Wen Xing Plastic Cement Investment Company Limited,

P. O. Box 105353,

Dar Es Salaam, Tanzania

WEN XING PLASTIC CEMENT INVESTMENT CO LIMITED

BUSINESS PLAN

FOR

COMMERCIAL BUILDINGS LEASING

1.0 EXECUTIVE SUMMARY.

WEN XING PLASTIC CEMENT INVESTMENT CO LIMITED is a private liability company incorporated in the United Republic of Tanzania with Certificate of incorporation No 82972 issued on 02nd May 2011, the new project shall be dealing with commercial building.

The proposed business plan is a result of knowledge and experience accumulated of many years. The proposed of commercial building for lease will be located at Plot 55 Lulanzi Street, Kibaha District in Coast Region:

The proposed new project of commercial building shall cost $ 1M in terms of buildings located at the site which are 3 large godowns and a 4 four story building for offices and residence.

1.1 LEGAL STATUS AND COMPANY BACK GROUND BRIEF

WEN XING PLASTIC CEMENT INVESTMENT CO LIMITED bears the certificate of registration No. 82972 on 02nd May 2011 by BRELA.

The shareholders of **WEN XING PLASTIC CEMENT INVESTMENT CO LIMITED, the** shareholder of this formed company is Mr. Yan Jiwen and Ms. Chen Yufang both Chinese nationals from China. These are reputed international business professionals with vast experience managing commercial properties.

Two shareholders own the company, namely:-

Name	% of Shares	Natonality
Mr. Yang Jiwen, P. O. Box 105353, Dar Es Salaam, Tanzania	60%	China
Ms. Chen Yufang, P. O. Box 105353, Dar Es Salaam, Tanzania	40%	China

All the directors of the company are therefore well versed people in the business operations, having been engaged in the business for a period ranging between 5 to 10 years, Equiped with the wide experience in the business as explained above, the direcors of the company are optimistic of successful implementation of the proposed project.

1.2 LOCATION.

The new project is located at **Plot 55 Lulanzi Street, Kibaha District in Coast Region.**

1.3 MISSION

Prompt and professionally high quality service delivery to customers, aimed at ensuring that they realize the highest value for money, thereby increasing the market share and seizure of every available opportunity for the company's growth.

1.4 Core Values

Service provision with commitment, integrity and creativity while treating each customer as if they were the company's only customer

1.5 BANKERS

The company will open TZS and USD bank accounts with reputable banks in Tanzania.

1.6 AUDITED REPORTS

WEN XING PLASTIC CEMENT INVESTMENT CO LIMITED is maintaining good financial reports, which will be audited by a reputable auditor firm.

2.0 BASIS OF THE BUSINESS PLAN

A study based on rapid appraisal surveys was conducted prior to, and as the basis of preparation of this plan, the surveys were based on the following objectives and approach:

2.1 Study Objectives:

a) To analyze the relevant market and other factors impacting upon the supply and demand of commercial buildings on short, medium and long term requirements

b) To examine the physical and operational characteristics of the existing market in order to determine the positioning of the proposed company's business in the market place.

c) To conceptualize the proposed company's production and business operations, assess their economic viability, commercial profitability, social feasibility and provide a vision as to how the planned objectives should be realized.

d) To provide supporting documentation required as proof of commercial buildings project at the site and for the registration of the new project at Tanzania Investment Centre.

2.2 Study Approach:

a) Participatory: Semi- structured interview and discussion were held with the Company's Directors, stakeholders in commercial buildings and related businesses

b) Physical visits to the company's main business premises

c) A brief market survey on Commercial Buildings in Tanzania, Characteristics of demand and the general market structure of commercial building leasing in the market.

d) Conduction of profitability/viability test of the investment, using the appropriate financial projections for the initial period of five years proposed for the business operations.

3.0 THE PROJECT

3.1 Project Concept

This project consists of commercial buildings such as Godowns for manufacturing, administration offices and residential commercial building.

The commercial buildings intended for leasing consist of Godowns for manufacturing, storage, administration offices and residence premises.

3.1 Project planned business project will entail the following main activities:

- Making shopping visit to China, India and other supplier countries to identify the suitable and appropriate building material for the planned project.
- Operating the commercial building leasing the building and other facilities.

- Ordering of extra building materials, motor vehicles and their assorted and equipment from China and other overseas suppliers and entering into agreements for the purchase/ acquisition of those assets.
- Consigning the purchased machinery and motor vehicles including all the equipment and accessories from countries of their origin to Tanzania
- Clearing of all the purchased goods from the ports of entry and transporting them to the company's premises in Plot 55 Lulanzi Street, Kibaha District, Coast Region.
- Acquiring of relevant licenses for operating the commercial building for leasing.

3.3 Project Objectives

3.3.1 Development Objectives:

WEN XING PLASTIC CEMENT INVESTMENT CO LIMITED aims at playing a significant role in the participation of the company in the efforts to maximize exploitation of the largely existing business potential in Commercial Buildings particularly in Godowns and Offices

3.3.2 Immediate Objectives:

a) To lease and operate the commercial building and intends on constructing more buildings for lease so as we can create an industrial park in the future, so we can accommodate many industries and offices in one compound.

b) Enhancing the country's capacity to utilize space properly by building modern commercial buildings that shall acquire adequate space and be environmental friendly,

c) Creating employment opportunities to skilled and semi-skilled Tanzanians in both the manufacturing industrial operations, including their supplies and distribution in the company's business.

4.0 Overview of the Real Estate industry in Tanzania

4.1 The economy

Tanzania is one of the fastest growing economies in Africa, thanks to the sustained economic reforms, which are being undertaken since the late 1980's.

The country's economy has been constantly growing since mid 1990's by average of 5.9%, and now growing at average of 7%, which make Tanzania economy to be among the fasted growing economy in Africa and world at large. The overall vision is to transform the sector of the economy from the present level of per capita GDP of about US$867 to medium developed country with an average per capita GDP of around US$2,500 (National Development Vision 2025), the GDP from manufacturing 926,333TZSmillion.

4.2 Real Estate Industry

The value of Tanzania's properties accounted for 3.7% of the country's GDP (USD1.8b) in 2014, compared to USD1b in 2009, representing an increase of 63%. The increase is mostly driven by the increasing demand for urban accommodation and the fast-growing Tanzanian population. Currently (2016), the population of Tanzania is estimated to be 54.85m and is expected to more than double by 2050. The development of properties in Tanzania is mostly focused on the commercial capital Dar Es Salaam, but also on other major urban centers such as Mwanza, Arusha and Mbeya, due to growth in agriculture, mining and tourism sectors. The demand for properties in Tanzania is estimated at 200,000 houses annually, which results in a current housing shortage of 3m houses.

Alternative building materials are being explored as a way to deliver these houses on a rapid scale, according to the Centre for Affordable Housing Finance in Africa (CAHF). The Tanzanian housing demand has been boosted by easier access to

mortgages, with the number of mortgage lenders in the market increasing from 3 in 2009 to 21 in 2015. The average mortgage interest rate in Tanzania fell from 22% to 16% during the same period.

Tanzania Housing Properties Rentals Property rentals in Tanzania are higher than those found in Kenya's capital, Nairobi for example where a one-bedroom apartment in the city center can be rented at around USD 444.5 a month while in Dar es Salaam it is at an average of USD 775.3 a month. Out of the Dar Es Salaam city center, to rent a one-bedroom apartment can cost up to USD 514.34 a month. Tanzania Housing Properties Price Housing price per square meter averages USD 1,200.

5.0 BUSINESS ENVIRONMENT ANALYSIS;

5.1 Internal Approach;

5.1.1Management:

WEN XING PLASTIC CEMENT INVESTMENT CO LIMITED as a corporate entity is managed under the Board of Directors. Day to day management of its conducted under the company's Managing Director who will be assisted by directors, Managers, senior officers etc.

This project is their brainchild. It is therefore well prepared to embark on implementation of the proposed project and in the successful operation of its business thereafter.

Well-qualified professionals in the Real Estate industry will closely assist the Managing Director. The company managers, head of departments and operational staff for the commercial building will be recruited for their competence, experience and good record of accomplishment in their respective fields and in previous employments.

5.2 External Environment:

5.2.1 The market:

WEN XING PLASTIC CEMENT INVESTMENT CO LIMITED's marketing policy aim at two objectives:

- Further penetration/ entrenchment into the market's main segments to increase and retain a larger market share
- Early investment cost recovery to enhance economic viability of the company's business and expedite its growth.

The policy will be hinged on continual conduction of market surveys as a way of establishing current market situations and as the means of enabling the company to develop marketing strategies, which will facilitate achievement of set out sales goals, on monthly and annual basis. Surveys will enable the company to identify the potential market for its products and plan strategies for its penetration. The aim is to maximize penetration of new market and retain the market segments, which the company shall have already won.

The Real Estate market situation in the country is characterized by about 70% of the demand being supplied by internal manufacturers, while the remaining 30% is supplied by imports.

Construction industry, which is estimated to consume between 80%-85% of all building products in the local market, has been also growing over years. The construction sector contributed 13.6% to Tanzania's GDP during 2015 reaching almost US$6b. In 2010 the sector accounted for only 7.8% of the country GDP or US$1.6b.

The market surveys conducted during feasibility study for this project established that, demand for commercial buildings in the country is growing with each passing year.

5.2.1.1 Market Potential:

As explained in the topic above, the demand for commercial buildings; is on the rise, while the construction sector is one of fastest growing sectors in the country, with new rise buildings being constructed every day, the fifth Government initiative of

industrialization, construction of economic infrastructure; such as standard gauge, improvement of ports, fly over, etc. all these create the demand for building products in the country.

5.2.1.2 Completion:

WEN XING PLASTIC CEMENT INVESTMENT CO LIMITED has already completed construction of the commercial buildings, which consist of three Godowns, four story building for offices and residence

6.0 PROJECT OPERATING COSTS

In order to realize its intended objective the project operating costs will be 60% of total revenue.

7.0 REVENUE ASSUMPTIONS

- For the purpose of this project all revenue will come from leasing of commercial buildings
- The annual revenue to grow by 10% annually
- Revenue projections are based on experiences gained by the firm for being in the market for five years now.

8.0 CONCLUSION AND RECOMMENDATION

8.1 Conclusion

The project is viable and profitable throughout the project period, after the foregoing economic and financial evaluation of the project; we strongly recommend that **WEN XING PLASTIC CEMENT INVESTMENT CO LIMITED** Board of Directors approval and accept the business proposal. The new project deserves this support because of its viability, since it is technical feasible, economically viable and socially acceptable

Wen Xing Plastic Cement Investment Company Limited,

P. O. Box 105353,

Dar Es Salaam, Tanzania

Appendix I

WEN XING PLASTIC CEMENT INVESTMENT CO LIMITED COST STRUCTURE

PARTICULAR	**US$**
Land and Buildings	650,000.00
Machinery & Equipment	150,000.00
Motor Vehicles	20,000.00
Furniture & Fixtures	2,000.00
Pre expesnes	30,000.00
Others	8,000.00
Working Capital	140,000.00
TOTAL	**1,000,000.00**

WEN XING PLASTIC CEMENT INVESTMENT CO LIMITED

CASH FLOWS PROJECTION FOR FIVE YEARS FROM 2021 TO 2025

	Pre-Startup EST	,2021	2022	2023	2024	2025	Total
Cash on Hand (beginning of month)	$ -	$ 1,000,000	$ 1,000,000	$ 2,400,000	$ 3,840,000	$ 5,424,000	$ 13,664,000
CASH RECEIPTS							
Cash Sales			$ 1,000,000	$ 1,000,000	$ 1,100,000	$ 1,210,000	$ 4,310,000
Collections fm CR accounts		$ -	$ 400,000	$ 440,000	$ 484,000	$ 532,400	$ 1,856,400
Estimated Capital for startup	$ 500,000		$ -	$ -	$ -	$ -	$ 500,000
Loan	$ 500,000						$ 500,000
TOTAL CASH RECEIPTS	$ 1,000,000	$ -	$ 1,400,000	$ 1,440,000	$ 1,584,000	$ 1,742,400	$ 7,166,400
Total Cash Available (before cash out)	$ 1,000,000	$ 1,000,000	$ 2,400,000	$ 3,840,000	$ 5,424,000	$ 7,166,400	$ 20,830,400
CASH PAID OUT							
Purchases other fixed assets		$ -	$ 7,200	$ 7,920	$ 8,712	$ 9,583	$ 33,415
Purchases vehicles		$ 80,000	$ -	$ 41,000	$ -	$ -	$ 121,000
Gross wages (exact withdrawal)		$ 15,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 255,000
Payroll expenses (taxes, etc.)		$ 4,500	$ 20,400	$ 20,400	$ 20,400	$ 20,400	$ 86,100
Supplies (office & oper.)		$ 1,000	$ 1,100	$ 1,210	$ 1,331	$ 1,464	$ 6,105
Repairs & maintenance		$ 1,250	$ 1,375	$ 1,513	$ 1,664	$ 1,830	$ 7,631
Advertising		$ 150	$ 165	$ 182	$ 200	$ 220	$ 916
Car, delivery & travel		$ 1,800	$ 1,980	$ 2,178	$ 2,396	$ 2,635	$ 10,989
Accounting & legal		$ 4,500	$ 4,950	$ 5,445	$ 5,990	$ 6,588	$ 27,473
Rent		$ 36,000	$ 36,000	$ 36,000	$ 36,000	$ 36,000	$ 180,000
Telephone & internet		$ 120	$ 132	$ 145	$ 160	$ 176	$ 733
Utilities		$ 150	$ 165	$ 182	$ 200	$ 220	$ 916
Insurance		$ 21,200	$ 21,412	$ 21,626	$ 21,842	$ 22,061	$ 108,141
Taxes (real estate, etc.)		$ 240	$ 240	$ 240	$ 240	$ 240	$ 1,200
Interest		$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 375,000
Miscellaneous		$ 200	$ 220	$ 242	$ 266	$ 293	$ 1,221
SUBTOTAL	$ -	$ 241,110	$ 230,339	$ 273,282	$ 234,400	$ 236,710	$ 1,215,840
Loan principal payment		$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 2,431,681
Capital purchase (land)		$ 100,000					$ 4,829,946
Capital purchase (excavetors)		$ -	$ 1,000,000	$ 100,000	$ -	$ -	$ 9,538,892
Owners' Withdrawal			$ -	$ -	$ 10,000,000	$ 12,500,000	$ 18,736,684
TOTAL CASH PAID OUT	$ -	$ 1,091,110	$ 1,980,339	$ 1,123,282	$ 10,984,400	$ 13,486,710	$ 36,753,042
Cash Position (end of month)	**$ 1,000,000**	**$ (91,110)**	**$ 419,661**	**$ 2,716,718**	**$ (5,560,400)**	**$ (6,320,310)**	**$ (15,922,642)**