

RoomNest Financial Analysis & Projections

Proptech Startup | 5-Year Strategic Financial Plan

Prepared by: Tshepang Nkwe

Date: July 2025

Contact: +27 614 200 645

Email: Tshepangnkwe1@outlook.com

Initial Funding: **R71,180.00** (Strategic Investment)

Market Focus: Universities & TVET Colleges

Table of Contents

- Executive Summary
 - Revenue Model & Pricing Structure
 - Team Structure & Hiring Plan
 - 5-Year Financial Projections
 - Cash Flow Analysis
 - Key Financial Metrics
 - Break-Even Analysis
 - Sensitivity Analysis
 - Funding Strategy
 - Risk Assessment
 - Market Expansion Strategy
 - Conclusion
-

Executive Summary

This financial analysis presents a comprehensive 5-year projection for RoomNest, a proptech startup focused on South African university and TVET college accommodation. With an initial strategic investment of **R71,180.00** over 12 months, the company targets universities and TVET colleges serving 5,000+ off-campus accommodations.

The funding strategy prioritizes speed-to-market over extensive pre-launch preparation, enabling real-world validation and user-driven feature development. Within 5 months, RoomNest will have a working product in students' hands, real usage data, and a clear roadmap driven by actual user needs rather than assumptions.

Key Financial Highlights:

- Initial Investment: **R71,180.00** (40% Grant, 60% Loan) over 12 months (MVP development focus)
- Revenue Model: Subscription-based (Hosts) and Commission-based (Service Providers)
- Break-even: Month 18 (Early 2028)
- 5-Year Revenue Projection (2027-2031): **R51,628,500.00** (Conservative, Host Revenue Only)
- 5-Year Net Profit (2027-2031): **R19,869,192.00** (Conservative)

- Future Funding: **R2-3,000,000.00** after 18 months (Early 2028) for team expansion (Single Series A Raise)
-

Revenue Model & Pricing Structure

Subscription Tiers (Hosts)

Host Subscriptions:

- Basic Plan: **R250.00/month** or **R2,400.00/year** (R600.00 discount - 20% savings)
- Premium Plan: **R600.00/month** or **R5,400.00/year** (R1,800.00 discount - 25% savings)

Commission-Based Model (Service Providers)

- Service Provider Commission: 2% - 10% per completed job.
- *Note: Revenue from Service Providers is projected as a separate stream post-MVP, not included in the primary host revenue projections below.*

Market Assumptions

- Total Addressable Market: 5,000+ properties across universities & TVET colleges
 - Conservative Host Growth Rate (YOY): 100% (2027-2029), 118.75% (2030), 50% (2031)
 - Host Distribution: 65% Basic, 35% Premium
 - Annual vs Monthly: 70% annual subscriptions, 30% monthly
 - Service Provider Penetration: Targeting 1 service provider per 8 hosts (from 2029 onwards)
 - Market Expansion: Additional funding enables 3x market reach by 2029
-

Team Structure & Hiring Plan

2025 & 2026: Lean Development Phase

- Founder (Product Manager & Software Developer): Tshepang Nkwe
- Focus: MVP Development and Market Validation

Early 2028: Post-Funding Team Expansion (Month 18 onwards)

- Backend Developer: **R360,000.00/year**
 - Mobile Developer (2 positions): **R720,000.00/year** (R360k each)
 - Frontend Developer: **R360,000.00/year**
 - Financial Analyst: **R300,000.00/year**
 - Founder Salary Commencement: **R360,000.00/year**
 - Additional Staff Salaries: Scaled hiring based on growth, starting with 2 new roles in 2029.
 - Benefits & Taxes: 30% of base salaries.
-

5-Year Financial Projections

Revenue Projections (Conservative - Host Subscriptions Only)

Year	2026	2027	2028	2029	2030	2031
Active Hosts	200	400	800	1600	3500	5250
Total Host Revenue	447,000	1,788,000	3,576,000	7,152,000	15,645,000	23,467,500

Cost Structure

Cost Category	2026	2027	2028	2029	2030	2031
Personnel Subtotal	0	0	2,730,000	3,712,800	4,420,000	7,488,000
Operational Subtotal	20,680	35,680	244,480	1,062,480	1,558,480	2,320,480
Total Costs	20,680	35,680	2,974,480	4,775,280	5,978,480	9,808,480

Profit & Loss Statement

Item	2026	2027	2028	2029	2030	2031
Revenue	447,000	1,788,000	3,576,000	7,152,000	15,645,000	23,467,500
Total Costs	20,680	35,680	2,974,480	4,775,280	5,978,480	9,808,480
EBITDA	426,320	1,752,320	601,520	2,376,720	9,666,520	13,659,020
Net Income	299,750	1,261,670	404,294	1,646,438	6,851,894	9,704,894

Cash Flow Analysis

Operating Cash Flow

Item	2026	2027	2028	2029	2030	2031
Operating Cash Flow	309,750	1,246,670	384,294	1,556,438	6,665,894	9,410,894

Investment Cash Flow

Item	2026	2027	2028	2029	2030	2031
Investment Cash Flow	-56,480	0	-180,000	-130,000	-180,000	-240,000

Financing Cash Flow

Item	2026	2027	2028	2029	2030	2031
Financing Cash Flow	71,180	0	2,500,000	0	0	0

Net Cash Flow Summary

Item	2026	2027	2028	2029	2030	2031
------	------	------	------	------	------	------

Item	2026	2027	2028	2029	2030	2031
Net Cash Flow	324,450	1,246,670	2,704,294	1,426,438	6,485,894	9,170,894
Cumulative Cash	324,450	1,571,120	4,275,415	5,701,853	12,187,748	21,358,642

Key Financial Metrics

Profitability Ratios

Metric	2027	2028	2029	2030	2031
Gross Profit Margin	100%	100%	100%	100%	100%
Operating Margin	98%	16.8%	32.7%	61.8%	58.0%
Net Profit Margin	70.5%	11.3%	23.0%	43.8%	41.4%

Growth Metrics

Metric	2027	2028	2029	2030	2031
Revenue Growth	300%	100%	100%	118.75%	50%
User Growth (Hosts)	100%	100%	100%	118.75%	50%
ARPU (Hosts, Annual)	3,756	3,756	3,756	3,756	3,756
Customer Acquisition Cost	50	125	937.50	568.42	925.71
Customer Lifetime Value	24,585	24,585	24,585	24,585	24,585
LTV/CAC Ratio	491.70	196.68	26.22	43.25	26.56

Break-Even Analysis

Monthly Break-Even Point (2029 with full team):

- Estimated 2029 Fixed Costs (Monthly): **R397,940.00**
- Estimated Variable Cost per User: **R25.00**
- Average Revenue per User (Monthly): **R313.00**
- Break-Even Users: **1,364 hosts**
- Break-Even Revenue: **R426,892.00/month**

Timeline to Break-Even:

Month 18 (Early 2028, post-funding)

Sensitivity Analysis

Revenue Scenarios

Scenario	2029 Revenue	2031 Revenue	5-Year NPV
Conservative (-20%)	5,721,600	18,774,000	8,940,000
Base Case	7,152,000	23,467,500	14,280,000
Optimistic (+20%)	8,582,400	28,161,000	19,620,000
Aggressive (+50%)	10,728,000	35,201,250	28,470,000

Funding Strategy

Phase 1: Bootstrap, Seed Funding & MVP (2025-2026)

- Initial Investment: **R71,180.00** (40% Grant, 60% Loan) over 12 months
- Focus: MVP development.
- Goal: Product-market fit validation
- Revenue Target: **R447,000.00** by end of 2026; **R1,788,000.00** by end of 2027

Phase 2: Series A Funding (Early 2028)

- Target Amount: **R2-3,000,000.00**
- Purpose: Team expansion (5 full-time employees)
- Market expansion to additional universities & TVET colleges
- Product development acceleration
- *Note: This is intended as the sole major external funding round.*

Risk Assessment

Financial Risks

- **Funding Gap Risk:** Series A funding may be delayed or insufficient
- **Market Penetration Risk:** Slower than projected user acquisition
- **Competition Risk:** New entrants reducing market share
- **Operational Scaling Risk:** Costs growing faster than revenue

Mitigation Strategies

- Conservative revenue projections with multiple scenario planning
- Flexible team structure allowing for cost adjustments
- Multiple funding source exploration (investors, grants, revenue-based financing)
- Strong focus on unit economics and customer lifetime value
- Diversified market approach (universities + TVET colleges + Family renting)

Market Expansion Strategy

Phase 1: Core Universities (2026-2027)

- Launch at NWU, UL, VUT, TUT

- Target: 400 hosts by end of 2027

Phase 2: TVET & Regional Expansion (2028-2029)

- Expand to all SA universities + TVETs, then to broader urban rental market
- Target: 1,600 hosts by end of 2029

Phase 3: Continental & International Expansion (Year 5+)

- Pan-African and Global Emerging Markets
- Target: 5,250 hosts by end of 2031

Conclusion

RoomNest's revised financial projections demonstrate a strategic approach to sustainable growth in the South African university and TVET college accommodation market. The updated strategy emphasizes:

- Rapid MVP development with minimal initial investment (**R71,180.00**)
- Real-world validation before major team expansion
- Strategic funding raises aligned with growth milestones
- Conservative projections with strong upside potential
- Diversified market approach reducing single-sector dependency

Key Success Metrics:

- Break-even by Month 18 (Early 2028, post-Series A funding)
- **R51,628,500.00** cumulative revenue over 5 years (2027-2031, conservative)
- **R19,869,192.00** cumulative net profit over 5 years (2027-2031)
- Strong unit economics with LTV/CAC ratio of **26.22-491.70** (depending on year)
- Clear path to profitability and sustainable growth

The lean startup approach maximizes the probability of product-market fit while minimizing development risk and time-to-revenue. The phased funding strategy ensures adequate capital for each growth stage while maintaining founder control and minimizing dilution.

Prepared by: Tshepang Nkwe

Date: July 2025

Contact: +27 614 200