RANO INC LIMITED

COMPLETION AND OPERATION OF THE PROJECT ON PLOT 172 JANGWANI BEACH-DSM

FEASIBILITY STUDY REPORT

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PART ONE

1.0. INTRODUCTION

1.1 Background

Rano Inc Limited, was incorporated in January 2025 for the purpose of carrying out a number of activities including Real estate activities with own or leased property. In implementing this activity Rano Inc Limited purchased a property located on Plot No 172 Jangwani Beach in Dar es Salaam. The property includes a five storey uncompleted premium residential building and the property sits on a piece of land measuring 4,375 square meters.

As Rano Inc Limited deliberates on completion of the project, a feasibility study is essential to provide necessary information which will guide completion plan of the project. The study will provide in-depth analysis of the residential properties market in Dar es Salaam with the purpose of ultimately providing reliable and practical information on property market in Dar es Salaam; key players in the property market in Dar es Salaam and the competitive edge of the proposed project Vis a Vis competition.

The purpose of this feasibility study is to evaluate the viability of completing the existing property in Africana, Dar es Salaam, and determine the viable project completion option. The feasibility will assess various operational options including operating the project as a hotel, operating the project as a long-term rental, or operating the same as short-term rentals (Airbnb accommodations). The study will analyze the current market conditions, financial projections, and potential risks associated with each option.

The report further includes a background of the premium properties in Tanzania, particularly in Dar es Salaam, social economic factors driving the sector, demand and supply of premium housing in Tanzania and particularly in Dar es Salaam, details of the proposed project and project implementation plan.

1.2 Housing Industry in Dar es salaam

Dar es Salaam, Tanzania's largest city and economic hub, faces significant housing challenges driven by rapid urbanization, population growth, and economic expansion.

With an estimated population exceeding 6 million, Dar es Salaam is one of the fastest-growing cities in Africa, and its housing sector reflects the complexities of managing such growth.

1.3 Dar es Salaam Housing Condition

This part gives a summary of market assessment for Demand and Supply of real estate properties (residential, retail, office and hospitality) properties in Dar es Salaam and particularly in Kinondoni Municipality. The Housing Sector in Dar es Salaam is generally influenced by the following factors:-

a) **Population and Urbanization:**

- The city is growing at an annual rate of approximately **5.6%**, adding pressure to its housing infrastructure.
- Urban sprawl has led to the proliferation of informal settlements in peri-urban areas.

b) Housing Stock:

- Around 70%–80% of Dar es Salaam's population lives in informal settlements, characterized by unplanned layouts and limited access to basic services.
- The formal housing sector primarily caters to middle- and high-income groups, leaving a significant gap for low-income households.

c) Housing notable features:

- Informal Settlements

  These areas dominate the housing landscape, with houses often self-built using low-quality materials. Residents face challenges such as overcrowding, poor sanitation, lack of clean water, and unreliable electricity.

- Formal Housing

  Concentrated in affluent areas like Oyster Bay, Masaki, Upanga, Mbezi Beach, Mbweni and Mikocheni, offering modern apartments and villas. Formal

housing developments are limited and often unaffordable for the majority of residents.

1.4 Problem Need and Problem Statement

Real Estate Sector in Dar es Salaam has grown at an extraordinary pace and such growth has enabled the availability of quality houses in the city. Tanzania's property market is set to grow in the coming years supported by strong, economic growth. The rapid population growth in Dar es Salaam specifically results to increase demand for residential houses.

The proposed project is envisaged to take advantage of the city's growing population and growing demand for luxury residential houses. The project is expected to provide a modern and luxury homes which will cater for the growing demand for the same while providing return on investment to the project promoters.

PART TWO

2.0. PROJECT DESCRIPTION AND TECHNICAL ASSESSMENT

2.1 Proposed project

The project involves completion of a 5 storey building on Plot No. 172 Jangwani Beach. The property includes 16 three bedrooms residential apartments and two penthouses. Currently the frame structure is completed and part of finishing works including tiles, windows, plastering and skimming works are partially done.

2.2 Project site details

The project is being implemented on Plot No. 172 Jangwani Beach covering a total of 4,375 square meters. The plot is along Africana road and adjacent to Ramada Hotel. The Plot has a Certificate of Title Number 104449 and it is designated for Commercial (retail and wholesale) and residential use. The project site is close to various hotels including Giraffe Hotel, Serene Beach Hotel, Jangwani Beach Hotel and Seascape Hotel. Situated right on Jangwani Beach, the plot provides oceanfront apartments with private balconies or terraces overlooking the sea and beach access to the tenants.

2.3 Site Location

2.4 SWOT analysis of the project site

Strength	• Strategic Location: the project site is located near various hotels such as Ramada Hotel, Giraffe Hotel, Jangwani Beach Hotel and various commercial complexes thus making it favourable for high end residential project. • Existing Infrastructure: The area has relatively good physical infrastructure compared to other informal settlements, including tarmac roads, water supply, and access to schools and markets. • Reliable Water Supply Expansion: Water production capacity in Dar es Salaam has increased recently, with expanded distribution networks benefiting Mbezi Beach and surrounding areas, enhancing water availability for residents. • Proximity to Amenities: The site is in a well-known, accessible area with hospitality, commercial services, and potential for upscale residential appeal.
Weaknesses	• On-going Construction Disruptions: Infrastructure projects like sewage network installation and treatment plant construction may cause temporary inconveniences such as noise, dust, and traffic disruptions during completion phases. • Project Completion Timeline: Some key projects, including the sewage treatment plant, are expected to complete by 2025–2026, so full benefits are not yet realized.
Opportunities	• Growing Demand for Quality Housing: Dar es Salaam's expanding population and urbanization create strong demand for well-serviced, high-quality residential apartments in attractive coastal locations like Mbezi Beach. • Enhanced Infrastructure Attractiveness: Completion of major

	water and sewage projects will increase the site's attractiveness to investors and residents seeking reliable utilities and modern amenities.
Threats	• Economic and Financial Constraints: Broader economic fluctuations or funding limitations could impact the pace of infrastructure completion and maintenance, affecting service reliability. • Competition from the existing and upcoming residential projects.

2.5 Current images of the project site

2.6 Project scope

The proposed project involves construction of a five storey residential building with a total built up area of 7,370 square meters. The project has 16 three bedrooms residential apartments and 2 penthouses. Currently the structure works are completed and pending works include tiling, electricity second fix, plumbing second fix, painting, lifts installation (4), external works and pool. The project has a number of essential amenities including the following:-

i. Swimming pool;
ii. Generator and pump room;
iii. Guard room;
iv. Gymnasium;
v. Yoga area;
vi. Changing room;
vii. Four elevators;
viii. Terrace floor;
ix. Table game;
x. Coffee area
xi. Laundry;
xii. Property management office; and
xiii. Ample parking.

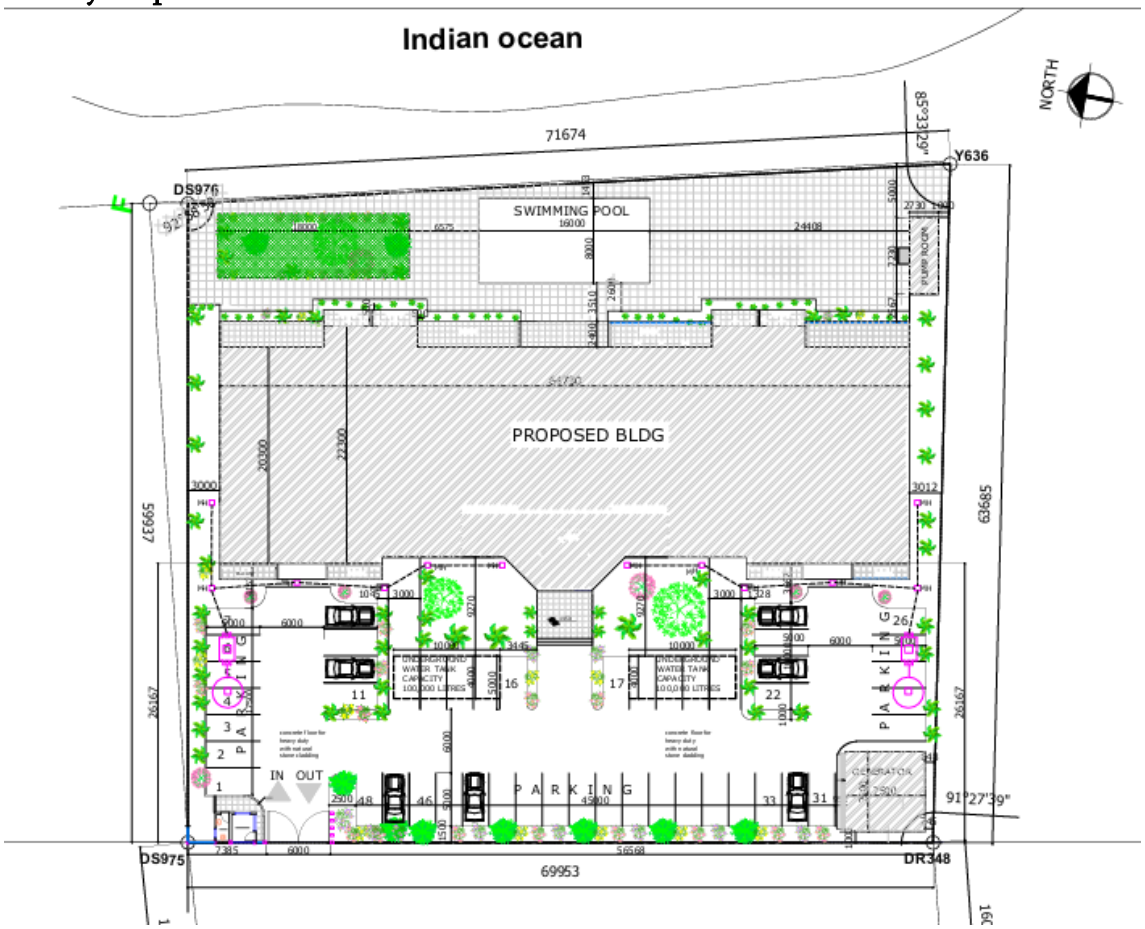
The three bedrooms apartments are of two types, type 1 being of 284.83 square meters and type two being of 269.68 square meters. Each type has a total of 8 units.

Table No. 1: Space Matrix

Area	GFA	USE	NO OF UNITS
Ground Floor	1,238.00	Coffee bar, Laundry, Gym, Aerobics, administration office	-
First to Fourth Floor	4,952.00	Three bedrooms apartments	**16.00**
Fifth Floor	1,112.00	Penthouse	**2.00**
Gate House	12.00	Gate house	-
Generator room	56.00	Generator room	-
Total	**7,370.00**		**18.00**

Type of Unit	Size of Unit	No of units
Three bedrooms type A	284.83	8
Three bedrooms type B	269.68	8
Penthouses	587.36	2
Total		**18**

2.7 Site layout plan



2.8 Concept Design

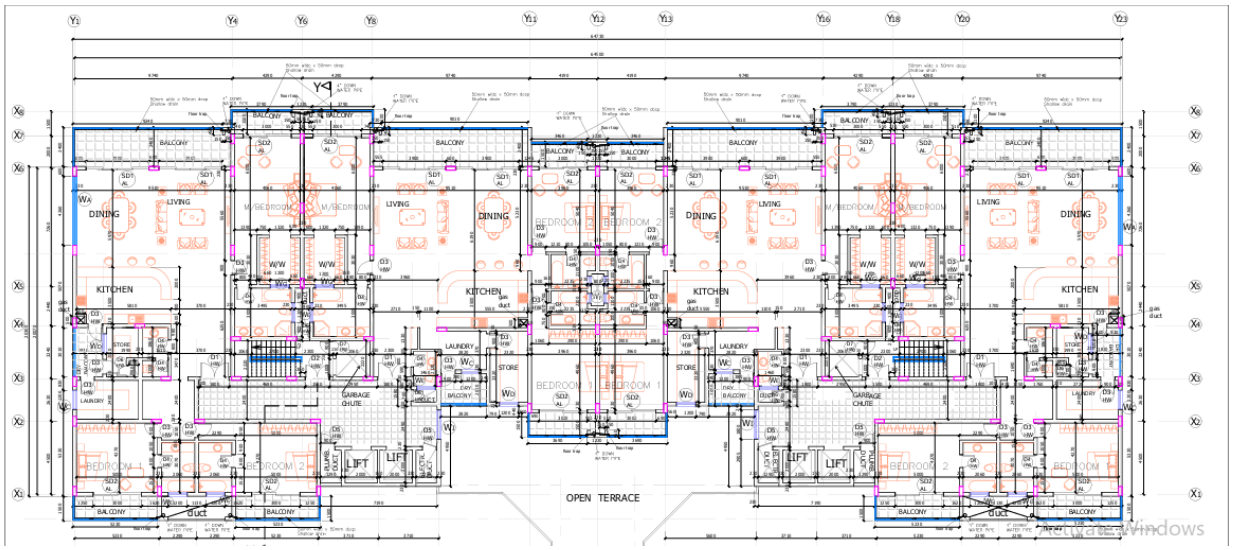
The proposed project centers on creating an elegant, sophisticated living space that combines high-end aesthetics with comfort and functionality. The concept has a blend of modern luxury, comfort, privacy, and integration with the local environment and lifestyle. The design concept has considered the following key features:

i. All apartments have been designed to maximize views, with balconies overlooking the ocean;

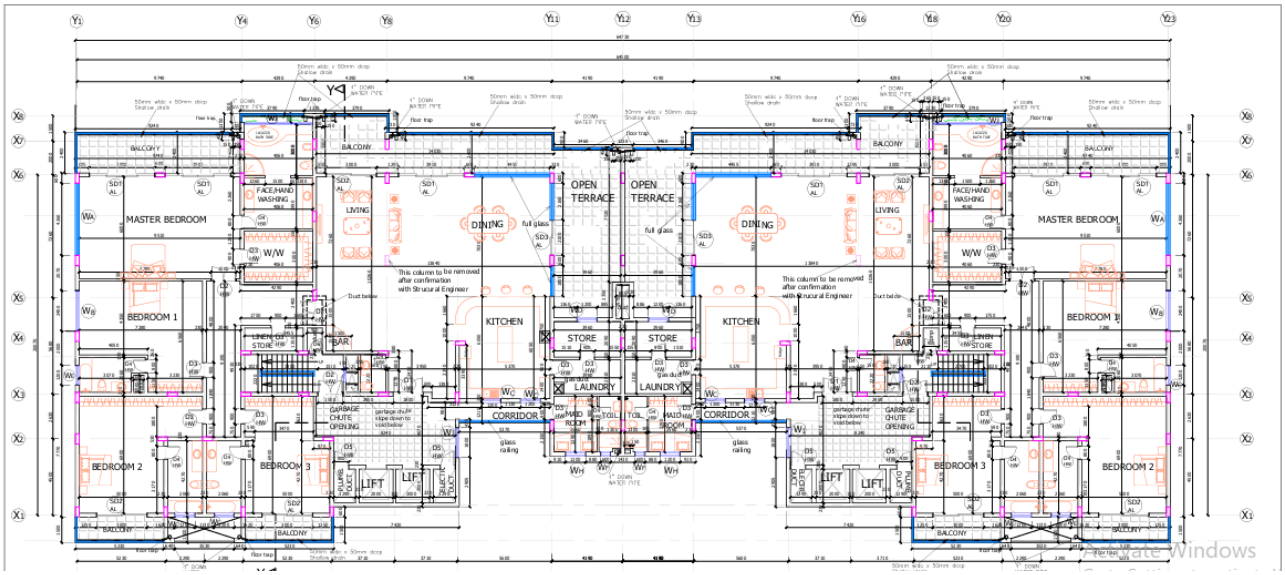
ii. Open-plan living spaces that enhance natural light and ventilation;

iii. High-quality finishes including hardwood doors, fitted walk-in wardrobes, marble or quartz countertops, and designer fixtures.

2.9 Floor Plans



Penthouse



2.10 Assessment of Infrastructures and Utilities on Projects' Site

The proposed project site is connected to basic infrastructures such as water, electricity and road. The site is accessed through Jangwani Beach road which is in good condition. The infrastructure and utilities in the Mbezi Beach area along Ramada Hotel are currently experiencing significant improvements, especially in water supply and sewage treatment, aimed at addressing longstanding challenges related to inadequate sanitation and water shortages.

2.10.1 Water supply and sewage infrastructure

- ✓ Mbezi Beach Sewage Treatment Project: A major sewage treatment plant and network are under construction, valued at approximately TZS 132.2 billion. This project includes installing a 101-kilometer pipeline and a treatment plant with a capacity of 16,000 cubic meters, expected to be completed by early 2025. It aims to significantly improve sewage management and reduce environmental pollution in the area.
- ✓ Wastewater Treatment Plant (WWTP): The Mbezi Beach WWTP is being developed as Tanzania's first public-private partnership wastewater treatment project. The plant will have a capacity of 6,000 cubic meters per day and will utilize advanced activated sludge technology combined with anaerobic digesters to produce biogas, helping reduce electricity consumption by about 40%. The project includes a three-year operation and maintenance period with active participation from Dar es Salaam Water and Sewerage Authority (DAWASA) staff.
- ✓ Water Supply Expansion: DAWASA has been expanding water supply infrastructure in Dar es Salaam, including Mbezi Beach, by increasing water production capacity and extending the water distribution network. The overall water production capacity has increased recently, and new storage tanks and pipelines are being installed to improve water availability in the region.

2.10.2 Power and other utilities

The area benefits from established electrical infrastructure as part of Dar es Salaam's power system master plan, supporting residential and commercial developments including hotels like Ramada.

PART THREE

3 TANZANIA POLITICAL & SOCIAL ECONOMIC CONDITIONS

3.1 Socio-Economic Development

3.1.1 Political Conditions

The political stability in Tanzania has created a conducive environment for both local and foreign investments. Over the decades, the Nation has experienced peaceful elections and peaceful power transition. The peaceful environment fuels economic activities and investment both local and foreign.

3.1.2 Population

According to the NBS, Tanzania is estimated to have a population of over 61.7 million people. The population of Tanzania has increased more than four times from 12.3 million in 1967 to 61.7 million (2022). The average annual growth rate according to the 2022 Population and Housing Census is 3.1 percent. The growth of population implies:-

i. An increase in demand for residential and commercial/ houses;

ii. Expansion of market for real estate products;

iii. Opportunity for real estate developers and other business men to provide goods and services to the growing population.

3.1.3 Macro-economic Performance

Tanzania's real GDP growth has been strong, with 5.9% in 2024, projected to rise to 6.1% in 2025 and 6.4% in 2026. Growth in 2023 was 5.3%, up from 4.7% in 2022, reflecting recovery and expansion in agriculture, manufacturing, construction, and mining sectors. Further, Inflation has been contained at low single digits, with 3.0% in 2024 and expected to remain stable around 3.2%–3.5% in 2025–2026, supporting price stability for consumers and businesses. According to the Bank of Tanzania (2024) the economy maintained robust performance in 2024, growing at an average of 5.6 percent in the three quarters of 2024. Growth in the third quarter was 5.9 percent, compared to 5.6 percent in the corresponding

quarter in 2023. Activities that contributed to this growth include agriculture, financial and insurance services, construction, and mining and quarrying.

3.2 Tanzania's Real Estate Sector

The real estate sector contributes significantly to Tanzania's economy, with steady growth driven by urbanization, infrastructure development, and foreign investment. This sector grew from about 3.0% of GDP in 2020 to approximately 3.9% in 2024, reflecting its increasing role in the economy alongside sectors like agriculture and mining.

Residential construction alone accounted for 25% of Tanzania's total construction activity in 2024, highlighting the sector's importance in housing delivery and urban development. The real estate market is projected to grow at a compound annual growth rate (CAGR) of about 4.74% from 2024 to 2028, with the overall market value expected to reach around US$0.59 trillion by 2024 and US$745 billion by 2025, indicating strong expansion and investment potential.

3.3 Drivers of growth of the real estate sector

- ✓ Urbanization increased by 4% in 2024, boosting demand for housing and commercial properties, especially in major cities like Dar es Salaam, Dodoma, Arusha, and Mwanza.
- ✓ Government investments in infrastructure such as roads, airports, and public transport have enhanced accessibility and attractiveness of real estate locations, leading to property value appreciation of 7-9% near major transport projects in 2024.
- ✓ Foreign direct investment (FDI) has been pivotal in injecting capital and expertise, accelerating development and innovation in the sector, which in turn has increased the supply of residential units by at least 10% in 2024 compared to 2023.
- ✓ The construction industry's overall growth of 5.8% in 2024 supports the real estate sector's expansion, fueled by economic growth and rising middle-class demand.

3.4 Real Estate Market Dynamics

- ✓ The average time to sell a house dropped from 6 months in 2023 to 3-5 months in 2024, reflecting heightened market activity and demand.

- ✓ Residential mortgage values increased by 4.56% in early 2024, indicating growing homeownership and financing availability.
- ✓ Despite rapid growth, challenges remain including regulatory hurdles and financing constraints, but technological advancements such as online listings and virtual tours are improving market transparency and efficiency.

3.5 Demand for Premium Properties in Dar es Salaam

Demand for quality housing in Dar es Salaam remains strong, driven by ongoing economic growth, urbanization, and a growing middle class seeking modern, tech-equipped, and energy-efficient homes. Areas like Masaki, Mikocheni Mbezi Beach and Mbweni are experiencing high demand due to luxury housing developments and improved infrastructure, attracting both local affluent buyers and international investors.

The city's population is projected to reach around 7 million by 2025, fueling continued demand for residential properties, including premium apartments.

3.6 Supply of Premium apartments in Dar es Salaam

The supply of premium apartments, especially in Masaki and Oyster Bay, has increased substantially, leading to market saturation in these neighborhoods. Between June and December 2025, about 240 new high-end units are expected to enter the Masaki and Oyster Bay markets, with over 1,200 new luxury units projected by the end of 2027. This influx of supply is causing a decline in rental yields and occupancy rates, forcing landlords to lower rents or offer concessions.

- ✓ Fairview Luxury Apartments: Located in the heart of Dar es Salaam, offering city views, rooftop pool, casino, terrace, premium cable TV, Netflix, and free Wi-Fi. They provide single-level, duplex, and penthouse suites with stylish modern design and luxurious finishes. The penthouse suite includes 4 bedrooms, 4 bathrooms, kitchen, living room, and panoramic views, ideal for families or business travelers. The property offers both

long and short stay options with price per day ranging from TZS 600,000 to TZS 2,100,000.

- ✓ Colosseum Square Luxury Apartments: Features free Wi-Fi, swimming pool, free parking, fitness center, restaurant, and bar. Located off Msasani Road with an exceptional location.
- ✓ Johari Rotana Serviced Apartments: Offers luxury serviced apartments with full amenities, suitable for long and short stays in Dar es Salaam. Rates per night ranges between USD 180 to USD 200
- ✓ Other Notable Premium Apartments: Apartments with private pools, rooftop pools, and modern amenities are available in areas like Mikocheni, Oysterbay, and Masaki. Examples include Msindi Apartment with a private pool, Jadida Homes with rooftop pool, and Malaika Luxury Apartment with balcony and terrace.

PART FOUR

4 FINANCIAL ASSESSMENT AND ECONOMIC VIABILITY

4.1 Financial Model Assumptions

Plot Size	4,375.00
Acquisition cost	2,200,000.00
Total land value	-
Gross Floor Area(GFA) sqm	7,370.00
Three bedrooms apartments type A	284.83
Three bedrooms apartments type B	269.68
Penthouse	587.36
Gate House	12.00
Generator room	56.00
Completion cost per sqm USD	581.82
Total completion Costs USD	4,288,000.00
Swimming Pool USD	40,000.00
External Works USD	48,000.00

4.2 Project Cost

Acquisition cost	**2,200,000.00**
Completion Costs	**4,000,000.00**
Add	
External works	48,000.00
Swimming Pool	40,000.00
Furniture, equipment & fittings	200,000.00
Sub total	288,000.00
Total completion cost (VAT Incl)	**4,288,000.00**
Add: Financing Cost	**557,679.44**
Total Cost	**4,845,679.44**
Total Project Cost	**7,045,679.44**

4.3 Financing Plan

In completing this project, Rano Inc Limited will raise the required fiancés through equity and debt at 50:50 ratios.

Source of funds	Percentage	Amount
Equity	50%	2,144,000
Debt	50%	2,144,000
Financing Cost		557,679
		4,845,679

4.4 Revenues Generation Plan

This analysis has considered three scenarios. The first scenario is to operate the project as a hotel (part of a five star hotel).

4.4.1 Scenario 1- Operating the property as a Hotel

The first scenario is to complete the building and operate the same as five-star hotel which offers a luxurious and comprehensive hospitality experience combining elegant design, prime locations, and extensive amenities tailored for discerning business and leisure travelers. Considering the existing hotels nearby, Rano can finish the property as premium serviced hotel apartments targeting Luxury and Leisure Travelers, Corporate and Business Travellers and special occasion guests.

4.4.1.1 Revenue projections

Under this scenario the following assumptions have been considered:-

a) Room occupancy rates in low season ranges between 20 to 30%;
b) Rates in low season is USD 300 per night for the 3 bedrooms unit and USD 450 for the penthouse;
c) Room occupancy rates in high season ranges between 40% to 65%;
d) Rates in high season is USD 450 for the 3 bedrooms unit and USD 650 for the penthouse per night;
e) Price escalation is 5% every year;

Based on these assumptions, if the project is operated as a hotel it will generate a total of USD 681,600 in the first year of operations and the same will escalate to USD 1,622,623 in the 10th year of operations.

First Five Years Revenue Projections for Hotel

			Year-1	Year-2	Year-3	Year-4	Year-5
No. of occupancy Days							
Low season			8-months				
Total No. of Days		Days/Year	240	240	240	240	240
High season			4-months				
Total No. of Days		Days/Year	120	120	120	120	120
Occupancy rates							
Low Season		Percentage	20%	25%	30%	30%	30%
High Season		Percentage	40%	45%	50%	55%	60%
No. of Days for letting							
Low Season		Days/Year	48	60	72	72	72
High Season		Days/Year	48	54	60	66	72
No. of bookings low season		**Occupancy/Year**	**96**	**114**	**132**	**138**	**144**
No of bookings -high seasn							
Change in rates	**5%**	**P.A**					
Low season	No. of Units	USD/Day					
Three bedrooms	16	300	300	315	331	347	365
Penthouse	2	450	450	473	496	521	547
High season		USD/Day					
Three bedrooms	16	450	450	473	496	521	547
Penthouse	2	650	650	683	717	752	790
Revenue							
Low season							
Three bedrooms		USD/Year	230,400	302,400	381,024	400,075	420,079
Penthouse		USD /Year	43,200	54,000	68,040	71,442	75,014
Sub total -low season revenue			273,600	356,400	449,064	471,517	495,093
High season							
Three bedrooms			345,600	388,962	453,978	524,563	601,113
Penthouse			62,400	73,741	86,067	99,448	113,961
Sub total -high season revenue			408,000	462,703	540,045	624,011	715,074
Total projected revenue			681,600	819,103	989,109	1,095,528	1,210,167

4.4.1.2 Operating cost

Under the hotel scenario total operational costs will be USD 159,450 in the first year of operations. The amount includes direct and indirect costs as summarized in the table below.

			Year-1	Year-2	Year-3	Year-4	Year-5
Direct Costs	Assumptions						
Maintenance & repair							
Building facilities	5.0%	Annual Rev	34,080	40,955	49,455	54,776	60,508
Furniture	5.0%	Annual Rev	34,080	40,955	49,455	54,776	60,508
Administrative support services	1.0%	Annual Rev	6,816	8,191	9,891	10,955	12,102
Other services	0.1%	Annual Rev	682	819	989	1,096	1,210
Direct Operating Costs		**USD/Year**	**75,658**	**90,920**	**109,791**	**121,604**	**134,329**
% of revenues			11%	11%	11%	11%	11%
Indirect Costs							
Electricity & water	4.0%	Annual Rev	27,264	32,764	39,564	43,821	48,407
Insurance	2.0%	Annual Rev	13,632	16,382	19,782	21,911	24,203
Property tax	0.05%	Invest. Costs	2,000	2,000	2,000	2,000	2,000
Municipal tax	1%	Annual Rev	6,816	8,191	9,891	10,955	12,102
Marketing cost	5%	Annual Rev	34,080	40,955	49,455	54,776	60,508
Indirect Operating Costs			**83,792**	**100,292**	**120,693**	**133,463**	**147,220**
% of revenues			12%	12%	12%	12%	12%
Operating costs			**159,450**	**191,213**	**230,484**	**255,067**	**281,549**
% of revenues			23%	23%	23%	23%	23%

4.4.1.3 Financial Viability Analysis for the Hotel Option

Financial viability of the project shows positive Net Present Value of USD 272,411 and an Internal Rate of Return of 8.9 % which is greater than the discount rate of 8.2% which has been derived from Weighted Average Cost of Capital (WACC). The payback period of the project is expected to 8 years.

4.4.2 Scenario 2- Long Term Rentals

4.4.2.1 Revenue Projections

Under this scenario the following assumptions have been considered:-

a) Rental rate for the 3 bedrooms units is USD 2,800 per month;

b) Rental rate for penthouses is USD 3,400 per month;

c) Rental escalation is 15% every 4 years;

d) Occupancy is 100% from the 3rd year of operations.

Based on these assumptions, the project will generate a total of USD 495,360 in the first year of operations assuming 80% occupancy and the same will escalate to USD 1,082,985 in the 15th year of operations.

First Five Years Revenue Projections for long term rental

				Year 1	Year 2	Year 3	Year 4	Year 5
Rental rate	No of Units	Size(sqm)	USD/Unit					
Three bedrooms type A	**8**	284.83	2,800.00	2,800.00	2,800.00	2,800.00	3,220.00	3,220.00
Three bedrooms type B	**8**	269.68	2,800.00	2,800.00	2,800.00	2,800.00	3,220.00	3,220.00
Penthhouse	**2**	587.36	3,400.00	3,400.00	3,400.00	3,400.00	3,910.00	3,910.00
Occupancy rate			Percentage	80.0%	90%	100%	100%	100%
Rental escalation 15% every 4 yrs			%				15%	
ental Incomes								
Three bedrooms type	**8**	284.83	2,800.00	215,040	241,920	268,800	309,120	309,120
Three bedrooms type	**8**	269.68	2,800.00	215,040	241,920	268,800	309,120	309,120
Penthhouse	**2**	587.36	3,400.00	65,280	73,440	81,600	93,840	93,840
Total Rental Revenue			**USD/Year**	**495,360**	**557,280**	**619,200**	**712,080**	**712,080**

4.4.2.2 Operating Cost

Under this scenario, total operational costs will be USD 60,066.11 in the first year of operations. The amount includes marketing and administration cost, maintenance and repairs, land rent and property tax. In operating the property, service charges will be introduced and be paid by tenants. The service charges will cover services such as security, swimming pool services,

electricity for common services such as lifts and other common areas. Below table shows estimated operational costs for the first five years.

Year			Year-1	Year-2	Year-3	Year-4	Year-5
Operating cost assumptions							
	Maintenance & repairs	of Annual Rental				5.00%	5.00%
	Property tax	of Buildings	22.35	22.35	22.35	22.35	22.35
	Land rent	USD/Sqm/Year	0.11	0.17	0.17	0.17	0.17
	Withholding tax	of Annual Incomes	10.00%	10.00%	10.00%	10.00%	10.00%
	Marketing and Administrativ	of Annual Rental	2.0%	2.0%	2.0%	2.0%	2.0%
Operating Costs							
	Months of Operations		**12**	**12**	**12**	**12**	**12**
	Maintenance & repairs		-	-	-	24,768	27,864
	Marketing and Administrative Costs		9,907	11,146	12,384	14,242	14,242
	Statutory Expenses						
		Property tax	134	134	134	134	134
		Land rent	489	733	733	733	733
		Withholding tax	49,536	55,728	61,920	71,208	71,208
	Statutory Expenses		50,159	56,595	62,787	72,075	72,075
	Total Operating costs		**60,066.11**	**67,740.92**	**75,171.32**	**111,084.92**	**114,180.92**
	Operating cost % of Revenues		12.13%	12.16%	12.14%	15.60%	16.03%

4.4.2.3 Financial Viability Assessment for long term rentals

Financial viability of the project shows positive Net Present Value of USD 866,336 and an Internal Rate of Return of 9.9 % which is greater than the discount rate of 8.84% which has been derived from Weighted Average Cost of Capital (WACC). The payback period of the project is expected to 10.4 years.

4.4.3 Scenario 3: Short Term Rentals

4.4.3.1 Revenue Projections

Under this scenario the following assumptions have been considered:-

e) Rental rate for the 3 bedrooms units is USD 300 per day during weekdays and 450 per day during weekends;

f) Rental rate for penthouses is USD 450 per day during weekdays and USD 650 per day during weekends;

g) Rental escalation is 5% annually;

h) Occupancy is 35% in the first year, 40% in the 2nd year and 45% from the 3rd year during weekdays and 45% in the first year, 55% in the 2nd year and 65% from the 3rd year.

Based on these assumptions, the project will generate a total of USD 1,116,000 in the first year of operations and the same will escalate to USD 2,323,890 in the 10th year of operations.

First Five Years Revenue Projections

			Year-1	Year-2	Year-3	Year-4	Year-5
Revenues Assumptions- Short Term Rentals							
No. of lettable Days							
Week-days			12-months				
Total No. of Days		Days/Year	360	360	360	360	360
Occupancy rates							
Three bedrooms & penthouse		Percentage	35%	40%	45%	45%	45%
No. of Days for letting							
Three bedrooms & penthouse		Days/Year	126	144	162	162	162
Week-ends							
Total No. of Days		Days/Year	104	104	104	104	104
Occupancy rates							
Three bedrooms & penthouse		Percentage	45%	55%	65%	65%	65%
No. of Days for letting							
Three bedrooms & penthouse		Days/Year	47	57	68	68	68
No. of bookings		**Occupancy/Year**	**173**	**201**	**230**	**230**	**230**
BnB rates							
Change in Fees	**5%**	**P.A**					
Week-days	No. of Units	USD/Day					
Three bedrooms & penthouse	16	300	300	315	331	347	365
Penthouse	2	450	450	473	496	521	547
Week-ends		USD/Day					
Three bedrooms & penthouse	16	450	450	473	496	521	547
Penthouse	2	650	650	683	717	752	790
Air BnB Revenue							
Week-days							
Three bedrooms & penthouse		USD/Year	604,800	725,760	857,304	900,169	945,178
Week-ends							
Three bedrooms & penthouse		USD /Year	336,960	432,432	536,609	563,439	591,611
3 berooms revenue		**USD/Year**	**941,760**	**1,158,192**	**1,393,913**	**1,463,608**	**1,536,789**
Week-days							
Penthouse			113,400	136,080	160,745	168,782	177,221
Week-ends							
Penthouse			60,840	78,078	96,888	101,732	106,819
Penthouse Revenue per annum			174,240	214,158	257,632	270,514	284,040
Total projected revenue			1,116,000	1,372,350	1,651,545	1,734,122	1,820,828

4.4.3.2 Operational costs

Under the short stay rentals scenario total operational costs will be USD 172,459 in the first year of operations. The amount includes direct and indirect costs as summarized in the table below.

5 years operational costs

			Year-1	Year-2	Year-3	Year-4	Year-5
Direct Costs	Assumptions						
Maintenance & repair							
Building facilities	5.0%	Annual Rev	47,088	57,910	69,696	73,180	76,839
Furniture	3.0%	Annual Rev	28,253	34,746	41,817	43,908	46,104
Administrative support services	1.0%	Annual Rev	9,418	11,582	13,939	14,636	15,368
Other services	0.1%	Annual Rev	942	1,158	1,394	1,464	1,537
Direct Operating Costs		**USD/Year**	**85,700**	**105,395**	**126,846**	**133,188**	**139,848**
% of revenues			9%	9%	9%	9%	9%
Indirect Costs							
Electricity & water	4.0%	Annual Rev	37,670	46,328	55,757	58,544	61,472
Insurance	2.0%	Annual Rev	18,835	23,164	27,878	29,272	30,736
Property tax	0.05%	Invest. Costs	2,000	2,000	2,000	2,000	2,000
Municipal tax	1%	Annual Rev	9,418	11,582	13,939	14,636	15,368
Marketing cost	2%	Annual Rev	18,835	23,164	27,878	29,272	30,736
Indirect Operating Costs			**86,758**	**106,237**	**127,452**	**133,725**	**140,311**
% of revenues			9%	9%	9%	9%	9%
Operating costs			**172,459**	**211,633**	**254,298**	**266,913**	**280,159**
% of revenues			18%	18%	18%	18%	18%

4.4.3.3 Financial Viability Assessment

Financial viability of the project shows positive Net Present Value of USD 2,257,186 and an Internal Rate of Return of 13.8% which is higher than the discounting rate which is 8.2%. The payback period of the project is expected to 7 years.

PART FIVE

5 RISK ANALYSIS

5.1 Risks associated with Short Term Rentals (Air BnB)

a) Regulatory and Legal Risks

- ✓ Unclear Regulatory Framework: The Tourism Act of 2008 and related regulations do not explicitly classify short-term rentals like Airbnb as tourism facilities, creating ambiguity about licensing requirements. However, the Tanzania Tourism Licensing Authority (TALA) enforces strict registration and licensing for all accommodation providers, including short-term rentals, meaning non-compliance risks legal penalties or shutdown.
- ✓ Mandatory Registration and Licensing: Airbnb operators must register with TALA, comply with safety and hygiene standards, and obtain proper licenses. Failure to register can lead to fines, business closure, or even arrest as the government has recently mandated registration within strict deadlines.
- ✓ Tax Compliance: Hosts must register for tax identification (TIN), declare rental income, and if applicable, register for VAT and charge 18% VAT on rental fees. Non-compliance can result in penalties and interest under the VAT Act.
- ✓ Potential Future Regulations: Tanzania is considering more comprehensive laws specifically regulating short-term rentals, which may introduce additional compliance burdens or restrictions on rental duration and operations.

b) Financial Risks

- ✓ Taxation Burden: Hosts face tax obligations both as individuals and under platform regulations, which may reduce profitability if not properly managed.
- ✓ Costs of Compliance: Meeting licensing, safety, and hygiene standards may require investments in property upgrades or ongoing costs, impacting margins.
- ✓ Market Competition: Increasing regulation could limit the number of days properties can be rented or impose other restrictions, potentially reducing income.

c) **Operational Risks**

- ✓ Enforcement Actions: The government has indicated it will conduct inspections and enforce compliance rigorously, including arresting unregistered operators, posing a risk of sudden business disruption.
- ✓ Reputation and Security: Non-registered or non-compliant listings may lose guest trust, affecting bookings and revenue. Registered properties are more likely to be included in official tourism inventories and attract bookings.
- ✓ Uncertainty for Business Travelers: The Tourism Act excludes travelers earning income locally from the definition of tourists, creating ambiguity about whether business traveler rentals fall under tourism regulations, complicating compliance for hosts targeting this market segment.

5.2 Risks associated with Long Term Rentals

a) **Legal and regulatory risks**

- ✓ Eviction and Dispute Risks: Eviction procedures are regulated and can be lengthy, requiring legal processes that may delay repossession of property. Disputes over rent, maintenance, or lease terms can escalate without clear agreements or legal counsel.
- ✓ Lease Renewal and Termination: Misunderstandings or failure to comply with lease renewal notice periods and terms can lead to conflicts or unintended lease extensions.

b) **Financial Risks**

- ✓ Rental Income Stability: Long-term rentals generally provide stable income but may be affected by tenant default, delayed payments, or vacancies during tenant turnover.
- ✓ Costs of Compliance and Maintenance: Landlords bear costs related to property upkeep, compliance with safety and housing standards, and potential upgrades to meet regulatory requirements, which can impact profitability.
- ✓ Rigidity in adapting changes in the market.

c) **Operational risks**

- ✓ Market Competition: Increasing supply of rental properties in Dar es Salaam may pressure rental rates and occupancy, affecting returns.

PART SIX

6 RECOMMENDATIONS AND CONCLUSION

When deciding between operating a short-term rental (STR) business, such as Airbnb or Hotel, and a long-term rental (LTR) business in Dar es Salaam, several key factors should be considered, balancing profitability, management effort, risk, and regulatory environment.

6.1 Profitability and Income Stability

- ✓ Short-Term Rentals/ Hotel: Typically offer higher income potential per night due to premium rates charged to tourists, business travelers, and digital nomads. However, income is seasonal and market-dependent, leading to fluctuations and less predictable cash flow. Higher operating expenses (cleaning, furnishing, utilities) reduce net profit if not managed carefully.
- ✓ Long-Term Rentals: Provide stable, predictable monthly income with lower vacancy risks and fewer turnover costs. Rent is usually fixed by lease agreements, offering steady cash flow but generally lower per-month revenue compared to STRs.

6.2 Management and Operational factors

- ✓ Short-Term Rentals/Hotel: Require active management including frequent guest communication, marketing, cleaning, and maintenance due to high tenant turnover. This can be time-consuming or costly if outsourced to property managers.
- ✓ Long-Term Rentals: Demand less day-to-day involvement, with tenants responsible for minor upkeep and longer lease terms reducing turnover and marketing needs.

6.3 Usage Flexibility

- ✓ Short-Term Rentals/Hotel: Offer high flexibility; owners can block dates for personal use, adjust pricing dynamically based on demand, and switch between rental types more easily.
- ✓ Long-Term Rentals: Less flexible due to fixed lease terms, limiting owner access to the property during the lease period.

APPENDIX 1: PROJECT COST

Acquisition cost	**2,200,000.00**
RENOVATION COST	
Type	
Completion Costs	4,000,000.00
Add	
External works	**48,000.00**
Swimming Pool	40,000.00
Furniture, equipment & fittings	**200,000.00**
Sub Total	**288,000.00**
Total completion cost (VAT Incl)	**4,288,000.00**
Add: Financing Cost	**557,679.44**
Total Cost	**4,845,679.44**
Total Project Cost	**7,045,679.44**

APPENDIX 2: REVENUE PROJECTIONS-OPTION 1: HOTEL

			Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
No. of occupancy Days												
Low season			8-months									
Total No. of Days		Days/Year	240	240	240	240	240	240	240	240	240	240
High season			4-months									
Total No. of Days		Days/Year	120	120	120	120	120	120	120	120	120	120
Occupancy rates												
Low Season		Percentage	20%	25%	30%	30%	30%	30%	30%	30%	30%	30%
High Season		Percentage	40%	45%	50%	55%	60%	65%	65%	65%	65%	65%
No. of Days for letting												
Low Season		Days/Year	48	60	72	72	72	72	72	72	72	72
High Season		Days/Year	48	54	60	66	72	78	78	78	78	78
No. of bookings low season		**Occupancy/Year**	**96**	**114**	**132**	**138**	**144**	**150**	**150**	**150**	**150**	**150**
No of bookings -high seasn												
Change in rates	**5%**	**P.A**										
Low season	No. of Units	USD/Day										
Three bedrooms	16	300	300	315	331	347	365	383	402	422	443	465
Penthouse	2	450	450	473	496	521	547	574	603	633	665	698
High season		USD/Day										
Three bedrooms	16	450	450	473	496	521	547	574	603	633	665	698
Penthouse	2	650	650	683	717	752	790	830	871	915	960	1,008
Revenue												
Low season												
Three bedrooms		USD/Year	230,400	302,400	381,024	400,075	420,079	441,083	463,137	486,294	510,609	536,139
Penthouse		USD /Year	43,200	54,000	68,040	71,442	75,014	78,765	82,703	86,838	91,180	95,739
Sub total -low season revenue			273,600	356,400	449,064	471,517	495,093	519,848	545,840	573,132	601,789	631,878
High season												
Three bedrooms			345,600	388,962	453,978	524,563	601,113	684,050	718,552	754,793	792,862	832,850
Penthouse			62,400	73,741	86,067	99,448	113,961	129,685	136,225	143,096	150,313	157,895
Sub total -high season revenue			408,000	462,703	540,045	624,011	715,074	813,735	854,777	897,889	943,175	990,745
Total projected revenue			681,600	819,103	989,109	1,095,528	1,210,167	1,333,583	1,400,617	1,471,021	1,544,964	1,622,623

APPENDIX 3: OPERATIONAL COSTS- HOTEL

			Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Direct Costs	Assumptions											
Maintenance & repair												
Building facilities	5.0%	Annual Rev	34,080	40,955	49,455	54,776	60,508	66,679	70,031	73,551	77,248	81,131
Furniture	5.0%	Annual Rev	34,080	40,955	49,455	54,776	60,508	66,679	70,031	73,551	77,248	81,131
Administrative support services	1.0%	Annual Rev	6,816	8,191	9,891	10,955	12,102	13,336	14,006	14,710	15,450	16,226
Other services	0.1%	Annual Rev	682	819	989	1,096	1,210	1,334	1,401	1,471	1,545	1,623
Direct Operating Costs		**USD/Year**	**75,658**	**90,920**	**109,791**	**121,604**	**134,329**	**148,028**	**155,469**	**163,283**	**171,491**	**180,111**
% of revenues			11%	11%	11%	11%	11%	11%	11%	11%	11%	11%
Indirect Costs												
Electricity & water	4.0%	Annual Rev	27,264	32,764	39,564	43,821	48,407	53,343	56,025	58,841	61,799	64,905
Insurance	2.0%	Annual Rev	13,632	16,382	19,782	21,911	24,203	26,672	28,012	29,420	30,899	32,452
Property tax	0.05%	Invest. Costs	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Municipal tax	1%	Annual Rev	6,816	8,191	9,891	10,955	12,102	13,336	14,006	14,710	15,450	16,226
Marketing cost	5%	Annual Rev	34,080	40,955	49,455	54,776	60,508	66,679	70,031	73,551	77,248	81,131
Indirect Operating Costs			**83,792**	**100,292**	**120,693**	**133,463**	**147,220**	**162,030**	**170,074**	**178,523**	**187,396**	**196,715**
% of revenues			12%	12%	12%	12%	12%	12%	12%	12%	12%	12%
Operating costs			**159,450**	**191,213**	**230,484**	**255,067**	**281,549**	**310,058**	**325,543**	**341,806**	**358,887**	**376,826**
% of revenues			23%	23%	23%	23%	23%	23%	23%	23%	23%	23%

APPENDIX 4: PROFIT AND LOSS STATEMENTS- HOTEL

	Year	Year -1	Year -2	Year -3	Year -4	Year -5	Year -6	Year -7	Year -8	Year -9	Year -10
Revenues											
Low season		273,600	356,400	449,064	471,517	495,093	519,848	545,840	573,132	601,789	631,878
High season		408,000	462,703	540,045	624,011	715,074	813,735	854,777	897,889	943,175	990,745
Total Revenue		**681,600**	**819,103**	**989,109**	**1,095,528**	**1,210,167**	**1,333,583**	**1,400,617**	**1,471,021**	**1,544,964**	**1,622,623**
Operating Costs											
Operating costs		159,450	191,213	230,484	255,067	281,549	310,058	325,543	341,806	358,887	376,826
Total Operating Costs		**159,450**	**191,213**	**230,484**	**255,067**	**281,549**	**310,058**	**325,543**	**341,806**	**358,887**	**376,826**
Gross Profit/(Loss)											
		522,150	**627,890**	**758,625**	**840,461**	**928,618**	**1,023,525**	**1,075,075**	**1,129,215**	**1,186,077**	**1,245,797**
Total Gross Profit/Loss		**522,150**	**627,890**	**758,625**	**840,461**	**928,618**	**1,023,525**	**1,075,075**	**1,129,215**	**1,186,077**	**1,245,797**
Gross Margins		77%	77%	77%	77%	77%	77%	77%	77%	77%	77%
EBITDA		**522,150**	**627,890**	**758,625**	**840,461**	**928,618**	**1,023,525**	**1,075,075**	**1,129,215**	**1,186,077**	**1,245,797**
EBITDA Margins		77%	77%	77%	77%	77%	77%	77%	77%	77%	77%
Depreciation		80,000	78,400	76,832	75,295	73,789	72,314	70,867	69,450	68,061	66,700
Profit Before I & T		**442,150**	**549,490**	**681,793**	**765,166**	**854,829**	**951,211**	**1,004,207**	**1,059,765**	**1,118,016**	**1,179,097**
Finance Costs											
USD Term Loan		188,628	153,721	115,351	73,172	26,807	-	-	-	-	-
Total Finance costs		**188,628**	**153,721**	**115,351**	**73,172**	**26,807**	**-**	**-**	**-**	**-**	**-**
Profit Before Tax		**253,523**	**395,769**	**566,442**	**691,994**	**828,022**	**951,211**	**1,004,207**	**1,059,765**	**1,118,016**	**1,179,097**
Taxable Incomes		**253,523**	**395,769**	**566,442**	691,994	828,022	951,211	1,004,207	1,059,765	1,118,016	1,179,097
Provision for Taxation	30%	76,057	118,731	169,932	207,598	248,407	285,363	301,262	317,930	335,405	353,729
Profit After Tax		**177,466**	**277,038**	**396,509**	**484,396**	**579,615**	**665,848**	**702,945**	**741,836**	**782,611**	**825,368**
Dividends	0%	-	-	-	-	-	-	-	-	-	-
Retained Income		**177,466**	**277,038**	**396,509**	**484,396**	**579,615**	**665,848**	**702,945**	**741,836**	**782,611**	**825,368**
Cumulative retained income	0	177,466	454,504	851,013	1,335,409	1,915,024	2,580,872	3,283,817	4,025,653	4,808,264	5,633,632
Net margins		**26%**	**34%**	**40%**	**44%**	**48%**	**50%**	**50%**	**50%**	**51%**	**51%**

APPENDIX 5: PROJECT APPRAISAL INDICATORS-HOTEL

Year:		Year-0	Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Cash InFlows:												
Profit B.I.T		-	442,150	549,490	681,793	765,166	854,829	951,211	1,004,207	1,059,765	1,118,016	1,179,097
Depreciation		-	80,000	78,400	76,832	75,295	73,789	72,314	70,867	69,450	68,061	66,700
Salvage Value												3,268,291
Total InFlow		**-**	**522,150**	**627,890**	**758,625**	**840,461**	**928,618**	**1,023,525**	**1,075,075**	**1,129,215**	**1,186,077**	**4,514,088**
Cash OutFlows:												
Capital Costs		7,045,679.44	-	-	-		-	-		-	-	
Net change in Operating expenses												
Total OutFlow		**7,045,679.44**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net InFlow/(OutFlow)		**(7,045,679.44)**	**522,150**	**627,890**	**758,625**	**840,461**	**928,618**	**1,023,525**	**1,075,075**	**1,129,215**	**1,186,077**	**4,514,088**
Free risk investment with same	**8.23%**											
Net Present Value (NPV)	**272,411**											
Internal Rate of Return (IRR)	**8.9%**											
Return on Investment (ROI)	**18%**		0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.6
Simple Payback Period	**9.0**											
			Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Capital Investments			0	0	0	0	0	0	0	0	0	0
Undiscounted Net Flow			253,523	395,769	566,442	691,994	828,022	951,211	1,004,207	1,059,765	1,118,016	1,179,097
Cumulative Undiscounted Net Flow		-7,045,679	-6,792,157	-6,396,388	-5,829,946	-5,137,953	-4,309,931	-3,358,719	-2,354,512	-1,294,747	-176,731	1,002,366
Normal Payback Period												

APPENDIX 6: REVENUE PROJECTIONS- LONG TERM RENTALS

					AMOUNT IN USD									
					Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental rate		No of Units	Size(sqm)	USD/Unit										
	Three bedrooms type A	**8**	284.83	2,800.00	2,800.00	2,800.00	2,800.00	3,220.00	3,220.00	3,220.00	3,220.00	3,703.00	3,703.00	3,703.00
	Three bedrooms type B	**8**	269.68	2,800.00	2,800.00	2,800.00	2,800.00	3,220.00	3,220.00	3,220.00	3,220.00	3,703.00	3,703.00	3,703.00
	Penthhouse	**2**	587.36	3,400.00	3,400.00	3,400.00	3,400.00	3,910.00	3,910.00	3,910.00	3,910.00	4,496.50	4,496.50	4,496.50
Occupancy rate				Percentage	80.0%	90%	100%	100%	100%	100%	100%	100%	100%	100%
Rental escalation 15% every 4 yrs				%				15%				15%		
Rental Incomes														
	Three bedrooms type	**8**	284.83	2,800.00	215,040	241,920	268,800	309,120	309,120	309,120	309,120	355,488	355,488	355,488
	Three bedrooms type	**8**	269.68	2,800.00	215,040	241,920	268,800	309,120	309,120	309,120	309,120	355,488	355,488	355,488
	Penthhouse	**2**	587.36	3,400.00	65,280	73,440	81,600	93,840	93,840	93,840	93,840	107,916	107,916	107,916
Total Rental Revenue				**USD/Year**	**495,360**	**557,280**	**619,200**	**712,080**	**712,080**	**712,080**	**712,080**	**818,892**	**818,892**	**818,892**

APPENDIX 7: OPERATIONAL COSTS- LONG TERM RENTALS

Year			Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Operating cost assumptions												
	Maintenance & repairs	of Annual Rental				5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
	Property tax	of Buildings	22.35	22.35	22.35	22.35	22.35	22.35	22.35	22.35	22.35	22.35
	Land rent	USD/Sqm/Year	0.11	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
	Withholding tax	of Annual Incomes	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
	Marketing and Administrativ	of Annual Rental	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Operating Costs												
	Months of Operations		**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
	Maintenance & repairs		-	-	-	24,768	27,864	30,960	35,604	35,604	35,604	35,604
	Marketing and Administrative Costs		9,907	11,146	12,384	14,242	14,242	14,242	14,242	16,378	16,378	16,378
	Statutory Expenses											
		Property tax	134	134	134	134	134	134	134	134	134	134
		Land rent	489	733	733	733	733	733	733	733	733	733
		Withholding tax	49,536	55,728	61,920	71,208	71,208	71,208	71,208	81,889	81,889	81,889
	Statutory Expenses		50,159	56,595	62,787	72,075	72,075	72,075	72,075	82,757	82,757	82,757
	Total Operating costs		**60,066.11**	**67,740.92**	**75,171.32**	**111,084.92**	**114,180.92**	**117,276.92**	**121,920.92**	**134,738.36**	**134,738.36**	**134,738.36**
	Operating cost % of Revenues		12.13%	12.16%	12.14%	15.60%	16.03%	16.47%	17.12%	16.45%	16.45%	16.45%

APPENDIX 8 -PROFIT AND LOSS STATEMENTS –LONG TERM RENTALS

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
PROJECTED REVENUES											
Rental Incomes											
		495,360	557,280	619,200	712,080	712,080	712,080	712,080	818,892	818,892	818,892
TOTAL RENTAL INCOME		**495,360**	**557,280**	**619,200**	**712,080**	**712,080**	**712,080**	**712,080**	**818,892**	**818,892**	**818,892**
Less Wthholding Tax		-	-	-	-	-	-	-	-	-	-
Net Incomes		**495,360**	**557,280**	**619,200**	**712,080**	**712,080**	**712,080**	**712,080**	**818,892**	**818,892**	**818,892**
Operating expenses											
Maintenance & repairs		-	-	-	24,768	27,864	30,960	35,604	35,604	35,604	35,604
Marketing and Administrative Costs		9,907	11,146	12,384	14,242	14,242	14,242	14,242	16,378	16,378	16,378
Statutory Expenses		50,159	56,595	62,787	72,075	72,075	72,075	72,075	82,757	82,757	82,757
Operating Costs		**60,066**	**67,741**	**75,171**	**111,085**	**114,181**	**117,277**	**121,921**	**134,738**	**134,738**	**134,738**
Gross Profits		**435,294**	**489,539**	**544,029**	**600,995**	**597,899**	**594,803**	**590,159**	**684,154**	**684,154**	**684,154**
Gross Profits Margins		87.87%	87.84%	87.86%	84.40%	83.97%	83.53%	82.88%	83.55%	83.55%	83.55%
Depreciation		124,000	121,520	119,090	116,708	114,374	112,086	109,844	107,648	105,495	103,385
Total Depreciation		**124,000**	**121,520**	**119,090**	**116,708**	**114,374**	**112,086**	**109,844**	**107,648**	**105,495**	**103,385**
Earning Before Interest & Tax		**311,294**	**368,019**	**424,939.08**	**484,287.27**	**483,525.43**	**482,716.90**	**480,314.63**	**576,506.08**	**578,659.03**	**580,768.92**
Less: Interest Expenses											
Interest on Loan		188,628	153,721	115,351	73,172	26,807	-	-	-	-	-
Sub-total		**188,628**	**153,721**	**115,351**	**73,172**	**26,807**	**-**	**-**	**-**	**-**	**-**
Profit Before Taxes		**122,666**	**214,298**	**309,588**	**411,115**	**456,718**	**482,717**	**480,315**	**576,506**	**578,659**	**580,769**
Taxable Incomes		**122,666**	**214,298**	**309,588**	**411,115**	**456,718**	**482,717**	**480,315**	**576,506**	**578,659**	**580,769**
Provision for Corporate Tax	0%	-	-	-	-	-	-	-	-	-	-
After Tax Profits		**122,666**	**214,298**	**309,588**	**411,115**	**456,718**	**482,717**	**480,315**	**576,506**	**578,659**	**580,769**
Projected Dividends		-	-	-	-	-	-	-	-	-	-
Projeted Retained Incomes		122,666	214,298	309,588	411,115	456,718	482,717	480,315	576,506	578,659	580,769
Cumulative retained income		**122,666**	**336,964**	**646,552**	**1,057,667**	**1,514,385**	**1,997,102**	**2,477,417**	**3,053,923**	**3,632,582**	**4,213,351**

APPENDIX 9: PROJECT APPRAISAL INDICATORS –LONG TERM RENTALS

		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Cash InFlows:																	
	Profit B.I.T		311,294	368,019	424,939	484,287	483,525	482,717	480,315	576,506	578,659	580,769	577,496	687,616	689,602	691,548	811,621
	Depreciation		124,000	121,520	119,090	116,708	114,374	112,086	109,844	107,648	105,495	103,385	101,317	99,291	97,305	95,359	93,452
	Salvage value																
	Total InFlow		**435,294**	**489,539**	**544,029**	**600,995**	**597,899**	**594,803**	**590,159**	**684,154**	**684,154**	**684,154**	**678,813**	**786,907**	**786,907**	**786,907**	**905,073**
Cash OutFlows:																	
	Investment	7,045,679	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Capital Costs	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total OutFlow	**7,045,679**	-	-	-	-	-	-	-	-	-	-	-	-	-		-
Net InFlow/(OutFlow)		**(7,045,679)**	**435,294**	**489,539**	**544,029**	**600,995**	**597,899**	**594,803**	**590,159**	**684,154**	**684,154**	**684,154**	**678,813**	**786,907**	**786,907**	**786,907**	**905,073**
Opportunity cost		**8.84%**															
Net Present Value (TZS)		**866,336**															
Internal Rate of Return		**9.9%**															
Payback Period		**10.41**															
			Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**	**Year 11**	**Year 12**	**Year 13**	**Year 14**	**Year 15**
Capital Investments			435,294	489,539	544,029	600,995	597,899	594,803	590,159	684,154	684,154	684,154	678,813	786,907	786,907	786,907	905,073
Undiscounted Net Flow			435,294	489,539	544,029	600,995	597,899	594,803	590,159	684,154	684,154	684,154	678,813	786,907	786,907	786,907	905,073
Cumulative Undiscounted Net Flow		- 7,045,679	- 6,610,386	- 6,120,846	- 5,576,818	- 4,975,823	- 4,377,924	- 3,783,121	- 3,192,961	- 2,508,808	- 1,824,654	- 1,140,501	- 461,687	325,219	1,112,126	1,899,033	2,804,106
Normal Payback Period																	
Return on Investment																	
Average Returns on Investement			0.06	0.07	0.08	0.09	0.08	0.08	0.08	0.10	0.10	0.10	0.10	0.11	0.11	0.11	0.13
Return on Investment		15%															

APPENDIX 10: REVENUE PROJECTIONS- AIR BNB

			Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Revenues Assumptions- Short Term Rentals												
No. of lettable Days												
Week-days			12-months									
Total No. of Days		Days/Year	360	360	360	360	360	360	360	360	360	360
Occupancy rates												
Three bedrooms & penthouse		Percentage	35%	40%	45%	45%	45%	45%	45%	45%	45%	45%
No. of Days for letting												
Three bedrooms & penthouse		Days/Year	126	144	162	162	162	162	162	162	162	162
Week-ends												
Total No. of Days		Days/Year	104	104	104	104	104	104	104	104	104	104
Occupancy rates												
Three bedrooms & penthouse		Percentage	45%	55%	65%	65%	65%	65%	65%	65%	65%	65%
No. of Days for letting												
Three bedrooms & penthouse		Days/Year	47	57	68	68	68	68	68	68	68	68
No. of bookings		**Occupancy/Year**	**173**	**201**	**230**	**230**	**230**	**230**	**230**	**230**	**230**	**230**
BnB rates												
Change in Fees	**5%**	**P.A**										
Week-days	No. of Units	USD/Day										
Three bedrooms & penthouse	16	300	300	315	331	347	365	383	402	422	443	465
Penthouse	2	450	450	473	496	521	547	574	603	633	665	698
Week-ends		USD/Day										
Three bedrooms & penthouse	16	450	450	473	496	521	547	574	603	633	665	698
Penthouse	2	650	650	683	717	752	790	830	871	915	960	1,008
Air BnB Revenue												
Week-days												
Three bedrooms & penthouse		USD/Year	604,800	725,760	857,304	900,169	945,178	992,437	1,042,058	1,094,161	1,148,869	1,206,313
Week-ends												
Three bedrooms & penthouse		USD /Year	336,960	432,432	536,609	563,439	591,611	621,192	652,251	684,864	719,107	755,062
3 berooms revenue		**USD/Year**	**941,760**	**1,158,192**	**1,393,913**	**1,463,608**	**1,536,789**	**1,613,628**	**1,694,310**	**1,779,025**	**1,867,976**	**1,961,375**
Week-days												
Penthouse			113,400	136,080	160,745	168,782	177,221	186,082	195,386	205,155	215,413	226,184
Week-ends												
Penthouse			60,840	78,078	96,888	101,732	106,819	112,160	117,768	123,656	129,839	136,331
Penthouse Revenue per annum			174,240	214,158	257,632	270,514	284,040	298,241	313,154	328,811	345,252	362,514
Total projected revenue			1,116,000	1,372,350	1,651,545	1,734,122	1,820,828	1,911,870	2,007,463	2,107,836	2,213,228	2,323,890

APPENDIX 11: OPERATIONAL COSTS- AIR BNB

			Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Direct Costs	Assumptions											
Maintenance & repair												
Building facilities	5.0%	Annual Rev	47,088	57,910	69,696	73,180	76,839	80,681	84,715	88,951	93,399	98,069
Furniture	3.0%	Annual Rev	28,253	34,746	41,817	43,908	46,104	48,409	50,829	53,371	56,039	58,841
Administrative support services	1.0%	Annual Rev	9,418	11,582	13,939	14,636	15,368	16,136	16,943	17,790	18,680	19,614
Other services	0.1%	Annual Rev	942	1,158	1,394	1,464	1,537	1,614	1,694	1,779	1,868	1,961
Direct Operating Costs		**USD/Year**	**85,700**	**105,395**	**126,846**	**133,188**	**139,848**	**146,840**	**154,182**	**161,891**	**169,986**	**178,485**
% of revenues			9%	9%	9%	9%	9%	9%	9%	9%	9%	9%
Indirect Costs												
Electricity & water	4.0%	Annual Rev	37,670	46,328	55,757	58,544	61,472	64,545	67,772	71,161	74,719	78,455
Insurance	2.0%	Annual Rev	18,835	23,164	27,878	29,272	30,736	32,273	33,886	35,581	37,360	39,228
Property tax	0.05%	Invest. Costs	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Municipal tax	1%	Annual Rev	9,418	11,582	13,939	14,636	15,368	16,136	16,943	17,790	18,680	19,614
Marketing cost	2%	Annual Rev	18,835	23,164	27,878	29,272	30,736	32,273	33,886	35,581	37,360	39,228
Indirect Operating Costs			**86,758**	**106,237**	**127,452**	**133,725**	**140,311**	**147,227**	**154,488**	**162,112**	**170,118**	**178,524**
% of revenues			9%	9%	9%	9%	9%	9%	9%	9%	9%	9%
Operating costs			**172,459**	**211,633**	**254,298**	**266,913**	**280,159**	**294,067**	**308,670**	**324,004**	**340,104**	**357,009**

APPENDIX 12: PROFIT AND LOSS STATEMENTS-AIR BNB

	Year	Year -1	Year -2	Year -3	Year -4	Year -5	Year -6	Year -7	Year -8	Year -9	Year -10
Revenues											
3 berooms revenue		941,760	1,158,192	1,393,913	1,463,608	1,536,789	1,613,628	1,694,310	1,779,025	1,867,976	1,961,375
Total Revenue		**941,760**	**1,158,192**	**1,393,913**	**1,463,608**	**1,536,789**	**1,613,628**	**1,694,310**	**1,779,025**	**1,867,976**	**1,961,375**
Operating Costs											
Operating costs		172,459	211,633	254,298	266,913	280,159	294,067	308,670	324,004	340,104	357,009
Total Operating Costs		**172,459**	**211,633**	**254,298**	**266,913**	**280,159**	**294,067**	**308,670**	**324,004**	**340,104**	**357,009**
Gross Profit/(Loss)											
3 berooms revenue		**769,301**	**946,559**	**1,139,615**	**1,196,695**	**1,256,630**	**1,319,562**	**1,385,640**	**1,455,022**	**1,527,873**	**1,604,366**
Total Gross Profit/Loss		**769,301**	**946,559**	**1,139,615**	**1,196,695**	**1,256,630**	**1,319,562**	**1,385,640**	**1,455,022**	**1,527,873**	**1,604,366**
Gross Margins		82%	82%	82%	82%	82%	82%	82%	82%	82%	82%
EBITDA		**769,301**	**946,559**	**1,139,615**	**1,196,695**	**1,256,630**	**1,319,562**	**1,385,640**	**1,455,022**	**1,527,873**	**1,604,366**
EBITDA Margins		82%	82%	82%	82%	82%	82%	82%	82%	82%	82%
Depreciation		80,000	78,400	76,832	75,295	73,789	72,314	70,867	69,450	68,061	66,700
Profit Before I & T		**689,301**	**868,159**	**1,062,783**	**1,121,400**	**1,182,841**	**1,247,248**	**1,314,772**	**1,385,572**	**1,459,812**	**1,537,667**
Finance Costs											
USD Term Loan		188,628	153,721	115,351	73,172	26,807	-	-	-	-	-
Total Finance costs		**188,628**	**153,721**	**115,351**	**73,172**	**26,807**	**-**	**-**	**-**	**-**	**-**
Profit Before Tax		**500,674**	**714,438**	**947,432**	**1,048,228**	**1,156,033**	**1,247,248**	**1,314,772**	**1,385,572**	**1,459,812**	**1,537,667**
Taxable Incomes		**500,674**	**714,438**	**947,432**	1,048,228	1,156,033	1,247,248	1,314,772	1,385,572	1,459,812	1,537,667
Provision for Taxation	30%	150,202	214,331	284,230	314,468	346,810	374,174	394,432	415,671	437,944	461,300
Profit After Tax		**350,472**	**500,106**	**663,202**	**733,759**	**809,223**	**873,074**	**920,341**	**969,900**	**1,021,868**	**1,076,367**
Dividends	0%	-	-	-	-	-	-	-	-	-	-
Retained Income		**350,472**	**500,106**	**663,202**	**733,759**	**809,223**	**873,074**	**920,341**	**969,900**	**1,021,868**	**1,076,367**
Cumulative retained income	0	350,472	850,578	1,513,780	2,247,540	3,056,763	3,929,837	4,850,177	5,820,077	6,841,946	7,918,312
Net margins		**37%**	**43%**	**48%**	**50%**	**53%**	**54%**	**54%**	**55%**	**55%**	**55%**

APPENDIX 13: PROJECT APPRAISAL-AIR BNB

Year:		Year-0	Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Cash InFlows:												
Profit B.I.T		-	689,301	868,159	1,062,783	1,121,400	1,182,841	1,247,248	1,314,772	1,385,572	1,459,812	1,537,667
Depreciation		-	80,000	78,400	76,832	75,295	73,789	72,314	70,867	69,450	68,061	66,700
Salvage Value												3,268,291
Total InFlow		**-**	**769,301**	**946,559**	**1,139,615**	**1,196,695**	**1,256,630**	**1,319,562**	**1,385,640**	**1,455,022**	**1,527,873**	**4,872,658**
Cash OutFlows:												
Capital Costs		7,045,679.44	-	-	-		-	-		-	-	
Net change in Operating expenses												
Total OutFlow		**7,045,679.44**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net InFlow/(OutFlow)		**(7,045,679.44)**	**769,301**	**946,559**	**1,139,615**	**1,196,695**	**1,256,630**	**1,319,562**	**1,385,640**	**1,455,022**	**1,527,873**	**4,872,658**
Free risk investment with same	**8.23%**											
Net Present Value (NPV)	**2,257,186**											
Internal Rate of Return (IRR)	**13.8%**											
Return on Investment (ROI)	**23%**		0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.7
Simple Payback Period	**9.0**											
			Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Year-7	Year-8	Year-9	Year-10
Capital Investments			0	0	0	0	0	0	0	0	0	0
Undiscounted Net Flow			500,674	714,438	947,432	1,048,228	1,156,033	1,247,248	1,314,772	1,385,572	1,459,812	1,537,667
Cumulative Undiscounted Net Flow		-7,045,679	-6,545,006	-5,830,568	-4,883,136	-3,834,908	-2,678,875	-1,431,627	-116,855	1,268,717	2,728,528	4,266,195
Normal Payback Period												