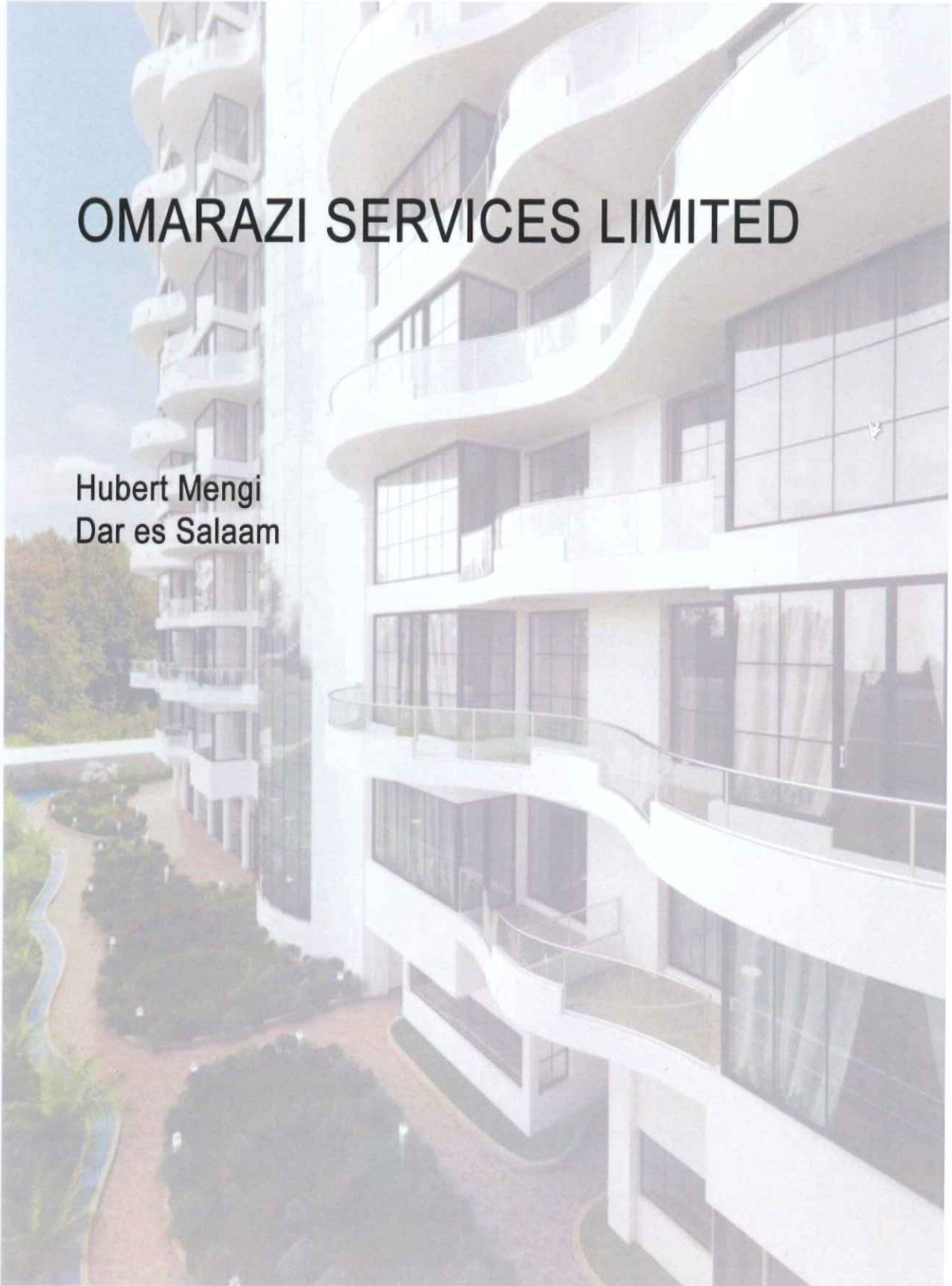


OMARAZI SERVICES LIMITED

Hubert Mengi
Dar es Salaam



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ABBREVIATIONS AND ACRONYMS

BRELA

Business Registration and Licensing Authority

CAGR

Compound Annual Growth Rate

CBD

Central Business District

CCTV

Closed Circuit Television

CEO

Chief Executive Officer

EMP

Environmental Management Plan

ESIA

Environment and Social Impact Assessment

EU

European Union

FAM

Finance and Administration Manager

FDI

Foreign Direct Investment

Forex

Foreign Exchange

GDP

Gross Domestic Product

IMF

International Monetary Fund

IRR

Internal Rate of Return

MoF

Ministry of Finance

NHC

National Housing Corporation

NPV

Net Present Value

OECD

Organization of Economic Cooperation and Development

ODA

Official Development Assistance

SWOT

Strength, Weakness, Opportunities and Threats

TIC

Tanzania Investment Centre

TZS

Tanzania Shilling

UNCTAD

United Nations Conference on Trade and Development

USD

United States Dollars

VAT

Value Added Tax

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

Business Opportunity

Omarazi Services Limited is a limited company based and registered in Tanzania.

The company has identified a great opportunity in the residential housing development that has been occasioned by two key drivers; namely i) The Tanzania Ministry of Lands, Housing and Human Settlements Development, estimates that the current housing deficit is at about 3 million units and is increasing by about 200,000 units annually; ii) The Government has relocated to Dodoma City from Dar Es Salaam. These two issues provide a unique value proposition for the company to increase its products offerings range, through the development of apartments property in Dodoma City.

Product Offering

The proposed residential housing will incorporate 50 units apartments of 2- and 3-bedrooms configurations. The target market is the middle- and upper-income earners

Project Promoters

Omarazi's majority shareholder and Chief Executive Officer is Mr Arif Aziz Rehmatulla who is an experienced and

successful entrepreneur who owns and manages several other businesses.

Risks Analysis

The following risk areas have been identified and relevant mitigants identified: Market; Construction; Technical; Regulatory; Repayment; Political, and Operational. Overall, the project risks have been well managed.

Financing and Investment Plans.

The total project cost is estimated at USD 2,620,000 that will be wholly financed through equity.

The funds will be applied towards the following items:

Figure A- Investment Outlay

Description	USD
Buildings	2,550,000
Equipment	50,000
Motor Vehicles	20,000
TOTAL PROJECT COSTS	2,620,000

Financial Outcomes

20 years financial projections have been prepared and the resultant financial viability indicators (excluding the probable capital appreciation) are; IRR of 11%. The payback period of 9 years and NPV of USD 35,748 are also good indicators.

Figure B- Projected Income Statement

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
INCOME										
Dodoma Property	-	333,300	437,623	611,999	618,119	624,300	630,543	636,848	643,217	649,649
Gross Revenues	-	333,300	437,623	611,999	618,119	624,300	630,543	636,848	643,217	649,649
Cost of Sales										
Dodoma Property	-	88,985	119,894	141,558	142,061	142,569	143,083	143,601	144,124	144,653
Cost of Sales	-	88,985	119,894	141,558	142,061	142,569	143,083	143,601	144,124	144,653
Gross Profit Margin	-	244,315	317,729	470,441	476,057	481,731	487,460	493,247	499,092	504,996
EXPENDITURE										
Admin.and General	24,000	60,600	61,206	61,818	62,436	63,061	63,691	64,328	64,971	65,621
Term Loan 1 Interest Payments	-	-	-	-	-	-	-	-	-	-
Overdraft Interest Repayment	-	-	-	-	-	-	-	-	-	-
Total Expenditure	24,000	60,600	61,206	61,818	62,436	63,061	63,691	64,328	64,971	65,621
Net Profit Before Tax	- 24,000	183,715	256,523	408,622	413,621	418,670	423,769	428,919	434,121	439,375
Taxation	-	55,115	76,957	122,587	124,086	125,601	127,131	128,676	130,236	131,812
Net Profit After tax	- 24,000	128,601	179,566	286,036	289,535	293,069	296,638	300,244	303,885	307,562
Dividend	-	32,150	44,891	71,509	72,384	73,267	74,160	75,061	75,971	76,891
Net Profit After Dividend	- 24,000	96,450	134,674	214,527	217,151	219,802	222,479	225,183	227,914	230,672

Economic and Social Outcomes

The following are the economic and social outcomes.

Contribute to the reduction of the large housing deficit of 3.0 million units by the construction of high-quality **apartments development of 50 units.**

Support the **Government’s relocation** from Dar Es Salaam to Dodoma by providing much needed housing developments in Dodoma.

During construction, improved socio-economic status by directly **creating 50 high wage employment** opportunities for the local communities. A further **7 permanent employees.**

During the construction period, a multiplier effect generating employment in secondary industry that cover distribution, retail and the service sector estimated at **over 150** with many of them being women;

Increased employment will also result in reduced social vices;

Transfer of latest building knowledge and technology to local building artisans;

Use the smartest and latest technology to improve process efficiencies, reduce wastage through the provision of solar water heaters and lighting systems;

Retention of local labour talent.

Assuming that the current properties rental prices and costs structures remains the same into the future, then the company is expected to pay average annual corporation taxes of **USD 121,798**. In addition, the individual taxes (PAYE) on the total staff emoluments are estimated an average annualized amount of **USD 13,958**.

Recommendation

Based on the good macro-economic indicators, the significant residential housing deficit coupled with positive project financial viability indicators, it is recommended to implement this new venture.

INTRODUCTION



1. INTRODUCTION

1.1 Business Opportunity

Omarazi Services Limited is a limited company based and registered in Tanzania.

The company has identified a great opportunity in the residential housing development that is primarily driven by two key drivers; namely i) The Tanzania Ministry of Lands, Housing and Human Settlements Development, estimates that the current housing deficit is at about 3 million units and is increasing by about 200,000 units annually; ii) The Government has relocated to Dodoma City from Dar Es Salaam. These two issues provide a unique value proposition for the company to increase its products offerings range, through the development of a 50 unit apartments property in Dodoma City. This proposed development is targeted at the medium/higher income.

1.2 Project Promoters

The majority shareholder and Director is Mr Arif Aziz Rehmatulla who is an experienced and successful entrepreneur who owns and manages several other businesses.

1.3 Business Plan Format

This plan commences with a review of Tanzania's macro-economic environment that the real estate sector operates in and any key drivers that may directly or indirectly influence this sector's operations. Another chapter reviews the Tanzania real estate sector. Trends in both quantitative and qualitative areas are discussed with the objective of identifying all major challenges and opportunities. This document also describes in detail the various risks involved with this project and concludes with a financial and socio-economic outcomes analysis.

ECONOMIC OVERVIEW



2. ECONOMIC OVERVIEW



Map of Tanzania

2.1 Introduction

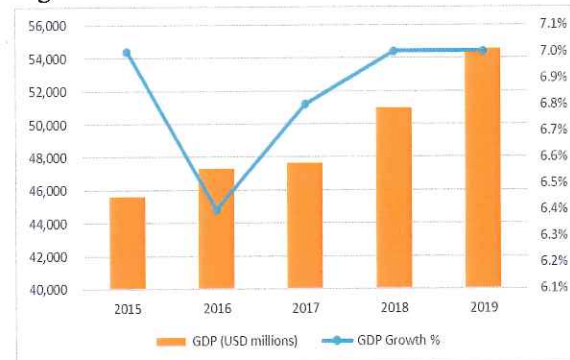
This Chapter discusses the macro economic trends of the Tanzania economy with the objective of assessing possible implications to the proposed project.

2.2 Gross Domestic Product (GDP)

The World Bank estimated that in 2019, Tanzania’s total population was 59 million people and GDP at current market prices amounting to USD 50.9 billion. During 2019, the economic growth rate was an impressive 7.0%. This rate is significantly higher than the rates achieved by other East Africa Community (EAC) countries. In the recent past, the economic growth has been driven by increased investment in infrastructure, a stable supply of electricity, improvement in transport

services coupled with favourable weather conditions that resulted in an increased harvest of food and other crops.

Figure 2.1- GDP Trends



Source: Bank of Tanzania MER-November 2020.

The agricultural sector is the largest and contributes a significant 26.7% of the GDP. It employs over 75% of the work force and has continued to register growth rates that are lower than that of the overall economy. The consistently lower than average growth rate of the agricultural sector explains the relatively slow decline of poverty in the rural areas and also the accelerated pace of rural to urban migration.

2.3 Inflation

Figure 2.2 below provides inflation trends in Tanzania and in October 2020, the headline inflation rate was a low 3.4%. This reflects the continuing decline in the headline inflation over the past five years. The decline in the rate of inflation has been achieved largely through the application of prudent monetary and fiscal policies coupled with favourable

weather that has resulted in good cash and food crops harvests.

Figure 2.2- Inflation Rate



Source: Bank of Tanzania MER-November 2020.

2.4 Interest Rates

Figure 2.3 below depicts trends in the Tanzania shillings interest rates regime.

Figure 2.3- Interest Rates



Source: Bank of Tanzania MER-November 2020.

The overall average Tanzania shilling lending rate as of October 2020 was 16.6% that is still considered expensive and has generally reduces the demand for credit. The Bank of Tanzania has loosened monetary policy to address liquidity constraints and support further private sector credit growth. The interest spread remains high at 10.1% and this has

been attributable to the high non-performing loans (NPLs).

2.5 Public Debt.

The Government has financed its funding gap through borrowings from both domestic and international markets. Consequently, public debt has risen to USD 30.4 billion.

The December 2016 International Monetary Fund (IMF) - Debt Sustainability Analysis Report put the Country at low risk of debt stress.

Figure 2.4- Public Debt

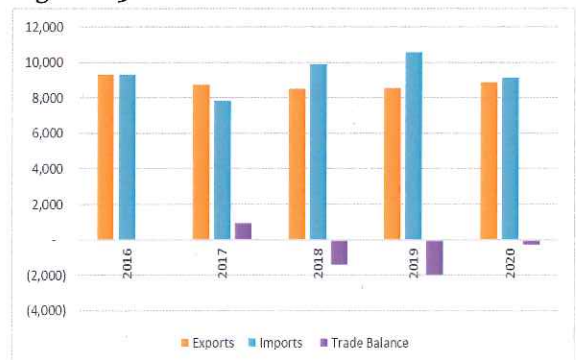


Source: Bank of Tanzania MER-November 2020.

2.6 External Trade

The external trade trend is summarised in Figure 2.5 below.

Figure 2.5- External Trade Balance Trends



Source: Bank of Tanzania MER-November 2020.

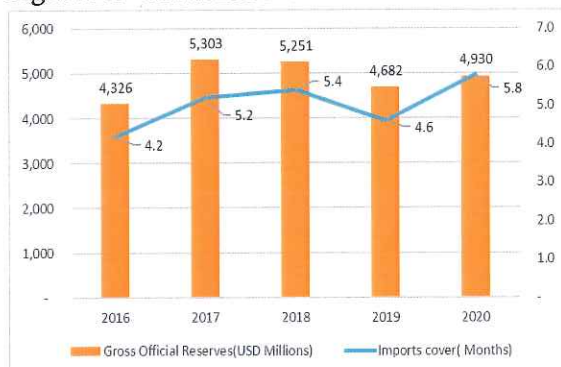
The value of exports of goods and services has recorded improvements over the past one year. The traditional exports (mainly cash crops) have seen improvement in both volume and price. The major non-traditional exports are gold, travel (tourism) receipts and manufactured goods. All these have also recorded improvements.

20.8% of all imports is related to fossil fuels. The value of imports has decreased over the past two years and this is related to the lower importation of capital goods.

2.7 Foreign Exchange (Forex) Reserves

As is noted in Figure 2.6 below, in October 2020, the country's level of international reserves amounted to USD 4,930 million that equates to 5.8 months of import cover.

Figure 2.6- Forex Reserves



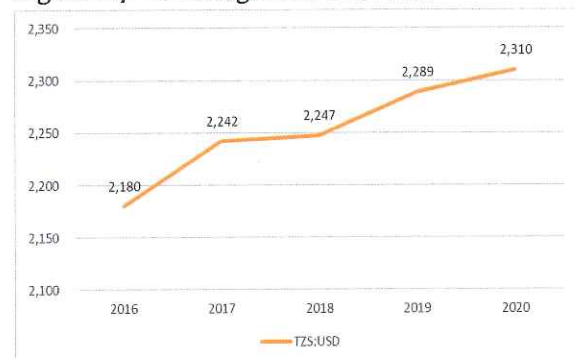
Source: Bank of Tanzania MER-November 2020.

The level of forex reserves is considered satisfactory as the East African Monetary Protocol recommends a minimum rate of 4.5 months import cover. This suggests that there are sufficient forex reserves to support any importation that may be required for this project.

2.8 Forex Rates

Over the past five years, the Tanzania Shilling (TZS) has depreciated at an annualised rate of 1.5 %.

Figure 2.7- Exchange rate TZS: USD



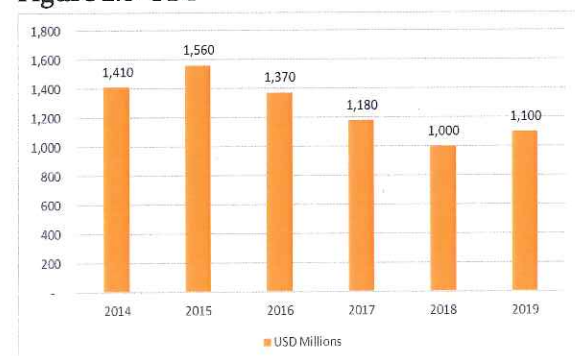
Source: Bank of Tanzania MER-November 2020.

The overall stability of the Shilling is certainly a positive sign of the state of the general economy.

2.9 Foreign Direct Investment (FDI)

The level of FDI underscores the confidence that investors generally have for Tanzania. The 2020 World Investment Report published by UNCTAD noted that in 2019, Tanzania received FDI amounting to USD 1,100 million.

Figure 2.8- FDI



Source: Bank of Tanzania MER-November 2020.

2.10 Ease of Doing Business Ranking

The Ease of Doing Business 2020 Report by the World Bank ranks Tanzania at number 144 (of 190 countries surveyed) a drop 7 spaces from the previous year's ranking of 137. Clearly a lot of work needs to be done to improve the overall business environment.

2.11 Official Development Assistance (ODA).

The World Bank noted that in 2018, Tanzania received ODA amounting to USD 2.453 billion. This amount is significant and renders the country vulnerable to global economic shocks.

2.12 Short and Medium-Term prospects.

Covid 19 Implications

During the presentation of the country's 2020/21 budget, the Minister for Finance and Economic Planning, noted that Covid 19 had not seriously adversely affected the economy. The economy was originally projected to grow at 7% but had been revised to 5.5%

Based on the Indicators discussed above, the general state of the economy and future prospects is conducive for further new real estate development investments.

TANZANIA REAL ESTATE SECTOR



3. TANZANIA – REAL ESTATE SECTOR.

3.1 Introduction

In 2019, Tanzania's real estate sector amounted to USD 1.5 billion (being 3.1% of GDP), compared to USD 1.2 billion in 2015, an increase of 25%.

3.2 Relevant Legislation

The following are the relevant legislation and regulations governing the real estate sector: -

The Unit Titles Act no. 16 of 2008 sets out the rules and procedures for the management and regulation of divisions of buildings into units, clusters, blocks and sections, owned individually or in common use for the purpose of promoting efficient and effective use of landed property in the country.

Regulations for Mortgage Financing,

Framework for Real Estate Investment Trusts (REITs),

3.3 Land-Ownership

Non-citizens may only acquire land (leasehold) for investment purposes, subject to the approval of the Tanzania Investment Centre (TIC) for the mainland or the Zanzibar Investment Promotion Authority (ZIPA) for Zanzibar. All land in Tanzania is owned

by the state, and can only be leased to individuals for five to 99 years.

3.4 Real Estates Categories

The Real Estate sector is categorized into the following three areas; residential, office, retail and Industrial.

3.5 Residential Housing Market

Residential housing in Tanzania is dominated by individual home-builders who account for over 70% of the total supply. The rest is catered for by the public sector through local Governments, the National Housing Corporation (NHC), the Tanzania Building Agency (TBA), the Watumishi Housing Company (WHC), Pension Funds and by residential private developers.

According to Tanzania Ministry of Lands, Housing and Human Settlements Development, the current housing deficit is estimated at about 3 million units and is increasing by about 200,000 units annually.

In 2018, there were 12.3 million households in Tanzania, of which 8.2 million (67%) were rural and 4.2 million (33%) were urban.

Tanzania's urban housing market is dominated by Dar es Salaam where an estimated 51% of households rent. The most expensive residential properties in the city are located in the Oyster Bay and the Msasani Peninsula.

Prime residential rents in Dar es Salaam declined by 72%¹ over the past five years, from USD 5,000 per month in 2015 to about USD 2,900 in 2019 for a three-bedroom apartment. The decline is due to an increased supply of residential units accompanied by a lower demand.

In prime locations of Dar es Salaam, housing prices range between USD 300,000 to USD 500,000 for a 3-bedroom property and start from USD 50,000 for other areas.

Tanzania's capital Dodoma is considered an emerging market for residential properties following the Government's decision to relocate all Ministries and Institutions from Dar es Salaam to Dodoma. Demand has increased also due to a growing expatriate community.

3.6 Challenges facing the Residential Housing

Small Mortgage Market. Global Property Guide estimates that the Tanzania's mortgage market is small and amounts to only 0.33% of GDP in 2018 with total mortgage loans outstanding

were around TZS 421.1 billion (US\$ 183.22 million). The number of mortgage loans is more than 4,000 and the average mortgage loan size was TZS 84.28 million (US\$ 36,672). Although on a downward trend, Mortgage interest rates remain high at between 15% to 19%.

Ease of Doing Business- World Bank Report of 2020 reports that;

Tanzania ranks 146th out of 190 countries in terms of ease of registering property, down from 132nd in 2017. The process of registering a property takes 8 procedures and 67 days, at a cost of 5.2% of the value of the property. (compared to an average of 6.1 procedures and 51.6 days for Sub-Saharan African countries).

Tanzania ranks 149th out of 190 countries in terms of dealing with construction permits. It takes 24 procedures and 184 days to get a construction permit.

3.7 Tanzania Office Market

Dar es Salaam is the main focus of office market activity in Tanzania. Traditionally, all Government offices have been headquartered there and all diplomatic missions and private organizations have a presence in the city. However, office rents have been declining over the past five years, from USD 25 per sqm per month in 2015 to USD 12 in 2019 principally due to (i) an oversupply of new spaces in the market,

¹ Knight Frank; Cytonn Report.

and (ii) the Government decided to relocate to Dodoma from Dar es Salaam. Due to that move, prices in the Dodoma real estate market are expected to increase.

3.8 Tanzania Retail Market

Tanzania's formal retail activity is centred in Dar es Salaam, the main economic hub of the country. The retail market in Dar es Salaam is largely focused on small retail centres in residential areas. Dar es Salaam has the largest retail stock of 153,000 sqm. The main premium malls are Mlimani City Mall, Aura Mall and Mkuki Mall. The average rent is USD 20 per square meters per month.

3.9 Industrial Market

Increased investment and trading activities in Dar es Salaam have led to higher demand for storage space mainly along Nyerere Road which is the prime industrial area in the city. Dar es Salaam is also a vital transit trade port connecting the landlocked nations. Prime industrial rents fell by 50% over the past four years, from USD 5 per square meter per month in 2016 to USD 3.5 in 2019 due to an oversupply in developments leading to rising vacancies.

3.10 Housing Sub Sector- Outlook

Four key issues are driving the housing market in Tanzania.

Robust economic growth. Tanzania's economy grew by 7% in 2018, following an average real GDP growth rate 6.5% from 2000 to 2017. Since November 2015, the Government has embarked on an ambitious program of industrialization, investing billions of dollars in infrastructure and various housing projects.

Population Growth. According to the Centre for Affordable Housing Finance in Africa (CAHF), the current population is 59 million and growing rate of 3.11% thereby create strong demand for housing, especially in the cities.

Rapid urbanization. Tanzania has a high urbanization rate of 5.22%. Currently, at least 32.6% of the country's 59 million population (almost 19 million people) live in urban areas. Dar es Salaam has seen the fastest urbanization. Dodoma, the national capital of Tanzania, is undergoing a construction boom, following the Government's decision to move its administrative functions to the capital. Property prices are now rising by double-digit figures annually.

Existing residential housing shortfall. The country currently has a residential housing shortfall estimated at 3,000,000.

PROJECT DESCRIPTION



4. PROJECT DESCRIPTION

4.1 Introduction

The project entails the development of 50 units of medium income level apartments in Dodoma, Tanzania. The Project Promotor is in the final stages of the acquisition of a suitable plot in one of the prime areas of Dodoma.

The project has incorporated the necessary facilities and amenities that benefit the target market in order to attract the right clientele.

4.2 Apartment Specifications

Architectural Design

The proposed design features luxurious contemporary tropical style that creates bright light filled glass walled rooms with open plan minimalist designs. The design has also incorporated the year-round weather patterns of Dodoma and use of local materials.

Interior Design

The interior design is also of minimalist contemporary and tropical style.

Landscaping

The landscaping shall incorporate elements that minimize maintenance requirements by careful selection of low maintenance perennials including but not limited to exotic palms, miniature bamboos, groundcover plants and green expanses of lawns. The design

incorporates both day and night living and entertainment.

4.3 Building Specifications

Walls

Walls will be of reinforced concrete framework with sand concrete blocks works, sandstone infill and glazing. Internal wall partitioning with dry walls with appropriate wall treatments externally and internally,

Floors

Floors will include porcelain, parquet or wood laminates and Terracotta. Wet areas will be covered with non-slip ceramic floor tiles.

Ceilings

Ceilings will be high quality gypsum boards and cornices.

Doors

Doors are of timber and timber panelled doors.

Windows

Wood framed sash windows, aluminium double-glazed windows and glass curtain walling in selected areas.

Roof

Aluminium Zinc, pergola and concrete roofs where appropriate.

Air Conditioning and Ventilation Systems

All living areas and bedrooms will have full provisions for air conditioning system. The kitchen will have an extractor fan and hoods. The verandas and outside terraces will have ceiling fans.

Water Services/ Piped Services

Water will be connected to the City's water utility mains. The water systems will include water storage and distribution, pressure boosting pumps, solar power hot water. Lawn and landscape irrigation by auto sprinklers and drip systems.

Sanitary Works

Sanitary plumbing works will include external sewerage systems and connections to the public sewer network.

Storm Water Systems

Storm water systems will be incorporated in the overall design.

Electrical Systems

Electrical systems will be connected to the national grid with a three phase electricity supplies from the Tanesco. Each Apartment will have its own LUKU meters. Lighting will also include exterior, landscape and security lighting systems.

Security

The Apartments' been designed after taking into consideration security issues. CCTV including electronic keys will play a key feature in the security arrangements. Otherwise, a 24 hour's guard's service will be outsourced to a security firm.

Fires

The Apartments concept was developed to take into consideration the latest in fire detection and prevention. The design concept has incorporated quick and safe fire evacuation measures. For added security all rooms will include smoke detectors for early fire detection.

Car Park

Each Apartment has space to park two cars.

Driveways

Concrete paving blocks.

4.4 Apartment Features

Bedrooms

This housing development will be made up of two- and three-bedrooms apartments. The master bedroom will be ensuite.

Living Room

A spacious and modern open lay out living room.

Dining Room

The dining area will be located next to the living room.

Verandas

Each Apartment contains several verandas' that allows the enjoyment of tropical outdoor living.

Kitchen

A large fitted kitchen that will easily accommodate a double door fridge, micro-oven, electric or gas cooker, coffee machine, electric kettle, sandwich maker,

toaster and the full range of cooking utensils.

Laundry and Dry Cleaning

Each Apartment will include a laundry area with a provision for washer cum dryer machines and ironing facilities.

Beautifully Landscaped Gardens.

Dodoma's tropical weather is excellent and the development intends to fully exploit it by promoting outdoor activities.

ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT (EASIA)



5. ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT (EASIA)

5.1 ESIA

The current Legislation requires that for a large commercial development of this size, a full ESIA be undertaken by independent consultants and approved by the National Environmental and Management Council (NEMC). This study will be undertaken in due course once all relevant approvals have been obtained.

5.2 Environmental Management Plan (EMP).

Subsequent to the preparation of the ESIA, an Environmental Management Plan (EMP) will also be prepared. The EMP can be defined as “an environmental management tool used to ensure that undue or reasonably avoidable adverse impacts of the construction, operation and decommissioning of a project are prevented and that the positive benefits of the projects are enhanced”. The EMP is therefore an important tool for ensuring that the management’s actions arising from the ESIA processes are clearly defined and implemented through all phases of the project life cycle.

COMPETITION



6. COMPETITION

6.1 Direct competitors

The major residential housing competitors include the National Housing Corporation (NHC) that is the largest real estate owner in the country. Others include the Watumishi Housing Company (WHC), the Tanzania Building Agency (TBA) and the various Pension Funds. The Figure below indicates some of the larger recently completed or on-going developments across the country.

Figure 6.1 List of major real estate developments

Developer	Location	Name	Type	Target Market	Size/ Cost
NHC	Kawe Dar Es Salaam	711 Kawe	Housing, office, retail, hotels restaurants	Medium Income	USD 2.0 Billion
NHC	Kigamboni Dar es salaam	Mwongozo	Housing Estate	Low/ medium income	221 units of 2 and 3 Bedrooms
NHC	Morocco-Dar Es Salaam	Morocco Square	Mixed- Hotel, residential, office and retail	Medium/ higher income	24,924 SqM
NHC	Victoria - Dar es Salaam	Victoria Place	Mixed development,	Medium/ Higher Income	88 units of 3- and 4-Bedrooms duplexes
NHC	Arusha	Mateves Satellite City	Residential	Low/ medium Income	300 units
NHC	Dodoma	Iyumbu Satellite Centre	Phase 1 Residential units	Low/medium Income	300 units.
NHC	Dodoma	Medeli	Phase 1 Residential	Low/ medium Income	90 units
WHC	Dodoma	Njedengwe	Phase 1- Residential	Low/ Medium Income	30 units
AVIC International 1	Kigamboni Dar Es Salaam	Avic Town	Phase 1 Residential	High Income	130 units 3- or 4- bedrooms Villas

MARKETING STRATEGY



7. MARKETING STRATEGY

7.1 People (Target Market)

The target market is the middle/ upper income people of Dodoma.

7.2 Product

The property has been described in detail including its high quality arising from the use of the latest constructing technologies including the extensive use of solar power infrastructure and security systems.

7.3 Pricing

Detailed market research has been undertaken to establish the current market prices. A robust pricing strategy will be implemented.

The mobile phones-based payment system including data mining/ analytics will be applied.

7.4 Place

The success of real estate development is significantly based on its location. This property's location will be carefully selected bearing in mind the quality of existing public infrastructure such as feeder roads, reliability of water supplies, electricity. Also important is its access to schools, quality health services and supermarkets etc.

7.5 Promotion

Promotion is a very important component of marketing as it boosts brand recognition and sales.

Direct marketing to organisations, entities and individuals will be undertaken.

Development of upscale marketing materials including brochures with high resolution graphics emphasising the unique aspects of the Property.

Establishment of a dedicated website providing the requisite information.

Personalised presentations to targeted clientele with local points of presence.

Cross Listing with other realtors and agents dealing with similar properties in Dodoma.

PROPERTY MANAGEMENT

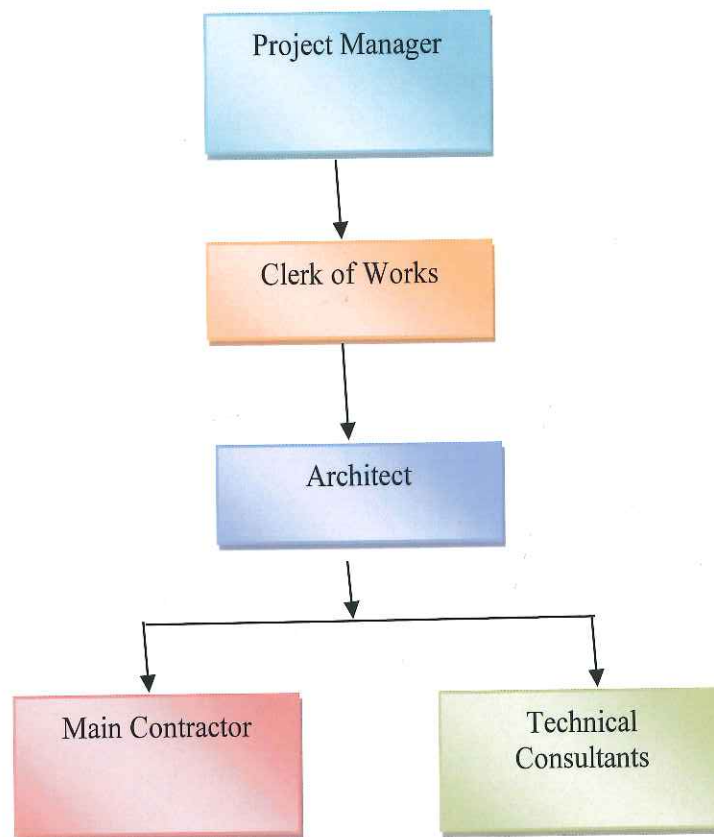


8. PROPERTY MANAGEMENT

8.1 Construction Phase Project Management

Figure 8.1 below represents the construction phase organization structure for the company.

Figure 8.1 Project Management Structure

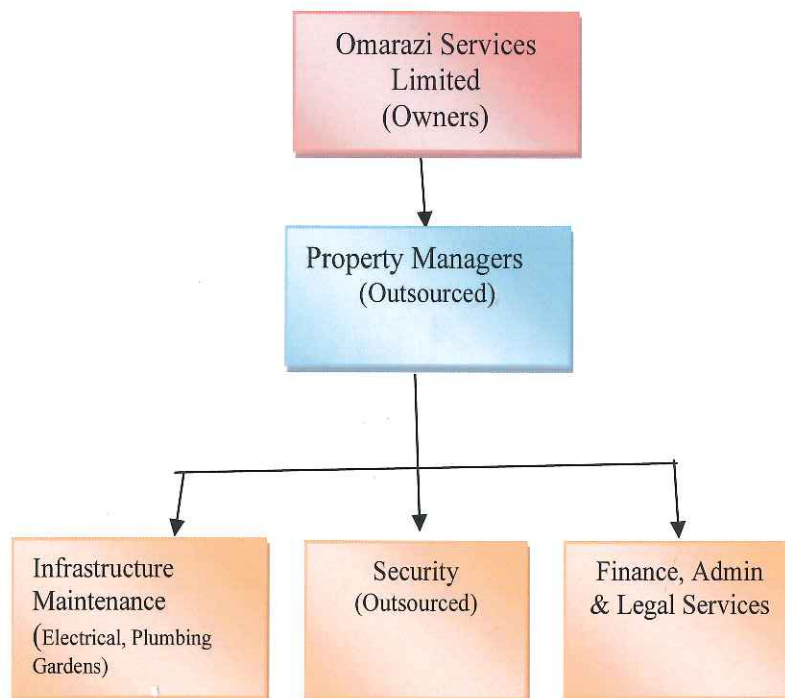


A very critical phase which has intense hands-on management resource requirement is the period of handing over completed property from the construction Project Manager and Contractor to the Facility Manager. This period also involves the resolution of construction and or installation snags that are identified prior to and post-handover. This period is conservatively

estimated to be between three and six months after practical completion of construction, however contractually the contractor is bound for a period in of 12 months post practical completion and handover. During this period both the Project Management and Facility Management teams shall be actively engaged in the handover process.

Once the facility handover process is complete, total property management shall be vested with the Facility Managers of record, who will provide property management services directly while others shall be outsourced as appropriate. The Facility Managers shall also be responsible for management of third-party service providers to the property. The graphic rendition hereunder represents the post construction and property leasing operations phase organization structure.

Figure 8.2 Property Management Structure



SWOT ANALYSIS



9. SWOT ANALYSIS

9.1 Strengths

A very enthusiastic team of Projector Sponsors with strong entrepreneurial characteristics and experienced.

This project will be located at one of Dodoma's preferred addresses.

9.2 Weaknesses

This is the first major real estate development by the project promoters. However, a well-qualified and experienced Project Manager will be recruited to handle this project.

9.3 Opportunities

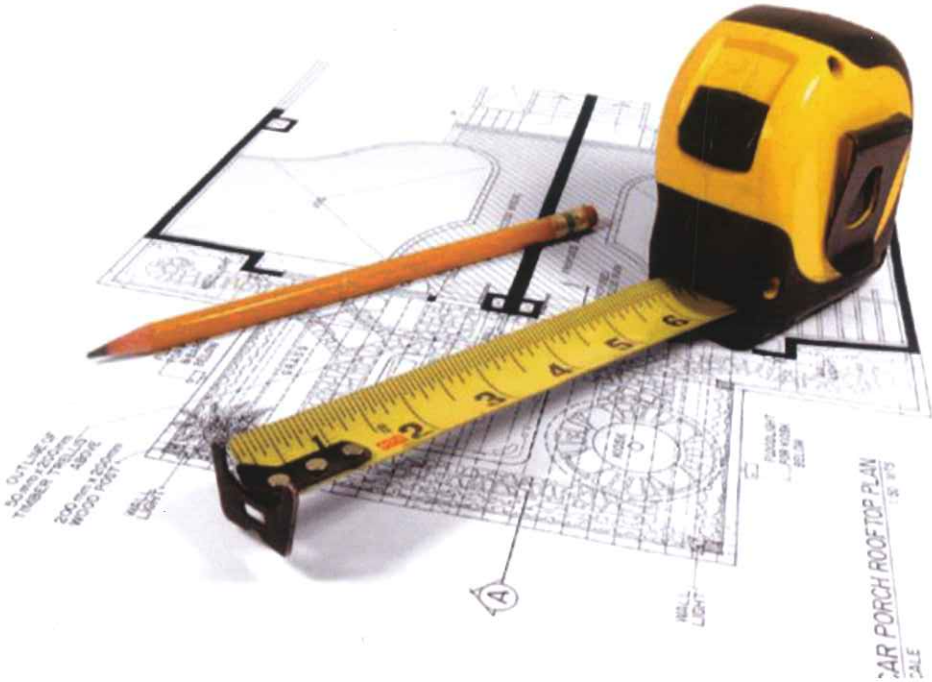
A significant demand for residential accommodation currently exists. This is related to the significant housing shortfall of 3,000,000 units and growing by additional 200,000 units per annum that currently exists.

9.4 Threats

The pricing in specific areas can be particularly elastic and adverse issues could potentially drive down rental prices.

Competitions particularly from the large Government owned parastatal and pension funds.

RISKS ASSESSMENT

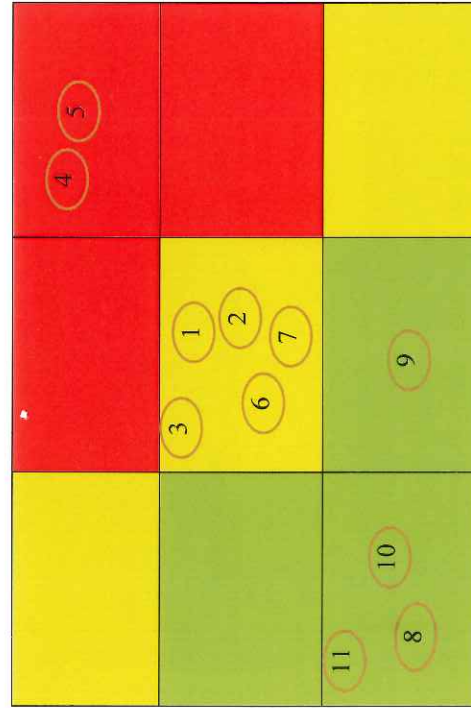


10. RISKS ASSESSMENT

10.1 Introduction.

All businesses face various risks and the management of these risks is important for their success. The following risks have been identified as important and therefore will require close monitoring. The various mitigation measures that will be put in place have also been expounded upon below.

Figure 13.1- Risks Matrix.



	Impact	Likelihood
High	Significant Over 20-30% impact on Capex and Opex or IRR < 15%. Adverse Impact that can affect the business significantly (6 months operational downtime)	Likely Likely occurrence, has occurred in the past or there is high degree of uncertainty.
Medium	Moderate Over 10-15% impact on Capex and Opex or IRR < 20%. Adverse Impact that can affect the business (3 months operational downtime).	Possible Possible occurrence within a year.
Low	Insignificant Over 5-10% impact on Capex and Opex or IRR < 25%. Adverse Impact that can affect the business (1-month operational downtime).	Unlikely Unlikely to occur this year, has never occurred.

OMARAZI SERVICES LIMITED

	Risk Type	Description	Impact	Likelihood	Mitigants
1	Implementation Risk	Inability to commence and complete project on schedule, within budget and at requisite quality.	Moderate	Possible	An experienced property development Project Manager will be employed.
2	Technical Risk	Exposure to loss arising from wrong building design and poor-quality materials.	Moderate	Possible	Experienced architect and civil engineers will be engaged in this project.
3	Market risk	Insufficient demand for the product arising from oversupply from other developers.	Moderate	Possible	The Dodoma location has been carefully selected as there is significant demand arising from the Government's relocation from Dar Es Salaam.

	Risk Type	Description	Impact	Likelihood	Mitigants
4	Infrastructure Risk	Unreliable Power and water supplies: -Risk of unreliable and insufficient power and fresh water suppliers; -Roads network: Inadequate road access.	Significant	Possible	The property will be located near the all required infrastructure. A standby genset will also be acquired. Drilling own bore if needed.
5	Legal and Compliance	Inability of the business to comply with stringent safety regulations; Risk of adversely impacting the environment. Tanzania risk of doing business - bottom quartile;	Moderate	Possible	ESIA will be undertaken. TIC has been established to assist Investors to obtain all necessary approvals, particularly building permits etc.

	Risk Type	Description	Impact	Likelihood	Mitigants
6	Forex Risk	Devaluation of the TZS against convertible foreign currencies.	Moderate	Unlikely	Most costs are denominated in TZS.
7	HR Risks	Unavailability of suitably skilled and experienced workforce;	Insignificant	Unlikely	The key management position is that of the Facility Manager who will be carefully recruited.
8	Interest Rate Risk	Risk of increase of interest rate over the duration of the loan	Moderate	Possible	Currently no plans to borrow funds as project will be wholly equity financed.
9	Credit Risk	This is the risk that counterparties may default on their contractual obligation resulting in financial loss to the company.	Insignificant	Unlikely	Current market practice is that rental payments are made in advance.
10	Liquidity risk	The risk that the company may not be able to meet its financial obligations as they fall due.	Insignificant	Unlikely	Management will maintain rolling over cash flow projections.

IMPLEMENTATION PLAN



11. IMPLEMENTATION PLAN

11.1 Implementation schedule and timetable.

Clearly the implementation Plan will be dependent on how soon the relevant approvals/ and licenses; suitable land is obtained. However, it is the Investors proposal that the project will be completed within 24 months.

11. IMPLEMENTATION PLAN

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FINANCING AND INVESTMENT PLANS



12. FINANCING AND INVESTMENT PLANS

12.1 Financing Plan.

The total project cost is estimated at USD 2,620,000 that will be wholly financed through equity.

12.2 Investment Plan.

The project funds will be invested in the following items.

Figure 12.1- Investment Outlay

Description	USD
Buildings	2,550,000
Equipment	50,000
Motor Vehicles	20,000
TOTAL PROJECT COSTS	2,620,000

Financial Outcomes

20 years financial projections have been prepared and the resultant financial viability indicators (excluding the probable capital appreciation) are; IRR of

11%. The payback period of 9 years and NPV of USD 35,748 are also good indicators.

12.3 Tanzania Investment Centre

The Company will seek TIC Investment Certificate. This certificate will enable the company to receive tax related breaks in terms of waived import duties and also deferred VAT on all locally sourced materials needed for the construction of the property. As part of this process, the Customs approval import list is required to be submitted to TIC and subsequently TRA.

FINANCIAL OUTCOMES



13. FINANCIAL OUTCOMES

13.1 Basic Assumptions

The key assumptions data used in the preparation of these projections are as follows: -

Figure 13.1- Financial Projections Assumptions.

	Range
Equity Amount - USD	2,620,000
Debt - USD	NIL
Taxation	30%
Inflation Rate- per annum	1%
Depreciation Years (Straight line basis)	5-40
Construction Costs/ SqM (USD)	450-600
Built Up Area SqM	5,667
Apartment Sizes (SqM)	
2 Bedrooms	90
3 Bedrooms	110
Number of Apartments	
2 Bedrooms	20
3 Bedrooms	30
Monthly Rental (USD)	
2 Bedrooms	950
3 Bedrooms	1,200
Discount Rate	
Discount Rate	10%
Operations costs (% of Initial construction cost)	5.0%- 5.7%
Vehicles - Annual repairs & Maintenance Costs (% of initial vehicles costs)	10.0%-11.6%

13.2 Base Case

The base case financial projections are also summarised in the following Figure:

Figure 13.2 - Base Case- Income Statement

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
INCOME										
Dodoma Property	-	333,300	437,623	611,999	618,119	624,300	630,543	636,848	643,217	649,649
Gross Revenues	-	333,300	437,623	611,999	618,119	624,300	630,543	636,848	643,217	649,649
Cost of Sales										
Dodoma Property	-	88,985	119,894	141,558	142,061	142,569	143,083	143,601	144,124	144,653
Cost of Sales	-	88,985	119,894	141,558	142,061	142,569	143,083	143,601	144,124	144,653
Gross Profit Margin	-	244,315	317,729	470,441	476,057	481,731	487,460	493,247	499,092	504,996
EXPENDITURE										
Admin.and General	24,000	60,600	61,206	61,818	62,436	63,061	63,691	64,328	64,971	65,621
Term Loan 1 Interest Payments	-	-	-	-	-	-	-	-	-	-
Overdraft Interest Repayment	-	-	-	-	-	-	-	-	-	-
Total Expenditure	24,000	60,600	61,206	61,818	62,436	63,061	63,691	64,328	64,971	65,621
Net Profit Before Tax	- 24,000	183,715	256,523	408,622	413,621	418,670	423,769	428,919	434,121	439,375
Taxation	-	55,115	76,957	122,587	124,086	125,601	127,131	128,676	130,236	131,812
Net Profit After tax	- 24,000	128,601	179,566	286,036	289,535	293,069	296,638	300,244	303,885	307,562
Dividend	-	32,150	44,891	71,509	72,384	73,267	74,160	75,061	75,971	76,891
Net Profit After Dividend	- 24,000	96,450	134,674	214,527	217,151	219,802	222,479	225,183	227,914	230,672

13.3 Financial Outcomes

Based on the cash flow projections, the project's IRR is recorded at 11 % The payback period of 9 years and NPV of USD 35,748.

13.4 Recommendation

Based on the economic growth trends, the increase in the per capita GDP, the demand for quality residential housing remains strong. The economic and feasibility analysis indicated good financial returns and therefore it is recommended to implement this new venture.

ECONOMIC AND SOCIAL OUTCOMES



14. ECONOMIC and SOCIAL OUTCOMES

The following are the economic and social outcomes.

Contribute to the reduction of the large housing deficit of 3.0 million units by the construction of high-quality apartments development of 50 units.

Support the Government's relocation from Dar Es Salaam to Dodoma by providing much needed housing developments in Dodoma.

Assuming that the current properties rental prices and costs structures remains the same into the future, then the company is expected to pay average annual corporation taxes of **USD 121,798**. In addition, the individual taxes (PAYE) on the total staff emoluments are estimated an average annualized amount of **USD 13,958**.

During construction, improved socio-economic status by directly creating **50** high wage employment opportunities

for the local communities. A further 7 permanent employees.

During the construction period, a multiplier effect generating employment in secondary industry that cover distribution, retail and the service sector estimated at over **150** with many of them being women;

Increased employment will also result in reduced social vices;

Transfer of latest building knowledge and technology to local building artisans;

Use the smartest and latest technology to improve process efficiencies, reduce wastage through the provision of solar water heaters and lighting systems;

Retention of local labour talent.

APPENDICES

Financial Projections.

CASHFLOW PROJECTIONS

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
CASH INFLOWS										
Dodoma Property	-	333,300	437,623	611,999	618,119	624,300	630,543	636,848	643,217	649,649
Term Loan 1 Equity/ Cash	1,275,000	1,345,000	-	-	-	-	-	-	-	-
Working Capital	-	-	-	-	-	-	-	-	-	-
Gross Inflows	1,275,000	1,678,300	437,623	611,999	618,119	624,300	630,543	636,848	643,217	649,649
OUTFLOWS										
Building Costs	1,275,000	1,345,000	-	-	-	-	-	-	-	-
Operating Assets	-	61,485	66,894	88,558	89,061	89,569	90,083	90,601	91,124	91,653
Dodoma Property Admin. and General	24,000	60,600	61,206	61,818	62,436	63,061	63,691	64,328	64,971	65,621
Term Loan 1 Interest Payments	-	-	-	-	-	-	-	-	-	-
Term Loan 1 Principal Payments	-	-	-	-	-	-	-	-	-	-
Overdraft Interest Repayment	-	-	-	-	-	-	-	-	-	-
Overdraft Principal Repayment	-	-	-	-	-	-	-	-	-	-
Taxation	-	55,115	76,957	122,587	124,086	125,601	127,131	128,676	130,236	131,812
Dividend	-	-	32,150	44,891	71,509	72,384	73,267	74,160	75,061	75,971
Total Outflows	1,299,000	1,522,200	237,207	317,855	347,093	350,615	354,172	357,764	361,393	365,058
Net monthly in/(out) flows	-	24,000	200,416	294,144	271,026	273,685	276,371	279,084	281,824	284,591
Brought forward	-	-	132,101	332,516	626,660	897,686	1,171,372	1,447,743	1,726,827	2,008,650
Balance carried forward	24,000	132,101	332,516	626,660	897,686	1,171,372	1,447,743	1,726,827	2,008,650	2,293,242

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
656,146	662,707	669,334	676,027	682,788	689,616	696,512	703,477	710,512	717,617	
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
656,146	662,707	669,334	676,027	682,788	689,616	696,512	703,477	710,512	717,617	
-	-	-	-	-	-	-	-	-	-	-
92,187	92,727	93,271	93,822	94,377	94,939	95,506	96,078	96,656	97,240	
66,277	66,940	67,610	68,286	68,968	69,658	70,355	71,058	71,769	72,487	
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
133,404	135,612	137,236	138,876	140,533	142,206	143,895	145,602	147,326	149,067	
76,891	77,819	79,107	80,054	81,011	81,977	82,953	83,939	84,935	85,940	
368,759	373,098	377,224	381,038	384,889	388,780	392,709	396,677	400,686	404,734	
287,386	289,609	292,110	294,990	297,898	300,836	303,803	306,799	309,826	312,883	
2,293,242	2,580,628	2,870,237	3,162,347	3,457,337	3,755,235	4,056,071	4,359,873	4,666,673	4,976,499	
2,580,628	2,870,237	3,162,347	3,457,337	3,755,235	4,056,071	4,359,873	4,666,673	4,976,499	5,289,381	

OMARAZI SERVICES LIMITED

FINANCIAL POSITION PROJECTIONS										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Fixed Assets										
Operating Assets	1,275,000	2,592,500	2,539,500	2,486,500	2,433,500	2,380,500	2,327,500	2,274,500	2,221,500	2,168,500
Current Assets	24,000	132,101	332,516	626,660	897,686	1,171,372	1,447,743	1,726,827	2,008,650	2,293,242
Trade Receivables										
Cash & Bank	24,000	132,101	332,516	626,660	897,686	1,171,372	1,447,743	1,726,827	2,008,650	2,293,242
Total assets	1,251,000	2,724,601	2,872,016	3,113,160	3,331,186	3,551,872	3,775,243	4,001,327	4,230,150	4,461,742
Current Liabilities										
Dividend Payable	-	32,150	44,891	71,509	72,384	73,267	74,160	75,061	75,971	76,891
Overdraft	-	32,150	44,891	71,509	72,384	73,267	74,160	75,061	75,971	76,891
Trade Payables										
Non Current Liabilities										
Term Loan ¹	-	-	-	-	-	-	-	-	-	-
Represented By										
Equity	1,275,000	2,620,000	2,620,000	2,620,000	2,620,000	2,620,000	2,620,000	2,620,000	2,620,000	2,620,000
Retained Profits	24,000	72,450	207,125	421,652	638,803	858,604	1,081,083	1,306,266	1,534,179	1,764,851
	1,251,000	2,692,450	2,827,125	3,041,652	3,258,803	3,478,604	3,701,083	3,926,266	4,154,179	4,384,851
Grand Total	1,251,000	2,724,601	2,872,016	3,113,160	3,331,186	3,551,872	3,775,243	4,001,327	4,230,150	4,461,742

FINANCIAL POSITION PROJECTIONS

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
	2,115,500	2,064,500	2,013,500	1,962,500	1,911,500	1,860,500	1,809,500	1,758,500	1,707,500	1,656,500
	2,580,628	2,870,237	3,162,347	3,457,337	3,755,235	4,056,071	4,359,873	4,666,673	4,976,499	5,289,381
	2,580,628	2,870,237	3,162,347	3,457,337	3,755,235	4,056,071	4,359,873	4,666,673	4,976,499	5,289,381
	4,696,128	4,934,737	5,175,847	5,419,837	5,666,735	5,916,571	6,169,373	6,425,173	6,683,999	6,945,881
	77,819	79,107	80,054	81,011	81,977	82,953	83,939	84,935	85,940	86,956
	77,819	79,107	80,054	81,011	81,977	82,953	83,939	84,935	85,940	86,956
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	2,620,000	2,620,000	2,620,000	2,620,000	2,620,000	2,620,000	2,620,000	2,620,000	2,620,000	2,620,000
	1,998,308	2,235,630	2,475,792	2,718,826	2,964,758	3,213,617	3,465,434	3,720,238	3,978,059	4,238,926
	4,618,308	4,855,630	5,095,792	5,338,826	5,584,758	5,833,617	6,085,434	6,340,238	6,598,059	6,858,926
	4,696,128	4,934,737	5,175,847	5,419,837	5,666,735	5,916,571	6,169,373	6,425,173	6,683,999	6,945,881

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
INCOME										
Dodoma Property	-	333,300	437,623	611,999	618,119	624,300	630,543	636,848	643,217	649,649
Gross Revenues	-	333,300	437,623	611,999	618,119	624,300	630,543	636,848	643,217	649,649
Cost of Sales	-	88,985	119,894	141,558	142,061	142,569	143,083	143,601	144,124	144,653
Dodoma Property	-	88,985	119,894	141,558	142,061	142,569	143,083	143,601	144,124	144,653
Cost of Sales	-	244,315	317,729	470,441	476,057	481,731	487,460	493,247	499,092	504,996
Gross Profit Margin	-									
EXPENDITURE										
Admin. and General	24,000	60,600	61,206	61,818	62,436	63,061	63,691	64,328	64,971	65,621
Term Loan 1 Interest Payments	-	-	-	-	-	-	-	-	-	-
Overdraft Interest Repayment	-	-	-	-	-	-	-	-	-	-
Total Expenditure	24,000	60,600	61,206	61,818	62,436	63,061	63,691	64,328	64,971	65,621
Net Profit Before Tax	-	183,715	256,523	408,622	413,621	418,670	423,769	428,919	434,121	439,375
Taxation	-	55,115	76,957	122,587	124,086	125,601	127,131	128,676	130,236	131,812
Net Profit After tax	-	128,601	179,566	286,036	289,535	293,069	296,638	300,244	303,885	307,562
Dividend	-	32,150	44,891	71,509	72,384	73,267	74,160	75,061	75,971	76,891
Net Profit After Dividend	-	96,450	134,674	214,527	217,151	219,802	222,479	225,183	227,914	230,672

COMPREHENSIVE INCOME STATEMENT PROJECTIONS

Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
656,146	662,707	669,334	676,027	682,788	689,616	696,512	703,477	710,512	717,617
656,146	662,707	669,334	676,027	682,788	689,616	696,512	703,477	710,512	717,617
145,187	143,727	144,271	144,822	145,377	145,939	146,506	147,078	147,656	148,240
145,187	143,727	144,271	144,822	145,377	145,939	146,506	147,078	147,656	148,240
510,958	518,980	525,063	531,206	537,410	543,677	550,006	556,399	562,855	569,376
66,277	66,940	67,610	68,286	68,968	69,658	70,355	71,058	71,769	72,487
-	-	-	-	-	-	-	-	-	-
66,277	66,940	67,610	68,286	68,968	69,658	70,355	71,058	71,769	72,487
444,681	452,040	457,453	462,920	468,442	474,019	479,651	485,341	491,086	496,890
133,404	135,612	137,236	138,876	140,533	142,206	143,895	145,602	147,326	149,067
311,277	316,428	320,217	324,044	327,909	331,813	335,756	339,738	343,760	347,823
77,819	79,107	80,054	81,011	81,977	82,953	83,939	84,935	85,940	86,956
233,457	237,321	240,163	243,033	245,932	248,860	251,817	254,804	257,820	260,867

OMARAZI SERVICES LIMITED

DASH BOARD

Funding Arrangements	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Total Investment (USD)
Working Capital Required	-	-	-	-	-	-	-	-	-
Capital Expenditure	1,275,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	2,620,000
Total	1,275,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	2,620,000

Debt Equity Requirement	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	
Debt	-	-	-	-	-	-	-	-	0.0%
Equity	1,275,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	100.0%
Total	1,275,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	1,345,000	100.0%

SENSITIVITY ANALYSIS		1.00
Key Inputs		TZS Equivalent
Dodoma 2 BR Monthly Rental	950	2,194,500
Dodoma 3 BR Monthly Rental	1,200	2,772,000
Dodoma Property Construction Cost/ SqM	450	1,039,500
Interest Rates	9%	9%
Dividend Rate	25%	25%
Debt Ratio	0%	0%

1.00

PERFORMANCE INDICATORS	BASE CASE
Internal Rate of Return (IRR)	10.8%
Payback Period (Years)	9
Net Present Value	35,748
Return on Equity	11.7%
Average Annual Corporation Tax	121,798
Average Annual Individual Taxes	13,958

OMARAZI SERVICES LIMITED

CASHFLOW PROJECTIONS

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	
CASH INFLOWS																					
Donor Property	-	333,300	437,623	611,999	618,119	624,300	630,543	636,848	643,217	649,649	656,146	662,707	669,334	676,027	682,788	689,616	696,512	703,477	710,512	717,617	
Term Loan 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Equity Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Working Capital	1,275,000	1,345,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gross Inflows	1,275,000	1,678,300	437,623	611,999	618,119	624,300	630,543	636,848	643,217	649,649	656,146	662,707	669,334	676,027	682,788	689,616	696,512	703,477	710,512	717,617	
OUTFLOWS																					
Building Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Operating Assets	1,275,000	1,345,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Donor Property	-	61,485	88,684	88,559	61,485	89,569	90,063	90,551	91,041	91,533	92,027	92,522	93,017	93,512	94,007	94,502	95,006	95,508	96,009	96,509	97,007
Admin General	24,000	60,600	61,206	61,818	62,439	63,061	63,681	64,301	64,921	65,541	66,161	66,781	67,401	68,021	68,641	69,261	69,881	70,501	71,121	71,741	72,361
Term Loan 1 Principal Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Overdraft Interest Repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Overdraft Principal Repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividend	-	55,115	76,967	122,897	124,066	125,601	127,131	128,676	130,236	131,812	133,404	135,012	136,636	138,276	140,000	141,800	143,600	145,400	147,200	149,000	150,800
Total Outflows	1,299,000	1,622,200	237,207	317,665	347,693	359,616	364,172	367,784	371,393	375,008	378,629	382,256	385,889	389,528	393,172	396,821	400,475	404,134	407,797	411,466	415,140
Net monthly in/out flow	-24,000	156,101	200,416	294,144	271,026	273,685	276,371	279,084	281,824	284,591	287,386	290,209	293,110	296,090	299,137	302,250	305,429	308,674	311,985	315,362	318,805
Balance carried forward	24,000	132,101	332,516	626,660	897,686	1,171,372	1,447,743	1,726,827	2,008,650	2,293,242	2,580,628	2,870,737	3,163,547	3,459,171	3,752,600	4,052,830	4,359,861	4,668,693	4,979,326	5,291,761	5,605,996

97,438

PROJECT INVESTMENT RETURNS INDICATORS WORKINGS

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	
Net Flow Before Dividend	-	24,000	156,101	200,416	294,144	271,026	273,685	276,371	279,084	281,824	284,591	287,386	290,209	293,110	296,090	299,137	302,250	305,429	308,674	311,985	315,362
After Dividends out by this year	-	24,000	156,101	294,144	44,891	71,509	72,364	73,267	74,160	75,051	75,971	76,891	77,819	78,747	79,674	80,601	81,527	82,454	83,381	84,308	85,235
Cash Flows	-	24,000	156,101	232,565	339,035	342,535	346,089	349,638	353,244	356,855	360,462	364,077	367,628	371,217	374,844	378,509	382,213	385,956	389,738	393,559	397,419
IRR	10.8%	1,275,000	-	1,345,000	-	1,345,000	-	1,345,000	-	1,345,000	-	1,345,000	-	1,345,000	-	1,345,000	-	1,345,000	-	1,345,000	-
Cumulative cash flow	2,620,000	-	1,299,000	1,188,900	232,566	339,036	346,069	349,638	353,244	356,885	360,562	364,277	367,938	371,644	375,394	379,189	383,029	386,914	390,844	394,819	398,839
Pay back Period	24,000	-	24,000	703,702	1,046,237	1,392,306	1,741,944	2,096,188	2,452,072	2,812,635	3,176,911	3,544,330	3,915,557	4,290,081	4,668,693	5,051,304	5,438,915	5,831,526	6,229,137	6,631,748	7,039,359
NPV	-	24,000	156,101	200,416	294,144	271,026	273,685	276,371	279,084	281,824	284,591	287,386	290,209	293,110	296,090	299,137	302,250	305,429	308,674	311,985	315,362

35,748

OMARAZI SERVICES LIMITED
ADMINISTRATION COSTS

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Salaries	24,000	24,240	24,482	24,727	24,974	25,224	25,476	25,731	25,989	26,248	26,511	26,776	27,044	27,314	27,587	27,863	28,142	28,423	28,708	28,995
Audit fees		1,000	1,010	1,020	1,030	1,041	1,051	1,062	1,072	1,083	1,094	1,105	1,116	1,127	1,138	1,149	1,161	1,173	1,184	1,196
Advertisement		5,000	5,050	5,101	5,152	5,203	5,255	5,308	5,361	5,414	5,468	5,523	5,578	5,634	5,690	5,747	5,805	5,863	5,922	5,981
Bank charges		500	505	510	515	520	526	531	536	541	547	552	558	563	569	575	580	586	592	598
Software maintenance		500	505	510	515	520	526	531	536	541	547	552	558	563	569	575	580	586	592	598
Donations (CSR)/ PR		500	505	510	515	520	526	531	536	541	547	552	558	563	569	575	580	586	592	598
Subscriptions		500	505	510	515	520	526	531	536	541	547	552	558	563	569	575	580	586	592	598
Insurance		5,240	5,292	5,345	5,399	5,453	5,507	5,562	5,618	5,674	5,731	5,788	5,846	5,905	5,964	6,023	6,083	6,144	6,206	6,268
Legal fees		1,500	1,515	1,530	1,545	1,561	1,577	1,592	1,608	1,624	1,641	1,657	1,674	1,690	1,707	1,724	1,741	1,759	1,776	1,794
Licences , Permits		2,000	2,020	2,040	2,061	2,081	2,102	2,123	2,144	2,166	2,187	2,209	2,231	2,254	2,276	2,299	2,322	2,345	2,369	2,392
Motor vehicle- fuel		3,000	3,030	3,060	3,091	3,122	3,153	3,185	3,216	3,249	3,281	3,314	3,347	3,380	3,414	3,448	3,483	3,518	3,553	3,588
Motor vehicle - repairs		3,000	3,030	3,060	3,091	3,122	3,153	3,185	3,216	3,249	3,281	3,314	3,347	3,380	3,414	3,448	3,483	3,518	3,553	3,588
Photocopy		1,200	1,212	1,224	1,236	1,249	1,261	1,274	1,287	1,299	1,312	1,326	1,339	1,352	1,366	1,379	1,393	1,407	1,421	1,435
Communications		2,400	2,424	2,448	2,473	2,497	2,522	2,548	2,573	2,599	2,625	2,651	2,678	2,704	2,731	2,759	2,786	2,814	2,842	2,871
Printing and Stationary		500	505	510	515	520	526	531	536	541	547	552	558	563	569	575	580	586	592	598
Travelling		2,000	2,020	2,040	2,061	2,081	2,102	2,123	2,144	2,166	2,187	2,209	2,231	2,254	2,276	2,299	2,322	2,345	2,369	2,392
Property Tax		2,620	2,646	2,673	2,699	2,726	2,754	2,781	2,809	2,837	2,865	2,894	2,923	2,952	2,982	3,012	3,042	3,072	3,103	3,134
Land Rental		1,000	1,010	1,020	1,030	1,041	1,051	1,062	1,072	1,083	1,094	1,105	1,116	1,127	1,138	1,149	1,161	1,173	1,184	1,196
Electricity		1,200	1,212	1,224	1,236	1,249	1,261	1,274	1,287	1,299	1,312	1,326	1,339	1,352	1,366	1,379	1,393	1,407	1,421	1,435
Water Bills		300	303	306	312	312	315	318	322	325	328	331	335	338	341	345	348	352	355	359
Cleaning Expenses/Fl		2,400	2,424	2,448	2,473	2,497	2,522	2,548	2,573	2,599	2,625	2,651	2,678	2,704	2,731	2,759	2,786	2,814	2,842	2,871
TOTAL ADMIN AND GENERAL	24,000	60,600	61,206	61,818	62,436	63,061	63,691	64,328	64,971	65,621	66,277	66,940	67,610	68,286	68,968	69,658	70,355	71,058	71,769	72,487

OMARAZI SERVICES LIMITED

ADMINISTRATION AND GENERAL

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	
	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	
Annual Increase in Costs																					
Audit fees	1,000	1,000	1,010	1,020	1,030	1,041	1,051	1,062	1,072	1,083	1,094	1,105	1,116	1,127	1,138	1,149	1,161	1,173	1,184	1,196	
Advertisement	5,000	5,000	5,050	5,101	5,152	5,203	5,255	5,308	5,361	5,414	5,468	5,523	5,578	5,634	5,690	5,747	5,805	5,863	5,922	5,981	
Bank charges	500	500	505	510	515	520	526	531	536	541	547	552	558	563	569	575	580	586	592	598	
Software maintenance	500	500	505	510	515	520	526	531	536	541	547	552	558	563	569	575	580	586	592	598	
Donations (CSR)/ PR	500	500	505	510	515	520	526	531	536	541	547	552	558	563	569	575	580	586	592	598	
Subscriptions	5,240	5,240	5,292	5,345	5,399	5,453	5,507	5,562	5,618	5,674	5,731	5,788	5,846	5,905	5,964	6,023	6,083	6,144	6,206	6,268	
Insurance	2,000	2,000	2,020	2,040	2,061	2,081	2,102	2,123	2,144	2,166	2,187	2,209	2,231	2,254	2,276	2,299	2,322	2,345	2,369	2,392	
Legal fees	3,000	3,000	3,030	3,060	3,091	3,122	3,153	3,185	3,216	3,249	3,281	3,314	3,347	3,380	3,414	3,448	3,483	3,518	3,553	3,588	
Licences , Permits	3,000	3,000	3,030	3,060	3,091	3,122	3,153	3,185	3,216	3,249	3,281	3,314	3,347	3,380	3,414	3,448	3,483	3,518	3,553	3,588	
Motor vehicle- fuel	3,000	3,000	3,030	3,060	3,091	3,122	3,153	3,185	3,216	3,249	3,281	3,314	3,347	3,380	3,414	3,448	3,483	3,518	3,553	3,588	
Motor vehicle - repairs	1,200	1,200	1,212	1,224	1,236	1,249	1,261	1,274	1,287	1,299	1,312	1,326	1,339	1,352	1,366	1,379	1,393	1,407	1,421	1,435	
Photocopy	2,400	2,400	2,424	2,448	2,473	2,497	2,522	2,548	2,573	2,599	2,625	2,651	2,678	2,704	2,731	2,759	2,786	2,814	2,842	2,871	
Communications	500	500	505	510	515	520	526	531	536	541	547	552	558	563	569	575	580	586	592	598	
Printing and Stationary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Security	2,000	2,000	2,020	2,040	2,061	2,081	2,102	2,123	2,144	2,166	2,187	2,209	2,231	2,254	2,276	2,299	2,322	2,345	2,369	2,392	
Travelling	2,620	2,620	2,646	2,673	2,699	2,726	2,754	2,781	2,809	2,837	2,865	2,894	2,923	2,952	2,982	3,012	3,042	3,072	3,103	3,134	
Property Tax	1,000	1,000	1,010	1,020	1,030	1,041	1,051	1,062	1,072	1,083	1,094	1,105	1,116	1,127	1,138	1,149	1,161	1,173	1,184	1,196	
Land Rental	1,200	1,200	1,212	1,224	1,236	1,249	1,261	1,274	1,287	1,299	1,312	1,326	1,339	1,352	1,366	1,379	1,393	1,407	1,421	1,435	
Electricity	300	300	303	306	309	312	315	318	322	325	328	331	335	338	341	345	348	352	355	359	
Water Bills	2,400	2,400	2,424	2,448	2,473	2,497	2,522	2,548	2,573	2,599	2,625	2,651	2,678	2,704	2,731	2,759	2,786	2,814	2,842	2,871	
Cleaning Expenses/Fumigation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL ADMIN AND GENERAL	36,360	36,724	37,091	37,462	37,836	38,215	38,597	38,983	39,373	39,766	40,164	40,566	40,971	41,381	41,795	42,213	42,635	43,061	43,492		

