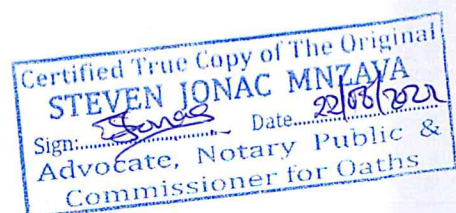


GLAMOUR IN THE DUST LIMITED

BUSINESS PLAN FOR INVESTMENT IN TOURIST COTTAGES & HOTEL

Date: 22ND JUNE 2021

BUSINESS PLAN FOR PURCHASE ESTATES



PART 1: GENERAL PROJECT INFORMATION

1.0 Executive Summary

GLAMOUR IN THE DUST LIMITED is a registered company that has been acquired by Raoul Roland Hinder and Lana Nicole Hinder as shareholder as well as Directors. The Major aim of acquiring The company is to established investment in building tourist cottages and hotels. GLAMOUR IN THE DUST LIMITED believes that the key to successful property investment and management is to be committed for the long term in both the property and the tenant selection. The property selection process is rigorous and based on long term investment standards.

The shareholder of GLAMOUR IN THE DUST LIMITED is Raoul Hinder who has gigantic experience in real estates in European Countries and Lana Nicole Hinder who has been helping him in the management and has been providing support both mental and physical in the management of the estates. Venturing into Tourism industry in Tanzania as a vehicle is one of the shareholders strategies to diversify its sources of income as well as promote tourism in Tanzania which one of the countries that has tourist attracting features.

GLAMOUR IN THE DUST LIMITED is in the process of completion of purchasing a landed property in Arusha which is part of the company being fully acquired as its first property. The landed property with certificate No. 45286, Plot No. 26B/1 being part of the farm No. 181/3/2 in Arumeru, Arusha. There is a Share Purchase Agreement of **Three Hundred Twenty Thousand United Stated Dollars (USD 320,000)** which is approximately Seven Hundred Thirty Eight Million Five Hundred Sixty Thousand Tanzania Shillings (TSh. 738,560,000/=). GLAMOUR IN THE DUST LIMITED intends to build cottages, manage and market the properties.

The shareholder of GLAMOUR IN THE DUST LIMITED have injected in **Three Hundred Twenty Thousand United Stated Dollars (USD 320,000)** as

seed capital for purchasing the property while they are planning to inject in another substantial sum of Money in the construction of other cottages to enhance tourism.

This report is prepared by GLAMOUR IN THE DUST LIMITED to express the project and marketing proposal.

1.1 BUSINESS OBJECTIVES

- Invest in quality well cared for properties that are priced within the local market range
- Locate only well qualified tourists desiring for a short term stay in Tanzania
- Generate reasonable income

1.2 MISSION STATEMENT

GLAMOUR IN THE DUST LIMITED mission is to ensure that our residents live in a clean, attractive, comfortable and safe rental living environment that is of outstanding value. GLAMOUR IN THE DUST LIMITED is committed to being regarded as the preferred property owner and management company in Arusha and Tanzania as a whole.

1.3 GUIDING PRINCIPAL

GLAMOUR IN THE DUST LIMITED is keen to make its rental business a long term success with future plans for expansion. The following are what believed to be guiding principle and keys to success are

- Proper management of the property

Management will be done by a well professional real estate professionals with massive experience in European countries.

This way issues related to the property will be attended promptly

- Invest in only sustainable high quality investment

GLAMOUR IN THE DUST LIMITED is not interested in flipping properties. Prior to making any purchase the properties are fully evaluated to determine cash flow and long term sustainability.

2.0 COMPANY DESCRIPTION

GLAMOUR IN THE DUST LIMITED has been acquired for the purpose of managing real estate properties BY BUILDING TOURIST COTTAGES AND HOTELS. The company holds a certificate of incorporation number 85289. The authorized share capital of the company is Tshs 100,000,000/= divided into 100,000 shares of Tshs 1,000/= each.

The shareholding of LULU TATU HOLDINGS LIMITED currently stands as follows,

Name of Shareholder	Shareholding	
	Number of shares	%
Raoul Hinder	509,949	17%
Lana Hinder	509,949	17%
Total	1,019,898	34%

2.1 OWNERSHIP

Raoul Roland Hinder the shareholder of GLAMOUR IN THE DUST LIMITED. Raoul Roland Hinder is one of the reputable real estates expert who has experience of over 20 years in development and management of real estates. Mr. Raoul Hinder has involved greatly in buying distressed real estate residential properties to abort and develop new residential buildings or to completely refurbish the existing properties. Built 3 independent general but independent contractor teams. Today: Mainly sourcing, governing and

developing projects as investor; overlooking and orchestrating the different teams involved in development the projects.

2.2 LEGAL FORM

GLAMOUR IN THE DUST LIMITED is a limited liability company registered with BRELA under certificate of incorporation no 85289 dated 22nd August 2011. TIN registration number-134-686-979.

3.0 START UP SUMMARY

GLAMOUR IN THE DUST Limited, as a strategy to diversify its investment portfolio decided to venture in tourism and building tourism cottages and hotels in Arusha Tanzania. As an foreign company, venturing in real estate has to meet The Land Act, R.E 1999 requirement.

In order to comply with the land laws requirement therefore, a full acquisition of a company GLAMOUR IN THE DUST LIMITED was formalized as a vehicle to carry out investment in building tourist cottages and hotels in Tanzania.

The first investment has been identified at Plot No. 26B/1 being part of the farm No. 181/3/2 in Arumeru, Arusha. There is a Share Purchase Agreement of **Three Hundred Twenty Thousand United Stated Dollars (USD 320,000)** which is approximately Seven Hundred Thirty Eight Million Five Hundred Sixty Thousand Tanzania Shillings (TSh. 738,560,000/=).

3.1 LOCATION AND FACILITIES

Glamour in the Dust Limited property is located at Plot No. 26B/1 being part of the farm No. 181/3/2 in Arumeru, Arusha, Tanzania. The current owners intend to refurbish the residencies into a modern and residential properties are coming up in the surround areas.

4.0 PRODUCTS /SERVICE DESCRIPTION

GLAMOUR IN THE DUST LIMITED will endeavor to provide clean, quality homes in growing market of Tanzania to well qualified tenants and tourists. The primary source of revenue will be rental income. Supplemental income if any will be lease termination charges and forfeited deposits.

4.1 COMPETITIVE COMPARISON

There are several rental income properties in the area. They are Cape of Goodhope Vacation Home, Daria House in Moshoro, Safari Hostel, Tellamande farm House, Kundayo Serviced Apartment, Pasafi Apartment, Solid Residency, Kibo Palace Apartments, Rayan Apartments and Safaris properties etc. Several other properties are under constructions at various level of completion.

The prevailing rent in the area range from USD 50 to 150 plus VAT. The average market rent in Arusha is USD 50 per night.

We are planning to build up European standard cottages that will attract many clients.

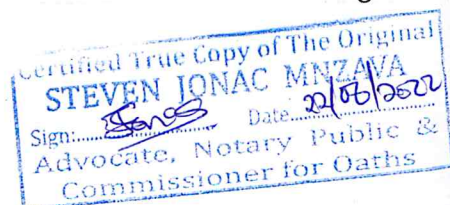
4.2 FUTURE PRODUCTS/SERVICES

GLAMOUR IN THE DUST LIMITED has long term plans to purchase additional quality income producing properties sufficient to generate acceptable income streams.

5 MARKET ANALYSIS

Arusha, the tourist city of Tanzania is regarded as one of the fastest growing tourist places in sub Sahara.

According to experts the largest market for investors in tourism can be found in tourist development as well as in development of retail, industrial and residential spaces.



6.0 REVENUE

The prevailing market rents for tourist cottages ranges from USD 80 to 150 day plus VAT. The prevailing rates for 5 star hotels and for other special properties surrounding the company properties ranges from USD 100 plus VAT.

For the purpose of our projection the rate of USD 80 has been used for our projection. The rate is expected to increase at the rate of 5% per annum.

Table 1.0 - Estimated Revenue from renting cottages

	Rent per SQM - USD	Effective Gross Sales USD
Year 1	15.00	154,400
Year 2	15.75	162,100
Year 3	16.54	170,300
Year 4	17.36	178,900
Year 5	18.23	187,900
Year 6	19.14	197,300
Year 7	20.10	207,100
Year 8	21.10	217,500

7.0 BUSINESS ANALYSIS

7.1 CURRENT MARKET RATES

It has been observed that, daily rates for a tourist luxury cortege fully furnished in Arusha is ranges between \$70 and \$400, while the same cost an average of \$500 in Nairobi. In Kampala the same cost an average of \$200 while in Kigali it costs an average of \$300.

These rates are slightly lhigher than what is being charged in other guest houses on the outskirts of the city. For instance, at Moshi, renting charges is measured at \$ 38 per day.

As a result, currently the mortgage sector's contribution to Tanzania's Gross Domestic Product is below 1 percent, while Kenya it contributes about 7 percent. In South Africa the mortgage contribute about 25 percent of the GDP,

while in the United States it equates 75 percent and in Europe its contribution stands at 25 percent.

See Table 2.0 for a sample of prevailing corteges in Arusha

Table 2.0 - Sample of prevailing office rent.

S/No.	Name of Property	Location	PRICE PER DAY
1	Gran Melia	ARUSHA	254.96
2	Arusha Coffee	ARUSHA	90
3	Mount Meru	ARUSHA	173.2
4	Savannah House	ARUSHA	23.2
5.	Green Mountain hotel	Arusha	43
6	Kili Villa	Arusha	243
7	Arusha Villa	Arusha	216

7.2 SWOT ANALYSIS

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Strong shareholder. • Experienced directors in real estates • Shareholder Commitment • High Demand for the Proposed product 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Rental charges poised to drop on account of increasing supply of rental properties
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Growing economy • Availability of Mortgage facilities 	<p>THREATS</p> <ul style="list-style-type: none"> • High mortgage rates • Competition from other developments

<ul style="list-style-type: none"> • Increase in number of tourists coming to Tanzania specifically Arusha • Many tourist attraction activities in the country 	
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7.3 MARKETING AND SALES

GLAMOUR IN THE DUST LIMITED understands that a good marketing strategy right from the outset is key to the success in the investment and management of real estate.

A professional company will be engaged to ensure that strategies are put in place right from the outset.

8.0 FINANCIAL PROPOSAL

8.1 COST FOR THE PURCHASE OF the Company and its properties

The total purchase price is **USD 320,000 plus VAT**. Total purchase price plus other start up costs work out as under

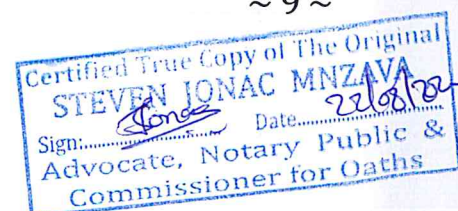
S/No	Expenditure	Amount – USD
1	Cost of acquisition of the company and its properties	320,000
2	Foreign Equity	680,000
Total		1,000,000

8.2 PROJECT FINANCING

The purchase price shall be entirely borne by the shareholders.

The capital structure of GLAMOUR IN THE DUST LIMITED will be as follows

Capital	Amount - TSH	%
Ordinary shares	3000000	



Total Capital	3,000,000,000/=	100%

8.3 PROJECTED INCOME STATEMENTS, CASHFLOWS

8.3.1 The projected operating statement is summarized

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8
Income	Amount in USD							
Potential Gross Rent	147,758	155,152	162,909	171,030	179,576	188,545	198,000	207,879
Vacancy Allowance	7,400	7,800	8,200	8,600	9,000	9,400	9,900	10,400
	140,400	147,400	154,800	162,600	170,800	179,400	188,300	197,700
Other Income	14,000	14,700	15,500	16,300	17,100	17,900	18,800	19,800
Effective Gross Inc	154,400	162,100	170,300	178,900	187,900	197,300	207,100	217,500
Operating Expenses								
Management Fee	7,700	8,100	8,500	8,900	9,400	9,900	10,400	10,900
Mainten & repairs	17,600	18,500	19,400	20,400	21,400	22,500	23,600	24,800
Insurance	3,900	4,100	4,300	4,500	4,700	4,900	5,100	5,400
Property Taxes	3,000	3,200	3,400	3,600	3,800	4,000	4,200	4,400
Security	15,100	15,900	16,700	17,500	18,400	19,300	20,300	21,300
Advertising	1,000	1,100	1,200	1,300	1,400	1,500	1,600	1,700
Total Expenses	48,300	50,900	53,500	56,200	59,100	62,100	65,200	68,500
Net Operating Income	106,100	111,200	116,800	122,700	128,800	135,200	141,900	149,000

8.4.2 Projected After tax Cash flow

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8
Tax Calculations	Amount in USD							
Net Operating Income	106,100	111,200	116,800	122,700	128,800	135,200	141,900	149,000
- Interest Expense	42,600	38,200	33,400	28,300	22,800	16,900	10,600	3,800
- Depreciation	38,700	40,400	40,400	40,400	40,400	40,400	40,400	38,700
Taxable Income (Loss)	24,800	32,600	43,000	54,000	65,600	77,900	90,900	106,500
x Marginal tax rate	30%	30%	30%	30%	30%	30%	30%	30%
Income taxes	7,400	9,800	12,900	16,200	19,700	23,400	27,300	32,000
After tax cash flow								
Net Operating Income	106,100	111,200	116,800	122,700	128,800	135,200	141,900	149,000
- Debt Service	104,200	104,200	104,200	104,200	104,200	104,200	104,200	104,200
Before-Tax Cash Flow	1,900	7,000	12,600	18,500	24,600	31,000	37,700	44,800
- Income Taxes	7,400	9,800	12,900	16,200	19,700	23,400	27,300	32,000
After-Tax Cash Flow	(5,500)	(2,800)	(300)	2,300	4,900	7,600	10,400	12,800

8.4.3 RATIO ANALYSIS

(i) Financial ratios

Ratio	Description	Value %
Operating Ratio	Operating Expenses / Effective Gross Income	31%
Break even Ratio	Op Expenses + Loan repayment / Effective Gross Income	99%
Debt coverage Ratio	Net operating Income / Loan repayment	1.02%
Loan to value ratio	Mortgage Amount / Market Price	45%

(ii) Profitability measures

Ratio	Description	Value %
Capitalization rate	Net operating Income / Market price	7.50%
Equity Dividend Rate	Before tax cash flow / Initial equity	0.24%
Equity Dividend rate	After tax cash flow / Initial equity	(0.71%)

(iii) Income Multiplier

Multiplier	Description	Factor
Gross rent Multiplier	Market Price / Gross Rent	9.57
Gross Income Multiplier	Market Price / Effective Gross Income	9.16
Net Income Multiplier	Market Price / Net Operating Income	13.67

(iv) Payback period

Period	0	1	2	3	4	5	6	7	8
A/Tax Cash flow		(5,500)	(2,800)	(300)	2,300	4,900	7,600	10,400	12,800
A/ tax Equity reversion		0	0	0	0	0	0	0	1,641,200
Total	778,250	(5,500)	(2,800)	(300)	2,300	4,900	7,600	10,400	
Cumulative	778,250	783,750	786,550	786,850	784,550	779,650	772,050	761,650	892,500
Payback period								7.01 years	

(v) Discounted Cash flow

Period	0	1	2	3	4	5	6	7	8
B/Tax Cash flow		1,900	7,000	12,600	18,500	24,600	31,000	37,700	44,800
B/ tax Equity reversion		0	0	0	0	0	0	0	1,698,000
Total	778,250	1,900	7,000	12,600	18,500	24,600	31,000	37,700	1,742,800
Before tax IRR									12.01%

Period	0	1	2	3	4	5	6	7	8
A/Tax Cash flow		1,900	7,000	12,600	18,500	24,600	31,000	37,700	44,800
A/ tax Equity reversion		0	0	0	0	0	0	0	1,698,000
Total	778,250	1,900	7,000	12,600	18,500	24,600	31,000	37,700	1,742,800
After tax IRR									10.01%

8.5 FINANCIAL VIABILITY

8.5.1 PAYBACK PERIOD

The project indicates a payback period of within 8 years which is in line with investment in properties.

8.5.2 RETURN ON CAPITAL

The project indicates a very healthy return on investment with after tax internal rate of return (IRR) of 10% which is in line with prevailing bank and treasury bills rate. Properties tend to appreciate in value over time and hence the price of the property over 8 years is expected to grow by a minimum of 30%.

9.0 SUBMISSION

We are convinced that the project is viable and the proposed marketing strategies will achieve maximum exposure for the achievement of 100% sales in a period of well within Eight (8) years as summarized hereunder in our considerations for this project:

- The proposed rent for the accommodation is reasonably priced taking into account the location, quality of the property, and competitive comparative pricing of USD 100.
- Current Market demand for quality accommodation cottages in Arusha is very high meaning the demand far exceeds supply.
- The strategic location of the property with very good weather conditions
- The growth tourism coupled with government advertisement of the tourism in Tanzania.