

Imara Horizon Company Ltd.

Business Plan 2022 – 2027

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LIST OF ABBREVIATIONS

BOD	Board Of Directors
BOT	Bank Of Tanzania
CAGR	Compounded Annual Growth Rate
GDP	Gross Domestic Product
FY	Financial Year
LTD	Limited
TIN	Tax Identification Number
TRA	Tanzania Revenue Authority
TZS	Tanzanian Shillings
VAT	Value Added Tax

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1 INTRODUCTION

1.1 Introduction

This is the business plan for Imara Horizon Company Ltd for the period 2021 -2026. It outlines the company's mission, vision & objectives and strategic direction the organization intends to embark on in order to achieve its business objectives.

This business plan aims to achieve the following:

- Assist the organization to source funds to fund its investment in real estate as well as its operations;
- 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:

- Management's 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: Background, Concept and Location

This section provides a brief overview of the project and location

Section 4: Tanzania Economic Overview

This section provides analysis of macro environment in Tanzania

Section 5: Industry Review

This section provides analysis of the country's real estate, consultancy and its value chain maps.

Section 6: Operational Plan

This section provides the vision, mission, and models of the company’s operations.

Section 7: 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 ten years.

Section 8: Conclusion

In this section, an overall conclusion for the business is provided.

2 EXECUTIVE SUMMARY

2.1 Background

Imara Horizon Company Limited (IHC) is a privately owned limited liability company incorporated in the United Republic of Tanzania under the companies Act, 2002 on 6th January 2016 with registration No. 122761.

IHC is committed to carrying out business and investment activities in the areas of property development, supply of health-related services, engage in financial and capital markets activities, general supplies, business technology, advisory and consultancy services, either independently or through joint ventures with local and/or international entities.

These projects require significant investment to fund the different aspects of operational activities.

Table 1: Shareholders

No.	Name	No.of shares
1	The Registered Trustees of Benjamin William Mkapa HIV/AIDS Foundation	7508
2	Dr. Ellen Mkondya Senkoro	1

2.2 Leadership & Management Team

IHC has a strong versatile Board of Directors with members with extensive experience and knowledge in various industries in Tanzania. IHC Chief Operating Officer, oversees the company's daily run as well as company strategy. The board of directors is the key strength of IHC.

Table 2: Board of Directors

No.	Name	Designation	Areas of Expertise
1	Prof. Moshi Kigisha Ntabaye	Chairman	Doctor of Dental Surgery, Public Health Expert having held numerous Leadership roles in Public Health Programmes in Tanzania and abroad
2	Dr. Alex Thomas Nguluma	Director	Advocate of the High Court of Tanzania Mainland and Zanzibar and Subordinate Courts, Corporate and Tax Law Consultant.
3	John Ulanga	Director	The Country Director of TradeMark East Africa in Tanzania. Before joining TradeMark, Ulanga was the Vice President, External Affairs and Sustainability for BG East Africa (Tanzania and Kenya) and prior to that, Ulanga was the Executive Director of the Foundation for Civil Society, and the Economic and Social Research Foundation (ESRF).
4	Stella Emma Katende	Director	An experienced Finance Professional within Management and Administration with Audit and Financial Management of more than 25 years
5	Dr. Ellen Mkondya Senkoro	Shareholders Representative	She is founding CEO of the Benjamin Mkapa Foundation (BMF), providing stewardship and strategic leadership to the institution.

6	Mr. Apollo Temu	Chief Operating Officer	Has more 20 years of professional, business and work experience in the Industry in varied roles as well as related disciplines, massive experience in Information Technology and Strategic Business Transformation, New Business Development across Financial Institutions, Public Sectors, Oil and Gas, Construction and Real Estate Industries.
7	Mr. George Mpeli Kilindu	Company Secretary	An experienced Corporate Attorney, George is currently serving as the Managing Partner at Kilindu Giattas & Partners, having previously served as the Partner in charge of the Banking, Project Finance, Financial Services, Capital Markets & Securities Department at Rex Attorneys. He has covered roles heading departments where he supervised and advised on numerous landmark transactions.

2.3 Products

IHC will provide different goods and services that can be categorized as follows;

- General Supplies - facilitate and/ or supply all general supplies to public and private entities including a variety of medical equipment, supplies and consumables.
- Partnerships – operate and manage in partnerships, whether directly or through special purpose vehicles, in all identified strategic business initiatives including but not limited to real estate, business technology, healthcare & medical related ventures.
- Consultancy – provide training, advisory and consultancy services on all aspects of health-related matters particularly health systems and human resource management.
- Real Estate – offer a comprehensive set of services – including property development, property valuation, property management, and property investment management.
- Event Management - deliver provisions of various event management services and community mobilization strategies.
- Branding and design - This package goes simultaneously with developing of marketing strategies and demand creation.
- Lab supplies, hospital equipment and consumables – supply personal protective equipment, laboratory equipment, instrument, reagents, controls, consumables and servicing of laboratory equipment.

2.4 Current Performance

Since its incorporation in 2016, IHC received support from its major shareholder (BMF) to finance its operational and capital expenditures.

It was not until the financial year 2019 when IHC was able to get revenues. The company was able to make revenues of TZS 124 Million from the supply of materials

to various companies.

In financial year 2016 the company incurred some administration costs to the tune of TZS 500,000 which were financed through liabilities while in financial years 2017 and 2018, the company used grants to finance its operational and capital expenditures.

The Company's total assets increased from a TZS 33.7 Million in 2017 to TZS 137.9 Million in 2019 (equivalent to a CAGR of 60%) due to the increase in Capital expenditures by a CAGR of 68%.

The total equity increased by a CAGR of 56% for 2017 to 2019 as a result of the increase in the paid-up share capital.

2.5 Models of Operations

Imara Horizon Company intends to employ different models of operations dependent on the particular business line; for the real estate aspect, the intention is to rent out the available office space.

The other proposed business activities will be pursued via tenders submitted either independently or through joint ventures or partnership with local and/or international entities, with business models depending on the nature of the business.

2.6 Investment

The shareholders of IHC have played a large role in developing the company by their gradual but continuous investment into the company by providing funds to cover capital expenditures as well as operational expenditures. They have provided funds in terms of Equity and Capital grants to the tune of TZS 91.3 Million.

Management plans to make the company self-reliant by venturing into other lines of business. Currently the company is considering entering the real estate industry by building and renting a commercial complex.

IHC has already started the efforts by acquiring a plot planned for office purposes covering an area of 3,236 square meters whereby an envisaged project will be developed for an already identified anchor client to occupy an office space of between 700 SQM to 1000 SQM, with the remainder of the office space being rented out to other entities. The plot has been valued with an estimated market value of TZS 647 Million.

This investment will require some significant funding.

2.7 Financing

The company plans to secure funds from reputable financial institutions at favorable terms to finance its entry into the real estate industry by covering the capital and operational expenditures.

It is estimated that the project will cost TZS 3,003,890,926 equivalent to USD 1.3 Million.

The shareholders have vowed to support the company in-terms of any requirements needed for acquiring the loan facility.

2.8 Financial Projections

2.8.1 Statement of Comprehensive Income

The company plans to grow from a loss of TZS 207.9 Million in 2022 to a profit of TZS 219 Million in 2027. The significant increase in profit is mainly attributed by the introduction of the new line of business (real estate) facilitated by the significant investment in non-current assets.

Table 3: Projected Statement of Comprehensive Income

	2022	2023	2024	2025	2026	2027
Total Revenue	117,421,040	524,953,220	589,694,847	663,075,955	746,361,325	798,541,525
Total Cost of Sales	(17,613,156)	(48,523,591)	(54,895,300)	(62,193,738)	(70,566,373)	(77,113,627)
Gross Profit	99,809,906	476,431,652	534,801,571	600,884,242	675,796,978	721,429,926
Total Other Income	(47,237,355)	21,497,718	33,374,056	46,045,179	59,576,497	66,893,569
Total Administration Cost	(155,035,397)	(299,458,481)	(303,497,063)	(308,421,709)	(313,798,805)	(318,319,003)
Profit/(loss) before tax	(207,863,217)	(15,634,446)	47,214,744	145,241,846	253,319,417	327,592,054
Tax expense	-	(5,201,990)	(17,101,576)	(49,115,497)	(84,107,964)	(108,572,943)
Profit/(Loss) for the year	(207,863,217)	(20,836,436)	30,113,169	96,126,349	169,211,454	219,019,111

2.8.2 Projected Statement of Financial Position

Table 4: Projected Statement of Financial Position

	2022	2023	2024	2025	2026	2027
Total non-current assets	3,439,556,975	3,266,425,662	3,090,474,805	2,917,774,657	2,744,705,161	2,568,609,459
Total current assets	137,493,663	340,307,456	201,210,117	113,341,990	87,128,018	101,424,231
Total current liabilities	(1,447,657)	(392,312,876)	(398,927,945)	(405,714,734)	(412,686,863)	(419,607,533)
Net current assets	136,046,006	(52,005,419)	(197,717,827)	(292,372,744)	(325,558,845)	(318,183,301)
Long-term liabilities	(3,074,842,299)	(2,734,495,997)	(2,382,719,563)	(2,019,238,149)	(1,643,771,099)	(1,256,031,830)
Total Net Assets	500,760,682	479,924,246	510,037,415	606,163,764	775,375,217	994,394,328
Share capital	722,090,000	722,090,000	722,090,000	722,090,000	722,090,000	722,090,000
Retained earnings/(deficit)	(221,329,318)	(242,165,754)	(212,052,585)	(115,926,236)	53,285,217	272,304,328
Total Shareholders' funds	500,760,682	479,924,246	510,037,415	606,163,764	775,375,217	994,394,328

2.8.3 Projected Statement of Cashflow

Table 5: Projected Cashflow Statement

	2022	2023	2024	2025	2026	2027
Profit Before Tax	(207,863,217)	(15,634,446)	47,214,744	145,241,846	253,319,417	327,592,054
Adjustments for:						
Depreciation charge	35,135,325	176,337,733	175,950,858	176,021,999	176,510,933	176,095,702
Fx gain/(loss) of Loan	(47,237,355)	(47,978,333)	(42,639,568)	(37,121,506)	(31,419,837)	(25,530,158)
Cashflow before working capital	(125,490,537)	208,681,619	265,805,170	358,385,351	461,250,188	529,217,913
(Increase)/Increase in Working Capital	(21,489,584)	(30,955,212)	(4,797,528)	(5,431,452)	(6,157,211)	(3,750,653)
Tax	-	(5,201,990)	(17,101,576)	(49,115,497)	(84,107,964)	(108,572,943)
Net Cash Flow from Operating Activities	(146,980,121)	172,524,418	243,906,067	303,838,402	370,985,013	416,894,317
Cash Flow from Investing Activities						
Initial investment cost on CAPEX	-	-	-	-	-	-
Additions	(3,454,595,000)	(3,206,420)	-	(3,321,851)	(3,441,438)	-
Net Cash Flow From Investing Activities	(3,454,595,000)	(3,206,420)	-	(3,321,851)	(3,441,438)	-
Cash Flow from Financing Activities						
Equity financing	647,000,000	-	-	-	-	-
Debt financing	3,011,381,394	-	-	-	-	-
Principal repayments	-	-	(388,324,635)	(394,416,002)	(400,602,920)	(406,886,887)
Net Cash Flow From Financing Activities	3,658,381,394	-	(388,324,635)	(394,416,002)	(400,602,920)	(406,886,887)
Net Cash Flow for the year	56,806,273	169,317,998	(144,418,569)	(93,899,451)	(33,059,345)	10,007,430
Opening Balance	71,036,346	127,842,619	297,160,616	152,742,048	58,842,596	25,783,251
Closing Balance	127,842,619	297,160,616	152,742,048	58,842,596	25,783,251	35,790,681

2.9 Conclusion

IHC identified an opportunity, which favours its expansion and plan to achieve it. The clear vision and drive of the shareholders towards the success of the business backed up by the fact that the project is Technical, operational, and environmental feasible, suggest the possibility of a successful project.

3 BACKGROUND

3.1 Background

IHC has two shareholders, The registered Trustees of Benjamin William Mkapa HIV/AIDS (BMF) Foundation (99%) and Dr. Ellen Mkondya Senkoro (1%). The Benjamin William Mkapa HIV/AIDS (BMF) Foundation is a non-profit making Trust, established and incorporated under the Trustees Incorporation Ordinance, CAP 375 on 13th April 2006. The foundation aims to supplement and complement the development efforts of the Government of the United Republic of Tanzania.

BMF'S strong strategic desire to run programs that are self-sustainable has led it to sustain shareholding within IHC as the majority shareholder. In addition to benefitting from the donor funding support focused on health projects – with 99% support from the donors, which has enabled BMF to reach almost 80% of the country with improved health services on HIV/AIDS and maternal health as well as reinforcing health workforce in rural areas.

To that end, in an attempt to strategically support BMF sustaining itself, IHC is strategically positioning itself to invest in properties and other business opportunities, so as to profitably and sustainably secure finances for consequently sustaining and scaling up BMF's programs. These ventures are designed to provide real financial income, consequently supporting the BMF's missions, including as mentioned, the scaling-up of health programs to reach more Tanzanians.

To begin with, IHC has acquired a plot planned for office purposes covering an area of 3,236 square meters whereby an envisaged project will be developed for an already identified anchor client, presumably BMF, to occupy an office space of between 700 SQM to 1000 SQM, with the remainder of the office space being rented out to other entities.

Objectives

Imara Horizon, is committed in carrying out delivering of business services in the health domain and beyond. Additionally, Imara caters for investments in the areas of properties, social housing, financial and capital markets, supplies, business technology, advisory and consultancy services either independently or through partnerships or joint venture with local and/or with international entities in the East African Region as well as International market.

In maintaining quality and standards of our services, the company is investing in people to ensure objectives are pursued with well experienced taskforce in relation to our provisions and services.

Vision

Imara Horizon Vision is to become a predominant force in the chosen markets as the most preferred, most trusted and an essential business partner of choice in the country and beyond. Our vision for Imara Horizon Company embodies the purpose of our provisions and services to Our Country Our People Our Future, and reflects our core values and the path we follow in pursuit of providing our clients with unmatched performance, unparalleled accountability, and the highest-level of satisfaction in the market.

Mission

Imara Horizon Company highly values our clients' needs for safe, reliable, cost effective solutions. We operate efficiently, conduct ourselves in a committed, responsive and dynamic way. With integrity being a glue, we maintain, and grow our profitable business relationships through trust, delivering on promise, nurture trusted long-lasting relationships within the chosen markets and beyond. We aim to conduct our profitable and sustainable business transparently, ethically, with honesty, and through smart hard working.

Core Values

Imara Horizon Company core values are the cornerstone of our conduct in doing business and serving people. They set the benchmark for minimum expectations and are the driving force behind our clear communication, superior performance, and professional integrity. Below are our core values:

- Integrity & Efficiency
- Quality & Safety
- Innovation & Simplicity

3.2 Location

The commercial property shall be built on a piece of bare-plot land, Plot No. 2006 Mbezi Kawe in Kinondoni Municipality of Dar es Salaam, Tanzania. It is the largest city in East Africa and the seventh-largest in Africa, with a population of 6,701,650. Dar es-Salaam is an important economic center, one of the fastest growing cities in the world and is a leading financial center.

It is the capital of the Dar es-Salaam Region, which is one of Tanzania's 31 administrative regions and consists of five districts: Kinondoni in the north, Ilala in the center, Ubungo and Temeke in the south and Kigamboni in the east across the Kurasini creek.

3.3 Target Market

For the real-estate aspect, IHC intends to have BMF as its anchor client (projected to occupy 700 – 1000 SQM), as well as entities in the health-related service delivery ecosystem within the non-governmental sector for the related or common services for the like-minded institutions. Target market for non-real estate products and services will be strategic clients in the healthcare sector.

3.4 Products

Thinking globally, and acting locally, IHC maintained a network of strategic alliances and partnerships with top notch notable companies by providing the following product and services:

a. Consultancy

IMARA Horizon houses and provides a wide range of consultancy services:

- Training, Advisory and Guidance on all aspects of Health-Related matters particularly Health Systems, Human Resources for Health, Communicable Diseases, Non-Communicable Diseases, Policy Advisory Matters etc.

- Youth inclusion (including life skills development, technical skills development, entrepreneurship, mentoring, coaching, community development, etc.)
- Training and coaching in the three spheres (needs analysis, content-curriculum development, design of delivery methodologies, group formulation and training facilitation, results tracking and monitoring etc.
- Business Development Services (BDS) supporting private sector and small medium enterprise establishment & development
- Monitoring, Evaluation, Verification and Learning (MEVL) - including conducting monitoring and evaluation exercises; conducting baseline and end line surveys; project mid-term reviews, conducting outcome mapping and surveys; building of capacity amongst stakeholders to develop MEVL plans and conduct quantitative and qualitative data collection and analysis.
- Organizational and Institutional Development, Governance, Accountability and Leadership – with a specific focus on building these skills in associations/ NGOs/CSOs/ cooperatives/ producer or processor groups
- Developing bankable business cases, and conducting market analysis in any sector.
- Human resource management services inclusive of recruitment services, salary surveys, workforce planning, learning and development and employee wellbeing programmes
- Business Support & Business Technology – Systems Development, Customer Care Services, Process Improvement, Service Design and Service Delivery

b. Community Mobilization And Event Management Services

Under this remit we deliver provisions of various event management services and community mobilization strategies. The latter is a process that can be used to engage community or to identify community priorities, resources, needs and solutions in such a way as to promote representative participation, good governance, accountability and peaceful change. To achieve high-quality, sustainable programming of our clients, this strategy can be deployed with other complementing program strategies. We plan and design events according to our client's interest e.g. bonanzas, campaigns, promotions, road shows etc.

c. Real Estate Services

Under our Real Estate arm, IMARA offers a comprehensive set of services – including property development, property valuation, property management, and property investment management. These covers across a full range of property assets and development including offices, logistics, retail, hotels and residential, purchase of land, or immovable property either singly or jointly or in partnership with any persons(s) or body corporate or partnership firm and develop and construct thereon residential, commercial complex(es) or comprising Health and/or Education facilities, Offices for resale out or renting and/ or hospitality services.

d. Supply Service – Personal Protection Equipment (Ppes)

The purpose of personal protective equipment is to reduce employee exposure to hazards when engineering controls and administrative controls are not feasible or effective, hence PPEs are deployed to reduce these risks to acceptable levels.

Put this into consideration, at Imara Horizon Company, we supply all types of personal protection equipment and other Health & Safety gears.

e. Supplies Of Laboratories Equipment, Instruments, Reagents, Controls, Consumables And Servicing Of Laboratory Equipment

For laboratory services, quality analytical work can only be performed if all materials used are suitable for the job, properly organized and well cared for. This means that the tools are adequate and in good condition, and that sample material receives attention with respect to proper handling, storing and disposal.

The tools used for analysis may be subdivided into four categories:

- Primary measuring equipment (pipettes, diluters, burettes, balances, thermometers, flow meters, etc.)
- Analytical apparatus or instruments.
- Miscellaneous equipment and materials (ovens, furnaces, fridges, stills, glassware, etc.)
- Reagents.

We source and supply all these for your Lab requirements and work smarter to ensure you get the best service and value for money products.

f. Product Branding And Design

Branding is absolutely critical to a business because of the overall impact it makes on a company. Branding can change how people perceive your business, it can drive new business and increase awareness. Being properly branded gives the impression of being industry experts and makes the public feel they can trust your company, the products and services it offers and the way it handles its business and that is why Imara Horizon Company is a solution to your product branding and design.

This package goes simultaneously with developing of marketing strategies and demand creation. This will directly reflect the brand and its desired portrayal. Marketing techniques such as the use of promotional products from trusted companies make it easy to create a cohesive and appealing advertising strategy that plays well into your branding goals. Package that we offer in this category is affordable and fair.

g. General Supplies

In addition to our priority services, our company is thrilled and privileged to facilitate and/or source and supply all general goods to public and private entities including variety of medical equipment and non-medical equipment and consumables (i.e. includes stationeries, office equipment, ICT equipment, air conditions & fire extinguishers). We have served some of our esteemed clients in this space with top-notch high-quality products, with friendly and accommodating flexibility for the services rendered.

h. Transport And Logistics Services

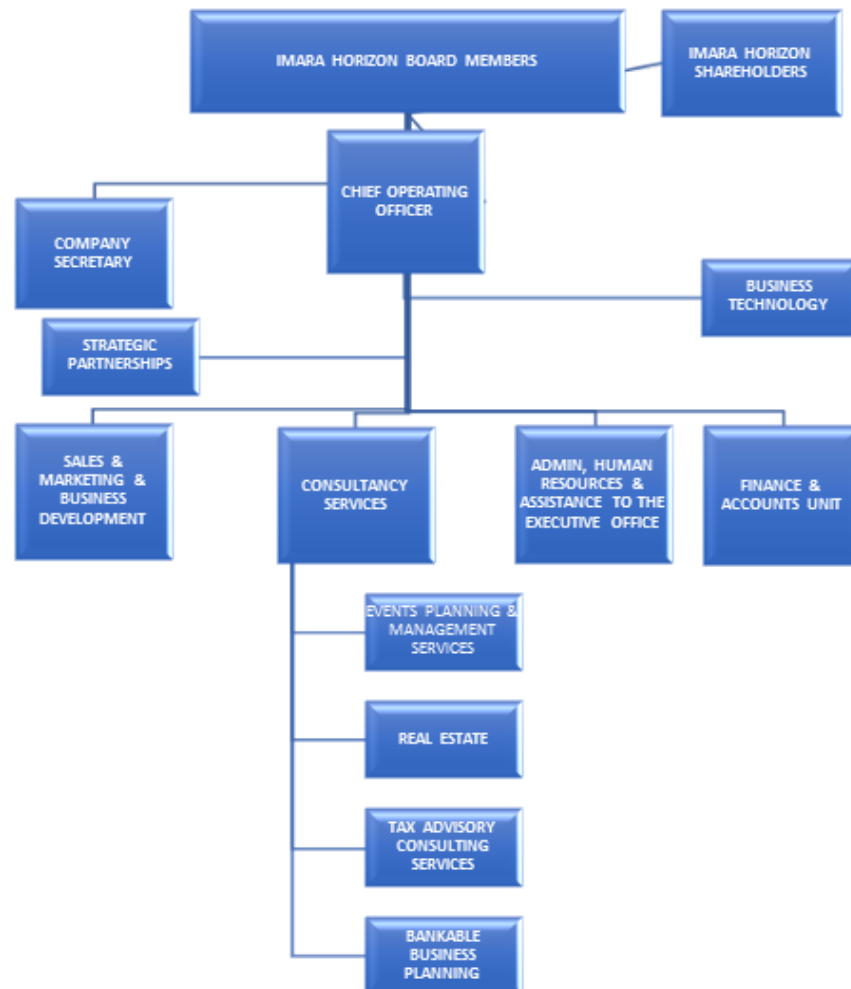
Under this remit we deliver provisions of various logistical and rentals services. We provide you with multiple options depending on your requirements. Our teams can suggest the most effective and efficient options available. At the heart of our service is our commitment to customer service and quality. Our focus has always been solely on not letting our customers down.

3.5 Strategic Partnerships

In delivering world class services, as strategic partner of choice, IHC actively engage and forge all round beneficial strategic partnerships in attending to demands and requirements for some of the strategically targeted and selected clients. IHC believes in the spirit of collaboration and winning together sustainably.

3.6 Company Structure

Figure 1: Company Structure



Board of Directors (BOD) member Profiles

Prof. Moshi Kigisha Ntabaye -Chairman

Professor Moshi Kigisha NTABAYE is a Doctor of Dental Surgery, Public Health Expert having held numerous Leadership roles in Public Health Programmes in Tanzania and abroad. Has over 30 years of direct experience working with International Development Agencies including DANIDA, USAID, UNFPA, DFID, EU, CIDA, PEPFAR/CDC, NIH, NUFFIC (Netherlands), Welcome Trust (UK), and The Gatsby Foundation. A member of various professional bodies and associations. Has reviewed, contributed and or authored a number of published articles, literatures and research. Since 2016 has been working as a Deputy Vice Chancellor for Academic Affairs, at the Hubert Kairuki Memorial University (Tanzania). Holds a Doctor of Philosophy (Ph.D.) (Public Health) Degree, Aarhus University, Denmark – 1996, having attained Academic ranks as Adjunct Professor, Duke Global Health Institute, Duke University (2012-2014) and Associate Professor of Public Health, Hubert Kairuki Memorial University (July 2016).

Dr. Alex Thomas Nguluma - Director

Dr. Nguluma is an advocate of the High Court of Tanzania Mainland and Zanzibar and Subordinate Courts, Corporate and Tax Law Consultant. He is an experienced business leader who has demonstrated the ability to lead and motivate diverse teams of professionals to higher performance level.

He has over 25 years of experience of practice as a business legal consultant both in Zanzibar and Mainland Tanzania. He was a partner in REX ATTORNEYS the successor of Maajar, Rwechungura, Nguluma & Makani, Advocates and Epitome Advocates. He is head Corporate, Tax and Insurance Legal Services Department of the firm. He specializes in tax and corporate consultancy, tax and commercial litigation, commercial arbitration, liquidations and receiverships. He has a hard to rival experience in tax and general commercial litigation and arbitration and is held in high regard from the courts, clients and peers. He has handled important cases in the mining, telecommunications (interconnection issues) banking, and manufacturing cases with values from USD 61,000,000.00 to USD 149,000,000.00. He is also an expert on legislative and regulatory reviews. Key corporate matters include work for companies in gas to electricity project, cement manufacturing, cigarette, telecommunications, insurance and agriculture. His strength in tax law was gained while working for PWC Tanzania where he worked for 9 years ending up as an associate director and head of legal department.

Alex holds Doctor of Philosophy (Ph.D) degree from Warwick University in the United Kingdom and University of Dar es Salaam. Master of Laws (LL.M) degree and Bachelor of Laws (LL.B) degree (Hons) from the University of Dar es Salaam.

John Ulanga - Director

John Ulanga is the Country Director of TradeMark East Africa in Tanzania. Before joining TradeMark, Ulanga was the Vice President, External Affairs and Sustainability for BG East Africa (Tanzania and Kenya) and prior to that, Ulanga was the Executive Director of the Foundation for Civil Society, and the Economic and Social Research Foundation (ESRF).

Ulanga sits on several boards as Chairman of the University Council of the Hubert Kairuki Memorial University, Dar es Salaam, the Chairman of the Board of Directors of Tanzania Financial Services for the Underserved Settlements (TAFSUS), the chairman of KCB Bank Tanzania, member of the Board of Directors of Mwananchi Communications Limited (publishers of The Citizen, Mwananchi and Mwanaspoti Newspapers); member and Vice Chair of the Board of Directors of Tanzania Media Foundation and a Member of the USAID Tanzania Advisory Group. Ulanga is also a member of the ONE Campaign Africa Policy Advisory Board.

He is also a Fellow of the African Leadership Initiative, East Africa and the Aspen Global Leadership Network of the Aspen Institute, and a 2012 Senior Fellow of the Centre for Philanthropy and Civil Society Studies at the Graduate Centre of the City University of New York.

John Ulanga holds an Executive Master in Development Policies and Practices from the Graduate Institute of International and Development Studies in Geneva, Switzerland, Certified Public Accountant from the National Board of Accountants and Auditors in Tanzania. He also holds Bachelors of Commerce and Management (Accounting) degree from the University of Dar es Salaam, Tanzania.

Stella Emma Katende - Director

Ms. Stella Emma Katende is an experienced Finance Professional within Management and Administration with Audit and Financial Management of more than 25 years. Currently works as a Finance and Administration Manager, Social Action Trust Fund (SATF), Dar es Salaam, Tanzania. Holds a Master of Business Administration (MBA – Governance, ESAMI - Eastern & Southern African Management Institute – 2008), CPA (T), NBAA/APT Dar es Salaam, Tanzania, Financial Management, Auditing, Taxation, International Finance and Management – 1996)

Dr. Ellen Mkondya Senkoro: Shareholders Representative

Dr. Ellen Mkondya Senkoro – Chief Executive Officer – She is founding CEO of the Benjamin Mkapa Foundation (BMF), providing stewardship and strategic leadership to the institution. Prior to joining BMF, she worked with UNFPA managing Reproductive Health, HIV/AIDS & Health SWAP portfolios and has also led Government/Municipal Councils Health Departments. In her work, she has enforced effective and productive partnerships, policy dialogue and programming across Government, Donors and NGOs for better health service delivery and systems strengthening. She is an observing representative of Shareholders in the Imara Horizon Company Board of Directors. As a Medical Doctor and a Public Health Specialist, with 25 years' work experience, Dr. Ellen holds a Doctor of Medicine Degree (MD) from Muhimbili University of Health and Allied Sciences

and Master of Public Health Degree from the Netherlands School of Public Health & Erasmus University.

Mr. Apollo Temu - Chief Operating Officer

Apollo holds Masters of Science in IT Software Engineering, with more than 20 years of professional, business and work experience in the Industry in varied roles as well as related disciplines, massive experience in Information Technology and Strategic Business Transformation, New Business Development across Financial Institutions, Public Sectors, Oil and Gas, Construction and Real Estate Industries.

In the past Apollo worked nationally and internationally in a number of roles within, public & private sectors, including the Lloyds Banking Group in the United Kingdom in Service Management and Leadership roles, Award winner and recognized by stakeholders, Apollo has significantly contributed his passion and professionalism to various community initiatives. He has also worked in non-governmental organizations.

Apollo has served at the Board Level in Financial Services and Social Housing in Tanzania and in Overseas. Passionate champion of Private Sector initiatives that positively collaborates with the public sector, Apollo harbours extensive and vast experience with startup initiatives.

Mr. George Mpeli Kilindu – Company Secretary

George is an experienced Corporate Attorney, George is currently serving as the Managing Partner at Kilindu Giattas & Partners, having previously served as the Partner in charge of the Banking, Project Finance, Financial Services, Capital Markets & Securities Department at Rex Attorneys. He has covered roles heading departments where he supervised and advised on numerous landmark transactions.

George has advised numerous local and international banks and financial institutions on the legal and regulatory framework relating to lending and creating securities in Tanzania as well as various Private Equity Funds on the acquisition of shares in Small and Medium sized Enterprises established in Tanzania.

George holds a Master of Laws (LL.M.) in International Economic Law from University of Warwick, Post Graduate Diploma in Professional and Legal Skills from London

City University and Utter Bar of England and Wales in Law Practice.

3.7 Current Performance

IHC has been in operation since 2016. Its operations have been mainly dependent on grants received from its major shareholder (BMF). The company made revenues to the tune of TZS 124 Million from the supply of materials to various companies in the financial year 2019. Below is a snapshot of its performance since incorporation.

Table 6: Historical Statement of Comprehensive Income

	2016	2017	2018	2019	2020
Revenue	-	-	-	124,180,230	-
Cost of sales	-	-	-	(99,783,600)	-
Gross Income	-	-	-	24,396,630	-
Other Income					
Grants from BMF	-	75,285,884	92,514,876	79,816,795	33,441,864
Amortization of Grant Capital	-	967,622	1,434,470	1,445,345	-
Total Income	-	76,253,506	93,949,346	105,658,770	33,441,864
Operating Expenses					
Administration Costs	(500,000)	(10,981,438)	(18,522,076)	(13,183,853)	(20,989,847)
Staff Costs		(65,839,340)	(75,927,270)	(51,698,135)	(5,091,839)
Total Operating Expenses	(500,000)	(76,820,778)	(94,449,346)	(64,881,988)	(26,081,686)
Operating Profit and Loss	(500,000)	(567,272)	(500,000)	40,776,782	7,360,178
Profit Before Tax	(500,000)	(567,272)	(500,000)	40,776,782	7,360,178
Current Tax Expense	-	-	-	(11,762,853)	-
Net Income	(500,000)	(567,272)	(500,000)	29,013,929	7,360,178

Source: Audited FS (2016-2019), Management Accounts (2020)

Table 7: Historical Statement of Financial Position

	2016	2017	2018	2019	2020
Assets					
Non-current Assets					
PPE	-	3,581,365	2,146,895	17,002,300	17,002,300
Total Non-Current Assets	-	3,581,365	2,146,895	17,002,300	17,002,300
Current Assets					
Accounts Receivables and Prepayments	-	-	-	40,034,102	2,732,656
Cash and Cash Equivalents	-	30,022,727	30,022,727	81,092,391	118,195,764
Total Current Assets	-	30,022,727	30,022,727	121,126,493	120,928,420
Total Assets	-	33,604,092	32,169,622	138,128,793	137,930,720
Equity and Liabilities					
Equity					
Share Capital	-	30,090,000	30,090,000	75,090,000	75,090,001
Retained Earnings	(500,000)	(1,067,272)	(1,567,272)	27,446,657	34,806,835
Total Equity	(500,000)	29,022,728	28,522,728	102,536,657	109,896,836

Liabilities					
Non-Current Liabilities					
Capital Grant	-	3,581,365	2,146,895	16,223,550	16,223,550
Current Liabilities					
Accruals	500,000	1,000,000	1,500,000	7,605,734	47,483.41
Current Tax Liabilities	-	-	-	11,762,853	11,762,853
Total Current Liabilities	500,000	1,000,000	1,500,000	19,368,587	11,810,336
Total Liabilities	500,000	4,581,365	3,646,895	35,592,137	28,033,886
Total Equity and Liabilities	-	33,604,092	32,169,622	138,128,793	137,930,720

Source: Audited FS (2016-2019), Management Accounts (2020)

3.8 Investment

Current Investment

The shareholders of IHC have played a large role in developing the company by their gradual but continuous investment into the company by providing funds to cover capital expenditures as well as operational expenditures. They have provided funds in terms of Equity and Capital grants to the tune of TZS 91.3 Million.

Table 8: Current Investment in Fixed Assets

Description	2016	2017	2018	2019	2020	Total
Computer & Accessories	-	3,463,387	-		-	3,463,387
Furniture and Fittings	-	1,085,600	-	522,000	-	1,607,600
Office Equipment	-	-	-	890,000	-	890,000
Land	-	-	-	15,000,000	-	15,000,000
	-	4,548,987	-	16,412,000	-	20,960,987

Source: Audited FS (2016-2019), Management Accounts (2020)

Future Investments

IHC has acquired a plot planned for office purposes covering an area of 3,236 square meters whereby an envisaged project will be developed for an already identified anchor client, to occupy an office space of between 700 SQM to 1000 SQM, with the remainder of the office space being rented out to other entities.

3.9 Financing

Currently the company is being financed through capital grants from the shareholders. The company plans to acquire funds from reputable financial institutions at favorable terms to finance its entry into the real estate industry by covering the capital and operational expenditures.

It is estimated that the project will cost TZS 3,003,890,926 equivalent to USD 1.3 Million.

The shareholders have vowed to support the company in-terms of any requirements needed for acquiring the loan facility.

4 TANZANIA ECONOMIC OVERVIEW

4.1 Gross Domestic Product (GDP)

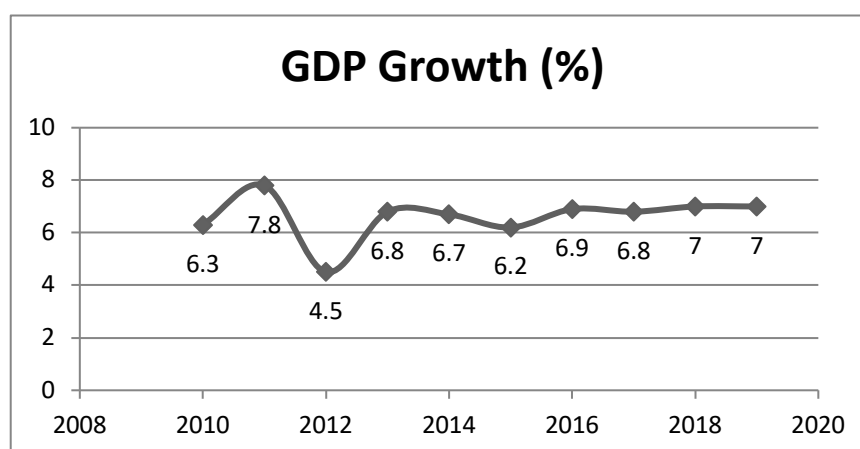
Tanzania's real GDP reached USD 55.4 billion in 2019 versus USD 52.4 billion in 2018 and USD 32 billion in 2010 with an average year-on-year growth of 6.3%. Tanzania's annual GDP growth rate of 6.3% over the past 10 years (2010-2019) placed the country among the 20 fastest growing economies in the world, beating the Sub-Saharan Africa average GDP growth rate of 3.5% during the same period. However, the GDP growth of Tanzania has been slowing down in recent years, from a peak of 7.7% in 2011 to 5.8% in 2019. Tanzania is currently pursuing its National Five Year Development Plan running from 2016 to 2021. The plan aims to raise Tanzania's annual real GDP growth to 10% by 2021.

The largest share to GDP in the first quarter of 2020 was from Tertiary activities which accounted for 42.0 percent, followed by Primary activities by 33.2 percent and Secondary activities had the least share of 24.7 percent.

The main contributors to the GDP growth are as follows:

- Mining and quarrying activity (15.3%) mainly due to increased gold production
- Human health and social work activity (10.2%);
- Professional, scientific and technical activity (8.9%);
- Transport and storage and Information and telecommunication (8.3%);
- Construction (8.0%);
- Administrative and support services (8.0%) and
- Other social services (7.8%).

Figure 2: Growth Rate of Gross Domestic Product (GDP) – Annual Percentage



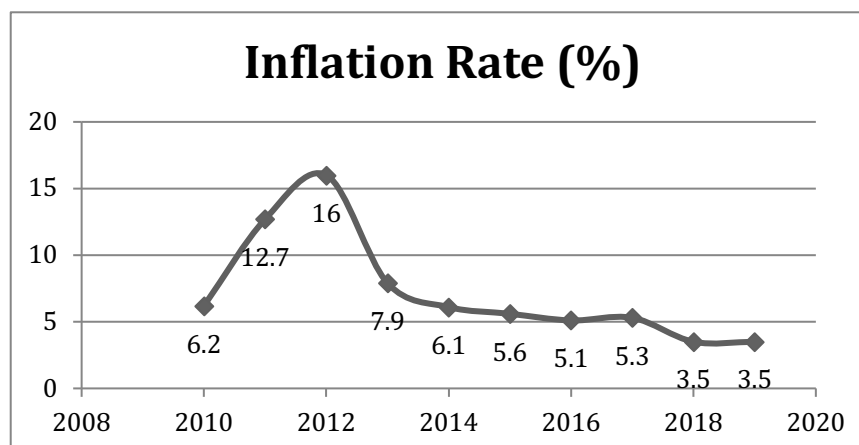
Sources (World Bank)

4.2 Inflation

The inflation rate has remained low, notwithstanding economic challenges induced by COVID-19. In the first quarter of 2020, headline inflation averaged 3.6 percent in the quarter ending March 2020 compared with 3.0 percent in the corresponding period in 2019. Food and non-alcoholic beverages inflation was 5.6 percent

compared with 0.5 percent, largely on account of increase in prices of maize, rice, beans and sorghum. Non-food inflation decreased to 2.3 percent from 5.3 percent in the corresponding period in 2019, owing to a decline in domestic oil (petroleum products) pump prices.

Figure 3: Inflation trend – (2010 – 2019)



Sources (International Monetary Fund)

4.3 Exchange rates (TSH: USD)

As of 12th August 2020, the market exchange rate for the Tanzanian shilling (TSh) against the US Dollar was USD/TSh 2,325. The TZS weakened by more than 50% against the USD over the past five years, from an average annual exchange rate of 1,735 in 2015 to 2,325 in 2020. Still, the Tanzanian shilling remained stable during 2019 and depreciated by 0.7% against the USD. The low volatility was in part due to interventions by the Bank of Tanzania (BoT) aimed at keeping the interbank foreign exchange market steady.

4.4 Population and Per Capital Income

Tanzania's population was expected to exceed 60 million during 2020. With a growth rate of over 3 percent a year, Tanzania has the 14th fastest rate of population growth in the world. By 2030, the number of people in Tanzania is projected to increase to over 79 million and by 2050 it could exceed 129 million people.

In 2020, GDP per capita for United Republic of Tanzania was 1,106 US dollars. GDP per capita of United Republic of Tanzania increased from 377 US dollars in 2001 to 1,106 US dollars in 2020 growing at an average annual rate of 6.00%.

Table 9: Population and Per Capital GDP Growth

	2015	2016	2017	2018	CAGR
Population (millions)	47.9	49.4	51.0	52.6	3.17%
GDP (TSh trillions)	94.3	108.4	118.7	129.4	11.12%
GDP per capital (TSh "000")	1,969.0	2,191.2	2,327.4	2,458.5	7.68%

(Source: National Bureau of Statistics)

Growth in population especially in cities like Dar es Salaam and increased GDP Per capital suggests the potential for economic activities, and, by extension the need to fund these ventures will continue rising.

4.5 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 if Imara Horizon Company Ltd formulates good strategies there is a good likelihood of it achieving its objectives.

5 INDUSTRY ANALYSIS

Real Estate overview

Regulatory Framework

Tanzania has been witnessing a robust growth in the real estate sector enhanced not only by the strengthening of the construction industry, but also the improvement in the investment environment for the sector. The government has been actively fostering an investment-friendly environment. It has introduced regulations for mortgage financing, established a framework for Real Estate Investment Trusts (REITs), signed several double taxation treaties and multilateral and bilateral agreements as well as:

- The abolition of Rent Restriction Act of 1984 in 2005, which explicitly ushered in the liberalization of the real estate market;
- Enactment of Tanzania Mortgage Financing (Special Provisions) Act of 2008;
- Enactment of Tanzania Banking and Financial Institutions Act of 1991, which saw the improvement of mortgaging services;
- The introduction of the Financial Leasing Act, 2008 to cater for the financial lease transactions and related matters; and
- Promulgation of the Unit Titles Act of 2008, which facilitated the development and procedures for co-ownership and management of condominiums and clustered housing units.

Moreover, substantive measures have been introduced to buttress the efficacy of legal and regulatory frameworks governing the security of land tenure and property market mechanisms. Contemporary, the stakeholders have been determined to ascertain the establishment of statutes and subsequent regulations for an efficient and orderly performance of the industry.

The aforementioned drivers, inter-twined with innovative reforms and restructuring of the National Housing Corporation (NHC); collaboration between the Government and World Bank into establishing a mortgage liquidity facility, the Tanzania Mortgage Refinancing Company Ltd.(TMRC); and scrupulous engagement of other institutional, private and foreign developers have paved the way for greater achievements.

Current Real Estate Situation

Tanzania has seen rapid urbanization in the past two decades, amidst unbroken economic growth. Today, at least 32.6% of the country's 60 million population (almost 20 million people) live in urban areas. Dar es Salaam has seen the fastest urbanization. Until the recent directive to relocate the government to Dodoma, all government offices were headquartered there and all diplomatic missions and private organizations have a presence in the city to this day. Not surprisingly, Dar es Salaam has the country's most expensive housing and land. 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. The southern port city of Mtwara is also experiencing a strong rise in land prices due to natural resource discoveries and the

influx of foreign investors.

To address burgeoning demand, many housing developments are under construction. For example, the National Housing Corporation (NHC) 's various housing projects cater to all; high, medium and low income earners. In Dar es Salaam, the NHC's major ongoing projects are the 711 Kawe, Mwongozo Housing Estate, Morocco Square and Victoria Place.

- Kawe Project – a US\$2 billion satellite city will include 500 buildings and host about 50,000 people, making it Dar es Salaam's busiest center when built. Originally scheduled for completion in 2020, it will have housing, shopping malls, hotels, restaurants, entertainment facilities, plus a helipad and landing stages adjacent to the Indian Ocean's coast.
- Mwongozo Housing Estate –in Gezaulole, Kibamboni, with 221 two- and three-bedroom houses, was completed in 2018.
- Morocco Square – launched in October 2015, the Morocco Square is the biggest project in East and Central Africa, with a 24,924 sq. m. residential tower, a hotel tower and two office towers. One of the office towers will house the country's stock exchange.
- Victoria Place – a mixed-use development in the Victoria area along the new Bagamoyo road. It offers 88 three- and four-bedroom duplex apartments and commercial space. It also includes a swimming pool, gymnasium, clubhouse, kids playing area and other recreational facilities.
- Mateves satellite city – located at Mateves on the southwestern outskirts of Arusha, the 559.4-ha project will offer 300 housing units to low, middle and high income earners.
- Iyumbu Sattelite Centre – located in Iyumbu area in the capital city of Dodoma, this NHC mega-project was launched in December 2016, in line with the government's decision to move its administrative functions into the capital. The first phase of the project, which commenced in December 2016, offers 300 three-bedroom stand-alone houses and other facilities. The project targets both middle and low income households.
- Medeli Housing project – the project offers 90 residential units for public servants who relocate to the new city.

Moreover, the Watumishi Housing Company (WHC), a government-owned property developer established in 2013 with the mandate of providing homes for public servants, remains committed to the continuous implementation of the Public Servants Housing Scheme, where 50,000 affordable housing units are scheduled to be constructed in five phases. A total of 736 units were constructed under phase 1.

Also, WHC Watumishi Njedengwe Housing Estate was launched in August 2017 to construct 338 housing units in Njedengwe, Dodoma. Phase 1 is complete and includes 39 stand-alone units. In the Coast Region, WHC is planning a satellite city in Kibaha consisting of 1,000 housing units and other related commercial infrastructure.

The private sector is also busy. For instance, Avic International is currently completing the construction of the Avic Town project in Kigamboni. The first phase includes 130 three- to four-bedroom villas and other amenities such as a gym,

swimming pool, supermarket and a tennis court.

Economic Contribution

The real estate sector contributed to 3.8% of Tanzania’s GDP in H1 2017, a decline from 4.0% contribution during the same period in 2016. The sector grew by 2.3% compared to 2.4% growth during the same period in 2016. The construction sector contributed to 11.1% of Tanzania’s GDP in H1 2017, compared to 10.9% contribution in 2016. The sector grew by 8.6% compared to 10.0% growth during the same period in 2016. The slowed growth in real estate and construction activity has been due to tight liquidity, reduced credit growth, inadequate infrastructure and slowed real estate uptake mainly in the high end market in the last 2 years.

Returns on Investment

The real estate sector has rental yields averaging at 5.2%, 6.4% and 9.4% in the residential, office and retail sectors, respectively. The market has witnessed a decline in the residential and office sector since 2015 due to implementation of policies that have resulted in lower purchasing power of residents and scaling back of multinationals that were a significant market for real estate

Key Players

Tanzania’s real estate market is dominated by individual home-builders and the public sector through the National Housing Corporation, Tanzania Building Agency and pension bodies such as NSSF and Watumishi Housing. The private sector which caters for approximately 3.9% of the supply is still at nascent stages and comprises of players such as Avic, Nevada Properties, Estim, Group 4 and Quality Group.

Real Estate in Dar es salaam

Brief Profile

Dar es Salaam is Tanzania’s largest city and main commercial hub. It has an estimated population of 6 million people as of 2020 a density of 3,661 persons per square kilometers. It is served by highways such as Ali Hassan Mwinyi, Nyerere, Bagamoyo, Morogoro and Kilwa roads which are in a good state of repair. In 2016, Phase 1 of Mass Rapid Transit system was launched to cater for the transportation needs of the growing population, stretching from Kimara to Kivukoni with 5 terminals and 29 stations. Dar es Salaam port handles approximately 90% of the country’s cargo.

Access to Kigamboni area is available through the newly constructed Kigamboni as well as ferry services. The city hosts the Julius Nyerere International Airport area for air travel. Main economic activities are in the financial, manufacturing, transport, trade and tourism sectors.

Dar es salaam’s Commercial Real Estate sector

Overview

The Commercial office sector in Tanzania has been on a steady growth path especially as Dar es Salaam evolves into an East African economic hub. The growth

has been supported by an influx of foreign investors mainly in the financial services, gas and tourism sectors. 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 sq. per month in 2015 to USD 12 in 2019 due to an oversupply of new spaces in the market. Additionally, the government decided to relocate to Dodoma from Dar es Salaam. Major developments under construction currently include Morocco Square, Noble Victoria, Mzizima Towers, 711 and MNF Square.

Commercial Sector Drivers

- Tanzania has been one of the fastest growing countries in Sub-Saharan Africa with a relatively high rate of GDP growth, averaging at 6.3% between 2012 and 2020. This along with the relatively stable political climate has made it a suitable investment location. Also, the growth of SMEs, especially in the technology, communication and financial sectors, has contributed to an increasing demand for office space. According to the World Bank, Tanzania has more than 30million enterprises, contributing to 27% of the country's GDP.
- Infrastructure development has given impetus to the commercial real estate sector in the region. This is largely due to enhanced accessibility in other regions leading to rapid development along major routes such as Bagamoyo, Sam Nujoma and Ali Hassan Mwinyi Roads
- Pension funds such as Government Employees Provisional fund (GEPF), Local Authority Pensions Fund (LAPF) and Public Service Pension Fund (PSPF) have been at the forefront in supplying commercial office spaces as they are mandated to invest 30% of their funds in the real estate sector as per Bank of Tanzania's guidelines.

Commercial Sector Challenges

- The discovery of natural gas and increased foreign investments resulted in increased office stock in Dar es Salaam leading to an estimated office stock of 400,000 SQM. However, recently, effective demand has stagnated and is not sufficient to take up the growing supply which was expected to increase by at least 125,000 SQM in 2018/19
- Dar es Salaam has relatively higher rental rates with averages of USD 16.1 per SQM, compared to other countries such as Kenya and Uganda, whose average rental rates are USD 9.8 and 15, respectively. This is partly attributed to distortion driven by high demand in some areas such as Kinondoni and Masaki as well as the introduction of VAT on property rents in 2015. Developers also face high financing costs, especially with interests rates of up to 26%, which is passed down to the clients.
- The transfer of the executive arm of the government as well as political party headquarters to Dodoma has resulted in reduced demand for office space in the former capital city leading to a rise in vacancy rates
- Frequent congestion and traffic snarl-ups in the Posta, Kisutu and Ilala areas have become a challenge to investors in these areas as firms are now pushing businesses to other decentralized areas. Also, some locations such as Mwenge lack the requisite infrastructure hindering growth as opposed to areas that are

more accessible such as Kinondoni which is also served by the BRT thus has higher demand.

Performance of Commercial Real Estate Sector

For illustrative purposes, the main office locations in Dar es Salaam have been categorized as follows:

- CBD; which comprises of Upanga, Kisutu, Kivukoni, Ilala and Posta
- Kinondoni; comprising of areas along Ali Hassan Mwinyi Road, Bagamoyo Road to the Mwenge Intersection
- Masaki & Oysterbay
- Mwenge & Mikocheni

Also, buildings have been classified as follows:

- A-Grade: Buildings located in prime locations and have high quality facilities, mechanical and electrical installations. They offer ample parking space and good security. As a result, they attract high end clientele resulting in higher rental rates.
- B-Grade: These are 10-20 year-old properties that have standard finishes, necessary amenities such as security, lifts and ample parking space
- C-Grade: These are older offices in less attractive locations. They mostly lack requisite amenities such as ample parking space, CCTV and other services such as proper maintenance, landscaping and security

Table 10: Office Sector Performance by Location

	Monthly Rent Per SQM (USD)	Service Charge per SQM (USD)	Occupancy %	Rental Yield %
CBD	15.9	2.3	76	6.3
Kinondoni	15.8	1.9	79	7.3
Masaki & Oysterbay	20.4	2.6	66.3	7.2
Mwenge & Mikocheni	11.9	2.2	60.1	4.3
Average	16.0	2.2	70.4	6.3

Kinondoni is the best performing area with average rental yields of 7.3%, 1.0% higher than the market average of 6.3%, attributable to good infrastructure, proximity to key upscale neighborhoods such as Masaki, Oysterbay and Msasani Peninsula as well as its proximity to the CBD and the fact that firms are increasingly relocating there away from the congestion of the city center, thus raising its occupancy rates

Mwenge area has the lowest yields at 4.3% being the node with most grade C office stock thus the lowest rents. In addition, firms are increasingly moving to more prime areas such as Kinondoni thus resulting in lower occupancy rates.

Table 11: Office Sector Performance by Grade

Grade	Monthly Rent SQM (USD)	Occupancy (%)	Rental Yield (%)
A	17	92.9	8.6
B	16	70.7	6.7
C	12	68.4	5.2
Average	15	72.1	6.4

Grade A offices have the most attractive yields in the market with average yields of 8.6%, 2.2% higher than the market average of 6.4%. They also have the highest occupancy rates indicating demand for the same as the incoming foreign investors demand for top notch quality office stock and the short supply of the same in the market.

Dar es Salaam’s Retail Real Estate sector

Overview

Dar es Salaam is Tanzania’s main economic hub with retail stock estimated at 153,000 SQM with an additional 84,000 SQM expected to be complete in the next 3 years with malls such as Peninsula Plaza in Masaki as well as shopping plazas in the upcoming MNF Square and Morocco Square. Currently, the main premium malls are Mlimani City Mall, Aura Mall and Mkuki Mall.

Retail Sector Drivers

- Wholesale and retail trade has been one of the top drivers of the stable economic growth which has given impetus to foreign investors into the sector, such as Game, Mr Price, Spurs and New Century Cinemas.
- Tanzania has one of the highest urbanization rates in the world at 5.0% p.a, compared to a global average of 2.1% p.a. Also, Dar es Salaam has a relatively high population density at 3,661 people per SQKM, compared to Kigali and Accra at 1,780 and 2,685, respectively and a generally higher urban population at 32.3% compared to Nairobi’s 26.5% leading to demand for retail stores such as shopping outlets as well as entertainment joints.
- The growing middle class has led to emergence of prime residential neighborhoods as well as a growing consumer class which has led to demand for retail outlets across the region. The stable economy, growing at a 5-year average of 6.3% since 2012, has sustained the rate of consumerism

Performance of Commercial Real Estate Sector

For illustrative purposes, malls have been categorized based on the sizes in square

feet and number of anchor-tenants as follows:

Table 12: Mall Size

Type	Type Size (SQFT)	No. of Anchors
Regional Center/ Destination	>300,000	2+
Community Center	100,001 - 299,000	0-2
Neighborhood Center	50,000 - 100,000	0-1

Table 13: Retail Sector Performance by Location

Location	Monthly Rent Per SQM (USD)	Occupancy Rate (%)	Rental Yield (%)
Masaki & Oysterbay	20	96.1	10.9
Upanga	19.8	91.9	10.3
CBD	17	71.1	6.9
Average	18.9	86.4	9.4

Masaki and Upanga offer the highest retail yields to investors with 10.9%, attributable to the high and upper middle-class population as well as expatriates that reside in the neighborhood, therefore driving demand for retail space.

Table 14: Retail Sector Performance by Grade

Type	Monthly Rent Per SQM (USD)	Occupancy Rate (%)	Rental Yield (%)
Community	14.7	85.7	7.5
Neighborhood	19.7	87	9.8
Regional	39.6	95	11.1
Average	19.4	87.1	9.4

Regional malls have the highest yield with an average of 11.1%, due to the high rental rates that attract an average of USD 39-40 per SQM as well as high occupancy rates of 95%

Dar es salaam's Residential Real Estate Sector

Overview

The residential sector is dominated by individual home builders and the public sector either through the National Housing Corporation or the Tanzania Building Agency (TBA) who cater for Tanzanians or government employees.

Table 15: Key Players in the Residential Sector

Players	Contribution
Individual Un-surveyed Dwellings	70.00%
Individual Surveyed Dwellings	13.50%
National Housing Corporation	5.10%
Real Estate Developers	3.90%
Central Government	3.00%
Pension Institutions such as NSSF	2.40%
Local Government	2.10%

Residential Sector Drivers

- The 2015 gas discovery and presence of a sea port attracts multi-national companies in the transport, manufacturing and mining sectors, who require institutional-grade real estate including housing. Therefore, houses in the upper and mid-end segment of the market are built, furnished them and rented out to expatriates.
- Tanzania has a population of 60 million people growing at an annual rate of 3.1%, compared to the global average of 1.2%. According to the National Housing Corporation, as of 2010 Tanzania had a housing deficit of 3million units, growing at 200,000 units annually, thus showing the increasing housing requirement.
- The government has invested in infrastructure development to improve accessibility such as the Kigamboni Bridge, implementation of the Bus Rapid Transit system and ongoing construction of a standard gauge railway, thus boosting real estate growth in out of town areas.
- The government, through institutions such as the National Housing Corporation, the Tanzania Building Authority and pension funds such as NSSF is actively involved in development, selling and renting of houses for the Tanzania residents in order to address the housing shortage thus boosting the growth of the sector.

Residential Sector Challenges

- Various parts of Dar es Salaam such as Kigamboni lack the required infrastructure such as water connection, sewage system, electricity and proper road access hindering growth of real estate as developers have to incur extra costs to provide these services.
- High borrowing costs, ranging from 17%-21% per annum limit the uptake of mortgages.
- The government imposes 18% VAT on all property purchases which increases the cost of buying a house, limiting affordability.
- Austerity measures such as a strict new tax regime by the new government since 2015 has resulted in reduced spending which has led to lower purchasing power

for real estate customers thus forcing stakeholders to reduce rents and prices and thus realize lower returns.

Performance of Residential Real Estate Sector

For illustrative purposes, areas in Dar es Salaam have been categorized as follows:

- High End: Areas such as Oyster Bay, Masaki, Morocco and Msasani
- Mid End: Areas such as Mbezi Beach, Kunduchi, Kinondoni, Mikocheni, Mwenge, Upanga, Kariakoo and Kisutu
- Low End: Areas such as Mbagala and satellite locations such as Kigamboni and Bunju

High End Real Estate

Table 16: High End Apartments

Typology	Size (SQM)	Price (USD)	Price per SM (USD)	Rent per SM (USD)	Occupancy %	Annual Uptake %	Rental Yield %
1 Bed	75			4.7	100		4
2 Bed	168	266,667	1,377	6.4	90.6	23.3	4.9
3 Bed	228	254,050	1,402	6.3	87.4	20	4.7
4 Bed	256	370,375	1,403	6.8	92.7	16.7	5.2
Average			1,394	6.0	92.7	20	4.7

Table 17: High End Detached Houses

Typology	Size(SQM)	Price (USD)	Price per SM (USD)	Rent per SM (USD)	Occupancy%	Rental Yield %
2 Bed	216			8.1	83.3	7.6
3 Bed	323			8.9	71.1	8.2
4 Bed	430			8	91.7	9.1
5 Bed	560	600,000	1,071	5.6	100	6.3
Average				7.7	86.5	7.8

The high-end market comprises of developments in areas such as Masaki, Msasani, Oyster Bay, Morocco and parts of Kisutu whereby detached units have the highest yields at 7.8% as they are relatively fewer, thus able to charge premium rent.

Mid End Real Estate

Table 18: Mid End Apartments

Typology	Size (SQM)	Price (USD)	Price per SM (USD)	Rent per SM (USD)	Occupancy %	Annual Uptake %	Rental Yield %
2 Bed	73	134,648	1,750	10.5	82.2	18.3	8.7
3 Bed	136	143,097	1,026	6.9	81	25.6	6.9
4 Bed	181	151,231	835	5.4	75	18.5	7.8
Average			1,204	7.6	79.4	20.8	7.8

Table 19: Mid End Detached Houses

Typology	Size (SQM)	Price (USD)	Price per SM (USD)	Rent per SM (USD)	Occupancy %	Annual Uptake %	Rental Yield %
2 Bed	110	136,500	1,281			27.8	3.2
3 Bed	171	224,814	1,303	4.3	75	13.0	2.8
4 Bed	327	311,848	1,143	4.9	67.5	18.4	4.2
Average			1,243	4.6	71.2	19.7	3.4

The mid-end sector comprises of real estate in Mbezi Beach, Kawe, Mikocheni, Mwenge, Upanga and parts of Kisutu whereby apartments have the highest yields at 7.8% and annualized uptake at 20.8% compared to detached units that have a yield of 3.4% and annual uptake of 19.7% driven by demand from the growing middle class who seek quality accommodation that's relatively affordable in terms of renting or buying.

Low Real Estate**Table 20: Low End Apartments**

Typology	Size (SQM)	Price (USD)	Price per SM (USD)	Rent per SM (USD)	Annual Uptake %	Rental Yield %
2 Bed	76	30,331	402	1.5	8.3	3.2
3 Bed	101	57,028	379	1.6	8.3	3.5
Average				1.6	8.3	3.3

Table 21: Low End Detached Houses

Typology	Size (SQM)	Price (USD)	Price per SM (USD)	Rent per SM (USD)	Annual Uptake %	Rental Yield %
2 Bed	61	23,477	361	1.6	66.7	4.1
3 Bed	104	43,242	414	1.9	40.7	3.8
Average			388	1.7	53.7	3.9

The low-end market comprises of developments in satellite areas such as Kigamboni and Bunju whereby apartments have relatively slow uptake at 8.3% annually compared to detached units with 53.7% due to preference for own-compound houses. Rentals in this sector are relatively low ranging from USD 1.5-USD 1.9 per SQM indicating low demand and are therefore more suited for a buyer intending to live in, as opposed to an investor.

Table 22: Summary of Residential Real Estate

Segment	Type	Price per SM	Rent per SM	Occupancy	Annual Uptake	Rental Yield	Price Appreciation	Total Returns
High End	Apartments	1,394	6	92.7	20	4.7	-6.2	-1.5
High End	Detached	1,071	7.7	86.5		7.8	-6.2	1.6
Mid End	Apartments	1,204	7.6	79.4	20.8	7.8	-9.2	-1.4
Mid End	Detached	1,243	4.6	71.2	19.7	3.4	-9.2	-5.8
Low End	Apartments	390	1.6		8.3	3.3	1.4	4.8
Low End	Detached	388	1.7	70	53.7	3.9	1.4	5.4
Average			4.9	80	24.5	5.2	-4.2	0.5

The residential market in Tanzania has an average rental yield of 5.2% with detached units in the high end sector having the highest yields at 7.8% since they charge a premium on rent due to their relatively low supply given the increasing land prices in those particular locations. Apartments in the mid end sector have the highest yields at 7.8% due to their relative affordability for the growing middle class. Detached units in the low-end sector have a relatively high annual uptake of 53.7% due to their relative affordability. They however have low yields of 3.9% and are thus more suitable for prospective residents as opposed to investors.

Dar es Salaam's real estate sector is dominated by public bodies such as NHC and pension funds who maintain flat rates, resulting in minimal price appreciation. In the private sector, the diminished purchasing power in the market has resulted in prices either stagnating or declining indicating that the market is more suitable for investors who are building to rent as opposed to selling. The average price depreciation in the market is 4.2% per annum

6 RISK ASSESSMENT

6.1 Introduction

This risk management plan has been prepared since the project will be faced by various potential risks and therefore needs to estimate their likely impact on the business model and to create plans to mitigate the risks. A comprehensive framework for risk management will be established and implemented across the business. The framework will be based on an identified range of possible risks, indicating their drivers, frequency, impact, trends and respective mitigation measures. All risks related to the Real Estate industry as well as those specific to the business shall be constantly monitored and actively managed to ensure appropriate and timely intervention.

Risk management will provide a clear and structured approach to identifying risks. Having a clear understanding of all risks allows measuring and prioritising them and take the appropriate actions to reduce losses. The following benefits will accrue by managing risks:

- Saving resources – time, assets, income, property and people are all valuable resources that will be saved with proper risk management;
- Protecting the reputation and public image of the company;
- Preventing or reducing legal liability and increasing the stability of operations;
- Protecting the company from extreme actions; and
- Enhancing the ability to prepare for various circumstances and plan for adversities

An effective risk management practice does not eliminate risks. However, having an effective and operational risk management practice is an indication that the company is committed to loss reduction or prevention. The company in particular, as a start-up has the opportunity to set its records very clean and manage business it undertakes and ventures of investments it looks to. The risk strategy will be beneficial in guiding the long-term focus of the company.

6.2 Country Risks

6.2.1 Political Risk

The company will be operating in Tanzania and thus will derive all its revenue from the country. All the Company assets and employees will be located in Tanzania. Tanzania is a young multiparty democracy that transformed from communism in the early 1990's. In Tanzania, general elections are held after every five years. Tanzania has always had peaceful elections and transfer of power between the leaders and is to hold elections in 2025.

Key factors to watch are;

- The implementation of the devolved system of government and the operationalization of the counties

- How the various elected representatives under various parties will work together for the common good of the country.

The history of sober handling of the election results and the peaceful and smooth transition significantly reduced the perceived political risk in the country. Further, the new constitution has put in place checks and balances, effectively rendering political risk as low.

6.2.2 Economic Risk

The Tanzanian government has acted through fiscal and monetary policy measures to monitor inflation and maintain it at a single digit. However, the economy is largely exposed to global oil prices and therefore inflation generally follows the trend of world oil prices. Other economic factors that can adversely affect the performance of the Tanzanian economy and thus the success of a petroleum storage depot include depreciation of the Tanzanian shilling, deteriorating infrastructure, high interest rates.

6.2.3 Regulatory Risk

Regulatory risk relates to the risk of non-compliance or non-conformity with laws, rules, regulations, prescribed practice or ethical standards issued from time to time. Regulatory risk may arise in instances where the laws and rules governing the conduct of business may be ambiguous or change drastically. There is always the risk that changes in government and subsequently regulations and legislation can affect the Industry in general and more specifically, the operations of the Company. The General Manager will be tasked with monitoring ongoing regulatory requirements and ensuring compliance with current laws and regulations.

6.3 *Business Risks*

6.3.1 Liquidity Risk

Liquidity risk is the likelihood that an organisation will be unable to meet its payment obligations when they fall due. The company's approach to managing liquidity will be to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when they fall due under both normal and stressed conditions without the need to incur unacceptable losses or at the risk of damaging its reputation. It will be exposed to daily calls on their available cash for settling operational expenses. Companies do not maintain cash resources to meet all of these needs but experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high degree of certainty and thus invest some of these funds in a range of short, medium term and in some cases, long term investments. The company will implement the following core liquidity management strategies:

- The future cash flows of the business will be projected and plans will be developed to address normal operating requirements as well as contingencies;
- It will endeavour to maintain a stable funding base by ensuring that shareholders' funds are adequate and that some percentage of earnings is ploughed back into the business;

- The Board of Directors will set limits on the minimum proportion of maturing funds available to meet calls and minimum level of borrowing facilities that should be in place to cover operating expenses, capital expenditure and contingencies; and
- The Board will develop an investment policy that will ensure that the company's assets and liabilities are properly matched.

6.3.2 Credit Risk

Credit risk is the risk that one party to a financial contract will cause a financial loss to the other party by failing to discharge an obligation. The company will be exposed to risk of default by customers where storage fees remain unpaid. The following measures will be implemented to mitigate the Company's exposure to credit risk:

- Effective credit control will be implemented to ensure that credit terms are strictly adhered to; and
- Maximum limits will be set for amounts that may be advanced to individual customers by referencing to their credit history;

6.3.3 Currency Risk

Currency exchange rates will have an impact on the operational expenses and the reporting currency will be the Tanzanian Shilling. The company's revenue will be denominated in the Tanzanian Shilling but some operational costs will be in United States Dollars. The value of the Tanzanian Shilling will fluctuate with changes in the exchange rate of the United States Dollar against the Tanzanian Shilling. It will therefore monitor its exposure to exchange rate fluctuations closely and enter into foreign exchange forward contracts when deemed appropriate and approved by the Board of Directors to minimise its exposure to currency fluctuations.

6.3.4 Operational Risk

Operational risk is associated with human error, an inadequate information system, technology failures, breach in internal controls, fraud, inadequate training, unforeseen catastrophes and other operational problems that may be encountered within the operating system. Operational risk will exist as long as the company is in operation but management will ensure that an effective, integrated operational risk management framework will be adopted. This will include the following:

- Each section will have defined roles and responsibilities with regard to operational risk management;
- All members of staff will be required to sign a code of ethics;
- A business continuity plan will be developed to assist in minimising the impact of operational failures when disaster occurs;
- Key risks will be identified, assessed, controlled and reported on a continuous basis using appropriate tools and methodologies;

- Operational systems and procedures will be subjected to independent reviews including impromptu testing;
- Appropriate insurance to cover risks such as fire, theft and burglary shall be undertaken with reputable insurance companies;
- A comprehensive system of internal controls will be maintained and systems and procedures to monitor transactions will be established, and
- Internal auditing that will entail independent appraisal of business activities will be carried out on a regular basis. This role will be discharged by independent external consultants.

6.3.5 Information Risk

Information risk increases the possibility of harm being caused to a business as a result of a loss of confidentiality, integrity or availability of information. The value add of information technology to the business processes does at the same time increase the level of information risk through interception, system failure and inadvertent relay of data to unauthorised persons. The Board of Directors will need to regularly evaluate the effectiveness of its information security processes. This will include disaster management plans and policies.

6.3.6 Reputation Risk

This is the risk that loss of business and or public confidence will arise as a result of ethical misdemeanours by management or staff, failure to meet regulatory standards, and or due to poor customer service levels. The company will mitigate reputation risk by instituting robust regulatory compliance procedures, developing comprehensive policies and procedures and carrying out customer satisfaction surveys on a periodic basis.

6.4 Responsibility For Risk Management

The ultimate responsibility for risk management in an organisation rests in the hands of the Board of Directors. Accordingly, the Board of Directors should:

- Be aware of the most significant risks facing the company;
- Know the possible effects on shareholder value of deviations to expected performance ranges;
- Ensure appropriate levels of risk awareness throughout the company;
- Be aware of how the company will manage a crisis;
- Know the importance of shareholder confidence in the company;
- Know how to manage communication with the investor community where applicable;
- Be assured that the risk management processes are working effectively; and
- Publish a clear risk management policy covering the underlying risk management philosophy and the objectives of the policy.

7 FINANCIAL PROJECTIONS

7.1 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.

7.2 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.

7.2.1 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
- Our analysis of the industry

7.2.2 Revenue Assumptions

IHC has managed to secure strategic clients who have already signed contracts for their services. The revenue assumptions below are based on the secured clients' contracts and industry market conditions.

Table 23: Rental Income

Item	Value	Description
Occupancy Rate	80%	BMF Is Ready To Occupy 70% Of The Rentable Area
Compounded Occupancy Growth Rate	8%	Company Targets An Occupancy Rate Of 90% By 2020
Rental Area	1,240	Square Meters
Rental Price	14	Us\$
Rental Price Growth	1.5%	Per Year
Service Charge	2.5	Us\$
General Supplies	15%	To Supply 100% Of BMF Needs By 2026
Event Management	20%	Management Assumptions
Car Hire Services	4%	Growth In Line with The Inflation Rate

Table 24: Yearly Occupancy Of The Rentable Area

Description	2022	2023	2024	2025	2026	2027
Rooms Occupancy Rate	0%	80%	86%	93%	100%	100%
Space Occupied In A Year	-	10,704	11,531	12,421	13,380	13,380

7.2.3 Cost of Sales Assumptions

The cost of sales assumptions are based on the market research done by management and experience in the market.

Table 25: Cost of sales assumptions

Cost of Sales	Percentage of Revenue
Property Operating Expenses	7%
General Supplies	15%
Event Management	15%
Car Hire Services	15%

7.2.4 Overheads Assumptions

Overheads are assumed to grow in line with the inflation rate

7.2.5 Accounting Assumptions

The accounting assumptions are based on the company's accounting policy and the industry best practice.

Table 26: Working Capital Assumptions

Item	Value	Description
Inventory Days	0	Based On Industry Analysis
Trade Debtor Days	30	Based On Industry Analysis
Trade Payable Days	30	Based On Industry Analysis
Other Payable Days	75	Based On Industry Average Of Operating Costs Excluding Staff Costs, Depreciation & Provisions

Table 27: Financial And Taxation Assumptions

	Depreciation Rate	Capital Allowance Rate	
Land And Buildings	5.0%	5.0%	IHC's Accounting Policy
Furniture, Fixtures And Equipment	12.5%	12.5%	IHC's Accounting Policy
Motor Vehicles	25.0%	25.0%	IHC's Accounting Policy
Computer Hardware	37.5%	37.5%	IHC's Accounting Policy
Computer Software	37.5%	37.5%	IHC's Accounting Policy

7.2.6 Investment assumptions

IHC intends to obtain funds to building a commercial office complex and cover its working capital.

Table 28: Investment assumptions

No.	Capital Item	Amount in TZS (2022)	Percentage
1	Land	647,000,000	17.7%
2	Building	3,003,890,926	82.3%
	Total Investment	3,650,890,926	100%

7.2.7 Financing Assumptions

The shareholders will provide the land for the construction of the commercial real estate. The remaining part of the investment will be funded by a financial institution. Management expects to obtain a loan with the following terms below:

- Loan amount – USD 1.3 Million
- Tenure 10 Years
- Interest rate – 7.0%
- Grace Period – 24 Months

The loan will be used to finance the company's operational costs and the construction of real estate for rental purposes.

7.3 Projected Financial Statements

Projected Financial statements are provided in the following sub-sections

7.3.1 Projected Statement of Comprehensive Income

IHC expects to start making profits from financial year 2023 after making losses in the financial year 2022. In Financial year 2022, the company will not make any revenues from real estate for the project will be in construction phase.

Table 29: Projected Statement of Comprehensive Income

	2022	2023	2024	2025	2026	2027
Revenue						
Rental Income	-	389,065,889	432,061,437	479,810,228	532,856,229	549,332,979
General Supplies	40,270,000	46,258,083	53,136,584	61,037,906	70,114,142	80,540,000
Event Management	59,151,040	70,981,248	85,177,498	102,212,997	122,655,597	147,186,716
Car Hire Services	18,000,000	18,648,000	19,319,328	20,014,824	20,735,357	21,481,830
Total Revenue	117,421,040	524,953,220	589,694,847	663,075,955	746,361,325	798,541,525
Cost of Sales						
Property operating expenses	-	(28,140,492)	(31,250,288)	(34,703,879)	(38,540,609)	(39,732,345)
General Supplies	(6,040,500)	(6,938,712)	(7,970,488)	(9,155,686)	(10,517,121)	(12,081,000)
Event Management	(8,872,656)	(10,647,187)	(12,776,625)	(15,331,950)	(18,398,339)	(22,078,007)
Car Hire Services	(2,700,000)	(2,797,200)	(2,897,899)	(3,002,224)	(3,110,304)	(3,222,275)
Total Cost of Sales	(17,613,156)	(48,523,591)	(54,895,300)	(62,193,738)	(70,566,373)	(77,113,627)
Gross Profit	99,807,884	476,429,629	534,799,547	600,882,217	675,794,952	721,427,899
Other Income						
Foreign exchange gain	(47,237,355)	(47,978,333)	(42,639,568)	(37,121,506)	(31,419,837)	(25,530,158)
Non-operating income	-	69,476,052	76,013,624	83,166,685	90,996,333	92,423,727
Total Other Income	(47,237,355)	21,497,718	33,374,056	46,045,179	59,576,497	66,893,569
Administration costs						
Staff costs	(82,091,254)	(93,067,510)	(96,212,637)	(99,676,292)	(103,051,945)	(106,761,815)
Property costs	-	(5,222,786)	(5,222,786)	(5,223,126)	(5,223,479)	(5,223,479)
Auditors' remuneration	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Tax consultant	(1,200,000)	(1,243,200)	(1,287,955)	(1,334,322)	(1,382,357)	(1,432,122)
Legal advice	(300,000)	(310,800)	(321,989)	(333,580)	(345,589)	(358,031)
Company secretary	(6,785,000)	(7,029,260)	(7,282,313)	(7,544,477)	(7,816,078)	(8,097,457)

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Telephone, fax and internet	(765,000)	(792,540)	(821,071)	(850,630)	(881,253)	(912,978)
Stationaries	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
licenses	(800,000)	(828,800)	(858,637)	(889,548)	(921,571)	(954,748)
Transport costs	(1,000,000)	(1,036,000)	(1,073,296)	(1,111,935)	(1,151,964)	(1,193,435)
Board Governance Expenses	(5,520,000)	(5,718,720)	(5,924,594)	(6,137,879)	(6,358,843)	(6,587,761)
News Papers	(600,000)	(621,600)	(643,978)	(667,161)	(691,179)	(716,061)
Sales and marketing expenses	(4,000,000)	(5,249,532)	(5,896,948)	(6,630,760)	(7,463,613)	(7,985,415)
Consultancy fees	(11,502,398)	-	-	-	-	-
Office Rent	(3,336,420)	-	-	-	-	-
Depreciation and amortization expen	(35,135,325)	(176,337,733)	(175,950,858)	(176,021,999)	(176,510,933)	(176,095,702)
Total Administration Cost	(155,035,397)	(299,458,481)	(303,497,063)	(308,421,709)	(313,798,805)	(318,319,003)
Operating Profit / (Loss)	(102,464,868)	198,468,866	264,676,540	338,505,687	421,572,644	470,002,464
Finance Cost	(105,398,349)	(214,103,312)	(217,461,796)	(193,263,841)	(168,253,226)	(142,410,411)
Profit/(loss) before tax	(207,863,217)	(15,634,446)	47,214,744	145,241,846	253,319,417	327,592,054
Tax expense	-	(5,201,990)	(17,101,576)	(49,115,497)	(84,107,964)	(108,572,943)
Profit/(Loss) for the year	(207,863,217)	(20,836,436)	30,113,169	96,126,349	169,211,454	219,019,111

7.3.2 Projected Statement of Financial Position

The company is expected to increase net assets from TZS 500.8 Million in 2022 to 994.4 Million in 2027 as a result of increased profits from real estate and other lines of business.

Table 30: Projected Statement of Financial Position

	2022	2023	2024	2025	2026	2027
Non-current assets						
Land and Buildings	628,900,000	3,255,800,000	3,082,700,000	2,909,600,000	2,736,500,000	2,563,400,000
Work in progress	2,800,000,000	-	-	-	-	-
Furniture, Fixtures, Fittings and Equipment	5,627,600	4,752,900	3,878,200	3,003,500	2,128,800	1,254,100
Computer Hardware	5,029,375	5,872,762	3,896,605	5,171,157	6,076,361	3,955,359
Total non-current assets	3,439,556,975	3,266,425,662	3,090,474,805	2,917,774,657	2,744,705,161	2,568,609,459
Current Assets						
Inventory	-	-	-	-	-	-
Trade receivables & other receivables	9,651,044	43,146,840	48,468,070	54,499,394	61,344,766	65,633,550
Bank & cash balances	127,842,619	297,160,616	152,742,048	58,842,596	25,783,251	35,790,681
Total current assets	137,493,663	340,307,456	201,210,117	113,341,990	87,128,018	101,424,231
Current Liabilities						
Trade payables	(1,447,657)	(3,988,240)	(4,511,942)	(5,111,814)	(5,799,976)	(6,338,106)
Overdraft	-	-	-	-	-	-
Loan facility	-	(388,324,635)	(394,416,002)	(400,602,920)	(406,886,887)	(413,269,427)
Total current liabilities	(1,447,657)	(392,312,876)	(398,927,945)	(405,714,734)	(412,686,863)	(419,607,533)

Net current assets	136,046,006	(52,005,419)	(197,717,827)	(292,372,744)	(325,558,845)	(318,183,301)
Long-term liabilities						
Bank loan	(3,058,618,749)	(2,718,272,447)	(2,366,496,013)	(2,003,014,599)	(1,627,547,549)	(1,239,808,280)
Capital Grant	(16,223,550)	(16,223,550)	(16,223,550)	(16,223,550)	(16,223,550)	(16,223,550)
Total Net Assets	500,760,682	479,924,246	510,037,415	606,163,764	775,375,217	994,394,328
Capital & reserves						
Share capital	722,090,000	722,090,000	722,090,000	722,090,000	722,090,000	722,090,000
Retained earnings/(deficit)	(221,329,318)	(242,165,754)	(212,052,585)	(115,926,236)	53,285,217	272,304,328
Total Shareholders' funds	500,760,682	479,924,246	510,037,415	606,163,764	775,375,217	994,394,328

7.3.3 Projected Cash Flow

Table 31: Projected Cash flow Statement

	2022	2023	2024	2025	2026	2027
Cash Flow From Operating Activities						
Profit Before Tax	(207,863,217)	(15,634,446)	47,214,744	145,241,846	253,319,417	327,592,054
Adjustments For:						
Depreciation Charge	35,135,325	176,337,733	175,950,858	176,021,999	176,510,933	176,095,702
Fx Gain/(Loss) Of Loan	(47,237,355)	(47,978,333)	(42,639,568)	(37,121,506)	(31,419,837)	(25,530,158)
Cashflow Before Working Capital	(125,490,537)	208,681,619	265,805,170	358,385,351	461,250,188	529,217,913
(Increase)/Increase In Working Capital	(21,489,584)	(30,955,212)	(4,797,528)	(5,431,452)	(6,157,211)	(3,750,653)
Tax	-	(5,201,990)	(17,101,576)	(49,115,497)	(84,107,964)	(108,572,943)
Net Cash Flow From Operating Activities	(146,980,121)	172,524,418	243,906,067	303,838,402	370,985,013	416,894,317
Cash Flow From Investing Activities						
Initial Investment Cost On CAPEX	-	-	-	-	-	-
Additions	(3,454,595,000)	(3,206,420)	-	(3,321,851)	(3,441,438)	-
Net Cash Flow From Investing Activities	(3,454,595,000)	(3,206,420)	-	(3,321,851)	(3,441,438)	-
Cash Flow from Financing Activities						
Equity Financing	647,000,000	-	-	-	-	-
Dividend Payments	-	-	-	-	-	-
Debt Financing	3,011,381,394	-	-	-	-	-
Principal Repayments	-	-	(388,324,635)	(394,416,002)	(400,602,920)	(406,886,887)
Net Cash Flow From Financing Activities	3,658,381,394	-	(388,324,635)	(394,416,002)	(400,602,920)	(406,886,887)
Net Cash Flow For The Year	56,806,273	169,317,998	(144,418,569)	(93,899,451)	(33,059,345)	10,007,430
Opening Balance	71,036,346	127,842,619	297,160,616	152,742,048	58,842,596	25,783,251
Closing Balance	127,842,619	297,160,616	152,742,048	58,842,596	25,783,251	35,790,681

8 CONCLUSION

8.1 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 concern is the availability of certain Senior Management personnel. This is something that the company's Executive Management and BOD will look into carefully.

The management and operational skills for the proposed project are available in the local market, though it might not be easy to timely 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. Real Estate industry like many other industries is affected by increasing operational cost resulting from inflation and increased price for utilities like power, etc.

Risk management could be controlled by basing the finance on charging in USD where possible and cost controlling measures like solar energy for lighting, using swipe cards that allows light to be on only when someone is in the room.

Environmental Feasibility

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

APPENDICES**Appendix I: The Benjamin William Mkapa (BMF) Foundation Profile*****Introduction***

The Benjamin William Mkapa Foundation (BMF) Established in April 2006 as a Trust and non-profit organization, draws its bold energy from the visionary leadership of its Founder, the Former President of United Republic of Tanzania, His Excellency Benjamin William Mkapa.

Vision

Healthy lives and well-being for all in Tanzania and the rest of Africa.

Mission

To contribute towards the attainment of better health outcomes through innovative health and related systems solution.

Strength

- We focus on reaching the underserved and marginalized communities by designing and applying home grown sustainable solutions to health challenges
- We deploy innovative and result based programmes through strategic public and private partnerships
- We are a trusted partner of the Government of the United Republic of Tanzania, Development Partners, Private sector, Civil Society Organizations and the community;
- We are prominent on enhancing health services delivery and systems strengthening with the niche on Human Resources for Health, Health infrastructure development, quality improvement, enhancing responsive community systems, policy and advocacy related activities as well as Institutional development.
- We are well guided by BMF 5 years Strategic Plan that aligns to National and Sustainable Development Goals frameworks.

Population Reached Directly and Indirectly

Total of 13,087,606 people were Indirectly reached by BMF supported intervention

- Population benefited indirectly through various BMF supported interventions – 13,087,606

Total of 6,773,914 people were directly reached by BMF supported interventions

- Population benefited directly through BMF supported Health services delivery interventions - 74,831
- Population benefited directly through BMF supported Health Infrastructure improvement interventions – 1,349,884
- Population benefited directly through BMF supported Health Workers recruitment and deployment interventions - 5,349,199

BMF Achievements

In 13 years, BMF milestones are registered from the complementarity and collaborative efforts made by the government at the Central, Regional and Local Government authorities, Development Partners and Civil Society Organizations as follows:

- HIV and AIDS services - For the past 13 years BMF programs have been contributing in accelerating the attainment of the national HIV primary prevention, care and treatment targets focusing on the rural underserved areas with outcomes below the national targets.
- System Strengthening Approach - BMF's HIV/AIDS program strategy is focusing on enhancing efficient, sustainable, local and community/facility led interventions in alignment with national targets and strategies. BMF's accumulated experience in enhancing resilient and sustainable systems to delivery HIV/AIDS services focuses in the following areas: availability of skilled/trained HRH and Community Health Providers for enhancing service delivery; skills building; Quality improvement, Leadership, Governance and Social Accountability; targeted and evidence driven Policy and Advocacy.
- Service Integration - Further, BMF's key strategies on accelerating HIV/AIDS targets focusing on ensuring 'no one is being left behind' is on, service integration at both facility (ANC,MCH,TB) and community (structural, biomedical and behavioral level.
- Cross cutting interventions - Other cross cutting strategies include; male engagement, Gender, ICHF coverage, joint supportive supervision and enhancing coordination.
- Targeted population and coverage- General population, Adolescent Girls and Young Women -in school and out of school, Pregnant Women, Mothers and Males and Boys. A total of 103 LGAs have been reached to date.

Below are specific achievements in HIV and AIDs services and respective systems:

Through Combination prevention campaigns and community outreach services, BMF programs have reached more than 600,000 people with HIV testing and counselling services, Family Planning services to 20,687 Women, Cervical cancer screening to 64,849 women and TB screening to 40,017 leading to notification of more than 1800 new TB cases; 47,000 AGYW directly reached with in school HIV prevention services while more than 8million indirectly reached traditional and social media.

As an integral service during combination prevention campaign, The Foundation availed information and education to at least 11,866 on improved community health fund (iCHF) and 78779 on Gender Based Violence (GBV), respectively, through these interventions, 638 families joined iCHF on the same day at the campsite and also 882 GBV cases were reported. Championed the development and roll out in 6 regions of community digital solution/application for accelerating quality of service deliver, reporting and linkages

1. To improve TB case findings, diagnosis and treatment, BMF has trained approximately 600 community health volunteers including Traditional Healers, ex-TB patients, Accredited Drug Dispensing Outlets, Treatments supporters, as well as 200 sputum fixers on identification of TB cases , sputum fixations, sample collection for further diagnosis, TB contact tracing, active TB case findings and care of Multi-Drug resistant Tuberculosis (MDR-TB)
2. Health infrastructure improvement leading to healthcare quality enhancement through:
 - Constructed 482 standard staff houses in 268 rural health facilities in 52 district councils, Which has enhanced skilled health workers distribution and retention and retention thus health services for community are accessible 24 hrs
 - Constructed and equipped 11 operating theatres in 9 rural health centers that are functional and ensures provision of Comprehensive Emergency Obstetric and New born care
 - Renovated 13 TB MDR sites and refurbished 12 diagnostic centers within 13 regions of Tanzania Mainland thus ensuring quality diagnosis for TB and other diseases
3. Through different initiatives we innovatively fast-tracked hiring and deployment of 4526 health workers, of which 64% were retained to work in rural
4. We have advanced the utilization of Health Assistants (commonly known as Community Health Workers) for improved health of underserved communities, this has been achieved through an initiative of deployment of 3130 CHWs that are placed in 3075 villages in 7 regions.
5. Provision of scholarship to more than 933 students from rural settings that studied allied health courses (diploma and certificates) and after graduating were placed to work in underserved primary health facilities and some are engaged in other health settings.
6. At least 4,500 local Government Authorities health managers were trained, coached and mentored on effective planning, supervision and management of health workers. Likewise officials from 23 districts have been reached and capacitated on effective planning and budgeting of their Council Health plans as well as Facility Health Plans.
7. Facilitated the development and reviews of various national documents for effective Human Resource for Health Management, such as the National Pay Incentive Policy (2012), National guideline for developing Council Health Plans and National Orientation Manual for newly recruited public servants (July 2017)
8. BMF constructed 482 standard staff houses in 268 rural health facilities in 52 district councils which have enhanced health services for community members to access 24 hrs. This estimated cost was Tshs 26.6bn financed by the Global Fund to fight against AIDS, TB and Malaria.
9. Technically facilitated Local Government Authorities from 13 regions in developing and implementing local incentive package in order to improve retention and productivity of public servants in their respective facilities. as well as contributing in facilitating Government adoption on the HR planning tool.

10. Collaborated with more than 20 local CSO's and community-based organizations to strengthen community service delivery initiatives thus reaching more beneficiaries and enhancing local ownership and sustainability, In addition, enhancement of CSO's inter-coordination, capacity building and having common voice during development and implementation of various country grants, including Global Fund, PEPFAR and others.
11. Co-leading integration and roll out of massive E-learning program for health systems through the national center for Distance Education, including adoption of three(3) disease modules (HIV/ AIDS) Prevention, Non Communicable Diseases and Management of Childhood Diarrhea)
12. Technically supports the Government on in-country resource mobilization, including Grants write ups
13. Actively engaged in policy and advocacy work including being the chair and Secretariat of the Non- State Actors Health Group, Secretariat of the Non- State Actors Health Group. Secretariat of HRH Alliance, Co-chair of the HRH National Technical Working Group and active more than 5 MOH-led Technical Working Groups.

Appendix II: The Benjamin William Mkapa (BMF) Financial Performance

	2018	2019	2020
<i>Grant Receipts</i>			
Fund balance brought forward	1,769,020,724	715,660,913	2,964,183,173
Grants received	5,550,542,050	11,943,543,771	20,490,232,218
Interest income	1,161,194	34,714,759	21,139,253
Other income	566,576,078	1,231,268,908	211,070,907
Refund to Project	(500,000,000)	150,000,000	-
Refund to Trust	-	-	(421,772,834)
Funds available for the year	7,387,300,046	14,075,188,351	23,264,852,717
<i>Programme Costs</i>			
Total Programme Direct Costs	3,061,017,359	7,050,904,202	13,635,382,834
Total Programme Management Costs	3,610,621,774	4,060,100,976	3,925,143,192
Total Programme Costs	6,671,639,133	11,111,005,178	17,560,526,026
Excess of Funds Over Expenditure	715,660,913	2,964,183,173	5,704,326,691

Appendix III: The Benjamin William Mkapa (BMF) Active Projects / Initiatives during the period between 2021 to 2025

S/ N	Project Name	Agreement No.	Financing Source	Description of the Project	Project Duration	Approved Budget
1	PAMBANA NA KORONA TANZANIA	GPSID 162263	UNFPA	This work plan is primarily intended to support and complement the ongoing efforts by the Government of the United Republic of Tanzania in both Mainland and Zanzibar to combat COVID-19. As of the last data provided by the government on 28 April 2020, 480 people are infected by the corona virus and 16 people have died. This initiative has been dubbed 'PAMBANA NA KORONA TANZANIA' will be implemented by The Benjamin William Mkapa Foundation Supported by UNFPA	01 May 2021 - 31 December 2021	USD 836,859
2	Dumisha Imarisha Rasilimali Watu Afya (DIRA)	COMPASS 2021	AVAC	To Improve HRH situation in 4 regions of Mwanza, Geita, Shinyanga and Singida by 5% to accelerate the achievement of the 95%-95%-95% UNAIDS targets by October 2021	01 March 2021 - October 2021	USD 33,000
3	WRAIR (Water Reed Army Institute of Research)	W81XWH20C0148	DOD	The project aims to support the Comprehensive HIV Care and Treatment services through deploying qualified Health personnel to serve in five Regions of the Southern Highlands (Mbeya, Songwe, Ruvuma, Rukwa and Katavi) in health services provision. The main activity is a recruitment of health professionals.	Sept 2020 - Sept 2025	USD 2,242,990
4	GRREAT Project	TZA/PCA202073/PD202149	UNICEF-Songwe	Strengthening community-based health services with a focus on adolescent sexual and reproductive health on preparedness and response to disease outbreaks.	01 Dec 2020 - 14th Nov 2021	TZS 1,902,224,334
5	TOKOMEZA CORONA TANZANIA	TZA/PCA202073/HPD2021165	UNICEF-Mtwara	To roll out strengthen community health services as a means of improving maternal, child and Adolescent health and nutritional services in Mtwara region. To enhance sustainability and capacities of regional and district supervisory structures for CHWs programme as per national CBHS guidelines.	01 May - 31 December 2021	TZS 1,060,401,384