project is feasible from a technical point of view given the availability of the necessary manpower with the technical skills for driving efficient operational delivery. One major point of concern is the continued stability of the real estate industry locally and in the region. This is something that El Sewedy will monitor very closely.

The management and operational skills for the proposed project are available in the local market, though it might not be easy to identify and engage.

Operational Feasibility

The main factors that would affect the operational feasibility of the project are risks management and the cost of operations.

Market unpredictability is the greatest challenge. The real estate industry is affected by the macroeconomic as well micro economic factors.

Risk management could be controlled by charging in USD.

Environmental Feasibility

Service of professionals will be used to make sure that the implementation of the project will not cause environmental concern.

Financial Feasibility

The table below (APPENDIX 1) presents the financial feasibility summary based on Net Present Value (NPV) and Internal Rate of Return (IRR). The NPV results show that the project is an attractive investment.

4.5 Implementation Plan

Table 5: Implementation Plan

Activity	Details	Responsible Person	Time (Months)	August	September	October	November	December	January
1 Capital Raising	Obtain equity from shareholders/parent company	Promoters/Consultants	1						
2 Acquisition	Purchase Properties	General Manager and Finance Manager	2						
3 Market	Produce and distribute marketing materials to raise awareness	Marketing and Sales Team/Promoters	Continuous						
4 Start Sales Activity	Begin aggressive sales and marketing campaign	General Manager/Marketing Manager/Sales Manager	Continuous						

APPENDICES

Appendix 1: Project Appraisal (IRR, NPV)

Appendix 1: Project Appraisal (IRR, NPV)

US\$.	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Net Profit Before Taxes	-895	8,196	17,622	27,397	37,536	38,580	39,635	42,409	44,530	45,866
Adjustments for:										
Add: Depreciation & amortization	12,875	12,775	12,695	12,631	12,580	12,539	12,506	16,286	17,100	17,613
Add: Finance costs	18,686	16,017	13,347	10,678	8,009	5,339	2,670	1,335	667	334
(Increase)/decrease in working capital	-2,177	-763	-793	-823	-855	-108	-110	1,797	-152	-772
Cash generated from operations	28,490	36,225	42,872	49,883	57,270	56,349	54,700	61,826	62,145	63,040
Less : Tax	-1,250	-4,004	-6,862	-9,828	-12,905	-13,254	-13,607	-16,706	-17,541	-18,068
Net cash flow from operating activities	27,239	32,221	36,009	40,055	44,366	43,096	41,093	45,120	44,604	44,973
Less: Capital expenditure	-377,500	-	-	-	-	-	-	-	-	-
Adjustment for salvage value & annual sustaining capex	-	-	-	-	-	-	24,763	-	-	-
Net free cashflow to overall investment	-350,261	32,221	36,009	40,055	44,366	43,096	65,856	45,120	44,604	44,973
	(a)	(b)	(c)							
Discount rate	17.97%	19.97%	18.97%							
Estimated constant growth factor		8.00%								
Terminal Value (to Perpetuity)	713,381	594,187	648,351							
Net Free Cashflows (a)	-350,261	32,221	36,009	40,055	44,366	43,096	65,856	45,120	44,604	44,973
Net Free Cashflows (b)	-350,261	32,221	36,009	40,055	44,366	43,096	65,856	45,120	44,604	44,973
Net Free Cashflows (c)	-350,261	32,221	36,009	40,055	44,366	43,096	65,856	45,120	44,604	44,973
Net Present Value	49,323	-12,546	15,266							
Average Net Present Value	17,348									
Internal Rate of Return	20.18%									