

**INVESTMENT IN REALSTATE
AND PROPERTY DEVELOPMENT
BUSINESS PLAN**



**Presented for obtaining the
Master in Business Administration**

٢٠٠٨ - ٢٠٠٩

Coach Dr. A. Assaf

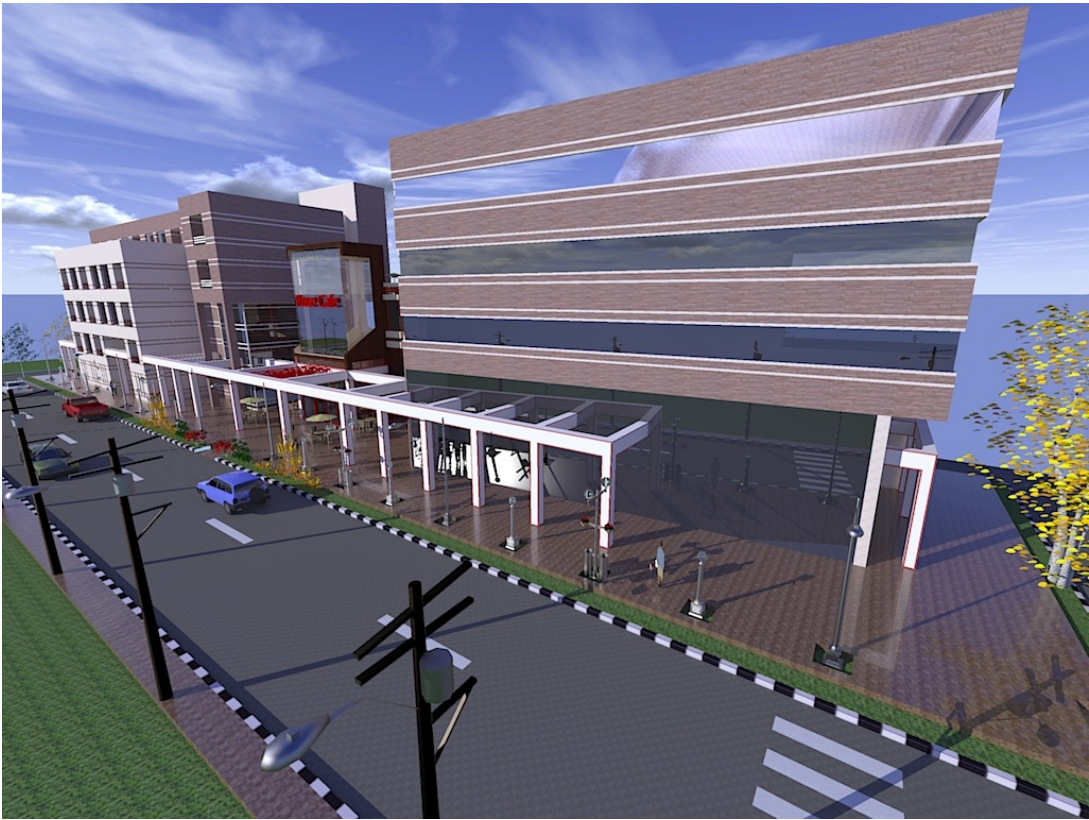
Presented by:

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1. EXECUTIVE SUMMARY

The project consists of the construction of residential and office complexes in one of the best districts of the city of Erbil in Kurdistan Region/Iraq.

Given the recent economic development in this secured region of Iraq, the number of local and foreign businesses has been increasing gradually and therefore the need for such premises has risen dramatically.

PRODUCTS / SERVICES

Through many years of experience I have developed sophisticated bidding, scheduling and materials solutions for some of the most complex construction projects being done today. The company will use versatile and completely adaptable methods for a variety of building configurations.

Owners, investors', developers, construction managers, general contractors, and sub-contractors are expected to realize substantial savings in labor and material costs by using the company's construction methods and systems. Applications include commercial and residential structures.

PROJECT'S BACKGROUND

The project is made up of two main buildings, residential and offices, a show room, a coffee shop, a restaurant with a large basement.

We have obtained a plot of land (2800 Ms²) from the Kurdistan Regional Government in 2006. The design was approved early 2007, as well as the planning permission which was obtained at the same period.

The cost of the project is calculated to be 3,712,000 US dollars, with an estimated annual income of 1,012,000 USD, excluding revenues from the coffee shop, which we shall decide the category, based on the market demand at the time of completion of the project.

The income assumptions are based on the current market price: The office building's rent is estimated at 120 USD/m². The residential building which would comprise 12 apartments is to be rent monthly at 2000 USD each. The rent for the restaurant and stores is estimated at 100 USD/m² and the showroom at \$ 120US/m². For further details please refer to the assumption section in the attached financial statement.

SO FAR ACHIEVED/SPENT

We started the construction task in spring 2007. So far we have achieved about 40 % percent of the entire project: 2100 m² completed: Basement, car park, restaurant, stores and technical rooms. The structure of five floors of Building one has been completed as well representing 500 m² x 5. The total area so far built is 2600m² out of the total construction area of 8,620 m².

project is 3,700,000 US dollars. Please refer to the Financial Statement.

An estimated 6 to 14 months are required to complete the project from reception of funds. All the legal/finance papers, license and planning permission are available upon request.

٢.٠ MR. ASOS DIZYAAE (MANAGER)



Date of Birth: ١٦/٠٥/١٩٦٥ **Location of Birth:** Hawler, Iraq

Qualification: HND, BSC, with honors in UK. North East Further Education (NEFE) & MONE-Picardy University, France.

Occupation: Regional Manager “Korean National Oil Corporation”.

٢.١ OBJECTIVES:

- Significantly expand into the commercial and office building contracting market to improve profit margins and increase local market share.
- Expand services and decrease costs by creating a permanent painting crew, as well as adding a bookkeeper and an accountant to our staff.
- Begin to market and offer services in the Erbil area in preparation for opening a maintenance service and office services.
- To obtain investor funding to purchase and build and development in real estate.
- To rent out that phase one property to provide an income stream enough to pay the loan or dividend to investor or additional income for future projects.

٢.٢ MISSION:

Maintains the highest standards of service in the commercial construction industry, and rent those properties out to provide a stream of incoming for future investments. We will develop unique homes, offices and commercial targeting the discriminating renter who is willing to pay more for a top quality. We seek to be viewed as a highly visible in property development market.

٣.٠ KEYS TO SUCCESS:

The local commercial construction market is booming at the moment. In order to achieve a defendable position in this environment, Fosse must concentrate on the following tasks.

- Expand our customer base through expansion into other geographic areas to retain a sufficient level of profitability.
- To complete the construction work within the schedule time and within the budget amount.
- To find the rental occupants for the building before finishing the construction.
- To prepare the finance and reserve the amount before starting construction.
- To maintain an average ٨٠% occupancy rate each year.

۳.۱ COMPANY SUMMARY

- Gulan project is a start up project that is intending to provide high-level expertise and knowledge in real estate and office services and marketing in the region of Kurdistan. It will focus initially on a commercial property and home facilities.
- We are privately-owned Golan Project “company”, we are relatively small, but have a good understanding of the market, a background in this industry, and a great passion for our work.
- Providing customer with a support service that will allow for more productive time in order to gain clients at a faster pace,

۳.۱.۱ BUSINESS MODEL

A combination of more than one business model is chosen as a preference of how the owners want to operate, and as a response to their market and customer requirements. Gulan malty purpose project models include:

- Main business model will be Renting.
- Will be putting down the foundation for its long term objective of becoming the leading property development investor in Kurdistan and in the region, As a business model in the practice of office space services.
- WE will open its doors for any Investors to participate in our project and respect the term contract and conditions.

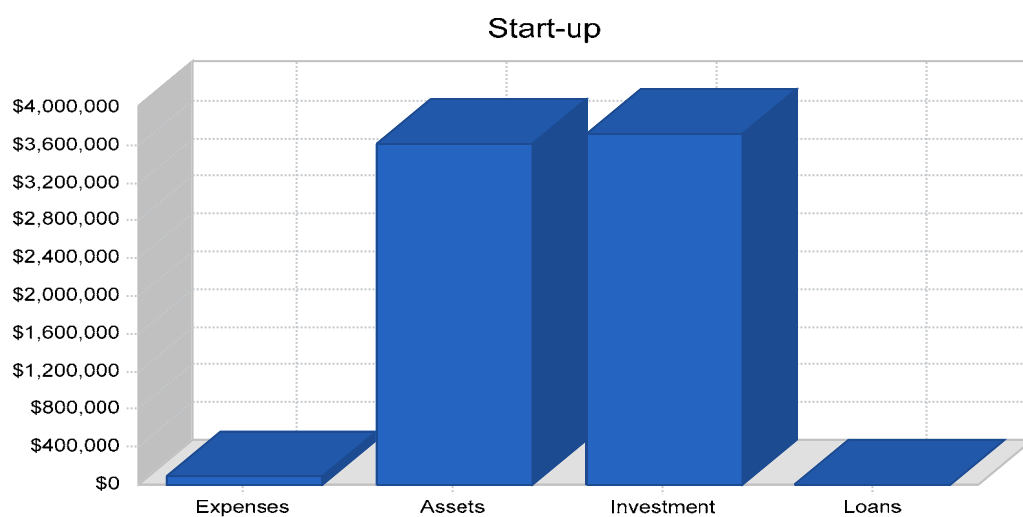
۳.۲ COMPANY OWNERSHIP

Gulan Project will be created as a Limited Liability Company based Erbil, Kurdistan, Iraq. It is owned by its principal investors, will be based on the amount that each of share holder will be participating in the project.

۳.۳ COMPANY START-UP SUMMARY

Our start-up cost are detailed in the following table, it is mainly consisting of the legal preparation and registration of our company as well as outlining ownership, designing, printing and distributing out brochures and flyers, advertising and promotional campaign ads design and airing on Radio, TV as well as daily newspapers for the start-up period of one month extended to the first month of operations. While we have spent more than ۱.۲ million US Dollar to reach to this level of work and we have accomplished ۶۰% of phase one within six month time that will be completed in total.

START-UP	
Requirements	
Start-up Expenses	
Legal	\$2,000
Stationery etc.	\$000
Rent	\$2,000
Computer	\$2,000
Design	\$7,000
Brochures	\$2,000
Advertisement and Promotion	\$0,000
Yard Signs	\$4,000
Others	\$4,000
Total Start-up Expenses	\$92,000
Start-up Assets	
Cash Required	\$3,600,000
Other Current Assets	\$20,000
Long-term Assets	\$0
Total Assets	\$3,620,000
TOTAL REQUIREMENTS	\$3,712,000



۳.۴ COMPANY LOCATIONS AND FACILITIES

The company is located in Erbil, Kurdistan, Iraq as headquarters: The recently rented office is consisting of four rooms and a reception, of around ۱۲۰ square meters which includes an administration unit/meeting space. The company address is main road of Kirkuk Str., Zanko ۹۴, flat No. ۲۲

٤.٠ ENVIRONMENTAL ANALYSIS

٤.١ FACTORS AFFECTING THE MACRO ENVIRONMENT (SOCIETAL OR EXTERNAL INFLUENCES)

We decided to use PESTEL analysis tool to identify the external variables and potential changes that might affect the company business in both short and long terms.

We will also focus on the results of the analysis to identify the possible or potential opportunities and or threats that might affect Gulan Project and alter its business strategy. It is possible to see PESTEL factors as threats. However, we can as well use them as opportunities if it could manage to adapt to the needs of both the clients, governments and regulations.

This detailed PESTEL analysis (if followed accurately) can help project to make appropriate plans to rise to the challenges of a changing external environment. By doing so, we would be able to move forward with confidence and grow its business and successfully meet global as well as local needs and requirements

٤.١.١ POLITICAL FACTORS/FORCES

Government of Kurdistan is counted to be one of the most important factors that affected very much the developing in Kurdistan. Political situation in Kurdistan is linked with other parts of Iraq and Middle East directly. Also new Investment Law is helping and engaging investors in KRG while the potential is the sky limit.

Every four years there are parliamentary elections but we are facing the corruption problems in Government structures. During most recent elections two pressure groups have been raised (Goran/change and Reform), in addition PKK activities against Turkey, and also Kurdish opposition near the border against Iran, all are counted as having negative influence on the overall business opportunities in Kurdistan. Current legislation provides facilities to Real Estate investment sector and promotes business through the law of investment Board. The effect of international pressure groups, ecological and environmental issues in the region is very limited.

In general US international policies affect indirectly but strongly the future relation between Kurdistan region and Iraqi federal government because there are still pending issues have not been solved yet, for example Kirkuk issues on the other hand there is misunderstanding regarding the oil contract/investment with the foreign oil companies in KRG. Finally, the effect of terrorism in the region is very limited in contrary to the other parts of Iraq. The OIL export from KRG directly it has changed the vision of investor while I'm a regional manager for Oil Company now and we are investing heavily in KRG.

٤.١.٢ ECONOMIC FACTORS/FORCES

Property exchange economy situation is going to growth and the economy trends are positive. The overseas economy is not affecting the region directly and not seriously. Our company will not likely to face problems with taxation issues because the system is not active, currently the yearly taxation is fixed by the government regardless of operations, our company annual taxation will be around ٢٥٠٠ \$US, but we have included a ٥% tax in our financial calculation to make it near the international standards of finance and to

make sure that we would not have any issue or problem if the government decided to activate the taxation system anytime in the near future.

International trade and monetary issues are not affecting the region directly due to the lack of stocks exchange market in Kurdistan. There is an employment growth nevertheless Kurdistan is still suffering from unemployment, rate estimated about 10%. The value of Iraqi dinar against US dollar is not fixed nor stable, in addition there is no estimated inflation rate.

The most important point we have high rate of cash flow which in the market will be supportive factor to start our business. The most important season is summer for the business in Kurdistan. **Economically**, as any kind of business, survival depends on the revenue rate to continue to exist, two direct factors are worth to mention here, **listening and responding to demand of the customers** (through opinion research, polling and focus groups as well as panels and customer satisfaction surveys) and paying enough attention to the **taxation policy** of the country.

4.1.3 SOCIO-CULTURAL FORCES/FACTORS

Social changes usually have major impact on real estate business, for project to succeed in fulfilling the needs and requirements of the client and thus keep the business growing; we should take care of the following points:

- **Studying the socio-cultural demographics** of the Kurdistan population, demographics of societies change continuously, understanding the change keeps in the lead and protect its market share, efforts need to be put to keep updated statistics on the demographics of the Kurdistan and Iraq, otherwise we might face the risk of not surviving in business of real estate industry, age, gender, monthly income, ethnic background, employment and the number of family households and family members are important variables to look for when scanning a community environment.
- **Study well the culture and the way of thinking of the target segments**, and not marketing according to the desire of the management, it should be all about the customer and clients.
- **Society's habits and tastes are changing**, we should be prepared for change and adaption to the new raised needs should be the tactic should stick to, to survive and prosper.
- **Focus on foreign companies and investors**, While the economy is booming in KRG and so many large companies took this opportunities to invest in region specially oil companies and that will increase of rent specially in office space.
- **Values** refer to certain beliefs that people have about different forms of behaviour or products. Changes in how a society values an item or behaviour can greatly affect a business.
- The **economic growth** in the region affected the social behavior of consumers and their opinion, and made them to create new attitudes.
- The life style changes and high rate of **population shifts** are supportive factors in our business.

- Due to terrorism the temporary deporting (relocation) from Baghdad and other cities to Kurdistan region that's making Real Estate market more active especially for renting houses.
- The **living standard** has been changed that made the people looking for fashion and new models in their residency, which is the positive factor for us.

4.1.4 TECHNOLOGICAL FORCES/FACTORS

Regarding technology competing development in general, it has not been raised in the region till now. The attitude of consumers to use the internet technology in their transaction has not been matured yet, the idea of having building for an office with fully occupied technology it help companies to think twice on that property than others therefore we are seeking to have the latest technology installing in the building.

4.1.5 ENVIRONMENTAL FORCES/FACTORS

An environmental issue in the region recently has been regulated, the culture of protecting environment in our society is not rooted in the mind of people, there is lack of awareness towards this sector.

The positive point is that ministry of environment has been established since 2005, and it's expected that the environment issue will be more activate and regulated more and more in the near future. Concerning our company in the short term we will not be facing an obstacle in this sector. Our sales rely on **climate changes** and type of environment Kurdistan is having, thus proper attention to the climate and environment of the country would be count as necessary in Gulan Project business progression.

4.1.6 LEGAL FORCES/FACTORS

We having a contract with the Municipality Ministry as a lease holder for the land of 2800m² for 20 years to develop project and its has an advantage of small amount of fee to be paid yearly, about 3 million Iraqi dinar. And disadvantage of these leas is short according on financing the project they prefer 10 years, but in other hand we have verbal approval that we can change this contract to free hold if the project been executed.

With regard to our business we have legal experts and good communication with legal departments and governmental institutes which can be one of the advantages. Many changes in the law stem from government policy that decides to set the **standards of business are expected**. First make sure that all its **services meet these requirements of Kurdistan and up to the international standards to be able to work smoothly and borderless over the net**.

5. SERVICES

Gulan Project offers a comprehensive package of services designed to allow the client to work with one of our managers and create a project the company can carry forward to completion. Some of the myriad services are:

- Design work
- Remodeling and alterations
- Permitting
- Site preparation
- Carpentry and painting
- Cement foundations
- Office services
- Security and Technology
- Exterior renovations
- Subcontractor assessment and evaluation.

6. MARKETING ANALYSIS SUMMARY

Due to the strengthening of the economy in Kurdistan region, more office are required while we use to have only 300 companies up to 1991 but today we have more than 6000 companies, and we don't have a single designed office according to international standard only if these companies build it for them self.

We are poised to take advantage of these changes, and expect to become a recognized name and profitable entity in the Kurdistan real estate market. We chose to locate our office in the area of most revenue potential (Erbil, the capital of Kurdistan, the safest place in Iraq currently). Our targeted market area, Kurdistan region, shows stability and growth. We have a beautiful office, central in Erbil. This location will enable our land mark and will be outstanding design in an area that will allow them to make more money in a shorter period of time.

This previous year home values were up 40% to reach its highest prices ever in Kurdistan in 2008 since 2003, in our booming economy, this jump in the real estate prices was accompanied by increasing the demand and supply and creation of business opportunities, Kurdistan suffered the least from the global crises, where in other countries the homes were being sold for much less than its original worth, the prices and the demand in Kurdistan was increasing, in 2009, a slight decrease in the prices of the houses was encountered as well as slight slowness in the buy/sell movement of houses, but that was accompanied by a jump in the demand for land and the affinity to build houses for residence with the decrease of the building material prices and the provision of new lands available for sell in new areas of Kurdistan in the shadow of the city master plan to expand the residential zones to move outside the cities skirts.

The Erbil KRG area is booming at this moment, overall business growth over the past six years has averaged approximately 12% per year and is expected to continue for at least the next four years. This constitutes an attractive market for investors.

We will be concentrating on the customers that will provide us with the greatest margin, in other words those clients desiring office building construction. This is the fastest growing segment of all the commercial clients requiring our services. The other categories we will serve include the restaurant and special facilities segments, along with a segment we will call the general category, to serve all other potential commercial clients.

٦.١ MARKET SEGMENTATION

At the moment our potential list of clients includes all the various businesses in the Erbil area and its suburbs. According to the Erbil trade House Registration, there are Over ٦,٠٠٠ firms of all types and sizes in the surrounding area. We will concentrate on the customers that can provide us with the greatest margin, in other words those clients desiring office building construction.

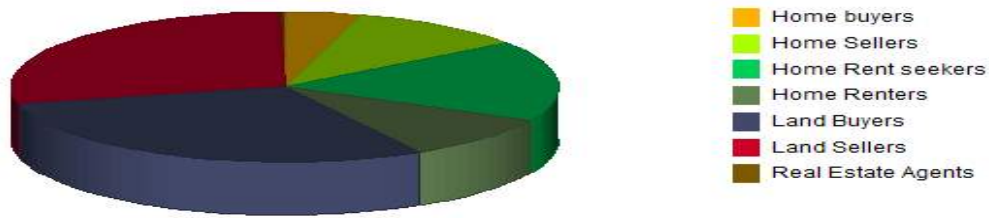
This is the fastest growing segment of all the commercial clients requiring our services. The other categories that we will serve include the restaurant segment, the special facilities segment, such as Café and Show Rooms and a category which we will call "general", encompassing all other potential commercial clients.

٦.٢ TARGET MARKET SEGMENT STRATEGY

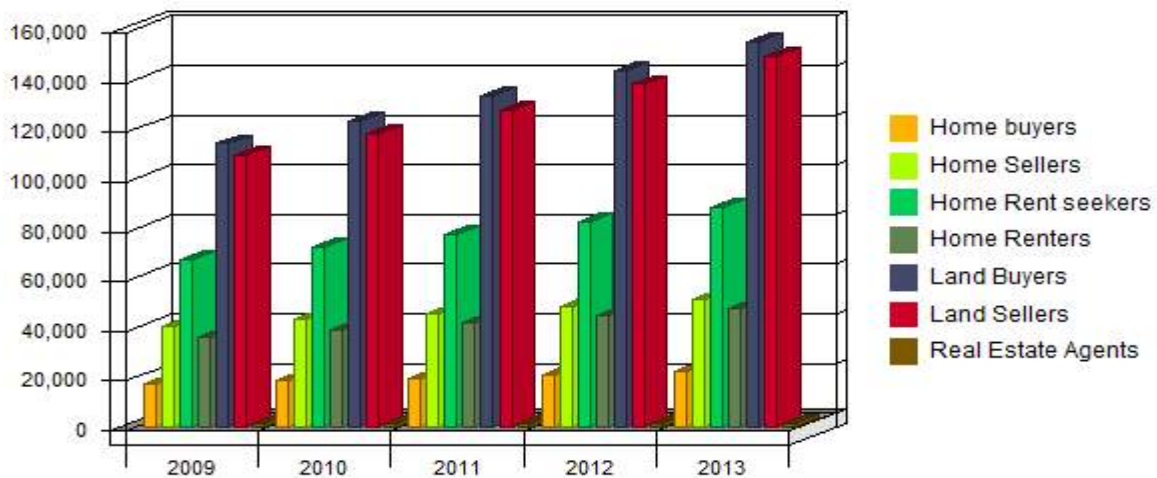
Since office building construction has the highest average profit margin, we will focus most of our marketing and servicing toward these customers. Usually these clients require the largest projects in scope, land use, and cost. In addition, they tend to be the most sensitive to completion times. Therefore, we plan to accommodate these clients through a well established and expeditious permitting program, strict cost accounting and supply management, and intensive and comprehensive project management capitalizing on our experience in the field.

- A. Our most important market segment would be the companies, Banks, Universities, governmental offices, and diplomatic buries. These clients will rent the property and will designed interior according to their requirements.
- B. Taking advantage from the overall construction efforts in Kurdistan and investment encouraging efforts.
- C. Individuals desiring to lease will also be guided to lease properties of their matching criteria needs.

Market Analysis							
		٢٠٠٩	٢٠١٠	٢٠١١	٢٠١٢	٢٠١٣	
Potential Customers	Growth						CAGR
Home buyers	٦%	١٧,٣٨٩	١٨,٤٣٢	١٩,٥٣٨	٢٠,٧١٠	٢١,٩٥٣	٦.٠٠%
Home Sellers	٦%	٤٠,٥٧٤	٤٣,٠٠٩	٤٥,٥٩٠	٤٨,٣٢٥	٥١,٢٢٥	٦.٠٠%
Home Rent seekers	٧%	٦٧,٤٢١	٧٢,١٤٠	٧٧,١٩٠	٨٢,٥٩٣	٨٨,٣٧٥	٧.٠٠%
Home Renters	٧%	٣٦,٣٠٣	٣٨,٨٤٥	٤١,٥٦٤	٤٤,٤٧٣	٤٧,٥٨٦	٧.٠٠%
Land Buyers	٨%	١١٣,٨٤٨	١٢٢,٩٥٦	١٣٢,٧٩٢	١٤٣,٤١٥	١٥٤,٨٨٨	٨.٠٠%
Land Sellers	٨%	١٠٩,٣٨٤	١١٨,١٣٥	١٢٧,٥٨٦	١٣٧,٧٩٣	١٤٨,٨١٦	٨.٠٠%
Real Estate Agents	٤%	١,٢٠٠	١,٢٤٨	١,٢٩٨	١,٣٥٠	١,٤٠٤	٤.٠٠%
Total	٧.٤٣%	٣٨٦,١٢٠	٤١٤,٧٦٥	٤٤٥,٥٥٨	٤٧٨,٦٥٩	٥١٤,٢٤٧	٧.٤٣%



Market Analysis (Bar).

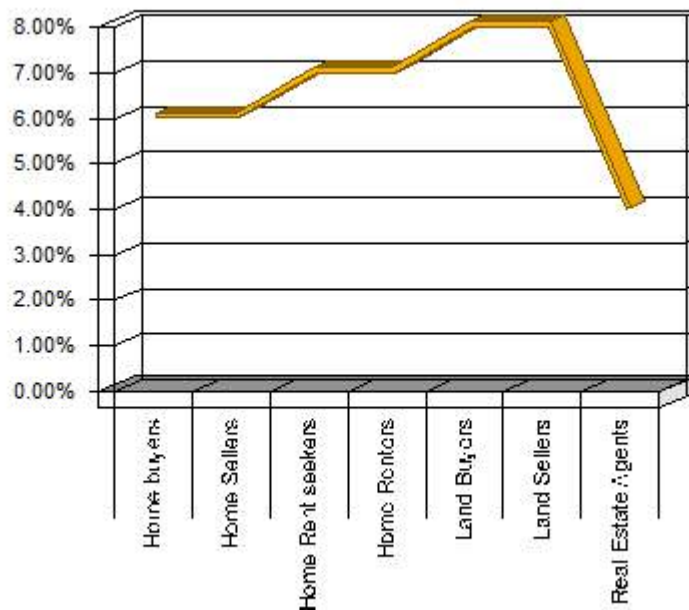


Market Analysis (C.A.G.R).

We cannot survive just waiting for the customer to come to us. Instead, we must get better at focusing on the specific market segments whose needs match our offerings. Focusing on targeted segments is the key to our future. Therefore, we need to focus our marketing message and our services offered. We need to develop our message, communicate it, and make good on it.

We will focus on markets needs in Kurdistan region and surrounding areas as a beginning, our target market would defiantly expand after the first three years to include the whole country and other investment opportunity in neighbouring countries. Our target customer will be, and our concentration will focus on the representation of, other investors in this filed.

To be the success we are striving to become this company realizes it must place a tremendous concentration on it's in office services buildin



٦.٣ MARKET NEEDS

- Commitment and thus being true to the word promised and continuous follow up to create and maintain customer and client satisfaction and promote loyalty
- Provision of a high quality properties (Office spaces, High Class Restaurants, Good Fast Food Restaurants and Coffee shop with good standard)
- Provision of an excellent marketing strategies and techniques, and ability to deliver personal consulting, professionalism and a follow up system
- Coordination and matching between the demand and supply in a quick and more organized way, which should be a short cut that avoids the current time and efforts loss for anyone who is trying either invest or rent with us, wide network can guarantee the convenience in such issue and would quickly work on finding successful deals across Kurdistan market.
- Safety and security, clients and customers of the real estate business are very concerns with the legal services and guarantees provided situation, our firm will be providing legal expertise in the fields of contracting and property registration with the government.

٦.٤ MARKET TRENDS

This industry is constantly evolving and leaving many inflexible companies stagnant. One of the major trends is the need to adapt to technological advancements as well as maintaining the overall appearance and condition of the complexes.

Another important trend is adapting to higher density office buildings, Gulan Project, is dedicated to following these trends while maintaining the level of comfortable liveability that sets us apart from our competitors.

Annual and continuous market research efforts will be maintained to detect any possible change in these trends or the possibility of new trends arising.

٦.٥ MARKET GROWTH

Market is generally growing in Kurdistan, but in different rates, the growth rate of the House selling/buying is ٦%, while for the rent it is ٧%, the highest growth rate is for the Lands Sell/Buy of ٨%, Agents numbers increasing in a growth rate of around ٤%. And commercials around ٢٦%. These figures are updated and estimated from the rates of growth in the industry available since ٢٠٠٤

٧.١ SWOT ANALYSIS

Gulan Project has valuable **strengths** that will help it succeed. These strengths include: a knowledgeable personnel with previous experience of the property development business and a clear vision of the market need through the use of the most accurate marketing intelligence information obtained from a periodically conducted market research through a sophisticated methodologies, we are the first developer to explore this field in Kurdistan region, and establish a reliable, most updated and technological communication of properties and investment opportunities taking benefit.

Weaknesses soon we will have a copy cat on the smiler business in Kurdistan we are very good of coping each other's we are not a creative by nation.

Opportunities growing population of Kurdistan that leads to growing need for housing, growing economy of Kurdistan and the influx of the investors to the region. ٢٧ oil companies registered in KRG to invest heavily and surly interested in offices spaces.

Threats we should be aware of include, emerging local competitors, and the lack of knowledge of using high standard of office services, within our potential clients and customers and should work on more awareness and promotional efforts to market the idea of our business.

٧.١ STRENGTHS

- We will be the first to explore this field in Kurdistan region, and establish a reliable, most updated and accurate database of properties and investment opportunities taking benefit from the already existing and numerous numbers of office services working.
- Use the most accurate marketing intelligence information obtained from a periodically conducted market research through sophisticated methodologies.
- Clear vision of the market need. IRE knows exactly what it takes to build. We know the customers, we know the technology, and we know how to build the service that will bring the two together.
- Knowledgeable and friendly staff. We've gone to great lengths to find people with a passion for the business.
- Advertising and specially in the Airport (close to the coming investors)
- Well designed, the building according to customers.

٧.٢ WEAKNESSES

Cash flow continues to be unpredictable accurately, and since the beginning of the global prices. Running out of cash, if we don't rent out on time. No mortgages facilities or loan bank. Top management staff is all residing in Erbil, leading to lack of representation and communication in other parts of KRG.

٧.٣ OPPORTUNITIES

١. We are the pioneer in the field of office service spaces in Kurdistan, and serious competition can be mentioned so far.
٢. High rate of economic growth in the region.
٣. Improving level of the life, and business offices.
٤. High growth rate of population.
٥. Increasing the number of above ١^ population of Kurdistan.
٦. Security situation is very safe in Kurdistan comparing to rest of Iraq.
٧. Erbil has been the most important city of Iraq, and it is the capital of Kurdistan, counted as well as the industrial and trade centre of Iraq.
٨. Facilities provided for investors through creating investment law in Kurdistan.
٩. Developing of improved banking systems in Kurdistan.
١٠. Oil pumping directly from Kurdistan which attracts foreigner investors.
١١. The presence of two main international airports in Kurdistan (Erbil International Airport & Sulaymani International Airport) which facilitated the entrance of investors to the region.

٧.٤ THREATS

١. Instability of political and security situation in Iraq and the neighbouring countries (like Iran, Turkey and Syria)
٢. Decreasing the price of oil globally which might seriously endanger the country GDP and the average income and expenditures?
٣. External threats from neighbouring countries (Turkey/ PKK problem, Iran, Syria).
٤. New internal or external competitors.
٥. Deporting of the Iraqis abroad due to the instable security situation.
٦. Possible political instability in Kurdistan after the most recent elections and the presence of the opposition movements currently in Parliament.
٧. Hard to convince the people of Kurdistan in changing their attitudes and the existing trends.
٨. Instable currency exchange rate (USD & ID).
٩. Lack of a developed infrastructure (Paved Streets, electricity lines, water and sewage draining network).

٧.٥ STRATEGY PYRAMID

We will develop and provide a living environment of unmatched proportion. It starts with the commitment to customer satisfaction and fulfilling their demands.

Our commitment to quality and comfort includes safety (Optimize legal guarantees). The aspect of our working developments that differentiate from all others companies is our focus on maintaining the most advanced technological innovations on the market for our tenants.

٧.٦ COMPETITIVE EDGE

In the construction industry the primary ways to compete are through low cost or better project management. One of the most important processes for winning a contract is the bid process. It will have a unique competitive edge over most of its competitors.

Hana Company is a contractor is a family business and the director is Mr. Rizgar Ahmad and myself is a marketing manager while I'm a regional manager for the largest oil company in KRG. With these knowledge and expiries we will be able to make the project succeed.

Clearly, our competitive edge is the customer service experience and approach that our management team will bring to the table, being experienced in the business development, along together with the convenience, quick and reliable results of the quality service we provide.

4.7 MARKETING STRATEGY

Our plans to market itself through a variety of methods. First, the company will use a referral system with local businesses. We will also air radio spots and publish ads in a variety of commercial construction trade magazines. In addition we will leverage our pre-existing contacts with the local real estate companies. Finally, as a member of the local construction association union.

Our target customer will be, and our concentration will focus on the representation of, Oil companies, Large foreigner companies, Government Bureau, Privet colleges, Embassies, Internationals Companies And local joint investors.

To be the success we are striving to become this company realizes it must place a tremendous concentration, and assisted to the best of our ability.

4.8 SALES STRATEGY

The most critical part of sales is not the marketing, but the bidding process, in which companies offer their designs, services, material quality, project timeline estimates, and costs. The company that offers the best combination of these variables is the most likely to get the contract. Therefore very detailed project planning, including supply agreements, labor needs, subcontractors, presentation, and other factors, is crucial for Fosse in winning contracts. We will be designing a standardized method for doing this with all our contracts, with an emphasis on quality, timeliness, and low cost to outbid our competitors.

4.9 SALES FORECAST

Table: Sales Forecast

<i>Sales Forecast</i>			
	2010	2011	2012
Sales			
Rent the Building No. 1	\$370,000	\$370,000	\$370,000
Rent the Building No. 2 (Coffee Shop)	\$48,000	\$48,000	\$48,000
Rent the Building No. 3 (Show Room & Appartments)	\$486,000	\$486,000	\$486,000
Total Sales	\$904,000	\$904,000	\$904,000
Direct Cost of Sales			
Building No. 1	\$1,000,000	\$.	\$.
Building No. 2	\$192,000	\$.	\$.
Building No. 3	\$1,944,000	\$.	\$.
Subtotal Direct Cost of Sales	\$2,936,000	\$.	\$.

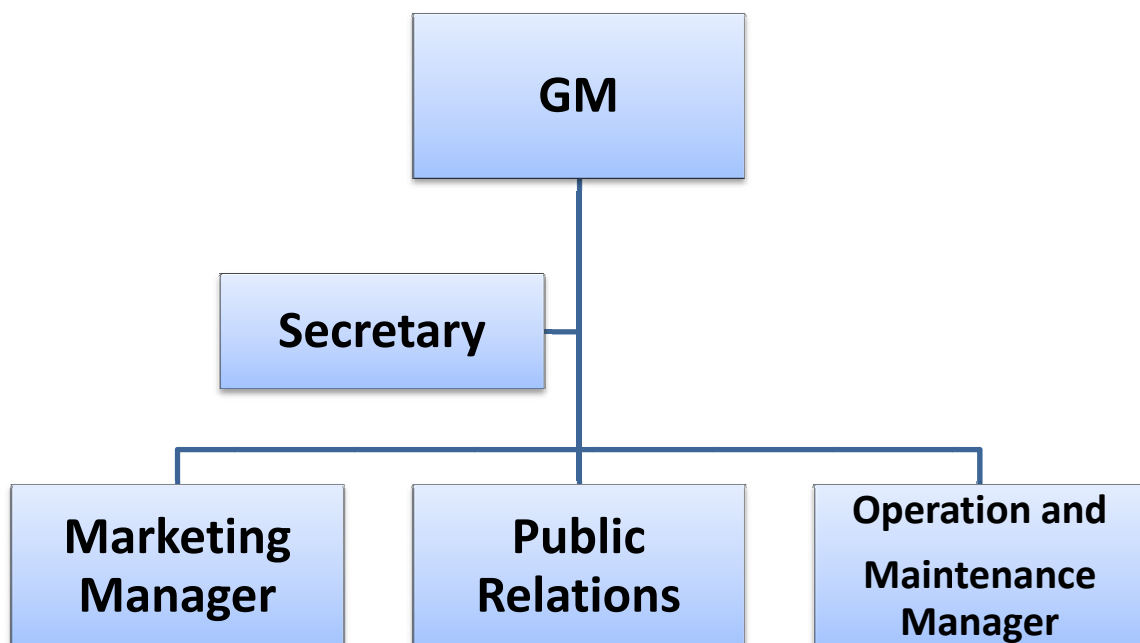
8.1 MANAGEMENT SUMMARY

Hana Co. Ltd. will start the company with total of 10 employees for our first year of plan, with 3 managers (GM Finance and Legal, Marketing/Sales and Public relations), supervised by a General Manager, the company's General Project Manager, coordinating all project management and concentrating on cost controls, suppliers, day-to-day project supervision, labor relations, etc. Our office manager, handling client satisfaction, invoicing, permitting, and general book keeping. Most of our labor needs will be met through Contractor-Temps a nationwide temporary labor company.

The company is planning to expand it personnel to add a number of job superintendents as soon as the number of projects increases. These superintendents will have the following duties:

- Direct supervision of all work at the job site.
- Quality control.
- Scheduling subcontractors and material deliveries.
- Verifying and insuring that all work is done in accordance with plans.
- Insuring that all work is performed in accordance with all BS guidelines.
- In addition, as business increases, we will hire additional job superintendents and project managers as needed. Secertery.
-

8.1 ORGANIZATIONAL STRUCTURE AND CHART



9.1 FINANCIAL PLAN

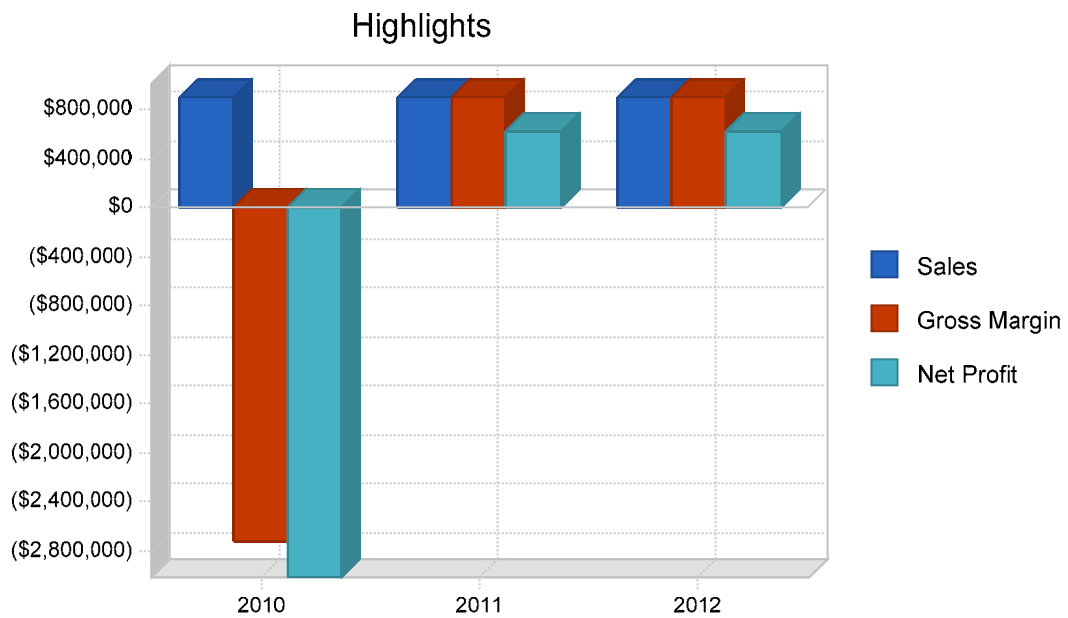
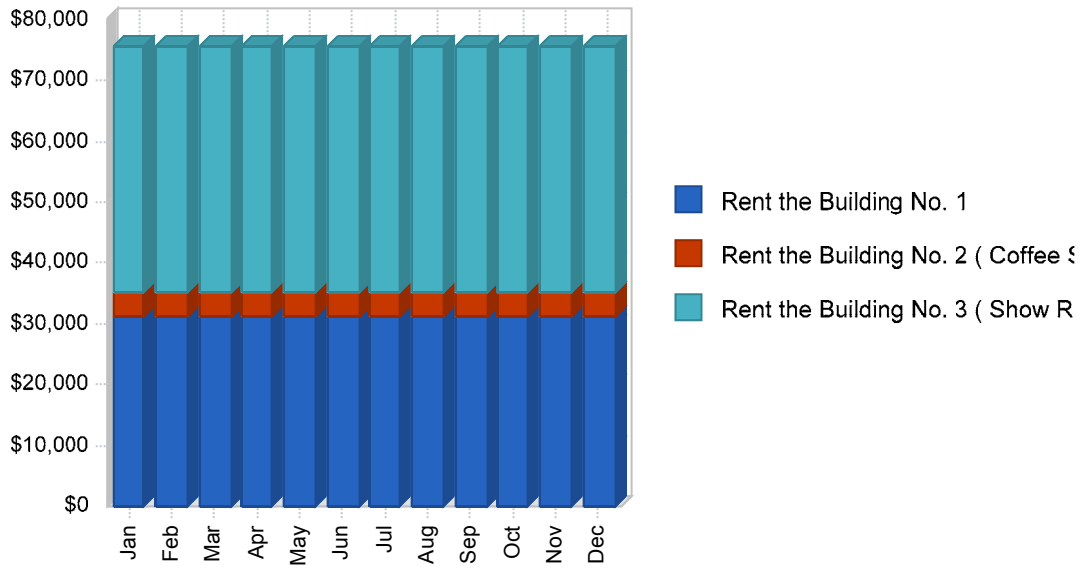


TABLE: SALES FORECAST

<i>Sales Forecast</i>			
	2.1.	2.11	2.12
Sales			
Rent the Building No. 1	\$370,000	\$370,000	\$370,000
Rent the Building No. 2 (Coffee Shop)	\$48,000	\$48,000	\$48,000
Rent the Building No. 3 (Show Room & Appartments)	\$487,000	\$487,000	\$487,000
Total Sales	\$905,000	\$905,000	\$905,000
Direct Cost of Sales			
Building No. 1	\$1,000,000	\$.	\$.
Building No. 2	\$192,000	\$.	\$.
Building No. 3	\$1,944,000	\$.	\$.
Subtotal Direct Cost of Sales	\$2,936,000	\$.	\$.

Sales Monthly



Sales by Year

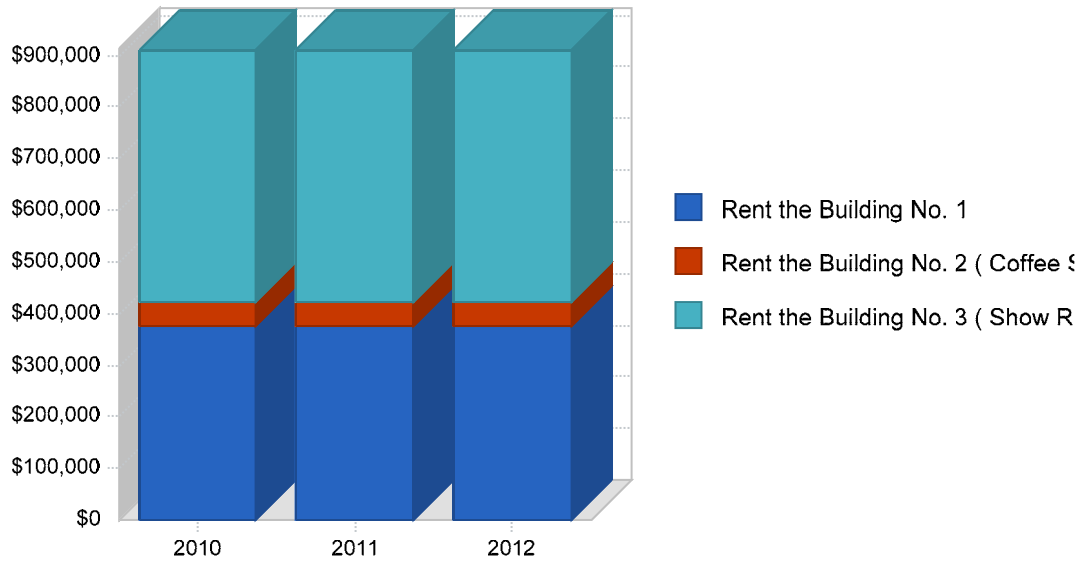


TABLE: PERSONNEL

Personnel Plan	2010	2011	2012
General Manager	\$36,000	\$36,000	\$36,000
Public Relation Manager	\$24,000	\$24,000	\$24,000
Marketing Manager	\$20,000	\$20,000	\$20,000
Operation and Maintenance Manager	\$31,200	\$31,200	\$31,200
Team Assistant (12)	\$72,000	\$72,000	\$72,000

Total People	16	16	16
Total Payroll	\$193,200	\$193,200	\$193,200

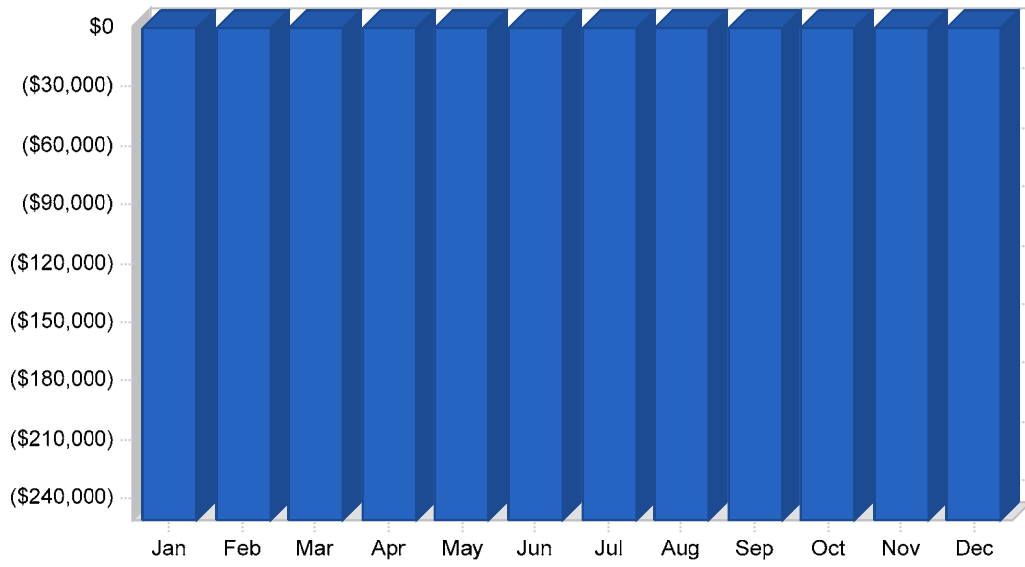
TABLE: START-UP FUNDING

<i>Start-up Funding</i>	
Start-up Expenses to Fund	\$92,000
Start-up Assets to Fund	\$2,720,000
Total Funding Required	\$2,712,000
Assets	
Non-cash Assets from Start-up	\$20,000
Cash Requirements from Start-up	\$2,700,000
Additional Cash Raised	\$0
Cash Balance on Starting Date	\$2,700,000
Total Assets	\$2,720,000
Liabilities and Capital	
Liabilities	
Current Borrowing	\$0
Long-term Liabilities	\$0
Accounts Payable (Outstanding Bills)	\$0
Other Current Liabilities (interest-free)	\$0
Total Liabilities	\$0
Capital	
Planned Investment	
Owner	\$212,000
Owner	\$000,000
Owner	\$2,000,000
Additional Investment Requirement	\$000
Total Planned Investment	\$2,712,000
Loss at Start-up (Start-up Expenses)	(\$92,000)
Total Capital	\$2,720,000
Total Capital and Liabilities	\$2,720,000
Total Funding	\$2,712,000

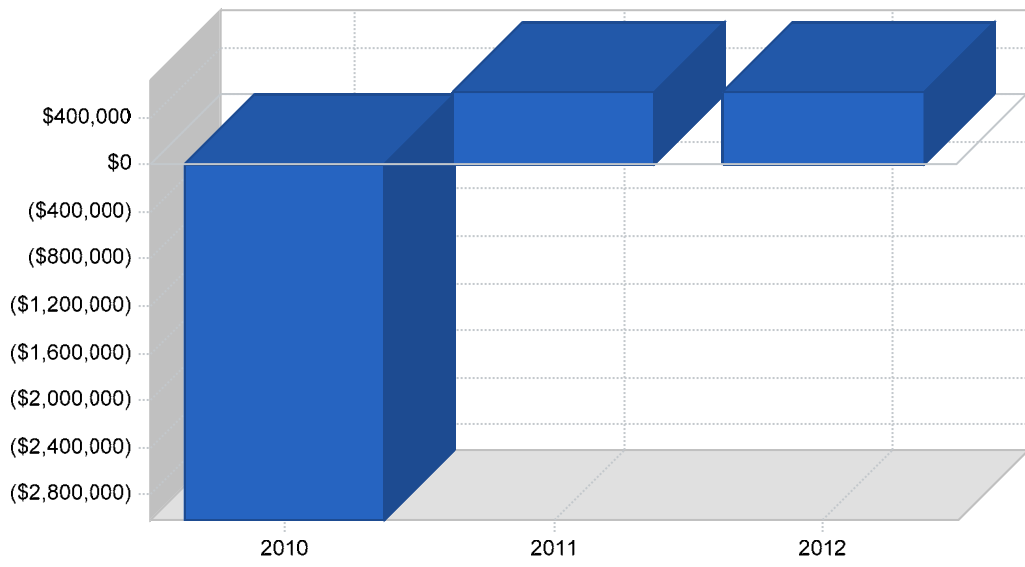
TABLE: PROFIT AND LOSS

<i>Pro Forma Profit and Loss</i>			
	2.10	2.11	2.12
Sales	\$9.9,...	\$9.9,...	\$9.9,...
Direct Cost of Sales	\$3,636,...	\$.	\$.
Other Costs of Sales	\$.	\$.	\$.
Total Cost of Sales	\$3,636,...	\$.	\$.
Gross Margin	(\$2,727,...	\$9.9,...	\$9.9,...
Gross Margin %	-30.00%	100.00%	100.00%
Expenses			
Payroll	\$193,2..	\$193,2..	\$193,2..
Marketing/Promotion	\$.	\$.	\$.
Depreciation	\$36,...	\$36,...	\$36,...
Rent	\$2,796	\$2,796	\$2,796
Utilities	\$12,...	\$12,...	\$12,...
Insurance	\$6,...	\$6,...	\$6,...
Payroll Taxes	\$28,98.	\$28,98.	\$28,98.
Maintenance	\$7,2..	\$7,2..	\$7,2..
Total Operating Expenses	\$286,176	\$286,176	\$286,176
Profit Before Interest and Taxes	(\$3,013,176)	\$622,824	\$622,824
EBITDA	(\$2,977,176)	\$608,824	\$608,824
Interest Expense	\$.	\$.	\$.
Taxes Incurred	\$.	\$.	\$.
Other Income			
Other Income Account Name	\$.	\$.	\$.
Other Income Account Name	\$.	\$.	\$.
Total Other Income	\$.	\$.	\$.
Other Expense			
Other Expense Account Name	\$.	\$.	\$.
Other Expense Account Name	\$.	\$.	\$.
Total Other Expense	\$.	\$.	\$.
Net Other Income	\$.	\$.	\$.
Net Profit	(\$3,013,176)	\$622,824	\$622,824
Net Profit/Sales	-331.48%	68.02%	68.02%

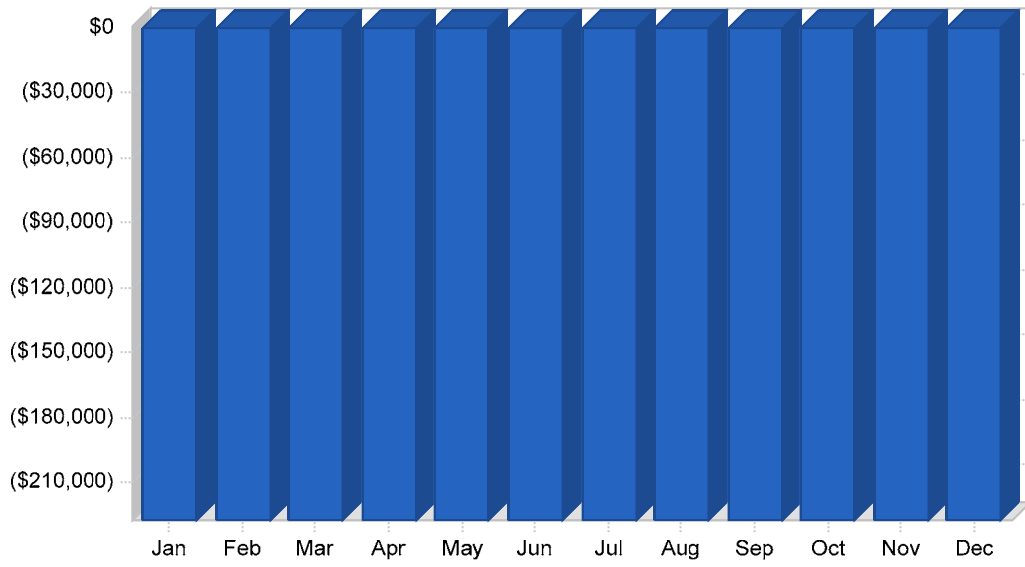
Profit Monthly



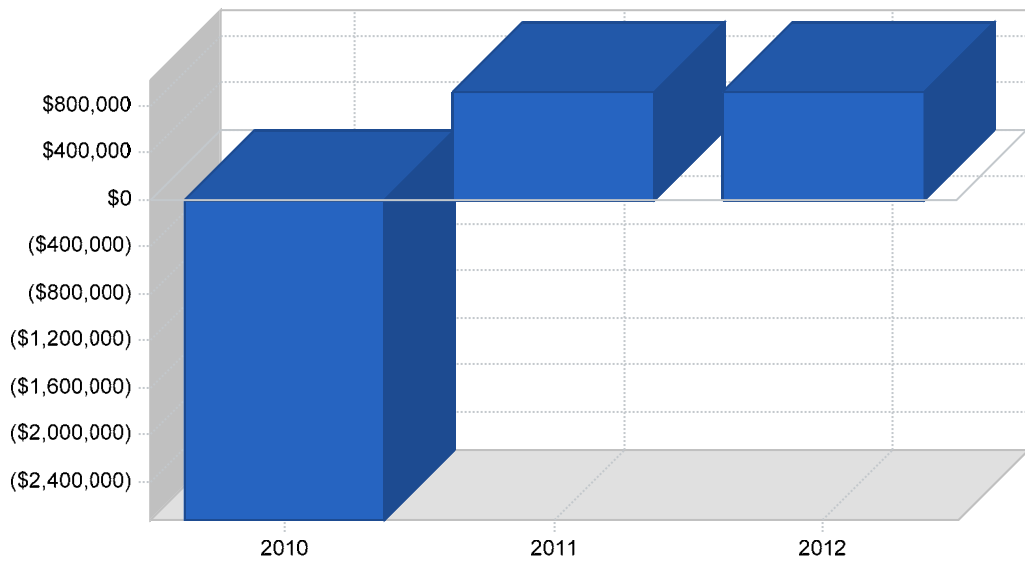
Profit Yearly



Gross Margin Monthly



Gross Margin Yearly



Cash

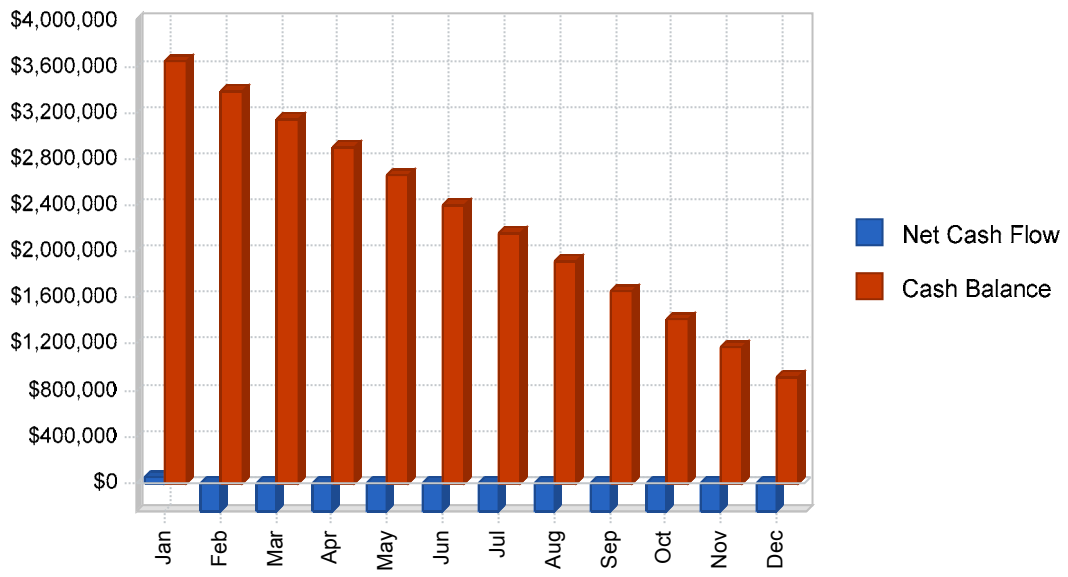


TABLE: CASH FLOW

<i>Pro Forma Cash Flow</i>			
	2010	2011	2012
Cash Received			
Cash from Operations			
Cash Sales	\$9.9,000	\$9.9,000	\$9.9,000
Subtotal Cash from Operations	\$9.9,000	\$9.9,000	\$9.9,000
Additional Cash Received			
Non Operating (Other) Income	\$.	\$.	\$.
Sales Tax, VAT, HST/GST Received	\$.	\$.	\$.
New Current Borrowing	\$.	\$.	\$.
New Other Liabilities (interest-free)	\$.	\$.	\$.
New Long-term Liabilities	\$.	\$.	\$.
Sales of Other Current Assets	\$.	\$.	\$.
Sales of Long-term Assets	\$.	\$.	\$.
New Investment Received	\$.	\$.	\$.
Subtotal Cash Received	\$9.9,000	\$9.9,000	\$9.9,000
Expenditures			
Expenditures from Operations			
Cash Spending	\$193,200	\$193,200	\$193,200
Bill Payments	\$3,390,487	\$349,783	\$07,977
Subtotal Spent on Operations	\$3,088,787	\$042,983	\$20,177
Additional Cash Spent			
Non Operating (Other) Expense	\$.	\$.	\$.
Sales Tax, VAT, HST/GST Paid Out	\$.	\$.	\$.
Principal Repayment of Current Borrowing	\$.	\$.	\$.
Other Liabilities Principal Repayment	\$.	\$.	\$.
Long-term Liabilities Principal Repayment	\$.	\$.	\$.
Purchase Other Current Assets	\$.	\$.	\$.
Purchase Long-term Assets	\$.	\$.	\$.
Dividends	\$.	\$.	\$.
Subtotal Cash Spent	\$3,088,787	\$042,983	\$20,177
Net Cash Flow	(\$2,799,787)	\$377,017	\$708,824
Cash Balance	\$92,314	\$1,287,331	\$1,940,100

TABLE: BALANCE SHEET

<i>Pro Forma Balance Sheet</i>	2010	2011	2012
Assets			
Current Assets			
Cash	\$920,314	\$1,287,331	\$1,940,100
Other Current Assets	\$20,000	\$20,000	\$20,000
Total Current Assets	\$940,314	\$1,307,331	\$1,960,100
Long-term Assets			
Long-term Assets	\$.	\$.	\$.
Accumulated Depreciation	\$36,000	\$72,000	\$108,000
Total Long-term Assets	(\$36,000)	(\$72,000)	(\$108,000)
Total Assets	\$904,314	\$1,235,331	\$1,852,100
Liabilities and Capital	2010	2011	2012
Current Liabilities			
Accounts Payable	\$297,490	\$4,783	\$4,783
Current Borrowing	\$.	\$.	\$.
Other Current Liabilities	\$.	\$.	\$.
Subtotal Current Liabilities	\$297,490	\$4,783	\$4,783
Long-term Liabilities	\$.	\$.	\$.
Total Liabilities	\$297,490	\$4,783	\$4,783
Paid-in Capital	\$3,712,000	\$3,712,000	\$3,712,000
Retained Earnings	(\$92,000)	(\$3,100,776)	(\$2,482,802)
Earnings	(\$3,013,176)	\$722,824	\$722,824
Total Capital	\$6,606,824	\$1,229,748	\$1,852,472
Total Liabilities and Capital	\$904,314	\$1,235,331	\$1,852,100
Net Worth	\$6,606,824	\$1,229,748	\$1,852,472

TABLE: RATIOS

<i>Ratio Analysis</i>	2010	2011	2012	Industry Profile
Sales Growth	0.00%	0.00%	0.00%	0.00%
Percent of Total Assets				
Other Current Assets	2.21%	1.62%	1.08%	100.00%
Total Current Assets	103.98%	100.83%	100.82%	100.00%
Long-term Assets	-3.98%	-0.83%	-0.82%	0.00%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities				
Current Liabilities	32.90%	0.38%	0.20%	0.00%
Long-term Liabilities	0.00%	0.00%	0.00%	0.00%
Total Liabilities	32.90%	0.38%	0.20%	0.00%
Net Worth	67.10%	99.62%	99.70%	100.00%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	-	100.00%	100.00%	0.00%
Selling, General & Administrative Expenses	300.00%			
Advertising Expenses	31.48%	31.48%	31.48%	0.00%
Profit Before Interest and Taxes	0.00%	0.00%	0.00%	0.00%
	-	68.02%	68.02%	0.00%
	331.48%			
Main Ratios				
Current	3.16	278.90	419.64	0.00
Quick	3.16	278.90	419.64	0.00
Total Debt to Total Assets	32.90%	0.38%	0.20%	0.00%
Pre-tax Return on Net Worth	-	0.60%	33.62%	0.00%
	496.00%			
Pre-tax Return on Assets	-	0.46%	33.04%	0.00%
	333.20%			
Additional Ratios				
Net Profit Margin	2010	2011	2012	n.a
	-	68.02%	68.02%	
	331.48%			
Return on Equity	2010	2011	2012	n.a
	-	0.60%	33.62%	
	496.00%			
Activity Ratios				
Accounts Payable Turnover	12.41	12.17	12.17	n.a
Payment Days	27	968	30	n.a
Total Asset Turnover	1.01	0.74	0.49	n.a
Debt Ratios				
Debt to Net Worth	0.49	0.00	0.00	n.a
Current Liab. to Liab.	1.00	1.00	1.00	n.a

Liquidity Ratios				
Net Working Capital	\$742,824	\$1,301,648	\$1,960,472	n.a
Interest Coverage	0.00	0.00	0.00	n.a
Additional Ratios				
Assets to Sales	0.99	1.36	2.04	n.a
Current Debt/Total Assets	33%	0%	0%	n.a
Acid Test	3.16	278.90	419.64	n.a
Sales/Net Worth	1.00	0.74	0.49	n.a

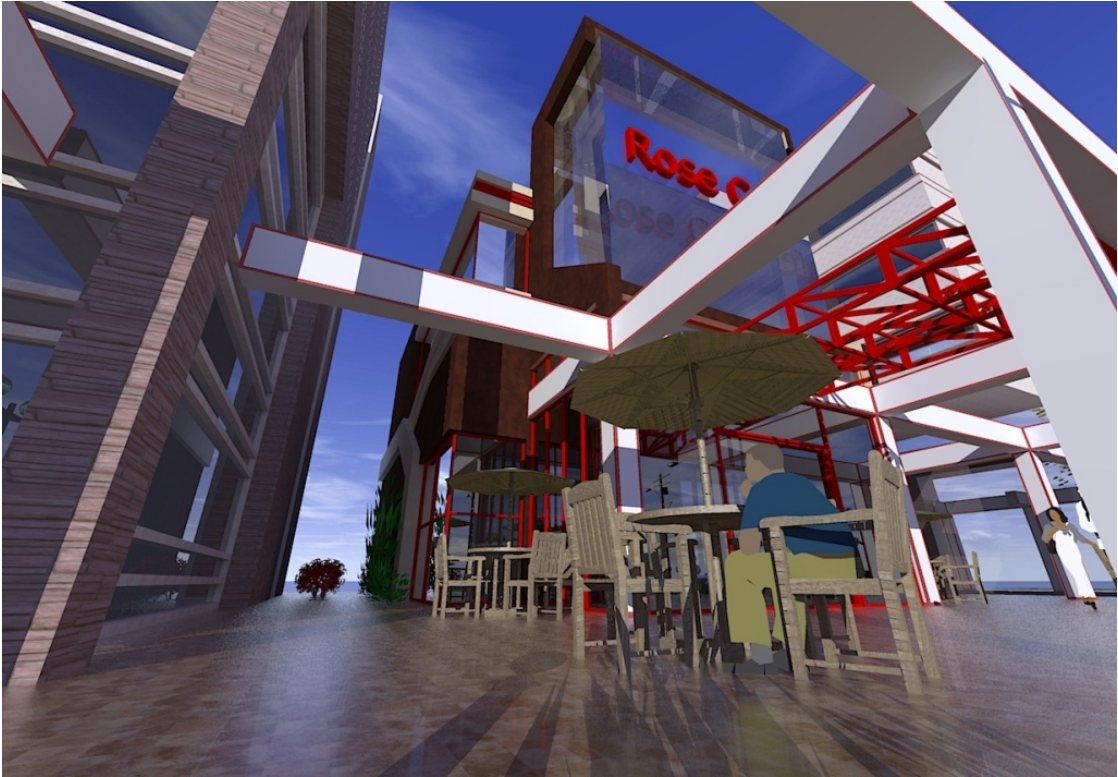
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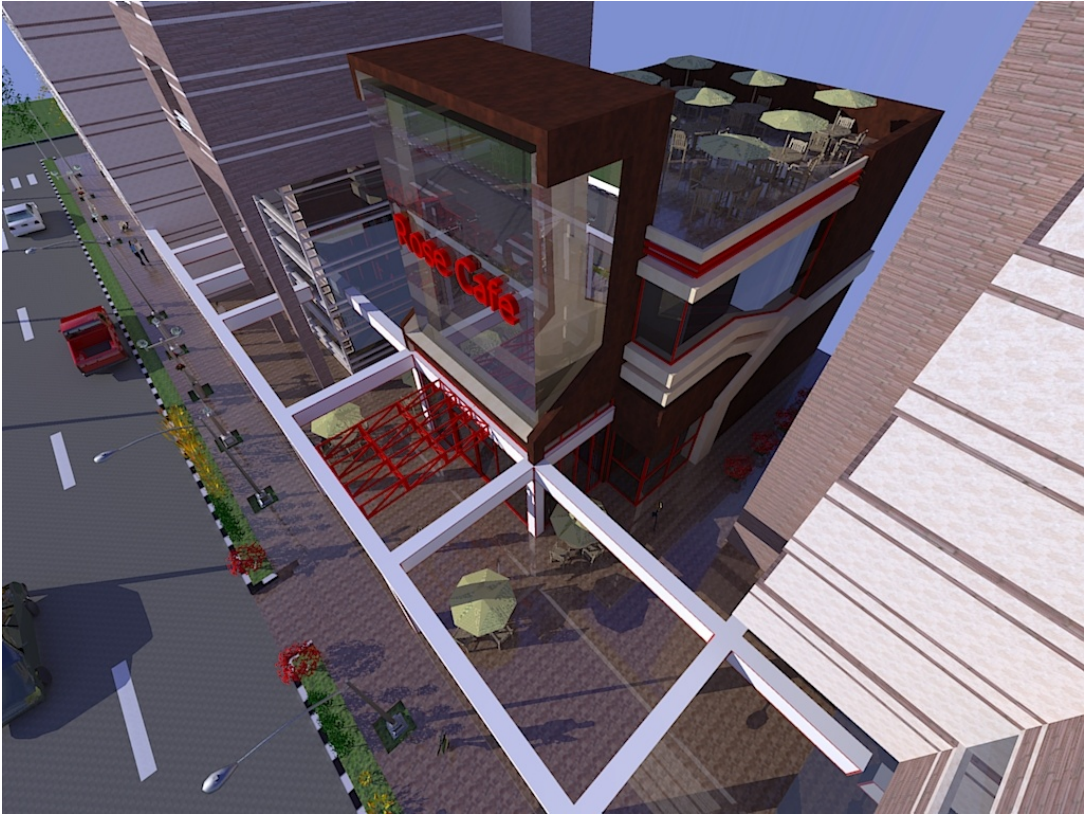
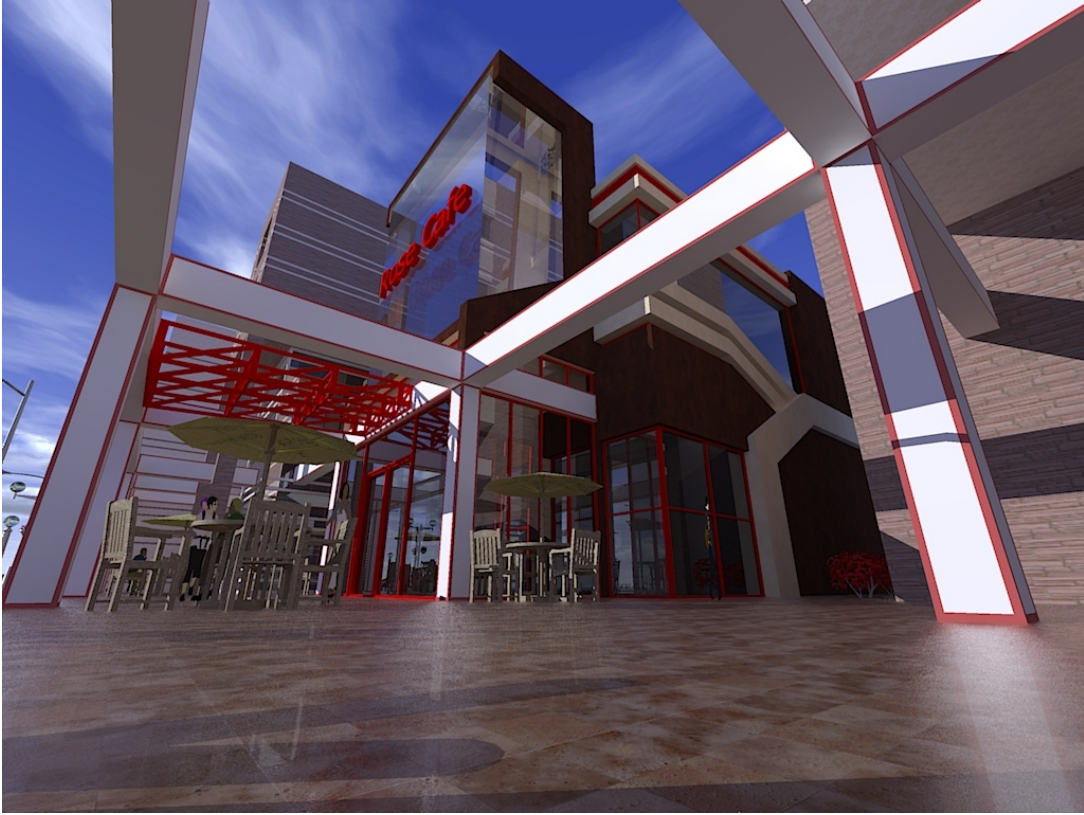
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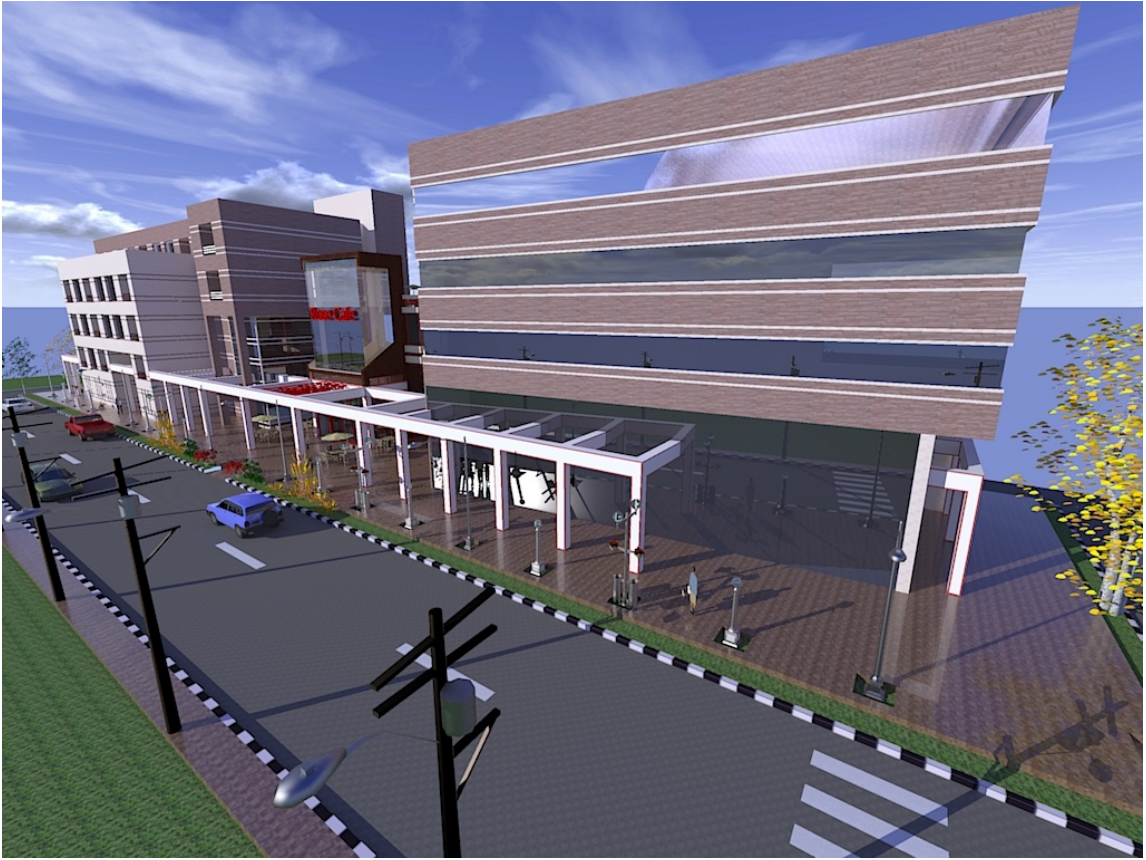
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Dear Nadim,

I would like take this opportunity to thank you and Emad for visiting Erbil and great thanks to Botan & Barzan.

We also like to thank you that you have good thoughts about us and our family we hope this will not change.

After our gathering while especially introduced by Botan and Barzan to us and their highly recommendation this bring us to the decision that we could be a partner, even though we have starting the Gulan project and every thing organized.

Please find below the summery details for the projects:-

Gulan project

Land area: ٢٨٠٠ m^٢

Yearly rent \$٢٨٠٠ / year

Lease duration ٢٠ years with good possibility to be a freehold.

Legally: the new partner can be add to the contract.

The project contained two main buildings and a small coffee shop with large basement over ٢٠٠٠ m^٢.

Building ١

٠ floors

G.F and F.F are restaurant - 1100 m²

Floors 2, 3 & 4 are offices - 1600 m²

Total construction areas of building 1 is 2700 m²

Building 2

0 floors

G.F. and F.F Showrooms / 1000 m²

Floors 2, 3 & 4 Residential App. Full furnished 2200 m².

Each floor had 4 App.

Total construction area of building 2 is 3700 m².

The totally project construction area is:

Basement	2000 m ²
Building 1	2700 m ²
Building 2	3700 m ²
Coffee shop	
Total	8000 m ²

Statement cost; \$400 / m² Therefore total cost is 8000 * \$400 = \$3.2M

Annual Revenue

Building 1 :-

Rest. & store are 1100 m² + 600 m² = 1700 m²

\$ 8.0 / m² / month.

$$1700 \times \$8.0 \times 12 = 170K/\text{year}$$

Offices:-

$$3 \text{ floors} \times 600 \text{ m}^2$$

$$\$10 / \text{m}^2 / \text{month.}$$

$$1600 \times \$10 \times 12 = \$200K$$

$$B1 \text{ Annual revues are } 170k + 200k = \$370K / \text{year}$$

Building 2:-

Showrooms & Store area

$$1000 \text{ m}^2 + 1100 \text{ m}^2 = 2100 \text{ m}^2$$

$$\$8.0 / \text{m}^2 / \text{month}$$

$$2100 \times \$8.0 \times 12 = \$210K / \text{year}$$

Apartments

$$\text{Average } \$2000 / \text{month}$$

$$\text{Apartments } 12 \times \$2000 \times 12 = \$290K/\text{year}$$

B2 Annual revues

$$\$210K + \$290K = \$500K / \text{year}$$

Gulan project total revues is

$$\$370K + \$500K = \underline{\underline{\$870K / \text{year} \pm 10\%}}$$

Total cost is $\$3.4M$

$\$3.4M / \$^{\wedge} \cdot K = \text{less than } \xi \text{ years}$

Naz City Apartments/ Erbil



- \$30,000 per annum rental
- 150 sq m effective net office space
- \$200 per sq m per annum

Dar Es Salaam Bank/ Erbil



Dar Es Salaam Bank/ Erbil



Dar Es Salaam Bank/ Erbil



Dar Es Salaam Bank/ Erbil



Dar Es Salaam Bank/ Erbil

- \$150 per sq m per annum
- Annual rent reviews
- Ten year term

Intercontinental Bank/ Erbil

- \$200 per sq m per annum outlay
- Comprising: \$150 per sq m per annum rental
- And \$500 per sq m renovation
- Bi-annual rent reviews
- Poor quality building, no security features

Asos Dizayee

Malaf-Effendi Street

Ronaki District – Erbil

Iraq

Tel +964 70. 449 09 33

Email: asosdizayee@gmail.com

Gulan Street Project

Multi-Purpose Building

Executive Summary

The project consists of a residential and office complex in one of the best districts of the city of Erbil in Kurdistan Region/Iraq.

Given the recent economic development in this secured region of Iraq, the number of local and foreign businesses has been increasing rapidly and therefore the need for such premises has risen dramatically.

Project Background

The project is made up of two main buildings, residential and offices, a show room, a coffee shop, and a restaurant with a large basement.

A plot of land (2800 Ms²) has been obtained from the Kurdistan Regional Government in 2006. The design was approved early 2007, as well as the planning permission which was obtained at the same period.

The cost of the project is calculated to be \$4,96,000, with an estimated annual income of \$1,11,000.

The income assumptions are based on justifiable current market prices: The office building rent is estimated at \$120 m². The residential building, which would comprise 12 apartments, is to be rented out a \$xm². The rent for the restaurant and stores is estimated at \$100 m² and the showroom at \$120 m². For further details please refer to the assumption section in the attached financial statement.

Current Status

Construction commenced in spring 2007 with 37% of the structure completed which equates to 2700m² build up area. The completed areas are: basement, car park, restaurant, one office floor, stores and technical rooms. The structure of three floors of Building One has been completed and basement, stores and technical rooms of Building Two has been completed.

Expenditure to date is \$1,200,000. Therefore, the required investment to complete the project is \$2,368,000. Please refer to the Financial Statement.

An estimated 12 months are required to complete the project. All legal, financial, license and planning documents are available upon request.

The Sazan Building

Commercial Tower

3 Basements + G+ 1 + 1 Full Typical + 1 Upper Non Typical + 5

<u>Element</u>		<u>Element Cost</u>		<u>Dh</u>
		<u>Dh</u>	<u>Dh</u>	
	Gross Floor Area	38,080	m ²	
	<u>Demolitions</u>			
•A	Downtakings	-		
•B	Alterations	-		
	<u>Demolitions</u>			-
1	<u>Substructure</u>			
1A	Enabling Works	2,893,000		70,000
1B	Substructure	0,787,000		100,000
	<u>Substructure</u>		8,680,000	
	<u>Structure</u>			
2A	Frame	7,716,000		200,000
2B	Upper Floors	0,787,000		100,000
2C	Roof	1,929,000		50,000
2D	Stairs	2,314,800		70,000
	<u>Structure</u>		17,746,800	
2	<u>Architectural</u>			
2E	External Walls	07,870,000		1,000,000
2F	Windows & External Doors	289,300		7,000
2G	Internal Walls & Partitions	289,300		7,000
2H	Internal Doors	192,900		5,000

ΨA	Wall Finishes	7,9,064	10.80
ΨB	Floor Finishes	3,076,700	79.70
ΨC	Ceiling Finishes	2,237,640	08.00
ΨD	Painting & Decorating	-	
	Architectural		
		74,060,009	
€	<u>Fittings & Furnishings</u>		
€A	Fittings	380,800	10.00
€B	Furniture	267,900	7.94
€C	Equipment	1,000,000	20.92
	Fittings & Furnishings		
		1,603,700	
°	<u>Services</u>		
°A	Sanitary Appliances	700,000	10.00
°B	Services Equipment	192,900	0.00
°C	Disposal Installations	771,700	20.00
°D	Water Installations	964,000	20.00
°E	Heat Source	2,893,000	70.00
°F	Air Treatment	14,760,400	380.00
°G	Ventilation Systems	192,900	0.00
°H	Electrical Installations	13,003,000	300.00
°I	Gas Installations	192,900	0.00
°J	Lift & Conveyor Installations	0,401,200	140.00
°K	Protective Installations	0,787,000	100.00

°L	Communication Installations	٢,٥٠٧,٧٠٠		٦٥.٠٠
°M	Special Installations	١,٥٤٣,٢٠٠		٤٠.٠٠
°N	BWIC Services	٢٨٩,٣٥٠		٧.٥٠
°O	Façade Lighting	٧٧١,٦٠٠		٢٠.٠٠
	Services		٥٠,٢٧١,٧٥٠	
			١٤٢,٩١٨,٣٠٩	
٦	<u>External Works</u>			
٦A	Site Work	١,٠٠٠,٠٠٠		٢٥.٩٢
٦B	Drainage	٥٠٠,٠٠٠		١٢.٩٦
٦C	External Services	٢,٧٠٠,٦٠٠		٧٠.٠٠
٦D	٩th Floor Canopy	٣,٨٥٨,٠٠٠		١٠٠.٠٠
	External Works		٨,٠٥٨,٦٠٠	
			١٥٠,٩٧٦,٩٠٩	
٧	<u>General Items</u>			
٧A	General Items	٧,٨٤٥,٠٤٣		٢٠.٣.٣٤
٧B	Design	-		
	General Items		٧,٨٤٥,٠٤٣	
	Sub-Total		١٥٨,٨٢١,٩٥٢	
٨	<u>Contingencies</u>			
٨A	Contingencies (Design)	-		
	Contingencies		-	
	Total of Cost Plan		Dhs ١٥٨,٨٢١,٩٥٢	
			US\$ ٤٣,٢١٦,٨٥٨	DHS

US\$ pe











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CONCLUSIONS

We did our best to draw a picture objectively appropriate of this project in our quest to assess its economic, operational and technical feasibilities given the conditions and research submissions at hand. Although this Business Plan is primarily meant for a total grant financing to the envisaged tune of P^{3 ٦٥٠ ٥٠٠.٠٠}, we found it better to also be assessed on a most pessimistic position – that of test-driving it on a situation where the entire amount is sourced from a private lender at about ٢٠.٥% Rate of Interest annually. In that way, we feel we would be test-driving the strength of its pillars.

We also prepared this plan with a tourism licensing application in mind as a Business Plan would be necessary in that aspect. We also found it better to come up with a plan that would practically guide the owners on the situation on the ground. That aspect ranged from pointing out potential competitor(s) operating in the area and their strengths, the magnitude of this project's role in the shaping of the tourist industry in line with Botswana as a country economically, socially and culturally. We do not claim to have touched all these aspects mentioned in details herein as this Business Plan was not specifically meant for that. We are satisfied with our findings; otherwise we would not have produced this Business Plan and handed it over for financial sourcing/licensing in detriment to our client's financial obligations

and the financiers' risk investment. But business is not necessarily a product of academic and mathematical computations. Most professors are not millionaires out of business. Business is a component of the society in which we live with others being the employees, competitors, the government, technology, changing clients' preferences, natural overturns, etc. That can change the terrain forever for either the worst or best either in combination or intoto.

In this Business Plan, we cracked our heads to produce an all in one prescription should the worst hit. While others are seemingly explicit herein, others have their doors unlocked and only to open in cases of emergencies. Staff composition for example, could be shrunk or expanded in response to circumstances.