

BUSINESS PLAN

XYLEM TRADING & INVESTMENT LTD

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Executive Summary

Xylem Trading & Investment LTD intends to produce additional income streams for the two principals, the object of this company is to build the residential homes and shop space so that when rented will provide stream of income. The investment goal is to provide unleveraged cash on cash return between 5%-6%. Given to recent economic recession and the increasing population and the awesome business environment, has risen tremendously, feasibility study has just given us the greenlight on continuing with the project presented here today. Commercial Real Estate business as its pin point a number of coverages our organization sorely captures mostly the Office space, Multifamily rentals (apartments) and retail. However, the broad category of real estate can include everything from single store front to huge shopping center.

The organization Values

- **Trusts.**

Gained from our stakeholders and the general public.

- **Excellence.**

In achieving the highest professional standards in all our dealings.

- **Dedication.**

In adopting trustworthy trading and investments values, professional appearance, honesty, confidentiality, professionalism and accuracy as well as adhering to the company- wide culture of high ethical standards.

- **Transparency.**

In all our dealings, contracts and results.

Mission Statement

Xylem Trading & Investment Ltd strive to create a portfolio of income producing Real Estate assets over the next 10-15 years that will produce income to the two principal owners as well as creating the comfortable homes to multi families and business personnel indefinitely.

Investment costs and sources of Finance

Investment costs of this project will be widely presented and further explained on a BILL OF QUANTITY (BOQ) as it was well done by the QUANTITY SURVEYOR (QS) due to the requirements set by the government.

The overall investment costs are **TZS 1,500,000,000**.

Sources of Finance

The project will be legally shared cost (Partnership) by two owners and the distribution of shares is as follow

S/N	Names, Address and Descriptions of Subscribers	Number of shares/ percent of Equity
1.	AMAL NURANI HAJI. P.O.BOX 11960, DAR-ES-SALAAM.	49.00
2.	SAKARIYE MOHAMED JAMAC. P.O.BOX 11960, DAR-ES-SALAAM	51.00
	Total share	100.00

Nevertheless, 1 billion Tanzanian Shillings will be foreign equity while 5 million Tanzanian Shillings will be local loan.

Job creation

The project is estimated to create enough number of jobs to both skilled and unskilled labors.

Consultant Team will be having the following.

1. Architect.
2. Contractor
3. Structural Engineer.
4. Quantity Surveyor.
5. Electrical Engineer.
6. Mechanical Engineer.

7. Plumbing Engineer.

On the other hand, the Project Contractor will have the following team.

1. Architect.
2. Structural Engineer.
3. Quantity Surveyor.

Throughout the project it is estimated to employ more 200 workers, both permanent and temporary labors.

The Investment fund expenditure breakdown

The investment fund gathered through partnership of 51% to 49% aimed to construct the business buildings for rental apartments as well as shop spaces. Investment fund expenditure umbrella has a purpose of gathering investors' capital and invest that capital collectively.

The costs shared under partnership with the depicted equity percentage will at the sometime reflect the distribution of the returns immediately after realization of profit.

The BOQ has dotted down the total costs of the project from feasibility study carried out to the completion of the constructed building will approximated to be Tzs 1,500,000,000 Thus the costs will be shared at the same time the profit will be distributed in accordance to the equity percentage.

Source of supply of inputs

After the Feasibility study the company decided to come onto agreements with VISIONEQ ENTERPRISES LTD to become the main supplier of all inputs (Constructions materials) from the beginning of the project towards the end of the project.

VISIONEQ Enterprises ltd is the giant company with a wide spread chain supplier of all constructions materials on a broad spectrum and thus Xylem has attracted by the quotation of their products and services generally.

VISIONEQ ENTERPRISES LTD.

P.O.BOX 75673 DAR-ES-SALAAM TANZANIA.

KIJITONYAMA.

+255 629 078 665 and +255 788 527 242.

Visioneq2019 gmail.com infovisioneq.co.tz

The supplier will provide for the following products and services at a time when required.

- i. Supply building materials.
- ii. Supply and installation of grills.
- iii. Supplies of Hardware and machinery tools.
- iv. Supply of telecom materials and security systems.
- v. Installations of solar system.

Marketing Plan

In the past five years, the housing market for first-time homebuyers in the city centers has been steadily growing at an average annual growth of 3 percent. This percentage is expected to grow in large part due to millennials the biggest group expected to start purchasing their first homes being attracted to careers offered by this region's financially stable business industries as well as a number of workers in Banking industries, medical industries and so forth.

Therefore, the project's primary income is renting its built commercial houses. The possible venues for renting these commercial houses are local customers (Tanzanians), and shareholders home country (Kenya). A secondary customer is Investors from all over the world. This being the case, the secondary customer is every person who will need to Invest in Tanzania and wish to rent in space like what the company has constructed.

Market segmentation

Target market segments
1. First time home rental, multifamily rental.
2. Business owners (office space) and shopping malls.
3. Office lease
4. Retail office rental.

Market size and growth

Potential customers	Year 1	Year 2	Year 3
Target customers	20	35	50
Other customers	15	26	35
Other customers	10	20	30
Total	45	81	115

Market Trends

Market trend	Possible outcomes
i. Multi generation living on rise	Clients may want larger homes, split level or one with secondary suites.
ii. Business foster.	Clients need to expand from retail to wholesale, thus they will be in need the bigger shop space.
iii. Office rental for comfortable operations.	The growing nature of a number of businesses and the startups will need office space for running their business.

SWOT Analysis

Strength	Weakness	Opportunities	Threat
1. Solid understanding of challenges facing first time home rental. 2. The best services that endowed to offer the rental offices and multifamily. 3. Medium rental cost, and full	overstaffed	- Raise brand awareness among the multifamily rental -Increasing need for office space and shop space. - Business expansion and new organizations launched nearby.	- Cashflow could force us to minimize expenditures. - The continuity of Real Estate business and building companies appearing at the same region.

furniture's and quality interior designing of our apartments and office space.			
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Competition

Competitors	Strength	Our action
Palm Village	-10 years in operation -Multiple buyers and seller agents and licensed assistants	- focus on providing the quality services to our clients. - Hire licensed assistant as soon as is visible.

Market Strategy

Resources	Key Features
Website (our own)	Listing with at least five photos each, blog articles, and review.
Social Media	One listing for every three posts, congratulate clients on recent rental and anniversaries.

Implementation Schedule.

This chart maps every task required to complete a project with a specific deadline.

S/N	Stage	Time frame
1	Substructure	1 month
2	Flame/ Floor	9 months
3	Stairs	1 month
4	Walling	1 month
5	Roof	8 months

6	Doors	1 month
7	Windows	1 month
8	Electrical Installations.	1 month
9	Plumb ling Installation	40 days
10	Finishing	3 months
11	Painting and Decoration	1 month
12	Mechanical Installation.	1 month

Project Capacity

Output (units)	ITEM	TR/Per Month	TR/Per Year	TR/ Per 5 Years	TR For 5 Year	TR For each Units (Output)	Revenues (J) TR	AV (TR/Q)
1 (Apartment)	8	250,000/=	24,000,000 /=	(5) 24,000,000	120,000,000 /=	120,000,000/=	120,000,000	
2 (Apartment)	4	400,000/=	19,200,000 /=	(5) 19,200,000	96,000,000/ =	96,000,000/=	96,000,000	
3 (Apartment)	2	650,000/=	15,600,000 /=	(5) 15,600,000	78,000,000/ =	78,000,000/=	78,000,000	
4 (Apartment)	2	750,000/=	18,000,000 /=	(5) 18,000,000	90,000,000/ =	90,000,000/=	90,000,000	
20 (Frame)	20	400,000/=	96,000,000 /=	(5) 96,000,000	480,000,000 /=	480,000,000/=	480,000,000	
							864,000,000	172,800,000 /=

Financial Projections

INCOME STATEMENT

	Year 1 (\$)	Year 2 (\$)	Year 3 (\$)	Year 4 (\$)	Year 5 (\$)
Revenue					
Residential space	138,150	207,210	345,360	371,600	381,400
Shop space	118,763	178,125	296,850	301,250	337,500

	Year 1 (\$)	Year 2 (\$)	Year 3 (\$)	Year 4 (\$)	Year 5 (\$)
Total revenue	256,913	385,335	642,210	672,850	718,900
Cost of production					
Land	109,000	0	0	0	0
Construction materials	130,500	130,600	130,700	130,800	130,900
Total operating expenses	239,500	130,600	130,700	130,700	130,800
Gross Margin	17,413	254,735	511,510	542,150	588,100
Expenses					
Plant direct labor	13,520	13,520	13,520	13,520	13,520
Plant direct costs	11,414	11,414	11,414	11,414	11,414
Property taxes	2520	2520	2520	2520	2520
Office supplies	21000	21000	100	100	100
Professional fees	0	0	-	-	-
Accounting fees	0	12000	12000	12000	12000
Meals and entertainment	1200	1200	1200	1200	1200
Marketing costs	6000	6000	6000	6000	6000
Brokerage @ 4.5%- x% of volume	0	0	-	-	-
Admin. Labor	114996	114996	114996	114996	114996
Office/utilities/phone			6000	6000	6000
Postage			1200	1200	1200
Travel expenses			2400	2400	2400
Miscellaneous expense			1200	1200	1200
Total operating expenses	170,650	182,650	172,550	172,550	172,550
EBITDA	-153,238	72,085	338,960	369,600	415,550
Interest expense	118,000	118,700	118,740	118,152	117,552
Depreciation expense	128,000	128,700	128,832	129,600	130,380
	246,000	247,400	247,572	247,752	247,932
Net income (loss)	-399,238	-175,315	91,388	121,848	167,618

CASH FLOW

	Year 1 (\$)	Year 2 (\$)	Year 3 (\$)	Year 4 (\$)	Year 5 (\$)
Net Income (Loss)	-399,238	-175,315	91,388	121,848	167,618
Depreciation	2400	2400	2400	2400	2400
Changes in operating assets and liabilities:	53,680	53,680	53,680	53,680	53,680
Accounts receivable	429,876	429,876	429,876	429,876	429,876
Inventory	103,056	102,336	101,604	100,872	100,128
Accounts payable	149,952	150,972	152,004	153,036	154,092
Net cash used	176,868	176,568	176,280	175,968	175,656
in operating activities	149,952	150,972	152,004	153,036	154,092
Investing activities	-206,808	-	-	-	-
PPE purchases	-	-	-	-	-
Financing activities Loan principal payments	36,756	-	-	-	-
Line of credit, net	156,756	327,540	328,272	329,016	329,748
Members' contributions	-85,404	-86,424	-87,444	-88,488	-89,544
	-86,172	-86,892	-87,624	-88,356	-89,100

	Year 1 (\$)	Year 2 (\$)	Year 3 (\$)	Year 4 (\$)	Year 5 (\$)
Members' distributions	-	-	-	-	-
	-	-	-	-	-
Net increase (decrease) in cash					
	-	-	-	-	-
Cash at beginning of period	-86,172	-86,892	-87,624	-88,356	-89,100
	-14,808	154,236	153,204	152,160	151,104
Cash at end of period	381,972	367,152	521,388	674,592	826,752
	367,152	521,388	674,592	826,752	977,868

BALANCE SHEET

	Year 1 (\$)	Year 2 (\$)	Year 3 (\$)	Year 4 (\$)	Year 5 (\$)
Assets					
Current Assets					
Accounts receivable-	7,000	5,000	3,000	2,000	9,000
Inventories	9,000	7,000	4,000	3,000	3,000
	102,268	107,263	117,355	269,847	
Property and equipment	109,000	0	0	0	0
Accumulated depreciation	300	300	250	200	100
Total assets	227,568	119,563	124,605	275,047	12,100

	Year 1 (\$)	Year 2 (\$)	Year 3 (\$)	Year 4 (\$)	Year 5 (\$)
Liabilities and Members' Capital					
Liabilities	5,000	4,000	2,000	1,000	1,000
Accounts payable	6,868	6,568	6,280	5,968	5,656
Line of credit	9,000	7,000	4,000	3,000	3,000
Members' contributions	-86,172	-86,892	87,624	88,356	89,100
Total liabilities and members capital	-65,304	-69,324	99,904	98,324	98,756