



**Strategic Business Plan
for TISEZA Certificate of Incentives
September 2025**

ALUKS (T) LIMITED
T/A ZABIBU RESIDENCE
P.O.Box 36
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Strictly Confidential

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Executive Summary



Aluks (T) Limited, established on 10 October 2022, is a private company limited by shares registered in Dar es Salaam, Tanzania, with a branch office in Dodoma.

We specialise in various real estate activities involving owned or leased properties. Our services target local and international clients, leveraging our strategic location and extensive expertise to deliver services of the highest quality and safety standards.



Our mission at Aluks (T) Limited is to serve clients with excellence, professionalism, and honesty while exceeding stakeholders' expectations by providing high-quality services at a fair price.



Our vision is to build an internationally significant business group that integrates living spaces with natural environments and promotes a sustainable, well-maintained lifestyle.

The Zabibu Residence Apartments project is driven by a vision to meet the growing demand for apartments and real estate in Dodoma, Tanzania.

The project plans to develop a twelve-storey building in Dodoma that will include apartments, a restaurant and pub, office spaces, and swimming pools. The shareholders have already acquired the land for this development. All necessary approvals and clearances from relevant regulatory authorities are currently being obtained to enable the project to proceed fully.

The project adopts a unique design style using advanced construction technology and planning tailored to international clients. It will deliver move-in-ready buildings with fully finished common areas and service infrastructure, leaving the interiors to be completed by the clients. Revenue will be generated through rent collection from leased areas.

Estimated at Tanzania Eight Hundred Million Only (TZS. 800,000,000.00/=), the project will be financed with the entire amount sourced through shareholders' contributions as equity. The implementation period is scheduled from the end of 2025 to June 2026, spanning approximately eight months.

This business plan offers an overview of the project, focusing on the concept and financial aspects and providing essential technical information.

Comprehensive evaluations for the business plan cover six years.

In summary, the project is deemed financially viable, with **an equity IRR of approximately 48.51%** and an average net profit margin of 20% over the five operational years. After accounting for depreciation, the project can generate a cash flow of **\$1.22 million**, equivalent to **136%** of the equity investment.

A detailed risk analysis indicates that the project is more sensitive to revenue decreases than to cost increases. Specific strategies to address these issues have also been thoroughly considered. The project management structure has been established to oversee implementation-related challenges.

Chapter One: Introduction

1.1. Background

1.1.1 Tanzania's real estate sector has been growing rapidly 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 transitioned mainly to a liberalized market economy, though the government remains in the telecommunications, banking, energy, and mining sectors. The economy depends on agriculture, which accounts for over 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 ageing 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 agricultural spending to 7% of its budget.

1.1.3 International investors have always targeted sub-Saharan countries due to their steady reform phase. The market's diversified potential and size have attracted many foreign investors in various sectors, such as manufacturing and technology.

1.1.4 This proposal is a detailed document for realizing a project plan involving the creation of state-of-the-art twelve-story apartments at Dodoma City Centre by the promoters at par with international standards for renting.

1.2. Project in Brief

1.2.1 The project's promoters have acquired land in Dodoma City Centre. The City of Dodoma is Tanzania's capital city, serving as a regionally important economic centre. The city is located within the Dodoma Region, an administrative province within Tanzania. The map of the region and the location of the project are given in Annexe 1.1

1.2.2 The project promoters have been in the real estate industry for more than three years and have gained invaluable experience in Tanzania. The promoters have already acquired land for the project in Dodoma City for **\$200,000**.

1.2.3 The promoters intend to develop these lands as commercial real estate and seek to derive rental income. The project is expected to commence in the last quarter of 2025. The construction is expected to be complete within **8 months** from the start of the project.

1.2.4 The project will encompass twelve single-storey apartments. The house has ten floors as given below:

Floor	Purpose
Ground Floor & Mezzanine Hall	Offices
First and Second Floors	Apartments
Third Floor	Restaurant & Pub

1.2.5 The total cost is estimated at **Tanzania Eight Hundred Million Only (TZS. 800,000,000/=)**. The project is expected to commence in the last quarter of 2025 and take about 8 months to complete.

1.2.6 The project is ideally located in the commercial hub of Dodoma, which brings various advantages to the project participants.

1.3. The Promoters

1.3.1 The Promoters have more than a decade of experience in the real estate sector and are among the industry's forerunners. They have a proven track record and the wherewithal to run the activity efficiently and effectively.

1.3.2 The Company is owned and promoted by Annuciatha Lucas Kimbe, who has vast experience in the real estate market, and Libra Finance Limited, a company duly incorporated in Tanzania.

1.3.3 The right combination of real estate experience and strategic association with the Government will protect the company's interests and give it an edge over its competitors.

1.4. Project Rationale

- 1.4.1** The project has been launched to meet the demand for a premier commercial real estate property in Dodoma, the capital city of Tanzania. Dodoma attracts many visitors for official and government matters, and the need for flats to host guests prompted the company's shareholders to develop this project.
- 1.4.2** The company's shareholders, who operate in real estate, recognised the potential for such a facility, especially given the rising demand from governments, high commissions, private, and multinational companies to establish an exclusive presence in Dodoma, Tanzania, as well as the increasing needs of the country's growing population.
- 1.4.3** Tanzania's Vision 2050 Plan anticipates significant housing demands, requiring nearly 27 million units by 2050 to accommodate a projected population of 118 million driven by rapid urbanization. Furthermore, data show that from \$1.3 billion to \$16 billion in 2023, Foreign Direct Investment rose sharply to \$6.56 billion, and the real estate sector contributed significantly with over \$185 million in inflows in Q3 2024/2025 alone. Residential properties are forecast to grow by 4 to 6 per cent annually nationwide. From 2024 to 2028, the market will grow at a compound annual growth rate (CAGR) of 4.7 per cent.
- 1.4.4** The infrastructure in terms of roads, railways, reachability, power availability, and proximity to various commercial hubs in and around Dodoma.

1.5. The Value Proposition

- 1.5.1** The size of the land procured for the proposed project is a significant advantage since very few projects, either completed and ongoing or proposed, are as extensively spaced as this project.
- 1.5.2** The land in the city's commercial hub is being constructed as part of the existing infrastructure so that commuting would provide easy access to the rest of the city/country.
- 1.5.3** The proposed project would use state-of-the-art technology and be on par with international standards, making it a landmark amongst commercial structures in Dodoma.

- 1.5.4** The project also includes providing in-house amenities like a restaurant and a pub, which are housed for easy accessibility.
- 1.5.5** The promoters are experienced in real estate and also have strategic contacts in the Government, which would make the approval process easier and ensure the smooth completion of the project as per plans.
- 1.5.6** The project's financial viability and sustainability give a fair indication of its attractiveness (discussed later in this report).

1.6. Project Cost and Implementation

- 1.6.1** 1.6.1. The project cost is estimated at **Tanzania Eight Hundred Million Only (TZS. 800,000,000/=)**, which is expected to be funded by equity of the shareholders' contributions.
- 1.6.2** The project's implementation has already commenced, with the promoters having bought the land and having begun the preliminary formalities and approval processes.
- 1.6.3** The project is expected to commence in the last quarter of 2025, and construction is estimated to be complete within 8 months (i.e., by the first quarter of 2026).

Annexe 1.1: Map location of Dodoma.



Chapter Two: The Company

2.1. Introduction

2.1.1 Aluks (T) Limited is a company duly incorporated under the laws of Tanzania. Its registered office is in Dar Es Salaam, the largest city in Tanzania, and it also has a branch office in Dodoma, the capital city of Tanzania. Aluks (T) Limited owns Zabibu Hotel, Kipepeo Apartments, and is currently constructing Zabibu Residence Apartments in Dodoma for real estate purposes.

2.1.2 One of the company's primary objectives is to act as a real estate developer and to cater to the needs of the growing population, as well as business and trade, in and around Dodoma.

2.1.3 As of this business plan, the company has already acquired land banks in Dodoma within the United Republic of Tanzania.

2.1.4 The Company is owned by two shareholders: Libra Finance Limited, which owns about 60% of the equity, and Annuciatha Lucas Kimbe, which owns the other 40%.

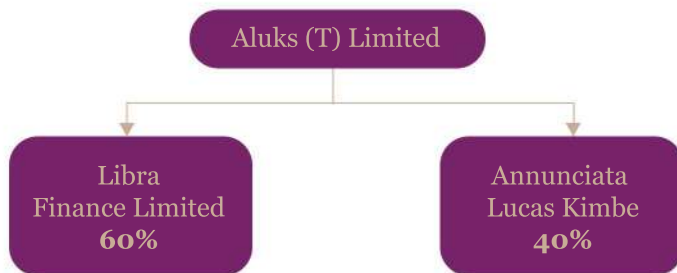


Figure 2: Shareholding pattern

2.1.5 The Company is currently funded fully by equity and proposes to raise **\$1.0 million through 90%** debt from financial institutions.

2.2. The Organisation Structure

2.2.1 The Company personnel are the best people in the industry as part of its project management phase, during the construction of the property, as well as the operational phase after completion of construction.

2.2.2 The following figure shows the current organisation structure of the Company:

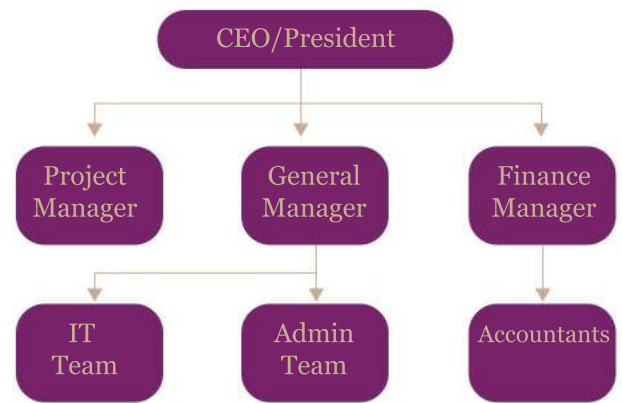


Figure 3: Organisation Structure

2.3. The Business Model

2.3.1 A business model describes the rationale for how an organisation creates, delivers, and captures value (economic, social, cultural, or other forms of value). Building a business model is part of business strategy.

2.3.2 The business model plays a very important role in a project of this size and nature. The promoters have adopted Alexander Osterwalder et al.'s business model generation canvas, which is given in Figure 4.



Figure 4: Business Model Generator

- 2.3.3 Key Partners:** The key partners for the success of this project will be the strategic partners. These include construction contractors (during the construction phase), building maintenance agencies (during the operational phase), real estate agents, and tourist agents for bringing visitors to the apartments.
- 2.3.4 Key Activities:** The most crucial aspect of this project is its timely completion as per the plans and adherence to schedules, both in terms of time and costs.
- 2.3.5 Key Resources:** The company requires two key resources: Good project management tools to monitor, review, and control the project timelines and costs and key people with the right mix of experience and qualifications.
- 2.3.6 Value Proposition:** Chapter 1 of this business plan has already discussed this aspect.
- 2.3.7 Customer Relationships:** The key areas to target for enhanced customer relationships are the quality of service and maintenance upon commencement of operations, value for money by providing enhanced levels of service, and reasonable rentals, which would add value for the customers.
- 2.3.8 Channels:** Unlike traditional manufacturing companies or trading businesses, marketing for this business model happens through word of mouth. The company allocates 3% of revenue every year (refer to Chapter 6 for financial plans) for its marketing efforts. The company believes that its enhanced service quality will help build long-term relationships with its customers.
- 2.3.9 Customer Segments:** The company targets three main types of customers: Private and corporate clients, tourists, and visitors (for the apartments).
- 2.3.10 Cost Structure:** Most of the funds will be used during the construction phase to construct the project. The remaining funds and the profits generated from the business will be used to meet the business's operational costs (payroll, maintenance, etc.).
- 2.3.11 Revenue Streams:** The Company will primarily derive all its revenues from renting out the project's facilities, which include a banking hall, a restaurant and pub, and apartments.
- 2.3.12** The above points summarise the company's business model. Management believes it is well-positioned to capitalise on the growth of the residential market in Dodoma, Tanzania.

Chapter Three: The Market

3.1. The Backdrop

3.1.1 Tanzania faces a significant shortage of good-quality, affordable housing. The deficit is so severe that the country has a **3 million** housing shortfall, with an annual demand for **200,000** units. As the urban population continues to grow—rising from **29.6% in 2012 to 35% in 2022** according to the 2022 census data—it is evident that this shortage, worsened by a lack of long-term housing finance and a formal residential construction sector, needs urgent attention. Over 80 per cent of urban residents are tenants living under pro-landlord legislation that requires them to pay annual rent upfront, amidst a limited supply of quality housing and increasing living costs.

3.1.2

The good news is that Tanzania continues to shift from a centrally planned economy to a market-driven one, consistently achieving over 6 per cent growth on average in the past five years. Through the Bank of Tanzania, the Government has started launching the Housing Finance Project (HFP), which aims to develop a dynamic mortgage market alongside housing microfinance instruments. These will allow markets to meet the needs of different income groups. Progress has already been achieved, notably through legislation supporting these initiatives, such as passing the **Mortgage Finance (Special Provisions) Act 2008**. This law introduced significant amendments to **Chapter X of the Land Act, [Cap 113 R.E 2023]**, the primary

3.1.3 legislation governing mortgages. Further advancing this effort is the passage of the **Unit Titles Act, [Cap 416 R.E 2023]**, which effectively established the Condominium law for managing sectional properties.

3.2. The Market Opportunity

Residential Market

3.2.1 Currently, the demand for accommodation and houses in Dodoma is high. It is expected to continue increasing in the foreseeable future due to the influx of government offices and other organisations into Dodoma. As an administrative capital city, Dodoma is experiencing rapid growth, with government offices and new housing developments driving demand. The current rental rates for apartments in Dodoma range from TZS 250,000 to TZS 500,000 per day. Depending on the quality of the building, location, and available facilities.

3.3. The Tanzania Scenario

3.3.1 The present state of the real estate market leaves much to be desired. With 80 per cent of the urban population immersed in unplanned and unserved informal settlements, there lies an immense opportunity for growth, especially considering 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

3.3.2 The urban transition is progressing steadily in mainland Tanzania. According to census data, Tanzania faces a significant shortage of good-quality, affordable housing. The deficit is so severe that the country has a 3 million housing shortfall, with an annual demand for 200,000 units. As the urban population continues to grow—rising from 29.6% in 2012 to 35% in 2022 according to the 2022 census data—it is evident that this shortage, worsened by a lack of long-term housing finance and a formal residential construction sector, needs urgent attention. Over 80 per cent of urban residents are tenants living under pro-landlord legislation that requires them to pay annual rent upfront, amidst a limited supply of quality housing and increasing living costs.

3.3.3 According to the 2022 national census, the region had a population of 3,085,625. From 2012 to 2022, the average annual demand for plots in Dodoma was 70,000, while the supply was less than 700 per year, leaving 97 per cent of the demand unmet. Since most Tanzanians build their own homes gradually over several years, the availability of land is crucial for shelter creation. At the national level, the annual demand for formal land from 2012 to 2022 was 150,000 plots, while the average yearly supply was 8,000 surveyed plots, resulting in an annual shortfall of 95 per cent.

Leading actors and players in the Real Estate Market in Tanzania

3.3.4 The public sector primarily carries out a limited amount of housing construction through the National Housing Cooperation (NHC), the Tanzania Building Agency (TBA), which explicitly serves the government employee market, or via parastatal pension and social security institutions. The private or

'organised' developer and builder market is virtually absent in Tanzania, and there are no professional associations for real estate developers. The small private developments that do occur tend to be luxury projects aimed at the wealthy, expatriates, or the diaspora.

	Actors	Contribution
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: (Nkunduma, 2009)

Table 2: Key Actors in the development of shelter in Tanzania

3.3.5 Availability of Serviced Land

With few and 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 to create additional plots, as in the case of the 20,000 Plots project¹¹, there has been slow growth, contrary to what was anticipated, due to the inaccessibility of housing finance and the fact that the plots were totally green fields without the needed infrastructure of services to make it all work.

Building and Construction

3.5.6 Only 15 per cent of households in Tanzania have electricity, with a vast disparity between urban and rural households in Mainland Tanzania (45 per cent and 3 per cent, respectively)- see table 6 below. Two in three households in Tanzania (67 per cent) live in dwellings with earth, sand, or dung floors. The next most common type of flooring material is cement, accounting for 30 per cent of households. Most urban households in Mainland Tanzania have floors made of cement (71 per cent), while in rural areas the primary flooring materials are earth, sand, or dung (84 per cent).

¹¹ The 70,00 Zero Plots project was geared to creating additional plots in the direct peri-urban areas of Dodoma, where large parcels of undeveloped land were surveyed, subdivided, and sold to individuals for the purpose of housing construction.

HOUSEHOLD CHARACTERISTICS						
	Households Mainland			Population Mainland		
	Urban	Rural	Total	Urban	Rural	Total
Electricity						
Yes	45.4	3.4	14.2	45.4	3.0	13.2
No	54.5	96.6	85.7	54.4	97.0	86.7
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Tanzania Demographics and Household Survey 2010

Table 3: Household Characteristics

3.3.7 Good-quality walls protect household members from harsh weather conditions and hazards. In Tanzania, three main types of materials are used to construct walls: sun-dried bricks (28 per cent), poles and mud (27 per cent), and baked bricks (23 per cent). Cement blocks are primarily used in the Mainland and Zanzibar urban areas (47 and 48 per cent, respectively) – See table 8. Overall, about six in ten households use iron sheets for roofing. The remaining households mainly use grass, thatch, or mud. In Mainland Tanzania, nearly nine in ten urban households use iron sheets. In contrast, in rural areas, half households use grass, thatch, or mud, and the other half use iron sheets (National Bureau of Statistics, 2011).

	Households Mainland			Population Mainland		
	Urban	Rural	Total	Urban	Rural	Total
Flooring Material						
Earth, sand, dung	23.1	83.9	68.2	24.3	84.2	69.7
Cement	70.7	15.2	29.5	69.4	14.9	28.1
Other	6.1	0.8	2.2	6.3	0.9	2.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Tanzania Demographics and Household Survey 2010

Table 4: Distribution of households by construction material

Efficiency of Property Rights and Registration

3.3.8 There are nine procedures required to register property in Tanzania, which, on average, take 24 days before a title is provided. On the other hand, it would take 328 days to obtain a construction permit

Rental Market

3.3.9 Tanzania enjoys pro-landlord legislation. Rents can be freely negotiated and are usually paid either bi-annually or annually.¹² Very rarely will one be charged monthly, although the government now seeks to outlaw annual house rent outright (James, 2010). However, it is actually illegal to receive annual rent in advance, but due to the current

In the housing crisis, the government has found it challenging to regulate. Rentals were previously regulated by the Rent Restriction Act 1984, which was heavily pro-tenant but has now been repealed. Rents are now controlled through the Courts (Land Disputes Settlements) Act, 2002, which allows landlords to recover arrears, among other things, and outlines due process for evicting tenants¹³. It should be noted that more than 80 per cent of residents in urban areas are tenants (UN-HABITAT, 2010)

EVICITION FOR NON-PAYMENT OF RENT

Duration until completion of service of process	7
Duration of trial	180
Duration of enforcement	30
Total Days to Evict Tenant	217

Source: Global Property Guide

Table 5: Duration of Eviction process for non-payment

¹³ In theory, however, to evict a tenant who has caused a breach or failed to pay rent, the landlord must get the approval of the Ward Tribunal. If the tenant does not comply with the orders of the Ward Tribunal, the case is elevated to the District Land and Housing Tribunal for enforcement, and then to the High Court and Court of Appeals For recovery of possessions worth TZS (Tanzanian Shilling) 50 million (US\$42,914) or more and compensation for arrears worth TZS40,000,000 or more (US\$34,331), claimants can file the case directly to the High Court (Land Division) (Pro Landlord Landlord and Tenant Laws, 2011)



Chapter Four: Operational Plan

4.1. The Management

4.1.1 The company is mainly owned and managed by two shareholders, **Annuciatha Lucas Kimbe** and **Libra Finance Limited**. The key highlights of their CVs are provided below:

Annuciatha Lucas Kimbe,
CEO/President

4.1.2 Annuciatha holds a Bachelor's degree in Procurement and Supplies Management from the College of Business Education (CBE) in 2016. She has been a self-employed businesswoman dealing with real estate since 2016. Annuciatha started a real estate company in 2022.

4.2. Business Strategy

4.2.1 The Company plans to acquire and develop a series of lands into commercial real estate for rent. In this regard, the company has already acquired two pieces of land in Dodoma.

4.2.2 The company will make significant cost savings by having long-term relationships with builders, contractors, and vendors, giving it a strategic advantage over its competitors.

4.3. SWOT Analysis

4.3.1 A brief SWOT analysis of the Company is given below:

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

Table 6: SWOT Analysis

Chapter Five: The Financial Plan

5.1. Approach

5.1.1 The financial plan for Aluks (T) Limited has been prepared based on realistic considerations. The approach is based on the experience of the promoters in similar projects, and the feedback based on market information.

5.1.2 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

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

5.2. Cost of Project and Means of Finance

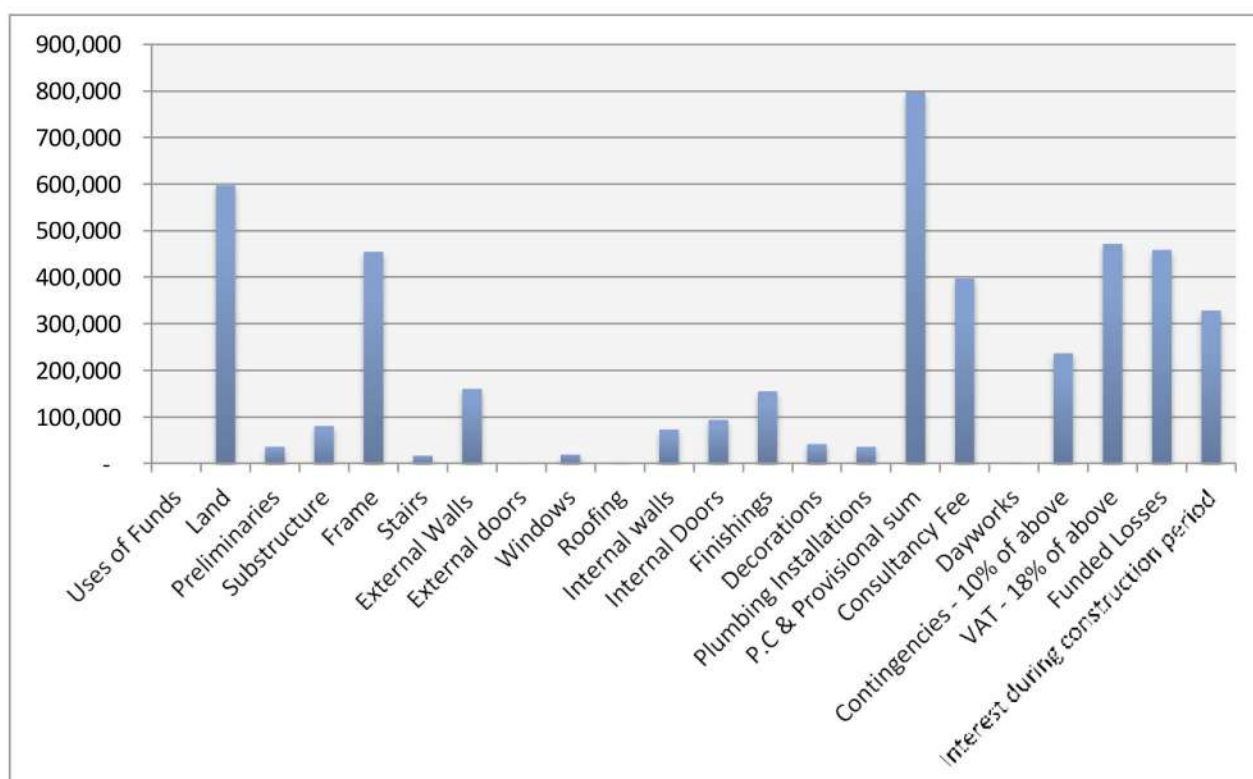
5.2.1 The total projected cost of the project is estimated at **Tanzania Eight Hundred Million Only (TZS. 800,000,000/=)**, and the construction period is over 8 months between 2025 and 2026. The cost includes various items, from land acquisition and development to fully completing the work and handing over ready-to-furnish shells to the occupants.

5.2.2 The estimates are based on the promoters' experience and market feedback relating to various items of costs and expenditure. The detailed month-wise breakdown of capital expenditure is given in **Annexe 6.1**

5.2.3 **Table 7** gives the detailed breakdown of the project costs and the funding pattern. The funding is assumed with a debt: equity of **4.09:1**

Sl. No.	Particulars	Amounts (TZS)	Amounts (USD)	Percentage of Total
Uses of Funds				
1	Land	978,000,000	600,000	13.37%
2	Preliminaries	60,000,000	36,810	0.82%
3	Substructure	132,352,300	81,198	1.81%
4	Frame	742,854,375	455,739	10.15%
5	Stairs	28,700,700	17,608	0.39%
6	External Walls	262,171,725	160,842	3.58%
7	External doors	4,569,100	2,803	0.06%
8	Windows	34,407,000	21,109	0.47%
9	Roofing	9,663,125	5,928	0.13%
10	Internal walls	120,258,200	73,778	1.64%
11	Internal Doors	153,864,550	94,395	2.10%
12	Finishings	253,820,600	155,718	3.47%
13	Decorations	71,196,600	43,679	0.97%
14	Plumbing Installations	59,260,000	36,356	0.81%
15	P.C & Provisional sum	1,300,935,478	798,120	17.78%
16	Consultancy Fee	652,000,000	400,000	8.91%
17	Dayworks	5,841,000	3,583	0.08%
18	Contingencies - 10% of the above	389,189,475	238,767	5.32%
19	VAT - 18% of the above	770,595,161	472,758	10.53%
20	Funded Lthe osses	898,502,290	459,330	10.23%
21	Interest during the construction period	537,210,810	329,577	7.34%
	Total	7,465,392,490	4,488,097	100.00%
Sources of Funds				
1	Equity	1,467,000,000	900,000	20.05%
2	Debt	5,998,392,490	3,588,097	79.95%
	Total	7,465,392,490	4,488,097	100.00%

Table 7: Breakup of Project Cost



5.3. Projected Income Statements

5.3.1 The profitability projections for the project are based on the fact that the construction takes 8 months to complete and the project becomes operational by the end of the construction phase.

5.3.2 The breakup of floor utilisation and the proposed rental levels are given in the table below:

Particulars	Floors	Rent per month per floor (USD)	No. of Floors	Rooms per Floor	Occupancy	Total Monthly Rent @ 100% Occupancy
Banking Hall	G+M	5,000	1	1	100%	\$5,000
Open Plan offices	1+2	4,000	2	1	100%	\$8,000
Deluxe Rooms	3+4+5	3,000	5	4	80%	\$60,000
Standard Rooms	3+4+5	3,900	5	4	80%	\$78,000
Restaurant & Pub	8	3,000	1	1	100%	\$3,000
Total						\$154,000
Yearly Rent Increment Factor						15%

Table 8: Floor utilization and revenue assumptions

5.3.3 The rents are expected to increase at the rate of 15% per annum. This will lead to a healthy cash flow for the company which will be able to sustain loan repayments and operating expenditure.

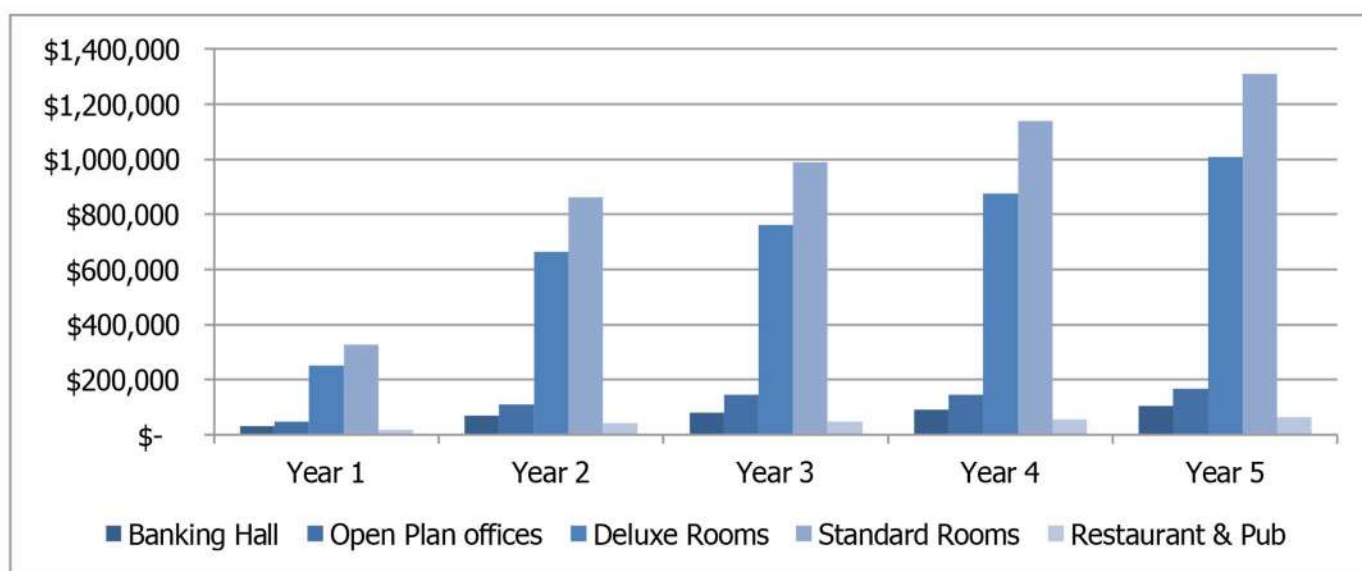


Figure 9: Rental Revenues

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

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Revenue						
Banking Hall	-	\$30,000	\$69,000	\$79,350	\$91,253	\$104,940
Open Plan offices	-	\$48,000	\$110,400	\$126,960	\$146,004	\$167,905
Deluxe Rooms	-	\$252,000	\$662,400	\$761,760	\$876,024	\$1,007,428
Standard Rooms	-	\$327,600	\$861,120	\$990,288	\$1,138,831	\$1,309,656
Restaurant & Pub	-	\$18,000	\$41,400	\$47,610	\$54,752	\$62,964
Total Revenue	-	\$675,600	\$1,744,320	\$2,005,968	\$2,306,863	\$2,652,893
Operating Expenses						
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 (Accountant/Lawyer)	\$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
Total Expenses	\$249,818	\$885,112	\$1,334,409	\$1,236,433	\$1,141,315	\$1,049,395
Profit/Loss	\$(249,818)	\$(209,512)	\$409,911	\$769,535	\$1,165,548	\$1,603,498
Taxes @ 30%	-	-	-	\$206,463	\$349,664	\$481,049
Profit after taxes	\$(249,818)	\$(209,512)	\$409,911	\$563,072	\$815,883	\$1,122,448
Accumulated Profits	\$(249,818)	\$(459,330)	\$(49,419)	\$513,653	\$1,329,537	\$2,451,985
EBITDA	\$(249,818)	\$38,041	\$887,763	\$1,325,252	\$2,015,552	\$3,012,417

Table 9: Income Statement Projections

5.3.5 The profitability projections show an 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

5.3.6 The monthly projections are given in **Annex 6.2** and the underlying assumptions are given in **Annex 6.3**.

5.4. Projected Cash Flow Statements

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

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

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
Cash from Operations	\$(234,651)	\$(75,522)	\$860,674	\$1,028,197	\$1,277,744	\$1,580,554
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)
Cash from Financing	\$2,586,520	\$1,942,902	(897,024)	\$(897,024)	\$(897,024)	\$(938,350)
Capital Expenditure	\$2,036,703	\$2,073,514	-	-	-	-
Cash from Investing	\$(2,036,703)	\$(2,073,514)	-	-	-	-
Opening Cash Balance	-	\$315,167	\$109,032	\$72,682	\$203,855	\$584,575
Add: Surplus/(Deficit)	\$315,167	\$(206,134)	\$(36,350)	\$131,173	\$380,720	\$642,204
Closing Cash Balance	\$315,167	\$109,032	\$72,682	\$203,855	\$584,575	\$1,226,779

Table 10: Cash Flow Projections

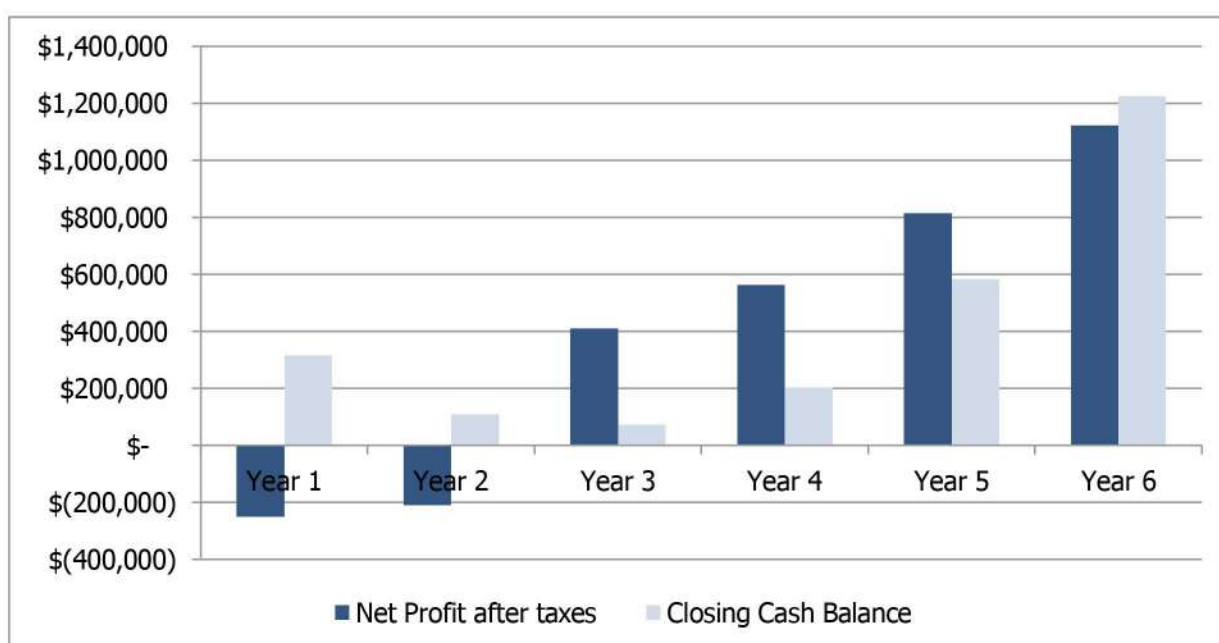


Figure 10: Cash Flow v/s Profitability

5.5. Projected Balance Sheets

5.5.1 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 **(\$1.0 Million)** and interest **(\$1.62 Million)** paid;
- The value of assets (except land [\$600,000] which actually 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.

5.5.2 This in brief summarizes the financial performance of the Pipa Project.

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Sources of Funds						
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
Total	\$2,351,869	\$4,088,538	\$3,598,326	\$3,264,681	\$3,183,853	\$3,368,270
Application of Funds						
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
Total	\$2,351,869	\$4,088,538	\$3,598,326	\$3,264,681	\$3,183,853	\$3,368,270

Table 11: Projected Balance Sheets

Annex 5.1: Break up of Capital Expenditure

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	
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	
Project Cost													
Land	\$600,000	-	-	-	-	-	-	-	-	-	-	-	\$600,000
Preliminaries	\$12,270	\$12,270	\$12,270	-	-	-	-	-	-	-	-	-	\$36,810
Substructure	\$16,240	\$16,240	\$16,240	\$16,240	\$16,240	-	-	-	-	-	-	-	\$81,198
Frame	\$56,967	\$56,967	\$56,967	\$56,967	\$56,967	\$56,967	\$56,967	\$56,967	-	-	-	-	\$455,739
Stairs	-	-	-	-	-	-	\$5,869	\$5,869	\$5,869	-	-	-	\$17,608
External Walls	-	-	-	-	-	-	-	-	-	\$80,421	\$80,421	-	\$160,842
External doors	-	-	-	-	-	-	-	-	-	-	\$2,803	-	\$2,803
Windows	-	-	-	-	-	-	-	-	-	-	\$10,554	\$10,554	\$21,109
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	\$200,000
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	\$97,611
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	\$238,236
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	\$124,778
Total	\$716,306	\$117,926	\$119,564	\$105,076	\$106,561	\$86,694	\$139,545	\$141,440	\$68,397	\$167,543	\$187,348	\$80,301	\$2,036,703

Table 12: Project Cost - Year 1

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

Table 13: Project Cost - Year 2

Annex 5.2: Monthly Income Statements

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	
Revenue													
Banking Hall													\$-
Open Plan offices													\$-
Deluxe Rooms													\$-
Standard Rooms													\$-
Restaurant & Pub													\$-
Total Revenue	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Operating Expenses													
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	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Total Expenses	\$20,872	\$20,872	\$20,872	\$20,711	\$20,711	\$20,498	\$21,013	\$21,013	\$20,265	\$21,244	\$21,419	\$20,326	\$249,818
Profit/Loss	\$(20,872)	\$(20,872)	\$(20,872)	\$(20,711)	\$(20,711)	\$(20,498)	\$(21,013)	\$(21,013)	\$(20,265)	\$(21,244)	\$(21,419)	\$(20,326)	\$(249,818)
Taxes @ 30%	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Profit after taxes	\$(20,872)	\$(20,872)	\$(20,872)	\$(20,711)	\$(20,711)	\$(20,498)	\$(21,013)	\$(21,013)	\$(20,265)	\$(21,244)	\$(21,419)	\$(20,326)	\$(249,818)
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 14: Income Statements - Year 1

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	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	
Revenue													
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
Total Revenue	\$-	\$-	\$-	\$-	\$-	\$-	\$112,600	\$112,600	\$112,600	\$112,600	\$112,600	\$112,600	\$675,600
Operating Expenses													
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
Total Expenses	\$46,016	\$31,270	\$33,762	\$30,773	\$30,487	\$30,375	\$113,738	\$113,738	\$113,738	\$113,738	\$113,738	\$113,738	\$885,112
Profit/Loss	\$(46,016)	\$(31,270)	\$(33,762)	\$(30,773)	\$(30,487)	\$(30,375)	\$(1,138)	\$(1,138)	\$(1,138)	\$(1,138)	\$(1,138)	\$(1,138)	\$(209,512)
Taxes @ 30%	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Profit after taxes	\$(46,016)	\$(31,270)	\$(33,762)	\$(30,773)	\$(30,487)	\$(30,375)	\$(1,138)	\$(1,138)	\$(1,138)	\$(1,138)	\$(1,138)	\$(1,138)	\$(209,512)
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)

Table 15: Income Statements - Year 2

Annex 5.3: Assumptions underlying Profitability Projections

1. Rental Income

Particulars	Floors	Rent per month per floor (USD)	No. of Floors	Rooms per Floor
Banking Hall	G+M	5,000	1	1
Open Plan offices	1+2	4,000	2	1
Deluxe Rooms	3+4+5	3,000	5	4
Standard Rooms	3+4+5	3,900	5	4
Restaurant & Pub	8	3,000	1	1

Table 16: Rental Income Assumptions

- Rent is assumed to increase at 15% ever year
- Occupancy for deluxe and standard rooms are assumed at 70% in Year 2 and 80% in year 3 onwards.

2. Expenses

The following are the major assumptions with regard to expenses:

- Marketing expenses – 3% of revenue
- Payroll expenses

Annual Increase		2%	2%	2%	2%	2%	2%
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
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

Annual Increase		2%	2%	2%	2%	2%	2%
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
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
Total							

Table 17: Payroll Assumptions - 1

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7							
Employ ees	Payroll	Employ ees	Payroll	Employ ees	Payroll	Employ ees	Payroll						
1	\$90,000	1	\$91,800	1	\$95,509	1	\$97,419	1	\$99,367	1	\$101,355		
1	\$45,000	1	\$45,900	0	\$0	0	\$0	0	\$-	0	\$-		
1	\$30,000	1	\$30,600	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
5	\$182,000	7	\$221,340	7	\$184,151	7	\$187,834	7	\$191,590	7	\$195,422	7	\$199,331

Table 18: Payroll Assumptions - 2

- 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 months 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	
Opening Balance	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	\$-
Add: Loan availed	\$137,179	\$138,798	\$140,437	\$125,788	\$127,272	\$107,192	\$160,558	\$162,453	\$88,661	\$188,787	\$208,768	\$100,627	\$1,686,520
Add: Interest due	\$1,600	\$3,220	\$4,858	\$6,326	\$7,811	\$9,061	\$10,934	\$12,830	\$13,864	\$16,066	\$18,502	\$19,676	\$124,748
Less: Interest paid	\$(1,600)	\$(3,220)	\$(4,858)	\$(6,326)	\$(7,811)	\$(9,061)	\$(10,934)	\$(12,830)	\$(13,864)	\$(16,066)	\$(18,502)	\$(19,676)	\$(124,748)
Less: Principal repayment	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Closing Balance	\$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	\$1,686,520	\$1,686,520

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	
Opening Balance	\$1,686,520	\$1,845,230	\$2,252,046	\$2,915,791	\$3,284,943	\$3,629,423	\$3,629,423	\$3,629,423	\$3,629,423	\$3,629,423	\$3,629,423	\$3,629,423	\$1,686,520
Add: Loan availed	\$158,710	\$406,815	\$663,698	\$369,173	\$344,506								\$1,942,902
Add: Interest due	\$21,528	\$26,274	\$34,017	\$38,324	\$42,343	\$42,343	\$42,343	\$42,343	\$42,343	\$42,343	\$42,343	\$42,343	\$458,889
Less: Interest paid	\$(21,528)	\$(26,274)	\$(34,017)	\$(38,324)	\$(42,343)	\$(42,343)	\$(42,343)	\$(42,343)	\$(42,343)	\$(42,343)	\$(42,343)	\$(42,343)	\$(458,889)
Less: Principal repayment	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Closing Balance	\$1,845,230	\$2,252,046	\$2,915,791	\$3,284,917	\$3,629,423	\$3,629,423	\$3,629,423	\$3,629,423	\$3,629,423	\$3,629,423	\$3,629,423	\$3,629,423	\$3,629,423

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	
Opening Balance	\$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	\$3,629,423
Add: Loan availed	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Add: Interest due	\$42,343	\$41,471	\$40,599	\$39,727	\$38,855	\$37,983	\$37,111	\$36,239	\$35,366	\$34,494	\$33,622	\$32,750	\$450,560
Less: Interest paid	\$(42,343)	\$(41,471)	\$(40,599)	\$(39,727)	\$(38,855)	\$(37,983)	\$(37,111)	\$(36,239)	\$(35,366)	\$(34,494)	\$(33,622)	\$(32,750)	\$(450,560)
Less: Principal repayment	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(897,024)
Closing Balance	\$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	\$2,732,399	\$2,732,399

Particulars	Year 4	Year 4	Year 4	Year 4	Year 4	Year 4	Year 4	Year 4	Year 4	Year 4	Year 4	Year 4	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	
Opening Balance	\$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	\$2,732,399
Add: Loan availed	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Add: Interest due	\$31,878	\$31,006	\$30,134	\$29,262	\$28,390	\$27,517	\$26,645	\$25,773	\$24,901	\$24,029	\$23,157	\$22,285	\$324,977
Less: Interest paid	\$(31,878)	\$(31,006)	\$(30,134)	\$(29,262)	\$(28,390)	\$(27,517)	\$(26,645)	\$(25,773)	\$(24,901)	\$(24,029)	\$(23,157)	\$(22,285)	\$(324,977)
Less: Principal repayment	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(74,752)	\$(897,024)
Closing Balance	\$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	\$1,835,375	\$1,835,375

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	
Opening Balance	\$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	\$1,835,375
Add: Loan availed	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Add: Interest due	\$21,413	\$20,541	\$19,668	\$18,796	\$17,924	\$17,052	\$16,180	\$15,308	\$14,436	\$13,564	\$12,692	\$11,820	\$199,393
Less: Interest paid	\$(21,413)	\$(20,541)	\$(19,668)	\$(18,796)	\$(17,924)	\$(17,052)	\$(16,180)	\$(15,308)	\$(14,436)	\$(13,564)	\$(12,692)	\$(11,820)	\$(199,393)

Chapter Six: Project Appraisal and Risk Analysis

6.1. Introduction

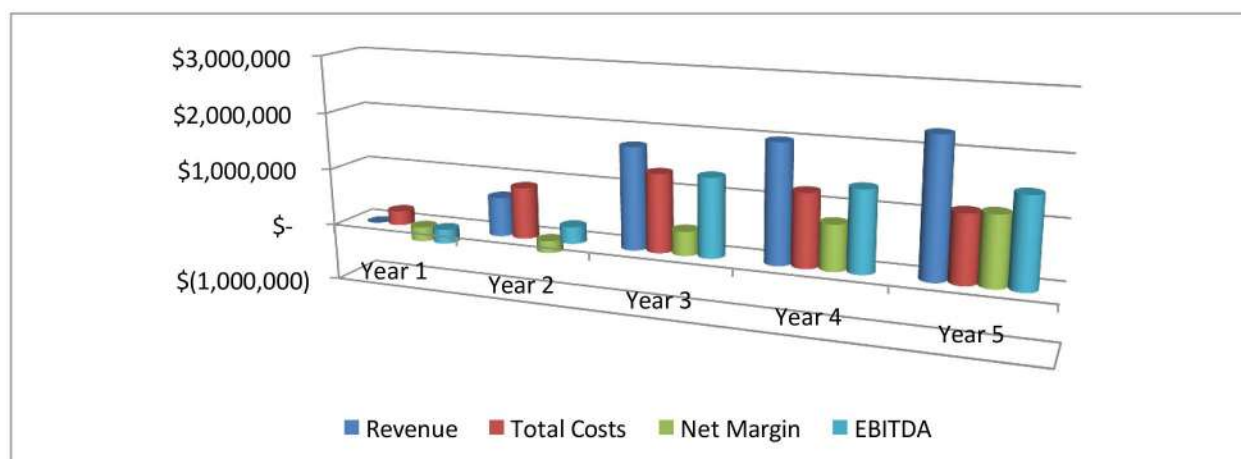
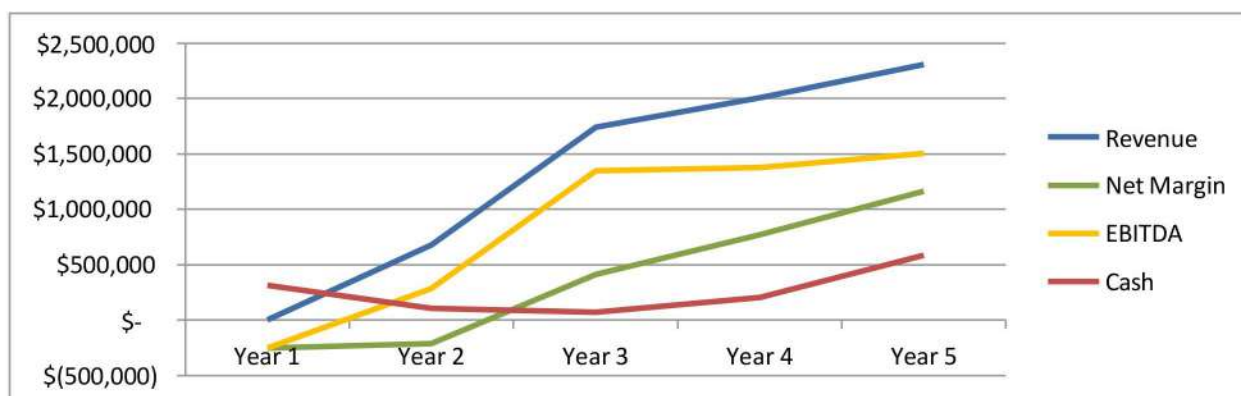
6.1.1 This chapter looks at the project appraisal from the viewpoint of understanding the financial viability. Based on certain key financial indicators, the sensitivity of the project is identified. Based on the sensitive factors the risk mitigating factors and other strategies for making project successful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

6.2. Financial Highlights

6.2.1 The key financial highlights of the project are given below:

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%

Table 20: Financial Highlights



6.3. Key Financial Indicators

6.3.1 In order 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;

6.4. Base Scenario

6.4.1 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.

6.5. Sensitivity Analysis

6.5.1 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.

6.5.2 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.

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

Table 21: Sensitivity Analysis

Chapter Seven: Implementation Roadmap

7.1. Introduction

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

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

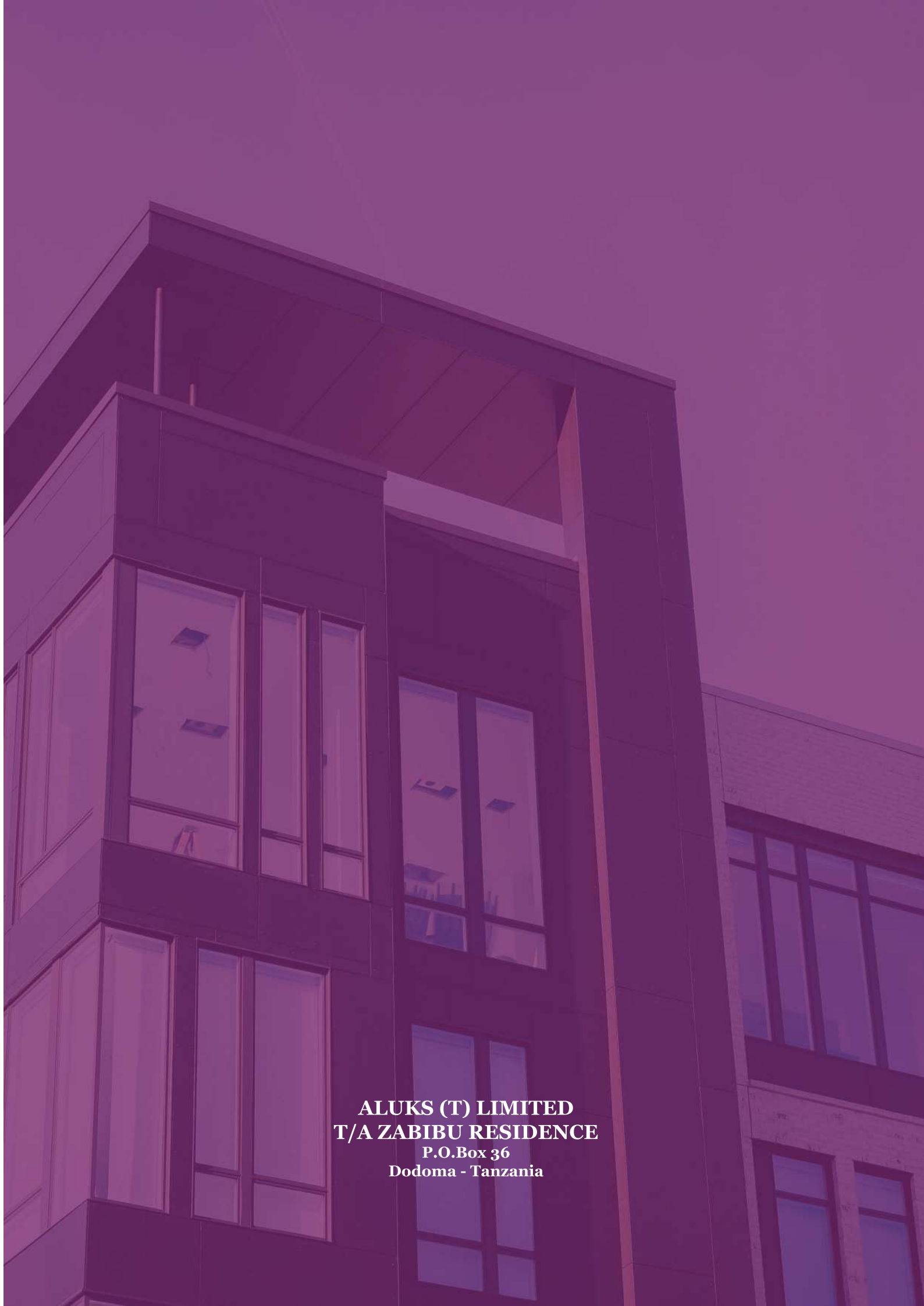
7.2.Key Milestones

7.2.1 The project is expected to commence in Q4 of 2025. The construction is estimated to take about 8 months.

7.2.2 The project management GANTT chart is given below:

Particulars	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month
Land	■																	
Preliminaries	■	■	■															
Substructure	■	■	■	■	■													
Frame	■	■	■	■	■	■	■											
Stairs						■	■	■										
External Walls									■	■								
External doors										■	■							
Windows											■	■						
Roofing												■						
Internal walls													■	■	■			
Internal Doors														■	■	■		
Finishings															■	■	■	
Decorations																■	■	■
Plumbing Installations																	■	■
P.C & Provisional sum																		■
Dayworks																		

Table 22: Project Management Timeline



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