Project 2: Group-Wide VaR Model

1. Executive Summary

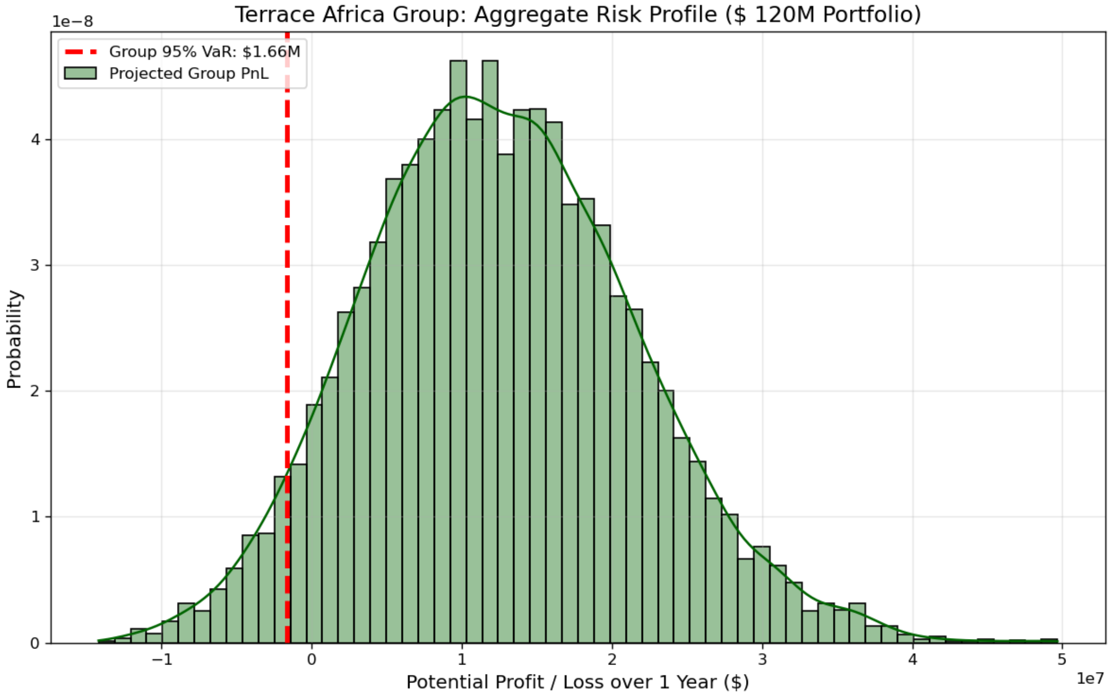
This Risk Dashboard quantifies the downside exposure for the full Terrace Africa Group portfolio ($ 120 Million AUM). By simulating 10,000 market scenarios across Zimbabwe, Zambia, Mozambique, and South Africa, we have calculated the maximum expected loss (Value-at-Risk) to inform capital reserve requirements.

2. Regional Risk Exposure (95% Confidence)

Asset / Region	Valuation	Max Risk (VaR)	% Risk
Greenfields Retail (Zim)	$24.2M	$2,433,148	10.1%
Zimre Park Drive-Thru (Zim)	$0.9M	$78,697	8.8%
Highland Park & Others (Zim)	$32.9M	$4,672,113	14.2%
Waterfalls Mall (Zambia)	$25.0M	$3,779,884	15.1%
Mozambique Portfolio (Tete)	$22.0M	$4,282,703	19.5%
RSA Portfolio (Kleinmond)	$15.0M	$1,111,766	7.4%

3. Group Risk Profile ($120M Portfolio)

The chart below illustrates the aggregate profit/loss distribution for the entire group.



4. Strategic Analysis

The Group-Wide 95% Value-at-Risk is approximately $1.66 Million. This represents the 'worst-case' loss in a standard volatility year. Notably, the inclusion of Regional Assets (Zambia, RSA) significantly dampens the volatility originating from the Zimbabwe portfolio, confirming the benefits of the cross-border diversification strategy.

4. Advanced Risk Analysis

Expected Shortfall (CVaR):

While the VaR threshold is $1.66M, the Expected Shortfall (CVaR) is $4.76M. This metric is critical: it implies that if the portfolio breaches the risk limit, the average realized loss will be significantly higher. Liquidity buffers should ideally target the CVaR figure rather than just VaR.

Quantified Diversification Benefit:

This model proves the value of the cross-border strategy. If we sum the standalone risks of all assets, the total exposure is $16.36M. However, due to the imperfect correlation between Zimbabwe, Zambia, and RSA, the actual portfolio risk is only $1.66M.

Result: The regional diversification structure effectively 'saves' $14.70 Million in capital risk exposure.

6. Scenario Stress Testing (Specific Events)

While Monte Carlo simulates general volatility, this section tests the portfolio's resilience against specific, named disaster scenarios to quantify maximum exposure.

Scenario A: Zim Currency Shock	
Zimbabwe assets devalue by 25%; Regional assets unaffected.	
Projected Portfolio Loss:	-$14.50 Million (-12.1%)

Scenario B: Regional Contagion	
Emerging market sell-off. Zambia & Moz drop 20%; RSA drops 10%; Zim stable.	
Projected Portfolio Loss:	-$10.90 Million (-9.1%)

Scenario C: Global Recession (2008 Style)	
Global liquidity crisis. All assets across all regions drop by 15%.	
Projected Portfolio Loss:	-$18.00 Million (-15.0%)

***** END OF RISK ANALYSIS REPORT *****