

MULTI CABLE LIMITED

FEASIBILITY STUDY

FOR

COMMERCIAL BUILDING & FURNISHED SERVICED APARTMENTS

MULTI CABLE LIMITED
P.O. Box 62
DAR -ES- SALAAM



May 2024

1.0 EXECUTIVE SUMMARY

1.1 The Project

This study covers the proposal of **MULTI CABLE LIMITED** to construct /operate furnished residential serviced apartments. Multi Cable Limited intends to build several apartments of which will be equipped with up to- date equipment's. The purpose of the proposed venture is to set up a high quality furnished residential serviced apartments to be based in Dar es Salaam. The project promoters, Multi Cable Limited have vast experience in operating multi projects both in the sectors of commercial building and manufacturing.

1.2 The promoters

The project is being sponsored by Multi Cable Limited, a private limited liability company incorporated and registered in Tanzania under Certificate of Incorporation 45441 dated 11 /04/2003. Multi Cable Limited is owned by two Tanzanians. Both are well trained and have had long experiences in running various companies The shareholders are as follows:

NAME	NATIONALITY	Percentage
Hassan ZakirHussein Alibhai	Tanzanian	20
Akberali ZakirHussein Alibhai	Tanzanian	20
Hussein zakirHussein Alibhai	Tanzanian	20
Shabir ZakirHussein Alibhai	Tanzanian	20
Murtaza Zakir Hussein Alibhai	Tanzanian	20



1.3 The Market

Tanzania's real estate sector has been recovering from the pandemic-induced challenges past 4 years with commercial property occupancy rate increasing, reflecting the recovery of businesses from the pandemic such as the COVID-19 pandemic and relocation of Government offices to Dodoma," resulting in a trend of tenants affected.

Furthermore, The Central Bank of Tanzania report shows residential rental and sale prices picked up in prime and subprime locations with the annual rental prices continued to recover, reflecting the recovery of businesses, a pick-up in investment, as well as an increase in tenants' incomes.

Tanzania real estate is currently a tenant-oriented market. It has been established by several that the existing vacancy in buildings in Dar es salaam is caused by three main factors which are market, building, and location. The recent changes have made hospitality sector of commercial which include motels, hotels, resorts and other tourist or business accommodation attractive to investors.

1.4 Location

The project will be located at *Alykhan Plot no 60 & Mazengo plot no681, Kinondoni, Dar es Salaam*. The furnished residential serviced apartments complex will be constructed in phases.

1.5 Project Cost and Financing Plan

The total cost of the project is estimated at USD 3,000,000. The following is the summary of the capital investment cost estimated:

ITEM	US\$
Fixed Asset	
Land & Civil Works	2,650,000
Machinery and Equipment	-
Vehicles	-
Furniture and Fittings	100,000
Others	150,000
Pre-Operational Expenses	50,000
Sub total	2,950,000
Initial working capital	50,000
GRAND TOTAL	3,000,000

1.6 Financing Plan

The promoters propose to finance the above investment costs in the following manner:

SOURCE	US \$
EQUITY	1,500,000
Local loan	1,000,000
Foreign Loan	500,000
Total	3,000,000

1.7 Profitability

The business as indicated in the projected profit and loss is commercially and financially viable. It will earn the company an

average revenue of **3.0 million annual** from year 4 before tax profits and depreciation.

1.8 Economic Development Considerations

1.8.1 Employment Creation

The project will create approximately **105** jobs with capacity to establish the employment levels in the later years upon.

1.8.2 Government revenue

The government and other agencies will benefit from various taxes, fees and commissions that will be paid to the Treasury.

1.8.3 Social and Economic Impact

The proposed project will increase the provision of high-quality accommodation in the country. It will also increase the availability of apartments with up-to-date facilities and will result in increased healthy competition among real estate companies.

1.8.4 Economies of Scale

Profitability is greatly affected by economies of scale. The project will be profitable and also will be able to support other sectors such as in manufacturing and transport as it will need a lot of building materials and transportation facilities.

1.9 Conclusion and Recommendations

The executive summary highlights indicate that the proposed project will be financially and economically viable.

2.0 THE PROJECT

MULTI CABLE LIMITED intends to construct furnished apartments to be equipped with up to- date equipment's. The purpose of the proposed venture is to set up a high quality **60** furnished residential serviced apartments of International Standards to be based in Dar es Salaam. The proposed project development strategy is to construct the furnished apartments in phases in order to have the project's earnings capacity through constructing several apartments. The project will be a one-of-a-kind development in the heart of Masaki and will provide a level of quality & luxury living standards never before experienced in Dar es Salaam. The apartments to be developed will be pre-sold off plan in order to assist in funding the ongoing construction of the project.

.2.1 THE PROMOTERS

MULTI CABLE LIMITED. is a private liability company engaged in various companies including a real estate business. The company, incorporated and registered in Tanzania under Certificate of Incorporation 45441 dated 11 /04/2003 Multi Cable Limited is owned by two Tanzanians. It has the following shareholders.

NAME	NATIONALITY	Percentage
Hassan ZakirHussein Alibhai	Tanzanian	20
Akberali ZakirHussein Alibhai	Tanzanian	20
Hussein zakirHussein Alibhai	Tanzanian	20
Shabir ZakirHussein Alibhai	Tanzanian	20
Murtaza Zakir Hussein Alibhai	Tanzanian	20

Multi Cable Limited having many projects in various sector is also an experience a Real Estate Company and has experience in the market

with interests in Commercial and Residential properties and developments. The company's good performance since its incorporation is the result of the shareholders sheer hard work and articulate management dynamism in real estate sector.

2.2 SITE AND LOCATION

The company headquarters is based in Dar-es-salaam

MULTI CABLE LIMITED

P.O. Box **10380**

Dar-es salaam

The projects will be situated Alykhan Plot no 60 & Mazengo plot no681, ***Kinondoni, Dar es Salaam.*** Implementation Time Schedule. The proposed investment programme is expected to take a period of five years.

2.3 SITE EVALUATION

Multi Cable Limited intends to construct and operate furnished residential serviced apartments situated at **Alykhan Plot no 60 & Mazengo plot no681**, Kinondoni, Dar es Salaam.

2.3.1 ACCESSIBILITY OF THE SITE

The envisaged project site will easily be accessible and will be located not far from city center.

2.3.2 AUXILIARY SERVICES REQUIREMENT

- **Power Supply System**

An independent transformer will be provided to cater for the whole complex

and for emergency power supply, a standby generator will be provided to supply the essential loads in an event of TANESCO power failure.

- **Fire Protection**

It is proposed to provide fire detection and firefighting system consist of automatic and manual detection devises, alarm and communication system whereas firefighting system will feature portable extinguishers, hose reels, wet and dry rises and automatic sprinkler system.

- **Air conditioning & Ventilation**

An individual/separate air conditioning system mainly split units and window type is proposed for the complex. Proper ventilation system will be providing throughout the year.

- **Security**

Security will be of prime importance surveillance cameras and access control will protect both tenants and customers alike.

2.3.3 Access Entrance

Wide inlet/entrance will be provided so as to facilitate smooth passenger of the tenants with their vehicles.

2.3.4 A Parking Space for the Complex

The complex will be provided with a parking space adequate to accommodate not less than 30 vehicles at any given time. This level space is anticipated to be adequate for purpose in question.

2.3.5 Water Supply

- **Source of Water**

Design of water supply will be based on the Ministry of water Manual. Provision for both group and overhead storage tanks will be of priority

so as to boost the water pressure and for availability whenever the pipes go dry. The tanks capacity will depend on the number of users which will be determined by the design concept and scheme.

2.4 Environmental Aspect

The design of furnished residential serviced apartments complex will be carried out with maximum consideration of environmental impact assessment. The apartments will be designed to receive maximum natural ventilation and light. Mechanical ventilation should be an alternative only in the absence of natural one.

. Another area where the environmental impact has to be considered is at the project surroundings whereby the already grown trees should be retained and included in the landscaping as part of the species of trees to be proposed by the architects.

3.0 MARKETING AND COMPLEX CAPACITY

3.1 MARKETING ASPECTS

Tanzania's real estate sector continued to recover from the pandemic-induced challenges of the three last years with commercial property occupancy rate increasing, reflecting the recovery of businesses from the pandemic. According to the Financial Stability Report released by the Bank of Tanzania (BOT), most of the selected commercial properties had an occupancy rate of more than 50 percent, indicating stability in the real estate market.

Furthermore, The Central Bank of Tanzania report shows residential rental and sale prices picked up in prime and subprime locations with the annual rental prices continued to recover, reflecting the recovery of businesses, a pick-up in investment, as well as an increase in tenants' incomes.

Tanzania real estate is currently a tenant-oriented market. It has been established by several that the existing vacancy in buildings in Dar es salaam is caused by three main factors which are market, building, and location. The recent changes have made hospitality sector of commercial which include motels, hotels, resorts and other tourist or business accommodation attractive to investors

Tanzania's real estate sector contributed 3.1 % to the country's real GDP with USD 1.5 billion in 2019, compared to USD 1.2 billion in 2015, an increase of 25%. The large residential housing market is dominated by individual homebuilders who account for over 70% of the total

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

Commercial real estate is also on the rise as the country emerges as a middle-income economy. Dar es Salaam is the main area of office and retail activity with a retail stock of 153,000 sqm. The formal retail sector in Dar es Salaam remains undersupplied presenting investors with an opportunity for growth.

The Central Bank report shows that residential rental and sale prices picked up in prime and subprime locations with the annual rental prices continued to recover, reflecting the recovery of businesses, a pick-up in investment, as well as an increase in tenants' incomes. The main reasons for the increasing of market potential in Tanzania is the improvement in business conditions, investment, employment and household income. The projected economic activities are expected to continue to boost the recovery of the property market. The stability in the real estate market is likely to minimize risks to financial stability given the significant links between property and credit markets. (INTERNET).

3.2 COMPETITION

It has been established that the services provided by most of the competitors are not adequate especially in accommodation. Successful implementation of the proposed project will therefore increase the

availability of quality accommodation in Dar es Salaam. Experience from comparable establishments in the area indicate that the well managed furnished residential serviced apartments are permanently booked with about 90 % & of the patrons being 30% being visitors, foreign mission and international organizations residing in Dar es Salaam.

M/S Multi Cable Limited will be an additional and more affordable outlet within the vicinity of the city center easily accessible with ample parking space which also provides for the family.

3.3 MARKETING

M/S Multi Cable Limited would not face any serious competition that would threaten its viability and that the facility would be highly sought after by up-market travelers, the business community and some Tanzanian residents. The target market for Multi Cable Limited furnished apartments is up market, travelers, investors with their expatriate's staff and public and private institution sending officials for a long stay in Dar-es- salaam, foreign missions and businessmen.

3.4 EXPECTED OCCUPANCY

The following factors combine to suggest that the occupancy Level Multi Cable Limited Suites will remain high: -

- 1) Demand for quality accommodation in Dar es Salaam is increasing.
- ii) Sponsors are willing to engage the reputed agents for exclusive marketing of the suites.
- iii The furnished serviced apartments will be at prime location.

iv) Since infrastructure for implementation of the proposed project is in place, the facilities will be competitively priced in comparison with existing individual apartments to be built in future in Dar es Salaam.

V) Multi Cable Limited will offer ample parking space for residents and its proximity to the central business district of Dar es Salaam provides an ideal atmosphere for a business traveler and up-market tourist.

3.4.1 Like any property development in the world, the proposed project faces the risk of low occupancy in the initial months; however, extensive marketing, sales promotion and direct contract will mitigate this with potential clients. While there is a continued shortfall of suitable accommodation, the number of visitors to Dar es Salaam is increasing appreciably as tourism and the economy improves.

3.4.2 Considering these strengths, it is reasonable to conclude that Multi Cable Limited Suites facilities will be fully occupied from first year of operation. However, the evaluation assumes a conservative occupancy level of 50% during the first year rising to 75% during the second year and the fourth year for planning and contingency purposes. Furthermore, considering also the appealing environment of the location, proximity to central business district and all-market residential area, competitive tariff should be possible to market and sell Multi Cable Limited Suites well ahead of opening

4.0 MANAGEMENT AND ADMINISTRATION

4.1 MANAGEMENT

This success of a venture of this kind depends on the competence of the personnel recruited to manage. It is assumed that relevant personnel with requisite skills shall be available within the country. It is envisaged that the proposed manpower structure would give an effective control of the activities. The estate will be managed by Estate complex Board of Directors. This board will operate through the project who would be the Chief Executive of the Estate operations. In Order to streamline the serviced apartment operations, it is proposed to engage two key figures; Operational officer and the Project Accountant. These two along with the Project Manager will form the central operational core that will ensure the success of the project.

4.2 Security System

It is recommended that the security of the complex be provided by an independent security company.

5.0 IMPLEMENTATION SCHEDULE

It is estimated that the project will be undertaken in phases and will take about 5 years to completion.

6.0 ENVIRONMENTAL CONSIDERATIONS

The design of furnished residential serviced apartments complex will be carried out with maximum consideration of environmental impact assessment. The apartments will be designed to receive maximum natural ventilation and light. Mechanical ventilation should be an

alternative only in the absence of natural one. However, both cases should be considered according to the varying/changing climate. Another area where the environmental impact has to be considered is at the project surroundings whereby the already grown trees should be retained and included in the landscaping as part of the species of trees to be proposed by the architects.

7.0 INVESTMENT AND FINANCING

7.1 ASSUMPTIONS

- The project construction time is assumed to be five years.
- The economic life of the project is 10 years
- The currency exchange rate of Tshs. 2500/- to one US\$ has been adopted

6.2 INVESTMENT STRUCTURE

The total initial investment in fixed assets is estimated at **US\$ 3,000,000** and whose breakdown of which is as follows

TABLE 2.1. INVESTMENT STRUCTURE

6.2.1 Civil Works

ITEM	US\$
Fixed Asset	
Land & Civil Works	2,650,000
Machinery and Equipment	-
Vehicles	-
Furniture and Fittings	100,000
Others	150,000
Pre-Operational Expenses	50,000
Sub total	2,950,000
Initial working capital	50,000
GRAND TOTAL	3,000,000

The ultimate building to house the project is estimated at a cost of **US\$ 2,650,000**

6.2.2 Furniture & Fittings

These are estimated at USD 100,000

6.2.3 Pre-operational

These are estimated at USD 50,000

6.3 FINANCING PATTERN

The total initial investment of **US\$ 3,000,000 shall** be financed as follows

SOURCE	US \$
EQUITY	1,500,000
Local loan	1,000,000
Foreign Loan	500,000
Total	3,000,000

7.0 OPERATION COSTS

7.1 OPERATION COST STRUCTURE

The main items which will constitute the operating costs. The operation cost is estimated to be 45 % of the annual total revenue. Some of the operating costs are as hereafter outlined, when unit will be in full operation. The cost items to the owner of apartments by the landlord include general maintenance of the apartments, insurance of building against fire etc. salaries and wages, electricity and water, security, management fees and other general administrative responsibilities.

7.2,2 Repairs and Maintenance-General repairs and maintenance costs for Building and civil works vehicle and equipment.

7.2.3 Energy and Water-Electricity for general lighting/security

7.2.4 Salaries and Wages-A total of 105 people will be employed to cater for the overall administrative, financial, security and cleaning functions of the complex.

7.2.5 Depreciation

Depreciation rates have been calculated as follows:

Land, Building and Civil Works	4% Straight line
Vehicle	25% Straight line
Pre-operational Expenses	20% Straight line
Equipment	12.5 Diminishing value

8.0 FINANCIAL AND ECONOMIC ANALYSIS

8.1 ASSUMPTION

- The prices are assumed to remain constant over the life of the project i.e., 10 years
- However, in case of changes in the costs of inputs, to maintain the desired profit margin the prices of the outputs will be accordingly adjusted
- The assumed capacity utilization levels are at 70 % 80%, 90% & 100% years 1 and 2 ,3 ,4– 10 respectively.

8.2 PROJECTED INCOME

The project's income at full capacity utilization is estimated to average at usd 3million per annum.

8.3 PROJECTED CASH FLOWS

The project has a positive net cash flow from year of operation to the tenth year.

9.0 CONCLUSION AND RECOMMENDATIONS

Analysis of the viability of the Multi Cable Limited project aimed at establishing modern residential Apartments is financially viable and commercially attractive. From a national point of view, the timely implementation of the project will lead to following economic benefits: -

- The project will contribute towards the expansion of high-class accommodation facilities in Dar es Salaam;
- Multi Cable Limited will provide indirect employment.
- The government will earn substantial revenue from the operation of the project in the form of value added tax. Furthermore, the project has high potential to generate revenue to the government in the form of corporation tax.

The short implementation period combined with the envisaged financial returns makes the proposal highly attractive and ideal for supporting. This study recommends timely implementation of the proposal.

MULTI CABLE LIMITED

INVESTMENT COST

ITEM	US\$
Fixed Asset	
Land & Civil Works	2,650,000
Machinery and Equipment	-
Vehicles	-
Furniture and Fittings	100,000
Others	150,000
Pre-Operational Expenses	50,000
Sub total	2,950,000
Initial working capital	50,000
GRAND TOTAL	3,000,000

MULTI CABLE LIMITED

DEPRECIATION SCHEDULE

US\$

	Value	Rate%	1	2	3	4	5	6	7	8	9	10
Land and Civil Works	2,650,000	4.0	106,000	106,000	106,000	106,000	106,000	106,000	106,000	106,000	106,000	106,000
Furniture & Fittings	100,000	12.5	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	-	-
Pre operational Expenses	50,000	20.0	10,000	10,000	10,000	10,000	10,000	-	-	-	-	-
Total			128,000	128,000	128,000	128,000	128,000	118,500	118,500	118,500	106,000	106,000

MULTI CABLE LIMITED

PROJECTED INCOME AND EXPENDITURE STATEMENT

USD

	1	2	3	4	5	6	7	8	9	
Occupancy rate (%)	70	80	90	100	100	100	100	100	100	
Number of apartments	42	48	54	60	60	60	60	60	60	
Revenue per annum	1,260,000	1,440,000	2,700,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Less Operating Cost	567,000	648,000	1,215,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000
Profit before interest and depreciation	693,000	792,000	1,485,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
Less Depreciation	128,000	128,000	128,000	128,000	128,000	118,500	118,500	118,500	106,000	
Sub-total	565,000	664,000	1,357,000	1,522,000	1,522,000	1,522,000	1,522,000	1,522,000	1,522,000	1,522,000
Profit before tax	565,000	664,000	1,357,000	1,522,000	1,522,000	1,531,500	1,531,500	1,531,500	1,544,000	1,544,000
Tax (30%)	169,000	199,200	407,100	465,660	465,660	459,450	459,450	459,450	463,200	463,200
Profit after tax	396,000	464,800	949,900	1,056,340	1,056,340	1,072,050	1,072,050	1,072,050	1,081,000	1,081,000
Accumulated Profit	396,000	860,800	1,810,700	2,867,040	3,923,380	4,995,430	6,067,480	7,139,530	8,220,530	9,301,530

MULTI CABLE LIMITED

CASHFLOWS PROJECTION

US\$

	0	1	2	3	4	5	6	7	8	9	
Sources											
Profit before interest and depreciation		565,000	664,000	1,357,000	1,522,000	1,522,000	1,531,500	1,531,500	1,531,500	1,544,000	1,544,000
Equity	3,000,000	-	-	-	-	-	-	-	-	-	-
Total sources	3,000,000	565,000	664,000	1,357,000	1,522,000	1,522,000	1,531,500	1,531,500	1,531,500	1,544,000	1,544,000
Applications											
Capital expenditure	3,000,000	-	-	-	-	-	-	-	-	-	-
Tax		169,000	199,200	407,100	465,660	465,660	459,450	459,450	459,450	463,200	463,200
Sub-Total	3,000,000	169,000	199,200	407,100	465,660	465,660	459,450	459,450	459,450	463,200	463,200
Total applications	3,000,000	169,000	199,200	407,100	465,660	465,660	459,450	459,450	459,450	463,200	463,200
Net cashflows		396,000	464,800	949,900	1,056,340	1,056,340	1,072,050	1,072,050	1,072,050	1,080,800	1,080,800

