



REAL ESTATE INVESTMENT TANZANIA BUSINESS PLAN

**PREPARED FOR SUBMISSION
TO
TANZANIA INVESTMENT CENTRE**

**Pilgram Group International
P.O Box 23126
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Mahando Street
Masaki, Dar es Salaam
Tanzania.**

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1.0 EXECUTIVE SUMMARY

Pilgram Group International Limited (PG International) is an affiliate of The Pilgram Group (TPG) of Florida, USA. It is a startup company registered in Tanzania to undertake real estate, tourism, hospitality, women and youth empowerment and promotion of foreign direct investments (FDIs) services. Real estate is the core business the company which has expertise in acquisition, development, renovation, management, mortgage and sales. The company was founded by Miguel Pilgram- American Citizen and Juliana Mataba – Tanzanian citizen. The current shareholders of the company are Miguel Pilgram, Juliana Mataba, Roslyn Parker; Its startup capital is USD. 1,162,537 equivalent to TZS. 2,714,523,895. This capital include equity contribution amounting to USD. 400,000 (TZS. 934,000,000) shareholder submission of equity valued at approximately USD \$400,000 equivalent to TZS. 934,000,000 which is in form of land located in Karatu, Tanzania. The loan to be advanced by TPG amounts to USD. 500,000 equivalent to TZS. 1,167,500. The investment objective is to leverage this capital into a balance sheet equivalent to at least six folds within a period of five (5) years. The company's business model hinges on land acquisition, land banking, land development and sales. Other business activities include developing hospitality facilities, promotion of foreign direct investment (FDIs) services among the diaspora and local investors as well as women and youth empowerment for the benefit of the community (CSR).

The objective of this business plan is to demonstrate to Tanzania Investment Centre (TIC) on the business model that will be pursued by PG International in course of undertaking its real estate businesses in the country during the next five (5) years. As per Tanzania's investment law, the present plan is a necessary document for obtaining the certificate of investment incentives.

PG International's culture is built around the following parameters:

- **Our mission:** To invest in real estate, hospitality, women and youth empowerment and FDIs services in Tanzania as a program for growth and expansion within the African continent.
- **Our vision:** To be the company of choice that excels in provision of real estate, hospitality, investments and corporate social responsibility for the benefit of the community.

- **Our values:** Integrity, clear, transparency, in all aspects of our businesses adhering to moral and ethics within the confines of regulations and the guidelines of Tanzania investment policies.
- **Our goals:** To grow a successful company and become a key player in the real estate marketplace of Tanzania and the African continent. We will provide our consumers with unique products which benefit local, neighboring communities via substantial job creation.

PG International has started with the acquisition of a total of 15 beach plots of land located in Kigamboni, Dar es Salaam at the cost of USD. 128,000 equivalent to TZS.298,880,000 and an equity of 12 acres in Karatu, Arusha with the value of USD \$400,000 equivalent to 934,000,000 TZS. The other products include rentals from women and youth empowerment business hubs and promotion of foreign direct investments (FDIs for the diaspora).

Financial results indicate that PG International's real estate business during the five years period will experience positive cash flows, a healthy profitability and sizeable balance sheet.

2.0 LEGAL STATUS OF PG INTERNATIONAL

PG International is a limited liability startup company whose physical address is Suite G8 Block D Regus Offices, on Plot 429 Mahando Street, Masaki Area in Dar es Salaam. The company is a subsidiary of **The Pilgram Group (TPG)** of Florida in the US which has over 13 years' experience in the real estate business. **PG International** was incorporated under the Companies Law (Cap. 212) of the United Republic of Tanzania (URT) on 17th May, 2022. The company is mandated to operate an array of businesses that include: real estate, tourism, entertainment, promotion foreign direct investments (FDIs), and women and youth empowerment. The company endeavors to pitch the rest of the mandated businesses on investment in real estate which is the focus of the present business plan.

PG International was managed by three (3) partners whose shareholding in the company and respective profiles are provided below:

1. **Miguel Pilgram, Founder and Chief Executive Officer (CEO)** of both TPG and PG International, is a real estate visionary and business leader. He owns 55% shares in the

startup company under reference. Coming from a long background of service with the United States Naval Forces, the virtues of high discipline, integrity and service to something greater than himself are incorporated in his DNA. In 2010, he founded TPG a multi awarded real estate company, that focuses on acquisition and renovating of commercial, residential and maritime real estate as well as tapping opportunities that empowered communities. Since then, TPG has established a solid lifestyle brand that spans from restaurants, distress properties to executive offices suites operating Fort Lauderdale in Florida where it is headquartered. The Company also opened the NYSW Jazz Lounge and restaurant, an exciting multi-awarded food and entertainment concept which features indoor and outdoor custom designed bars, along with a full upscale dinner menu. Miguel has served on the following boards Fort Lauderdale Chamber of Commerce, the Broward Workshop Mission united, Broward Black chamber of Commerce, Council Economic Advisers and Boys and Girls club of America.

2. **Roslyn Parker -Group International's Company Secretary &Director.** Roslyn owns 10% shares in PG International. She is a dedicated servant leader with over 30 years' experience of sales management leadership at Where Travel Magazine, Time Warner HBO and Supermedia/Dex Media formerly known as Verizon Information Services. Her passion for travel and serving others, motivated her to become a social entrepreneur in the tourism industry. She is currently working as a Chief Expeditions Officer of the Affinity Travel Group, a full-service travel "change" agency. In this capacity, her goal is to use travel to impact the lives of travelers and the destinations they visit for the greater good. She also promotes "**doing good philosophy**" for her clients through economic empowerment by coordinating trade missions and investment familiarization trips. These unique international travel experiences are offered throughout Africa and the Africa diaspora.

3. **Juliana Mataba – Pilgram Group International's Country Director:** Juliana owns 10% shares in PG International. She is a social entrepreneur with 20 years' experience in the communication industry, real estate, entrepreneurship, business management, youth and women empowerment. She is a true leader having far reaching relationships with the local government, national and continental investors. She is a Job creator dedicated to

changing lives and making a difference for disadvantaged communities. In recognition of her accomplishments, Juliana is a law grandaunt and a recipient of a number of certificates. These certificates include Certificate of Occupational Health and Safety awarded by National Examination Board of Safety and Health (NEBOSH) of United Kingdom (U.K) and Certificate of Entrepreneurship and Business Management awarded by the University of Dar es Salaam's Business School in collaboration with the Columbia Business School sponsored by Goldmansachs 10,000 Women Campaign. She is also an alumna of "Advancing Young Women Agribusiness Entrepreneurs and Innovators Fellowship Programme." This is an exchange program which was conducted by the Michigan State University (MSU) under the sponsorship of the United States' Department of State Bureau of Educational and Cultural Affairs. Juliana is also an award grant winner of Advancing 100 (hundred) Young Women in Agribusiness.

The unsubscribed 25% shares may be sold to other investor(s) for the purpose of raising further investment capital.

Miguel Pilgram and Juliana Mataba have a wealth of international and local experience in the real estate industry. The two will be responsible for ensuring that PG International grows into one of the top companies in real estate industry in Tanzania and the African continent at large. In particular, Juliana will be responsible for the overall operations and administration of PG International's business locally and continental.

3.0 INVESTMENT OBJECTIVES

3.1 Main Investment Objective

PG International's principal objective is to leverage the seed capital loan of USD. 500,000 (TZS.1,167,500,000) into a balance sheet loaned by TPG. During the first five (5) years PG International will seek to invest in land acquisition, land banking; development and sales, hospitality and FDI's especially among the local market and the diaspora abroad. Our investment idea has already started with the ongoing process of procuring land in Dar es Salaam city,

Zanzibar and Arusha region. These areas exhibit a high demand growth potential for various real estate products. The company shareholders use the exchange rate of USD 1 for Tshs 2335.

3.2 Specific Objectives

PG International expects to achieve the above objectives by pursuing five (5) specific objectives that are provided in the company's business model. These objectives are listed as below:

1. To establish and develop an efficient, customer focused, viable and profitable company that will simultaneously ensure consistent growth of its shareholders' net worth.
2. To invest in land banking by purchasing strategically located mainly unserved lands and distressed properties for the purpose of development for future sales and or operation.
3. To invest in hospitality industry on land owned by our company through partnerships and FDI investors and joint ventures.
4. To invest in the improvement of the quality of life of neighboring communities and partners.
5. To assist Diasporas to invest back home, foreign companies and investors to select the right locations for setting up new operations in Africa. We also help countries to promote themselves as investment locations so as to attract Greenfield corporate investment.

3.2 PG International's Products

In line with the foregoing investment objectives, PG International's investment is focused on four (4) key revenue generating products highlighted as below:

1. **Real estate:** within that business acquisition, development, renovation, management, mortgage and sales. This product will be the primary source of income for the initial startup.
2. **Hospitality facilities and services:**PG International will develop hospitality facilities, restaurants, hotels and accommodations as well as the ancillary services associated with the hospitality industry.
3. **Consultancy services to FD Investors:**This product involves the provision of advisory services to foreign investors who want invest in Tanzania or even with us. These services

will include, among others, project identification, liaising with local authorities, securing per necessary permits, legal services preparation of required documents and technical support.

- 4. Women and youth empowerment:** This product is about establishing a business hub close to PG international’s hospitality operations to tap the potentials of women and youth empowerment and entrepreneurship. This sector will be engaged in economic activities such as making carvings, paintings, souvenirs, baskets, attires etc.

3.4 Unique Value Propositions

There are several companies currently operating in the real estate market in urban Tanzania. However there is an ample room for additional players. The difference between PG International and the current market operators on which our value propositions are anchored are as below:

- 1. FDI Services:** PG International is committed to assist the diaspora to invest back home and foreign companies to select the right locations for setting up new businesses in Africa.
- 2. One-stop centre:** The Company will be a one-stop business centre by providing investors with ready land, advisory in investment areas of interest and liaison services with the national and local Government, regulatory bodies etc.
- 3. Women and youth empowerment:** Our Company is committed to give back to the communities around us through meaningful job creation and sharing our profits for socio-economic growth through youth and women empowerment initiatives.

4.0 INVESTMENT COSTS AND SOURCES OF FINANCES

4.1 Investment Breakdown

In line with the foregoing company objectives and products, the startup investment costs estimated at **USD 1,162,537** equivalent to **TZS2,714,523,895** are summarized in **Table 4-1** below:

S/No.	Cost Items	Cost (USD)	Cost (TZS.)
1.	Land and Building	550,600	1,285,651,000
2.	Pre Operating Expenses	110,437	257,870,395
3.	Others	1500	3,502,500
4.	Working Capital	500,000	1,167,500,000

	Grand Total	1,162,537	2,714,528,895
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4.2 Sources of Finances

The above startup capital amounting to USD. 1,162,537 or TZS2,714,528,895 which has been funded by both equity and debt. Both equity and debt finances will be as follows.

1. Debt Financing: TPG of Florida, USA will provide a soft loan to PG International to finance 45% of the startup capital. This loan amounts to USD\$500,000 equivalent to TZS. 1,162,537. The agreed upon loan conditions are as follows:

- **Term:** 5 years repayment period.
- **Interest rate:** 5.0% per annum.
- **Installments:** Semi-annually.
- **Grace period:** 12 months.

2. Equity Financing: Equity is 55% of the total funds required, i.e., an amount of USD\$638,437 equivalent to TZS1,490,860,832. TPG in addition to the loan for startup capital will provide funding for development and construction cost. This amount has been provided by the three shareholders of the company.

3. Financing structure: The ensuring financing structure is provided in **Table 4-2** below:

Table 4-2: PG International's Investment Financing Structure

S/No.	Type of Funding	Amount		%
		USD.	TZS.	
1.	Debt Financing	500,000	1,167,500,000	45%
2.	Equity Financing	638,437	1,490,860,832	55%
3.	Total Financing	1,138,437	2,658,360,832	100%

Future investments are expected to be funded through equity in order to avoiding necessary debt liabilities. The either one or both of the proposed equity sources are as follows:

1. **Sale of unsubscribed shares:** The 25% unsubscribed shares will either be sold internally to present owners or invite external investors.
2. **Reinvestment of retained earnings:** At the early stages of operation of the company, the annual retained profits after tax will be foregone by shareholders and thus reinvested for expansion of the company's businesses.

5.0 JOB CREATION

5.1 Direct Job Creation

As a startup company, initially PG International expects to operate with a lean team of professionals and expand it as business expands. The initial team will constitute 8 employees who include six (6) experts and 2 supportive staff. This team will be responsible for day-to-day running of the company operations. Designations of team members and their respective salaries are provided in **Table 5-1** below:

Table 5-1: Real Estate Division's Staff Engagement during Year 1 of Operations

S/No.	Designation	Number	Salaries		
			Monthly (USD.)	Annual (USD.)	Annual (TZS.)
1.	Chief Executive Officer	1	5000	60,000	140,100,000
2.	Personal Assist. to CEO	1	1000	12,000	28,020,000
3.	Director of Operations	1	2000	24,000	56,040,000
4.	Director of Finance	1	2000	24,000	56,040,000
5.	Director of Tourism	1	2000	24,000	56,040,000
6.	Admin./Supportive Manager	1	1,500	18,000	42,030,000
7.	Supportive Assistant	2	2000	24,000	56,040,000
	Total	10	15,500	186,000	434,310,000

5.2 Job Creation through Engagement of Professionals

In the interim when PG International hasn't built enough professional capacity, it will contract other reputable professional individuals or companies to undertake specialized tasks. Those to be contracted include the following:

- Land surveyors
- Land planners
- Infrastructure planners
- Infrastructure developers
- Property Valuers
- Quantity surveyors
- Architects
- Social and environmental experts
- Real estate investment analysts
- Real estate brokers
- Real estate lawyers
- Insurance agents
- Property renovators
- External auditors

If each of the tasks contracted to the above individuals or firms will get a minimum of two (2) people engaged, then at least **28 new jobs** will be created.

5.3 Job Creation through Women and youth empowerment

As earlier highlighted PG International's product is a business hub for women and youth that will keep these groups meaningfully employed. Each year, the Company endeavours to form 10 cooperative groups with 10 members each. That is, 100 people will be engaged annually under this product translating to 500 jobs created during the initial five (5) years.

5.4 Total Job Creation

After the initial start up operations PG International expects to create a total of 138 jobs constituting of different categories summarized below:

- | | | | |
|-------------------------------|------|------|-------------------|
| • PG International Employees | | | 8 |
| • Contacted Professionals | | | 28 |
| • Women and Youth Empowerment | | | <u>100</u> |
| • Total Jobs | | | <u>136</u> |

6.0 INVESTMENT FUNDS EXPENDITURE BREAKDOWN

The breakdown of the investment funds expenditure amounting to **USD. 1,162,537** equivalent to **TZS. 2,714,523,895** which is provided in **Table 4-1** above, is presented in **Table 6-1** below: **Table**

6-1: Breakdown of the Investment Funds Expenditure

Annexure 2: Investment Plan				
Description	Existing	Additional		Sub total
Kigamboni Plots	128,000	4,200		132,200
Karatu Plots	400,000	18,400		418,400
Sub total of Land cost	528,000	22,600		550,600
Business Hub	0		72,180	0
Promotion of FDI	0		60,000	0
Sub total	0	0		0
Computers	0	1,500		1,500
Sub total of Computers	0	1,500		1,500
Pre operating Expenses	110,437	0		110,437
Sub total Pre Operating Cost	110,437	0		110,437
Sub total Fixed Cost	638,437	24,100		662,537
Working Capital	-	500,000		500,000
Total Investment Cost	638,437	524,100	132,180	1,162,537
Financing Plan	Existing	Additional		Sub total
Subtotal Assets	528,000	24,100		552,100
Pre operating Expenses	110,437	-		110,437
Total Fixed Investment	638,437	24,100		662,537
Working Capital	-	500,000		500,000
Total Financing Plan	638,437	524,100	132,180	1,162,537
	55%	45%		100%
Approved Investment (Subscribed)				
Karatu Investment	34%			
Kigamboni Investment				
Equity				638,437
Debt				524,100

7.0 SOURCES OF SUPPLY OF INPUTS

The key inputs of PG International's models are land, professional, investors and local communities. The source of each of these inputs is expounded below:

1.Land: As earlier indicated in **Section 3.2 (1)** above, PG International will procure land for land banking from landowners and village authorities. In avoidance of encumbrances, in the process of land procurement, the company will involve the area authorities including councils and MLHSD (ministry). The company will follow the prescribed land use and development conditions. Where there is a need for change of the existing land uses or development conditions, PG International will follow the governing laws and procedures to achieve such objective.

2.Real estate professionals: Tanzania has abundance of real estate professionals who include land surveyors, engineers, valuers, investment analysts, architects, quantity surveyors, land planners, infrastructure planners, brokers, property lawyers, etc. These professionals are registered by their respective Registration Boards that were started under the laws of the United Republic of Tanzania. The company will engage the required professionals who are registered by respective Boards and who have good credentials from previous engagements.

3.Foreign Investors: PG International will elicit the interests of direct foreign investors and especially members of the diasporas invest in Tanzania and the African continent by reassuring them of the safety of their investments. There are substantial investors worldwide who are looking for investment opportunities in Africa but are unaware of entry points.

4.Local communities: PG International will work with local authorities in identifying and empowering women and youths through entrepreneurship training and financial support. The eligible groups will be constituted by women and youth who live below the poverty line. PG International will also involve the local councils for partly financing these endeavours.

8.0 MARKETING PLAN

PG International's marketing plan is geared towards achieving two purposes. First, to enable the company to elicit the trust of local communities from which it will acquire land. That is, the company has to convince the communities that it offers fair land prices and deliver on its

commitments oneconomic empowerment. Second, to create awareness and boost demand for plots it sells to its clientele. In achieving these ends, the company will pursue a number of marketing strategies that include the following:

- 1. Stakeholdersnetworking:**PG International will initiate and foster networkingrelationship with key stakeholders including local communities, local councils, MLHHSD (Ministry), local and foreign real estate investors,and real estate professionals as a key source current information on buying and selling of land.Importantly, real estate investors will not be treated as competitors, but as marketing points for our input needs and our products. That is, under this relationship our company will seek for good deals onbuying land and tap the network when marketing plots for sale.
- 2. Website and internet advertising:** OurCompanyhas already opened its website. This website will be updated to include marketing activities for the purpose of generating leads on our input requirements and products. That is, this website is expected to drive targeted traffic from keyword searches on search engines, such as Google. Sellers and buyers of land and plots will be urged to provide information on their offers.
- 3. Social media networks:**currently social media is a very powerful tool for business to portray our products and services. Thisincludes Instagram, Twitter, Facebook, WhatsApp and Tik Tok, are used by a bigger proportion of the world populations especially youths. PG International will use this and other avenue to market its products and services.
- 4. Maintaining a property database:** In liaison with other stakeholders, PG International will maintain a database on land offered in the marketplace. Such a database will include detailed information on each property such as ownership, pre-foreclosure, foreclosure, and price offers etc.
- 5. Marketing documents:** PG International will prepare hard and soft marketing documents that include fliers, business cards and brochures. These documents will be freely distributed at every opportunity. The documents will prominently portray, *inter alia*, our company's brand, website address, input requirements, products and business model.

- 6. Signage:**PG International will place prominent signs (including digital ones) that advertises our business model in strategic locations of the areas we are operating in. These signs are meant to inform our potential clientele on what we can offer and modalities of doing business with our company.
- 7. Advertisement in industry magazines:**PG International will advertise its products and services in both local and international literature and digital mediums.
- 8. Targeting the African diaspora:**PG International will conduct African diaspora business forums in the US, Canada and Europe geared towards driving investment interests towards Tanzania and Africa.

9.0 IMPLEMENTATION SCHEDULE

PG International implementation schedule for various activities and sub-activities during the first year of operations is presented in **Table 9-1**. Besides these activities. The schedule also present the required duration to accomplish each of the sub-activity; timeframe within which they will be accomplished; and the required financial resources.

Table 9-1: PG International Implementation Schedule for 2022 to 2023

Steps	Activities	Duration	Timeframe (Year/Months)												Resources (USD)		
			2022						2023								
			7	8	8	9	10	11	12	1	2	3	4	5		6	
1.	Establishment of Company																77,100
	Registration/Business License	15 days	■														
	Rental Office	15 days	■	■													
	Computer/Packages	5 days	■	■													
	Car Hire	5 days	■	■													
2	Staff Recruitment																
	Chief Executive Officer (CEO)	30 days														■	
	Director of Operations	30 days														■	
	Other Directors	60 days													■	■	
	Supportive Staff and PA	60 days													■	■	
3	Land Banking																528,000
	<i>Kigamboni, Dar es Salaam</i>																
	Land Purchase	60 days		■	■	■											
	Certificate of Title Processing	120 days				■	■	■	■								
	Land Improvement	120 days							■	■	■	■	■				
	<i>Karatu, Arusha</i>																
	Land Purchase	60 days			■	■	■	■									
	Certificate of Title Processing	150 days				■	■	■	■	■	■	■	■				
	Land Improvement	120 days									■	■	■	■	■	■	
4.	EDIs Promotion & Marketing																60,000
	Brand Development	60 days												■	■	■	
	Engagement of Consultants	90 days												■	■	■	
	Marketing and Sale of Products	90 days												■	■	■	

10.0 CAPACITY OF THE PROJECT

During the initial five (5) years of operations, PG International will deliver in the marketplace3 products namely specifically; land acquisition, development and management and Sales.

- 1. Land acquisition:** As earlier highlighted, our company will acquire unserviced land thereafter plan, survey and service it. The company has acquired 15 plots of land, i.e., in Kigamboni, Dar es Salaam and 12.0 acres in Karatu, Arusha. The total value is estimated at USD 1,1,62,537.equivalent to TZS. 2,714,523,895. The company therefore, endeavors at minimum to increase its annual serviced land capacity at a pace of 30 acres per a year to reach accumulative total of 270 acres by the end of Year 5. The capacity growth progress of this product is provided in**Table 10-1** below: (these are minimum conservative numbers).

Table 10-1: PG International’s Land Acquisition

Year	Acres	% of Target	Growth Rate (%)
1	30	11%	-
2	60	22%	100%
3	60	22%	33%
4	60	22%	40%
5	60	22%	28%
Cumulative Total	270	100%	

- 2. Development and management:**PG International is currently in negotiations with multiple lending partners of distressed properties, e.g A 36 units property currently at 20% occupancy in Dar es salaam. The goal is to be at 100% in five (5) years. The capacity growth of this product is presented on **Table 10-2** below:

Table 10-2: Development and Management

Year	36 UNITS		Annual Rent (USD)	% of Target	Growth Rate
1	Occupancy	7	600	-	-
2		14	800	38%	100%
3		21	900	58%	71%
4		28	1200	77%	33%
5		36	1500		

3. **Sales;** PG International expects to engage in a number of sales in the next five years, Each sale unit i.e. acre is valued not less than USD 50,000. Target capacity growth of this product is provided in **Table 10-3** below.

Table 10-3: PG International sales in USD

Description	Year 1	Year 2	Year 3	Year 4	Year 5
Sales of Serviced Land	1,086,077	2,172,155	2,172,155	2,172,155	2,172,155
Empowerment Hubs			24,000	48,000	72,000
Consultancy	100,000	100,000	200,000	200,000	200,000
	1,186,077	2,272,155	2,396,155	2,420,155	2,444,155

11.0 FINANCIAL PROJECTIONS

11.1 Assumptions

The financial projections for the period of five(5) years hinge on the below assumptions:

- Exchange rate:** The current exchange rate of USD. 1.00 = TZS. 2,335.00 used elsewhere in this business plan, will be adopted. For convenience the USD currency will be used throughout the ensuring financial analysis.
- Funding:** As indicated in **Section 4.2**,The seed capital amounting to USD. 1,162,537 or TZS. 2,714,523,895 which has been funded by both equity and debt.

3. **Working capital:** The Pilgram Group (TPG) will generate additional funding in terms of working capital amounting to USD 500,000.
4. **Timeframe for land purchasing and selling:** The earliest time to latest time from buying land to selling serviced plots will range from six (6) months and not later than 12 months respectively.
5. **Administrative Expenses:** The annual general and product specific expenses are provided in **Table 10-4** below:

Table 10-4 Annual Operating Expenses

Administrative Plan	
Description	cost
Salaries expenses	234,600
Office Rent	11,424
Car hire	16,800
Office Cleaning	6,000
Printing & Stationary	6,000
Security	7,200
Interest Cost	24,056
Sales and Marketing cost	30,180
Office Fumigation	4,800
Site Miscellaneous Exp.	6,000
Travelling	24,000
Other Administrative cost	12,000
Yearly Administrative Expenses	383,060
Average monthly expenses	31,922

11.2 Taxes

The Government of URT through Tanzania Revenue Authorities charge a number of taxes to registered businesses. The relevant taxes are explained below:

1. **Capital gain tax:** This tax is paid as 10.0% of the sale value of the property for the first time sale or the difference on between the costs for acquiring together with improvement of the property and sale value. The latter option of this tax is included in the financial

analysis. Nevertheless, since real estate is the core business of PG International we will petition for a waiver of this tax.

2. **Withholding tax on rental revenue:** This tax is charged as 10% of rent payable. This tax is included in the financial analysis for the rental revenue from the empowerment hub.
3. **Payroll levy:** This tax is 4.0% of the total payroll which is paid by the employer.
4. **Social security contribution:** The contribution for private businesses is 10% of the gross payroll amount.
5. **Corporate tax:** This tax is charged as 30% of the net profit.

11.3 Financial Results

The results on financial analysis are presented in the statement appearing in **Appendix 11.1** to **11.4** and explained below:

1. **Loan Amortization Schedule:**

NAME OF BORROWER:		PG International			
APPROVED LOAN BALANCE		524,100			
NUMBER OF PAYMENTS PER YEAR		12			
GRACE PERIOD (MONTHS)		0			
GRACE PERIOD INTEREST CAPITALIZED		0			
LOAN AMOUNT + GPI CAPITALIZED		524,100			
REPAYMENT PERIOD IN YEARS		5			
INTEREST RATE (%)		5			
INSTALLMENT FACTOR		TSh0.02			
INSTALLMENT AMOUNT		9,890			
REPAYMENT SCHEDULE					
Date	Loan	Principal	Interest	Equal	Loan Bal.
	Balance	Due	Due	Installments	C/F
GPI	524,100		-		524,100
1	524,100	7,707	2,184	9,890	516,393
2	516,393	7,739	2,151.64	9,890	508,655
3	508,655	7,771	2,119.39	9,890	500,884
4	500,884	7,803	2,087.01	9,890	493,080
5	493,080	7,836	2,054.50	9,890	485,244
6	485,244	7,869	2,021.85	9,890	477,376
7	477,376	7,901	1,989.07	9,890	469,474
8	469,474	7,934	1,956.14	9,890	461,540
9	461,540	7,967	1,923.08	9,890	453,573
10	453,573	8,001	1,889.89	9,890	445,572
11	445,572	8,034	1,856.55	9,890	437,538
12	437,538	8,067	1,823.08	9,890	429,471
13	429,471	8,101	1,789.46	9,890	421,370
14	421,370	8,135	1,755.71	9,890	413,235
15	413,235	8,169	1,721.81	9,890	405,067
16	405,067	8,203	1,687.78	9,890	396,864
17	396,864	8,237	1,653.60	9,890	388,627
18	388,627	8,271	1,619.28	9,890	380,356
19	380,356	8,306	1,584.82	9,890	372,051
20	372,051	8,340	1,550.21	9,890	363,710
21	363,710	8,375	1,515.46	9,890	355,335
22	355,335	8,410	1,480.56	9,890	346,926
23	346,926	8,445	1,445.52	9,890	338,481
24	338,481	8,480	1,410.34	9,890	330,001
25	330,001	8,515	1,375.00	9,890	321,485
26	321,485	8,551	1,339.52	9,890	312,934
27	312,934	8,587	1,303.89	9,890	304,348
28	304,348	8,622	1,268.12	9,890	295,725
29	295,725	8,658	1,232.19	9,890	287,067
30	287,067	8,694	1,196.11	9,890	278,373
31	278,373	8,731	1,159.89	9,890	269,642
32	269,642	8,767	1,123.51	9,890	260,876
33	260,876	8,803	1,086.98	9,890	252,072
34	252,072	8,840	1,050.30	9,890	243,232
35	243,232	8,877	1,013.47	9,890	234,355
36	234,355	8,914	976.48	9,890	225,441
37	225,441	8,951	939.34	9,890	216,490
38	216,490	8,988	902.04	9,890	207,502
39	207,502	9,026	864.59	9,890	198,476
40	198,476	9,063	826.98	9,890	189,412
41	189,412	9,101	789.22	9,890	180,311
42	180,311	9,139	751.30	9,890	171,172
43	171,172	9,177	713.22	9,890	161,995
44	161,995	9,215	674.98	9,890	152,779
45	152,779	9,254	636.58	9,890	143,526
46	143,526	9,292	598.02	9,890	134,233
47	134,233	9,331	559.31	9,890	124,902
48	124,902	9,370	520.43	9,890	115,532
					8,776.00

2. Profit and Loss:

Description	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	1,186,077	2,272,155	2,396,155	2,420,155	2,444,155
less:Administrative Expenses	383,060	402,213	422,324	443,440	465,612
Hub expenses		-	72,180	72,180	72,180
			60,000	60,000	60,000
Gross Profit	803,017	1,869,942	1,901,651	1,904,535	1,906,363
Less:Capital charges					
Interest on Loan	24,056	19,215	14,125	8,776	3,153
Profit before tax	778,961	1,850,727	1,887,525	1,895,759	1,903,210
tax @30%	233,688	555,218	566,258	568,728	570,963
Profit after tax	545,273	1,295,509	1,321,268	1,327,031	1,332,247
Retained Earning	545,273	1,840,782	3,162,050	4,489,081	5,821,328
Return on Investment (ROI)	46%	57%	55%	55%	55%

3. Cash flow statement

Yearly Cashflow	Year 1	Year 2	Year 3	Year 4	Year 5
Cash inflow					
Equity	638,437				
Investors Contribution	524,100				
Profit before capital charges	803,017	1,869,942	1,901,651	1,904,535	1,906,363
Total cash inflow	1,965,554	1,869,942	1,901,651	1,904,535	1,906,363
Cash Outflow					
Fixed Assets	662,537				
Initial Working Capital	500,000				
Corporate tax	233,688	555,218	566,258	568,728	570,963
Total Cashoutflow	1,396,225	555,218	566,258	568,728	570,963
Net Cashflow	569,329	1,314,723	1,335,393	1,335,807	1,335,400
Cummulative Cashflow	569,329	1,884,052	3,219,446	4,555,253	5,890,652

4. Balance sheet statement

Description	Year 1	Year 2	Year 3	Year 4	Year 5
Current Assets					
Cash	569,329	1,884,052	3,219,446	4,555,253	5,890,652
Working Capital	500,000	500,000	500,000	500,000	500,000
Total Current Asset	1,069,329	2,384,052	3,719,446	5,055,253	6,390,652
Fixed Asset (Net Dep.)					
Kigamboni Plots	132,200	132,200	132,200	132,200	132,200
Karatu Plots	418,400	418,400	418,400	418,400	418,400
Business Hub	0	0	72,180	72,180	72,180
Promotion FDI			60,000	60,000	60,000
Computers	1,500	1,500	1,500	1,500	1,500
Pre Operating Expenses	110,437	110,437	110,437	110,437	110,437
Total Fixed Assets	662,537	662,537	794,717	794,717	794,717
	1,731,866	3,046,589	4,514,163	5,849,970	7,185,369
Represented By:					
Investors Equity	638,437	638,437	638,437	638,437	638,437
Longterm Loan	524,100	524,100	524,100	524,100	524,100
Longterm Liability	24,056	43,271	57,396	66,172	69,325
Additional Equity			132,180	132,180	132,180
Retained Earnings/Loss	545,273	1,840,782	3,162,050	4,489,081	5,821,328
Total	1,731,866	3,046,589	4,514,163	5,849,970	7,185,369