

AL BUSTAN UNUNIO

Beach Resort & Conference Hotel

Comprehensive Business Proposal & Financial Feasibility Study

Total Investment

\$8.5M

Target IRR

16.8%

Location

Dar es Salaam

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01

Executive Investment Summary

Strategic overview and investment rationale

Investment

\$8.5M

IRR Target

16.8%

DSCR (Y3)

1.53x

Property

120 Keys

Project Overview

Al Bustan Ununio is a 120-key, 4-star beachfront resort with integrated 300-person conference facilities on 2.5 hectares of prime oceanfront property, 18km from Dar es Salaam CBD. Total investment of USD 8.5M financed 60% debt (USD 5.1M at 11%, 10-year tenor) and 40% equity (USD 3.4M).

The property addresses a critical supply gap in Dar es Salaam's northern corridor—the only integrated resort and conference facility within 5km radius. "Value premium" positioning delivers international 4-star standards at 25-30% discount to Kunduchi competitors while offering superior MICE infrastructure. First-mover advantage provides 18-24 month market lead with strong fundamentals: Tanzania 6%+ GDP growth, expanding middle class, and 12-15% annual MICE segment growth.

Conservative modeling demonstrates 16.8% equity IRR over 12 years with 2.59x equity multiple. Positive EBITDA from Year 1 (USD 340K) stabilizes at 37.5% margin by Year 3. DSCR of 1.53x (Year 3) provides 22% headroom above 1.25x covenant. Break-even occupancy of 52% versus 65% base case creates 13pp safety margin. NPV at 12% discount rate: USD 2.1M.

Creates 80+ permanent jobs (85% local hiring), generates USD 7.2M in tax revenue over 12 years, and achieves 15% carbon reduction below baseline. Local procurement strategy (75% by value) supports Tanzanian SMEs with estimated USD 5-6M annual economic multiplier effect.

RECOMMENDATION: FAVORABLE CONSIDERATION — Financially viable, strategically sound, execution-ready

02

Key Financial Indicators

Base case projections and performance metrics

Cost per Key

\$70,833

✓ Within range

Year 1 Occupancy

42%

Conservative ramp

Stabilized Occ.

65-70%

Year 3+ projection

Average ADR (Y1)

\$95

Competitive

GOP Margin

40%

Above market avg

Break-Even Occ.

52%

13pp safety margin

NPV @ 12%

\$2.1M

Positive value

Payback Period

7.2 Yrs

Industry standard

Metric	Year 1	Year 3	Year 5	Year 12
Revenue (USD M)	2.87	4.88	5.42	7.07
EBITDA Margin	13.9%	37.5%	38.7%	35.7%
Occupancy %	42%	65%	70%	70%
ADR (USD)	95	104	110	148

03

Capital Structure & Investment

Funding composition and deployment strategy

Land & Site Development \$1.2M	14.1%
Construction & Infrastructure \$4.9M	57.5%
FF&E \$1.4M	16.9%
Pre-Opening & Working Capital \$0.5M	5.9%
Contingency \$0.5M	5.5%
TOTAL PROJECT COST \$8.5M	100%

Funding Structure

SENIOR DEBT

\$5.1M

60% LTV | 11% Interest | 10-Year Tenor

EQUITY

\$3.4M

40% of Total | Sponsor + Co-Investors

Debt Service Profile

Grace Period	24 Months
Amortization	8 Years
Avg Annual Service	\$1.0M (Y3-10)

04

Risk Assessment & Mitigation

Comprehensive risk analysis and management strategies

HIGH RISK

Market Demand

Occupancy/ADR shortfall

HIGH RISK

Construction Overrun

Cost & schedule risk

HIGH RISK

Operational Execution

Service quality issues

MEDIUM RISK

Regulatory Delays

Permit approval timing

MEDIUM RISK

FX Volatility

USD/TZS fluctuation

MEDIUM RISK

Climate Events

Coastal flooding risk

MEDIUM RISK

Competitive Entry

New market entrants

MEDIUM RISK

Economic Downturn

Recession impact

LOW RISK

Political Stability

Tanzania stable

Risk Mitigation Framework

Comprehensive strategies deployed: Pre-opening corporate commitments (35-50K room nights), fixed-price construction contracts with 10% contingency, experienced management + 90-day training, 75% local procurement + TZS debt, climate-resilient design + insurance.

Implementation Roadmap

22-month development timeline with critical milestones

1

Months 1-6**Project Preparation & Financing**

Land acquisition, feasibility, financing close

2

Months 6-9**Regulatory & Contractor**

Permits, tender, contract execution

3

Months 9-21**Construction Execution**

Site prep, structure, finishes, FF&E

4

Months 19-22**Pre-Opening Preparation**

Staff recruitment, training, systems

5

Month 22+**Grand Opening & Ramp-Up**

Launch, marketing, occupancy growth

06

Socio-Economic & ESG Impact

Sustainable development and community contribution



Direct Employment

80+

Permanent jobs, 85% local



Tax Revenue (12Y)

\$7.2M

Corporate, PAYE, VAT



Carbon Reduction

15%

48 tons CO₂/year saved



Waste Diversion

59%

Composting + recycling



Local Procurement

75%

Supporting Tanzanian SMEs



Economic Multiplier

\$5-6M

Annual total impact

UN Sustainable Development Goals Alignment

1

No Poverty

4

Quality Education

5

Gender Equality

7

Clean Energy

8

Decent Work

12

Responsible

13

Climate Action

14

Life Below Water

Market Opportunity & Competitive Position

Northern corridor supply gap and strategic positioning

Dar es Salaam Hospitality Market

Tanzania's hospitality sector demonstrates robust fundamentals with 6.5-7.0% annual GDP growth supporting sustained demand. Dar es Salaam, as the commercial capital generating 28% of national GDP, anchors the country's tourism and business travel ecosystem.

Current Market Structure:

Overall occupancy: 63-67% (healthy balance)

- Coastal properties command 15-25% premiums
- Weekend occupancy 20-30pp higher at beach resorts

The northern coastal corridor, particularly Ununio/Tegeta, remains structurally under-supplied

Competitive Positioning Matrix

Property	ADR	Occ%	MICE Cap
Kunduchi Serena	\$165	61%	200
Sea Cliff Resort	\$155	59%	150
AL BUSTAN	\$95-115	65%	300+
Kunduchi Resort	\$95	68%	150
Tegeta Properties	\$60	72%	0

Strategic Value Proposition

- ✓ Only integrated resort + 300-pax conference facility in Ununio corridor
- ✓ 25-30% price discount vs. premium Kunduchi competitors
- ✓ Superior accessibility (18km CBD, 8km airport)
- ✓ First-mover advantage: 18-24 month lead before

competition




Revenue Model & Demand Assumptions

Diversified revenue streams and conservative projections

Revenue Diversification Strategy

Rooms Revenue Y1: 68% Y3: 65%	<i>Occupancy & ADR growth</i>
F&B Revenue Y1: 22% Y3: 24%	<i>Conference catering, dining</i>
Conference & Events Y1: 6% Y3: 7%	<i>MICE market penetration</i>
Spa & Recreation Y1: 2% Y3: 2%	<i>Ancillary services</i>
Other Income Y1: 2% Y3: 2%	<i>Parking, laundry, retail</i>

Target Demand Segmentation

Domestic Corporate MICE Gov't, banks, telecoms, manufacturing	40%
 Domestic Leisure Middle-class families, celebrations	35%
 Regional Tourism  Kenya, Uganda, Rwanda visitors	15%
Transit & Stopover Airport proximity-driven	10%

Conservative Occupancy Assumptions

Year 1: 42% (below market avg) → Year 3: 65% (stabilized) → Year 5+: 70% | Break-even occupancy: 52% provides 13pp safety margin. ADR escalates at 3% p.a. (inflation-indexed), maintaining competitive positioning while capturing pricing power.

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Operating Model & Cost Structure

Efficiency-driven operations delivering superior margins

Organizational Structure

- 4
Executive Management
 GM, Controller, Sales Director, Operations Mgr
- 6
Department Heads
 Chef, Engineer, Housekeeping, Events, Security, HR
- 1
2
Supervisors
 Front desk, F&B, housekeeping, engineering shifts
- 5
8
Operations Staff
 Service delivery across all departments

Total: 80 FTE (Staff-to-Room Ratio: 0.67)

Above 4-star resort benchmark (35-38%) through operational efficiency

GOP Margin: 40%

Operating Cost Structure (Year 3)

Payroll & Related	28% \$1,366 K
Departmental Costs	18% \$878K
Energy & Utilities	8% \$390K
A&G	7% \$342K
Sales & Marketing	6% \$293K
POM	5% \$244K

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12-Year Financial Projections

Comprehensive income statement and cash flow analysis

Line Item	Y1	Y2	Y3	Y5	Y10	Y12
Total Revenue (\$M)	2.87	4.08	4.88	5.42	6.54	7.07
EBITDA (\$M)	0.40	1.14	1.83	2.10	1.84	1.98
EBITDA Margin	13.9%	28.0%	37.5%	38.7%	28.1%	28.0%
Net Income (\$M)	(0.49)	0.18	0.34	0.54	1.01	1.16
Occupancy %	42%	58%	65%	70%	70%	70%
ADR (\$)	95	99	104	110	134	148
RevPAR (\$)	40	57	68	77	94	104
DSCR	0.61x	2.41x	1.53x	1.98x	3.57x	N/A

Key Financial Milestones

- Revenue grows from \$2.9M (Y1) to \$7.1M (Y12) at 8.3% CAGR
 - EBITDA margin stabilizes at 37-39% (Years 3-5), industry-leading performance
 - Positive net income from Year 2 onwards; cumulative profit \$5.8M over 12 years
- Debt fully amortized by Year 10; strong DSCR averaging 2.22x (Years 3-10)

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Debt Service Coverage & Liquidity

Strong cash generation and covenant compliance

Debt Service Coverage Ratio Analysis

Year	EBITDA (\$K)	Debt Service (\$K)	DSCR	Covenant	Status
1	340	561	0.61x	Waived	Interest-only
2	1,350	561	2.41x	Waived	Interest-only
3	1,829	1,199	1.53x	≥1.25x	✓ Compliant
4	1,983	1,128	1.76x	≥1.25x	✓ Strong
5	2,095	1,058	1.98x	≥1.25x	✓ Strong
7	2,248	918	2.45x	≥1.25x	✓ Excellent

Sensitivity Analysis (Year 3)

Scenario	Occupancy	DSCR	Assessment
Base Case	65%	1.53x	22% above covenant
Downside (-10pp)	55%	1.28x	Still compliant
Upside (+10pp)	75%	2.15x	Exceptional coverage

Liquidity & Working Capital

Working Capital Reserve: \$90,000 (2-month operating cushion) **Overdraft Facility:** \$300,000 (unused, available for timing) **Cash Waterfall:** Debt service → FF&E reserves → Tax → Working capital → Distributions

Development Phasing & CAPEX Deployment

Capital Deployment Schedule

Q1 2026	\$950K	Land, Permits <i>Cum: \$950K</i>
Q2 2026	\$680K	Site Prep, Foundation <i>Cum: \$1,630K</i>
Q3 2026	\$920K	Structure to Roof <i>Cum: \$2,550K</i>
Q4 2026		MEP, Envelope <i>Cum: \$3,700K</i>
Q1 2027		Finishes, FF&E Orders <i>Cum: \$4,940K</i>
Q2 2027		FF&E Install <i>Cum: \$6,620K</i>
Q3 2027		Pre-Opening <i>Cum: \$7,910K</i>
Q4 2027	\$590K	Opening <i>Cum: \$8,500K</i>

14 Project Governance & Success Metrics

Oversight structure and performance monitoring framework

Decision-Making Authority

Board of Directors

Strategic decisions, debt refinancing, expansion

General Manager

Operational decisions, pricing, staffing

Board + GM

Major CAPEX (>\$50K), construction changes (>\$25K)

Financial Controller

Supplier contracts (>\$20K), budget compliance

Weekly: Construction progress, KPI tracking

Reporting Protocols

Monthly: GM → Board (financials, variance)

Quarterly: Board meetings, lender compliance

Annual: External audit, strategic review

Key Performance Indicators

Occupancy %

Y1: 42%

Y3: 65%

Y5: 70%

RevPAR (\$)

Y1: 40

Y3: 68

Y5: 77+

GOP Margin

Y1: 14%

Y3: 40%

Y5: 40-42%

DSCR

Y1: 0.61x

Y3: 1.53x

Y5: 2.0x+

Guest Satisfaction

Y1: >85%

Y3: >88%

Y5: >90%

Staff Turnover

Y1: <30%

Y3: <20%

Y5: <15%

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Conditions Precedent & Next Steps

Requirements for final approval and implementation roadmap

Condition Precedent	Status	Target	Responsible
Land Title Verification	Pending	Month 1	Legal Counsel
Environmental Clearance (NEMC)	Pending	Month 6	Env. Consultant
Equity Commitment Evidenced	Pending	Month 3	Sponsor
Debt Terms Confirmation	Pending	Month 6	Financial Advisor
Construction Contract Finalized	Pending	Month 9	Project Manager
Pre-Opening Corporate Commits	Pending	M12-18	Sales Director
Management Team Recruitment	Pending	M6-12	HR Consultant
Market Study Validation	Pending	M2-3	3rd Party

Implementation Roadmap - Next Steps

Immediate (M1-3)	Financial close, regulatory submissions, contractor tender, key hires
Near-Term (M4-9)	EIA approval, building permit, construction contract, site mobilization
Medium-Term (M10-22)	Construction delivery, pre-opening prep, staff training, grand opening





AL BUSTAN
UNUNIO











Investment Recommendation

Conclusion and path forward

RECOMMENDED FOR FAVORABLE CONSIDERATION

This comprehensive feasibility study concludes that Al Bustan Ununio Beach Resort & Conference Hotel is financially viable, strategically sound, and execution-ready.

- ✓ Attractive 16.8% equity IRR and 2.59x multiple
- ✓ Conservative underwriting with 13pp occupancy safety margin
- ✓ First-mover advantage in under-served Ununio corridor
- ✓ Strong ESG credentials and socio-economic impact

Subject to satisfactory due diligence, the project merits progression to financing and development phase.