

BUSINESS PLAN

ELSEWEDY INDUSTRIAL DEVELOPMENT

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Abstract

This proposal describes the phases of establishing an Egyptian Industrial City “EIC” in Kigamboni, Tanzania containing industrial, logistical, residential facilities, administration and commercial buildings as well as a technical academy, to develop, build, manage, and transfer the ownership of state of the art industrial and logistics areas to other investors in Tanzania.

Executive Summary

Introduction

Elsewedy Development Tanzania Limited is a company established and registered under the law of Tanzania, Elsewedy Development Tanzania Limited is planning to develop an the Project “Egyptian Industrial City (EIC)” in Kigamboni

Elsewedy Electric is an Egyptian Company registered under the law of Egypt with an approximate annual turnover of 2.7 billion USD and eighty years of wide experience in the energy sector in Africa and the Middle East. Elsewedy Electric global presence is in fourteen countries through 30 production facilities for manufacturing a wide range of electrical products.

Elsewedy Industrial Development, one of the corporate sub-entities, is a pioneer company specialized in the field of industrial parks community development in Egypt and the region. Through the years, the company had gained an extensive experience and unique ability to direct, assimilate, and manage industrial development projects on an international level.

The company was established with the aim to provide a viable platform of infrastructure, utilities, and services that optimizes the business efficiency and profitability of its investors.

Goals and Objectives

Following Tanzania’s vision in prioritizing industrialization by 2025, Elsewedy Industrial Development is expanding the cooperation between Egypt and Tanzania by acquiring, developing, facilitating, and transferring Tanzanian land to other investors in a fully integrated, independent, and self-sustaining state of the art industrial city on 2 million sqm of land.

The industrial city goal is to attract investments of 400 million USD, using the given utilities capacity of 30-70 MW by bringing over 100 investors while providing over 25,000 job opportunities. The focus will be on attracting and boosting the production of the following industry sectors: textiles, automotive, electronics, food processing, agro-processing and pharmaceuticals.

Moreover, the ideal land use distribution will include an industrial, logistics, administration, and commercial zone, in addition to the establishment of a technical academy and a residential area.

The company is setting necessary policies and methodologies to achieve high customer satisfaction level in terms of delivery and compliance with international standards for quality and services.

Company Description

Company's Legal formation

ELSEWEDY DEVELOPMENT TANZANIA LTD. is incorporated as a Company limited by shares

Company's Board of Directors

- **Mr. Ibrahim Gamar – Board Member – Director**
- **Mr. Mohamed Alkammah – Board Member – Director**
- **Mr. Mohamed Ragab – Board Member – Director**

The Company's activities are as follows:

1. To commence and to establish the development of integral industrial, administrative, residential and logistical communities with a scope covering planning, dividing, landscaping and providing the basic services such as internal infrastructure works, drinking water, waste water, communication, electricity and roads
2. To engage in all business of all engineering works such as construction, mechanical engineering millwrights, wire-drawing, tube makers' metallurgists, which may be conveniently carried on in connection therewith.
3. To do all engineering works and such buildings construction, road construction, plumbing, electrical fittings, making bridges and any other business, that be conveniently carried on in connection therewith.
4. To lease and/or sell, manage, use or otherwise deal in lands, buildings and real property of the industrial park.

Project Description

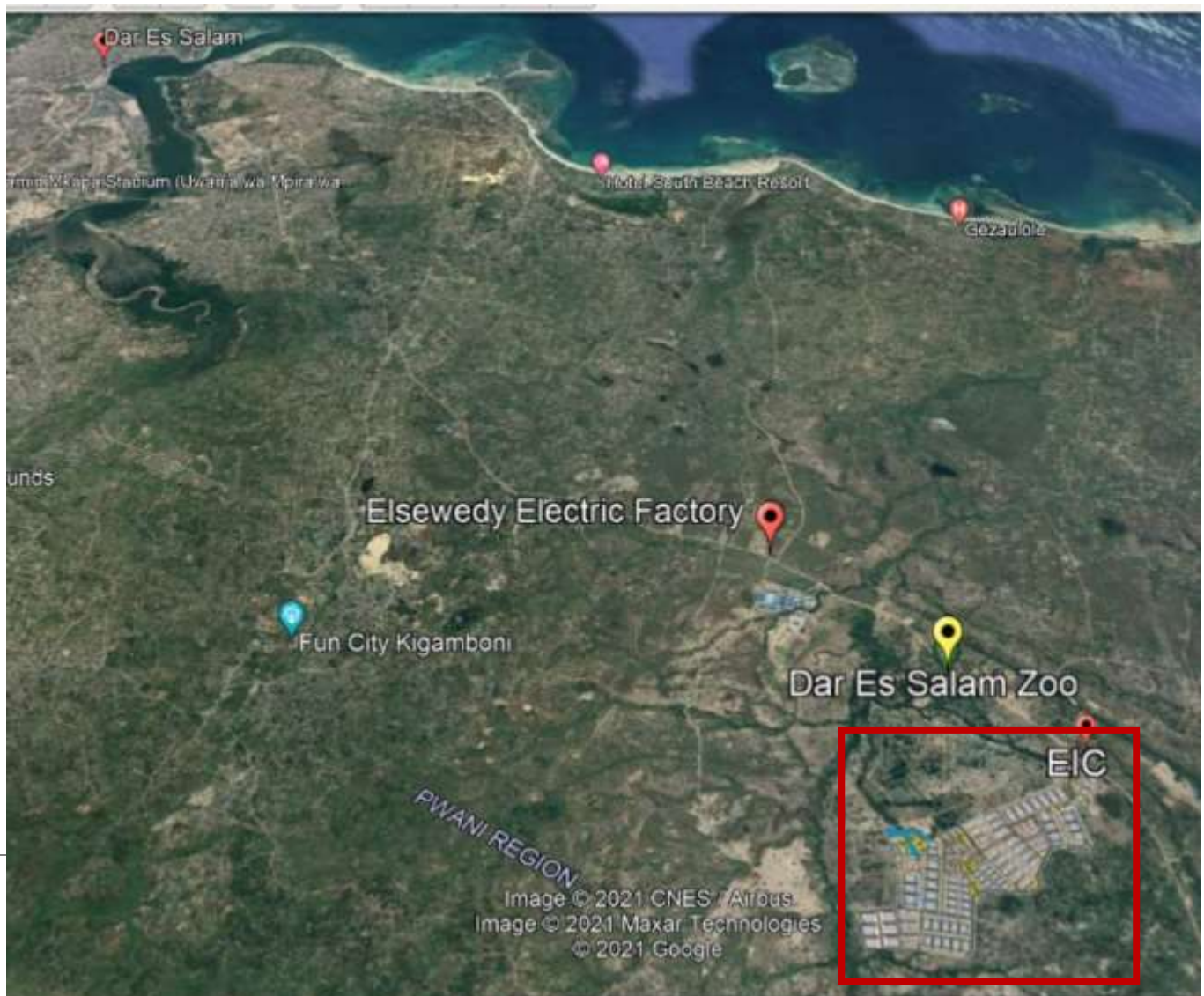
Site location

The project has a special location about 39 km southeast of Dar Es Salaam, the largest city in all of Africa, and near the Indian Ocean, across from Zanzibar island.

The project is surrounded by unique uses:

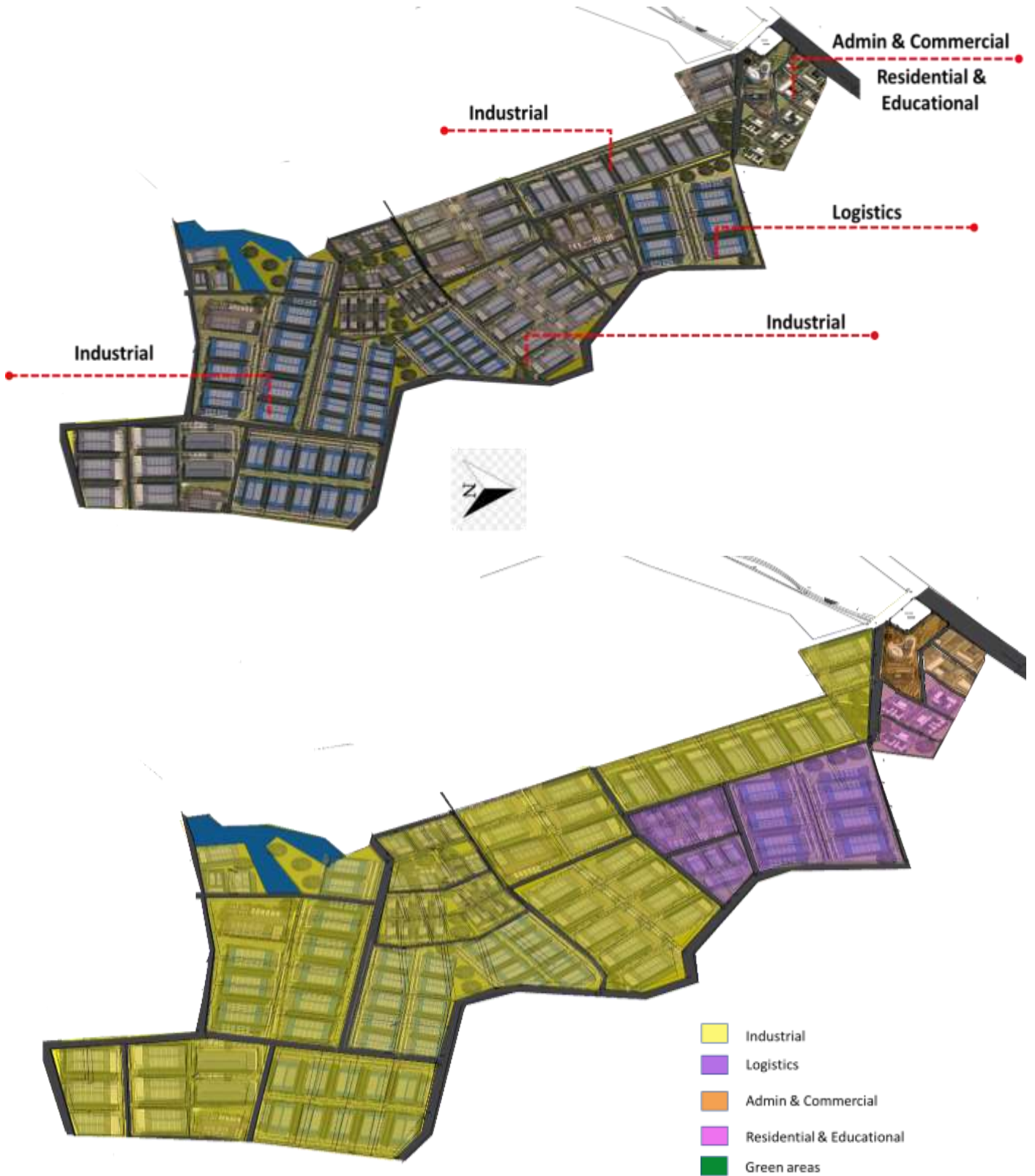
- Dar Es Salaam City is about 37 km away to its north.
- Julius Nyerere International Airport is about 32 km to the north.
- Kamata Train Station in Dar Es Salaam is about 29 km.
- Tanzania International Container Terminal Services is about 27 km.

Site Location



Project conceptual design

Fig. (1): Master Plan & Conceptual Design



Description of Project Components

- **Industrial**
The Industrial zone, 62% of the project size, will be planned in phases on an area of 1,296,412 sqm of land and divided into different sectors to support the following industries: textiles, automotive, electronics, food processing, agro-processing and pharmaceuticals.
- **Logistics**
The logistics zone, a fully customized premises on 10% of the project size, will be planned in phases on an area of 209,099 sqm of land to encourage logistical supplemental activities that deliver a remarkable change in the logistics chain.
- **Services Zone** to occupy 8% of the project size on an area of 167,279 sqm of land including the following:
 - **Technical Academy**
 - **Administrative**
 - **Commercial Zone**
 - **Residential Area**
- **Landscape & Roads** to occupy 20% of the project size on an area of 418,197 sqm of land.

<u>Usage</u>	<u>Area</u>	<u>%</u>
<u>Industrial</u>	<u>1,296,412</u>	<u>62%</u>
<u>Logistics</u>	<u>209,099</u>	<u>10%</u>
<u>Commercial, Admin Residential, Educational</u>	<u>167,279</u>	<u>8%</u>
<u>Landscape & Roads</u>	<u>418,197.4</u>	<u>20%</u>
Total	2,090,987	100%

Market Analysis

The industrial sector development is undoubtedly a key priority for the Tanzanian government and occupies an integral part of its social and economic development plan, “Vision 2025”.

The government aims to build a modern, competitive and dynamic industrial sector that is fully integrated into the domestic, regional and global economy.

Why does Tanzania need a strong manufacturing sector?

Historically, most cases of sustained economic growth have been linked to industrialization, particularly the dynamic growth in manufacturing production. The manufacturing sector accounts for 8% of total workers, mainly in urban areas, which focus on only a few manufacturing areas like textiles, leather and food processing.

Another reason for the need of prioritizing industrialization is Tanzania’s government decision not to sign a trade deal with the European Union. The purpose of the decision was to stop cheap imports from crowding out domestic industries over a longer time frame. Therefore, the development of the industrial sector is ongoing, with construction of a number of factories underway, including new facilities for the manufacturing of industrial materials such as tiles, tractors, glass, fertilizer and petrochemicals. A mix of investors from Mainland China, Europe and Africa will build these facilities across the country in designated industrial clusters.

The main industrial areas in Tanzania are:

Industrial Zones/Parks	Name and Location
Existing SEZ and EPZ	<ul style="list-style-type: none"> • Mbegani – Coast Region • Malula – Arusha • Kia – Kilimanjaro • Kiyegeya – Morogoro • Bunda, Tairo – Mara • Bandari ya Mtwara – Mtwara • Ujiji – Kigoma • Kitengule – Kagera • Luwawasi Mkuzo – Ruvuma • Neema – Tanga • Usagara, Nyan'gomango – Mwanza • Iwambi – Mbeya • Manyoni – Singida • Kahama – Shinyanga • Kilolo, Viwengi – Iringa

- Mererani/Simanjiro – Manyara
- Ngongo Area – Lindi

Planned SEZ and EPZ

- Bagamoyo SEZ
- Kigoma SEZ
- Mtwara SEZ

Flagship industrial park space

- Millennium Business Park – Dar es salaam
- Hifadhi EPZ – Dar es Salaam
- Kamal Industrial Estate EPZ – Bagamoyo
- Global Industrial Park EPZ – Mkuranga

Business Plan

Elsewedy Industrial development, based on experience with development, marketing and management of industrial sites in other communities; had developed the following outlines for the project business plan:

- Pre-Development phase
- Development Process
- Management & Human Resources Organization
- Financial Plan
- Sales & Marketing Plan

Pre-development Phase:

At this stage, the developers undertake three essential processes: Project Feasibility, Framework Agreement and allocation of Project Site.

Summary of feasibility Study

Gross Area: 2,091,585 SQM

Cost/m (including VAT): 22.46 \$/m

Total Cost (including VAT): \$ 46,979,090.69

Other Costs (Management, Consultation + Sales & Marketing): 3,500,000

Total: Approximate 50.5 Million USD



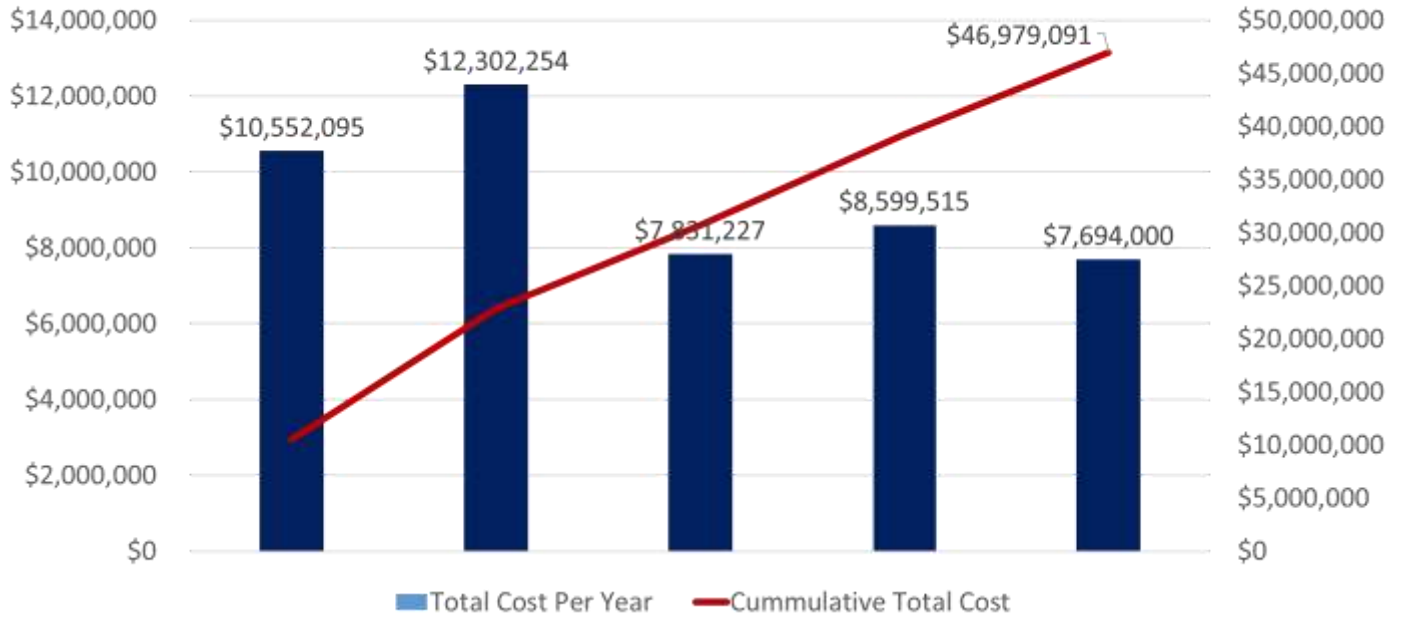
Development Plan:

Construction Work	Area	Cost \$/Sqm (Without VAT)	Total Amount (Without VAT)	Cost \$/Sqm (Including VAT 18%)	Total Amount (Including VAT 18%)	Remarks
Preliminary works (Earthworks-excavation/backfilling)	2,091,585.00	\$1.27	\$2,658,794.49	\$1.50	\$3,137,377.50	
Fences	2,091,585.00	\$0.93	\$1,949,782.63	\$1.10	\$2,300,743.50	Chain link fence + Masonry & Metal Front fence
Main Gate	2,091,585.00	\$0.50	\$1,051,110.09	\$0.59	\$1,240,309.91	
Main roads (one layer Binder coarse & base coarse only)	2,091,585.00	\$2.49	\$5,216,554.79	\$2.94	\$6,155,534.66	Excluding Earth works , interlock & curb & signage & road marking
Admin building	2,091,585.00	\$0.53	\$1,118,466.22	\$0.63	\$1,319,790.14	Same Area as Sewedy Factory at Tanzania (500M2)
Street Lighting for Main roads	2,091,585.00	\$0.66	\$1,386,118.19	\$0.78	\$1,635,619.47	Assumed to be 25% of LV network
Landscape (Softscape /sec. irrigation & Hardscape)	2,091,585.00	\$3.37	\$7,058,213.11	\$3.98	\$8,328,691.47	Softscape & secondary irrigation network (30%) & Hardscape works
Electricity Components (Ancillary building only)	2,091,585.00	\$0.53	\$1,098,968.39	\$0.62	\$1,296,782.70	Excluding MV connections
water Components (Water Tank)	2,091,585.00	\$2.11	\$4,413,598.86	\$2.49	\$5,208,046.65	
Secondary roads network	2,091,585.00	\$3.17	\$6,629,260.93	\$3.74	\$7,822,527.90	The Remaining of the 20% after excluding all main and sub-main roads
Secondary Gates	2,091,585.00	\$0.42	\$886,264.83	\$0.50	\$1,045,792.50	
Street Lighting for Secondary roads	2,091,585.00	\$1.64	\$3,438,707.54	\$1.94	\$4,057,674.90	
Soft Cost	2,091,585.00	\$1.39	\$2,906,948.64	\$1.64	\$3,430,199.40	
TOTAL		\$19.03	\$39,812,788.72	\$22.46	\$46,979,090.69	

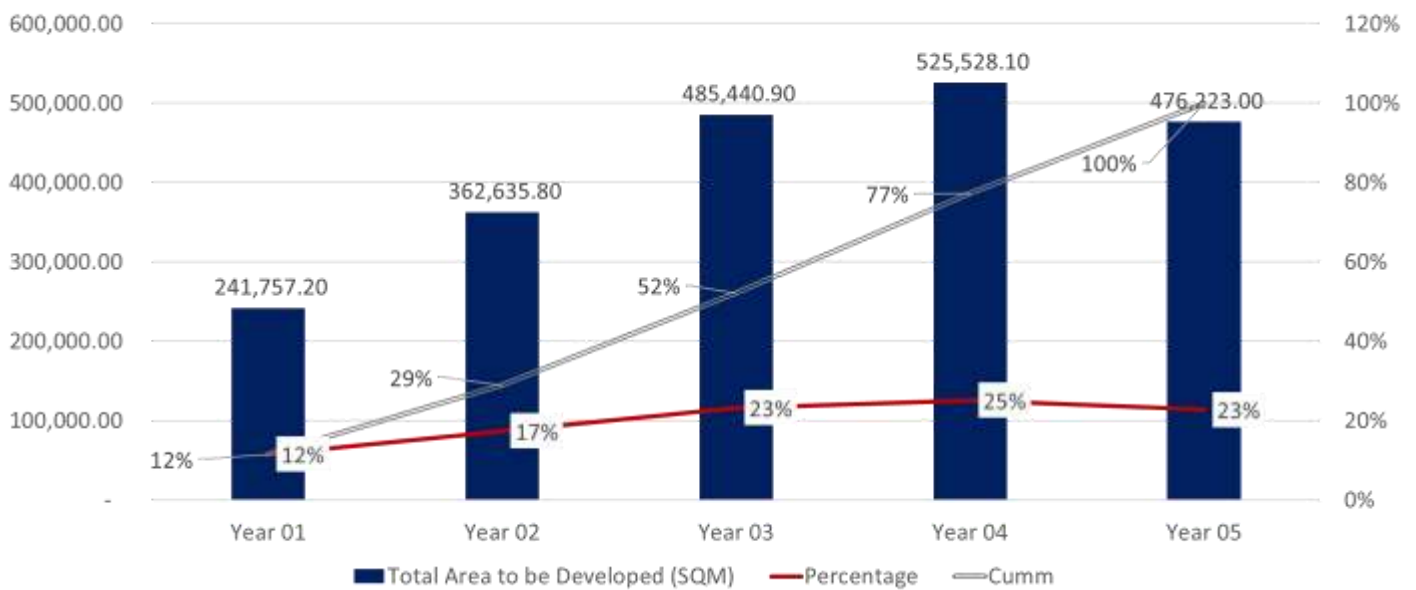
Five-Year Development Plan:

Construction Work	Year 1	Year 2	Year 3	Year 4	Year 5
Preliminary works (Earthworks-excavation/backfilling)	\$362,635.80	\$543,953.70	\$728,161.35	\$788,292.15	\$714,334.50
Fences	\$2,300,743.50				
Main Gates	\$1,240,309.91				
Main roads (one layer Binder coarse & base coarse)	\$711,491.44	\$1,067,237.16	\$1,428,652.57	\$1,546,629.20	\$1,401,524.29
Admin building	\$395,937.04	\$923,853.09			
Street Lighting for main roads	\$189,054.13	\$283,581.20	\$379,614.78	\$410,962.97	\$372,406.39
Landscape (Softscape /sec. irrigation & Hardscape)	\$962,677.17	\$1,444,015.76	\$1,933,025.66	\$2,092,652.89	\$1,896,319.99
Electricity Components (Ancillary building only)	\$259,356.54	\$1,037,426.16			
Water Components (Water Tank)	\$1,041,609.33	\$4,166,437.32			
Secondary roads network	\$904,171.93	\$1,356,257.89	\$1,815,548.97	\$1,965,475.09	\$1,781,074.02
Secondary Gates		\$261,448.13	\$261,448.13	\$261,448.13	\$261,448.13
Street Lighting for Secondary roads	\$469,008.97	\$703,513.45	\$941,755.35	\$1,019,524.51	\$923,872.62
Soft Cost	\$1,715,099.70	\$514,529.91	\$343,019.94	\$514,529.91	\$343,019.94
Total Cost Per Year	\$10,552,095	\$12,302,254	\$7,831,227	\$8,599,515	\$7,694,000

5-Year Plan S-Curve (\$)



5-Year Plan S-Curve (SQM)



Framework agreement had been developed between the shareholders for developing an integrated industrial, administrative, residential and logistical community with a scope covering planning, dividing, landscaping, and providing the basic services such as internal infrastructure works, potable water, waste water, communication, electricity, and roads.

The scope will include the dividing, leasing, selling and managing the facility within this integrated community.

Project Site is now assigned as indicated in section “Project Description” in this document; the legalization of the project site ownership (title deeds) and sub-lease agreement are being processed.

A reputable consulting firm had been employed for processing all necessary designs approvals and licensing such as construction license, environmental assessment ...etc.

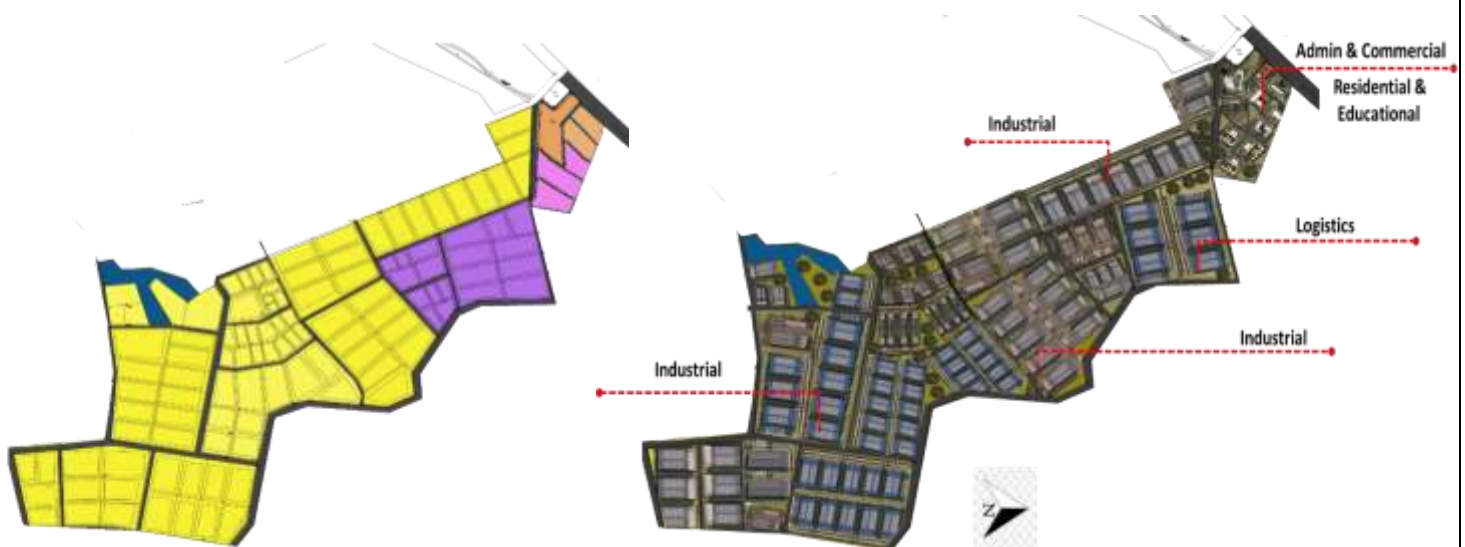
Development Process

The development process involves three essential sub-phases; (i) Development Planning, (ii) Site Development and (iii) Building Construction

i. Development Planning:

- Topographic survey of the site
- Soils and foundation conditions
- Site Master Plan & Conceptual Design
- Site layout plan
- Utilities capacities
- Indicating off-site and on-site requirements
- Detailed engineering design
- Environmental impact assessment

Fig. (2): Site layout



ii. Site Development

Site development activities shall include, but not limited to, construction permits, site mobilization, site preparation, site leveling, site access, utilities arrangements ...etc.

A specialized contractor will manage the development of the site, with routine oversight by the owner-designated manager and specialized consultation firm.

A qualified contractor will be hired through a tendering process, ensuring the technical qualifications & references are the key selection parameters, Quality & HSE international standers will be applied throughout the implementation phase, as well as overseeing the work, and file written documentation that the work has been performed to specifications.

iii. Building Construction

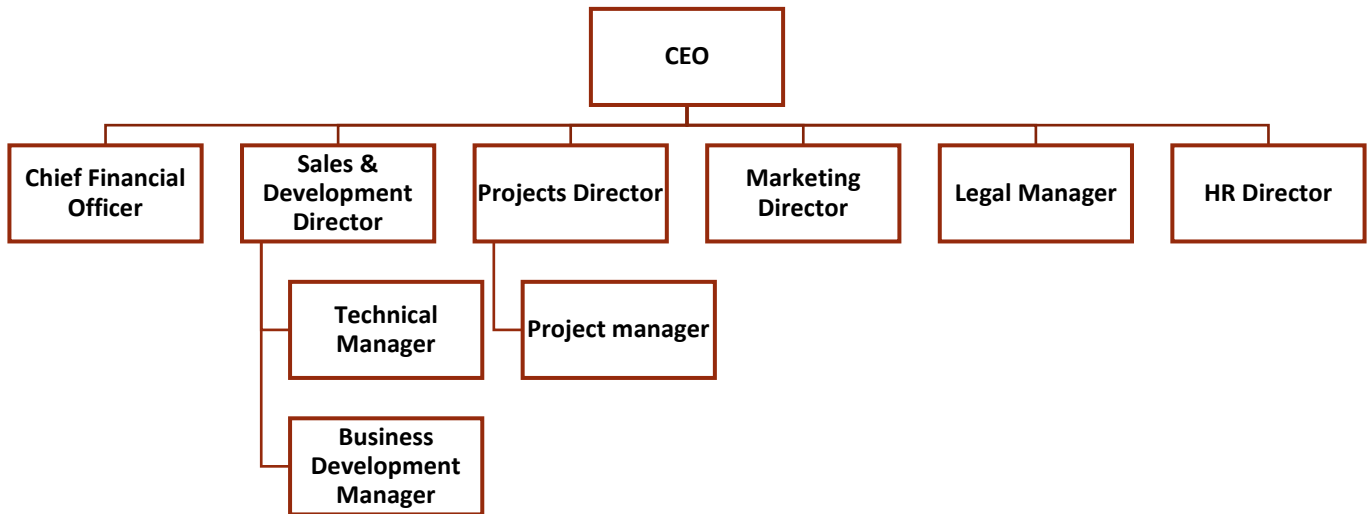
This essentially completes the requirements for managing the development process, and the company will be acting as a management firm for the building construction.

This would be done in order to offer build-to-suit construction capabilities and turnkey leases.

The construction phase will be divided into 3 sub-phases in a duration of a 5 years plan including the following elements:

1. Preliminary works (Earthworks–excavation/backfilling)
2. Fences
3. Main gates
4. Main roads
5. Admin building
6. Street lighting for main roads
7. Landscape (softscape / sec. irrigation & hardscape)
8. Electricity components (ancillary building only)
9. Water components (water tank)
10. Secondary road network
11. Secondary gates
12. Street lighting for secondary roads
13. Soft cost

Management & Human Resources Organization



The project team will include 70% - 80% of Tanzanian Citizens and the rest will be expats from Parent Company to ensure knowledge transfer in Project early stage members in managerial staff & employees.

Financial Plan

Direct cash flow:

Financial statements:

Sales & Marketing Plan

A sales and marketing plan will be initiated as soon as the pre-development phase is completed and the Project Development Process is initiated to:

- Determine who will market the properties; create a management plan for the initial and ongoing processes.
- Develop a budget for the marketing component
- Adapt the site master plan into a marketing piece & show phases of development, as necessary
- Implement the sales and marketing approaches such as:
 - a. Advertising
 - b. Direct mail campaigns
 - c. Telemarketing.
 - d. Trade shows / trade missions
 - e. Hosting local visits