

**KAI LIMITED
BUSINESS PLAN**

**FOR CONSTRUCTION OF SIX FLOORS COMMERCIAL &
RESIDENTAL BUILDING IN DAR ES SALAAM**

**PROPOSED BY
KAI LIMITED
DAR ES SALAAM**

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1.0 Executive Summary

KAI LIMITED (“KAI”) is a company wholly owned by KAI LIMITED for purposes of undertaking business of sewing machine. KAI is keen to provide services of sewing machine and provision of real estate services mainly shops and store. The business model is not designed on a hasty basis, but rather on purposeful, planned and methodical basis. The property construction process is rigorous and based on long term investment standards and SIXants are personally evaluated by the owner. KAI believes the key to successful property management is to be committed for the long term in *both* the property and SIXant selection process.

This business plan presents the viability of KAI to borrow TZS 1.5billions to finance a six floors commercial building in Dar es Salaam. The building will generate income through rental income from shops, offices and apartments.

1.1 Business Objectives

- Invest in quality well cared for properties that are priced within the local market range
- Locate only well qualified six floors, desiring to lease long term
- Generate passive income
- To provide marketing services to large and medium enterprises.

1.2 Vision Statement

To be recognized as hub of creativity and innovation offering value additional solution to our customer business need.

1.3 Mission Statement

We are passionate about business insights and innovative technology, creative ideas and beautiful designs – but most of all about improved results that we can measure.

1.4 Guiding Principles

KAI holds the following as its Guiding Principles

1. **Treat the investment as a business first and foremost.**
Many real estate owners will fail to take their investment seriously and keep sloppy or minimal business records. Over time this lack of discipline can permeate into other aspects of the business resulting in a downward slide of the business.
2. **Selective in SIXant process**
Instead of accepting the first person in the door to accept the lease, KAI will personally meet with each applicant for a personal interview. KAI is seeking a long-term lease with quality SIXants. All applicants will be required to pass the credit and background check as well as provide the applicable deposits. References are a must and will always be verified.

3. Provide exemplary service to SIXants

The goal of KAI is to achieve long term occupancy levels. If the SIXant has a broken A/C unit, then, they'll fix it – that same day! Period! The property will be clean, well maintained and professionally managed.

1.5 Keys to Success

KAI is fully committed to make its rental property business a long-term success with future plans for expansion. It is this dedication and drive which will set them apart from their local peers. The following are what KAI believes are its keys to success:

- **Property management** - The owners of KAI will personally manage the rental property and not rely on an outside management team. This way, all repairs can be addressed immediately, rents will be collected in a timely manner and the accounting ledger will be kept current and up to date.
- **Invest in only sustainable, high-quality investments** - KAI is not interested in 'flipping' properties. Prior to making any purchases, the properties are fully evaluated to determine positive cash flow and long-term sustainability.
- **Company Network** – KAI have a network of corporate customers who are getting services of marketing. Using available network of large corporations, KAI can solicit rental customers. Also, directors have good relationship and network with the media both convention and social media players.
- **Company Experience** – KAI have myriad experience in marketing, business clothes and advertisement campaigns. Using experience that were used to market the products of other companies' products, they will also market their own.

2.0 Company Description

2.1 Ownership

The KAI LIMITED capital is TZS 100Million..

2.2 Legal Form

KAI LIMITED is a company and TIN number

2.3 Real Estate Business Start-Up Summary

KAI have been interested in finding a means to diversify the portfolio of the business. Currently, the company undertakes the business of sewing machines which has been operating for many past years. As the business continued to grow, they want to start new portfolio of six floors commercial building so that to earn long-term income for their business. The company plans to establish six floors building which will be used for shops, offices and apartments.

2.4 Location and Facilities

The company office is located in Dar es Salaam. The proposed commercial property will be built in Dar es Salaam.

2.5 Real Estate Services Descriptions

KAI expects to build six floors. Each floor is designated for specific purpose. As follows.

S/N	FLOOR	PURPOSE
1	Ground-floor	Parking reserves
2	First floor	Shops and office
3	Second floor	Apartments
4	Third floor	Apartments
5	Fouth floor	Apartments
6	Fifth floor	Apartments
7	Sixth floor	Apartments

2.5.1 Ground Floor

The building ground floor will be designed to accommodate a shops. The space set aside is 90 sqm circulation area and 335sqm rentable area. Total area of a ground floor is 425sqm. The hiring fees per month is approximated to be 2000USD. The shopping center will be hired to entities that are specialized in that line of business.

The ground floor will be designed to suit shop requirements which include enough parking slots, security features, lavatories (Male and female washrooms with inbuilt fittings available), ventilation system, entry and exit, employees exchanging rooms.

The Shops are in the neighborhood of residential area of majority high an medium income earners in Dar es Salaam. Also, the shops are nearby prime offices such as headquarters of banks and embassies of developed countries. This type of neighborhood makes the Center to be attractive for companies to hire.

2.5.2 First Floor

The company will charge 2000USD per month to those shops and offices.

The floor will be soundproofed and airconditioned designed to suit multiple events. It will be designed to be redesigned in different shapes.

The floor will compose of features that facilitate events to take place calmly which include security scanners, lavatories (Male and female washrooms with inbuilt fittings available) and space for refreshments as well as serving food. There project involve establishment of a classic kitchen uSIXsils.

Interior structure will enable the floor to be decorated in various styles. There will be enough lights and electricity sockets. The floor will have enough space.

2.5.3 Second to sixth floor

These floors second to sixth will be apartments will be rented for 2400USD per floor. Each floor has 370 square meters for renting. Each floor will have essential facilities. The partitions will be made by SIXants to meet their needs. Price per square meter is approximated to be US 10.

2.5.4 Other Facilities

The building will have general important features such as 24 hours security guard, elevators, fire assembly, fire extinguishers/resistance. standby generator and gardening services.

2.6 Marketing Services

KAI provide the following services

ATL Communication Campaigns

These include:

- Public Relation (PR) and Media support for various projects.
- Radio engagement as a strategic, resourceful conSIXt to engage audience, and create meaningful interactions over time.
- Business branding
- Newspaper management
- Billboards

BTL Communication Campaings

These include:

- Road shows
- Direct sales & marketing
- Roads Clothess
- Distribution Channel Management

Digital Communication

KAI offers Integrated Digital Marketing services that assist clients to quickly reach out to the target market especially millennials. It builds Digital Strategies that help the brands to have fruitful dialogues with their target audiences, whether it is the whole country or just one niche community. KAI insights on the User Experience and Information Architecture, as well as consumer behavior, give our clients a much-added leverage in the marketplace. These services are provided through social media such as Facebook. Tweeter and Instagram.

Visual Communication & Branding

The company provides services of designing innovatively to clients to create and disseminate their brand or product message in any form through;

- Still Graphics advertisement
- Audio advertisement
- Motion Pictures & Videography advertisement

2.7 Future Products/Services

KAI has near term plans to purchase additional quality income producing properties sufficient to generate, passive income streams.

3.0 Market Analysis

3.1 Industry Analysis

Tanzania's property market is set to grow sharply in coming years, supported by strong, uninterrupted economic growth. Tanzania's economy grew by 5% in 2024, following an average real GDP growth rate 6.5% from 2021 to 2024, primarily driven by its booming construction sector. Since taking office in March 2021, President Samia Suluhu Hassan has embarked on an ambitious program of industrialization, investing billions of dollars in infrastructure and various housing projects.

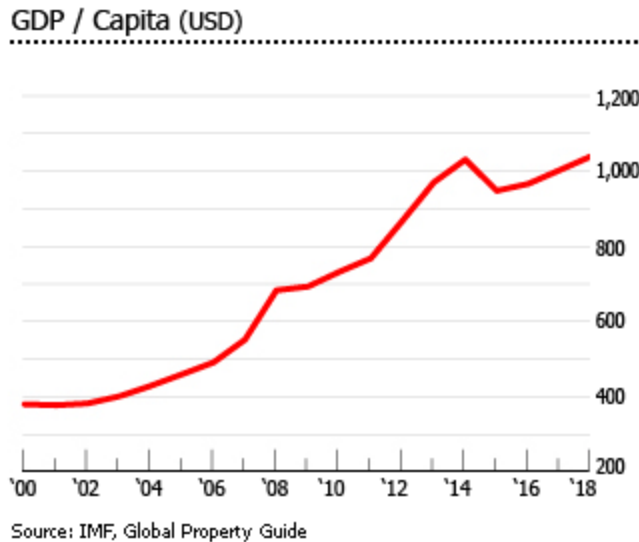
The construction sector grew by more than 17% annually from 2021 to 2024. Despite this, housing demand still far outstrips supply. The country is experiencing rapid population growth of 3.11% annually and an urbanization rate of 5.22%, according to the Centre for Affordable Housing Finance in Africa (CAHF), create strong demand for housing, especially in the city Centre.

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.

“The Tanzanian housing sector's fast-growing demand is mainly driven by the strong and sustained economic growth with GDP growth averaging 6-7% over the past decade, the fast-growing Tanzanian population which is estimated to be 55 million and is expected to more than double in 2050 and efforts by the government in partnership with global non-profit institutions and foreign governments to meet the growing demand of affordable housing,” said the Bank of Tanzania, the country's central bank.

The expatriate market in Dar es Salaam is relatively small and dominated by employees of donor agencies and other multilateral institutions. Although experiencing rapid economic growth, Tanzania remains one of the poorest countries in the world, with GDP per capita of just US\$1,040 in 2021, according to the International Monetary Fund (IMF).

Non-citizens may only acquire land (leasehold) for investment purposes, subject to the approval of the Tanzania Investment Center (TIC) for the mainland or the Zanzibar Investment Clothes Authority (ZIPA) for Zanzibar. All land in Tanzania is owned by the state, and can only be leased to individuals for five to 99 years.



The most expensive residential properties are in the Oyster Bay and the Msasani Peninsula in Dar es Salaam, and on the Lake Victoria shores of Capri Point in Mwanza.

In Dar es Salaam, Tanzania's largest city and the economic capital, a 3-bedroom residential property located near a beach or in a prime location is priced between US\$300,000 to US\$500,000. However, in other areas, 3-bedroom houses are priced starting US\$50,000.

3.2 Rental Yields

Yields are relatively high at around 9% to 12%, because supply of good quality property is so limited. The rent for a 200 sq. m property on the mainland would be around TZS1.77 million (US\$1,358) per month, or around Tanzanian shilling (TZS) 7,000 to TZS 8,800 (US\$5 - US\$7) per square metre (sqm).

The rent for a 200 sq. m beach estate in Zanzibar would be about TZS2.36 million (US\$1,811) monthly. Yields here too are around 9% to 12%.

3.3 Taxes on Real Estates

Rental Income: Nonresidents are liable to pay tax on their rental income earned in Tanzania. Net rental income is taxed at the corporate tax rate of 30%.

Capital Gains: Capital gains from the disposal of Tanzanian assets by non-residents are taxed at 10%.

Inheritance: No inheritance or gift taxes are levied in Tanzania.

Residents: Resident individuals are taxed on their globally-sourced income at progressive rates, up to 30%.

3.4 Construction Activities in Tanzania

To address burgeoning demand, many housing developments are under construction.

The National Housing Corporation (NHC)’s various housing projects cater to all kinds- high, medium and low-income earners. In Dar es Salaam, the NHC’s major ongoing projects are the 711 Kawe, Mwongozo Housing Estate, Morocco Square and Victoria Place.

Kawe project – a US\$2 billion satellite city will include 500 buildings and host about 50,000 people, making it Dar es Salaam’s busiest centre when built. Scheduled for completion by 2024, it will have housing, shopping malls, hotels, restaurants, entertainment facilities, plus a helipad and landing stages adjacent to the Indian Ocean’s coast.

Mwongozo Housing Estate –in Gezaulole Kibamboni, with 221 two- and three-bedroom houses, was completed in 2018.

Morocco Square – launched in October 2024, the Morocco Square is the biggest project in East and Central Africa, with a 24,924 sq. m. residential tower, a hotel tower and two office towers. One of the office towers will house the country’s stock exchange.

Victoria Place – a mixed-use development in the Victoria area along the new Bagamoyo road. It offers 88 three- and four-bedroom duplex apartments and commercial space. It also includes a swimming pool, gymnasium, clubhouse, kids playing area and other recreational facilities.

Mateves satellite city – located at Mateves on the southwestern outskirts of Arusha, the 559.4-ha project will offer 300 housing units to low, middle and high income earners.

Iyumbu Sattelite Centre – located in Iyumbu area in the capital city of Dodoma, this NHC mega-project was launched in December 2024, in line with the government’s decision to move its administrative functions into the capital. The first phase of the project, which commenced in December 2024, offers 300 three-bedroom stand alone houses and other facilities. The units were priced at TZS 57.67 million (US\$ 25,109), TZS 62 million (US\$ 26,994), and TZS 83.95 million (US\$ 36,551). The project targets both middle and low income households.

Medeli Housing project – the project offers 90 residential units for public servants who relocate to the new city.

Moreover, the Watumishi Housing Company (WHC), a government-owned property developer established in 2024 with the mandate of proving homes for public servants, remains committed in the continuous implementation of the Public Servants Housing Scheme, where 50,000 affordable housing units are scheduled to be constructed in five phases. A total of 736 units were constructed under phase 1.

Also, WHC Watumishi Njedengwe Housing Estate was launched in August 2021 to construct 338 housing units in Njedengwe, Dodoma. Phase 1 was completed last year, and includes 39

stand-alone units. In the Coast Region, WHC is planning a satellite city in Kibaha consisting of 1,000 housing units and other related commercial infrastructure.

The private sector is also busy. For instance, Avic International is currently completing the construction of the Avic Town project in Kigamboni. The first phase includes 130 three- to four-bedroom villas and other amenities such as a gym, swimming pool, supermarket and a SIXnis court. The houses are priced from US\$150,000 to US\$500,000.

4.0 Marketing Strategy and Implementation

KAI will own, operate, and lease clean, well-maintained SIX storey building suitable to well qualified SIXants. Others ofSIX miss the mark by investing in low quality properties which will not provide sufficient ROI (return on investment). Additionally other landlords ofSIX fall short in responding to SIXants needs for repairs. When a SIXant calls requesting repairs to say a leaky faucet, KAI will have a repairman on premises that same day and more than likely one of the owners will personally make the repair. What will set KAI apart from other property managers will be its unique ability to bring quality properties and SIXants together. The following sections address the various tactics that will contribute to this effort.

4.1 SWOT Analysis

SWOT stands for strengths, weaknesses, opportunities and threats. A SWOT analysis is a method for strategic planning that evaluates these four elements as they relate to KAI's business objectives. The following section helps demonstrate KAI's marketing strategy:

4.1.1 Strengths

- The rental property is well located in a growing neighborhood with easy access to city center (Posta/Kariakoo) and Oysterbay/Masaki prime areas.
- KAI has a network of poSIXtial customers in marketing business.

4.1.2 Weaknesses

- New entrants into real estate property management, KAI has limited experience owning and managing investment income properties.

4.1.3 Opportunities

- Increase of government support toward creating conducive business environment.
- The property is located in a strong growing community and the fastest growing county in the state.

4.1.4 Threats

- Investment real estate is economically tied – changes in unemployment, rent spikes and changes in the economy could adversely impact demand for rental units.
- Declination in the local neighborhood could impact attractiveness of rents
- Cost overruns in the construction budget and failure to complete upgrades in time could impact KAI's cash flow.

4.2 Strategy Pyramid

KAI will only lease solid, clean, well maintained investment properties that generate positive cash flow.

In order to meet these objectives, KAI will not make the mistakes many new landlords make and perform thorough due diligence prior to purchasing any property; All perspective properties must meet the following requirements:

- Property must be clean and well maintained
- Property must be a growing community with low vacancy rates
- Rents will be priced within market range – typically between the TZS 15000 to TZS 25,000 range per square meter
- Property must generate positive passive income
- All SIXants will be required to: Pass background and credit checks; Provide verifiable references
- Provide non-refundable application fee to cover the costs associated with these checks.
- All SIXants will be required to provide a security deposit.
- SIXants will be required to make payments via EFT which will further ensure payments will be made as agreed and on time.

KAI will strive to be a superlative landlord as well – by responding within one hour to any SIXant issues regarding repairs and maintenance during normal business hours of operation. Weekend and evening calls will be answered the following business day unless it is a life-threatening emergency (such as the smell of gas, water main breaks) in which case the owners will be paged immediately and an emergency response service will be sent.

On a monthly basis, KAI will change and replace air filters and monitor smoke and radon detectors.

4.3 Unique Selling Proposition (USP)

The owners of KAI love what they do! And it shows in from the quality of the properties they invest in to the caliber of SIXants they lease to. They thoroughly review the property and analyze the real estate market. KAI will continually monitor and evaluate the local market trends. They are in this for the long term!

4.4 Competitive Edge

KAI utilizes a thorough due diligence process prior to purchasing, building and investing in any property. By doing their homework, KAI can competitively price their rents – of SIX at or below market. Thoroughly knowing their market gives KAI the competitive edge over their competitors. Further, company background in marketing sector and their extensive connections in the construction field in the local Dar Es Salaam market, gives KAI the competitive edge when it comes to knowing the quality and caliber of the local contractors. Many competitors will fall short and subcontract of SIX to the lowest bidder with unknown track records. If a major SIXant repair is required, KAI will be prepared

and have the ability to select the best contractor at a fair price. This in turn will keep expenses down and profit margins and return on investment on target.

4.5 Marketing Strategy and Positioning

KAI's marketing strategy incorporates a **Focus Strategy** – that is, it targets a specific target market. KAI concentrates their marketing efforts on attracting solid, credit worthy SIXants that are motivated to work and have refreshments in growing, thriving communities.

4.5.1 Positioning Statement

KAI is a high-quality dealer of clothes. KAI carefully and methodically selects its rental properties in growing neighborhoods, with low vacancy rates. The properties are clean, well maintained and provide positive cash flow. In keeping with their high-quality standards, KAI's SIXants, reflect these attributes as well and have exceptional credit scores, timely rental payment history and a strong desire to rent long term in a solid community. KAI is committed to their properties for the long term – they do not foster a “here today gone tomorrow” mentality. Above all KAI's owners love what they do and are committed to the company for the long term.

4.5.2 Pricing Strategy

KAI utilizes **Competition Based Pricing** – in which prices are based on the market. The proprietor's thorough due diligence process assures that they never build a commercial property at the highest cost so that to benefit in margins.

4.5.3 Clothes and Advertising Strategy

KAI will primarily rely on advertising in the platform of its advertisement business and **Word of Mouth**.

As space for let become available, KAI will post signage in front of the property. As a last resort, KAI will post classified ads with the local newspaper and zoom Tanzania.

4.5.4 Website

KAI's website will features properties available to rent, the business phone number to contact for information regarding renting or who to contact for repairs. Additionally, the website will have links to complete an online application and links to key articles for SIXants such as the importance of obtaining sufficient renters' insurance for example.

In the event that a property is available, the site will feature photos of the property along with detailed description of the property, amenities, details of the surrounding neighborhood and any concessions that are currently available.

4.5.5 Marketing Programs

KAI is uniquely sized to both personally own and manage its investment properties. Through their extensive contacts in the Dar es Salaam area, KAI hopes to rely on Word-of-Mouth advertising and not be forced to allocate a large portion of their budget to advertising costs. However, in the event that a property remains vacant for 30+ days, KAI has a policy in place to purchase classified advertising space in both the local newspaper and on Zoom Tanzania.

4.6 Sales Strategy

KAI will meet with prospects right on site. The prospects will be greeted and treated with the utmost professionalism in a relaxed and respectful environment. The first meeting is an opportunity for the KAI to decide on leasing to the prospective tenant. If the prospect seems disagreeable, unpleasant or makes unrealistic requests, KAI will not lease the property. If, however the prospect is professional, and has reasonable requests, then this meeting will be considered along with the credit report and background check in making a decision to lease.

5.0 Organization and Management

The following section highlights ownership and future staffing expectations of KAI:

5.1 Organizational Structure

KAI LIMITED will own and manage the subject real estate and will perform routine maintenance requirements and repairs. Staffs will manage the daily bookkeeping requirements. They will submit payments to vendors such as trash service and recycling service, and forward the required information to KAI's certified public accountant for preparation of the annual income taxes.

5.2 Management Team

KAI will oversee the day-to-day maintenance of the rental unit. On a monthly basis he will replace air filters, inspect the grounds, and make notations of the overall physical condition of the property. The tenant will be put on notice for example if the yard needs to be mowed or weeds appear to be an issue. The tenant will have sufficient time to remedy the notice and will be fined daily until the issue has been resolved.

Staffs will oversee the day-to-day bookkeeping needs for the rental property.

All tenants will be required to agree to EFT (electronic funds transfer) for monthly payments – which should minimize the need to collect rents.

5.3 Management Team Gaps

KAI real estate segment does not have a designated accountant or attorney because its financial transactions will not be numerous. An accountant of advertisement segment will take affairs of real estate.

5.4 Personnel Plan

KAI LIMITED plans to own a mega business of real estate in their portfolio. Therefore, after completion of initial phase of this business, and initiation of other phases, they will employ estate administrators.

5.5 Company duties

The company is responsible to develop strategic plans of the business.

6.0 Financial Plan

The following financial plan covers the following:

- Required Cost of Start-Up
- Profit and Loss
- Cash Flow
- Balance Sheet
- Financial Ratios

6.1 Important Assumptions

Construction Budget

KAI estimates a 18-months completion. Work will be performed by a contractor that is well known by the owners. The contractor is bonded, licensed and in good standing with the state. As per the Bill of Quantity (BOQ) total cost of construction is expected to be TZS 500 million.

Source of Funds

The company KAI expect to finance the project through term loan facility.

Financial Request

The business entails a term loan facility of TZS 1.5Billion to finance working capital to TZS 500million, 500 refinancing Kcb Bank and 500 finishing construction of a six floors commercial building. This facility will be repaid after 4 years in equal installments.

Macro-Economic assumptions

Tanzania is projected to experience GDP growth of 5 percent per annum following recovery from COVID-19 pandemic. The rate is not expected to increase because of another economic shocks attributed to energy and food crisis resulted form the war between Ukraine and Russia. Russia and Ukraine are key supplier of wheat while Russia is the main exporter of energy mainly Liquefied Natural Gas (LNG) and Oil. Inflation will be 5 percent above current inflation this will be attributed to increase in oil prices which has ripple effect on transportation costs. TZS will depreciate slightly against USD because US economy is struggling with increase in prices which has forced the Federal Reserve to increase interest so that to decrease money in circulation. However, this is a temporary measure to curb inflation.

Hiring/Renting Fees

Average fee per square meter will be USD 10. This is a market price for offices and shops. The occupancy rate will be 50 percent in the first year of operations, 90 percent in the second year of operations and 100 from the third year to fifteenth year of operations and so on.

6.2 Financial Outcome

Profit and Loss

The business will be profitable from the second year of operations after commencement of operations because in the first year of operations the occupation rate will be 50 percent. Projected Income statement is attached herewith.

Investment Analysis

The project will start to generate positive cashflows from the third year of operations. Using the Weighted Average Cost of Capital of 19 percent, Net Present Value (NPV) will be TZS 618.96 million. Whereby Internal Rate of Return (IRR) will be 18 percent.

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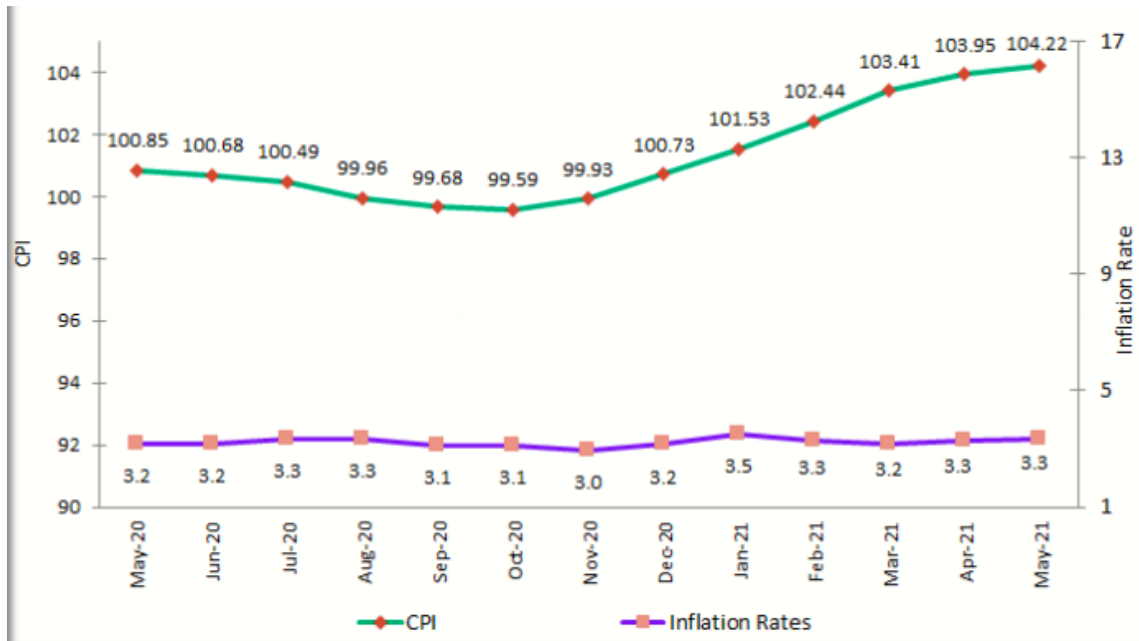
7.0 Economy and Industry Factors

Economic indicators surrounding palm tree portfolio and other lines of business in the company are supportive. Tanzanian economy at large has been increasing in term of GDP at a constant rate of an average of 7 percent per annum with exception of the year 2023 where the growth rate decreased downward to approximately 5 percent per annum resulted by the impact of COVID-19 pandemic which has hit the world economy badly. As the world started to relax travelling restrictions and opening up of their economies, the global supply chain is expected to stabilize and hence economic growth to return at its pace.

Key Economic Indicators of the economy apart from GDP portrays positive economic outlook.

Headline Inflation

General prices of products have increased in a moderate rate that is accepted in a healthy economy at the rate ranging between 3 percent to 4 percent. Ideal inflation rate needed to stimulate economic growth is between 2 percent to 5 percent.

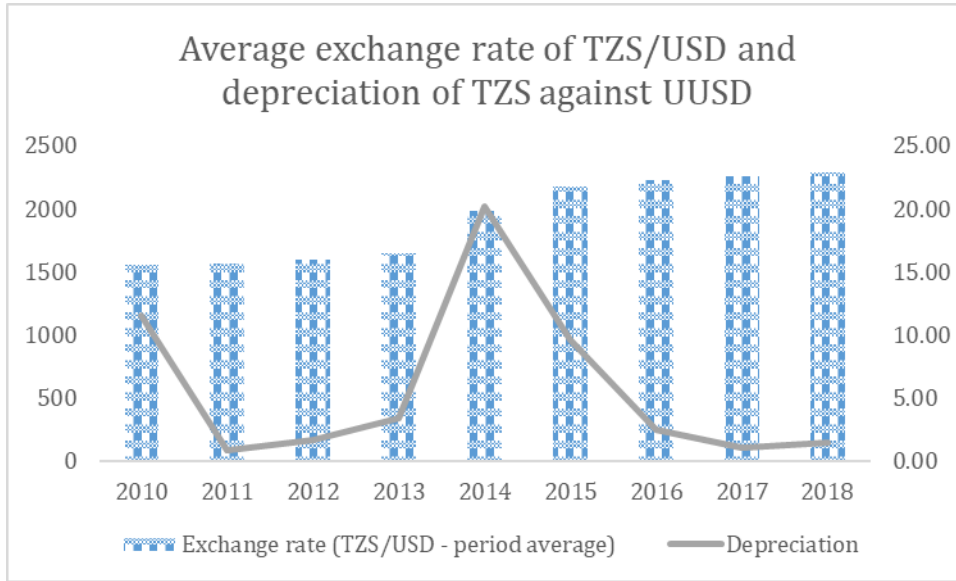


Source NBS

Exchange Rate

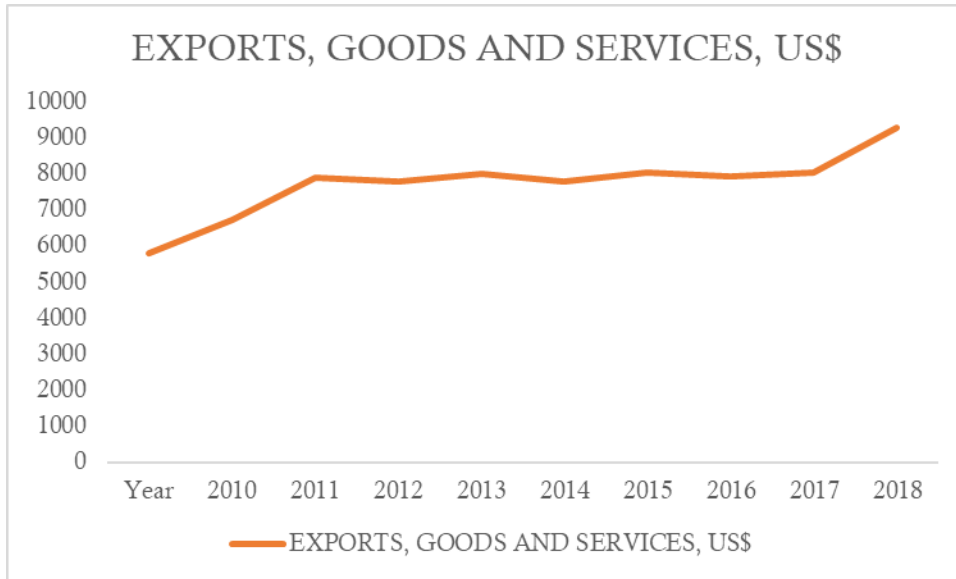
The value of shilling depreciated against major currencies however the level of depreciation was not at alarming rate. In economic perspective depreciation of currencies has advantage compared to appreciation of a currency because it encourages export than import however the level should not be very high to distort the confidence of investors in a particular currency.

The table 1.1 below show movement of TZS/USD for the past SIX years.



International Trade

Tanzania trades with other nations all over the world. This indicates the exSIXt of markets which can be accessed. Major products exported are cash crops, minerals and fish products. Before the outbreak of COVID-19 pandemic export figure was increasing. In the year 2024 exports decreased. This trend is expected to reverse amid opening up of economies and resume of economic activities.



Economic achievements in Tanzania indicates future prosperity investment and increase in market.

8.0 CONCLUSION AND RECOMMENDATIONS

The business is viable in deed to absorb the bank loan by generating cash flows that will meet the repayment of the loan and leaving the company having some profits for retaining.

It is strongly recommended to the bank to offer the loan to KAI because to the prevailing economic, cultural, social, financial and political situation of the business is convenient for repayment.