

Critical Feasibility Study

Commercial Complex Investment Project

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Date: [Presentation Date]

Executive Summary

- **Overview:**
 - Proposal for a commercial complex combining office spaces, apartments, multi-purpose halls, and a penthouse.
 - **Investment Metrics:**
 - **Total Investment:** USD 2,200,000
 - **Annual Revenue:** USD 112,800
 - **Annual Running Costs:** USD 39,000
 - **Key Concern:**
 - Low ROI (~3.35%) and a long payback period (~30 years)
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Financial Analysis

- **Net Profit Calculation:**
 - Annual Revenue (112,800) – Annual Running Costs (39,000) = **73,800 USD**
 - **Return on Investment (ROI):**
 - $(73,800 / 2,200,000) \times 100 \approx 3.35\%$ per year
 - **Payback Period:**
 - $2,200,000 / 73,800 \approx 30$ years
 - **Critical Observation:**
 - The financial return is weak for an investment project.
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Technical & Market Considerations

- **Technical Feasibility:**
 - Well-defined multi-floor configuration and compliance with regulatory standards.
 - **Market Positioning:**
 - The complex could serve multiple tenant types; however, market demand and competition remain uncertain.
 - **Key Risk:**
 - If occupancy and rental rates do not meet optimistic projections, financial returns could decline further.
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Risk Assessment & Mitigation

- **Primary Risks:**
 - **Financial:** Low ROI, long payback period, sensitivity to market fluctuations.
 - **Construction:** Potential delays and cost overruns.
 - **Market:** High dependency on achieving projected occupancy and rental income.
 - **Mitigation Strategies:**
 - Reassess revenue streams and cost management.
 - Consider additional value-added services.
 - Explore strategic partnerships to share financial risk.
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Strategic Considerations

- **Critical Evaluation:**
 - The project, as currently structured, does not deliver compelling investment returns.
 - **Alternative Approaches:**
 - Enhance revenue potential through diversified income sources.
 - Optimize operational efficiencies to lower running costs.
 - **Non-Financial Benefits:**
 - Community development, job creation, and market positioning could provide some strategic value.
 - **Investor Dilemma:**
 - The strategic benefits may not fully justify the long-term financial commitment.
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Conclusion & Recommendations

- **Conclusion:**
 - From an investment perspective, the project currently faces significant financial challenges.
 - **Recommendations:**
 - **Improve Financial Metrics:** Revise revenue models and cost structures to enhance ROI.
 - **Risk Mitigation:** Implement robust strategies to address market and construction risks.
 - **Reevaluate Investment:** Consider if non-financial benefits can adequately supplement the financial return.
 - **Decision Point:**
 - Reassess project viability or seek alternative projects with higher financial attractiveness.
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Q&A / Next Steps

- **Discussion Points:**
 - Potential strategies for revenue enhancement and cost reduction.
 - Rebalancing strategic vs. financial benefits.

- **Next Steps:**

- Detailed analysis of alternative investment models.
 - Stakeholder consultation for refining project scope.
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