



DEVELOPMENT OF  
**MILANO APARTMENTS**  
**MSASANI PENINSULA, MASAKI**  
BUSINESS PLAN  
DEC 2024





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# Executive Summary

Milano Apartments is a project with Vision that addresses the growing demands of real estate in Tanzania. The project envisages the creation of nine-levels building in Dar Es Salaam which would house a gym, a basement car park, and apartments. The promoters of the project have already acquired the land for the purpose of this project. All other necessary approvals and clearances from various regulating authorities are in the process of being obtained enabling the project to go full steam.

The project is planned in a totally different style with state-of-the-art construction technology and planning conducive to international clients. The Project would create a readily occupiable building with completely furnished common and service infrastructure and shells for interiors to be done by the clients. The revenue model is through the collection of cash for the units sold out.

Estimated at a cost of **\$ 4.48 Million**, the project is to be funded to the extent of **\$ 3.58 Million** by the bankers and the balance of **\$ 0.9 Million** to be brought in by the promoters as equity.

The project implementation period would begin early 2025 and is expected to be completed in late 2026 over an 18-month period.

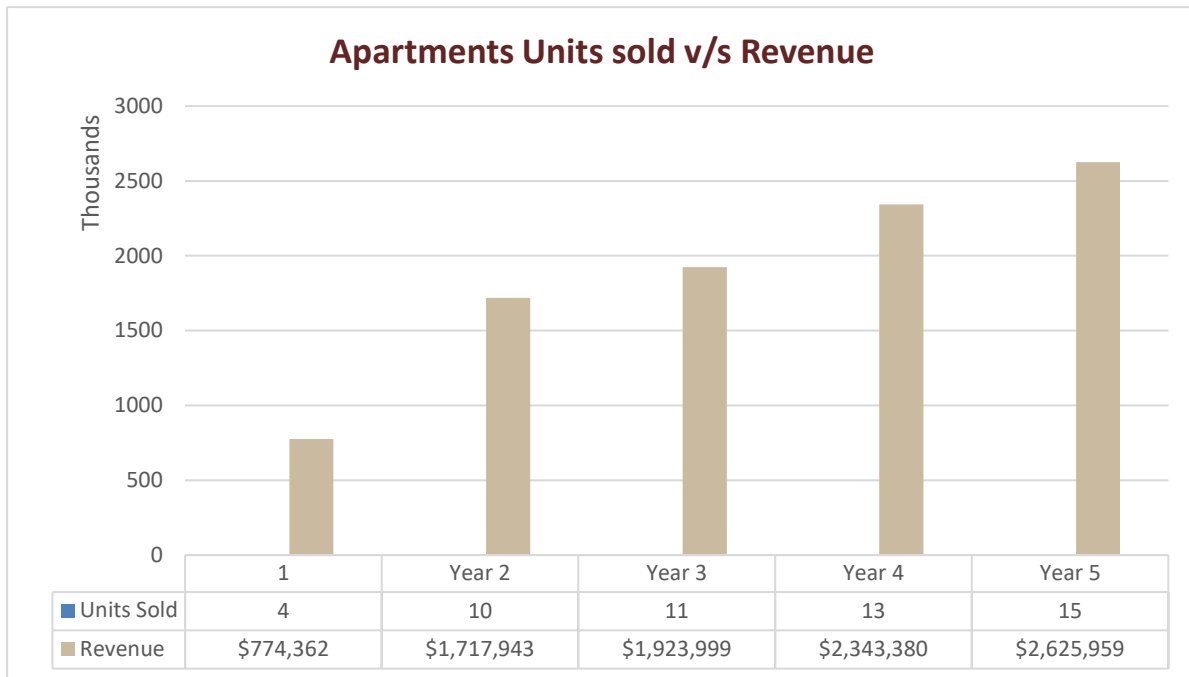
The Company is owned and promoted by **Luo Guanzhou, Xiong Lijun** and **Deng Xiaojuan** who come with vast experience in the real estate market both in Guangzhou, China.

This business plan provides an insight into the project with a focus on the concept and financial aspects making available all basic technical information. The objective of this report is to provide the readers with information for understanding the financial viability of the project.

Detailed considerations for the business plans have been made and the plan spans a period of six years. In summary, the project has been found financially viable with an equity IRR of about 48.51% and an average net profitability of 20% over the five operational years. After the repayment of loan liabilities (interest and depreciation), the project is able to generate cash of **\$1.22 Million** indicating **136%** of share capital investment.

Detailed Risk Analysis shows the project is more sensitive to decrease in revenues than increase in costs. Specific strategies addressing these issues have also been considered in detail. The Project Management Structure has been created to address implementation related issues.

## Financial Highlights



Financial Year	Units Sold	Revenue
Year 1	4	\$774,362
Year 2	10	\$1,717,943
Year 3	11	\$1,923,999
Year 4	13	\$2,343,380
Year 5	15	\$2,625,959



# Introduction

Background

Project in Brief

The Promoters

Project Rationale

The Value Proposition

Project Cost and Implementation

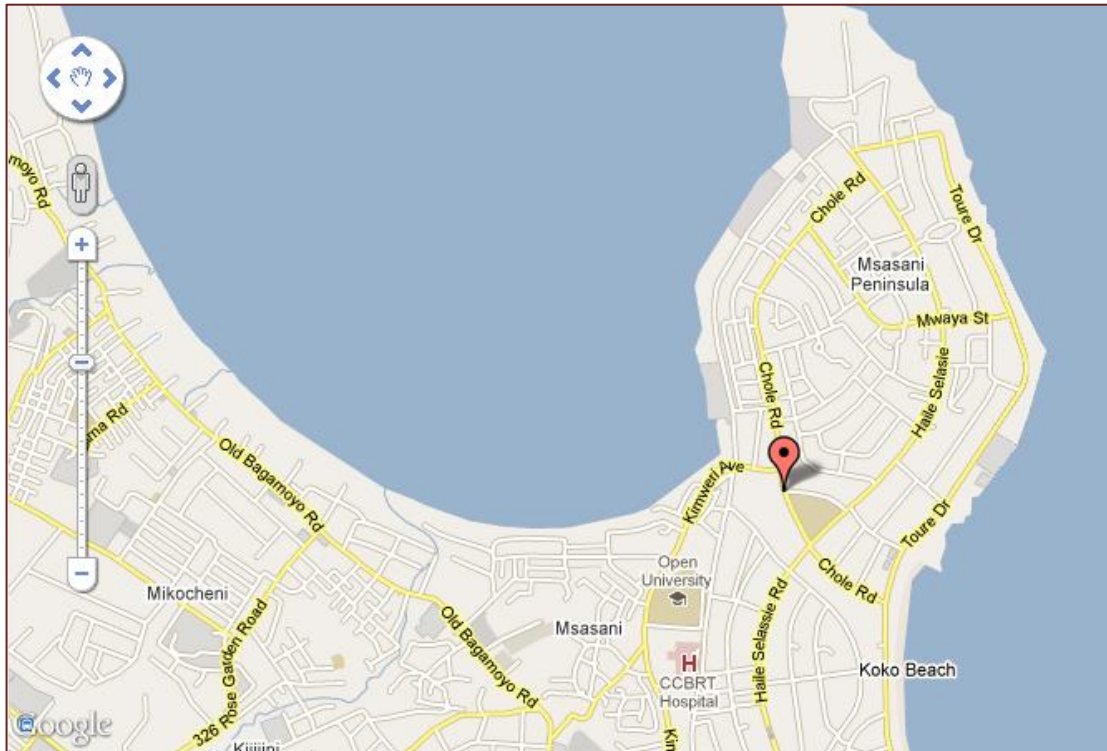
## **1.1. Background**

- 1.1.1. The real estate sector in Tanzania has been growing at a rapid pace when compared to the developing nations in the African continent. Shortly after achieving independence from Britain in the early 1960s, Tanganyika and Zanzibar merged to form the nation of Tanzania in 1964. Spread over 947,300 sq. kms, Tanzania offers the right opportunities for interested minds to invest in real estate.
- 1.1.2. Tanzania has largely completed its transition to a liberalized market economy, though the government retains a presence in sectors such as telecommunications, banking, energy, and mining. The economy depends on agriculture, which accounts for more than one-quarter of GDP, provides 85% of exports, and employs about 80% of the workforce. The World Bank, the IMF, and bilateral donors have provided funds to rehabilitate Tanzania's aging economic infrastructure, including rail and port infrastructure that are important trade links for inland countries. Recent banking reforms have helped increase private-sector growth and investment, and the government has increased spending on agriculture to 7% of its budget.
- 1.1.3. International Investors have always targeted Sub-Sahara -African countries for investments due to its steady phase of reforms. The diversified market potential and the size of the market have attracted many foreign investors in various sectors like manufacturing, technology, etc.
- 1.1.4. This proposal is a detailed document for realizing a project plan involving the creation of a state of art nine-storied building in Masaki, an upscale area of Dar es Salaam City by the promoters at par with the international standards for the purposes of selling out.

## **1.2. Project in Brief**

- 1.2.1. The promoters of the project have acquired a piece of land in Masaki in Msasani

Peninsula, a prime location in the Dar es Salaam city. Dar es Salaam is Tanzania's largest and richest city, serving as a regionally important economic centre. The city is located within the Dar es Salaam Region, an administrative province within Tanzania. The map of the Msasani Peninsula and the location of the project is given below:



**Figure 2: Map of Msasani Peninsula (Masaki and Oysterbay)**

- 1.2.2. The promoters of the project have been in the real estate industry for more than a decade and have gained invaluable experience in the real estate industry in Tanzania. They have already acquired a parcel of land for the purpose of the project in Dar Es Salaam City to the tune of **\$600,000**.
- 1.2.3. The promoters intend to develop this piece of land as residential real estate and seek to derive sales income. The project is expected to commence in the first quarter of 2025. The construction is expected to be completed within **18 months** from the start of the project.
- 1.2.4. The project will house nine (9) floors as given below:

**Table 1: Floor utilization of the project**

<b>Floor Level</b>	<b>Purpose</b>
Ground Floor	Gym, Lift area, Garden, Swimming pool
First to Seventh Floors	Apartments
Eighth Floor	Penthouses
Basement	Car Parking

1.2.5. With the total cost estimated at about **\$ 4.48 Million**, the project is expected to commence in the last quarter of 2013 and take about 18 months for completion.

1.2.6. The project is ideally located in the commercial hub of Dar Es Salaam, and it brings into fold various advantages that would reach the participants of the project.

### **1.3. The Promoters**

1.3.1. The Promoters have more than a decade's experience in the real estate sector and are one of the forerunners in the real estate industry in Guangzhou, China with a proven track record and the where-withal to run the activity efficiently and effectively.

1.3.2. The Company is owned and promoted by **Luo Guanzhou, Xiong Lijun**, and **Deng Xiaojuan** who come with vast experience in the real estate market in Guangzhou, China.

1.3.3. The right combination of real estate experience and the strategic association with the Government will serve to protect the interest of the company and give the Company an edge over its competitors.

### **1.4. Project Rationale**

1.4.1. The rationale for setting up the project came following the existing and increasing demand for housing, given the current housing deficit of 3,000,000 units with an annual growth in demand of 200,000 units.

- 1.4.2. The promoters being in the real estate sector, have realized increasing need for world class housing by the multinational companies and diplomats to have an exclusive set up in Tanzania and the growing demands of the increasing population in and around the country.
- 1.4.3. The five-year development plan released by the Tanzanian Government is a major boost that provides various direct and indirect benefits that make the real estate development in Tanzania competitive.

## **1.5. The Value Proposition**

- 1.5.1. The size of land procured for the proposed project is by itself a big advantage since very few of the projects are as extensively spaced as this project.
- 1.5.2. The proposed project would be on par with the international standards using state-of-the-art technology and would be a landmark amongst commercial structures in the city of Dar Es Salaam.
- 1.5.3. The project also includes provision for in-house amenities like a restaurant, a bank, which is housed for easy accessibility.
- 1.5.4. The promoters are experienced in real estate and have strategic contacts with the Government which would make the approval process easier and ensure smooth completion of the project as per plans.
- 1.5.5. The financial viability and sustainability of the project gives a fair indication of the attractiveness of the project (discussed later in this report).

## **1.6. Project Cost and Implementation**

- 1.6.1. The project cost is estimated at **\$ 4.48 Million**, which is expected to be funded by equity to the tune of **\$900,000** and the balance by way of debt. The project is expected to commence in the first quarter of 2025 and the construction is estimated to be completed in 18 months, i.e. by the second quarter of 2026.



2.

## Company Overview

Ownership

Mission Statement

The Business Model (Business Strategy)

## 2.1. Ownership

2.1.1. Tilo World Properties Holding Limited is a real estate developer incorporated under the laws of Tanzania, with registration No: **168339089**, Business License No: **20000054402** and Tax Identification No: **168-339-089**.

2.1.2. The Company is owned by three shareholders, namely: Luo Guanzhou and Xiong Lijun who owns 35% of the equity each, and Deng Xiaojuan who owns the other 30% of the equity of the Company.

Tilo Wold Properties Holding Limited		
Luo Guanzhou	Xiong Lijun	Deng Xiaojuan
35%	35%	30%

**Table 2: Shareholding Structure**

## 2.2. Mission Statement

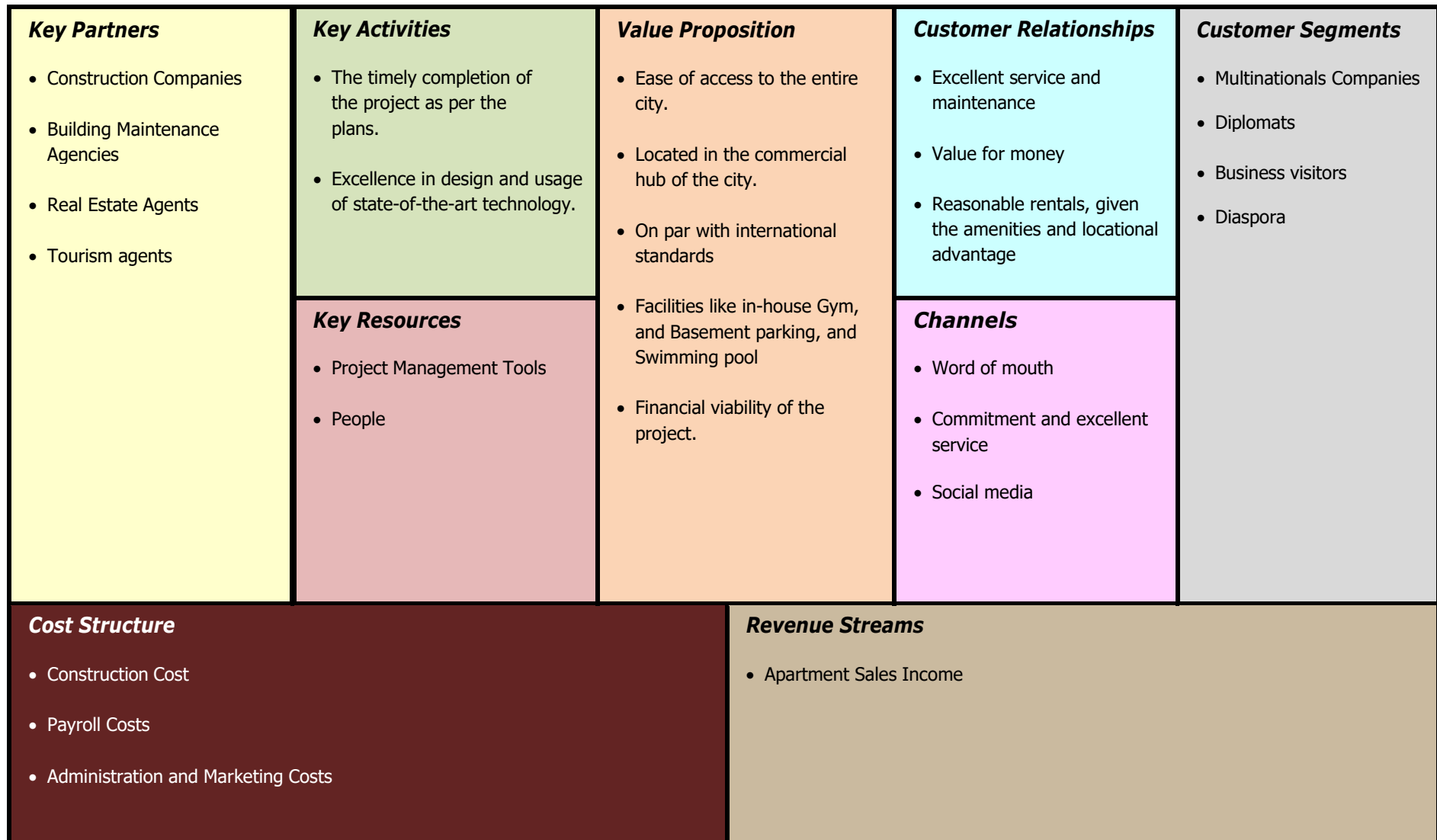
2.2.1. To craft sustainable and iconic living spaces that resonate with modern lifestyles, fostering communities and enriching lives. At Tilo World Properties Holding Limited, we don't just build properties; we shape the future of urban living.

## 2.3. The Business Model (Business Strategy)

2.3.1. A business model describes the rationale of how an organization creates, delivers, and captures value (economic, social, cultural, or other forms of value). The business model forms the basis of our business strategy.

2.3.2. For a project of this size and nature, the business model plays a very important role. The promoters have adopted the business model generation canvas by Alexander Osterwalder et.al. as is shown in **Figure 3**.

2.3.3. **Key Partners:** The key partners for the success of this project will be strategic partners. These include construction contractors (during the construction phase), building maintenance agencies (during the operational phase) and real estate agents and tourist agents for bringing visitors to the apartments.



**Figure 3: Business Model Generator**

- 2.3.4. **Key Partners:** The key partners for the success of this project will be strategic partners. These include construction contractors (during the construction phase) and building maintenance agencies (during the operational phase).
- 2.3.5. **Key Activities:** The most important aspect of this project is the timely completion of the project as per the plans and adherence to schedules, both in terms of time and costs.
- 2.3.6. **Key Resources:** There are two key resources required by the company, viz., good project management tools – to monitor, review and control the project timelines and costs, and key people who have the right experience.
- 2.3.7. **Value Proposition:** This aspect has already been discussed in **Chapter 1** of this business plan.
- 2.3.8. **Customer Relationships:** The key areas to target enhanced customer relationships are the quality of service and maintenance upon commencement of operations, and value for money by providing enhanced levels of service.
- 2.3.9. **Channels:** Marketing for this type of business model happens through word of mouth. The company has allocated 3% of revenue every year (refer **Chapter 6** for financial plans) for its marketing efforts.
- 2.3.10. **Customer Segments:** The company targets three main types of customers including multinational companies, diplomats and diaspora.
- 2.3.11. **Cost Structure:** Most of the funds will be used for the construction of the project, and the profits generated from the business will be used to meet the operational costs (payroll, maintenance etc).
- 2.3.12. **Revenue Streams:** The Company will primarily derive all its revenues from selling apartments units.
- 2.3.13. The above points summarize the business model of the Company. The Management believes that its business model is correctly poised to cash in on the growth of the residential market in Tanzania.



# 3.

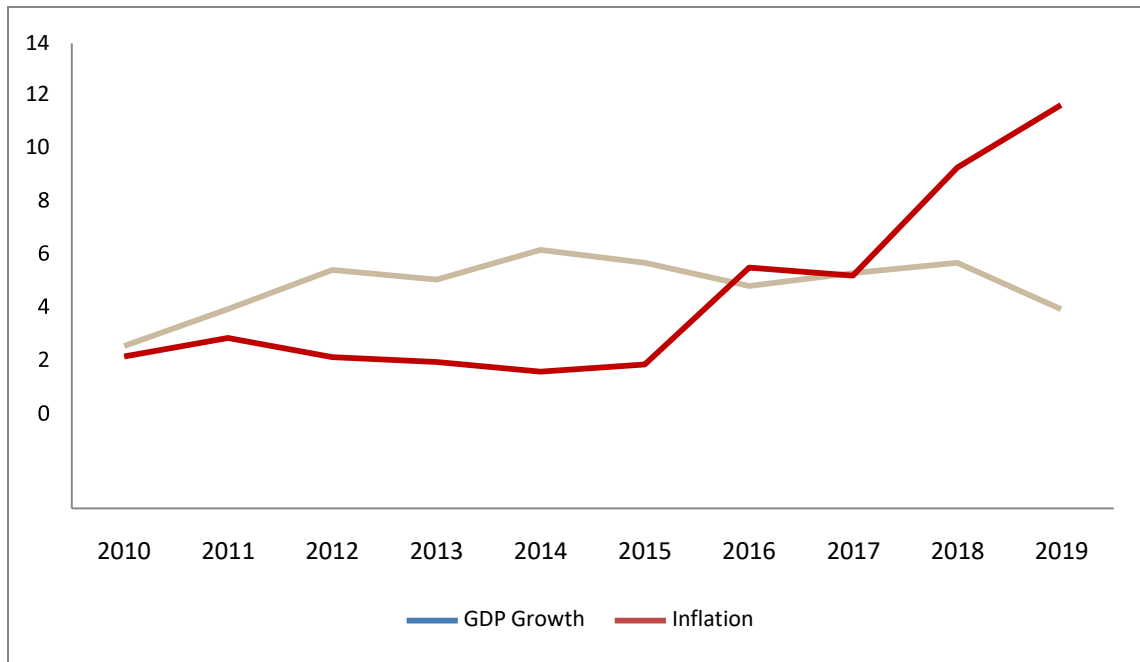
## Market Analysis

- 3.1 Macro-Economic Overview
- 3.2 Investment Policy
- 3.3 Trade and Financial Services
- 3.4 Business Environment
- 3.5 Population Demographics
- 3.6 The political Context of Housing Sector in Tanzania
- 3.7 Plot Size, Land Distribution, and Security of Tenure
- 3.8 Market Opportunity
- 3.9 Tanzania Real Estate Market Scenario

### **3.1. Macro-Economic Overview**

- 3.1.1. The mid-1980s saw the Tanzanian economy in severe distress following several years of a centrally planned economy. However, transformation has been radical since. Robust economic growth has been evident, hovering around 7 percent per year since 2000. Sound macroeconomic policies, market-oriented reforms, debt relief and, until recently, a favourable global environment have been the main drivers of Tanzania's steady growth.
- 3.1.2. Following fifteen years of Ujamaa policy, the economy was gradually liberalized from 1986 to 1995 to remove state domination in production and to promote private enterprise. Thus, prices were allowed to adjust to market levels, interest rates and the exchange rate were freed and restrictions on economic activities were phased out. Specific reforms included: (a) restructuring the financial sector and licensing foreign banks thus expanding private access to finance for investment; (b) liberalizing trade, a move that triggered an export boom and restored the country's foreign exchange reserves; and (c) denying credit to poorly performing public corporations and subjecting public finance to greater scrutiny and discipline.
- 3.1.3. Prior to the mentioned reforms, Tanzania had one of the smallest banking systems in Africa, dominated by a single commercial bank and other state-owned financial institutions. After two and a half decades of liberalization, three dozen commercial banks and many other private financial institutions are in operation, offering a broad range of financial services.
- 3.1.4. Since 2010, credit to the private sector has expanded to 30-40 per cent a year, supported by growing customer deposits, and bank performance has improved<sup>1</sup>. Despite these reforms, household access to credit is appallingly low with a mere 9 per cent of the population reported as having access to financial services from the formal sector in 2018<sup>2</sup>. The second generation of financial reforms, now underway, seeks to broaden the reach of financial services.

3.1.5. Tanzania has been able to hold itself well despite the recent global economic crisis, although a decline in exports particularly in the tourism, commodities and textiles markets that saw growth reduce to approximately 6 percent in 2019 (see figure 4).



**Figure 4: GDP Growth in Tanzania**

3.1.6. A slight recovery was registered in 2015 as the global economy improved. Strong economic growth has mainly been driven by tight control over public spending and structural reforms that have included the reform of the taxation system and revenue collection, expenditure control and land ownership.

3.1.7. Recent banking reforms have also helped increase private sector growth and investment. Overall, the economy remains heavily reliant on agriculture, which accounts for slightly more than 40% of the GDP, provides 85% of the exports and employs 80% of the workforce. The industrial sector, which accounts for less than 10% of the GDP and primarily constitutes the processing of agricultural products and light consumer goods, is among the smallest in Africa. Mineral production with the extraction of gold reserves is steadily growing to account for a significant part of Tanzania's export.

## **3.2. Investment Policy**

- 3.2.1. The National Investment Promotion Policy of 1996 opened almost all sectors to foreign and private participation. The Tanzania Investment Act of 1997 provides the backbone of the legal investment regime by making provisions related to establishment of enterprises; investment benefits and guarantees; transfer of capital profits; guarantees against expropriation; dispute settlement; and employment of foreign staff. Separate legislation for investment in mining and petroleum and in Export Processing and Special Economic Zones (EPZs and SEZs) has also been introduced.
- 3.2.2. The existing legal framework for investment has played a significant role in enhancing domestic and foreign investment, but could be improved in certain aspects, especially as concerns land tenure, access regulations for foreign investors in some sectors, the award of investment incentives, and protection of intellectual property rights. Access to land for instance remains a challenge for investment in most economic sectors, particularly agriculture.
- 3.2.3. The Medium-term Public Investment Plan (MPIP) developed in 2009, together with considerable budgetary increases for infrastructure development, demonstrates the increasing importance given to improving infrastructure networks. FYDP I also identify large investments in energy and transport
- 3.2.4. FDI was minimal prior to 1992 but has rapidly increased since then. After remaining below USD 200 million a year throughout the 1990s, net FDI inflows have especially accelerated since 2000, standing at USD 1 095 million by 2011. Over 2000-2022, the leading country source of FDI was the United Kingdom, followed by India and Kenya. In agriculture, the main investing countries include the EU, followed by Asia, and particularly India, the Middle East, and Africa. These investment flows have been resilient following a plunge in 2019: FDI inflows into Tanzania maintained an annual growth of over 7% between 2019 and 2021.

### **3.3. Trade and Financial Services**

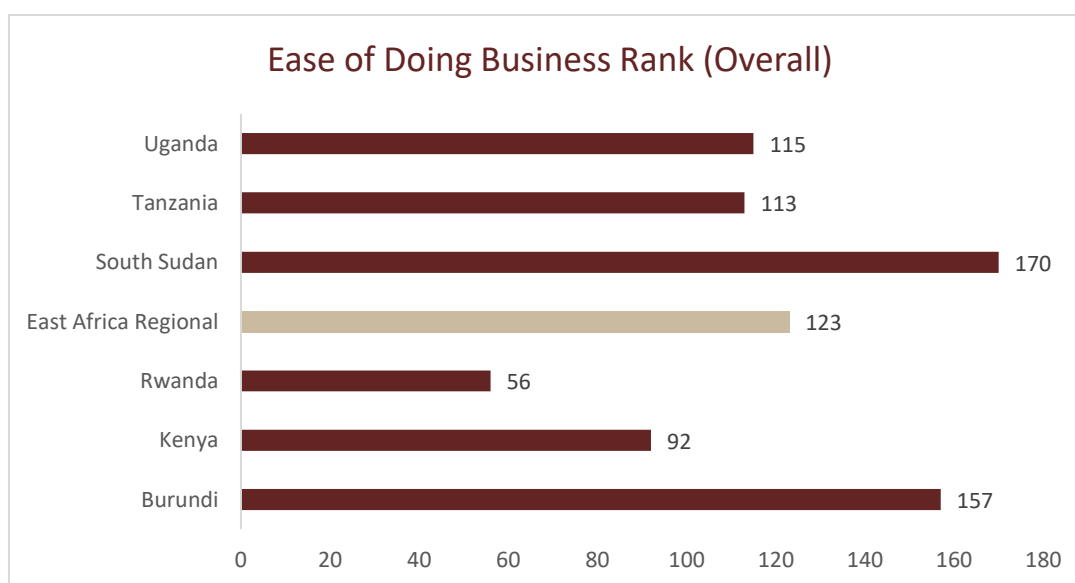
- 3.3.1. Trade, through development of the domestic market and integration into regional and international markets, has fostered socio-economic development by enabling the country to sell the expected increase in production in key productive sectors (especially with the expected development of agro-processing). The large infrastructural investments will also enable the country to increase domestic trade, by utilizing the series of productive resources it is endowed with more efficiently (in order to transform them into revenue-generating tradable goods), and by fostering the development of a large number of SMEs, which play a crucial role in generating employment and income to Tanzanians, in tandem with decreasing transportation costs.
- 3.3.2. Even though international trade declined following the liberalization of the economy, Tanzania's export performance, measured as a share of GDP, has recovered, and is now estimated at over 23 percent. As exports are a key engine for economic growth, increasing the country's competitiveness and efficient use of its strategic location will therefore be crucial in the next five years. Tanzania's openness to trade has improved substantially since market liberalism, and additional progress can still be made, by for instance improving the country's regional and international integration.
- 3.3.3. Financial Services Empirical evidence points to a close link between financial sector development and economic growth, making financial development a significant precondition to economic growth. Low levels of financial sector development, reflected by low levels of financial intermediation, inhibit the banking system's ability to positively contribute to economic growth. Following extensive reforms in the financial sector, Tanzania has seen a very rapid increase in the number of financial service providers, particularly banks, insurance companies, bureau de change, stockbrokers, and investment advisors. Besides, the number of financial products in the market has increased.
- 3.3.4. Financial sector assets have expanded rapidly, led by growth in private credit,

thereby enhancing financial intermediation and increasingly supporting economic growth.

3.3.5. Capital markets, which are important for increasing access to medium- and long-term funding and providing suitable placements for institutional investors, are still at a very nascent stage with only fifteen securities listed at the Dar es Salaam Stock Exchange (DSE), which is itself afflicted by low liquidity. Developing the capital market and accelerating the financial sector reforms are vital avenues for integrating Tanzania into the global financial system and attracting international capital. The Bank of Tanzania has continued to improve the conduct of monetary policy operations through strengthening liquidity management and forecasting and further deepening the financial markets.

### 3.4. Business Environment

3.4.1. According to Doing Business 2013: Tanzania, the business environment is marginally easing in Tanzania. From having 10 procedures in 2012, the number of procedures has reduced to 9, thereby increasing Tanzania's rank from 117 to 113 in terms of ease of doing business. This rank of 113 is marginally above the Sub-Saharan Africa's regional rank of 123.



**Figure 5: Doing Business in Tanzania Vs Tanzania Vs Other East African Countries**

### **3.5. Population Demographics**

3.5.1. Tanzania's population is currently estimated at 62.7 million. With a population growth rate of 2 percent per annum, the urban population now makes up 26% of the general population and is currently growing at 4.7 percent annually. A staggering 47 percent of the population is below the age of 30 with females constituting 52 percent of the total (males' 48 percent). Life expectancy currently averages approximately 53 years, and the literacy rate hovers at approximately 70 percent with government expense on education making up 6.7 percent of GDP. The population is 63% Christian and 35% Muslim, with the balance holding traditional animist beliefs. Ninety-five percent of Zanzibar's population is Muslim. Tanzania is also home to about 130 tribal groups.

### **3.6. The Political Context of Housing in Tanzania**

3.6.1. The **Ministry of Lands, Housing and Human Settlements Development** (MLHHSD) has been mandated to administer land and human settlement in Tanzania on behalf of the President of Tanzania who serves as the trustee of all land. The Ministry currently has four major Departments, namely Land Administration, Survey and Mapping, Physical Planning and Housing. Within the Ministry also lie four core sector units, namely the Registration of Titles Agency, Property Valuation, and the District Land and Housing Tribunal. The Ministry also has an agency dealing with Housing and Building materials research (the National Housing Building Research Agency), a commission dealing with Land Use Planning (National Land Use Planning Commission) and the National Housing Corporation.<sup>4</sup>

#### **National Housing Corporation**

3.6.2. Established by Act of Parliament No. 45 of 1962, the National Housing Corporation (NHC) was for a long time the main property developer in the country having constructed 14,145 housing units between 1962 and 1974 before registering a significant decline in the construction of housing stock because of limited government budget, increased construction costs and high

inflation rates. Many of the properties which were constructed during the mentioned period were under slum clearance, rental and tenant purchase (TP) schemes and were funded largely from Donor funding. Between 1975 and 1989, the Corporation constructed 1,894 units at a cost of about TZS 360 million. Subsequently thereafter, NHC constructed a mere 762 units between 1990 and 2007.<sup>5</sup>

3.6.3. NHC has equally been responsible for managing its rental housing stock aside from building houses. However, due to rent control being a government institution and limited ability to access longer term finance, the company was largely unsuccessful in delivering its mandate. A major overhaul of the National Housing Corporation was carried out last year and included the recruitment of a new board and executive team to spearhead the Corporation's effort to become a master estate developer by 2015 through a strategy that would incorporate the acquisition and development of key land parcels. According to the company's five-year strategic plan, which envisages increasing the housing sector's GDP contribution to 4 per cent (currently at 1 per cent)<sup>6</sup>, the organization expects to develop a minimum of 15,000 houses for sale and lease by June 2015. This would encompass the construction of 10,000 medium and high-class homes and an additional 5,000 homes aimed at low-income bracket buyers.

### **Housing Policy**

3.6.4. Having inherited no housing policy from its colonial master, Tanzania has struggled to develop its own Housing policy. Despite the government's continued confirmation that housing is a priority, insufficient attention towards the establishment of a proper housing directorate that would support and facilitate the creation of a national and comprehensive housing policy, has historically been found wanting. A policy was previously formulated in 1981 with the intention of creating the much needed framework for the housing sector development but it was neither approved nor implemented due to government budgetary constraints and a change in the country's economic policy from a central to market driven economy.<sup>7</sup> While housing development in Tanzania is guided by the National Human Settlements Development Policy

of 2000, the policy's objectives largely caters towards the provision of adequate shelter, an efficient land delivery system, service provision and better rural housing without specifically addressing the problems within the housing sector. Efforts are currently underway towards developing a housing policy that will aim to address key issues surrounding the housing sector.

- 3.6.5. The creation of the Registrar of Buildings (RoB) which was created by Act of Parliament No. 13 of 1971 and was later dissolved into the present NHC in 1990. The institution turned out to be grossly underperforming having constructed a total of 530 housing units in its 18 years of operation between 1971 and 1989.
- 3.6.6. The Better Rural Housing Campaign – Launched in 1974, this campaign was geared towards getting rural inhabitants to construct better housing through a system that comprised the creation of a Village Management Training Programme (VMTP) and Rural and Urban Construction Units (RUCU). 84 RUCUs in 84 districts across the country were set up but eventually, due to lack of proper management and poor training in the use of equipment, the programme was equally dissolved.
- 3.6.7. The creation of the present-day University College of Lands and Architectural Studies (UCLAS) to train and build capacity for housing research and development has been largely successful in churning out professionals for the industry.
- 3.6.8. These efforts also included other initiatives such as encouraging parastatals and other public institutions to construct employer-based housing but failed following economic difficulties. Housing cooperatives whom, given their strong influence back in the 60s and 70s, received government support through various subsidies but eventually fell victim to mismanagement and administrative weaknesses.

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<sup>7</sup> (Ministry of Lands, 2007)

### **3.7. Plot Size, Land Distribution and Security of Tenure**

- 3.7.1. The existing standards for urban residential plots at 400-800m<sup>2</sup>, 801-1,200m<sup>2</sup> and above 1,201m<sup>2</sup> for high, medium and low-density plots respectively have also created challenges in overall planning standards.
- 3.7.2. Based on the 2002 Population and Housing Census, the average household size was estimated at 4.9 while the population density was estimated to be 39 persons per sq. km overall (National Bureau of Statistics). It is estimated that approximately 10.5 million people live in urban areas, and of those, between 70% and 80% of urban residents live in informal settlements.

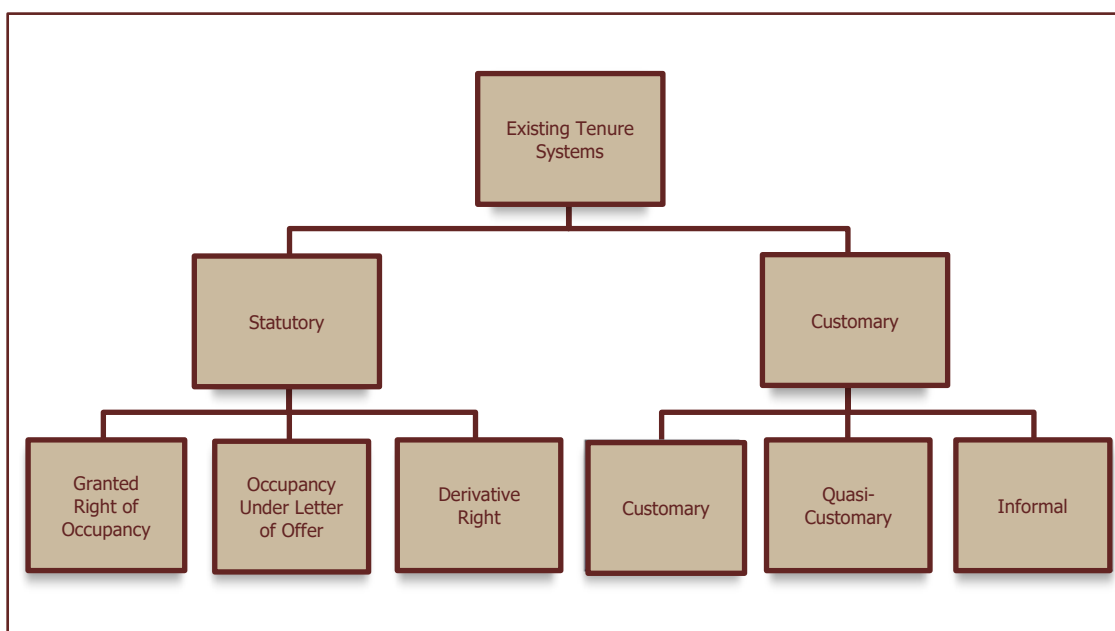
### **3.8. Security of Tenure**

- 3.8.1. All land in Tanzania is considered public land. As such, there is no freehold land. The President of the country serves as the trustee of the land as prescribed in the Land Act. Legally, there are two main types of land tenure systems in the country: statutory and customary. Statutory tenure rights can further be subdivided into three categories, namely granted right of occupancy; occupancy under Letter of Offer; and derivative right while under customary tenure, classification can categorically be subdivided into quasi-customary and informal tenure.

#### **Granted right of occupancy**

- 3.8.2. Granted rights of occupancy are available for general and reserved land and may be subject to any statutory restrictions outlined in the terms of the grant. The Government grants its citizens renewable rights of occupancy on land that has been surveyed for up to 99 years (or with periodic grants of fixed terms such as 33 or 66 years) at a premium and revisable annual land rent. To be valid, the right must be registered under the Land Registration Ordinance Chapter 334. This is what is recognized as a proper title deed. Holders of registered granted rights of occupancy may lease that right of occupancy or part of it to any person for a definite or indefinite period, provided that the

maximum term must be at least ten days less than the term of the granted right of occupancy. Leases shall be in writing and registered. Short-term leases are defined as leases for one year or less; they may be written or oral and need not be registered.



**Figure 6: Existing Land Tenure Systems in Tanzania**

### **Occupancy under Letter of Offer**

3.8.3. Once a citizen is issued with and accepts a letter of offer, he/she can register the duly signed and sealed letter of offer under Registration of documents Ordinance Chapter 117 which becomes a valid document that creates notice of ownership. The premiums, survey fees and the land rent fees under the Granted right of occupancy and Occupancy under Letter of Offer, differ from one place to another within the same city or municipality depending on a number of factors including location (for example, prime areas are priced highly; size of the plot; use to which the land is put; availability of basic infrastructure and services; etc). (UN HABITAT, 2010)

### **Derivative right**

3.8.4. Under the Land Act (1999) the government offers a “residential license”, which is a right derivative of a granted right of occupancy on general or reserved land. According to the Act, a residential license is a right conferred upon the

licensee to occupy land in urban and peri-urban non-hazardous land, land reserved for public utilities and surveyed land for a term not less than six months and not more than two years. The term can, however, be renewed for the same period. Like occupancy under letter of offer, the residential residence is issued under Registration of documents Ordinance Chapter 117.

### **Customary tenure**

3.8.5. This is acquired by virtue of being a member of a community and is based on traditional acceptance. The system has no formal documents, and no land transfer takes place without the blessings of the clan/community members. This land belongs to registered villages although the councils do not own the land but only manage it on behalf of the village assembly (all members of a village of adult age (18 years and above)). To this end, villages can demarcate the land, register ownership rights and issue certificates to support such ownership. Holders of customary rights of occupancy may lease and rent their land, subject to any restrictions imposed by the village council.

### **Quasi-customary tenure**

3.8.6. As the name suggests, the influence of the clan/community in land transfer is, among other things, diminished. While local leaders and adjoining landowners are consulted when the need to transfer land arises, the right to sell lies mainly with the individual right holder. Customary and quasi customary forms of tenure are commonly found in peri-urban unplanned areas of the city of Dar es Salaam (UN HABITAT, 2010)

### **Informal tenure**

3.8.7. In the case of informal tenure, land transfer is not guided by customary or quasi-customary norms and rules. It can take place between any person seeking land and the respective owner of the land. Buyer interests are protected, albeit in informal ways, through a system that is set in such manner that the ownership is deemed to be authentic.

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<sup>8</sup> Government of Tanzania 1999, *Village Land Act No. 5*

<sup>9</sup> (United States Agency for International Development (USAID), 2010; Sundet, 2005)

### 3.9 Market Opportunity

- 3.9.1 Tanzania suffers from a terrible shortage of good quality and affordable housing. So dire is this shortage that the nation currently carries a **3 million housing deficit** coupled with a 200,000-unit annual demand. With an ever-increasing urban population, 5.7 percent to 22.6 percent over the period 1967-2022, based on 2022 census data, it is inevitable that this shortage, which is compounded by lack of long-term housing finance and a lack of a formal residential housing construction sector, needs to be addressed in a timely manner. Over 80 percent of urban residents are tenants, living under a pro-landlord legislation that forces people to pay annual rent upfront in the wake of a limited supply of good houses and ever-increasing cost of living.
- 3.9.2 The good news is Tanzania continues to rise from a centrally planned economy into a market driven economy registering on average above **6 percent** growth consistently over the past five years. The Government through the Bank of Tanzania has begun the process of initiating the **Housing Finance Project (HFP)** that will see the development of a vibrant mortgage market accompanied by housing microfinance instruments that will allow the markets to cater for different segments of income distribution. Steps have already been made towards paving the way through legislation that supports the planned initiatives with the passing of the **Mortgage Finance (Special Provisions) Act 2008** that brought about key changes to **Chapter X of the Land (Amendment) Act 2004** the principal legislation that oversees the governance of mortgages. Duly supporting this move is the passing of the **Unit Titles Act 2008**, that effectively brought into existence the Condominium law for managing sectional properties etc.

### 3.10 Market Opportunity

#### Residential Market

- 3.10.1 The residential market remains highly diversified, with the highest rents being

commanded by beach facing properties in Oyster Bay and the Msasani Peninsula in Dar es Salaam and on the Lake Victoria shores of Capri Point in Mwanza. Much of the housing stock in the prime residential areas of Tanzania comprises older government houses that are now in the process of being redeveloped to good quality modern single and multi-occupied houses. Increased development is being witnessed outside the traditional prime residential areas to meet rising demand.

### **3.11 The Tanzania Real Estate Market**

3.11.1 The present state of the real estate market leaves much to be desired. With 70 percent of the urban population immersed in unplanned and unserved informal settlements, there lies immense opportunity for growth especially bearing in mind that the government's strategy is geared towards upgrading. Affordable housing is in short supply. With the current annual demand of 200,000 plots and a 3,000,000-housing gap, Tanzania faces a huge hurdle but equally presents immense opportunities for the prudent investor.

#### **Housing Demand**

3.11.2 The urban transition is well under way in mainland Tanzania. The urban population increased from a low base of 5.7 percent to 22.6 percent over the period 1967–2002, based on census data. The total housing deficit was estimated at 2.2 million units in 2000. It has since escalated to more than 3 million units. Between 1990 and 2001, the average annual demand for plots in Dar es Salam was 20,000 units while the average annual supply was under 700, leaving 97 percent of the recorded demand unfulfilled. Since most Tanzanians construct their own homes slowly over several years, the supply of land is crucial to the production of shelter. At the national level, the annual demand for formal land between 1991 and 2001 was 150,000 plots, while the supply averaged 8,000 plots surveyed annually, indicating an annual shortfall of 95 percent.

## Main actors and players in the Real Estate Market in Tanzania

3.11.3 The limited amount of housing construction is largely done by the public sector either through the National Housing Cooperation (NHC), the Tanzania Building Agency (TBA), which caters specifically to the government employee market or through the parastatal pension and social security institutions. The private or “organized” developer/ builder market is virtually absent in Tanzania and there are no professional real estate developer associations. The little private development which does occur tends to be luxury developments aimed at the wealthy, expatriates or the Diaspora.

**Table 3: Key Actors in the development of shelter in Tanzania**

	<b>Actors</b>	<b>Contribution</b>
1	Individual Unsurveyed Dwellings	70.0%
2	Individual Surveyed Dwellings	13.5%
3	National Housing Corporation	5.1%
4	Real Estate Developers	3.9%
5	Central Government	3.0%
6	Pension Institutions	2.4%
7	Local Government	2.1%

Source: (Nnunduma, 2009)

## Availability of Serviced Land

3.11.4 With few limited housing options in the formal sector, most of the population, as mentioned earlier, reside in informal settlements where the typical form of tenure is rental. Despite the government’s efforts to try and create additional plots as in the case of the 20,000 Plots project<sup>1</sup>, there has been slow growth, contrary to what was anticipated, due to inaccessibility of housing finance and the fact that the plots were totally green fields without the infrastructure needed of services to make it all work.

---

<sup>1</sup> The 20,000 plots project was geared to create additional plots in the direct peri-urban areas of Dar es Salaam where large parcels of undeveloped land was surveyed and subdivided and sold to individuals for the purpose of housing construction.



4.

## Products and Services

Milano Ultra Luxury Apartments

Design Concept

Specifications

Exquisite luxury in the lap of prestigious suburb



**MILANO**

APARTMENTS

A close-up photograph of a nautilus shell, showing its characteristic spiral pattern. The shell is illuminated with a vibrant rainbow color gradient, transitioning from green on the left to purple and pink on the right. The text is centered over the shell.

THE  
LANDMARK  
FOR AN  
ECSTATIC  
LIVING.



U L T R A

L U X U R Y

A P A R T M E N T S

A dream and a glimpse of paradise. The most luxurious apartments on the most luxurious horizon, deep in the heart of a prestigious suburb with amazing views outside your door. Imagine waking every morning to the sound of paradise, with space all around you and a visual splendour that will excite your senses, enhance your living and have an incredible effect on everyone around. Stunning architecture in the most amazing nature, the abode of royalty. We combine luxurious dwelling buildings with the most incredible environments.



**Embraced with the essence of prestige in every step of the way!**

In both our modern and natural landscape, we allow the true beauty of nature to shine through in our designs. Drawing on some of the greatest inspiration and feelings from nature, we have rustic designs, elegant and earthy dwelling spaces where you will feel at one with the world, perfectly balanced and living a dream lifestyle in a natural paradise. We have blended the colours and elements of nature and crafted them into our magnificent designs.



MILANO APARTMENTS

## **A Lifestyle awaits to embrace and enhance your living**

Live every moment in paradise, a lifestyle you always wanted is in one of our dream abodes. The perfect lifestyle awaits to embrace you. Our magical Milano apartments come with unique and opulent surroundings and will enhance your living, filling each of your days with beauty, elegance and luxurious magic. Your dream of a paradise dominion in the lap of the most beautiful nature or an apartment in an upscale suburb with stunning shoreline, ocean views and close access to the beating heart of city centre. Milano luxurious apartments all have the most incredible surroundings. Each day you will wake up to your greatest desires. Milano apartments are a lifestyle choice for those who wish to live their greatest dreams.





## Timeless opulence with contemporary touch.

A stunning architecture, classical designs and a contemporary touch to create the most wonderfully stylish and rich abodes. We crafted for all tastes with many different elements and designs. All our dwellings bask in magnificence and creative excellence. Classic, timeless, opulent and genuinely beautiful, drawing on some of the greatest artistic designs, our abode is full of visual splendour and incredible charm which will delight everyone who lays their feet.





Design Concept  
Typical Floor Layout

# 953

LEVELS  
ULTRA  
LUXURY  
APARTMENTS



Level

Floor Size (M<sup>2</sup>)

Number of Units.

Ground Floor

1,009.28

5

1<sup>st</sup> – 7<sup>th</sup> Floor

7,353.99

42

8<sup>th</sup> Floor

997.5

6



## Unit A

### Typical Floor Layout

2 Bedrooms, 2 Bathrooms

GF. SBUA 128.25 SQM, 1-7F. SBUA 150.04 SQM

8F. SBUA 129.17 SQM



## Unit B

### Typical Floor Layout

3 Bedrooms, 2 Bathrooms

GF. SBUA 270.52 SQM, 1-7F. SBUA 226.82 SQM

8F. SBUA 194.62 SQM





## Unit C

### Typical Floor Layout

3 Bedrooms, 2 Bathrooms

GF. SBUA 223.12 SQM, 1-7F. SBUA 195.21 SQM

8F. SBUA 195.21 SQM



## Unit D

### Typical Floor Layout

2 Bedrooms, 2 Bathrooms

GF. SBUA 141.69 SQM, 1-7F. SBUA 134.20 SQM

8F. SBUA 134.20 SQM





## Unit E

### Typical Floor Layout

2 Bedrooms, 2 Bathrooms

GF. SBUA 151.37 SQM, 1-7F. SBUA 153.44 SQM

8F. SBUA 153.44 SQM



## Unit F

### Typical Floor Layout

3 Bedrooms, 4 Bathrooms

GF. SBUA 222.58 SQM, 1-7F. SBUA 190.86 SQM

8F. SBUA 190.86 SQM



# Specifications

## STRUCTURE

- RCC framed Structure: RCC framed Structure to withstand wind and Seismic loads
- Super Structure: 8” thick Solid/AAC Block work for external walls and 4” thick Solid/AAC Block work for internal walls
- Plastering: Internal - Smooth finish in CM for walls and Ceiling / Gypsum plastering
- External: 2 Coats of plastering in CM for External Walls
- Painting: External walls - 2 coats of Exterior emulsion paint / Internal Walls - Smooth putty finish with 2 coats of acrylic emulsion paint over a coat of primer.

## FLOORING

- Living/Dining 800x800mm size double charged vitrified tiles
- Master Bedroom 600x600mm size double charged vitrified tiles
- Other Bedrooms 600x600mm size double charged vitrified tiles
- Kitchen 600x600mm size double charged vitrified tiles
- Staircase Natural/Granite stone/ Marble Corridors Vitrified Tiles
- Balcony Wooden finish vitrified tiles/Ceramic
- Utility Antiskid ceramic of size 300x300mm
- Kitchen Countertop Black Granite countertop with single bowl SS Sink
- Toilets Antiskid ceramic of size 300x300mm

## DADO

- Kitchen Glazed designer Ceramic tile up to 2’-0” height on countertop
- Utility Glazed designer Ceramic tile up to 2’-0” height
- Toilets Antiskid glazed ceramic tiles for walls and floor
- CP & SANITARY FIXTURES
- Wash Basin
- Wall mounted EWC with concealed flush tank
- Single lever fixtures with wall mixer-cum-shower
- Provision for Geysers in all Bathrooms
- All C.P & Sanitary fittings are of Chrome plated Provision for connecting R.O System

## TELECOM/I-NET

- Intercom facility, cable TV and internet provision in hall.

## DOORS

- Main Door Teak /Engineered Wood frame with flush shutter of melamine polish on both sides fixed with hardware of SS
- Internal Doors Hard wood/Engineered wood frame with flush shutter fixed with hardware of SS
- French Doors UPVC / ALUMINIMUM sliding door of single glazed unit complete with toughened clear glass with hardware and provision for mosquito mesh shutter.

## WINDOWS

- UPVC windows of single glazed unit complete with clear glass with hardware and provision for mosquito mesh shutter

## AIR CONDITIONING

- Provision for Split A.C system for all Bedrooms and Hall
- Lifts High speed automatic passenger lifts and service with rescue device with V3F for energy efficiency
- Lift fascia – cladding with combination of granite and vitrified tiles

## ELECTRICAL

- Power plug for cooking range, chimney, refrigerator, microwave oven, mixer/ grinder in Kitchen, Washing machine in utility Area
- 3-phase supply for each unit
- Miniature designer modular electrical switches

## SECURITY/SURVEILLANCE

- Solar powered security fence Boom Barrier at Main Entrance Gate
- CC TV Surveillance at main entrance

## WTP & STP

- Fully treated water made available through an exclusive water softening and purification system

## GENERATOR

- 100% D.G. set back-up with acoustic enclosure.

## PARKING

- All car parking slots and driveways are designed by consultants

## LPG

- Reticulation Provision for LPG reticulation system

## WASTE MANAGEMENT

- Garbage chutes will be provided for every floor level and centrally collected for better disposal.

## Amenities

GARDEN | PARKING | GYM | SWIMMING POOL



5.

## Operational Plan

The Management (Organization Structure)

Business Strategy

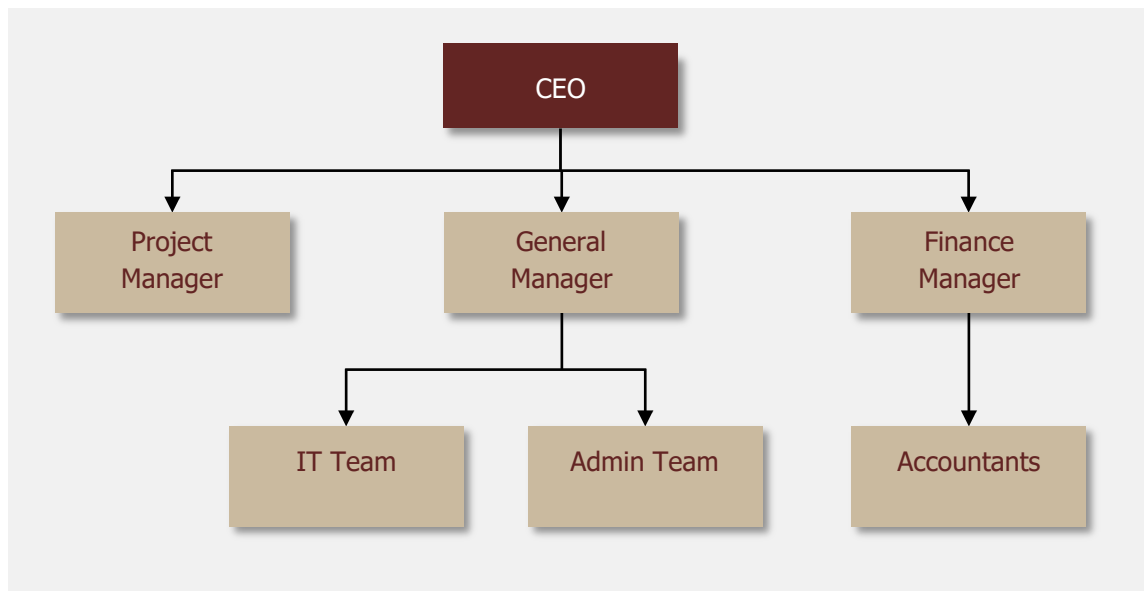
SWOT Analysis

## 5.1. The Management (Organization Structure)

5.1.1. The company is primarily owned and run by three shareholders, namely, **Luo Guanzhou, Xiong Lijun and Deng Xiaojuan.**

## 5.2. The Organization Structure

5.2.1. The Company will recruit the best people in the industry as a part of its project management phase, during the construction of the property, as well as the operational phase after completion of construction. Figure 3 below shows the proposed organizational structure of the Company:



**Figure 3: Organization Structure**

5.2.2. The Company will be headed by Deng **Xiaojuan** as **CEO**, who will be responsible for the complete operations and functioning of the Company, assisted by the **General Manager**.

5.2.3. **Project Manager** will be hired to oversee the project construction, project management, adherence to schedules, timelines and various milestones involved in the project. Also, Project Manager will be in-charge of coordination with architects, builders and other various stakeholders during the construction phase.

**5.2.4. Finance Manager:** Any project of this size and nature would not be complete without a finance manager overseeing the finances. The finance manager will review, monitor and manage the finances of the company. Also, the Finance Manager will be responsible for financial reporting, liaison with banks, coordination with various stakeholders on financial matters, and ensure smooth cash flow and funds flow of the business.

### 5.3. Business Strategy

5.3.1. The Company plans to acquire a series of lands and develop them into residential real estate for the purpose of selling. In this regard, one piece of land located in Masaki, a prime area in Dar es Salaam has already been acquired by the Company.

5.3.2. The company will make significant cost savings by having long-term relationships with builders, contractors and vendors that will give the company a strategic advantage over its competitors.

### 5.4. SWOT Analysis

5.4.1. A brief SWOT analysis of the Company is given below:

**Table 6: SWOT Analysis**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Sector experience</li> <li>• Core promoter team</li> <li>• Well established strategy</li> <li>• Already acquired land</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Startup company</li> <li>• Limited promoter funding</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Growing demand for real estate</li> <li>• Favorable Government policies</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Threats from competitors</li> </ul>



# 6.

## The Financial Plan

Assumptions

Cost of Project and Means of Finance

Project Income Statement

Projected Cash Flow Statement

Projected Balance Sheet

## 6.1. Assumptions

6.1.1. The financial plan for Tilo World Properties Holding Limited has been prepared based on realistic considerations. The assumptions are based on the experience of the promoters in similar projects, and the feedback based on market information.

6.1.2. The business plan has been prepared providing the following projection statements discussed in this chapter:

- Cost of Project & Means of Finance
- Projected Profitability
- Projected Cash Flow
- Projected Balance Sheets

6.1.3. Detailed assumptions underlying the projections made have also been discussed in this chapter. Project appraisal and related risk analysis are discussed in **Chapter 7**

## 6.2. Cost of Project and Means of Finance

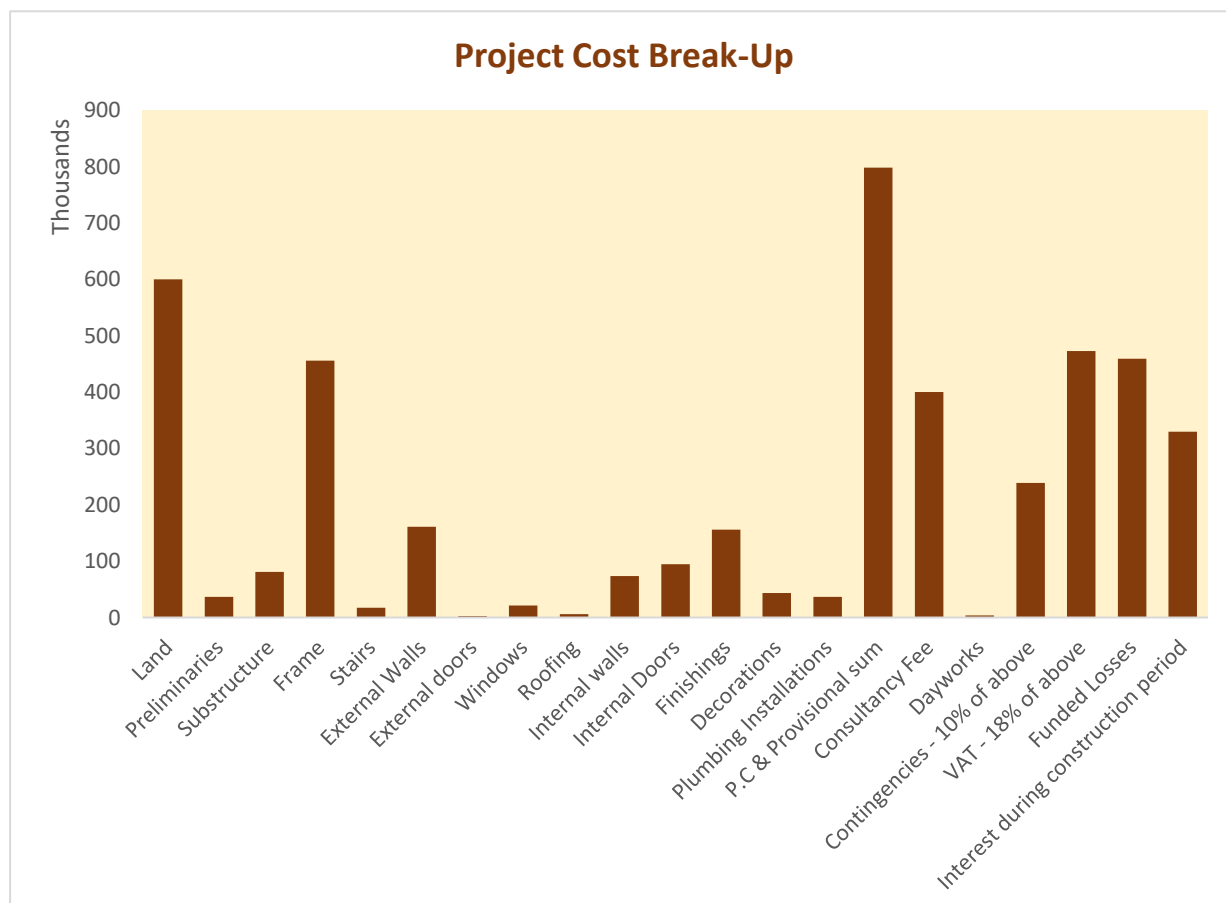
6.2.1. The total cost of the project envisaged is **\$4.48 Million** to be incurred between 2024 and 2025 spread over a period of 18 months. The project cost includes various items from acquisition of land, land development, and to finish and handover as ready to furnish shells to the occupants.

6.2.2. The estimates made are based on the promoters' experience and based on market feedback relating to various items of costs and expenditure. **Table 7** gives the detailed break-up of the project costs and the funding pattern. The funding is assumed with a debt: equity of **4.09:1**

**Table 7: Project Cost Break-Up**

No.	Particulars	Amounts (TZS)	Amounts (USD)	% of Total
	<b>Uses of Funds</b>			
1	Land	1,440,000,000	600,000	13.37%
2	Preliminaries	88,344,000	36,810	0.82%
3	Substructure	194,875,200	81,198	1.81%

No.	Particulars	Amounts (TZS)	Amounts (USD)	% of Total
<b>Uses of Funds</b>				
4	Frame	1,093,773,600	455,739	10.15%
5	Stairs	42,259,200	17,608	0.39%
6	External Walls	386,020,800	160,842	3.58%
7	External doors	6,727,200	2,803	0.06%
8	Windows	50,661,600	21,109	0.47%
9	Roofing	14,227,200	5,928	0.13%
10	Internal walls	177,067,200	73,778	1.64%
11	Internal Doors	226,548,000	94,395	2.10%
12	Finishings	373,723,200	155,718	3.47%
13	Decorations	104,829,600	43,679	0.97%
14	Plumbing Installations	87,686,400	36,356	0.81%
15	P.C & Provisional sum	1,915,488,000	798,120	17.78%
16	Consultancy Fee	960,000,000	400,000	8.91%
17	Dayworks	8,599,200	3,583	0.08%
18	Contingencies - 10% of above	573,040,800	238,767	5.32%
19	VAT - 18% of above	1,134,619,400	472,758	10.53%
20	Funded Losses	1,102,392,000	459,330	10.23%
21	Interest during construction period	790,984,800	329,577	7.34%
	<b>Total</b>	<b>10,771,432,000</b>	<b>4,488,097</b>	<b>100.00%</b>
<b>Sources of Funds</b>				
1	Equity	2,160,000,000	900,000	20.05%
2	Debt	8,611,432,800	3,588,097	79.95%
	<b>Total</b>	<b>10,771,432,800</b>	<b>4,488,097</b>	<b>100.00%</b>



### 6.3. Projected Income Statement

6.3.1. The profitability projections for the project are because the construction takes 18 months to complete, and the project becomes operational by the end of the construction phase.

6.3.2. The break-up of floor utilization and the proposed unit prices are given on the table below:

**Table 8: Floor utilization and revenue assumptions**

Floor Level	Unit	Unit Size (SQM)	Unit Price	Units per Floor	Occupancy	Total Sales
Basement	-	1,737.72	-	-	-	-
Ground Floor	Gym	128.25	-	-	-	-
	B	270.52	\$271,239	1	2%	\$271,239
	C	223.12	\$223,713	1	4%	\$223,713
	D	141.69	\$142,067	1	6%	\$142,067
	E	151.37	\$151,772	1	8%	\$151,772
	F	222.58	\$223,171	1	9%	\$223,171
1 <sup>st</sup> to 7 <sup>th</sup> Floor	A	150.04	\$150,439	7	23%	\$1,053,073
	B	226.82	\$227,423	7	36%	\$1,591,961
	C	195.21	\$195,729	7	49%	\$1,370,103
	D	134.20	\$134,557	7	62%	\$941,899
	E	153.44	\$153,848	7	75%	\$1,076,936
	F	190.86	\$191,367	7	89%	\$1,339,569
8 <sup>th</sup> Floor	A	129.17	\$129,513	1	91%	\$110,095
	B	194.62	\$195,137	1	93%	\$165,881
	C	195.21	\$195,729	1	94%	\$166,384
	D	134.20	\$134,557	1	96%	\$114,383
	E	153.44	\$153,848	1	98%	\$130,782
	F	190.86	\$191,367	1	100%	\$162,676
Rooftop	-	151.67	-	-	-	-
<b>Total</b>		<b>13,029.34</b>		<b>53</b>		<b>\$9,385,644</b>
Sales Price Per SQM						\$1,002.66

6.3.3. Apartment units are expected to be sold at the price of \$1,003 per square metre. This will lead to healthy cash flow for the company which will be able to sustain loan repayments and operating expenditure.

6.3.4. The annual income statement projections for the next 5 years are given in the table below:

**Table 9: Income Statement Projections**

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
<b>Apartme Sales Revenue</b>						
Unit A	-	\$279,952	\$451,316	\$150,439	\$150,439	\$150,439
Unit B	-	\$271,239	\$227,423	\$422,560	\$454,845	\$682,268
Unit C	-	-	\$419,442	\$391,457	\$587,186	\$391,457
Unit D	-	-	\$276,623	\$269,113	\$269,113	\$403,670
Unit E	-	-	\$151,772	\$307,695	\$307,695	\$615,391
Unit F		\$223,171	\$191,367	\$382,734	\$574,101	382,734
<b>Total Revenue</b>	<b>-</b>	<b>\$774,362</b>	<b>\$1,717,943</b>	<b>\$1,923,999</b>	<b>\$2,343,380</b>	<b>\$2,625,959</b>
Units Sold		4	10	11	13	15
<b>Operating Expenses</b>						
Advertising/Marketing/Web/Traveling	-	\$20,268	\$52,330	\$60,179	\$69,206	\$79,587
Executive Management	\$165,000	\$188,700	\$145,656	\$148,569	\$151,541	\$154,571
Other Payroll	\$17,000	\$32,640	\$38,495	\$39,265	\$40,050	\$40,851
Professional Services	\$6,000	\$6,600	\$7,260	\$7,986	\$8,785	\$9,663
Office/Land Lease	\$24,000	\$26,400	\$29,040	\$31,944	\$35,138	\$38,652
Insurance	\$15,618	\$37,893	\$41,682	\$45,851	\$50,436	\$55,479
Utilities	\$12,000	\$13,200	\$14,520	\$15,972	\$17,569	\$19,326
Office Equipment/Supplies	\$3,000	\$3,300	\$3,630	\$3,993	\$4,392	\$4,832
Phones/Internet/Web Services	\$3,000	\$3,300	\$3,630	\$3,993	\$4,392	\$4,832
Office Software Cost	\$1,800	\$23,760	\$26,136	\$28,750	\$31,625	\$34,787
Misc. Cost	\$2,400	\$31,680	\$34,848	\$38,333	\$42,166	\$46,383
Interest Cost	-	\$254,060	\$450,560	\$324,977	\$199,393	\$73,810
Depreciation	-	\$243,311	\$486,622	\$486,622	\$486,622	\$486,622
<b>Total Expenses</b>	<b>\$249,818</b>	<b>\$885,112</b>	<b>\$1,334,409</b>	<b>\$1,236,433</b>	<b>\$1,141,315</b>	<b>\$1,049,395</b>
<b>Profit/Loss</b>	<b>\$(249,818)</b>	<b>\$(209,512)</b>	<b>\$409,911</b>	<b>\$769,535</b>	<b>\$1,165,548</b>	<b>\$1,603,498</b>
Taxes @ 30%	-	-	-	\$206,463	\$349,664	\$481,049
<b>Profit after taxes</b>	<b>\$(249,818)</b>	<b>\$(209,512)</b>	<b>\$409,911</b>	<b>\$563,072</b>	<b>\$815,883</b>	<b>\$1,122,448</b>
<b>Accumulated Profits</b>	<b>\$(249,818)</b>	<b>\$(459,330)</b>	<b>\$(49,419)</b>	<b>\$513,653</b>	<b>\$1,329,537</b>	<b>\$2,451,985</b>
<b>EBITDA</b>	<b>\$(249,818)</b>	<b>\$38,041</b>	<b>\$887,763</b>	<b>\$1,325,252</b>	<b>\$2,015,552</b>	<b>\$3,012,417</b>

6.3.5. The profitability projections show excellent profitability for the company. Some of the key highlights are:

- The average net profit from the third year (in which the operations stabilize) is 32%
- The average EBITDA% from the third year is 79%
- The company's profits show an incremental trend which is very good and healthy

#### 6.4. Projected Cash Flow Statements

6.4.1. The cash flow projection as shown in **Table 10** summarizes the entire functioning of the project.

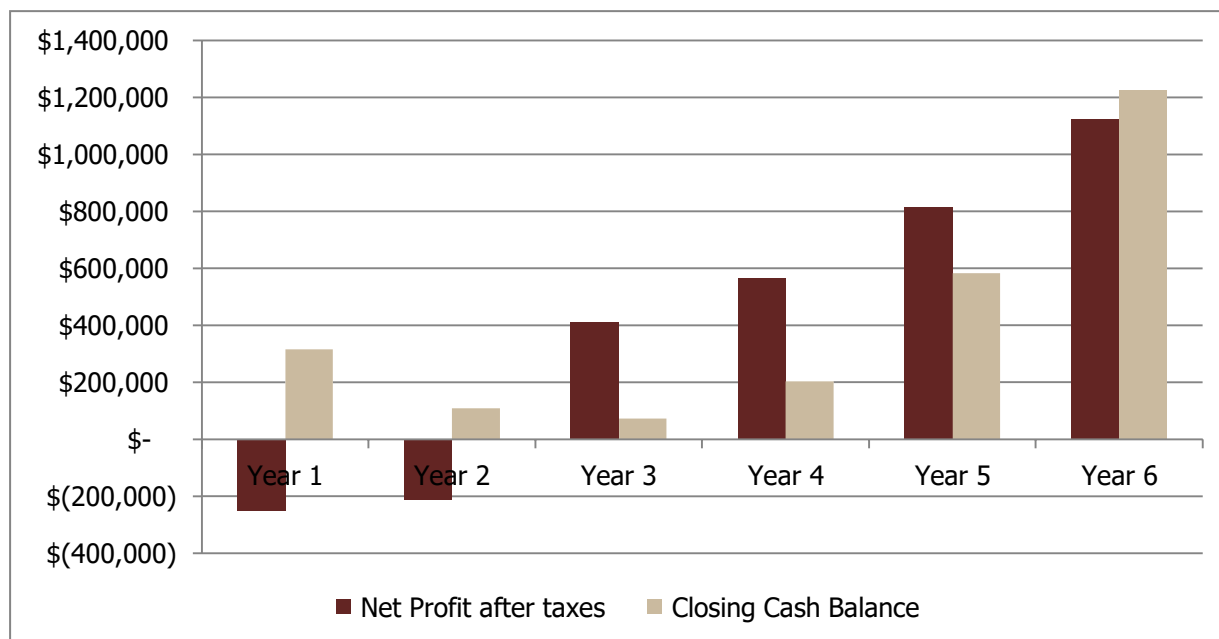
6.4.2. The cash flow statement shows comfortable cash generations from the project.

6.4.3. The closing cash balances work out to about **136%** of the share capital investment in the company.

**Table 10: Cash Flow Projections**

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Net Profit after taxes	\$(249,818)	\$(209,512)	\$409,911	\$563,072	\$815,883	\$1,122,448
(+) Depreciation	-	\$243,311	\$486,622	\$486,622	\$486,622	\$486,622
(-) Increase in Receivables	-	\$112,600	\$32,760	\$21,804	\$25,075	\$28,836
(+) Increase in Payables	\$15,167	\$3,278	\$(3,099)	\$307	\$313	\$319
<b>Cash from Operations</b>	<b>\$(234,651)</b>	<b>\$(75,522)</b>	<b>\$860,674</b>	<b>\$1,028,197</b>	<b>\$1,277,744</b>	<b>\$1,580,554</b>
Increase in Equity Capital	\$900,000	-	-	-	-	-
Increase in Loan	\$1,686,520	\$1,942,902	-	-	-	-
Repayment of Loan	-	-	\$(897,024)	\$(897,024)	\$(897,024)	\$(938,350)
<b>Cash from Financing</b>	<b>\$2,586,520</b>	<b>\$1,942,902</b>	<b>\$(897,024)</b>	<b>\$(897,024)</b>	<b>\$(897,024)</b>	<b>\$(938,350)</b>
Capital Expenditure	\$2,036,703	\$2,073,514	-	-	-	-
<b>Cash from Investing</b>	<b>\$(2,036,703)</b>	<b>\$(2,073,514)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Opening Cash Balance</b>	<b>-</b>	<b>\$315,167</b>	<b>\$109,032</b>	<b>\$72,682</b>	<b>\$203,855</b>	<b>\$584,575</b>
<b>Add: Surplus/Deficit</b>	<b>\$315,167</b>	<b>\$(206,134)</b>	<b>\$(36,350)</b>	<b>\$131,173</b>	<b>\$380,720</b>	<b>\$642,204</b>
<b>Closing Cash Balance</b>	<b>\$315,167</b>	<b>\$109,032</b>	<b>\$72,682</b>	<b>\$203,855</b>	<b>\$584,575</b>	<b>\$1,226,779</b>

**Figure 10: Cash Flow v/s Profitability**



## 6.5. Projected Balance Sheets

6.5.1. The projected balance Sheet summarizes the complete performance and financial stability of the entire project. **Table 11** clearly emphasizes the following aspects of the project:

- All the term loans are completely repaid (**\$3.59 Million**) and interest (**\$1.62 Million**) paid.
- The value of assets (except land [\$600,000] which appreciates) is **\$1.92 Million**.
- Right from the first year the net worth of the project is positive.
- The closing cash balance (**\$1.22 Million**) at the end of the project period shows a comfortable position.

6.5.2. This brief summarizes the financial performance of the Tilo World Project.

**Table 11: Projected Balance Sheets**

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
<b>Sources of Funds</b>						
Equity	\$650,182	\$440,670	\$850,581	\$1,413,653	\$2,229,537	\$3,351,985
Loan	\$1,686,520	\$3,629,423	\$2,732,399	\$1,835,375	\$938,350	-
Current Liabilities	\$15,167	\$18,445	\$15,346	\$15,653	\$15,966	\$16,285
<b>Total</b>	<b>\$2,351,869</b>	<b>\$4,088,538</b>	<b>\$3,598,326</b>	<b>\$3,264,681</b>	<b>\$3,183,853</b>	<b>\$3,368,270</b>
<b>Application of Funds</b>						
Fixed Assets	\$2,036,703	\$3,866,906	\$3,380,284	\$2,893,661	\$2,407,039	\$1,920,417
Accounts Receivable	\$-	\$112,600	\$145,360	\$167,164	\$192,239	\$221,074
Cash Balance	\$315,167	\$109,032	\$72,682	\$203,855	\$584,575	\$1,226,779
<b>Total</b>	<b>\$2,351,869</b>	<b>\$4,088,538</b>	<b>\$3,598,326</b>	<b>\$3,264,681</b>	<b>\$3,183,853</b>	<b>\$3,368,270</b>

## Annex 6.1: Break up of Capital Expenditure

Table 12: Project Cost - Year 1

Particulars	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	
<b>Project Cost</b>													
Land	\$600,000	-	-	-	-	-	-	-	-	-	-	-	<b>\$600,000</b>
Preliminaries	\$12,270	\$12,270	\$12,270	-	-	-	-	-	-	-	-	-	<b>\$36,810</b>
Substructure	\$16,240	\$16,240	\$16,240	\$16,240	\$16,240	-	-	-	-	-	-	-	<b>\$81,198</b>
Frame	\$56,967	\$56,967	\$56,967	\$56,967	\$56,967	\$56,967	\$56,967	\$56,967	-	-	-	-	<b>\$455,739</b>
Stairs	-	-	-	-	-	-	\$5,869	\$5,869	\$5,869	-	-	-	<b>\$17,608</b>
External Walls	-	-	-	-	-	-	-	-	-	\$80,421	\$80,421	-	<b>\$160,842</b>
External doors	-	-	-	-	-	-	-	-	-	-	\$2,803	-	<b>\$2,803</b>
Windows	-	-	-	-	-	-	-	-	-	-	\$10,554	\$10,554	<b>\$21,109</b>
Roofing	-	-	-	-	-	-	-	-	-	-	-	-	-
Internal walls	-	-	-	-	-	-	-	-	-	-	-	-	-
Internal Doors	-	-	-	-	-	-	-	-	-	-	-	-	-
Finishings	-	-	-	-	-	-	-	-	-	-	-	-	-
Decorations	-	-	-	-	-	-	-	-	-	-	-	-	-
Plumbing Installations	-	-	-	-	-	-	-	-	-	-	-	-	-
P.C & Provisional sum	-	-	-	-	-	-	-	-	-	-	-	-	-
Consultancy Fee	-	-	-	-	-	-	\$33,333	\$33,333	\$33,333	\$33,333	\$33,333	\$33,333	<b>\$200,000</b>
Dayworks	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingencies - 10% of above	\$8,548	\$8,548	\$8,548	\$7,321	\$7,321	\$5,697	\$9,617	\$9,617	\$3,920	\$11,375	\$12,711	\$4,389	<b>\$97,611</b>
VAT - 18% of above	\$20,681	\$20,681	\$20,681	\$18,223	\$18,223	\$14,969	\$22,824	\$22,824	\$11,410	\$26,347	\$29,024	\$12,348	<b>\$238,236</b>
Interest during construction period	\$1,600	\$3,220	\$4,858	\$6,326	\$7,811	\$9,061	\$10,934	\$12,830	\$13,864	\$16,066	\$18,502	\$19,676	<b>\$124,748</b>
<b>Total</b>	<b>\$716,306</b>	<b>\$117,926</b>	<b>\$119,564</b>	<b>\$105,076</b>	<b>\$106,561</b>	<b>\$86,694</b>	<b>\$139,545</b>	<b>\$141,440</b>	<b>\$68,397</b>	<b>\$167,543</b>	<b>\$187,348</b>	<b>\$80,301</b>	<b>\$2,036,703</b>

**Table 13: Project Cost - Year 2**

Particulars	Year 2	Year 2	Year 2	Year 2	Year 2	Year 2	Year 2	Year 2	Year 2	Year 2	Year 2	Year 2	
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	
<b>Project Cost</b>													
Land	-	-	-	-	-	-	-	-	-	-	-	-	-
Preliminaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Substructure	-	-	-	-	-	-	-	-	-	-	-	-	-
Frame	-	-	-	-	-	-	-	-	-	-	-	-	-
Stairs	-	-	-	-	-	-	-	-	-	-	-	-	-
External Walls	-	-	-	-	-	-	-	-	-	-	-	-	-
External doors	-	-	-	-	-	-	-	-	-	-	-	-	-
Windows	-	-	-	-	-	-	-	-	-	-	-	-	-
Roofing	\$5,928	-	-	-	-	-	-	-	-	-	-	-	<b>\$5,928</b>
Internal walls	\$24,593	\$24,593	\$24,593	-	-	-	-	-	-	-	-	-	<b>\$73,778</b>
Internal Doors	-	\$47,198	\$47,198	-	-	-	-	-	-	-	-	-	<b>\$94,395</b>
Finishings	-	-	\$155,718	-	-	-	-	-	-	-	-	-	<b>\$155,718</b>
Decorations	-	-	\$21,839	\$21,839	-	-	-	-	-	-	-	-	<b>\$43,679</b>
Plumbing Installations	-	-	\$12,119	\$12,119	\$12,119	-	-	-	-	-	-	-	<b>\$36,356</b>
P.C & Provisional sum	-	\$159,624	\$159,624	\$159,624	\$159,624	\$159,624	-	-	-	-	-	-	<b>\$798,120</b>
Consultancy Fee	\$33,333	\$33,333	\$33,333	\$33,333	\$33,333	\$33,333	-	-	-	-	-	-	<b>\$200,000</b>
Dayworks	-	-	-	-	-	\$3,583	-	-	-	-	-	-	<b>\$3,583</b>
Contingencies - 10% of above	\$6,385	\$26,475	\$45,442	\$22,692	\$20,508	\$19,654	-	-	-	-	-	-	<b>\$141,156</b>
VAT - 18% of above	\$20,926	\$58,049	\$96,053	\$50,468	\$46,093	\$44,382	-	-	-	-	-	-	<b>\$315,971</b>
Interest during construction period	\$21,528	\$26,274	\$34,017	\$38,324	\$42,343	\$42,343	-	-	-	-	-	-	<b>\$204,829</b>
<b>Total</b>	<b>\$112,694</b>	<b>\$375,545</b>	<b>\$629,936</b>	<b>\$338,399</b>	<b>\$314,019</b>	<b>\$302,921</b>	-	-	-	-	-	-	<b>\$2,073,514</b>

## Annex 6.2: Monthly Income Statements

Table 14: Income Statements - Year 1

Particulars	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	
<b>Revenue</b>													
Banking Hall													\$-
Open Plan offices													\$-
Deluxe Rooms													\$-
Standard Rooms													\$-
Restaurant & Pub													\$-
<b>Total Revenue</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>
<b>Operating Expenses</b>													
Advertising/Marketing/Web/Traveling	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Executive Management	\$13,750	\$13,750	\$13,750	\$13,750	\$13,750	\$13,750	\$13,750	\$13,750	\$13,750	\$13,750	\$13,750	\$13,750	\$165,000
Other Payroll	\$1,417	\$1,417	\$1,417	\$1,417	\$1,417	\$1,417	\$1,417	\$1,417	\$1,417	\$1,417	\$1,417	\$1,417	\$17,000
Professional Services	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
Office/Land Lease	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,000
Insurance	\$1,356	\$1,356	\$1,356	\$1,195	\$1,195	\$981	\$1,496	\$1,496	\$748	\$1,727	\$1,903	\$810	\$15,618
Utilities	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000
Office Equipment/Supplies	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
Phones/Internet/Web Services	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
Office Software Cost	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,800
Misc. Cost	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Interest Cost	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Depreciation	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
<b>Total Expenses</b>	<b>\$20,872</b>	<b>\$20,872</b>	<b>\$20,872</b>	<b>\$20,711</b>	<b>\$20,711</b>	<b>\$20,498</b>	<b>\$21,013</b>	<b>\$21,013</b>	<b>\$20,265</b>	<b>\$21,244</b>	<b>\$21,419</b>	<b>\$20,326</b>	<b>\$249,818</b>
<b>Profit/Loss</b>	<b>\$(20,872)</b>	<b>\$(20,872)</b>	<b>\$(20,872)</b>	<b>\$(20,711)</b>	<b>\$(20,711)</b>	<b>\$(20,498)</b>	<b>\$(21,013)</b>	<b>\$(21,013)</b>	<b>\$(20,265)</b>	<b>\$(21,244)</b>	<b>\$(21,419)</b>	<b>\$(20,326)</b>	<b>\$(249,818)</b>
Taxes @ 30%	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
<b>Profit after taxes</b>	<b>\$(20,872)</b>	<b>\$(20,872)</b>	<b>\$(20,872)</b>	<b>\$(20,711)</b>	<b>\$(20,711)</b>	<b>\$(20,498)</b>	<b>\$(21,013)</b>	<b>\$(21,013)</b>	<b>\$(20,265)</b>	<b>\$(21,244)</b>	<b>\$(21,419)</b>	<b>\$(20,326)</b>	<b>\$(249,818)</b>
Accumulated Profits	\$(20,872)	\$(41,745)	\$(62,617)	\$(83,329)	\$(104,040)	\$(124,538)	\$(145,551)	\$(166,564)	\$(186,828)	\$(208,072)	\$(229,492)	\$(249,818)	\$(249,818)

**Table 15: Income Statements - Year 2**

<b>Particulars</b>	<b>Year 2</b>	<b>Year 2</b>	<b>Year 2</b>	<b>Year 2</b>	<b>Year 2</b>	<b>Year 2</b>	<b>Year 2</b>	<b>Year 2</b>	<b>Year 2</b>	<b>Year 2</b>	<b>Year 2</b>	<b>Year 2</b>	<b>Year 2</b>
	<b>Month 1</b>	<b>Month 2</b>	<b>Month 3</b>	<b>Month 4</b>	<b>Month 5</b>	<b>Month 6</b>	<b>Month 7</b>	<b>Month 8</b>	<b>Month 9</b>	<b>Month 10</b>	<b>Month 11</b>	<b>Month 12</b>	
<b>Revenue</b>													
Banking Hall	\$-	\$-	\$-	\$-	\$-	\$-	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$30,000
Open Plan offices	\$-	\$-	\$-	\$-	\$-	\$-	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$48,000
Deluxe Rooms	\$-	\$-	\$-	\$-	\$-	\$-	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$42,000	\$252,000
Standard Rooms	\$-	\$-	\$-	\$-	\$-	\$-	\$54,600	\$54,600	\$54,600	\$54,600	\$54,600	\$54,600	\$327,600
Restaurant & Pub	\$-	\$-	\$-	\$-	\$-	\$-	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$18,000
<b>Total Revenue</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$112,600</b>	<b>\$112,600</b>	<b>\$112,600</b>	<b>\$112,600</b>	<b>\$112,600</b>	<b>\$112,600</b>	<b>\$675,600</b>
<b>Operating Expenses</b>													
Advertising/Marketing/Web/Traveling	\$-	\$-	\$-	\$-	\$-	\$-	\$3,378	\$3,378	\$3,378	\$3,378	\$3,378	\$3,378	\$20,268
Executive Management	\$15,725	\$15,725	\$15,725	\$15,725	\$15,725	\$15,725	\$15,725	\$15,725	\$15,725	\$15,725	\$15,725	\$15,725	\$188,700
Other Payroll	\$2,720	\$2,720	\$2,720	\$2,720	\$2,720	\$2,720	\$2,720	\$2,720	\$2,720	\$2,720	\$2,720	\$2,720	\$32,640
Professional Services	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$6,600
Office/Land Lease	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$26,400
Insurance	\$18,551	\$3,805	\$6,297	\$3,308	\$3,022	\$2,910	\$-	\$-	\$-	\$-	\$-	\$-	\$37,893
Utilities	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$13,200
Office Equipment/Supplies	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$3,300
Phones/Internet/Web Services	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$3,300
Office Software Cost	\$1,980	\$1,980	\$1,980	\$1,980	\$1,980	\$1,980	\$1,980	\$1,980	\$1,980	\$1,980	\$1,980	\$1,980	\$23,760
Misc. Cost	\$2,640	\$2,640	\$2,640	\$2,640	\$2,640	\$2,640	\$2,640	\$2,640	\$2,640	\$2,640	\$2,640	\$2,640	\$31,680
Interest Cost	\$-	\$-	\$-	\$-	\$-	\$-	\$42,343	\$42,343	\$42,343	\$42,343	\$42,343	\$42,343	\$254,060
Depreciation	\$-	\$-	\$-	\$-	\$-	\$-	\$40,552	\$40,552	\$40,552	\$40,552	\$40,552	\$40,552	\$243,311
<b>Total Expenses</b>	<b>\$46,016</b>	<b>\$31,270</b>	<b>\$33,762</b>	<b>\$30,773</b>	<b>\$30,487</b>	<b>\$30,375</b>	<b>\$113,738</b>	<b>\$113,738</b>	<b>\$113,738</b>	<b>\$113,738</b>	<b>\$113,738</b>	<b>\$113,738</b>	<b>\$885,112</b>
<b>Profit/Loss</b>	<b>\$(46,016)</b>	<b>\$(31,270)</b>	<b>\$(33,762)</b>	<b>\$(30,773)</b>	<b>\$(30,487)</b>	<b>\$(30,375)</b>	<b>\$(1,138)</b>	<b>\$(1,138)</b>	<b>\$(1,138)</b>	<b>\$(1,138)</b>	<b>\$(1,138)</b>	<b>\$(1,138)</b>	<b>\$(209,512)</b>
Taxes @ 30%	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
<b>Profit after taxes</b>	<b>\$(46,016)</b>	<b>\$(31,270)</b>	<b>\$(33,762)</b>	<b>\$(30,773)</b>	<b>\$(30,487)</b>	<b>\$(30,375)</b>	<b>\$(1,138)</b>	<b>\$(1,138)</b>	<b>\$(1,138)</b>	<b>\$(1,138)</b>	<b>\$(1,138)</b>	<b>\$(1,138)</b>	<b>\$(209,512)</b>
Accumulated Profits	\$(295,834)	\$(327,104)	\$(360,866)	\$(391,640)	\$(422,126)	\$(452,501)	\$(453,639)	\$(454,777)	\$(455,915)	\$(457,053)	\$(458,192)	\$(459,330)	\$(459,330)

## Annex 6.3: Assumptions underlying Profitability Projections

### 1. Apartment Sales Income

**Table 16: Apartment Sales Income Assumptions**

Floor Level	Unit	Unit Size (SQM)	Unit Price	Units per Floor	Occupancy	Total Sales
Basement	-	1,737.72	-	-	-	-
Ground Floor	Gym	128.25	-	-	-	-
	B	270.52	\$271,239	1	2%	\$271,239
	C	223.12	\$223,713	1	4%	\$223,713
	D	141.69	\$142,067	1	6%	\$142,067
	E	151.37	\$151,772	1	8%	\$151,772
	F	222.58	\$223,171	1	9%	\$223,171
1 <sup>st</sup> to 7 <sup>th</sup> Floor	A	150.04	\$150,439	7	23%	\$1,053,073
	B	226.82	\$227,423	7	36%	\$1,591,961
	C	195.21	\$195,729	7	49%	\$1,370,103
	D	134.20	\$134,557	7	62%	\$941,899
	E	153.44	\$153,848	7	75%	\$1,076,936
	F	190.86	\$191,367	7	89%	\$1,339,569
8 <sup>th</sup> Floor	A	129.17	\$129,513	1	91%	\$110,095
	B	194.62	\$195,137	1	93%	\$165,881
	C	195.21	\$195,729	1	94%	\$166,384
	D	134.20	\$134,557	1	96%	\$114,383
	E	153.44	\$153,848	1	98%	\$130,782
	F	190.86	\$191,367	1	100%	\$162,676
Rooftop	-	151.67	-	-	-	-
<b>Total</b>		<b>13,029.34</b>		<b>53</b>		<b>\$9,385,644</b>
Sales Price Per SQM						\$1,002.66

## 2. Expenses

The following are the major assumptions regarding expenses:

- Marketing expenses – 3% of revenue
- Payroll expenses

**Table 17: Payroll Assumptions - 1**

<b>Annual Increase</b>		2%	2%	2%	2%	2%	2%
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>
CEO/President	\$90,000	\$91,800	\$93,636	\$95,509	\$97,419	\$99,367	\$101,355
Project Manager	\$45,000	\$45,900	\$46,818	\$47,754	\$48,709	\$49,684	\$50,677
Finance Manager	\$30,000	\$30,600	\$31,212	\$31,836	\$32,473	\$33,122	\$33,785

<b>Annual Increase</b>		2%	2%	2%	2%	2%	2%
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>
General Manager	\$20,000	\$20,400	\$20,808	\$21,224	\$21,649	\$22,082	\$22,523
IT Team	\$15,000	\$15,300	\$15,606	\$15,918	\$16,236	\$16,561	\$16,892
Accountant	\$12,000	\$12,240	\$12,485	\$12,734	\$12,989	\$13,249	\$13,514
Administration Officer	\$5,000	\$5,100	\$5,202	\$5,306	\$5,412	\$5,520	\$5,631
<b>Total</b>							

**Table 18: Payroll Assumptions – 2**

Year 1		Year 2		Year 3		Year 4		Year 5		Year 6		Year 7	
Employees	Payroll	Employees	Payroll	Employees	Payroll	Employees	Payroll	Employees	Payroll	Employees	Payroll	Employees	Payroll
1	\$90,000	1	\$91,800	1	\$93,636	1	\$95,509	1	\$97,419	1	\$99,367	1	\$101,355
1	\$45,000	1	\$45,900	0	\$0	0	\$0	0	\$0	0	\$-	0	\$-
1	\$30,000	1	\$30,600	1	\$31,212	1	\$31,836	1	\$32,473	1	\$33,122	1	\$33,785
0	\$-	1	\$20,400	1	\$20,808	1	\$21,224	1	\$21,649	1	\$22,082	1	\$22,523
0	\$-	1	\$15,300	1	\$15,606	1	\$15,918	1	\$16,236	1	\$16,561	1	\$16,892
1	\$12,000	1	\$12,240	1	\$12,485	1	\$12,734	1	\$12,989	1	\$13,249	1	\$13,514
1	\$5,000	1	\$5,100	2	\$10,404	2	\$10,612	2	\$10,824	2	\$11,041	2	\$11,262
<b>5</b>	<b>\$182,000</b>	<b>7</b>	<b>\$221,340</b>	<b>7</b>	<b>\$184,151</b>	<b>7</b>	<b>\$187,834</b>	<b>7</b>	<b>\$191,590</b>	<b>7</b>	<b>\$195,422</b>	<b>7</b>	<b>\$199,331</b>

- Other expenses

- Professional expenses \$500 per month
- Office space/lease - \$2000 per month
- Insurance – 1% of net asset value
- Utilities - \$1000 per month
- Office supplies - \$250 per month
- Phone/Internet = \$250 per month
- Software - \$150 per month
- Misc. Cost - \$200 per month
- Interest – 14% per annum on term loan with 24 months moratorium and 48 month repayment period.

**Table 19: Loan Repayment Schedule**

Particulars	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Total
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	
<b>Opening Balance</b>	0	\$137,179	\$275,977	\$416,414	\$542,201	\$669,474	\$776,666	\$937,224	\$1,099,677	\$1,188,339	\$1,377,126	\$1,585,893	\$-
<b>Add: Loan availed</b>	\$137,179	\$138,798	\$140,437	\$125,788	\$127,272	\$107,192	\$160,558	\$162,453	\$88,661	\$188,787	\$208,768	\$100,627	<b>\$1,686,520</b>
<b>Add: Interest due</b>	\$1,600	\$3,220	\$4,858	\$6,326	\$7,811	\$9,061	\$10,934	\$12,830	\$13,864	\$16,066	\$18,502	\$19,676	<b>\$124,748</b>
<b>Less: Interest paid</b>	\$(1,600)	\$(3,220)	\$(4,858)	\$(6,326)	\$(7,811)	\$(9,061)	\$(10,934)	\$(12,830)	\$(13,864)	\$(16,066)	\$(18,502)	\$(19,676)	<b>\$(124,748)</b>
<b>Less: Principal repayment</b>	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	<b>\$-</b>
<b>Closing Balance</b>	<b>\$137,179</b>	<b>\$275,977</b>	<b>\$416,414</b>	<b>\$542,201</b>	<b>\$669,474</b>	<b>\$776,666</b>	<b>\$937,224</b>	<b>\$1,099,677</b>	<b>\$1,188,339</b>	<b>\$1,377,126</b>	<b>\$1,585,893</b>	<b>\$1,686,520</b>	<b>\$1,686,520</b>

Particulars	Year 2	Year 2	Year 2	Year 2	Year 2	Year 2	Year 2	Year 2	Year 2	Year 2	Year 2	Year 2	Total
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	
<b>Opening Balance</b>	\$1,686,520	\$1,845,230	\$2,252,046	\$2,915,744	\$3,284,917	\$3,629,423	\$3,629,423	\$3,629,423	\$3,629,423	\$3,629,423	\$3,629,423	\$3,629,423	<b>\$1,686,520</b>
<b>Add: Loan availed</b>	\$158,710	\$406,815	\$663,698	\$369,173	\$344,506								<b>\$1,942,902</b>
<b>Add: Interest due</b>	\$21,528	\$26,274	\$34,017	\$38,324	\$42,343	\$42,343	\$42,343	\$42,343	\$42,343	\$42,343	\$42,343	\$42,343	<b>\$458,889</b>
<b>Less: Interest paid</b>	\$(21,528)	\$(26,274)	\$(34,017)	\$(38,324)	\$(42,343)	\$(42,343)	\$(42,343)	\$(42,343)	\$(42,343)	\$(42,343)	\$(42,343)	\$(42,343)	<b>\$(458,889)</b>
<b>Less: Principal repayment</b>	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	<b>\$-</b>
<b>Closing Balance</b>	<b>\$1,845,230</b>	<b>\$2,252,046</b>	<b>\$2,915,744</b>	<b>\$3,284,917</b>	<b>\$3,629,423</b>	<b>\$3,629,423</b>	<b>\$3,629,423</b>	<b>\$3,629,423</b>	<b>\$3,629,423</b>	<b>\$3,629,423</b>	<b>\$3,629,423</b>	<b>\$3,629,423</b>	<b>\$3,629,423</b>

Particulars	Year 3	Year 3	Year 3	Year 3	Year 3	Year 3	Year 3	Year 3	Year 3	Year 3	Year 3	Year 3	Total
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	
<b>Opening Balance</b>	\$3,629,423	\$3,554,671	\$3,479,919	\$3,405,167	\$3,330,415	\$3,255,663	\$3,180,911	\$3,106,159	\$3,031,407	\$2,956,655	\$2,881,903	\$2,807,151	<b>\$3,629,423</b>
<b>Add: Loan availed</b>	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	<b>\$-</b>
<b>Add: Interest due</b>	\$42,343	\$41,471	\$40,599	\$39,727	\$38,855	\$37,983	\$37,111	\$36,239	\$35,366	\$34,494	\$33,622	\$32,750	<b>\$450,560</b>
<b>Less: Interest paid</b>	\$(42,343)	\$(41,471)	\$(40,599)	\$(39,727)	\$(38,855)	\$(37,983)	\$(37,111)	\$(36,239)	\$(35,366)	\$(34,494)	\$(33,622)	\$(32,750)	<b>\$(450,560)</b>
<b>Less: Principal repayment</b>	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	<b>\$(897,024)</b>
<b>Closing Balance</b>	<b>\$3,554,671</b>	<b>\$3,479,919</b>	<b>\$3,405,167</b>	<b>\$3,330,415</b>	<b>\$3,255,663</b>	<b>\$3,180,911</b>	<b>\$3,106,159</b>	<b>\$3,031,407</b>	<b>\$2,956,655</b>	<b>\$2,881,903</b>	<b>\$2,807,151</b>	<b>\$2,732,399</b>	<b>\$2,732,399</b>

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	
<b>Opening Balance</b>	\$2,732,399	\$2,657,647	\$2,582,895	\$2,508,143	\$2,433,391	\$2,358,639	\$2,283,887	\$2,209,135	\$2,134,383	\$2,059,631	\$1,984,879	\$1,910,127	<b>\$2,732,399</b>
<b>Add: Loan availed</b>	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	<b>\$-</b>
<b>Add: Interest due</b>	\$31,878	\$31,006	\$30,134	\$29,262	\$28,390	\$27,517	\$26,645	\$25,773	\$24,901	\$24,029	\$23,157	\$22,285	<b>\$324,977</b>
<b>Less: Interest paid</b>	\$(31,878)	\$(31,006)	\$(30,134)	\$(29,262)	\$(28,390)	\$(27,517)	\$(26,645)	\$(25,773)	\$(24,901)	\$(24,029)	\$(23,157)	\$(22,285)	<b>\$(324,977)</b>
<b>Less: Principal repayment</b>	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	<b>\$(897,024)</b>
<b>Closing Balance</b>	<b>\$2,657,647</b>	<b>\$2,582,895</b>	<b>\$2,508,143</b>	<b>\$2,433,391</b>	<b>\$2,358,639</b>	<b>\$2,283,887</b>	<b>\$2,209,135</b>	<b>\$2,134,383</b>	<b>\$2,059,631</b>	<b>\$1,984,879</b>	<b>\$1,910,127</b>	<b>\$1,835,375</b>	<b>\$1,835,375</b>

Particulars	Year 5	Year 5	Year 5	Year 5	Year 5	Year 5	Year 5	Year 5	Year 5	Year 5	Year 5	Year 5	Total
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	
<b>Opening Balance</b>	\$1,835,375	\$1,760,623	\$1,685,871	\$1,611,119	\$1,536,367	\$1,461,615	\$1,386,863	\$1,312,111	\$1,237,359	\$1,162,607	\$1,087,854	\$1,013,102	<b>\$1,835,375</b>
<b>Add: Loan availed</b>	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	<b>\$-</b>
<b>Add: Interest due</b>	\$21,413	\$20,541	\$19,668	\$18,796	\$17,924	\$17,052	\$16,180	\$15,308	\$14,436	\$13,564	\$12,692	\$11,820	<b>\$199,393</b>
<b>Less: Interest paid</b>	\$(21,413)	\$(20,541)	\$(19,668)	\$(18,796)	\$(17,924)	\$(17,052)	\$(16,180)	\$(15,308)	\$(14,436)	\$(13,564)	\$(12,692)	\$(11,820)	<b>\$(199,393)</b>
<b>Less: Principal repayment</b>	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	<b>\$(897,024)</b>
<b>Closing Balance</b>	<b>\$1,760,623</b>	<b>\$1,685,871</b>	<b>\$1,611,119</b>	<b>\$1,536,367</b>	<b>\$1,461,615</b>	<b>\$1,386,863</b>	<b>\$1,312,111</b>	<b>\$1,237,359</b>	<b>\$1,162,607</b>	<b>\$1,087,854</b>	<b>\$1,013,102</b>	<b>\$938,350</b>	<b>\$938,350</b>

Particulars	Year 6	Year 6	Year 6	Year 6	Year 6	Year 6	Year 6	Year 6	Year 6	Year 6	Year 6	Year 6	Total
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	
<b>Opening Balance</b>	\$938,350	\$863,598	\$788,846	\$714,094	\$639,342	\$564,590	\$489,838	\$415,086	\$340,334	\$265,582	\$190,830	\$116,078	<b>\$938,350</b>
<b>Add: Loan availed</b>	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	<b>\$-</b>
<b>Add: Interest due</b>	\$10,947	\$10,075	\$9,203	\$8,331	\$7,459	\$6,587	\$5,715	\$4,843	\$3,971	\$3,098	\$2,226	\$1,354	<b>\$73,810</b>
<b>Less: Interest paid</b>	\$(10,947)	\$(10,075)	\$(9,203)	\$(8,331)	\$(7,459)	\$(6,587)	\$(5,715)	\$(4,843)	\$(3,971)	\$(3,098)	\$(2,226)	\$(1,354)	<b>\$(73,810)</b>
<b>Less: Principal repayment</b>	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(116,078)	<b>\$(938,350)</b>
<b>Closing Balance</b>	<b>\$863,598</b>	<b>\$788,846</b>	<b>\$714,094</b>	<b>\$639,342</b>	<b>\$564,590</b>	<b>\$489,838</b>	<b>\$415,086</b>	<b>\$340,334</b>	<b>\$265,582</b>	<b>\$190,830</b>	<b>\$116,078</b>	<b>\$-</b>	<b>\$-</b>

- Depreciation is considered at 10% SLM for building and related assets and at 20% for other assets.



# 7.

## Project Appraisal and Risk Analysis

Introduction  
Financial Highlights  
Key Financials Indicators  
Base Scenario  
Sensitivity Analysis

## 7. Project Appraisal and Risk Analysis

### 7.1. Introduction

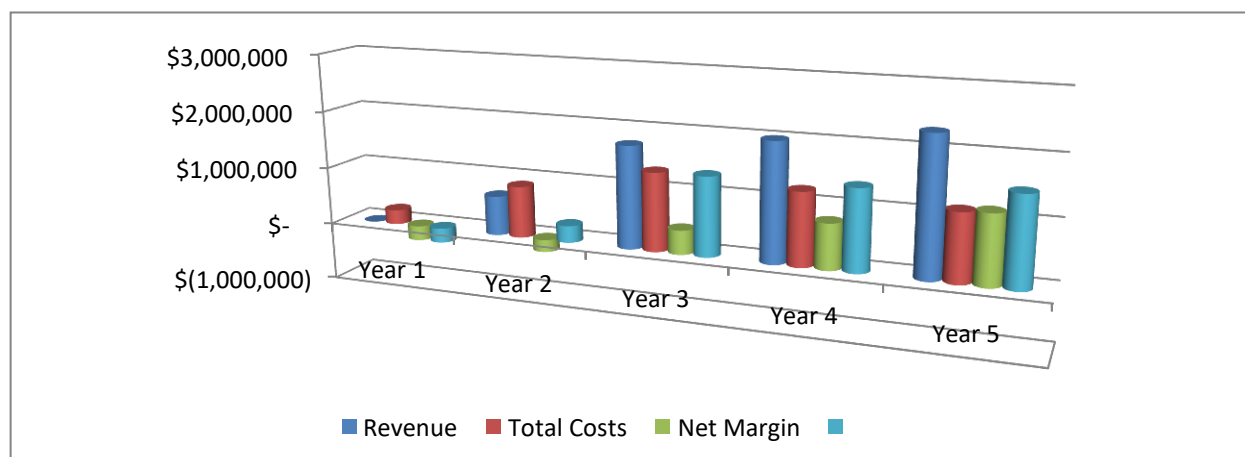
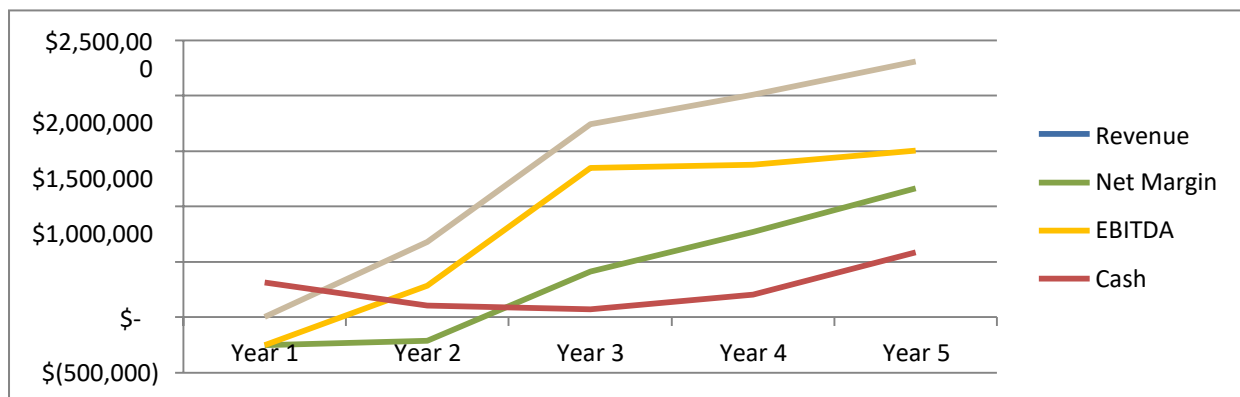
7.1.1. This chapter looks at the project appraisal from the viewpoint of understanding the financial viability. Based on certain key financial indicators, the sensitivity of the project is identified. Based on the sensitive factors, the risk mitigating factors and other strategies for making project successful are discussed.

### 7.2. Financial Highlights

7.2.1. The key financial highlights of the project are given below:

**Table 20: Financial Highlights**

Financial Highlights	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$-	\$675,600	\$1,744,320	\$2,005,968	\$2,306,863
Total Costs	\$249,818	\$885,112	\$1,334,409	\$1,236,433	\$1,141,315
Net Margin	\$(249,818)	\$(209,512)	\$409,911	\$769,535	\$1,165,548
EBITDA	\$(249,818)	\$287,859	\$1,347,093	\$1,374,671	\$1,501,899
Cash	\$315,167	\$109,032	\$72,682	\$203,855	\$584,575
Year over Year Revenue Growth	NA	NA	158%	15%	15%



### 7.3. Key Financial Indicators

7.3.1. To evaluate the project performance, the following key financial indicators (KFI) have been identified:

- **Internal Rate of Return (IRR)** – to assess the earning capacity of the project based on the cost of capital (the project has to earn a return of more than the cost of the capital);
- **Closing Cash Balance** at the end of the project period is an important determinant to provide information of what actually would remain as cash after fulfilling various obligations envisaged in the project.
- **Reserves accumulation** at the end of the projection period to evaluate the net worth of the project.

### 7.4. Base Scenario

7.4.1. The base scenario indicates a very good equity IRR of 48.51%. Moreover, the closing cash balance is **\$1.26 Million** as against the reserves of **\$2.45 Million**. These are very good indicators.

**Table 21: Sensitivity Analysis**

Key Financial Indicators	Equity IRR	Closing Cash	Closing Reserves
Base Scenario	48.51%	\$1,226,779	\$2,451,985
Scenario #1: Decrease in rent by 5%	44.83%	\$920,026	\$2,134,178
Scenario #2: Increase in project costs by 5%	48.01%	\$1,045,682	\$2,331,802

### 7.5. Sensitivity Analysis

7.5.1. The sensitivity analysis in **Table 21** shows that the project is more sensitive to decrease in rent than increase in project costs. The increase in project costs does not have a significant impact on the KFIs.

7.5.2. The positive inferences drawn from the sensitivity analysis are given below:

- In all the above scenarios, the IRR is above 44% which is very good.
- Closing cash balance is positive and shows a healthy trend
- The reserves are more than \$2 million in all three scenarios.



# Implementation Roadmap

Introduction

Key Milestones

Company Documents Appendices

## 8. Implementation Roadmap

### 8.1. Introduction

8.1.1. Having discussed various aspects of the project, its viability, etc. this Chapter dwelves on aspects relating to the Management and Project execution

8.1.2. The key milestones and implementation roadmap are given in the following sections.

### 8.2. Key Milestones

8.2.1. The project is expected to commence in Q4 of 2013. The construction is estimated to take about 18 months.

8.2.2. The project management GANTT chart is given below:

**Table 22: Project Management Timeline**

Particulars	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18
Land																		
Preliminaries																		
Substructure																		
Frame																		
Stairs																		
External Walls																		
External doors																		
Windows																		
Roofing																		
Internal walls																		
Internal Doors																		
Finishings																		
Decorations																		
Plumbing Installations																		
P.C & Provisional sum																		
Dayworks																		



# 9.

## Implementation Roadmap

Title Deed

Certificate of Incorporation

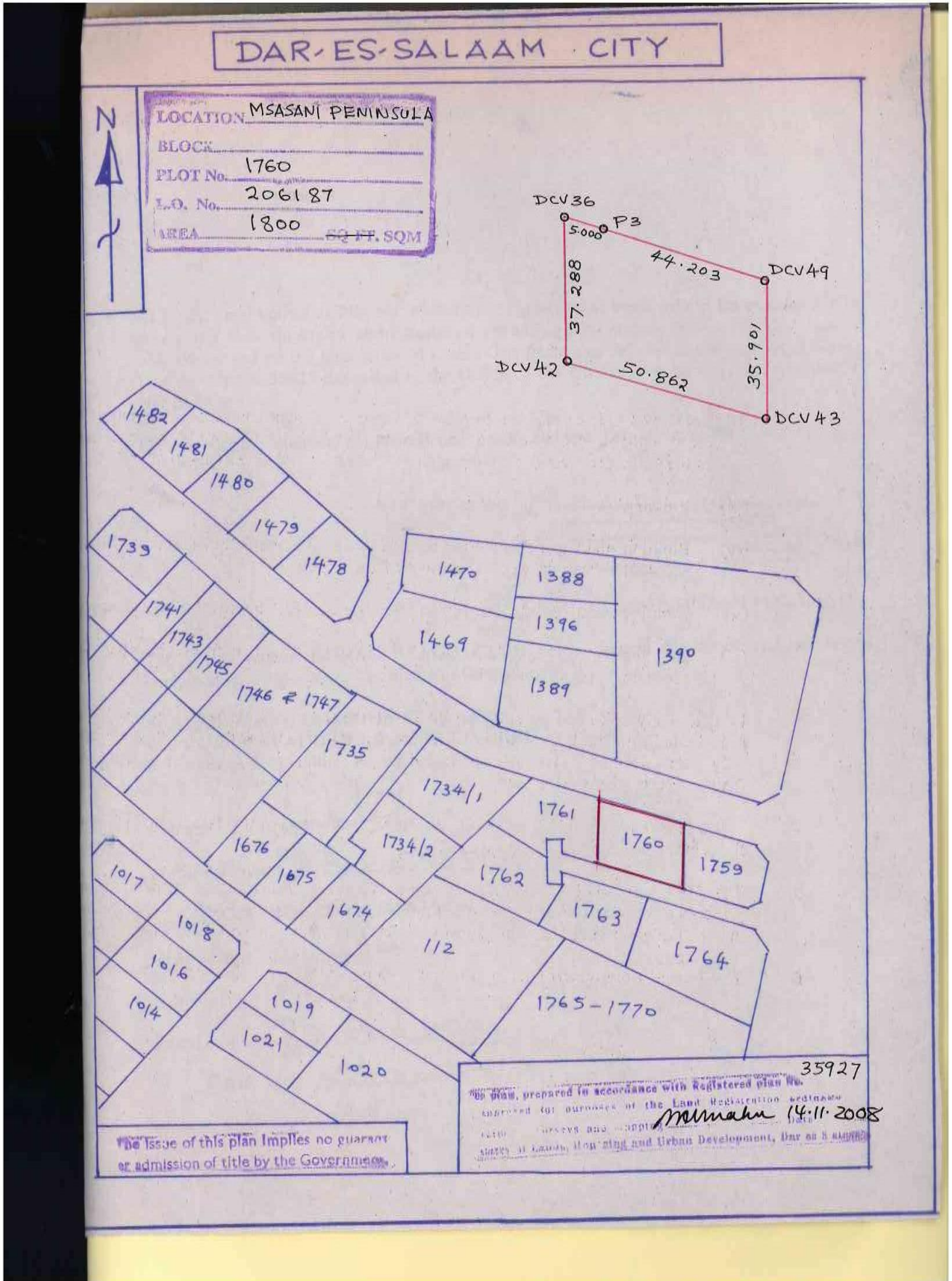
Business License

Taxpayer Identification Number

Tax Clearance

MEMART Excerpt

9.1 Title Deed



## 9.2 Certificate of Incorporation



TANZANIA

C.I



### Certificate of Incorporation of a Company

Section 15

**No: 168339089**

I HEREBY CERTIFY THAT

### **TILO WORLD PROPERTIES HOLDING LIMITED**

is this day incorporated under the Companies Act, 2002  
and that the Company is Limited.

**GIVEN** under my hand at Dar es Salaam this 6<sup>th</sup> day of  
**SEPTEMBER TWO THOUSAND AND TWENTY THREE.**



A handwritten signature in black ink, appearing to be "S. S. S.", written over a horizontal line.

*PRINC ASST. REGISTRAR OF COMPANIES*

### 9.3 Business License



## THE UNITED REPUBLIC OF TANZANIA

### BUSINESS LICENCE

**B.L. No: 20000054402**

*The Business Licensing Act No. 25 of 1972 (R.E. 2002)*




1. Issuing Office: **BUSINESS REGISTRATIONS AND LICENSING AGENCY**
2. Tax Identification No: **168-339-089**
3. License Issued to: **TILO WORLD PROPERTIES HOLDING LIMITED** for the Business of: **Real Estate**
4. Business Location  
Region: **Dar Es Salaam**  
District: **Kinondoni Municipal Council**  
Ward: **KINONDONI**  
Street: **ADA ESTATE**
5. Principal / Branch: **Principal**
6. Amount of fee paid: **USD 2000** Receipt No: **5036867** on: **07/09/2023**
7. New/ Renewal of Licence No: ..... Dated: .....
8. Date of Issue: **08/09/2023** Expiring Date: **08/09/2024**





*This digital copy does not require a signature authority*

NOTE - This licence must be kept in a conspicuous position at the place of business. Any change in the particulars originally registered must be notified to the Licence Issuer.

## 9.4 Taxpayer Identification Number

CTIN:	1168320
	
<b>TANZANIA REVENUE AUTHORITY</b>	
CERTIFICATE OF REGISTRATION FOR <b>TAXPAYER IDENTIFICATION NUMBER (TIN)</b> <small>(ISSUED UNDER SECTION 23 OF THE TAX ADMINISTRATION ACT 2015)</small>	
<b>THIS IS TO CERTIFY THAT</b>	
<b>TILO WORLD PROPERTIES HOLDING LIMITED</b>	
HAS BEEN REGISTERED WITH THE TANZANIA REVENUE AUTHORITY AND ASSIGNED THE TAXPAYER IDENTIFICATION NUMBER <b>168-339-089</b>	
WITH EFFECT FROM: <b>06 SEPTEMBER 2023</b>	
TRA LOCATION: <b>KINONDONI</b>	TAX OFFICE: <b>MWENGE</b>
PHYSICAL LOCATION: <b>PLOT No. G6 BLOCK No. 108</b>	
STREET / AREA: <b>ADA ESTATES</b>	
	 <b>HERBERT M.T KABYEMELA</b> <b>COMMISSIONER FOR DOMESTIC REVENUE</b>
	<small>NOTE: THE REQUIREMENTS UNDER WHICH THIS CERTIFICATE IS ISSUED ARE STATED OVERLEAF</small>

## 9.5 Tax Clearance

 <b>TANZANIA REVENUE AUTHORITY</b> ISO 9001: 2015 CERTIFIED <b>TAX CLEARANCE CERTIFICATE</b> <i>(Issued Under Regulation 103 of Tax Administration (General) Regulations, 2016)</i>			
Licencing Authority; TIN : 100-971-798		Tax Certificate Number: <b>131-0180-0928</b>	
WIZARA YA VIWANDA/BIASHARA NA UWEKEZAJI EDWARD SOKOINE 9503 DAR ES SALAAM		Issuing Office: Kinondoni Telephone: 022-2771841 Date of Issue: 07 September 2023 Expiry Date: 31 December 2023	
Taxpayer Name	TILO WORLD PROPERTIES HOLDING LIMITED		
Trading Name			
Taxpayer Identification Number	168-339-089	Vat Registration Number	
Company Registration Number			
Business Premises located at : REGION : DAR ES SALAAM, DISTRICT : KINONDONI, STREET : ADA ESTATES			
This is to certify that the above registered Taxpayer has complied with tax laws and has been granted Tax Clearance Certificate with respect to the following business(es):			
1	Other specialized construction activities		
2	Real estate activities with own or leased property		
3	Real estate activities on a fee or contract basis		
 HERBERT M.T. KABEMELA COMMISSIONER FOR DOMESTIC REVENUE 07 September 2023			
<b>Disclaimer :</b> 1. This certificate is issued free of charge 2. This certificate should be tendered in its original form and it is valid only if it is embossed with QR Code 3. This Tax Clearance Certificate shall not preclude the Commissioner General from demanding and recovering taxes established after issuance of this Certificate.			

## 9.6 MEMART Excerpt

**THE COMPANIES ACT (Cap  
212)**

**COMPANY LIMITED BY SHARES**

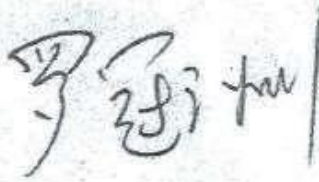


**MEMORANDUM AND  
ARTICLES OF ASSOCIATION OF**

**TILO WORLD PROPERTIES HOLDING LIMITED**

Incorporated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

**DRAWN BY:**

Hassock Associates P.O.Box 13260,  
Plot No. G6, 1<sup>st</sup> Floor, Unit 108 Dar es  
Salaam,  
**Tanzania.**

Names and Addresses of Subscribers	Number of Shares taken	Signature of Subscribers
<b>LUO GUANZHOU</b> Room 302, Unit 2, Building No. 8, Bizhen Garden, Dashi Street, PanYu District, Guangzhou, Guangdong province <b>China</b>	350	
<b>XIONG LIJUN</b> Room 302, Unit 2, Building No. 8, Bizhen Garden, Dashi Street, PanYu District, Guangzhou, Guangdong province <b>China</b>	350	
<b>DENG XIAOJUAN</b> Room 204 Block G35, LingNan New Word. BaiYun area Guangzhou, Guangdong Province <b>China</b>	300	
<b>TOTAL NUMBER OF SHARES TAKEN</b>	1,000	