

The Best Private Investment Opportunity  
Victoria Falls has EVER seen

12 | 2014

Bonamanzi  
VICTORIA FALLS | LUXURY VILLAS

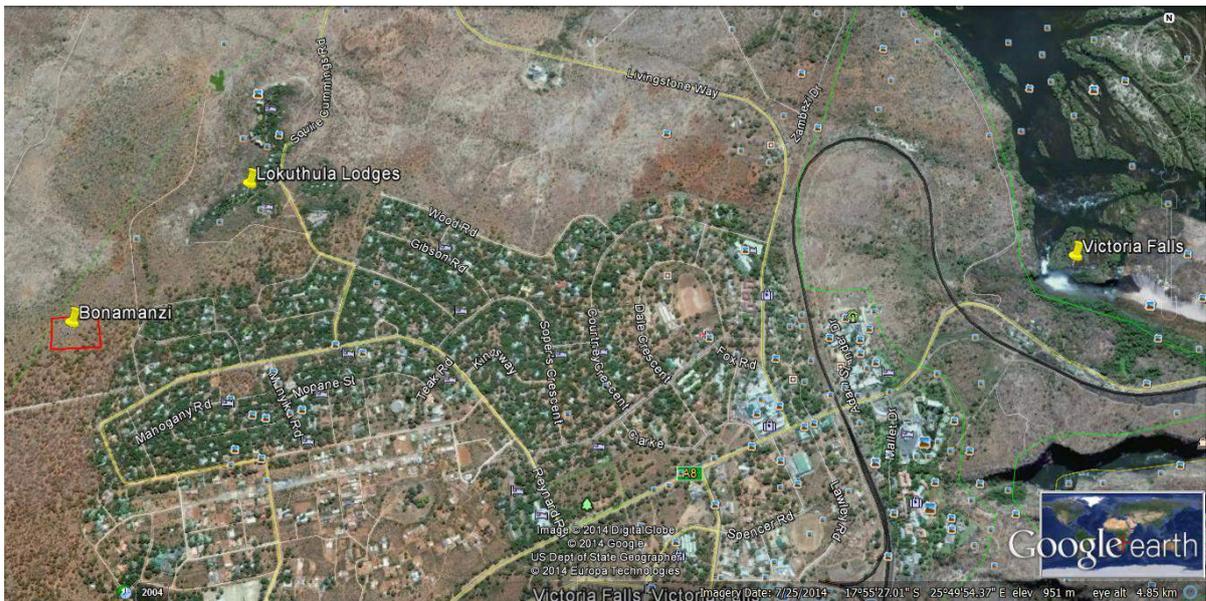


INVESTMENT PROSPECTUS

[www.bonamanzi.net](http://www.bonamanzi.net)

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# 1. INTRODUCTION

Bonamanzi is an exciting new development of **Luxury Holiday Villas in Victoria Falls, Zimbabwe**. Investors in this **unique development have a rare opportunity** to capitalise on the phenomenal earning potential of this major tourist destination and natural wonder of the world.

The development consists of **18 luxury villas** set on 17 400sqm of land situated just 4 kilometres from the world renowned Victoria Falls. It is the **first of its kind** in this region and represents the **best private investment opportunity** Victoria Falls has ever seen with substantial investment returns.

The dream is to create something **completely unique** to Victoria Falls, taking best advantage of the **beautiful location and outstanding views**. Stunning **contemporary architecture** blended with earthy tones, wood and stone embrace the “Bush Lodge” theme. Open plan living areas and huge concertina doors create an **extraordinary indoor / outdoor living experience**. Eco-friendly systems will be used wherever possible and the villas will incorporate numerous **state of the art features**.

The 18 villas vary in size from five bedroomed to two bedroomed units, each with its **own sectional title**. Investors **own the villas outright** and are free to sell whenever they wish. The villas will be sold **off-plan** giving the **investor a capital return**, once the development has been established.

Further to this owners will be required to participate in a **rental pool** managed by an operating company. The Company will market the accommodation to tourists visiting the area as luxury self-catering villas. Proceeds from the rental pool, after deducting expenses will be **paid out to the owners** in proportion to the size of the villa purchased. Two weeks every year has been set aside in the budget for **owners to use and stay in their villa at no cost**.

The concept of this development is an **“Investment Opportunity”** rather than owning a holiday home. Standard holiday homes can become costly and burdensome for owners to maintain and often do not provide any form of return. **This investment opportunity model** seeks to ensure that investors do **make a healthy annual return** on their investment, get **good capital appreciation** by owning a premium property in Victoria Falls and still have the **use of their own villa** for certain periods(see financial section pg 20).

Please refer to our website [www.bonamanzi.net](http://www.bonamanzi.net) for villa designs and pictures and additional information.

## *At a Glance*

- ✓ Unique Property Investment Opportunity.
- ✓ Outright ownership of property and villa with sectional title.
- ✓ Good capital return on investment and capital appreciation of asset.
- ✓ Property rented and managed giving maximum return and hassle free ownership.
- ✓ No levies unless annual occupancy drops below an unlikely 26%.
- ✓ All management, operational and marketing costs covered by rental revenue.
- ✓ On-going repairs and maintenance factored into operational costs.
- ✓ Villas fully furnished and equipped for a no hassle, walk in investment.
- ✓ Insurance policies in place for security of investors capital.
- ✓ Renowned Project Managers and Builders.
- ✓ Victoria Falls based Developers with local knowledge and experience.
- ✓ Off plan investment ensuring maximum capital growth once it's established as a premier resort.
- ✓ Owners can use their villa for as long as they like with two weeks free per annum.
- ✓ Investment opportunities of this calibre are rare, if at all in Victoria Falls.
- ✓ Limited number of villas available.

## 2. DEVELOPER INFORMATION

The visionaries and developers are Bonamanzi Pvt Ltd represented by Tony and Boo Peel who have a history with Victoria Falls stretching back to 1985. Their **extensive background and knowledge of Victoria Falls** made them aware of **two fundamental shortages**. Firstly, decent quality houses for sale and secondly, self-catering accommodation, including the complete absence of any luxury self-catering villas (the norm in most tourist destinations around the world). Victoria Falls being a natural wonder of the world, is visited by hundreds of thousands of tourists every year and the demand is high for these facilities.

Over the last seven years, through their highly successful website [www.victoriafalls-guide.net](http://www.victoriafalls-guide.net), they have received **hundreds of enquiries for property and thousands of enquiries for self-catering accommodation**. They felt it was time to rectify these deficiencies in the market place.

In January 2014, a 1.74 hectare prime piece of virgin land, zoned for lodges in a **beautiful location overlooking the Zambezi National Park** became available. They seized the opportunity and bought it knowing that this would be the ideal site for a development of luxury villas and so the journey began. They forged ahead with their mission to create something **completely unique to Victoria Falls** that would benefit and uplift not only the local communities but Victoria Falls tourism as a whole. They have assembled around them a **strong team of professionals** to pull the entire project together.

Their integrity, pursuit of excellence and extensive business experience coupled with their keen eye for design and quality plus their local on the ground information will ensure the success of **Bonamanzi as a premier resort** in Victoria Falls.

### Project Management

**ProCon** of Harare Zimbabwe have been appointed as **Project Managers** to completely manage this project from the **preliminary budget stages through to handing over the keys to the client**. Their **extensive experience in construction and project management** of similar developments will ensure the successful completion of the Bonamanzi project according to the set budget and time programme.

ProCon is staffed by **professionally qualified personnel**, the Project Management services they provide have been developed over many years to give the **highest possible levels of certainty**, and the full support of a professional team with an **exceptional track record** of delivering success for their clients.

#### Management

S.T.R. Cumming

Stuart Cumming has 17 years' experience in the construction industry, qualifying from the University of Natal in 1993 with a B.Com (Business Finance) degree. Initially running his own contracting business in the construction sector, Stuart moved into Project Management approximately 6 years ago and has been involved in prestigious projects across the Commercial, Retail and Educational sectors, as well as extensive private Residential projects.

J.E.T. Whitfield

Ed Whitfield has 8 years' experience in the construction industry, qualifying with a degree from the University of Natal and a post graduate diploma in Surveying from The College of Estate Management, UK. He is a Chartered Surveyor and a Chartered Construction Manager. Ed has successfully managed his own building construction company and over the past 7 years has successfully developed several large prestigious residential cluster complexes. He has extensive experience in Development Management and Project Management across a wide range of project types.

### **Successfully Completed Projects**

- ✓ 19 on Kingsmead - Cluster development (new build)
- ✓ 55 on Carrick Creagh - Cluster development (new build)
- ✓ Ballantynes Lodge – Guest Lodge (extensions / renovations to existing)
- ✓ Harris Auto – Commercial (Toyota workshops)
- ✓ Amanzi Lodge – Guest Lodge (new additional lodges)
- ✓ Arlington Estate showhouse – Residential Development (current)
- ✓ Millers Grill – Commercial Restaurant (new build)
- ✓ The Butchers Kitchen – Commercial Restaurant (renovations to existing)
- ✓ The Hide Safari Camp – Tourism (new lodges and upgrades to existing)
- ✓ Silver Linings Special Needs Schools - Junior and High schools (new build)
- ✓ Hellenic International Academy - Form 1 to Form 4 Phases, Admin, Science and Art Blocks (new build)
- ✓ Kingsmead Guest House - Guest Lodge (new build)
- ✓ Prime Stockbrokers - Office Development (new build)
- ✓ Honey and Blanckenberg (Legal Practitioners) - Head Office (new build)



### 3. CONCEPT – BUSINESS MODEL

The core concept of Bonamanzi is to create an exciting **Investment Opportunity** exploiting the **enormous earning potential** of Victoria Falls by offering high quality, reasonably priced self-catering accommodation and bringing this to investors in the form of **privately owned holiday villas**.

Investors will receive a good **return on their capital invested**, lock into **capital appreciation** of their asset, be able to **use their holiday home** and have all **management and maintenance** issues taken care of.

In the past it has been challenging for the property investor to get the **figures to stack up** with the added difficulty of singly finding short term holiday lets. Long term rentals, although highly sought after, offer low returns on investment. Maintenance and management of properties also becomes an issue when property investors do not reside in Victoria Falls.

The developers have through their successful travel business seen that there is a **strong demand for self-catering accommodation**, yet there are so few resorts in Victoria Falls catering for this market. Very often **bookings are lost** because these few resorts are fully booked. What a travesty for them and Zimbabwe's tourism.

In exotic destinations around the world, tourists are easily able to rent a holiday home/villa, with its own facilities and large enough to cater for an **entire family or group of friends** who generally like to stay together in **home from home accommodation** at a reasonable price. It is hard to believe that Victoria Falls, a major tourist destination of the world, does not have such facilities to cater for these people.

Bonamanzi to this extent is the **first of its kind in Victoria Falls** and is sure to be a huge success, not only because it is filling these gaps in the market but also because, it represents a good return on capital investment and the opportunity to lock into the potential capital growth of the property.

There is a **confidence about Victoria Falls** that sets it apart from the rest of Zimbabwe. It is a tourism town and **tourism at the moment is booming**, therefore people want to invest here but **opportunities are few and far between**. Bonamanzi is that chance, **never before has an opportunity like this existed** for an investor to cash in on such a little exploited market.

#### *The concept is to:-*

- ✓ Create the Best Private Investment Opportunity Victoria Falls has ever seen for both local and foreign investors
- ✓ Build privately owned holiday homes earning substantial returns on investment
- ✓ Have beautiful contemporary designs unlike anything seen in Victoria Falls before
- ✓ Be an Eco Friendly resort with state of the art features
- ✓ Have a professionally managed resort for hassle free ownership
- ✓ Be the first luxury self-catering Villas in Victoria Falls
- ✓ Offer for the first time Villas of varying sizes, up to 5 bedrooms
- ✓ Exploit the substantial demand for self-catering accommodation that is set to grow significantly over the next few years
- ✓ Utilise one of the last remaining prime positions in Victoria Falls
- ✓ Invest off-plan ensuring potentially large capital appreciation for the investor
- ✓ Deduct all marketing, management and maintenance costs from rental revenue and pay owners the remaining share of profits

## 4. WHY INVEST

Victoria Falls is not only a phenomenal natural wonder of the world and on the bucket list of many people, but it is also surrounded on all sides by magnificent game parks which makes it the **ideal safari destination**. Very few tourists on holiday or safari to Zimbabwe, Zambia or Botswana do not add Victoria Falls to their itinerary.

With the new Victoria Falls International Airport scheduled for completion by September 2015, Victoria Falls will truly become the **hub of this region**, negating the need to connect through Johannesburg. International tourists will **fly direct to Victoria Falls** and then continue on safari to one of the many national parks located nearby. Tourist arrivals are **predicted to continue to grow** at a steady rate and more accommodation will be required to satisfy this **ever increasing demand**.

If that's not reason enough, Victoria Falls also has a massive **shortage of land** available for development. Although it is surrounded by huge tracts of national parks land, this is protected for its wildlife and will never be developed. A **large demand** for a very **limited supply** of developable land exists, which can only really mean one thing, **property prices will continue to increase**.

The Bonamanzi site is one of the **only remaining blocks of land** designated for commercial development within the immediate vicinity of the town. It has **prime position** on a ridge overlooking and bordering the National Park, with the finest, far reaching, north facing views to the Zambezi River and Zambia beyond.

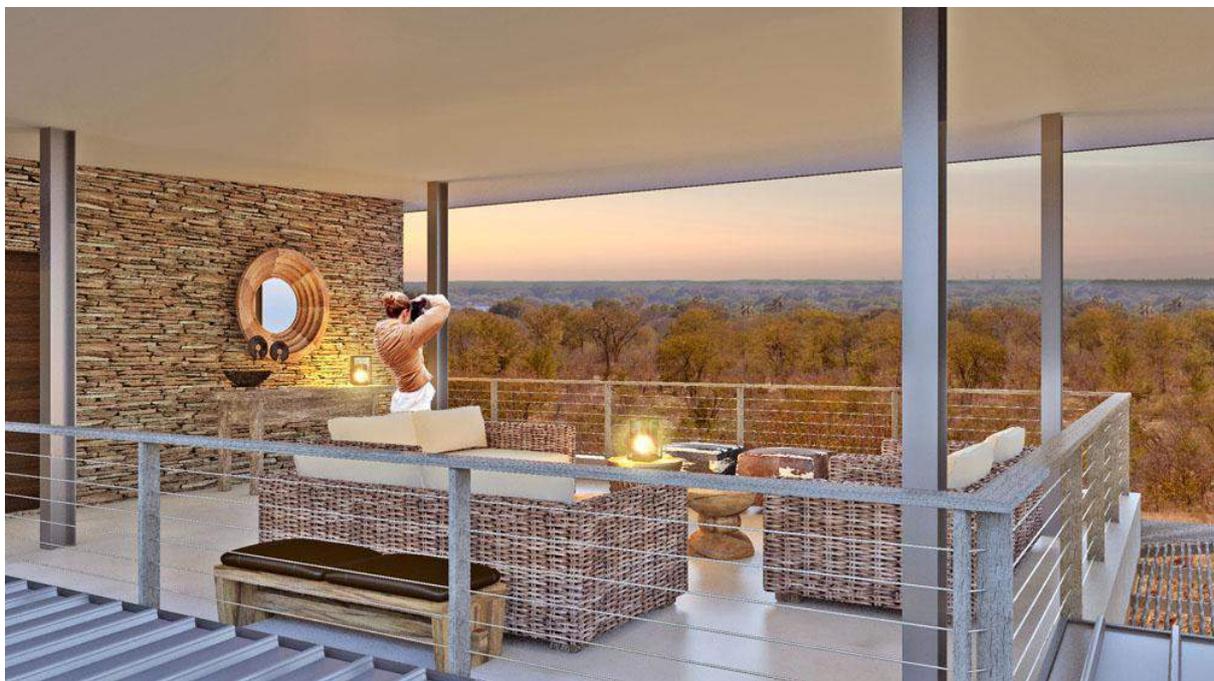
The luxury ergonomic design and the high quality interior decors of the Villas are sure to place them as **market leaders in self-catering accommodation** in Victoria Falls. Bonamanzi Operating Company has based its ROI predictions on affordable holiday rentals to ensure **high occupancies**. There is room in the future to increase these prices to be more in line with other high end accommodation facilities and thereby **increasing the ROI**. With correct marketing strategies, facilitated by the marketing team and a generous marketing budget, it will in a short space of time become a very **popular self-catering resort**.

### *Summary of reasons to invest*

- ✓ Victoria Falls is the Adventure Capital of Africa and hub of this tourist region
- ✓ Completion of Victoria Falls International Airport will have a positive impact on tourist arrivals
- ✓ High demand for decent quality houses with a shortage of supply
- ✓ Shortage of land available for development increases the demand
- ✓ Attractive return on investment predictions
- ✓ Investors have outright ownership of their property via sectional title
- ✓ First of its kind, off plan investment allowing for good capital growth
- ✓ Luxury villas, ergonomically designed will place Bonamanzi as a market leader in self-catering accommodation
- ✓ Luxuriously designed interior packages designed by professionals, ensure consistency across all units
- ✓ Affordably priced holiday rentals to ensure high occupancies
- ✓ Innovative light weight steel frame structures, solar power and recycling principles creating an eco-friendly environment
- ✓ Situated only 4kms from town centre
- ✓ Bordering the National park with unhindered views of the park and Zambezi river beyond
- ✓ Hassle free, secure and managed complex
- ✓ Operational, management, marketing and associated costs to be paid from rental revenue
- ✓ Strength in numbers, marketing costs are borne by all units enabling high profile visibility
- ✓ Only facility that has large enough units suitable for big families and groups wanting to be together
- ✓ Complimentary minibus for airport transfers and hourly shuttles into town

**Bonamanzi is not timeshare;** Timeshare owners do not own their property but rather release it back to the developer after a certain period. Bonamanzi property owners each have a **sectional title** which they own outright and are **free to sell** the property whenever they wish. Timeshare owners do not get any return on their investment whereas Bonamanzi owners will receive their **share of the profit** from accommodation revenue (see financial section pg 20).

The use of **light weight steel frame structures** in construction, which is the preferred method of building in many first world countries today, demonstrates the **innovative principles** employed by the designers and developers, this coupled with their quest for an eco-friendly resort, using solar power wherever possible, recycling water and waste products will ensure Bonamanzi stays **ahead of all its local competitors**.



## 5. MARKETING STRATEGY

Marketing is the **key to success** of any business whether it is selling art or hotel accommodation. We are taking this very seriously and have included **\$48 000 per annum** in the management budget for marketing purposes; this is over and above salaries for the marketing team which have also been accounted for. The aim of the marketing team is to **position Bonamanzi as a premier resort**; thereby ensuring high occupancy levels.

The internet is probably the **most powerful marketing resource** these days as more and more travellers prefer to book online. Funds will be used for the setting up of a Bonamanzi website for general promotion, awareness and also direct bookings. The marketing team will ensure that a **strong online presence** is maintained in the social media sites, like Facebook and Twitter, as well as the forums like Trip advisor and certain select online booking sites such as Hotels.com, Expedia, Safarinow and Airbnb.

Another major focus of the marketing team will be to attract **worldwide travel agents** to use Bonamanzi as their preferred self-catering accommodation in Victoria Falls.

The fastest way to target agents is through the established travel shows, the marketing team would attend these shows, visit other agents door to door and carry out email campaigns all of which are highly successful strategies.

A portion of the budget will be allocated for advertising in hard copy literature, production of brochures, videos and other marketing materials. We will also partner with local tour operators and event companies to provide accommodation for functions like weddings.

With an army of **travel agents worldwide**, a strong internet presence and a reputation of excellence, the occupancy rates are almost guaranteed to be well **above 50%** in line with other top accommodation establishments in Victoria Falls already running at levels of 60% to 90% occupancy.

There is provision in the rental pool agreement and in the budget to allow "Comp Nights" whereby travel agents can stay in the resort for free, really getting to experience its full splendour. This experience is sure to convince them to promote Bonamanzi to its full extent.

### *Marketing in brief:-*

- ✓ Large marketing budget enabled by quantity of villas
- ✓ Dedicated marketing team
- ✓ Website development for general promotion and direct bookings
- ✓ Maintain strong online marketing campaigns
- ✓ Attend travel trade shows
- ✓ Partnership with worldwide Travel agents
- ✓ Partnership with local tour operators and event companies
- ✓ Articles in leading travel magazines



## 6. MARKETING RESEARCH & FINDINGS

There are currently only **2 self-catering resorts** in Victoria Falls Zimbabwe, Lokuthula Lodges and Victoria Falls Rest Camp. Lokuthula recently refurbished and upgraded 6 of their units and called them “The Victoria Falls Safari Suites”, these are also worth comparing, as although they are no longer self-catering as such, they still have a mini kitchen and are able to accommodate 5 and 7 people in their 2 and 3 bedroomed units respectively, a similar target market to Bonamanzi.

The tables below detail the **rates (\$US) of competitors** in the market in relation to proposed Bonamanzi rates. Please take note of the “beds” column denoting the amount of people a lodge can sleep.

Bonamanzi has a **distinct advantage** in that all bedrooms have a sleeper couch plus a sleeper couch in the lounge thereby giving **more beds per lodge**, reducing the average cost per person (\$p/p). Also note the **complete absence of competition** in the 4 and 5 bedroomed units.

Bonamanzi has **placed its rates** above those of the lower end self-catering establishments, as the quality of the accommodation it offers is far superior, yet 50% lower than the rates of the top end competitors. This should ensure that Bonamanzi is a **very appealing option** for tourists coming to Victoria Falls.

### The market

- ✓ Only 2 other self-catering resorts in Victoria Falls.
- ✓ Other self-catering resorts are NOT of the same standard as Bonamanzi.
- ✓ No other 4 and 5 bedroomed self-catering units in Vic Falls.
- ✓ Strong demand for self-catering accommodation, because of reasonable price for families and groups.
- ✓ Bonamanzi will offer high end quality accommodation and affordable rates.
- ✓ Self-catering resorts run at 60%+ occupancy.

	Low Season – Per Lodge Per Night											
	2 bedroom			3 bedroom			4 bedroom			5 bedroom		
	US\$	beds	\$p/p	US\$	beds	\$p/p	US\$	beds	\$p/p	US\$	Beds	\$p/p
Bonamanzi	<b>380</b>	8	48	<b>550</b>	11	50	<b>690</b>	14	49	<b>810</b>	17	48
Safari Suites	<b>790</b>	5	158	<b>900</b>	7	129						
Lokuthula	<b>220</b>	6	37	<b>275</b>	8	34						
Rest Camp (aircon)	<b>252</b>	4	63									
Rest camp	<b>161</b>	4	40	<b>242</b>	6	40						

	High Season – Per Lodge Per Night											
	2 bedroom			3 bedroom			4 bedroom			5 bedroom		
	US\$	beds	\$p/p	US\$	beds	\$p/p	US\$	beds	\$p/p	US\$	Beds	\$p/p
Bonamanzi	505	8	63	732	11	67	918	14	49	1077	17	48
Safari Suites	1050	5	210	1200	7	171						
Lokuthula	254	6	42	320	8	40						
Rest Camp (aircon)	252	4	63									
Rest camp	161	4	40	242	6	40						

## Bonamanzi

New privately owned self-catering villas.

**50% lower rates** than Vic Falls Safari Suites yet this is the **closest competitor** in terms of the standard of accommodation. The cost per person per night very competitive with the other self-catering options yet the standard of the **Bonamanzi villas is far superior**.

## Victoria Falls Safari Suites

6 units converted and upgraded from the old Lokuthula units. The units were made more spacious, but the full kitchen has been taken away. Guests now have to eat at the hotel restaurants. The furnishing and fittings have been completely upgraded to a high standard **on par** with the Bonamanzi villas. By upgrading the old units they have now more than tripled the rate for a night's accommodation. The rates now being the same as staying in a luxury hotel room.

## Lokuthula

Gold crown timeshare resort and has been a **very successful business model** over the years maintaining good standards and running at 60%+ occupancy. Nicely positioned overlooking the national park but the units are **smaller and older** with very few modern conveniences.

## Victoria Falls Rest Camp

This is the old municipal rest camp located in the town centre and **cannot really be compared** to Bonamanzi in terms of the quality of the accommodation on offer. Rest camp is very minimalistic and is basic self-catering accommodation. Yet by upgrading one of their units and adding in an air-conditioner, the price was increased by more than 50%, placing it at a higher rate per person than the very top of the range Bonamanzi.

## 7. THE VILLAS

### The Design

The villas have been designed not only to have **limited impact on the environment**, but also to compliment the beauty of the natural bushveld.

A number of **passive design principles** have been employed in the design of the villas, to include;

- Orientation – the site is naturally north facing;
- Building shape – dictated by the expansiveness of the vista as well as is nestled within the treeline.
- Large roof overhangs to shade elevation;
- Low window to wall ratios on the south/west elevations;
- High window to wall ratios on the north/east elevations;
- High performance insulation;
- Cross ventilation and maximum use of natural day lighting;
- Thermal mass – through choice of building materials;
- Landscaping - control of air movement around the buildings.

Further non-passive design principles include;

- Light weight steel construction,
- Solar geyser systems,
- LED artificial lighting,
- Grey water and rainwater harvesting,
- Ceiling fans for natural air movement.

Linear in design, keeping within the treeline, the low slung mono-pitched roofs nestle into their natural surroundings. Camouflaged, the architecture combines the bushveld with the natural neutral tones of the villa's.

***The objective – to capitalize on the beauty of the natural surrounds.***

Ultimately, beyond the vision of the architectural design, is a comfortable and inviting interior. The wide expansive entrances, framed with locally sourced drystack stone walling, draw the eye through the uncluttered contemporary open plan interior to the seamlessly integrated outdoor living space, allowing an intimate connection with the surrounding bushveld...

The living spaces are generously proportioned, allowing for easy entertaining of family groups, and furnished with contemporary timeless comfort.

### The Build

The developers researched many different build techniques in order to find one that proved to be the most cost effect, high quality, durable, eco-friendly and thermal efficient (essential for the hot climate on Victoria Falls) Lightweight steel frame structures ticked all the boxes and they are excited about being able to bring this new technology and building system into Zimbabwe.

Lightweight steel framed building is the **preferred form of construction** for residential housing in the United States, Canada, Australia and New Zealand. It is also being used extensively in Europe, and in South Africa the demand is spreading like wild fire. This method of building has been well tried and tested over the past 50 years.

Lightweight steel frames are **incredibly dynamic**. Making changes to design on site easier with less cost to the client/builder and no need for program revisions.

A comparison between conventional building methods and lightweight steel framing is virtually indistinguishable due to the system having sharper lines and a far superior finishing quality.

The **product's biggest advantage** is the speed of delivery and erection with a reduction in programme of up to 30% compared to traditional brick and mortar. Unlike other building methods, a change to weather conditions doesn't hamper erection. Once the building is enclosed and insulated, fit out trades can complete interior lining.

A dry construction method improves quality and eliminates drying out times. Therefore wet trades are greatly reduced. Insulated walls improve energy and acoustic efficiency. The R Values (insulation) for lightweight steel framed homes is far superior to that of brick and mortar.

Steel has many **fundamental benefits** over other building materials. Steel is not prone to shrinkage, warping, rot, infestation or moisture absorption.

Due to its lightweight nature, it reduces foundation requirements and makes radical renovations achievable.



Lightweight steel frames are prefabricated in a factory ensuring all the material arrives to site assembled with factory standards of accuracy, 100% correct & ready for erection. The concept ensures minimal wastage in manufacture. Steel components are manufactured to size from stock coils where yield losses are minimal.

## *The Benefits of Light Weight Steel*

- ✓ High productivity with factory standards of accuracy
- ✓ Cost savings & value for money
- ✓ Less damage and waste during shipping or other transport due to packing methods
- ✓ Assembled in-factory and delivered to site, ready to use
- ✓ The steel frames will not ignite and will not contribute to a fire
- ✓ The frame has a zinc/aluminium alloy coating which is self-healing and prevents
- ✓ corrosion at cut edges
- ✓ Will not rust; will not absorb moisture or dry out and cannot harbour dry rot
- ✓ Guarantee no shrinking, warping or twisting
- ✓ Dynamic and are fully engineered
- ✓ Are precision engineered ensuring every wall and roof truss is in perfect alignment
- ✓ High tensile strength yet lightweight
- ✓ Smaller building teams
- ✓ Higher R-Value & energy efficient
- ✓ Are safe to handle - no chemical treatment
- ✓ Can be built with minimal site-disturbance
- ✓ Eliminates ongoing maintenance costs
- ✓ Reduce wet trades on site
- ✓ 100% impervious to termite, white ant and borer attack



## 8. TIME FRAME

The concept of the Bonamanzi holiday villas as an investment opportunity is a **brand new idea** for Victoria Falls, the developers decided to release the model and designs to the public to gauge what kind of interest there would be. The good news is that the **response and interest was overwhelming** making it quite clear that the project is needed and will go ahead.

There are now a number of details that need to be finalised before the development can progress to the build stage. These include an environmental impact assessment, council approval of plans, registration of sectional title deeds, legal and financial agreements. The preliminary work on all these aspects has already begun and estimated date for all the **paperwork to be finalised** will be 1<sup>st</sup> April 2015.

**Commencement of construction** thereafter can begin but will be dependent on the speed and volume of Villa sales, progress of which will be made available to interested investors at all times. The development has been broken down into three phases to minimise the impact and disruption to the individual phases as they are completed. By using light weight steel frame structures the buildings go up in a very short space of time, approximately 4 months for one team of skilled workers per house. We would have 6 teams on site therefore able to construct 6 houses in 4 months plus allowances for unforeseen delays (contingency).

Once phase one was complete it would be separated, by the form of a barrier, from the units not yet built or under construction, allowing for the first phase units to be rented out straightaway in order to earn income. This same principle would follow on to phase two. Please see the diagram below for explanation.



## Phase 1

### **9 units (2 x 5 bed, 1 x 4 bed, 2 x 3 bed & 4 x 2 bed)**

- Approximate time for complete build 7 months
- Additional 4 month allowance for contingency (delays mostly due to imports)
- Total 11 months

## Phase 2

### **6 units - (1 x 4 bed, 1 x 3 bed & 4 x 2 bed)**

- Approximate time for complete build 4 months
- Additional 3 month allowance for contingency (delays mostly due to imports).
- Total 7 months

## Phase 3

### **3 units - (1 x 5 bed, 2 x 4 bed)**

- Approximate time for complete build 3 months
- Additional 2 month allowance for contingency (delays mostly due to imports).
- Total 5 months

If all three phases were built at once this would save considerable time and by far the most preferable, but would be dependent on all units being sold.

## Phase 1, 2 & 3

### **18 units**

- Approximate time for complete build 9 months
- Additional 5 month allowance for contingency (delays mostly due to imports)
- Total 14 months



## 9. SERVICES

### Water

The Bonamanzi site is situated only 75m from the nearest Municipal water supply. Quotes have been obtained and included in the budget for the connection to this supply, which is straightforward. However the goal of Bonamanzi is to be as off the grid and eco-friendly as possible.

Municipal supplies, which can be erratic and are expensive, will be as much as possible, only for backup. To this extent we have had 3 boreholes surveyed on the site which all have reasonable yields. Once the project is given the go ahead, these boreholes will be drilled and storage tanks erected providing enough water for the whole resort when it is completed.

Provision has also been made for a water feature/reservoir which can be seen on the site plan. Not only is this water feature going to add to the aesthetics of the development but it will also provide a valuable water storage facility to collect rain water, recycled water from the complex and excess water pumped from the boreholes. The addition of this 300 000 litre reservoir will ensure that Bonamanzi is able to irrigate its gardens keeping them cool and lush.

### Power

The Zimbabwe Electricity Transmission & Distribution Company (ZETDC) has authorised plans and provisions are in place to supply a 100KVA transformer to the Bonamanzi site. This power supply will be essential for running much of the larger equipment such as boreholes, water pumps and air-conditioning units. However as with the water supply the aim is to be as off the grid and eco-friendly as possible. Solar geysers will therefore be installed throughout all the units, the sun is one of the greatest resources we have in Victoria Falls so our intention is to harness that power for free, which will make huge savings. LED lighting will be used throughout units and gas stoves and ovens will be installed. Provisions for a backup generator have also been included to ensure an uninterrupted supply of power to guests and owners staying in this luxury resort.

### Sewage

The municipal sewage line runs approximately 100m from the boundary of the Bonamanzi site and provisions in the budget have been made to connect to this service.

### Roads

Access roads have already been constructed to the site.

## 10. PURCHASE PROCESS

The Bonamanzi Villas programme entails the purchase of an Undivided Share in a 1,74 hectare Property. The Property, on which the Undivided Share will be granted, is owned by the Developer and registration of the Undivided Share/Sectional Title is accompanied by a Notarial Deed, which together grant an exclusive right of occupation to the Purchaser.

The laws of Zimbabwe permit any foreigner to purchase land, without having to procure permission from the Reserve Bank or any other Government Authority. Remittance of the proceeds emanating from the disposal of immovable property purchased by individuals with external financial resources is also permissible provided certain criteria are followed. (Details available upon request)

There are three legal agreements which are inseparable from each other and the Purchaser agrees to sign and be bound by all three agreements.

- 1) Sale/Purchase of Undivided Share
- 2) Construction of Villa agreement
- 3) Rental Pool agreement

### Sale of Undivided Share (U/S) Agreement

This agreement concerns the Purchase of an Undivided Share (an identified piece of land within the whole property) on which the Villa will be constructed. Within 14 days of the Purchaser signing the U/S agreement, he shall pay for the U/S in full.

Please note that this payment is refundable in the event that the Conditions Precedent, detailed in the Sale of U/S Agreement, are not met. The Developer is adequately insured to repay the purchase price in this event.

Because the purchase of the Undivided Share is subject to the Purchaser complying with the terms and provisions of a Rental Pool Agreement and a Construction of Villa Agreement, transfer of the Undivided Share shall only be effected after the Villa has been constructed and paid for.

Transfer duty and government Stamp duty will be paid on the price of the Undivided Share and not on the value of the Villa.

#### *Purchase process in brief*

- ✓ Foreign or local buyers entitled to purchase villa
- ✓ Three legal agreements inseparable from each other
  - 1) Purchase of undivided share (land) agreement
  - 2) Construction of Villa Agreement
  - 3) Rental pool agreement
- ✓ Interim payments relative to build stages

### Construction of Villa agreement

This is an agreement whereby the Purchaser agrees to contract the Developer to construct a Villa (on the Undivided Share previously purchased,) at a price specified in the agreement. As detailed in the Construction

of Villa Agreement the Developer requires the Purchaser to make interim payments throughout the build stages as detailed below.

- a) 50% within 14 days of the Developer notifying the Purchaser that all the Conditions Precedent contained in the said agreement have been met.
- b) 40% when the roof is secured to the Villa and the Villa is closed.
- c) 10% on completion of the Villa when the Villa is delivered to the Owner, such delivery shall be by the handing over of the keys of the Villa.

Once the Villa has been completed and the Purchaser has paid in full for the construction the Purchaser is issued with Title to the Undivided Share, which will obviously include ownership of the Villa.

## Rental Pool agreement

This is an agreement whereby the Owner of the Villa agrees to participate in a Rental Pool programme, in terms of which their Villa will be managed and rented out by the Operating Company. Proceeds from the Rental Pool will be paid to the Owner after running costs have been covered. This is how the Owner attains a Return on their Investment as detailed in the financial section on page 20.

All details contained within the three agreements will be provided to interested purchasers.



## 11. FINANCIAL

### Villa Prices

The table below details the US\$ prices of the four Villa sizes available. The **Total Capital Cost** is the cost of the Villa and the land that it sits on, the estimated transfer and stamp duty fees that the Purchaser is expected to pay. It also includes the cost of a furniture pack for the appropriate villa. The furniture pack includes furniture, electrical goods, linen, curtains and everything that is required for a fully furnished high quality unit that can be rented for holiday purposes. Two vehicles for complimentary shuttles are also included in the Total Capital Cost.

Excluded in the Total Capital Cost are optional extras such as a private swimming pool and air-conditioning units.

### Financial summary

- ✓ Total capital cost includes land, villa, fees, furniture and vehicles
- ✓ Villa owner agrees to participate in Rental Pool programme
- ✓ Rental Pool programme managed by operating company
- ✓ Operating company receives rental income
- ✓ Operational, marketing and management costs deducted from rental revenue
- ✓ Profit divided amongst villa owners relative to the size of villa purchased
- ✓ Profit paid to owners local bank account quarterly
- ✓ Foreign owners allowed to remit profits
- ✓ Fully audited accounts available for all owners to view
- ✓ Return on Investment directly related to occupancy level of the villas
- ✓ No levies to be paid unless occupancy levels drop below an unlikely 26%

Type of Villa		2 bedroom	3 bedroom	4 bedroom	5 bedroom
Size M2 each villa		182	286	412	436
Land cost (Undivided Share)		\$9 846.00	\$17 622.00	\$18 000.00	\$19 458.00
Build cost		\$221 154.00	\$331 378.00	\$485 000.00	\$529 542.00
Land and build cost		\$231 000.00	\$349 000.00	\$503 000.00	\$549 000.00
Add Stamp + Transfer Fees	9%	\$886.14	\$1 585.98	\$1 620.00	\$1 751.22
Add Capital Cost of two vehicles		\$2 635.50	\$4 141.50	\$5 966.07	\$6 313.61
Add Furnishing Pack		\$25 743.01	\$33 338.94	\$48 959.65	\$51 061.95
<b>Total Capital Cost</b>		<b><u>\$260 264.65</u></b>	<b><u>\$388 066.42</u></b>	<b><u>\$559 545.72</u></b>	<b><u>\$608 126.78</u></b>

## Rental Pool Programme

As stated in the Purchase Process above, Villa owners will be required to **participate in a rental pool**. The Victoria Falls is an iconic destination and as such there is a **demand from visitors for luxury accommodation**. Returns will be made by offering all the villas for accommodation to local and international tourists.

Owners will be **allocated 14 days** per year to occupy their Villa **free of charge**. If the Owner wishes to use more than 14 days per calendar year for his own personal use or that of an invitee, then he shall be entitled to rent a villa from the rental pool programme at a rate, 25% less than the standard rack rate. The revenue received from this rental (like any other rental) is placed back into the rental pool fund from which the Owner will receive his profit share.

If the Owner chooses not to use his 14 days (or part thereof) of free usage and occupation, he shall have the option to offer these days back to the rental pool programme. If the operating company is then able to rent out these days then the Owner shall **receive the direct revenue** received from the rental less the operating company's agency commission of 25%. This revenue is **over and above his profit share** of the rental pool programme and represents a substantial amount of money.

## Share of Profits

A budget estimate for the operating company has been prepared to ascertain the profitability of this project; this **budget is available on request** for potential investors to view. We have used **conservative rates for revenue** and **generous allowances for expenditure** which include all management and administrative costs, general repairs and maintenance, staff salaries etc. It also includes the running costs of two private shuttle buses which will provide complimentary hourly shuttles from Bonamanzi into Victoria Falls town available for owners and guests alike. A **sizeable marketing budget** has also been set aside as well as an **allowance for refurbishment** in the years to come.

Please see below a summary of this budget for the operating company. In the columns you will see that the **greater the occupancy percentage the greater the nett profit** before tax.

<b>Annual Budget Summary</b>					
	<b>25.6%</b>	<b>40%</b>	<b>50%</b>	<b>60%</b>	<b>70%</b>
Occupancy %	<b>25.6%</b>	<b>40%</b>	<b>50%</b>	<b>60%</b>	<b>70%</b>
Nett Total Revenue	\$801 026	\$1 251 602	\$1 564 503	\$1 877 404	\$2 190 304
Less Operating Expenses	-\$800 171	-\$904 535	-\$977 010	-\$1 049 485	-\$1 121 960
<b>Net Profit before Tax</b>	<b>\$855</b>	<b>\$347 068</b>	<b>\$587 493</b>	<b>\$827 919</b>	<b>\$1 068 344</b>

The operating company will run the day to day business of the venture within the guidelines laid out in the approved budget.

The operating company will be **fully audited** by a reputable firm of Chartered Accountants. Once profit is established from the audit, it will be **shared amongst owners** using the following method.

## Nett Profit multiply by % Share per Villa (explained in the following table)

Share of Profit (Based on sqm of villa)					
Villa	SQM per Villa	No of Villas	Total SQM	% Share per Villa	Total % all Villas
2 Bedroom	182	8	1456	3.76%	30.12%
3 Bedroom	286	3	858	5.92%	17.75%
4 Bedroom	412	4	1648	8.52%	34.09%
5 Bedroom	436	2	872	9.02%	18.04%
			<u>4834</u>		<u>100.00%</u>

### Example

2 bedroomed Villa at 50% occupancy

**Nett profit x % Share per villa = Profit share per villa per annum before tax**

\$587 493.23 x 3.765% = \$22 119.12

### Return on Investment

In the tables below, we have endeavoured to forecast the rate of **return on investment** made using varying occupancy rates and the profit shared as calculated in the above example. Residual value is the estimated value of your property at the end of 5 years. These values are very conservative as property prices in the Victoria Falls already exceed this at present.

40% Occupancy					
Villa	Capital Cost	Profit Share Per Annum	Residual Value After 5 Years	IRR	Annual % Return
2 bed	(\$260 265)	\$13 067	\$301 718	6.7%	5.0%
3 bed	(\$388 066)	\$20 534	\$449 822	7.0%	5.3%
4 bed	(\$559 546)	\$29 580	\$648 210	6.9%	5.3%
5 bed	(\$608 127)	\$31 304	\$705 499	6.8%	5.1%
50% Occupancy					
Villa	Capital Cost	Profit Share Per Annum	Residual Value After 5 Years	IRR	Annual % Return
2 bedroom	(\$260 265)	\$22 119	\$301 718	9.7%	8.5%
3 bedroom	(\$388 066)	\$34 759	\$449 822	10.1%	9.0%
4 bedroom	(\$559 546)	\$50 072	\$648 210	10.1%	8.9%
5 bedroom	(\$608 127)	\$52 989	\$705 499	9.9%	8.7%
60% Occupancy					
Villa	Capital Cost	Profit Share Per Annum	Residual Value After 5 Years	IRR	Annual % Return
2 bed	(\$260 265)	\$31 171	\$301 718	12.8%	12.0%
3 bed	(\$388 066)	\$48 983	\$449 822	13.4%	12.6%
4 bed	(\$559 546)	\$70 563	\$648 210	13.4%	12.6%
5 bed	(\$608 127)	\$74 674	\$705 499	13.1%	12.3%
70% Occupancy					
Villa	Capital Cost	Profit Share Per Annum	Residual Value After 5 Years	IRR	Annual % Return
2 bed	(\$260 265)	\$40 223	\$301 718	16.0%	15.5%
3 bed	(\$388 066)	\$63 208	\$449 822	16.7%	16.3%
4 bed	(\$559 546)	\$91 055	\$648 210	16.7%	16.3%
5 bed	(\$608 127)	\$96 359	\$705 499	16.4%	15.8%

The analysis above has been done to give the investor a clear indication of the return that can be made on their investment.

The above figures indicate there is a 5% return on an investor's capital when a 40% occupancy level is reached. At present occupancy levels at various quality establishments in Victoria Falls are much higher than this, estimated at between 60% - 80%. There is a **complete absence of luxury self-catering accommodation** on offer at the moment in Victoria Falls so there is **no reason** why Bonamanzi will not be able **achieve these high occupancy levels**.

## Remittance of rental income

Rentals due to non-resident individuals and non-residents Zimbabweans (Diaspora) who formally acquired immovable property are **freely remittable from Zimbabwe**, provided a signed copy of the Rental Pool agreement is lodged with the bank.

**Profits will be paid quarterly** into a local bank established by the villa owner. Non-residents are then able to remit these funds as per the paragraph above.

## Levies

In this model we have budgeted **NOT to charge owners a levy** as the venture should be self-funding. However should the occupancy levels drop below 25.6% (approx break-even point) then owners would be **required to fund the deficit** in proportion to their villa (on the same basis as the profit is shared, which is explained above).

## Tax

Zimbabwean tax will **apply on profits** for both individuals and companies and payment of any such tax will be the responsibility of the owner.

### Tax rate – Companies 25.75%

Individual Tax rate	
Tax Band \$US	Tax Rate
\$1 to \$3 000	0.00%
\$3 001 to \$12 000	20.00%
\$12 001 to \$24 000	25.00%
\$24 001 to \$60 000	30.00%
\$60 001 to \$90 000	35.00%
\$90 001 to \$120 000	40.00%
\$120 001 to \$999 999	45.00%

## Mortgages

Mortgages will be available for Zimbabwean residents who are able to fulfil the requirements needed by the Finance House.

## 12. OPERATING COMPANY

The operating company is an **integral part of the ongoing success** of Bonamanzi. Their responsibilities will include but are not limited to:

- Maintaining the villas and grounds to the highest standards
- Marketing the villas for holiday rentals
- Booking systems and administration
- Financial management, providing audited accounts for all owners
- All aspects of operations in running a resort of this nature
- Public relations

Employing the services of a third party operating company poses two fundamental problems;

- 1) Reputable companies with the knowledge and experience necessary to run an operating company of this nature, would generally have a large infrastructure and therefore the cost of attaining their services for a development the size of Bonamanzi would be prohibitive and unviable. Profits would be soaked up by the operating company and not be awarded to the Owner.
- 2) Finding the right operating company in Victoria Falls could be a difficult task.

For these reasons the visionary developers of Bonamanzi Pvt Ltd will establish and oversee the operating company. They have from the initial vision to the concept becoming a viable proposition had to analyse, examine and evaluate every aspect of the business, from structuring of the management budgets and return on investment through to market research and competition. Their extensive experience in the business sector having owned and run several successful businesses and experience in marketing and tourism is set to ensure the success of the operating company. Being based locally in Victoria Falls along with their keen vested interest in the entire project they have a distinct advantage over other companies.

Within the operating company budget there is provision for employing several key staff members which include a General Manager, an Estate and Housekeeping Manager and Marketing and Sales Manager as well as numerous general staff appointed below these key figures.



## 13. SUMMARY & CONTACT DETAILS

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