



65,000 UNITS AFFORDABLE HOUSING WITH INFRASTRUCTURE AND AMENITIES PROJECT FOR DODOMA TANZANIA



AM MEGA HOUSING SOLUTION LIMITED

Specialized In: All Surveys, Planning & Housing Development Projects

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BUSINESS PLAN

Executive Summary

This business plan outlines the strategy for **AM Mega Housing Solution LTD** to secure funding for a 15-year, three-phase construction project involving 65,000 houses in Dodoma, Tanzania. The project arises from increased demand for housing due to government relocation, presenting a significant market opportunity.

The economic landscape in Tanzania, marked by stability and improving purchasing power, supports the viability of a large-scale construction venture. AM Mega Housing Solution LTD, equipped with experienced personnel and successful past projects, aims to capitalize on this opportunity.

Motivated by a substantial market for both purchase and leasing, along with government support aligning with Dodoma's development plans, the project is poised for success. The company has secured support from the government and local authorities, including a profit-sharing agreement with Dodoma City Council. Market demand analysis indicates a preference for ready-made houses, prompting the company to offer various sizes and designs. Competitive advantages include lower prices, attractive payment terms, partnerships with local banks for financing, and a commitment to customer care.

This Business Plan sets out to help AM Mega Housing Solution to secure funding in order to implement a construction project that will involve 65,000 houses with infrastructure and all social amenities for a sustainable human settlement. The projects will be executed within 15 years in three consecutive phases. The phases are expected to accommodate 20,000; 21,000 and then 24,000 respectively. This proposal document provides economic, market, environmental, management, financial and social viability of the project that ascertains the two Company to put together all the resources under their disposal towards attaining their goal.



Basically, the business idea emanates from the government decision to move the government activities and services from Dar es Salaam to Dodoma since 2017. Due to that, demand for various services in the Dodoma city has tremendously increased. Among the most amplified demand is that of housing accommodation with little effort from the private sector, existing public enterprises and individuals to rescue the situation or tackle this business prospect.

Economic overview of the country provides good and fertile ground to venture into construction business for sale and/or rental basis. Politically the country is stable and can make someone to sleep peacefully. Economically, there are indications for people of Tanzania to have their buying power improving day by day. This is ostensibly due to increased government spending on development of the public infrastructure and stability of economic indicators which would support increased production of goods and services. Increased production means increased ability to spend and rising of demand for various products and services.

AM Mega Housing Solution intending to operationalize the business idea has clear vision and mission including well spelt out objectives. The Company has built adequate experience and trust in the construction related activities in the country. It is endowed with capable human resource with sufficient experience and many have worked within the country as well as overseas. It is clear that, the Company can

actualize the project because it has successfully accomplished projects of similar nature in the past.

Motives to engage into construction business of that magnitude in Dodoma are so many, but most important are the huge existing market for houses either for purchase or leasing. Another good reason is the Government willingness to support the project because it augers well with its intention to make Dodoma the capital city in terms of its planning and development. Along the same line of rational, the government is ready to provide maximum support than expected ostensibly because the idea support CCM election manifesto of creating employment to youths together with increasing activities that can create revenue to the government in the form of PAYE, VAT and other taxes through construction, selling and renting of houses. Furthermore, Dodoma City Council which is the host of the project will receive 3% of the after tax profit.

Market demand analysis shows that, people in Tanzania are in need of ready-made houses because it takes long time to accomplish construction of houses when one engages in his/her own. It also inflates construction costs and in most cases compromises with the quality of structures. Another concern from the authorities is the presence of poor designs of towns where various structures exist in small townships, leave aside the quandary of poor town planning and existence of unplanned and un-serviced settlements. Therefore, schemes which can overcome the above snags are welcome by anticipated house owners as well as town planners and the authorities. On the other side, the intention is to construct houses of varying sizes, designs and qualities to cater for various target markets ranging from low income to medium income and all the way to high income earners. Furthermore, pricing of the houses will attract the majority because price setting has considered among others, customers' ability to buy the houses, market prices, operating costs to be incurred, as well as making marginal profit. To amplify appetite of the prospective buyers, the two Company has arrangement with bankers to finance individuals and institutions which want to acquire home/house through mortgage financing.

The SWOC analysis and the Environmental scanning indicate that AM Mega Housing Solution has got competitive advantages over other business operators in the industry mainly due to the following accounts.

- a) Prices to be charged will be relatively lower compared to those of the competitors.
- b) The terms of payment are planned to attract big buyers to make purchases.
- c) Engagement with local banks will ease and attract running of the business.
- d) Customer care and after sale service will attract prospective buyers.

With regards to financial requirements of the project, total financial investment requirements are estimated to be USD\$6,807,667,683.00 for all 65,000 Housing units with Infrastructure. The project will be done in packages of 4,000 units per Package and each package will have 2000 units of Low income; 1,500 of High income and 500 Units of high income. Threw ii be 3 Phases: Phase I will have 4 packages of 4,000 Housing Units, equivalent to 20,000 units. Phase 2 will have 4.25 packages, that is 21 units and the final phase, Phase 3 will have 6 packages, that is 24,000 Units. Breakdown of the estimated financial requirement for the project according to phases may be depicted in the Table below.

Investment Financial Requirements for the Construction Project of 65,000 Houses

SUMMARY		
ESTIMATED TOTAL COST FOR 65,000 AFFORDABLE HOUSING, INFRASTRUCTURE AND AMENITIES		
1	ESTIMATED COST OF ONE PCKAGE 4,000 UNITS, AMENITIES & INFRAS.	\$ 3,532,672,678.00
2	PHASE II - 5 PACKAGES OF 4,250 UNITS -21,000 UNITS	\$ 3,599,476,311.90
3	PHASE III - 6 PACKAGES OF 4,000 UNITS -20,000 UNITS	\$ 4,113,687,213.61
	GRAND TOTAL FOR THE PROJECT	\$ 11,245,836,204

In fact, all financial statements starting from income and loss accounts to cash flow statements indicate that the project is financially feasible and can attract a net profit margin of a minimum of 10.3% and a maximum of 23.0% with the exclusion of Year 1 of business where the Company will just be engaging in the construction works. Moreover, the net profit margin shows an upward increasing trend indicating that, the

project is even more viable at a higher activity level. It is thus highly recommended to consider investing in this construction project.



1.0 BACKGROUND INFORMATION

Dodoma is the capital city of Tanzania after the government decision to move the government activities and services from Dar es Salaam to Dodoma in 2017. Following implementation of this decision, demand for various goods and services in Dodoma city has been on the rise. One of the services that have been witnessed to have its demand increased exponentially is housing accommodation. This has been caused by many reasons which include; need to accommodate government employees who have been transferred to Dodoma, inability of the existing housing service providers to meet the accelerated demand, sudden growth of Dodoma population through relocation of various entrepreneurs seeking for economic opportunities, fast growth of Dodoma city due to expansion of higher education institutions like (UDOM, IRDP, CBE, St. Johns University of Tanzania, etc.), among others.

While demand for housing facilities is primarily caused by government based employees, the private sector operators also require housing facilities because, the sector always functions close to the Government. Unfortunately, the government based institutions like the National Housing Corporation (NHC), Tanzania Building Authority (TBA), SUMA JKT, Mzinga Corporation, Watumishi Housing and the like have been unable to respond to the housing demand either due to financial incapability or some inherited inefficiencies. Likewise, the private building industry has not taken immediate steps to rescue the situation. Perhaps, this has been caused by the traditional thinking, whereby, in Tanzania most people would construct dwellings on their own regardless of how long it would take to accomplish. Nonetheless, this is not a modest practice because; people have formally been doing that due to lack of or cumbersome or inadequate mortgage facilities in the country. Furthermore, the private sector of Tanzania has left this business to be done by the banking sector through provision of loans for construction or mortgage facility. The business has also been carried out by the government based institutions which have now proved failure due to a number of reasons, to include; financial incapability, lack of adequate manpower and operational inefficiencies.

Thus, in general, construction of houses in Tanzania by private investors for the general public to buy or rent is relatively a new concept. There are some examples of housing estates which have been constructed for that purpose mainly in Dar es Salaam and

Arusha. However, most of these involved government based institutions or parastatals. There are also a few cases in other cities like Dodoma, Mwanza, Arusha, Morogoro, etc which in away have tried to build houses for renting or purchasing dealings. Nonetheless, these projects or the construction therein have a host of weaknesses which hinder the marketing of the units. The weaknesses include but not limited to the following:

- a) Most constructions were made as if prospective owners of the constructions were desperate. Due to that, they did not consider the necessary facilities dwellers would require around the estates, such as; play areas for children, shopping centres, social clubs, open areas, etc.;
- b) Most houses were constructed using "one size fits all" thinking. Good examples are; Medeli housing estate, Kisasa houses and Iyumbu satellite village in Dodoma; Mkundi estate in Morogoro, Watumishi houses in Mwanza to mention but few;
- c) Most of the constructions, especially in Dar es Salaam were targeted for supreme customers due to their sites of construction as well as types of buildings.
- d) Even for houses which were targeted for the middle income earners, the technology used for construction was neither appropriate nor up to date, rendering the final units too expensive to people to accept to buy;
- e) Prior arrangements between construction Company and the banks were not made to allow the prospective buyers acquire loans swiftly.

These and other bottlenecks hindered marketing of the constructed houses because they could not fit the taste of large majority of the consumers except for the ones who were either desperate or had ATMs under their pillows. Thus, for the estate development industry to grow and reap the available market in Tanzania, Dodoma in particular, there is need to take on board all the above weaknesses including diversifying the business into selling the units, allow renting possibilities, support development for those who need to construct own houses, provide construction services, link buyers to financial institutions, etc.

2.0 ECONOMIC OVERVIEW

Tanzania has sustained relatively high economic growth over the last decade, averaging 6–7% a year. While the poverty rate in the country has declined, the absolute number of poor citizens has not because of the high population growth rate. The country's overall population is about 62 million (2022).

Economic performance in 2018 was mixed, while inflation remained low and stable. The National Bureau of Statistics did not release quarterly gross domestic product (GDP) data for 2018, pending completion of a rebasing exercise. However, available data suggest signs of softening of the growth momentum. Foreign direct investment has declined from high levels five years ago (about 5% of GDP in 2014), and export growth has stagnated. The current account deficit has increased to 4.4% of GDP in the year ending in December 2018, from 2.9% in the preceding 12 months. Non-performing loans by banks have declined recently to 9.7% in September 2018 from 12.5% in September 2017 but remain almost double the 5% statutory threshold.

On the positive side, inflation has remained low and stable at 3% in January 2019. Credit to the private sector has edged upward, reaching 4.9% in the 12 months ending September 2018. Gross official reserves remain high at \$5 billion in December 2018, equivalent to 4.9 months of projected import of goods and services, and the shilling has remained relatively stable. The fiscal deficit remains low, not counting payment arrears and delayed refunds of value-added tax. The 2017/18 budget deficit after grants of 1.3% of GDP suggests effective spending management but does not factor in payment arrears, with an estimated stock of over 3% of GDP. The government is paying down roughly TZS 1 trillion of verified arrears per fiscal year. The low deficit is the result of controlled recurrent expenditures and under execution of the development budget by more than 40%. Contributing factors include shortfalls in domestic revenue and external financing for large projects. Public debt is currently sustainable, but there is need for the Government to consider cost-effective financing options and manage associated risks to support public investments.

On the other side, according to African Economic Outlook – AEO (2019), the medium-term outlook is positive, with growth projected at 6.6% in both 2019 and 2020, supported by large infrastructure spending. Headline inflation is projected to

marginally increase to 5.2% in 2019 and 5.1% in 2020 due to increased government spending. But the positive outlook faces several downside risks: growing private sector concerns about economic policy uncertainty and increased domestic arrears that could derail the government's fiscal consolidation and harm the private sector. Key economic development challenges include slow progress towards inclusive growth, infrastructure bottlenecks, and vulnerability to climate change. Poverty and income inequality remain high despite high economic growth. Infrastructure bottlenecks are most notable in the transport and energy sectors. Reliance on rain-fed agriculture has exposed farmers to income shocks. In addition, inefficient public enterprises present a fiscal risk. One of the development challenges on the social front is youth unemployment, which increased to 7.3% in 2016, compared with 5.7% in 2012.

It is important to note the key opportunities available which include peace and political stability, abundant natural resources, a strategic geographic location, and immense development potential for tourism. The Export Zone Processing Agency established in 2008 to accelerate manufacturing exports and help the country achieve structural transformation has helped attract close to \$1 billion in foreign direct investment and revive the manufacturing sector into one of the fastest growing in Africa.

The implication of this situation is that, politically, Tanzania is stable to put in place investment ventures. Apart from that, opportunities are there which implies that, demand for various products and services like housing is inevitable in order to support actualization of the available opportunities. In addition to that, the economy of the country in the region including Africa in general is stable and is likely to remain that way at least in the medium term duration. Economic stability and excessive government spending in infrastructural development like roads, airports, railways, etc. means creation of means and ways of Tanzanians to be more productive and thus become capable of accumulating more wealth. This will sooner or later increase peoples' buying power and accelerate demand for necessities like good shelter, decent means of transport, and the like. In other words, people will be capable of acquiring ready-made houses apart from other goods and services. Furthermore, there is clear indication regarding banks increased appetite to continue providing loans to the community partly due to decline of non-performing loans but also due to

improvement and stability of various economic indicators like inflation and increased government spending. Thus, economic situation of the country and the various players give some assurance on the successfulness and growth of the real estate industry in general.

More over AMMHSO Investors have been requested to set up a mortgage instion which will help our off-takers to have access to reasonable rates to be able to pay for the houses.

RIZIKI II – 2,3 AND 5 BEDROOM BLOCK OF FLATS



A BLOCK OF 36 FLATS



3.0 PROFILES OF THE PARTICIPATING COMPANIES

Legal Status: AM Mega Housing Solution is a limited liability company incorporated under the Company Ordinance Cap. 212 (R. E) 2002 of the Laws of Tanzania. Registration number: 140359033. Principal office: Plot No.104 UPANGA, MAGORE STREET, ANVERTON PARK, DAR ES SALAAM. Postal Office Box Number: 14743 Dar es Salaam.

Collaboration: AM Mega Housing Solution collaborates with Ramaa Properties Limited, established on October 6th, 2016, under Tanzania Companies Act No. 12 of 2002 (registration number: 130111). Head office: Dodoma. **Ramaa Properties Limited** specializes in properties development, management, land acquisition, settlement layout designs, land surveying, title processing, and property marketing. They handle land acquisition for the project.

AM Mega Housing Solution also collaborating with **Foth Design & Construction Limited (FDC)**, a company registered in Tanzania 2010, with Registration number 79533. FDC is a multi-disciplinary integrated firm that has assembled a team of seasoned professionals with expertise in both traditional and modern project implementation techniques. Foth Design & Construction Limited possesses a comprehensive set of capabilities, including planning, programming, design, and successful project implementation, particularly in the realm of design and construction (Turnkey Projects).

Activities: AM Mega Housing Solution engages in Real Assets Development, Real Assets Leasing, and Selling on contractual and private bases. The company is involved in mapping residential and commercial properties in prime areas, holding a valid business license for real estate property development, surveying, selling, leasing, and development. It is registered with Tanzania Revenue Authority (TRA) as a genuine taxpayer. The company also deals in land developments, civil work, and architectural consultancy.

Vision: To become the most reliable, efficient, and convenient provider of all types of land-related investments and services in the country, with a possibility of extension to neighboring states, with emphasis on Mass Housing infrastructure and public amenities, like schools, Hospitals, commercial employment Centres and neighborhood facilities and security.

Mission: To provide high-quality and world-class services to customers with an emphasis on convenience and reliability, differentiating itself from others in the sector by focusing on customer needs.

Core Values: The company's core values include:

- **Integrity:** To be honest in all approaches, fostering better communications, and offering the best customer care.
- **Excellence:** Constantly striving for improvements in service quality to achieve a world-class level.

- **Speed:** Timely provision of services when and where required by customers.

4.0 CONSTRUCTION PROJECT IN DODOMA AND ITS RATIONALE

The following are the motives for considering investing into construction business in Dodoma:

- a) The market for houses either for purchasing or renting is huge in Dodoma. In the meantime, there are several employees who need decent accommodation in the city after their transfer from Dar es Salaam and from elsewhere. Since Dodoma is fast growing and accommodation is one of the basic living necessities, demand for houses is expected to exist and keep on increasing day by day;
- b) Demand for housing accommodation can further be increased through charging competitive prices for both selling and renting of houses by using appropriate and up to date technology during construction. This will lower construction cost that will ultimately make reduction of price possible;
- c) The lifestyle of Tanzanians is changing due to improvement of living standard, focus of the country being industrialized and expansion of business operations and economy. People would often tend to buy ready-made things like houses which meet their taste and needs. This tendency has begun in demand of other products like clothing, food products, etc. This culture is expected to exist and ever increase in other areas like housing accommodation due to change of lifestyle;
- d) The Government is more than willing to support the project because it goes hand in hand with the intention of making Dodoma the capital city in terms of its planning and development. Due to that, the project will find it easier in terms of getting the various necessary facilities for construction as well as estate completion, desirability and marketing. These include; water supply availability, electric power supply and road construction. Such facilities will enhance attractiveness and marketing of the created estates and houses;
- e) The project is expected to provide employment to several people who would some of them become customers or promoters of the created houses;
- f) The government will benefit from income tax in the form of PAYE, VAT and other taxes by construction, selling and renting businesses of the project. Thus, the government will provide maximum support than expected.

NIKE – A BLOKE OF 7 FLATS 2 BEDROOM AND PENTHOUSE



4.1 Description of the Project

The project involves construction of 65,000 houses within a period of 15 years. The construction will be done in three phases of five years each. The first phase will involve 20,000 houses of 3 categories as described below:

Table 1: Phase I Construction of 20,000 Housing

PHASE I		
ESTIMATED COST OF ONE PACKAGE 4,000 UNITS, AMENITIES & INFRAS.		
1	LOW INCOME HOUSES (2,000 Housing Units)	60,788,016.00
2	MEDIUM INCOME HOUSES (1,500 Housing Units)	78,007,721.48
3	HIGH INCOME HOUSES (500 Housing Units)	142,495,505.00
4	AMINITIES; HOSPITALS, SCHOOLS, SHOPPING MALLS, MARKETS ETC.	253,738,000.00
	SUB TOTAL ON HOUSING AND INFRASTRUCTURE	535,029,242.48
5	ADD PRE-CONTRACT COSTS	51,630,321.90
6	WORKING CAPITAL	98,954,971.22
	ETC FOR ONE PACKAGE OF 4,000 UNITS IS	685,614,535.60
	PHASE I - 5 PACKAGES OF 4,000 UNITS -20,000 UNITS	3,428,072,678.00
	TECHNOLOGIES MACHINERY, EQUIPMENT AND LIFE CAMP	104,600,000.00
	TOTAL REQUIRED FOR AMOUNT FOR PHASE I	3,532,672,678.00

The classification put above augers well with the recommendation by the market preference suggested by Kikula (2015). Plots for the construction of the envisaged houses are already available for sale. In fact, plots will be fed from a project that has just been accomplished that involved Survey of Plots in Ihumwa, Mapinduzi, Iyumbu and Upgrading of Squatter Settlements in Dodoma City. Thus, the project cost component will comprise of the following: -

- Project management;
- Provision of working tools and infrastructure;
- Design the house model;
- Build the houses to include landscaping construction;
- Marketing and sale of houses, and;
- Renting the houses in the short term.

Phase II and III construction will involve 21,000 and 23,000 houses respectively, also to be distributed according to market preference suggested by Kikula (2015) as depicted in Tables 2 and 3 below.

Table 2: Phase II Houses

PHASE II		
PHASE II - 5 PACKAGES OF 4,250 UNITS -21,000 UNITS		
1	LOW INCOME HOUSES (2,000 Husing Units)	60,788,016.00
2	MEDIUM INCOME HOUSES (1,500 Housing Units)	78,007,721.48
3	HIGH INCOME HOUSES (500 Housing Units)	142,495,505.00
4	AMINITIES; HOSPITALS, SCHOOLS, SHOPPING MALLS, MARKETS ETC.	253,738,000.00
5	WORKING CAPITAL	98,954,971.22
SUB TOTAL ON HOUSING AND INFRASTRUCTURE		633,984,213.70
ADD PRE-CONTRACT COSTS		51,630,321.90
ETC FOR ONE PACKAGE OF 400UNITS IS		685,614,535.60
PHASE II - 5.25 PACKAGES OF 4,250 UNITS -21,000 UNITS		3,599,476,311.90

Table 3: Types of Phase III Houses

PHASE III - 6 PACKAGES OF 4,000 UNITS -20,000 UNITS		
1	LOW INCOME HOUSES (2,000 Husing Units)	60,788,016.00
2	MEDIUM INCOME HOUSES (1,500 Housing Units)	78,007,721.48
3	HIGH INCOME HOUSES (500 Housing Units)	142,495,505.00
4	HIGH INCOME HOUSES (500 Housing Units)	253,738,000.00
5	SUB TOTAL ON HOUSING AND INFRASTRUCTURE	633,984,213.70
6	ADD PRE-CONTRACT COSTS	51,630,321.90
7	WORKING CAPITAL	98,954,971.22
ETC FOR ONE PACKAGE OF 4,000 UNITS IS		685,614,535.60
PHASE III - 6 PACKAGES OF 4,000 UNITS -24,000 UNITS		4,113,687,213.61

The Typical Housing Models will be as portrayed hereunder:

- 1) TYPE A – 2 BEDROOMS HOUSE – BUNGALOW



- TYPE B – 3 BEDROOMS HOUSE – BUNGALOW



TYPE C AND D – STOREYED HOUSES



- 3 BEDROOM UNITS – ROW HOUSING



XENIA 2,3,AND 4 BEROOM ROW PROGRESION HOUSES





XENIA PROGRSSION HOUSE 2, 3 AND 4 BEDROOM



RIZIKI- 2 AND 3 BEDROOM BLOCK OF 22 FLATS



ASMA 3 FLOOR PLAN – BLOCK OF 12 FLATS

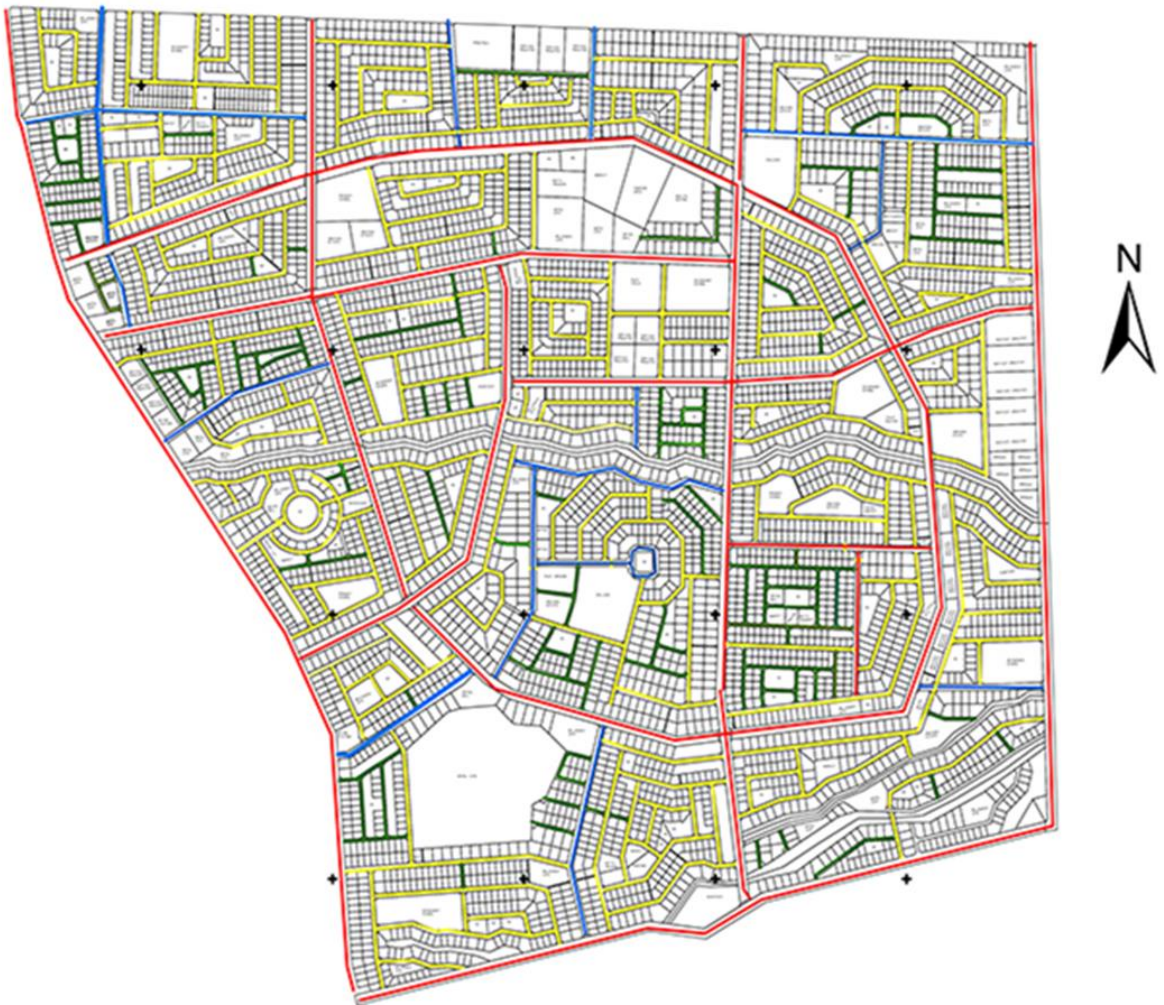


CAMILIA 3 BEDROOM HIGH INCOME HOUSE



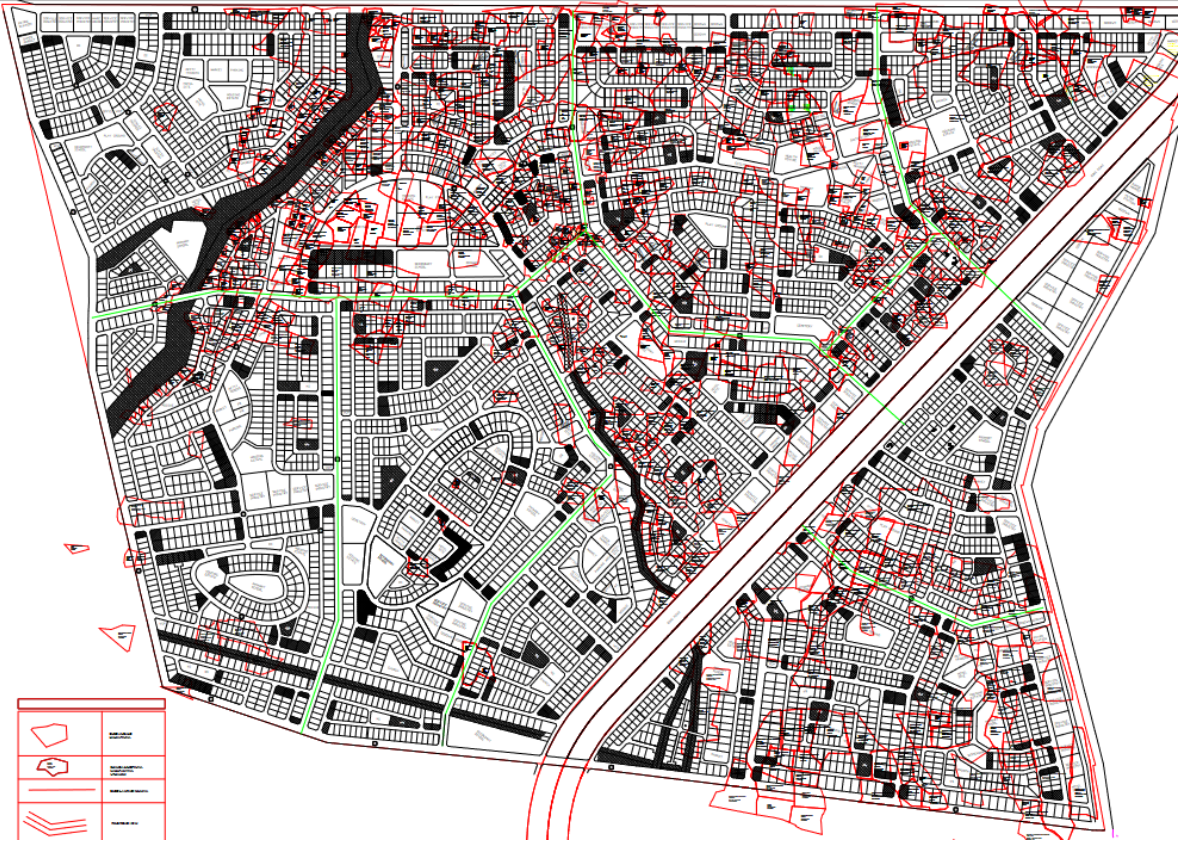
RIZIKI II HIGH INCOME BLOCK OF 70 – 2,3 HOUSING UNITS WITH 5 BEDROOM PENTHOUSES

SOME OF THE SITES FOR THE PROJECT

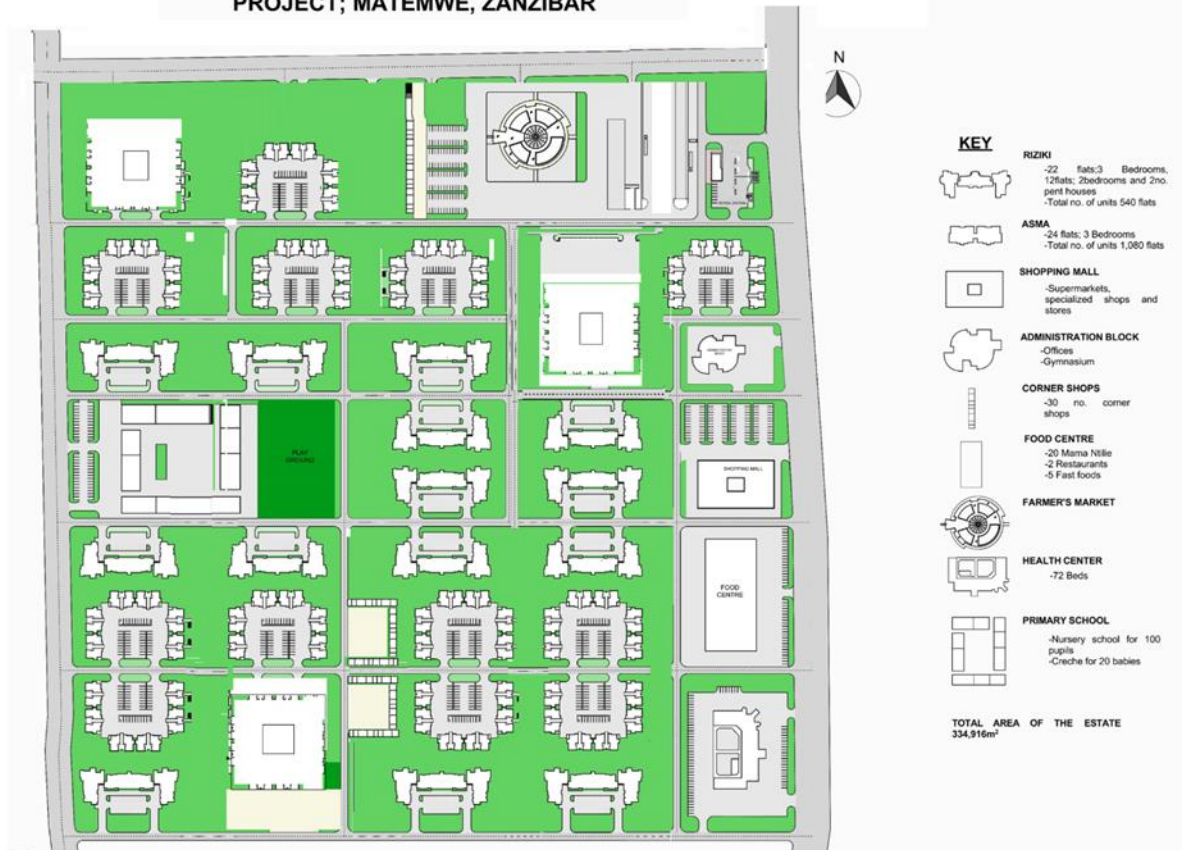


MAPINDUZI SITE, DODOMA

IHUMWA PROJECT POLYGONS A0 Size



1650 UNITS ZANZIBAR AFFORDABLE HOUSING PROJECT; MATEMWE, ZANZIBAR



MATEMWE SITE ZANZIBAR

5.0 MARKET ANALYSIS

AM Mega Housing Solution intends to engage in the construction of houses project in Dodoma city and then sell the houses to individuals or firms. The Company will also seek to rent the houses at least in the short run while looking for buyers of the houses. To start with, the Company needs to invest in the construction work. Thus, the Company envisage parting with another international or local company in the investment venture. While AM Mega Housing Solution has provided the land, business idea, and will further provide technical, labour, logistical and supervision support, the other Company will provide financial backing.

The two Company will work together as partners with 27% owning to AM Mega Housing Solution. and 70% shares to the financier and 3% of the after tax profit will be attributed to the Dodoma City Council. The 3% paid to Dodoma City Council will be deducted from

the net profit accrued to AM Mega Housing Solution. This will be facilitated by a special Agreement contract that will form part of this document.

To facilitate ease operation and marketing of the finished houses, construction will be done in phases. In total, there will be three phases of construction and marketing of the houses. Phase I will comprise of 210,000 units of varying sizes. Phase II will compose of 22 houses while Phase III will encompass 24,000 units. After completion of phase one houses, construction of phase two units will follow while selling and marketing of Phase I units will be in place. The project will go on in that order until all the intended houses are accomplished. This approach will lower the project cost, enable analysis and monitoring of demand and shorten the project recouping period. Construction time is expected to be five years for each phase with the first phase starting in January 2020.

Market demand analysis indicates that, people in Tanzania are in need of ready-made houses instead of what is taking place in the country in the meantime. The trend in Tanzania is to leave individuals construct their dwellings on their own. This has a number of ramifications which include but not limited to:

- Taking long time to accomplish construction of houses;
- Escalating construction costs;
- Compromising quality of structures;
- Poor design of towns where different structures can be found in a small locality;
- Having poor town planning.

Therefore, strategies which can overcome the above complications are welcome by envisaged house owners as well as house planners and government authorities. Thus, selling of the constructed houses will have no hassles in the country at least in the coming 20 years. This will further be fast tracked if there will be some mechanisms to facilitate bank loans to those intending to buy houses.

5.1 Some Unique features of the Houses and Services to be offered

AM Mega Housing Solution Ltd will construct houses and also provide infrastructure and services. It will also put up management services of unique features that will put it in a good position to operate the proposed business successfully. The features are:

- 1) The Company will construct houses of varying sizes, designs and qualities to cater for various target markets;

- 2) The construction will follow all town planning requirements as required and approved by the authorities. This will thus provide all the required services of the residents such as play grounds, open spaces, walk ways, roads, warship areas, designated shopping centers, etc.
- 3) To start with, the project will be actualized in Dodoma where there is high demand due to the government political will to support the project;
- 4) The construction will be done using high tech procedures available in the market. This will lower down construction costs and finally supply houses at competitive prices to enable users buy them comfortably. AM Mega Housing Solution policy is to be a market leader by supplying high quality and durable houses at lowest possible price in the market;
- 5) Personal selling campaigns will be made to individuals and firms before, during and after completion of the construction work. This will enable the Company to create adequate number of customers beforehand;
- 6) Some arrangements will be done with financial institutions to provide credit facilities to potential buyers (individuals and institutions) of the constructed houses. This negotiation will begin during the initial stage of construction by making such institutions overseer of our financial resources;
- 7) Given the quality of the houses to be constructed and the competitive prices that will be charged, AM Mega Housing Solution expect to outperform its competitors and therefore, make its houses to fetch wider acceptance in the market;
- 8) The AM Mega Housing Solution will provide decent customer care through building marketing relationships.

5.2 Target Market

AM Mega Housing Solution target to secure customers from the following market segments:

- a) Employees in the public sector who have moved to Dodoma following the Government decision to shift her administrative functions to the Region. It is estimated that about 750,000 Government Employees will have settled in Dodoma by October 2019;
- b) Private sector employees who have been shifted to Dodoma by their employers to operate their branches or subsidiaries;

- c) The business community that has moved to Dodoma and those intending to do so in order to take up the opportunities created by the Government activities;
- d) Various institutions (Public and Private) that wish to acquire houses for their entitled employees;
- e) Any other individual who wishes to purchase a house.

Arrangements have already been done with local banks like People Bank of Zanzibar, NMB, and CRDB so that individuals and institutions can acquire houses on loan basis. Negotiations will continue with other financial institutions like Equity Bank, United Bank of Africa, Amana Commercial Bank, etc. to join hands with the government in the construction of Dodoma City by providing loans to house seekers. This will stimulate demand for ready-made houses. It will be a win-win tripartite situation for individuals/institutions, Banks and AM Mega Housing Solution.

5.3 Pricing

In setting the prices for the houses, consideration has been made on a number of factors. These include customers' ability to buy the dwellings, market prices, operating costs to be incurred, as well as making moderate profit margin. For the purpose of promoting the houses to the majority, it is planned to do the following:

- a) Connect buyers to financial institutions in order to let them obtain credit facility to acquire the houses;
- b) Provide price discount to big buyers who will buy several units, like 50 or more at once;
- c) Charging lower margins of profit compared to what is charged by the competitors. In fact, the maximum planned margin of profit is only 20% of the cost before VAT. This will make the prices to be competitive.

Based on the above pricing strategies, the following are the proposed prices of the envisaged three categories of constructions.

Table 4: Pricing of the three Categories of Houses

5.4 Promotion and Strategies for Securing Customers

A cursory study has already been undertaken to identify potential customers. Nonetheless, the following activities will be undertaken in order to secure customers.

a) Convening Meetings with Institutional Buyers

Before advertising in any news media, the two Company intend to walk around and meet with prospective main buyers (institutions). In these meetings, the Company will outline its attractive products and policies and then request the institutional prospective buyers to provide their anticipated demands for the houses. The goal will be to secure buyers as well as those who will require renting the houses at least in the short run.

b) Advertising

This will be aimed at informing the general public about the housing project after contacting with the big buyers. Interested individual buyers can also visit the our offices for their needs and enquiries. At the same time, advertising will encourage individuals and other types of buyers to consider doing business with us given the competitive prices compared to the market rates. This is planned to be done through TV channels; like ITV, TBC and Star TV, radio stations; like Radio One Stereo, Radio Free Africa, and Clouds FM and newspapers; like Mtanzania, Nipashe, and the Guardian.

c) Word of Mouth Communication

Word of mouth Communication will specifically be targeted to employees in various institutions (public and private). These individuals will be good Developers of information flow to the general public. Spokespersons will make short presentations to people especially around Dodoma, Dar es Salaam, Mwanza, Arusha and other big towns. They will also meet people and tell them about the existence of the Housing project in Dodoma City. The informed people are expected to disseminate information to their relatives and friends who may as well be potential customers of the constructed houses.

5.5 SWOC Analysis

For the purpose of assessing the Company's' capabilities to effectively run the intended business, an evaluation of the companies' strengths, weaknesses, opportunities and threats is essential. These are presented below as follows:

a) Strengths

- 1) The Company has been in business of built industry for quite some time and has actually gained reasonable experience in this business to include matters related to business management. Therefore, there will be no hitches regarding management of the project.
- 2) Company has already built good recognition, loyalty and image with the government authorities like Dodoma Municipality, the Central Government, the general public and the private sector. Since the same loyal customers who have in a way interacted with the Company will at the same time need housing accommodation, it would be easier to turn them into being new customers or disseminators of information to others for the constructed houses.
- 3) The prices to be charged by Company will be attractively competitive. In fact, the motto of the Company will be; **to provide quality houses with high level of customer care, service and satisfaction.**

b) Weaknesses

- 1) Despite the fact that, the Company has been in the built industry for quite some time, this is the first vast construction project being proposed. So, care and diligence is required to ensure successful implementation of the project.
- 2) Given the magnitude of the project, it is not possible for the AM Mega Housing Solution. to implement the project alone due to its insufficient financial muscles. Thus, there is a need to part with another Company/Company that are strong financially to make the project a reality. Failure to secure such a partnership will result into a futile venture.

c) Opportunities

- 1) The Company has sufficient market for the ready-made houses. Thus, there is a possibility of escalating the business in future into other cities in the country after successful implementation of the proposed project.

- 2) There are possibilities of enjoying attractive profit margins because most of the raw materials required for construction will be locally available and at a reasonable price. On the other side, the imported materials will be purchased in bulk and thus reduce importation costs apart from enjoying quantity discounts from the manufacturers.
- 3) There is political will to have support from the central Government because of the intention and the need to make Dodoma the capital city. Therefore, any good ideas and efforts that are geared towards supporting the government in this endeavor should be cordially welcome.
- 4) The Company has an opportunity of being of service to Tanzanians through provision of employment. Along with employment provision, there will be associated revenues accrued to the Government in the form of income tax (PAYE), VAT (from sale of houses), etc. This contribution can have long sustenance depending on the success and escalation of the project in future.
- 5) There are possibilities for AM Mega Housing Solution. to expand and operate internationally in future.

d) Challenges

- 1) There are other enterprises (mostly government based), such as the Watumishi Housing, National Housing Corporation (NHC), Mzinga Corporation, Suma JKT, Tanzania Building Authority (TBA), which can supply houses to the Tanzanian market. These organizations can create competition that may call for innovativeness, strategic planning and positioning.
- 2) There may be a need to seek for external funding from financial institutions and/or partners. In case this does not materialize, AM Mega Housing Solution will lose a magnificent opportunity.

A look at the strengths and opportunities versus weaknesses and challenges indicates that, AM Mega Housing Solution has competencies and capabilities stand at a better position to effectively run the business venture it envisages.

5.6 Environment Scanning

Competitors of AM Mega Housing Solution involve many enterprises, which may construct and supply houses like the ones intended to be offered in the market. These include, among others, Watumishi Housing, National Housing Corporation (NHC), Mzinga Corporation, Suma JKT, Tanzania Building Authority (TBA), among others.

a) Their Strengths

These enterprises have some competencies in running this business. They also have been in the built industry for many years; therefore, they have created relationships and adequate loyal customers. Apart from that, some of these enterprises like NHC are giants as regard to their financial capabilities.

b) Their Weaknesses

- 1) Their prices are relatively higher compared to what the AM Mega Housing Solution intend to charge.
- 2) Most of these enterprises and especially those based in the private sector are used to build based on securing of tenders. Thus, building for selling is a new and seemingly a risk concept in the Tanzanian market. For the few enterprises which have tried the concept, have actually targeted special customers (higher income class) and mainly on rental basis.
- 3) Most of the government based organizations have been in built industry for quite some time now but face several hiccups and inherent inefficiencies such as doing business as usual, dependency on the Government, lack of customer care and good relationship, lack of business acumen, etc. This is a reason for the built industry in the country to be less developed until today.

5.7 AM Mega Housing Solution Competitive Advantages

Envisaged competitive advantages pertaining to AM Mega Housing Solution are as follows:

- 1) Its prices will be relatively lower compared to those of the competitors.
- 2) The terms of payment are planned to attract big buyers for them to make purchases.
- 3) Engagement with local banks will ease running of the business as well as transactions.

- 4) Customer care and after sale service will attract people doing business with AM Mega Housing Solution.

5.8 Marketing Budget

For the purpose of creating awareness to the general public as well as communicating with potential customers for the houses (as described under promotional activities), some costs need to be incurred. The budget planned for undertaking such activities is as presented in Table 5 below:

Table 5: Promotional Budget for Awareness Creation

	Promotional Activity	Frequency	USD	USD
1	Newspaper Adverts		2,600.00	
a	1/4 page, The Guardian	6	192	1,153.85
b	1/2 Mtanzania	6	231	1,384.62
c	Nipashe	6	231	1,384.62
2	Radio Adverts	20	433	8,666.67
3	TV Adverts	20	96	1,923.08
4	Short presentations	20	77	1,538.46
5	Outdoor Adverts	4	577	2,307.69
6	Digital Media	50	1,000	50,000.00
	Total			68,358.97

This cost is included in the fees in Pre-Contract Costs

6.0 OPERATIONS PLAN

This section provides description on business location, operational processes and an outline of the fixed investment requirements for phase I construction.

6.1 Business Location

The location of the business is Dodoma, where the project will be actualized. Nevertheless, the plan is to have some branches, especially in Dar es Salaam, Zanzibar, and other places as will be deemed fit. This will give AM Mega Housing Solution an added advantage in terms of flexibility, reaching customers and ease of running the operations.

6.2 Operational Processes

AM Mega Housing Solution will be operating from Monday to Sunday starting from 8.00 a.m. to 5.00 p.m. This has been designed so as to meet customer requirements as they may wish. In other words, operational hours are intended to conveniently fulfill the needs of customers.

6.3 Fixed Investment Requirements

To facilitate proper running of the intended business, some fixed investment needs to be acquired. This will include purchase of earth moving machinery, purchase of building materials, preparation of sheds, setting up building technology factories, acquiring of forming equipment, putting in place the storage facility and facilitating availability of means of transportation of materials and people, provision of life-camps to accommodate various carder of staff. The various materials needed with their costs are outlined in the Table below:



A cluster of Block of flats

Table 6: Fixed Assets Budget for Phase I Housing Construction:

TYPE OF HOUSES	FLOOR AREA DISTRIBUTION (M2)						Building * Construction Cost per m2 USD	Building * Construction Cost per Unit USD	Total Construction Cost with Inf per m2	Total Construction Cost per Unit USD	Total Construction Cost USD		
	CODE NO OF HOUSE	NAME OF THE HOUSE	NO. OF	NO. OF BLOCKS	TOTAL	NET							
			UNITS PER BLK		NO. OF UNITS	USABLE							
						FLOOR AREA						PER UNIT	
LOW INCOME HOUSING													
1	TWO BEDROOM FLATS IN BLOCK OF 12 FLATS	BF12/2/LC	ASMA II	12	40	480	89	310.00	27,590.00	392.75	34,954.75	16,778,280.00	
2	TWO BEDROOM PROGRESSION BUNGALOW	SPH1/2/LC	XENIA II	1	200	200	76	315.00	24,053.40	399.00	30,467.64	6,093,528.00	
3	TWO BEDROOM ROW BUNGALOWS	R88/2/LC	RUZUNA	8	102	816	73	310.00	22,568.00	397.00	28,901.60	23,583,705.60	
4	THREE BEDROOM PROGRESSION BUNGALOW	SPH/1/3/LC	XENIA III	1	504	504	89	325.00	28,925.00	420.00	37,380.00	18,839,520.00	
	SUB- TOTAL					2,000				67,256,452.00		65,295,033.60	
												70.35	
MEDIUM INCOME HOUSING													
1	FOUR BEDROOM PROGRESSION BUNGALOW	SPH4/4/M	XENIA IV	1	130	130	121	390.00	47,190.00	512.87	62,056.91	8,067,397.91	
2	TWO BEDROOM ROW DUPLEXES	RD7/2/M	DAMIUDLA	7	60	420	99	400.00	39,600.00	521.62	51,640.38	21,688,959.60	
3	THREE BEDROOM FLATS IN BLOCK OF 12 FLATS	BF12/3/M	ASMA III	12	50	600	114	415.00	47,310.00	538.50	61,388.94	36,833,365.80	
4	THREE BEDROOM ROW DUPLEXES	RD7/3/M	SOPHE	7	50	350	150	410.00	61,500.00	537.37	80,605.95	28,212,082.50	
	SUB TOTAL					1,500						94,801,805.81	
HIGH INCOME HOUSE													
1	THREE BEDROOM FLAT IN BLOCK OF 7 FLATS + PH	BF7/3/H	RIZKI	10	20	200	182	490.00	89,180.00	1,500.00	273,000.00	54,600,000.00	
1B	PENT HOUSE LUXURY	BF7/3/H	RIZKI PH	1	50	50	364	510.00	185,640.00	672.30	244,717.20	12,235,860.00	
2	THREE BEDROOM DETACHED BUNGALOW	SB/1/3/LX	CAMILIA	1	50	50	383	515.00	197,245.00	678.45	259,846.35	12,992,317.50	
3	FOUR BEDROOM ROW HOUSE	RH7/5/4/H	ARIELLA	10	15	150	356	600.00	213,600.00	785.00	279,460.00	41,919,000.00	
4	FOUR BEDROOM DETACHED DUPLEX	DD/1/4/LX	SORAIYAH	1	50	50	332	700.00	232,400.00	908.00	301,456.00	15,072,800.00	
	SUB TOTAL					500						136,819,977.50	
AMINITIES													
5	BASIC HEALTH CLINICS 2ND.	BHC/1	CLINICS	1	2	2	1,460	1,050.00	1,533,000.00	1,220.00	1,781,200.00	3,562,400.00	
1	NUSERY/PRIMARY SCHOOLS 3ND.	NPS/1	SCHOOL NP	1	3	3	5,000	-	-	120.00	600,000.00	1,800,000.00	
2	SECONDARY SCHOOLS 2ND	SHS/1	SCHOOL SH	1	3	3	6,000	-	-	120.00	720,000.00	2,160,000.00	
4	300BED HOSPITAL	CHC/1	CHC	1	2	2	8,900	-	-	1,200.00	10,680,000.00	21,360,000.00	
5	EMPLOYMENT CENTRES/SHOPPING MALLS	ECSM/1	SHOPS	1	1	1	12,000	-	-	120.00	1,440,000.00	1,440,000.00	
6	FARMERS MARKETS 2ND	FM/1	MARKETS	1	2	2	2,200	-	-	120.00	264,000.00	528,000.00	
7	FOOD CENTRE 2 + MAMANITJIE	FMM/1	FOOD	1	2	2	2,900	-	-	120.00	348,000.00	696,000.00	
8	PARKS AND GREEN AREAS	PARKS	PARKS	1	8	8	4,000	-	-	120.00	480,000.00	3,840,000.00	
8	PLACES OF WORSHIP 2ND	M&C/1	M&C	1	2	2	2,000	-	-	120.00	240,000.00	480,000.00	
9	POLICE STATIONS 2ND.	PS/1	SECURITY	1	2	2	1,000	-	-	120.00	120,000.00	240,000.00	
10	FIRE STATIONS	FS	FIRE	1	2	2	1,000	-	-	120.00	120,000.00	240,000.00	
	SUB TOTAL						4,000					32,784,000.00	
												TOTAL FOR AFFORDABLE HOUSING 1 PKG	329,700,816.91

7.0 ORGANISATIONS AND MANAGEMENT PLAN

The operations of AM Mega Housing Solution are expected to be run by a team of about 200 workers. The team will comprise of the managing director, finance and corporate affairs manager, marketing manager, technical manager and the operatives. The responsibilities of these people are outlined under resource people of AM Mega Housing Solution provided below:

7.1 Resource people for AM Mega Housing Solution

The resource people and their responsibilities are described hereunder.

7.1.1 The Managing Director

Engr. Ali Bakari Ali is designated to serve as the Chief Executive Officer of AM Mega Housing Solution. In this pivotal role, he will be responsible for all decision-making functions and the overall supervision of day-to-day activities. Section managers will be directly accountable to the CEO. Eng. Ali Bakari Ali, holding the title of Managing Director, is an accomplished Engineer with extensive managerial exposure. He holds a Master's degree in Geomatics from New Burns Wick-Canada and is a professional member of esteemed bodies such as the Association of Institute of Surveyors Tanzania (IST), Ontario Land Surveyors (OLS), Royal Chartered Surveyors (RICS), National Council of Professional Surveyors (NCPS), and Zanzibar Land Surveyors (ZLSB). Eng. Ali Bakari Ali has a proven track record of practice and work experience in both Tanzania and Canada.

7.1.2 Technical Director

Arc. (Mrs.) Fatma Othman Moma holds the position of Director at AMMHSO and is the esteemed founder, owner, and Managing Director of Foth Design & Construction Ltd. She brings a wealth of expertise to the organization, holding an MSc. in Architecture from the Moscow Institute of Architecture. Arc. Moma is a distinguished Member of the Nigeria Institute of Architects (MNIA) and is duly registered with the Architects Registration Council (ARCON).

With a career spanning over 30 years in the field of Architecture and Housing Development, Arc. Moma's professional journey commenced in May 1980. Notably, she served as a Human Settlement officer at the United Nations Addis Ababa, demonstrating her commitment to international standards and practices in architecture and housing.

Arc. Moma's role as the head of the Housing Section of Housing and Public Building in the Federal Capital Territory (FCDA) underscores her leadership and management capabilities. She has played a pivotal role in the design, supervision, and maintenance of Diplomatic establishments globally. Her international projects include overseeing

Nigerian Diplomatic establishments in Berlin, Dar-es-Salaam, Madrid, The Hague, Windhoek, Addis Ababa, Washington DC, and other cities.

7.1.3 Finance Director

Dr. Issa Cisse (Director): Background: Phd. Structural Engineer with over 20 years of experience in construction, design and implementation. He has a global Finance management experience.

7.1.4. Finance and Corporate Affairs Director

Mohammed Mwandege: Director of AMMHSO, brings extensive experience in finance, auditing, taxation, staff development, training, and administrative support. His results-driven approach is evident in his proficiency in strategic planning, strategic budgeting, and overseeing plan execution. His expertise extends to Social Security Administration, Finance (financial planning, investment analysis, portfolio management), Accounting, HR Management, General Administration, procurement

7.1.5 Finance and compliance Manage

Masoud Ramadhan (Finance Manager): Background: Seasoned Banker with extensive experience in finance management, account, audit, and tax sectors. is appointed as the Finance and Corporate Affairs Manager for AM Mega Housing Solution. In this role, he will be responsible for all legal matters, financial affairs, and administrative and personnel issues.

Management, HR practices, and compliance.

7.1.6 Finance Manager 2

Mr. Lucas Mahundi Mr. Mahundi brings over 24 years of experience in management, professional consultancy, and supervision. He holds a Master's in Business Administration in Finance and Banking from Mzumbe University and possesses qualifications in Certified Accountancy, Materials Management, and Store Keeping. With a background in top management positions, including General Manager and Manager of Finance and Administration, Mr. Mahundi has demonstrated expertise in Finance Management, Human Resource Management, Logistics, and Warehouse Management.

7.1.7 Marketing Manager

Mr. Mohammed N. Mahfoudh is designated as the Marketing Manager for AM Mega Housing Solution. In this capacity, he will oversee all marketing and sales activities, including research, promotion, and supervision. Mr. Mahfoudh, with 22 years of experience in marketing and business management, has a proven track record. He holds qualifications in Marketing & Business Management from Stafford Associates-UK. His international experience includes marketing and selling plots and surveyed

land in Dubai-Arab Emirates. Mr. Mahfoudh is currently leading marketing efforts for projects such as Msongola Project, Kigamboni in Dar es Salaam, and Fumba in Zanzibar. He will be supported by Assistant Marketing Manager Mr. Ally N. Kilengawana, a dynamic marketer with modern penetration tactics and marketing scanning skills.

7.1.8 Technical Manager

Mr. Wariel Samile Ayo is appointed as the Technical Manager for AM Mega Housing Solution. In this role, he will be responsible for all construction-related matters, including equipment supervision, maintenance, service, construction planning, and scheduling. Mr. Ayo, holding a Bachelor's degree in Geomatics from the University of Dar Es Salaam, has accumulated 20 years of experience in the field. He leads a team of land surveyors and field technicians, demonstrating expertise in survey methods and procedures for various types of surveys. The Technical Manager will closely collaborate with the Marketing Manager and Finance and Corporate Affairs Manager.

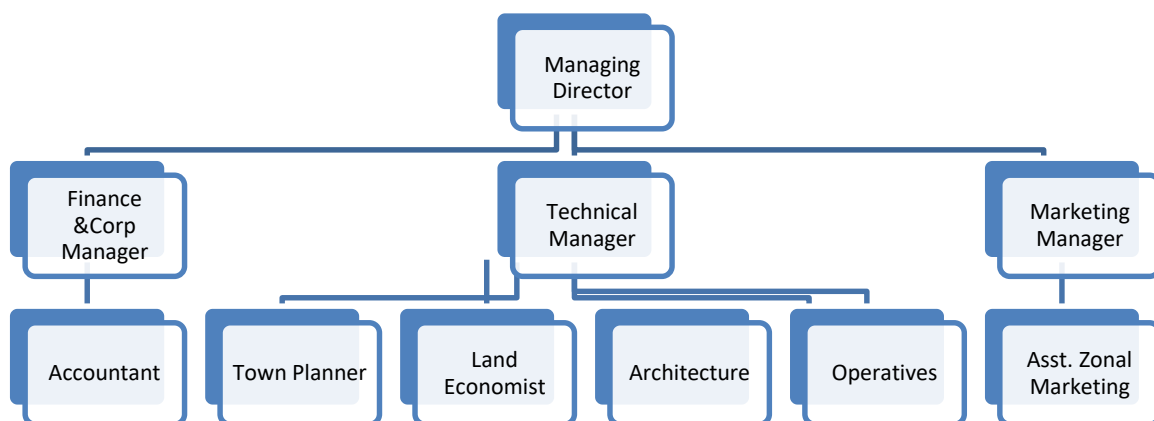
7.1.9 The Operatives

The operatives of AM Mega Housing Solution are skilled technical staff with expertise in various construction works. The number of operatives, expected to be at least 200, will depend on the level of activity. They will work under the close supervision of the Technical Manager and his team on a contractual basis.

7.2 Organization Structure

The organizational structure of AM Mega Housing Solution depicts the interrelated duties and responsibilities of the key personnel outlined above.

Organization Structure of AM Mega Housing Solution



7.3 Pre-operating Activities

Before construction works start, some activities need to be performed. The activities against their costs are as presented below:

- a) Business Plan and other documents preparation – This involves preparation of the proposal document on the running of the envisaged business.
- b) Promotion Costs – These are the costs associated with the process of creating awareness of the business to the general public as well as directly communicating with potential customers after starting to put the housing model in the market.
- c) Establishing the office and the construction facility – This will involve initial preparation activities for erecting the buildings which will be used as construction site. Apart from that, there is a need to have spaces allocated for storage, transport facility to handle day-to-day operational and administrative activities.

7.4 Operational Costs

In the course of running construction operations, the following direct and indirect costs are anticipated to be incurred:

7.4.1 Direct Operating Cost

Raw Materials Costs – these are the direct costs to be incurred by purchasing the necessary building materials to be used for construction. Each design shall have a Bill of Materials to assist in the Procurement Department. AMMHSO shall have a yard or yards for the various Building equipment, and machinery with a maintenance workshops and staff. Equipment shall include earth moving equipment and batching plants. From that, money will be to purchase the building equipment as well as remunerating the operatives. The estimated amount in the first phase construction is defined under Fixed Assets Budget and is estimated as USD 7.1million and they will be moved from site to site and replaced after every 5 years.



BATCHINGPLANT: Q130102-1A Con-e-co All-Pro12C

2/6



CONCRETE PUMP

BUILDING EQUIPMENT AND MACHINERY SUMMARY FOR AMMHSO							
Shipped to Location: Dar es Salaam, Tanzania							
QUOTE#	DESCRIPTION	Qty	UNIT COST EA.	Ext. COST	Down Pymt.	Total Freight	TOTAL COST
			USD	USD	USD	USD	USD
Q130102-1A	Con-e-co All-Pro12C	2	\$409,240.00	\$818,480.00	\$163,696.00	\$155,920.00	\$974,400.00
Q130102-4A	Power Curber	2	\$15,790.00	\$31,580.00	\$7,895.00	see Q13010	\$31,580.00
Q130102-5A	Formey Cube Tester	2	\$12,000.00	\$24,000.00	\$6,000.00	see Q13010	\$24,000.00
Q130102-6A	Pressure Washer	2	\$3,850.00	\$7,700.00	\$7,700.00	see Q13010	\$7,700.00
Q130102-7A	Vibrators	2	\$2,300.00	\$4,600.00	\$4,600.00	see Q13010	\$4,600.00
Q130102-8A	Power Trowel	2	\$3,620.00	\$7,240.00	\$7,240.00	see Q13010	\$7,240.00
Q130102-9A	Trimble Station	2	\$45,200.00	\$90,400.00	\$22,600.00	see Q13010	\$90,400.00
Q130102-10A	Sp.Parts-Merc Mix Trk	1	\$5,870.00	\$5,870.00	\$1,174.00	incl.w/truck	\$5,870.00
Q130102-11A	Sp.Parts-All-Pro12C	1	\$9,645.00	\$9,645.00	\$1,855.00	incl.w/plant	\$9,645.00
Q130102-13	Mercedes Mixer Trk	6	\$142,055.00	\$852,330.00	\$85,233.00	see 13A	\$852,330.00
Q130102-13A	Fr. Merc Mixer Truck	6				\$68,630.00	\$68,630.00
Q130102-14A	Training&Start-up	1	\$209,000.00	\$209,000.00	\$209,000.00	N/A	\$209,000.00
Q130102-15A	Schwing Pumper	2	\$472,255.00	\$944,510.00	\$40,000.00	\$48,050.00	\$992,560.00
Q130102-16A	Cat 928Hz Loader	2	\$213,450.00	\$426,900.00	\$64,035.00	included	\$426,900.00
Q130102-17A	Cat 428F Backhoe	2	\$103,500.00	\$207,000.00	\$31,050.00	included	\$207,000.00
Q130102-18AR	Navistar 7400 Dump	10	\$148,660.00	\$1,486,600.00	\$1,486,600.00	included	\$1,486,600.00
Q130102-19A	Containered Freight				\$24,000.00	\$24,000.00	\$24,000.00
Q130102-20A*	Cat 140K Grader	1	\$330,890.00	\$330,890.00	\$49,635.00	included	\$330,890.00
Q130102-21A*	Cat D7R Dozer	1	\$466,333.00	\$466,333.00	\$69,950.00	included	\$466,333.00
Q130102-22A*	Cat D9R Dozer	1	\$881,950.00	\$881,950.00	\$132,295.00	included	\$881,950.00
Q130102-23A	Rebar cutter	2	\$2,220.00	\$4,440.00	\$4,440.00	included	\$4,440.00
TOTAL			\$3,477,828.00	\$6,809,468.00	\$2,418,998.00	\$296,600.00	\$7,106,068.00
All Monies are USD							

7.4.2 Indirect Operating Costs

- a) Managing Director's Salary – the person holding the post of the Managing Director will be paid a monthly salary.
- b) Finance and Corporate Affairs Manager's salary
- c) Marketing Manager's Salary
- d) Technical Manager's Salary
- e) Assistant Marketing Manager's Salary
- f) Accountant's Salary -
- g) Town Planner's Salary
- h) Land Economist's Salary – Like the Town Planner and accountant.
- i) Architecture's Salary
- j) Operatives' wage

The total amount expected to be spent on salaries are shown in the Key Data analysis. Thereafter, this expense like many others will be growing at a rate of 5% per year.

Table 7: Salary for Resource People

These are inclusive in the Pre-contract costs. There are all other costs, which have not been mentioned. They include cost for utilities, stationaries, office supplies, communication, as well as some contingencies or unforeseen expenses. The estimated total cost for phase I which is 1.5% of the total investment cost.

7.5 Implementation Plan

AM Mega Housing Solution expecting to take 15 years to put in place the required 65,000 houses to cater for the intended business. The breakdown of the activities to be accomplished is as follows:

- 1) Tracing of roads and building of all infrastructure and services
- 2) Setting up of technology factories and equipment
- 3) Construction of **20,000 houses** in the first phase which is an average of 4,000 houses per year;
- 4) Construction of landscaping for phase I construction;
- 5) Marketing of the 20,000 houses of the first phase construction;
- 6) Conducting monitoring and evaluation for first phase construction; Tracing of roads and building of all infrastructure and services
- 7) Tracing of roads and building of all infrastructure and services
- 8) Construction of **21,000 houses** in the second phase which is an average of 4,250 houses per year;
- 9) Construction of landscaping for phase II construction;
- 10) Marketing of the 21,000 houses of the second phase construction;
- 11) Conducting monitoring and evaluation for second phase construction;
- 12) Tracing of roads and building of all infrastructure and services
- 13) Construction of **24,000 houses** in the third phase which is an average of 6,000 houses per year;
- 14) Construction of landscaping for phase III construction;
- 15) Marketing of the 23,000 houses of the third phase construction.
- 16) Conducting monitoring and evaluation for third phase construction before escalating the project into other centers.

The activities may be depicted in a bar chart as shown below:

Table 8: Implementation Schedule for Construction of 65,000 Houses

8.0 FINANCIAL PLAN

This chapter provides an analysis of the financial implications of the various activities explained in the forgoing chapters. It starts by stating the assumptions made in developing the financial statements. This is followed by putting down the financial requirements of the entire construction project according to phases. The section winds up by showing all the necessary financials for the individual phases under the envisaged construction undertaking.

8.1 Assumptions of Financial Statements Generation

To come up with the financial statements, the following assumptions have been made:

- a) At least 40% of the houses for each category will be sold immediately after construction. That is, 40% of units constructed in a given year will be sold during the same year. This assumption is based on the current demand for houses in the centers intended for construction.
- b) At least 20% of the houses for each category constructed in a year will be sold in the year that follows. This trend will also be applicable for the third year after construction. The remaining houses will be sold in the fourth and fifth years at a rate of 10% each.
- c) At least 10% of the houses waiting to be sold in each year will be offered for renting purposes for at least 12 months after which, they will be sold in the following years.
- d) Renting charges will be pegged at only 80% of the market rate in order to attract customers and ensure that, good number of the remaining constructed houses are acquired at least on rental basis each year;
- e) Most of the costs will grow at a rate of 5% from year to year. This has been kept almost equal to anticipated average inflation rate in the country which is about 5%.
- f) Prices of houses have been assumed to be constant in order not to inflate the level of sales although it is known that, prices might fluctuate on the higher side.

- g) Equity financing has been taken to represent 27% of the total financing requirements. This implies that, external financing will represent 73% of capital requirement.
- h) A provision of 30% corporate tax has been considered as the laws require.
- i) Working capital includes expenses such as Contractors fees which is 15% of the Cost per package, logistics, recurrent costs, salaries and welfare.
- j) Direct Labour covers compensation for Directors, Management, professionals, technical and skilled laborers.

8.2 Financial Requirements and their Economic Implications

The financial requirements with their economic implications are provided hereunder for individual phases of the main project.

8.2.1 Phase I Construction

For the case of Phase, I Construction project, total financial investment requirement is **USD 5,239,327,671**. Out of this, **USD 1,413,069,071** (27%) represents equity financing and the remaining **USD 3,826,258,600** is expected to come from other sources of financing arrangement in the form of investment. Moreover, of the **USD 5,239,327,671**, **USD 5,122,537,383.1** will be used to finance acquiring of fixed assets in the form of construction cost, machinery, vehicles, as well as pre-operating expenses. The remaining **USD116,790,288** will be spent for working capital purposes. Breakdown of the investment plan for Phase I Construction project may be depicted in Table 11 presented below.

1) Phase I Construction Investment Plan

Investment plan for Phase I construction is as presented in the Table that follows.

Table 11: Investment Plan for Phase I Construction (US\$)

ITEMS	Total	Equity	Loan
A. FIXED INVESTMENT			
1. Initial Investment Cost	1,413,069,071.2	1,413,069,071	0
2. Construction Investment Cost	3,532,672,678.0	0	3,532,672,678
3. Others	176,633,633.9	0	176,633,634
Total Fixed Investment	5,122,375,383.1	1,413,069,071	3,709,306,312
B. PRE-OPERATING INVESTMENT			

1. Proposal documents		150,000.0	0	150,000
2. Promotion costs		12,000.0	0	12,000
3. Other -Preparations		0	0	0
Total Pre-Operating Investment (POI)		162,000.0	0	162,000
C. TOTAL INVESTMENT (A+B)		5,122,537,383.1	1,413,069,071	3,709,468,312
D. WORKING OPERATING COST				
DIRECT OPERATING COST				
1. Raw materials	102,447,507.7	102,447,508		
2. Direct Labour Costs	10,244,750.8	10,244,751		
3. Overhead	4,098,030	4,098,030		
Total Direct Operating Costs (X)	116,790,288	116,790,288		
INDIRECT OPERATING COSTS				
Total Indirect Operating Costs (Y)	0			
TOTAL OPERATING COSTS (X+Y)	116,790,288			
E. WORKING CAPITAL REQUIRED		116,790,288	116,790,288	0
TOTAL PROJECT COSTS (C+E)		5,239,327,671	1,413,069,071	3,826,258,600
EQUITY SHARE (%)		100%	27%	73%

2) Phase I Construction Income Statement

The projected five-years income statement for the Phase I construction project may be depicted in Table 12 presented below.

Table 12: Projected Five-Years Income Statement for Poultry Sub-Project (US\$)

Item	2026	2027	2028	2029	2030
Planned Level Of Sales (Units) - Low Income					
Two Bedroom Flats	480	480	480	480	480
Two Bedroom Pro Bungalow	200	200	200	200	200
Two Bedroom Row Bungalows	816	816	816	816	816
Three Bedroom Progression Bungalow	504	504	504	504	504
Sub Total 1	2,000	2,000	2,000	2,000	2,000
Planned Level Of Sales (Units) - Medium Income					
Four Bedroom Progression Bungalow	130	130	130	130	130
Two Bedroom Row Duplexes	420	420	420	420	420
Three Bedroom Flats In Block Of 12 Flats	600	600	600	600	600

Item	2026	2027	2028	2029	2030
Three Bedroom Row Duplexes	350	350	350	350	350
Sub Total 2	1,500	1,500	1,500	1,500	1,500
Planned Level Of Sales (Units) - High Income					
Three Bedroom Flat In Block Of 7 Flats + PH	200	200	200	200	200
Pent House Luxury	50	50	50	50	50
Three Bedroom Detached Bungalow	50	50	50	50	50
Four Bedroom Row House	150	150	150	150	150
Four Bedroom Detached Duplex	50	50	50	50	50
Sub Total 3	500	500	500	500	500
Phase 1 Total	4,000	4,000	4,000	4,000	4,000
Planned Level Of Sales (Units) - Amenities					
Basic Health Clinics 2No.	4	4	4	4	4
Comprehensive Health Centre (76) Beds	4	4	4	4	4
Nursery/Primary Schools 3No.	3	3	3	3	3
Secondary Schools 2No	3	3	3	3	3
300Bed Hospital	2	2	1		
Employment Centers/Shopping Malls	4	4	4	4	4
Farmers Markets 2No	2	2	2	2	2
Food Centre 2 + Mamanitilie	2	2	2	2	2
Parks And Green Areas	8	8	8	8	8
Places Of Worship 2No	5	5			
Police Stations 2No.	5	5			
Fire Stations	5	5			
Phase I Total of Amenities	47	47	31	30	30
Planned Level Of Sales - Low Income (USD)					
Two Bedroom Flats	7,506,416	3,856,888	3,787,768	1,928,444	1,859,324
Two Bedroom Pro Bungalow	2,689,427	1,387,913	1,359,113	693,957	665,157
Two Bedroom Row Bungalows	11,278,478	5,815,495	5,697,991	2,907,747	2,790,243
Three Bedroom Progression Bungalow	8,478,232	4,347,980	4,275,404	2,173,990	2,101,414
Total Sales 1 - W (USD)	29,952,552	15,408,276	15,120,276	7,704,138	7,416,138
Planned Level Of Sales - Medium Income (USD)					
Four Bedroom Progression Bungalow	3,228,770	1,707,985	1,645,585	853,993	791,593
Two Bedroom Row Duplexes	9,008,161	4,806,480	4,604,880	2,403,240	2,201,640
Three Bedroom Flats In Block Of 12 Flats	15,142,736	8,003,368	7,715,368	4,001,684	3,713,684
Three Bedroom Row Duplexes	12,344,194	6,424,097	6,256,097	3,212,048	3,044,048
Total Sales 2 - X (USD)	39,723,861	20,941,930	20,221,930	10,470,965	9,750,965

Item	2026	2027	2028	2029	2030
Planned Level Of Sales - High Income (USD)					
Three Bedroom Flat In Block Of 7 Flats + PH	70,980,000	70,980,000	70,980,000	70,980,000	70,980,000
Pent House Luxury	17,943,744	17,943,744	17,943,744	17,943,744	17,943,744
Three Bedroom Detached Bungalow	17,961,743	17,961,743	17,961,743	17,961,743	17,961,743
Four Bedroom Row House	58,764,030	58,764,030	58,764,030	58,764,030	58,764,030
Four Bedroom Detached Duplex	19,594,640	19,594,640	19,594,640	19,594,640	19,594,640
Total Sales 3 - Y (USD)	185,244,157	185,244,157	185,244,157	185,244,157	185,244,157
Planned Level Of Sales (Units) - Amenities					
Basic Health Clinics 2No.	16,106,720	16,106,720	16,106,720	16,106,720	16,106,720
Comprehensive Health Centre (76) Beds	40,250,000	40,250,000	40,250,000	40,250,000	40,250,000
Nursery/Primary Schools 3No.	30,870,000	30,870,000	30,870,000	30,870,000	30,870,000
Secondary Schools 2No	43,344,000	43,344,000	43,344,000	43,344,000	43,344,000
300Bed Hospital	142,044,000	142,044,000	71,022,000	0	0
Employment Centers/Shopping Malls	139,104,000	139,104,000	139,104,000	139,104,000	139,104,000
Farmers Markets 2No	8,870,400	8,870,400	8,870,400	8,870,400	8,870,400
Food Centre 2 + Mamanitilie	9,662,800	9,662,800	9,662,800	9,662,800	9,662,800
Total Sales 4 - Z (USD)	430,251,920	430,251,920	359,229,920	288,207,920	288,207,920
Total Sales - W+ X+Y+Z (USD)	685,172,489	651,846,283	579,816,283	491,627,180	490,619,180
B. Direct Operating Cost					
1. Raw Materials Costs	102,447,508	107,569,883	112,948,377	118,595,796	124,525,586
2. Direct Labour Costs	10,244,751	10,244,751	10,244,751	10,244,751	10,244,751
3. Overheads	4,098,030	4,302,931	4,518,078	4,743,982	4,981,181
Total Direct Operating Costs	116,790,288	122,117,565	127,711,206	133,584,529	139,751,518
C. Indirect Operating Costs					
D Tot Ind. Ope. Cost Bef Dep'N Poi	0	0	0	0	0
4. Depreciation	0	0	0	0	0
5. Poi Amortization	32,400	32,400	32,400	32,400	32,400
E. Total Operating Costs	116,822,688	122,149,965	127,743,606	133,616,929	139,783,918
F. Operating Profit (A-E)	568,349,801	529,696,318	452,072,677	358,010,251	350,835,262
G. Interest		0	0	0	0
H. Profit Before Tax (F-G)	568,349,801	529,696,318	452,072,677	358,010,251	350,835,262
I. Corporate Tax (30% Of Gross Sales)	205,551,747	195,553,885	173,944,885	147,488,154	147,185,754
J. Net Profit (H-I)	362,798,054	334,142,433	278,127,792	210,522,097	203,649,508
K.Net Profit Margin	53%	51%	48%	43%	42%

It can be observed from Table 12 that, net profit margin for Phase I Construction project is promising with a minimum of 42% and a maximum of 53%. It can further be found out that, average net profit margin is 47.3%. The fact that profit margin

keeps on decreasing year on year is due to the big proportion of the amenities that are constructed in early years of the project.

3) Phase I Construction Cash Flow Projections

The projected cash flows for the respective five years of the Phase I Construction project are shown in Table 13 below.

Table 13: Projected Cash Flows Statement for the Phase I Construction Project (US\$)

ITEMS	2025	2026	2027	2028	2029	2030
Cash in Flow						
A: Beginning Cash Balance		4,191,462,137	3,506,394,657	2,792,671,555	2,022,933,813	1,185,590,376
B: Cash Receipts						
1. Cash Sales		685,172,489	651,846,283	579,816,283	491,627,180	490,619,180
2. Equity	1,413,069,071					
3. Investment	3,826,258,600					
Total Cash Receipts	5,239,327,671	685,172,489	651,846,283	579,816,283	491,627,180	490,619,180
Cash Available for Use (A+B)	5,239,327,671	4,876,634,626	4,158,240,940	3,372,487,838	2,514,560,993	1,676,209,555
C: Cash Payments						
1. Total Investment	1,047,865,534	1,047,865,534	1,047,865,534	1,047,865,534	1,047,865,534	1,047,865,534
2. Total Direct Operating Costs		116,790,288	122,117,565	127,711,206	133,584,529	139,751,518
3. Total Indirect Operating Costs		32,400	32,400	32,400	32,400	32,400
4. Taxes		205,551,747	195,553,885	173,944,885	147,488,154	147,185,754
Total Cash Payments	1,047,865,534	1,370,239,969	1,365,569,384	1,349,554,025	1,328,970,617	1,334,835,206
D: Minimum Cash Balance						
Total Cash Needed (C+D)	1,047,865,534	1,370,239,969	1,365,569,384	1,349,554,025	1,328,970,617	1,334,835,206
Cash Surplus/Deficit (A+B)-(C+D)	4,191,462,137	3,506,394,657	2,792,671,555	2,022,933,813	1,185,590,376	341,374,350
E: Financing						
Principal		0	0	0	0	0
Interest		0	0	0	0	0
Total Financing Effects (2)		0	0	0	0	0
F: Ending Cash Balance (A+B-C-E)	4,191,462,137	3,506,394,657	2,792,671,555	2,022,933,813	1,185,590,376	341,374,350

4) Phase I Construction Project Balance sheet

The financial stands for Phase I Construction project as at the end of each of the respective years are as shown in Table 14 that follows:

Table 14: Projected Balance Sheet for Phase I Construction Project (US\$)

ITEMS	2025	2026	2027	2028	2029	2030
1. ASSETS						
1.1 CURRENT ASSETS						
1. Cash	4,191,462,137	3,506,394,657	2,792,671,555	2,022,933,813	1,185,590,376	341,374,350
Total Current Assets (A)	4,191,462,137	3,506,394,657	2,792,671,555	2,022,933,813	1,185,590,376	341,374,350
1.2 FIXED ASSETS						
1. Land, Building and Machinery	648,723,034,455	648,723,034,455	648,723,034,455	648,723,034,455	648,723,034,455	648,723,034,455
4. Others	176,633,634	176,633,634	176,633,634	176,633,634	176,633,634	176,633,634
Total Fixed Assets	648,899,668,089	648,899,668,089	648,899,668,089	648,899,668,089	648,899,668,089	648,899,668,089
1. Less Accumulated Depreciation	0	568,349,801	1,136,699,601	1,705,049,402	2,273,399,203	2,841,749,004
2. Book Value of Fixed Assets (B)	648,899,668,089	648,331,318,288	647,762,968,487	647,194,618,686	646,626,268,886	646,057,919,085
1.3 PREPARATORY EXPENSES						
1. Business Plan Preparation	150,000	150,000	150,000	150,000	150,000	150,000
2. Promotional Expenses	12,000	12,000	12,000	12,000	12,000	12,000
3. Other - Preparations	0	0	0	0	0	0
Total Preparatory Expenses	162,000	162,000	162,000	162,000	162,000	162,000
Less Amortization		205,551,747	411,103,493	616,655,240	822,206,987	1,027,758,734
Net book Value of Prepaid Expenses (C)	162,000	-205,389,747	-410,941,493	-616,493,240	-822,044,987	-1,027,596,734
TOTAL ASSETS (A+B+C)	653,091,292,226	651,632,323,198	650,144,698,549	648,601,059,259	646,989,814,275	645,371,696,701
2 LIABILITIES AND EQUITY						
2.1 CURRENT LIABILITIES						
1. Accounts Payable (Interests)		0	0	0	0	0
2. Investment	3,826,258,600	3,061,006,880	2,295,755,160	1,530,503,440	765,251,720	0
Total Current Liabilities (D)	3,826,258,600	3,061,006,880	2,295,755,160	1,530,503,440	765,251,720	0
2.2 LONG TERM LIABILITIES						

1. Fixed Investment Loan						
Total Long Term Liabilities (E)						
TOTAL LIABILITIES	3,826,258,600					
3. EQUITY						
1. Owners' Equity	1,413,069,071	1,413,069,071	1,413,069,071	1,413,069,071	1,413,069,071	1,413,069,071
2. Retained Earnings			362,798,054	696,940,487	975,068,279	1,185,590,376
3. Current Profit		362,798,054	334,142,433	278,127,792	210,522,097	203,649,508
4. Total Equity (F)	1,413,069,071	1,775,867,125	2,110,009,558	2,388,137,350	2,598,659,447	2,802,308,955
TOTAL LIABILITIES & EQUITY (D+E+F)	5,239,327,671	651,632,323,198	650,144,698,549	648,601,059,259	646,989,814,275	645,371,696,701

5) Summary of Financials for Phase I Construction Project

The summary of financial information on Phase I Construction project may be depicted in Table 15 presented below.

Table 15: Summary of Financials for Poultry Production Sub-Project (US\$)

ITEM	2025	2026	2027	2028	2029
Sales (USD)	685,172,489	651,846,283	579,816,283	491,627,180	490,619,180
Costs (USD)	116,822,688	122,149,965	127,743,606	133,616,929	139,783,918
Operating profit (USD)	568,349,801	529,696,318	452,072,677	358,010,251	350,835,262
Net profit (USD)	362,798,054.0	334,142,432.7	278,127,792.0	210,522,097.1	203,649,508.2
Cash balance (USD)	4,191,462,137	3,506,394,657	2,792,671,555	2,022,933,813	1,185,590,376
Return on Equity (%)	20.43	15.84	11.65	8.10	7.27
Net profit Margin (%)	52.9	51.3	48.0	42.8	41.5
Average Net Profit (US\$)	277,847,976.8				
Recouping Period (Years)	5				
Average Net profit Margin (%)	47.3				

8.2.2 Phase II Construction Project Financials

In as far as Phase II Construction project is concerned, total financial investment requirement is **USD 5,323,787,627**. Out of this, **USD 1,439,790,525** (27%) represents equity financing and the remaining **USD 3,883,997,103** is expected to come from other sources of financing arrangement in the form of investment. Moreover, of the **USD 5,323,787,627**, **USD 5,219,402,652.3** will be used to finance acquiring of fixed assets in the form of construction cost, machinery, vehicles, as well as pre-operating expenses. The remaining **USD 104,384,975** will be spent for working capital purposes. Breakdown of the investment plan for Phase I Construction project may be depicted in Table 11 presented below.

1) Phase II Construction Investment Plan

Investment plan for Phase II construction is as presented in Table 16 below.

Table 16: Investment Plan for Phase II Construction (US\$)

ITEMS		Total	Equity	Loan
A. FIXED INVESTMENT				
1. Initial Investment Cost		1,439,790,524.8	1,439,790,525	0
2. Construction Investment Cost		3,599,476,311.9	0	3,599,476,312
3. Others		179,973,815.6	0	179,973,816
Total Fixed Investment		5,219,240,652.3	1,439,790,525	3,779,450,128
B. PRE-OPERATING INVESTMENT				
1. Proposal documents		150,000.0	0	150,000
2. Promotion costs		12,000.0	0	12,000
Total Pre-Operating Investment (POI)		162,000.0	0	162,000
C. TOTAL INVESTMENT (A+B)		5,219,402,652.3	1,439,790,525	3,779,612,128
D. WORKING OPERATING COST				
DIRECT OPERATING COST				
1. Raw materials	67,850,128.5	67,850,128		
2. Direct Labour Costs	31,315,443.9	31,315,444		
3. Overheads	5,219,403	5,219,403		
Total Direct Operating Costs (X)	104,384,975	104,384,975		
INDIRECT OPERATING COSTS				
Total Indirect Operating Costs (Y)	0			
TOTAL OPERATING COSTS (X+Y)	104,384,975			
E. WORKING CAPITAL REQUIRED		104,384,975	104,384,975	0
TOTAL PROJECT COSTS (C+E)		5,323,787,627	1,439,790,525	3,883,997,103
EQUITY SHARE (%)		100%	27%	73%

2) Phase II Construction Income Statement

The projected five-years income statement for the Phase II construction project is as depicted in Table 17 presented below.

Table 17: Projected Five-Years Income Statement for Phase II Construction Package (US\$)

Item	2031	2032	2033	2034	2035
Planned Level Of Sales (Units) - Low Income					
Two Bedroom Flats	524	524	524	524	524
Two Bedroom Pro Bungalow	220	220	220	220	220
Two Bedroom Row Bungalows	900	900	900	900	900
Three Bedroom Progression Bungalow	556	556	556	556	556
Sub Total 1	2,200	2,200	2,200	2,200	2,200
Planned Level Of Sales (Units) - Medium Income					
Four Bedroom Progression Bungalow	130	130	130	130	130
Two Bedroom Row Duplexes	420	420	420	420	420
Three Bedroom Flats In Block Of 12 Flats	600	600	600	600	600
Three Bedroom Row Duplexes	350	350	350	350	350
Sub Total 2	1,500	1,500	1,500	1,500	1,500
Planned Level Of Sales (Units) - High Income					
Three Bedroom Flat In Block Of 7 Flats + PH	200	200	200	200	200
Pent House Luxury	50	50	50	50	50
Three Bedroom Detached Bungalow	50	50	50	50	50
Four Bedroom Row House	150	150	150	150	150
Four Bedroom Detached Duplex	50	50	50	50	50
Sub Total 3	500	500	500	500	500
Phase II Total	4,200	4,200	4,200	4,200	4,200
Planned Level Of Sales (Units) - Amenities					
Basic Health Clinics 2No.	4	4	4	4	4
Comprehensive Health Centre (76) Beds	4	4	4	4	4
Nursery/Primary Schools 3No.	3	3	3	3	3
Secondary Schools 2No	3	3	3	3	3
300Bed Hospital	2	2	1		
Employment Centers/Shopping Malls	4	4	4	4	4
Farmers Markets 2No	2	2	2	2	2
Food Centre 2 + Mamanitilie	2	2	2	2	2
Parks And Green Areas	8	8	8	8	8
Places Of Worship 2No	5	5			
Police Stations 2No.	5	5			
Fire Stations	5	5			
Phase II Total of Amenities	47	47	31	30	30
Planned Level Of Sales - Low Income (USD)					
Two Bedroom Flats	8,194,504	4,210,436	4,134,980	2,105,218	2,029,762

Two Bedroom Pro Bungalow	2,958,369	1,526,705	1,495,025	763,352	731,672
Two Bedroom Row Bungalows	12,439,498	6,414,149	6,284,549	3,207,074	3,077,474
Three Bedroom Progression Bungalow	9,352,970	4,796,581	4,716,517	2,398,290	2,318,226
Total Sales 1 - W (USD)	32,945,341	16,947,870	16,631,070	8,473,935	8,157,135
Planned Level Of Sales - Medium Income (USD)					
Four Bedroom Progression Bungalow	3,228,770	1,707,985	1,645,585	853,993	791,593
Two Bedroom Row Duplexes	9,008,161	4,806,480	4,604,880	2,403,240	2,201,640
Three Bedroom Flats In Block Of 12 Flats	15,142,736	8,003,368	7,715,368	4,001,684	3,713,684
Three Bedroom Row Duplexes	12,344,194	6,424,097	6,256,097	3,212,048	3,044,048
Total Sales 2 - X (USD)	39,723,861	20,941,930	20,221,930	10,470,965	9,750,965
Planned Level Of Sales - High Income (USD)					
Three Bedroom Flat In Block Of 7 Flats + PH	70,980,000	70,980,000	70,980,000	70,980,000	70,980,000
Pent House Luxury	17,943,744	17,943,744	17,943,744	17,943,744	17,943,744
Three Bedroom Detached Bungalow	17,961,743	17,961,743	17,961,743	17,961,743	17,961,743
Four Bedroom Row House	58,764,030	58,764,030	58,764,030	58,764,030	58,764,030
Four Bedroom Detached Duplex	19,594,640	19,594,640	19,594,640	19,594,640	19,594,640
Total Sales 3 - Y (USD)	185,244,157	185,244,157	185,244,157	185,244,157	185,244,157
Planned Level Of Sales (Units) - Amenities					
Basic Health Clinics 2No.	16,106,720	16,106,720	16,106,720	16,106,720	16,106,720
Comprehensive Health Centre (76) Beds	40,250,000	40,250,000	40,250,000	40,250,000	40,250,000
Nursery/Primary Schools 3No.	30,870,000	30,870,000	30,870,000	30,870,000	30,870,000
Secondary Schools 2No	43,344,000	43,344,000	43,344,000	43,344,000	43,344,000
300Bed Hospital	142,044,000	142,044,000	71,022,000	0	0
Employment Centers/Shopping Malls	139,104,000	139,104,000	139,104,000	139,104,000	139,104,000
Farmers Markets 2No	8,870,400	8,870,400	8,870,400	8,870,400	8,870,400
Food Centre 2 + MamaniTile	9,662,800	9,662,800	9,662,800	9,662,800	9,662,800
Total Sales 4 - Z (USD)	430,251,920	430,251,920	359,229,920	288,207,920	288,207,920
Total Sales - W+ X+Y+Z (USD)	688,165,278	653,385,877	581,327,077	492,396,977	491,360,177
B. Direct Operating Cost					
1. Raw Materials Costs	67,850,128	71,242,635	74,804,767	78,545,005	82,472,255
2. Direct Labour Costs	31,315,444	31,315,444	31,315,444	31,315,444	31,315,444
3. Overheads	5,219,403	5,480,373	5,754,391	6,042,111	6,344,217
Total Direct Operating Costs	104,384,975	108,038,452	111,874,602	115,902,560	120,131,916
C. Indirect Operating Costs					
D Tot Ind. Ope. Cost Before Dep'n POI	0	0	0	0	0
4. Depreciation	0	0	0	0	0
5. Poi Amortization	32,400	32,400	32,400	32,400	32,400
E. Total Operating Costs	104,417,375	108,070,852	111,907,002	115,934,960	120,164,316
F. Operating Profit (A-E)	583,747,903	545,315,026	469,420,075	376,462,017	371,195,861
G. Interest		0	0	0	0

H. Profit Before Tax (F-G)	583,747,903	545,315,026	469,420,075	376,462,017	371,195,861
I. Corporate Tax (30% Of Gross Sales)	206,449,583	196,015,763	174,398,123	147,719,093	147,408,053
J. Net Profit (H-I)	377,298,319	349,299,262	295,021,952	228,742,924	223,787,808
K.Net Profit Margin	55%	53%	51%	46%	46%

It can be observed in Table 17 above that, net profit margin for Phase II Construction project is very good with a minimum profit margin of 46% and a maximum of 55%. It can further be seen that, average net profit margin is 50.2% showing a decreasing trend year on year due to construction of big number of amenities in the early years of the project.

3) Phase II Construction Cash Flow Projections

The projected cash flows for the respective five years of the Phase II Construction project are shown in Table 17 below.

Table 17: Projected Cash Flows Statement for the Phase II Construction Project (US\$)

ITEMS	2030	2031	2032	2033	2034	2036
Cash in Flow						
A: Beginning Cash Balance		4,259,030,102	3,571,570,896	2,856,112,633	2,086,377,059	1,250,362,458
B: Cash Receipts						
1. Cash Sales		688,165,278	653,385,877	581,327,077	492,396,977	491,360,177
2. Equity	1,439,790,525					
3. Loan	3,883,997,103					
Total Cash Receipts	5,323,787,627	688,165,278	653,385,877	581,327,077	492,396,977	491,360,177
Cash Available for Use (A+B)	5,323,787,627	4,947,195,380	4,224,956,773	3,437,439,710	2,578,774,036	1,741,722,635
C: Cash Payments						
1. Total Investment	1,064,757,525	1,064,757,525	1,064,757,525	1,064,757,525	1,064,757,525	1,064,757,525
2. Total Direct Operating Costs		104,384,975	108,038,452	111,874,602	115,902,560	120,131,916
3. Total Indirect Operating Costs		32,400	32,400	32,400	32,400	32,400
4. Taxes		206,449,583	196,015,763	174,398,123	147,719,093	147,408,053
Total Cash Payments	1,064,757,525	1,375,624,484	1,368,844,140	1,351,062,651	1,328,411,578	1,332,329,894
D: Minimum Cash Balance						
Total Cash Needed (C+D)	1,064,757,525	1,375,624,484	1,368,844,140	1,351,062,651	1,328,411,578	1,332,329,894
Cash Surplus/Deficit (A+B)-(C+D)	4,259,030,102	3,571,570,896	2,856,112,633	2,086,377,059	1,250,362,458	409,392,740
E: Financing						
Principal			0	0	0	0
Interest	0	0	0	0	0	0

Total Financing Effects (2)	0	0	0	0	0	0
F: Ending Cash Balance (A+B-C-E)	4,259,030,102	3,571,570,896	2,856,112,633	2,086,377,059	1,250,362,458	409,392,740

4) Phase II Construction Project Balance sheet

The financial stands for Phase II Construction project as at the end of each of the respective years are as shown in Table 18 that follows:

Table 18: Projected Balance Sheet for Phase II Construction Project (US\$)

ITEMS	2030	2031	2032	2033	2034	2036
1. ASSETS						
1.1 CURRENT ASSETS						
1. Cash	4,259,030,102	3,571,570,896	2,856,112,633	2,086,377,059	1,250,362,458	409,392,740
Total Current Assets (A)	4,259,030,102	3,571,570,896	2,856,112,633	2,086,377,059	1,250,362,458	409,392,740
1.2 FIXED ASSETS						
1. Land, Building and Machinery	648,749,755,908	648,749,755,908	648,749,755,908	648,749,755,908	648,749,755,908	648,749,755,908
2. Others	179,973,816	179,973,816	179,973,816	179,973,816	179,973,816	179,973,816
Total Fixed Assets	648,929,729,724	648,929,729,724	648,929,729,724	648,929,729,724	648,929,729,724	648,929,729,724
1. Less Accumulated Depreciation	0	583,747,903	1,167,495,805	1,751,243,708	2,334,991,611	2,918,739,514
2. Book Value of Fixed Assets (B)	648,929,729,724	648,345,981,821	647,762,233,918	647,178,486,016	646,594,738,113	646,010,990,210
1.3 PREPARATORY EXPENSES						
1. Business Plan Preparation	150,000	150,000	150,000	150,000	150,000	150,000
2. Promotional Expenses	12,000	12,000	12,000	12,000	12,000	12,000
3. Other - Preparations	0	0	0	0	0	0
Total Preparatory Expenses	162,000	162,000	162,000	162,000	162,000	162,000
Less Amortization		206,449,583	412,899,167	619,348,750	825,798,333	1,032,247,917
Net book Value of Prepaid Expenses (C)	162,000	-206,287,583	-412,737,167	-619,186,750	-825,636,333	-1,032,085,917
TOTAL ASSETS (A+B+C)	653,188,921,826	651,711,265,134	650,205,609,384	648,645,676,325	647,019,464,237	645,388,297,034
2 LIABILITIES AND EQUITY						
2.1 CURRENT LIABILITIES						
1. Accounts Payable (Interests)		0	0	0	0	0
2. Investment	3,883,997,103	3,107,197,682	2,330,398,262	1,553,598,841	776,799,421	0
Total Current Liabilities (D)	3,883,997,103	3,107,197,682	2,330,398,262	1,553,598,841	776,799,421	0
2.2 LONG TERM LIABILITIES						
1. Fixed Investment Loan						
Total Long Term Liabilities (E)						
TOTAL LIABILITIES	3,883,997,103					
3. EQUITY						
1. Owners Equity	1,439,790,525	1,439,790,525	1,439,790,525	1,439,790,525	1,439,790,525	1,439,790,525
2. Retained Earnings			377,298,319	726,597,582	1,021,619,534	1,250,362,458

ITEMS	2030	2031	2032	2033	2034	2036
3. Current Profit		377,298,319	349,299,262	295,021,952	228,742,924	223,787,808
4. Total Equity (F)	1,439,790,525	1,817,088,844	2,166,388,107	2,461,410,059	2,690,152,982	2,913,940,791
TOTAL LIABILITIES & EQUITY (D+E+F)	5,323,787,627	651,711,265,134	650,205,609,384	648,645,676,325	647,019,464,237	645,388,297,034

5) Summary of Financials for Phase II Construction Project

The summary of financial information on Phase II Construction project may be depicted in Table 19 presented below.

Table 19: Summary of Financials for Phase II Construction Project

ITEM	2025	2026	2027	2028	2029
Sales (USD)	688,165,278	653,385,877	581,327,077	492,396,977	491,360,177
Costs (USD)	104,417,375	108,070,852	111,907,002	115,934,960	120,164,316
Operating profit (USD)	583,747,903	545,315,026	469,420,075	376,462,017	371,195,861
Net profit (USD)	377,298,319	349,299,262	295,021,952	228,742,924	223,787,808
Cash balance (USD)	4,259,030,102	3,571,570,896	2,856,112,633	2,086,377,059	1,250,362,458
Return on Equity (%)	26.2%	19.2%	13.6%	9.3%	8.3%
Net profit Margin (%)	54.8	53.5	50.7	46.5	45.5
Average Net Profit (US\$)	294,830,053				
Recouping Period (Years)	5				
Average Net profit Margin (%)	50.2				

8.2.3 Phase III Construction Project Financials

Finally, with regards to Phase III Construction project, total financial investment requirement is **USD 6,084,305,551**. Out of this, **USD 1,645,474,885** (27%) represents equity financing and the remaining **USD 4,438,830,665** is expected to come from other sources of financing arrangement in the form of investment. Moreover, of the **USD 6,084,305,551**, **USD 5,965,008,459.7** will be used to finance acquiring of fixed assets in the form of construction cost, machinery, vehicles, as well as pre-operating expenses. The remaining **USD 119,297,091** will be spent for working capital purposes. Breakdown of the investment plan for Phase I Construction project may be depicted in Table 20 presented below.

1) Phase III Construction Investment Plan

Investment plan for Phase III construction may be depicted in Table 20 shown below.

Table 20: Investment Plan for Phase III Construction (US\$)

ITEMS		Total	Equity	Loan
A. FIXED INVESTMENT				
1. Initial Investment Cost		1,645,474,885.4	1,645,474,885	0
2. Construction Investment Cost		4,113,687,213.6	0	4,113,687,214
3. Others		205,684,360.7	0	205,684,361
Total Fixed Investment		5,964,846,459.7	1,645,474,885	4,319,371,574
B. PRE-OPERATING INVESTMENT				
1. Proposal documents		150,000.0	0	150,000
2. Promotion costs		12,000.0	0	12,000
3. Other -Preparations		0	0	0
Total Pre-Operating Investment (POI)		162,000.0	0	162,000
C. TOTAL INVESTMENT (A+B)		5,965,008,459.7	1,645,474,885	4,319,533,574
D. WORKING OPERATING COST				
DIRECT OPERATING COST				
1. Raw materials	77,543,004.0	77,543,004		
2. Direct Labour Costs	35,789,078.8	35,789,079		
3. Overhead	5,965,008	5,965,008		
Total Direct Operating Costs (X)	119,297,091	119,297,091		
INDIRECT OPERATING COSTS				
Total Indirect Operating Costs (Y)	0			
TOTAL OPERATING COSTS (X+Y)	119,297,091			
E. WORKING CAPITAL REQUIRED		119,297,091	119,297,091	0
TOTAL PROJECT COSTS (C+E)		6,084,305,551	1,645,474,885	4,438,830,665
EQUITY SHARE (%)		100%	27%	73%

2) Phase III Construction Income Statement

The projected five-years income statement for the Phase III construction project is as depicted in Table 21 shown below.

Table 21: Projected Five-Years Income Statement for Phase III Construction Package (US\$)

Item	2036	2037	2038	2039	2040
Planned Level Of Sales (Units) - Low Income					
Two Bedroom Flats	596	596	596	596	596
Two Bedroom Pro Bungalow	250	250	250	250	250
Two Bedroom Row Bungalows	1,024	1,024	1,024	1,024	1,024

Three Bedroom Progression Bungalow	630	630	630	630	630
Sub Total 1	2,500	2,500	2,500	2,500	2,500
Planned Level of Sales (Units) - Medium Income					
Four Bedroom Progression Bungalow	148	148	148	148	148
Two Bedroom Row Duplexes	476	476	476	476	476
Three Bedroom Flats In Block Of 12 Flats	680	680	680	680	680
Three Bedroom Row Duplexes	396	396	396	396	396
Sub Total 2	1,700	1,700	1,700	1,700	1,700
Planned Level Of Sales (Units) - High Income					
Three Bedroom Flat In Block Of 7 Flats + PH	240	240	240	240	240
Pent House Luxury	60	60	60	60	60
Three Bedroom Detached Bungalow	60	60	60	60	60
Four Bedroom Row House	180	180	180	180	180
Four Bedroom Detached Duplex	60	60	60	60	60
Sub Total 3	600	600	600	600	600
Phase 3 Total	4,800	4,800	4,800	4,800	4,800
Planned Level Of Sales (Units) - Amenities					
Basic Health Clinics 2No.	5	5	5	5	4
Comprehensive Health Centre (76) Beds	5	5	5	5	4
Nursery/Primary Schools 3No.	4	4	4	4	3
Secondary Schools 2No	4	4	4	4	3
300Bed Hospital	2	2	1	1	
Employment Centers/Shopping Malls	5	5	5	5	4
Farmers Markets 2No	3	3	3	3	2
Food Centre 2 + Mamanitlie	3	3	3	3	2
Parks And Green Areas	9	9	9	9	9
Places Of Worship 2No	5	5	2		
Police Stations 2No.	5	5	2		
Fire Stations	5	5	2		
Phase III Total of Amenities	55	55	45	39	31
Planned Level Of Sales - Low Income (USD)					
Two Bedroom Flats	9,320,466	4,788,969	4,703,145	2,394,485	2,308,661

Two Bedroom Pro Bungalow	3,361,783	1,734,892	1,698,892	867,446	831,446
Two Bedroom Row Bungalows	14,153,384	7,297,876	7,150,420	3,648,938	3,501,482
Three Bedroom Progression Bungalow	10,597,789	5,434,975	5,344,255	2,717,487	2,626,767
Total Sales 1 - W (USD)	37,433,423	19,256,711	18,896,711	9,628,356	9,268,356
Planned Level Of Sales - Medium Income (USD)					
Four Bedroom Progression Bungalow	3,675,831	1,944,475	1,873,435	972,238	901,198
Two Bedroom Row Duplexes	10,209,249	5,447,344	5,218,864	2,723,672	2,495,192
Three Bedroom Flats In Block Of 12 Flats	17,161,767	9,070,484	8,744,084	4,535,242	4,208,842
Three Bedroom Row Duplexes	13,966,574	7,268,407	7,078,327	3,634,203	3,444,123
Total Sales 2 - X (USD)	45,013,421	23,730,710	22,914,710	11,865,355	11,049,355
Planned Level Of Sales - High Income (USD)					
Three Bedroom Flat In Block Of 7 Flats + PH	85,176,000	85,176,000	85,176,000	85,176,000	85,176,000
Pent House Luxury	21,532,493	21,532,493	21,532,493	21,532,493	21,532,493
Three Bedroom Detached Bungalow	21,554,091	21,554,091	21,554,091	21,554,091	21,554,091
Four Bedroom Row House	70,516,836	70,516,836	70,516,836	70,516,836	70,516,836
Four Bedroom Detached Duplex	23,513,568	23,513,568	23,513,568	23,513,568	23,513,568
Total Sales 3 - Y (USD)	222,292,988	222,292,988	222,292,988	222,292,988	222,292,988
Planned Level Of Sales (Units) - Amenities					
Basic Health Clinics 2No.	20,133,400	20,133,400	20,133,400	20,133,400	16,106,720
Comprehensive Health Centre (76) Beds	50,312,500	50,312,500	50,312,500	50,312,500	40,250,000
Nursery/Primary Schools 3No.	41,160,000	41,160,000	41,160,000	41,160,000	30,870,000
Secondary Schools 2No	57,792,000	57,792,000	57,792,000	57,792,000	43,344,000
300Bed Hospital	142,044,000	142,044,000	71,022,000	71,022,000	0
Employment Centers/Shopping Malls	173,880,000	173,880,000	173,880,000	173,880,000	139,104,000
Farmers Markets 2No	13,305,600	13,305,600	13,305,600	13,305,600	8,870,400
Food Centre 2 + Mamanitilie	14,494,200	14,494,200	14,494,200	14,494,200	9,662,800
Total Sales 4 - Z (USD)	513,121,700	513,121,700	442,099,700	442,099,700	288,207,920
Total Sales - W+ X+Y+Z (USD)	817,861,531	778,402,110	706,204,110	685,886,399	530,818,619
B. Direct Operating Cost					
1. Raw Materials Costs	77,543,004	81,420,154	85,491,162	89,765,720	94,254,006
2. Direct Labour Costs	35,789,079	35,789,079	35,789,079	35,789,079	35,789,079
3. Overheads	5,965,008	6,263,259	6,576,422	6,905,243	7,250,505

Total Direct Operating Costs	119,297,091	123,472,492	127,856,662	132,460,042	137,293,590
C. Indirect Operating Costs					
D Tot Ind. Ope. Cost Before Dep'n POI	0	0	0	0	0
4. Depreciation	0	0	0	0	0
5. POI Amortization	32,400	32,400	32,400	32,400	32,400
E. Total Operating Costs	119,329,491	123,504,892	127,889,062	132,492,442	137,325,990
F. Operating Profit (A-E)	698,532,040	654,897,218	578,315,047	553,393,957	393,492,629
G. Interest		0	0	0	0
H. Profit Before Tax (F-G)	698,532,040	654,897,218	578,315,047	553,393,957	393,492,629
I. Corporate Tax (30% Of Gross Sales)	245,358,459	233,520,633	211,861,233	205,765,920	159,245,586
J. Net Profit (H-I)	453,173,581	421,376,585	366,453,814	347,628,037	234,247,043
K. Net Profit Margin	55%	54%	52%	51%	44%

It can be observed in Table 21 above that, net profit margin for Phase III Construction project is attractive with a minimum of 44% and a maximum of 55%. It can further be found out that, average net profit margin is 51.2% showing a decreasing trend year on year due to construction of big number of amenities being done in the early years of the project.

3) Phase III Construction Cash Flow Projections

The projected cash flows for the respective five years of the Phase III Construction project are as presented in Table 22 below.

Table 22: Projected Cash Flows Statement for the Phase III Construction Project (US\$)

ITEMS	3035	2036	2037	2038	2039	2040
Cash in Flow						
A: Beginning Cash Balance		4,867,444,441	4,103,756,911	3,308,272,386	2,457,865,090	1,588,632,017
B: Cash Receipts						
1. Cash Sales		817,861,531	778,402,110	706,204,110	685,886,399	530,818,619
2. Equity	1,645,474,885					
3. Loan	4,438,830,665					
Total Cash Receipts	6,084,305,551	817,861,531	778,402,110	706,204,110	685,886,399	530,818,619
Cash Available for Use (A+B)	6,084,305,551	5,685,305,972	4,882,159,021	4,014,476,496	3,143,751,489	2,119,450,636
C: Cash Payments						
1. Total Investment	1,216,861,110	1,216,861,110	1,216,861,110	1,216,861,110	1,216,861,110	1,216,861,110
2. Total Direct Operating Costs		119,297,091	123,472,492	127,856,662	132,460,042	137,293,590

ITEMS	3035	2036	2037	2038	2039	2040
3. Total Indirect Operating Costs		32,400	32,400	32,400	32,400	32,400
4. Taxes		245,358,459	233,520,633	211,861,233	205,765,920	159,245,586
Total Cash Payments	1,216,861,110	1,581,549,061	1,573,886,635	1,556,611,406	1,555,119,471	1,513,432,686
D: Minimum Cash Balance						
Total Cash Needed (C+D)	1,216,861,110	1,581,549,061	1,573,886,635	1,556,611,406	1,555,119,471	1,513,432,686
Cash Surplus/Deficit (A+B)-(C+D)	4,867,444,441	4,103,756,911	3,308,272,386	2,457,865,090	1,588,632,017	606,017,950
E: Financing						
Principal			0	0	0	0
Interest	0	0	0	0	0	0
Total Financing Effects (2)	0	0	0	0	0	0
F: Ending Cash Balance (A+B-C-E)	4,867,444,441	4,103,756,911	3,308,272,386	2,457,865,090	1,588,632,017	606,017,950

4) Phase III Construction Project Balance sheet

The financial stands for Phase III Construction project as at the end of each of the respective years are as shown in Table 23 below:

Table 23: Projected Balance Sheet for Phase III Construction Project (US\$)

ITEMS	3035	2036	2037	2038	2039	2040
1. ASSETS						
1.1 CURRENT ASSETS						
1. Cash	4,867,444,441	4,103,756,911	3,308,272,386	2,457,865,090	1,588,632,017	606,017,950
Total Current Assets (A)	4,867,444,441	4,103,756,911	3,308,272,386	2,457,865,090	1,588,632,017	606,017,950
1.2 FIXED ASSETS						
1. Land, Building and Machinery	648,955,440,269	648,955,440,269	648,955,440,269	648,955,440,269	648,955,440,269	648,955,440,269
2. Others	205,684,361	205,684,361	205,684,361	205,684,361	205,684,361	205,684,361
Total Fixed Assets	649,161,124,630	649,161,124,630	649,161,124,630	649,161,124,630	649,161,124,630	649,161,124,630
1. Less Accumulated Depreciation	0	698,532,040	1,397,064,080	2,095,596,120	2,794,128,160	3,492,660,201
2. Book Value of Fixed Assets (B)	649,161,124,630	648,462,592,590	647,764,060,549	647,065,528,509	646,366,996,469	645,668,464,429
1.3 PREPARATORY EXPENSES						
1. Business Plan Preparation	150,000	150,000	150,000	150,000	150,000	150,000
2. Promotional Expenses	12,000	12,000	12,000	12,000	12,000	12,000
3. Other -Preparations	0	0	0	0	0	0
Total Preparatory Expenses	162,000	162,000	162,000	162,000	162,000	162,000
Less Amortization		245,358,459	490,716,919	736,075,378	981,433,838	1,226,792,297
Net book Value of Prepaid Expenses (C)	162,000	-245,196,459	-490,554,919	-735,913,378	-981,271,838	-1,226,630,297

TOTAL ASSETS (A+B+C)	654,028,731,070	652,321,153,041	650,581,778,017	648,787,480,221	646,974,356,649	645,047,852,082
2 LIABILITIES AND EQUITY						
2.1 CURRENT LIABILITIES						
1. Accounts Payable (Interests)		0	0	0	0	0
2. Investment	4,438,830,665	3,551,064,532	2,663,298,399	1,775,532,266	887,766,133	0
Total Current Liabilities (D)	4,438,830,665	3,551,064,532	2,663,298,399	1,775,532,266	887,766,133	0
2.2 LONG TERM LIABILITIES						
1. Fixed Investment Loan						
Total Long Term Liabilities (E)						
TOTAL LIABILITIES	4,438,830,665					
3. EQUITY						
1. Owners Equity	1,645,474,885	1,645,474,885	1,645,474,885	1,645,474,885	1,645,474,885	1,645,474,885
2. Retained Earnings			453,173,581	874,550,166	1,241,003,980	1,588,632,017
3. Current Profit		453,173,581	421,376,585	366,453,814	347,628,037	234,247,043
4. Total Equity (F)	1,645,474,885	2,098,648,466	2,520,025,051	2,886,478,865	3,234,106,903	3,468,353,946
TOTAL LIABILITIES & EQUITY (D+E+F)	6,084,305,551	652,321,153,041	650,581,778,017	648,787,480,221	646,974,356,649	645,047,852,082

5) Summary of Financials for Phase III Construction Project

The summary of financial information on Phase III Construction project may be depicted in Table 24 presented below.

Table 24: Summary of Financials for Phase III Construction Project

ITEM	2025	2026	2027	2028	2029
Sales (USD)	817,861,531	778,402,110	706,204,110	685,886,399	530,818,619
Costs (USD)	119,329,491	123,504,892	127,889,062	132,492,442	137,325,990
Operating profit (USD)	698,532,040	654,897,218	578,315,047	553,393,957	393,492,629
Net profit (USD)	453,173,581	421,376,585	366,453,814	347,628,037	234,247,043
Cash balance (USD)	4,867,444,441	4,103,756,911	3,308,272,386	2,457,865,090	1,588,632,017
Return on Equity (%)	27.5	20.1	14.5	12.0	7.2
Net profit Margin (%)	54.8	53.5	50.7	46.5	45.5
Average Net Profit (US\$)	364,575,812				
Recouping Period (Years)	5				
Average Net profit Margin (%)	51.2				

8.3 Economic Ranking of the Construction Phases

This section provides a comparative analysis on the construction phases regarding their expected performances on some selected indicators, which are; average return on equity in percentage, average net profit margin in percentage and

average net profit in monetary terms (US\$). The analysis is presented in Tables 25, 26 and 27 below respectively.

Table 25: Ranking of Sub-projects on their Expected Return on Investment (%)

S/N	Project Phases	Average Return on Equity (%)	Rank
1	Phase I Construction Project	12.7	3
2	Phase II Construction Project	15.3	2
3	Phase III Construction Project	16.3	1

Table 26: Ranking of Sub-projects on their Expected Net Profit Margin (%)

S/N	Project Phases	Average Net profit Margin (%)	Rank
1	Phase I Construction Project	47.3	3
2	Phase II Construction Project	50.2	2
3	Phase III Construction Project	51.2	1

Table 27: Ranking of Sub-projects on their Expected Net profit (US\$)

S/N	Project Phases	Average Net profit (US\$)	Rank
1	Phase I Construction Project	277,847,976.8	3
2	Phase II Construction Project	294,830,053.0	2
3	Phase III Construction Project	364,575,812.0	1

As seen in Tables 25, 26 and 27, Phase III construction project is superior in terms of all the three selected indicators. This construction phase is more profitable because it has a bigger scale in terms of the units to be constructed. Of course, investment to be put on the ground is also higher compared to the first and the second phases of construction. The first construction phase is the least in terms of the selected indicators is the poultry production sub-project in all the three indicators selected. The reason is simply because of the small scale of units to be constructed in comparison with the other phases. Nonetheless, this phase is extremely important because it will give the real picture of the project. It will also show the challenges not expected at the beginning. Overcoming of such challenges will bring about smooth implementation of other phases of the envisaged project.

8.4 Financial Requirements for the Project

This section presents financial requirements analysis for the entire project. It compares financial requirements between Fixed Investment with pre-operating

expenses versus Working Capital and Equity versus Investment. Tables 28 and 29 present the analysis respectively.

Table 28: Summary of Financial Requirements for the Project (Fixed Investment Versus Working Capital) – US\$

S/N	Project Phases	Investment (Fixed & Pre-operating)	Working Capital	Total Requirement
1	Phase I Construction Project	5,122,537,383	116,790,288	5,239,327,671
2	Phase II Construction Project	5,219,402,652	104,384,975	5,323,787,627
3	Phase III Construction Project	5,965,008,459.7	119,297,091	6,084,305,551
Total		16,306,948,495	340,472,354	16,647,420,849

Table 29: Summary of Financial Requirements for the Project (Equity Versus Investment)

S/N	Project Phases	Equity	Investment	Total Requirement
1	Phase I Construction Project	1,413,069,071	3,826,258,600	5,239,327,671
2	Phase II Construction Project	1,439,790,525	3,883,997,103	5,323,787,627
3	Phase III Construction Project	1,645,474,885	4,438,830,665	6,084,305,551
Total		4,498,334,481	12,149,086,368	16,647,420,849

As seen in Tables 28 and 29 above, the entire project requires a total investment of **USD 16,647,420,849** of which **USD 4,498,334,481** (27%) is equity contribution while **USD 12,149,086,368** (73%) is expected to come from investment arrangements as summarized in Table 29. Furthermore, of the **USD 16,647,420,849** total financial resource requirement, **USD 16,306,948,495** will be spent on fixed and pre-operating expenses, whereas the remaining **USD 340,472,354** will be applied as working capital to take care human resource remunerations, Contractors fees, logistics, recurrent costs, welfare and other overheads.

8.5 Conclusion and Recommendation

From the analysis of the financial statements, market study and the environmental scanning shown above, it can be concluded that, implementing the construction project (at an activity level of 65,000 houses in 15 years) broken down into three phases is worth undertaking. Furthermore, the project becomes more attractive and

rewarding if the level of activity is increased from phase I to phase III as indicated by a steady and upward trend of net profit margin from phase to phase. Apart from that, there is a host of other anticipated advantages that will emerge if this opportunity is apprehended, namely:

- a) It will be a means to generate income to some people since the project will have to employ technical people as well as operatives. The level of employment is expected to grow with the activity level.
- b) It will open a new era in this area of business in Tanzania by having a private based enterprise construct houses for middle, high and low income earners on purchasing basis. The business model will further help the authority in conserving the environment through better town planning and eradication of un-serviced and un-planned settlements, as well as using Green Building Materials, alternative energy and energy conservation.
- c) It will be a means for the government to get revenues in the form of income tax (PAYE) due to employment creation, VAT due to sale of houses and other manufactured and import related taxes resulted from manufactured and importation of some building materials.
- d) The project will create a market place for small business operators who will supply building materials that can be obtained locally.
- e) The project will have a multiplier effect because small entrepreneurs will create business out of the construction activities. These will include but not limited to supply of food and drinks by food vendors, increase of mobile money transactions around the construction sites, etc.
- f) There is foreseeable room of expanding into bigger business operations in future such as replicating the model into other towns in Tanzania, operating such projects outside the country, and the like.
- g) It is something to be commended to have local entrepreneurs engage in the investment agenda that has development implication to the nation at large. There is no doubt, this will contribute to the development of the nation through building of sustainable human settlements, infrastructure and Amenities,
- h) The project will go hand in hand with other infrastructural development such as water supply and reticulation, electric power installation, roads and

pavements, drainages and central sewage systems. Green areas and parks as well as the Urban renewal - construction and modernization of the built areas.

On the other side, the marketing, operations, management and organization as well as the financial analysis show that the project Management is capable of implementing the proposed business at profit. It can maintain quality, sustain supply of houses and meet financial obligations. Therefore, it is highly recommended that this business venture is put into reality in order to harvest the anticipated profits.

SUBMITTED BY:



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