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TIAN TANG GROUP TANZANIA LIMITED

**PRE-FEASIBILITY STUDY REPORT ON:
INVESTMENT IN COMMERCIAL WAREHOUSE/INDUSTRIAL SHEDS
PROJECT**

**Presented To:
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Strategic Pre-feasibility Report

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Plot 23&25 Block D, Kisemvule Area – Coast Region

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1.

0 EXECUTIVE SUMMARY

1.1 Introduction

This Business Plan is designed for investment of a warehouse and industrial sheds project for Tian Tang Group Tanzania Limited. Strategies are laid out on this business plan which will be used for investment purposes in the course of real estate Company's operations.

1.2 Company Description

Tian Tang Group Tanzania Limited is a Limited company registered under the Companies Act. The Company was incorporated 09th August, 2011, and bears Certificate of Incorporation No. 85026. Tian Tang Group Tanzania Limited has its registered office in Pwani region. Our company goals and objectives seek to ensure we generate an income that benefits both Nationals and non-Nationals so that we strengthen the economic status of the society. The company believes in customers, suppliers, and investors therefore it struggles to create good Rapport with both parties.

1.3 Business Description

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Tian Tang Group Tanzania Limited is limited Company incorporated in Tanzania under the Company Act. The Company was incorporated 09th August, 2011, and bears Certificate of Incorporation No. 85026. The Company will be responsible among things for investing in a warehouse and Industrial sheds project.

1.4 Legal Status

Legal certificates and documents such as Memorandum and Article of Association, certificate of incorporation, business license, Tax Identification Number, and value added Tax certificates justify that Tian Tang Group Tanzania Limited is operating within the ambit of the law of Tanzania land.

1.5 Project Promoters

1.5.1 The project promoter,

The project will be managed and operated by **Tian Tang Group Tanzania Limited.**

NAME OF SHAREHOLDERS	NATIONALITY	SHARE PERCENTAGE
1. LI BIN	CHINA	80
2. CUI JINXIU	CHINA	20

1.6 Operations

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The project will be managed and operated by **Tian Tang Group Tanzania Limited**. The Company will run its activities in a more professional way and it seeks to satisfy its customers by meeting customer expectations. Although the company will use an automated system, people will also be used to manage the operations.

1.7 Project Location

The project shall be located at Plot 23&25 Block D, Kisemvule Area – Coast Region.

1.8 Services

Tian Tang Group Tanzania Limited will focus on superior service for its clients. It has a full-time assistant who, among other things, will manage the company website and listings, advertise listings elsewhere, and answering basic client questions.

Tian Tang Group Tanzania Limited services include Construction and lease of warehouses and Industrial sheds, the said Industrial sheds and warehouses will be used as stores, godowns and other commercial purposes, Tian Tang Group Tanzania Limited hope to become a long-term partner with each client/ tenants who will lease/rent their Industrial sheds and warehouses rather than part of a one-time transaction.

1.9 Industry Overview

Housing in Tanzania is dominated by individual home-builders who account for over 70% of the total supply. The rest is catered for by the public sector through local governments, the National Housing Corporation (NHC), the Tanzania Building Agency (TBA), the Watumishi Housing Company (WHC), and pension funds such as National Social Security Fund (NSSF), and by residential private

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developers. Tanzania's housing demand (affordable housing) is estimated at 200,000 housing units per annum with an existing housing deficit of 3,000,000 housing units. In 2018, there were 12.3 million households in Tanzania, of which 8.2 million (67%) were rural and 4.2 million (33%) were urban.

Tanzania has relatively young real estate sector, with large-scale commercial development only taking off in the 1990s. While public sector actors historically handled the largest projects in the country, private sector players are now playing an increasingly important role in developing residential, office and commercial space. However, the industry in mainland Tanzania is growing more slowly than the economy overall, with its contribution to GDP declining steadily in the past 10 years, from 6.1% in 2006 to 3.2% in 2015. Cost sensitivity remains a significant concern, not only directly in terms of house sales, but also indirectly in terms of demand for formal retail and commercial space, since approximately three-quarters of the population live on \$2 or less per day. As a result, the country will most likely have to depend on government intervention and innovative financing to help address demand at the lower end of the real estate market, while higher-end residential and commercial spaces are left in the hands of private sector developers.

Housing demand is increasing by about 200,000 units annually, with the current housing deficit estimated at about 3 million units, according to Tanzania Ministry of Lands, Housing and Human Settlements Development.

“The Tanzanian housing sector's fast-growing demand is mainly driven by the strong and sustained economic growth with GDP growth averaging 6-7% over the past decade, the fast-growing Tanzanian population which is estimated to be 55 million and is expected to more than double in 2050 and efforts by the government in partnership with global non-profit institutions and foreign governments to meet the growing demand of affordable housing,” said the Bank of Tanzania, the country's central bank.

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Non-citizens may only acquire land (leasehold) for investment purposes, subject to the approval of the Tanzania Investment Center (TIC) for Tanzania mainland. All land in Tanzania is owned by the state, and can only be leased to individuals for five to 99 years.

1.10 Financial Overview

The company has invested \$2,87,000 since operate. About land building and equipment etc.

1.11 Organization Mission

Is to modernize and progress the experience of constructing and leasing Industrial sheds and commercial warehouses by cultivating a spirit of collaboration, innovation, and integrity.

Fostering a culture of partnership in which all clients and listings are represented in a cooperative environment, thereby ensuring its clients and listings have the competitive edge.

Leveraging the most emergent technologies and social media strategies, The Company envisions itself as more than just a commercial and building real estate; it is a lifestyle company committed to informing and connecting global communities.

1.12 Vision Statement

To be a real estate franchise that provides an excellent and consistent customer experience at all times. By basing every decision on what is best for the Client and the Company as a whole

1.13 Goals and Objectives

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1. The Company build four commercial warehouses and Industrial sheds with different shape and capacity for business purposes.
2. To employ capitals, experience, knowledge, technology, standards, and most recent practices in developing better returns for the company and its projects' stake holders
3. To provide a variety of commercial warehouse real estate units that will satisfy most consumers' needs, abilities and expectations.
4. To keep providing the better possible quality of units that suit the local and international standards in the field.
5. Become a profitable organization allowing us the freedom of taking advantage of other real estate investment opportunities as they become available.
6. Develop a solid, corporate identity in our specified targeted market area.
7. To establish good working relationships and begin working as a team, promoting communication and suggestions from all participants.

2.0 COMPANY OVERVIEW

2.1 Ownership

Tian Tang Group Tanzania Limited located at Plot 23&25 Block D, Kisemvule Area – Coast Region is a new commercial warehouse and Industrial shed real estate specializing in commercial leasing/rentals.

2.2 Start-up Summary



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Plot 2.3&2.5 Block D, Kisemvule Area – Coast Region

The purposes of investing in commercial building real estate are numerous. With well-chosen assets, investors can enjoy predictable cash flow, excellent returns, tax advantages, and diversification and it's possible to leverage real estate to build wealth. Real estate investors make money through rental income, appreciation, and profits generated by business activities that depend on the property. The benefits of investing in real estate include passive income, stable cash flow, tax advantages, diversification, and leverage. Real estate investment trusts offer a way to invest in real estate without having to own, operate, or finance properties

3.0 REAL ESTATE SERVICES

Tian Tang Group Tanzania Limited will focus on superior service for its clients particularly tenants. It has a full-time assistant who, among other things, will manage the company website and listings, and advertise listings.

Tian Tang Group Tanzania Limited services include Construction and lease of warehouses and Industrial sheds, the said Industrial sheds and warehouses will be used as stores, godowns and other commercial purposes.

- **Listing Services:** As Tian Tang Group Tanzania Limited will promote its commercial Industrial sheds and warehouse properties in local newspapers, magazines and even television when appropriate as well as offering great visibility for the properties it lists.
- **Rentals:** For a standard one-month fee, As Tian Tang Group Tanzania Limited will provide rental space meeting for their industrial sheds and warehouses list in order for lessee to check the specifications as closely as possible, choosing from listings.

As Tian Tang Group Tanzania Limited understands, the key to a successful real estate business is building referrals and a long-term reputation as a trustworthy agent in the community.

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4.0 MARKET STRATEGY

Tian Tang Group Tanzania Limited will use several strategies to promote its name and develop its brand. By using an integrated marketing strategy, Tian Tang Group Tanzania Limited will win clients and develop consistent revenue streams.

4.1 Tian Tang Group Tanzania Limited Brand

Tian Tang Group Tanzania Limited brand will focus on the Company's unique value proposition:

- Client-focused commercial and warehouse real estate rental and leasing services, where the Company's interests are aligned with the customer/ tenant.

4.2 Promotions Strategy

4.2.1 Targeted Cold Calls

Tian Tang Group Tanzania Limited will initially invest significant time and energy into contacting potential clients via telephone. In order to improve the effectiveness of this phase of the marketing strategy, a highly-focused call list will be used, targeting lessee/ rentals for them to use our buildings for different commercial purposes. As this is a very time-consuming process, it will primarily be used during the startup phase to build an initial client base.

4.2.2 Referrals

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Tian Tang Group Tanzania Limited understand that the best promotion comes from satisfied customers. The Company will encourage its clients to refer other businesses by providing economic or financial incentives for every new client produced. This strategy will increase in effectiveness after the business has already been established.

4.2.3 Publications

Tian Tang Group Tanzania Limited will list its properties for rent in key local publications, including newspapers, area magazines, and its own newsletter. Additionally, the Company will print brochures and place them in specific locations frequented by target individuals.

4.3 Pricing Strategy

Tian Tang Group Tanzania Limited pricing will rely on the standard industry rates in order to neither be perceived as a luxury nor a discount at 3%. Rentals will have fees paid only by the tenants at the standard rate of one month's rent. Tian Tang Group Tanzania Limited will fend off pressure to discount their rates, even in down markets.

4.4 Customer Analysis

4.4.1 Demographic Profile of Target Market

Tian Tang Group Tanzania Limited will serve the residents and businesses operating in Plot 23&25 Block D, Kisemvule Area – Coast Region holding special events and meetings.

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The area we serve is affluent and has the disposable income/profits required to demand off-premises catering services.

4.4.2 Customer Segmentation

The Company will primarily target the following customer segments:

- **Renters:** The company main target will be leasing the Industrial sheds and warehouses to companies, Light industries, business offices, goods keeping stores, as well as building for several event activities.

4.5 Competitive Analysis

4.5.1 Direct and Indirect Competitors

There are commercial industrial sheds and warehouse real estates which are located within a 20 mile radius of Tian Tang Group Tanzania Limited, thus providing either direct or indirect competition for customers.

4.5.2 Competitive Advantage

Tian Tang Group Tanzania Limited enjoys several advantages over its competitors. These advantages include:

- **Location:** Tian Tang Group Tanzania Limited location is near the Lindi main road in Mkulanga-Coast region. It is assessible for both commercial purposes.
- **Client-oriented service:** Tian Tang Group Tanzania Limited will have a full-time assistant to keep in contact with clients and answer their everyday questions, realizes the importance of accessibility to his clients.

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5.0 OPERATIONAL PLAN

Tian Tang Group Tanzania Limited will carry out its day-to-day operations primarily on an appointment basis. Buying and renting clients will make appointments to view available properties and to discuss their needs. Selling clients and landlords will make appointments to discuss the needs of their sales and properties when needed. These will primarily occur on-site at the properties, although some discussions may be held in the office's meeting room. When necessary, discussions can be conducted over the telephone.

5.1 Milestones

Tian Tang Group Tanzania Limited longterm goal is to become the number one name in commercial industrial sheds and warehouse real estate in terms of the right balance of price and customer service quality. We seek to do this by ensuring customer satisfaction and developing a loyal and trusting clientele.

5.2 Job Creation

Commercial industrial sheds and warehouse real estate development is vital to every economy, supporting construction, architectural planning, engineering, and legal services such as obtaining the required permits, among many other business sectors. However, the actual development period only considers the one-time, short-term construction phase.

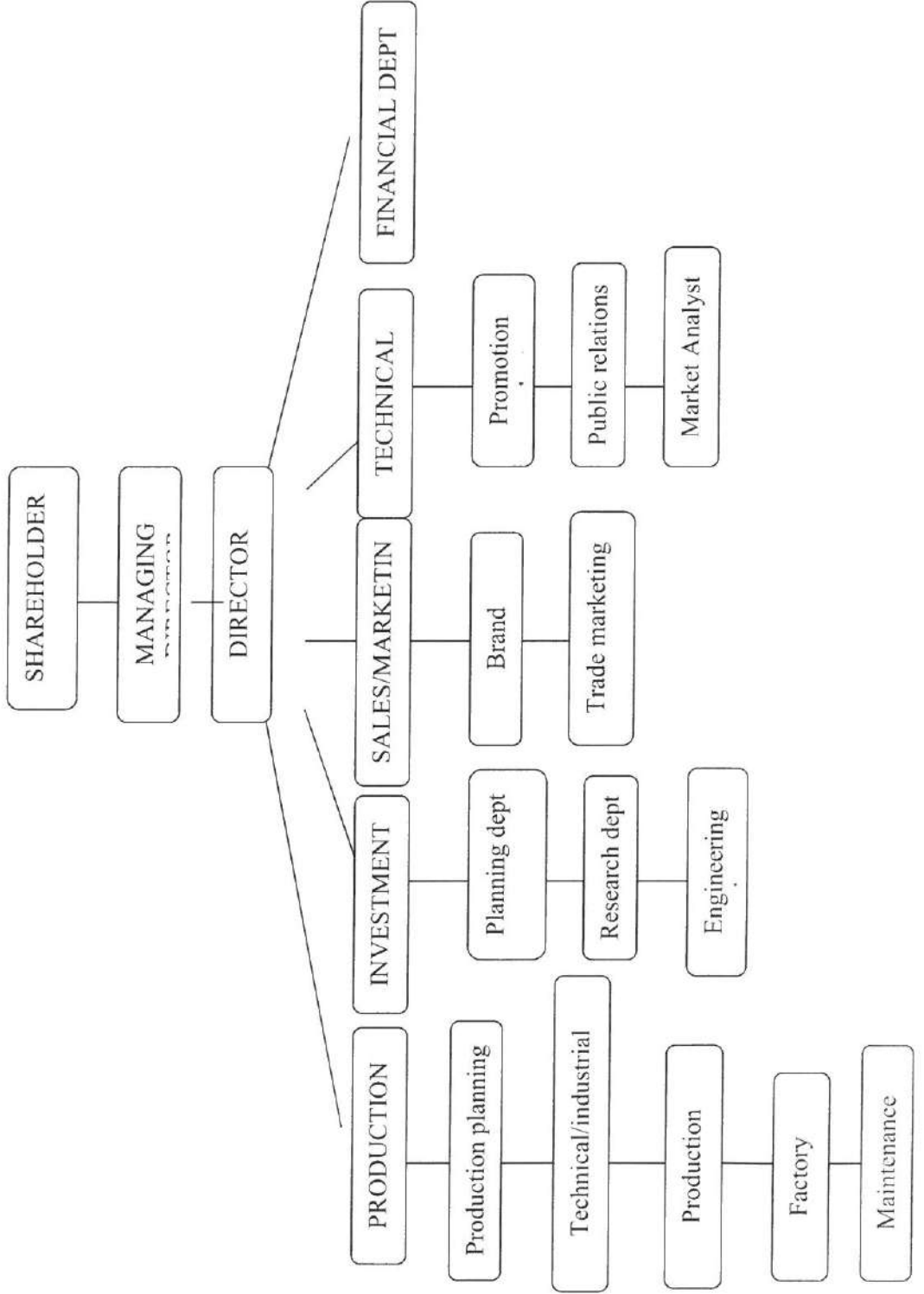
With some technical skill, commercial real estate professionals can use these multipliers to quantify both the short- and long-term impacts of specific developments

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6.0 ORGANIZATION AND MANAGEMENT PLAN

6.1 Organizational Structure



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6.2 Management Strategy

Tian Tang Group Tanzania Limited real estate project is expected to be expensive and of high visibility undertakings with many stakeholders. The Company will oversee its own real estate project and tackle real estate project across a network of buildings to cultivate systems for managing the project for the following reasons:

6.3 Budget Management

The Project manager will hire and manage multiple contractors, watch cost increases due to change orders, budget for materials, pay vendors, use financing properly and follow dozens of protocols to keep a project at or under budget.

6.4 Time Management

The Project manager will also keep track of time. Not ordering supplies on time, failing to coordinate among contractors or forgetting to pull a permit that takes several weeks can slow a project down. In turn, this can add to a project's or project client's costs - even costs not directly tied to the project itself.

6.5 Risk Management

All projects risk going over budget or taking longer than expected. They will also expose the Company to risk. The Project manager will be tasked with reducing risk by hiring only properly licensed or bonded professionals, securing adequate project insurance, designing and managing contracts that clarify all parties' responsibilities, and other tasks designed to avoid litigation or other expenses.

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6.7 Summary of Expected Results

- Provide an opportunity for both residential and commercial rentals to people around the community.
- Increase the number of direct and indirect employment opportunities.
- Increase tax contributed to the government
- Generate foreign currency

6.8 Social and Economic Impact of the Project

- Real estate is one of the few assets that react proportionately to inflation. As inflation goes up, housing values and rents go up. Though real estate in general is a good hedge against inflation, rental properties that are re-leased every year are especially effective, since monthly rents can be adjusted upward in inflationary periods. For this reason alone, therefore, real estate is one of the best ways to hedge an investment portfolio against inflation.
- Real estate market is full of inefficiencies. There is a lack of transparency relating to individual property values and also the strength of different markets, which means that real estate investments have the potential for very high profits.
- Real estate investing involves taking on a great deal of financial and legal liability.
- All the disadvantages mentioned above add to the liability a real estate investor takes on when purchasing, financing, rehabbing, leasing, managing, and maintaining a property. Even though investment properties may be in a corporation, there are often personal guarantees associated with the business, and the risk of losing the income and profits generated by the company

6.9 Drivers to Investment in Real Estate

6.9.1 Navigating new tenant expectations and tools for engagement

The occupant experience has been emerging as a major industry focus and highlighting the importance of blending sustainability, intelligence, and experience. It is worth noting that 90% of the costs associated with running a building come from employee salaries and benefits. Just 10% is attributed to the building's operating costs, including energy, maintenance, and mortgage/rent, among other things.

Worker health and productivity are emerging as strategic priorities among corporate real estate leaders, and the industry continues to innovate on space design and the resulting impacts of how people interact with each other. Health design trends include integrating amenities and features such as access to daylight, quality of lighting, acoustics, ventilation, and thermal comfort into typical building designs.

6.9.2 Inflation Hedge

An advantage of commercial real estate is that it can offset the long-term impact of inflation. A major factor is the fact that property rents can be adjusted with inflation, which is often the result of strong economic growth.