

BUSINESS PLAN PROPOSAL

BY

CORAL PROPERTY HOLDING COMPANY LIMITED

FOR

APPLICATION OF CERTIFICATE OF INCENTIVES

SUBMITTED TO THE TANZANIA INVESTMENT CENTRE

CORAL PROPERTY HOLDING COMPANY LIMITED

P.O.BOX 77800

DAR ES SALAAM.

AN INVESTMENT ON CONSTRUCTION OF RESIDENTIAL APARTMENTS TO BE ESTABLISHED ON PLOT NO. 467, HAILE SELASSIE ROAD, MSASANI PENINSULA AREA, KINONDONI MUNICIPALITY

JUNE, 2023

1. EXECUTIVE SUMMARY

Housing issues often arise in communities experiencing significant growth and these issues quickly become urgent because homes are a necessity. This Business Plan gives details on the investment proposal by Coral Property Holding Company Limited for construction a residential apartment for lease and sale at Plot No. 467, Haile Selassie Road, Msasani Peninsula Dar es Salaam. Our vision is to provide high-quality, affordable housing solutions that meet the needs of individuals and families in the area.

Coral Property Holding Company Limited is a company incorporated under the laws of Tanzania. The company engaged in the business of civil and building works and they are interested in further expanding their business by building the best residential houses for people in Msasani Peninsula.

Coral Property Holding Company Limited intends to set the pace for Real Estate Developers in construction of residential houses that are suitable for Tanzanians. This we would do by constructing elegant houses with good quality that will sustain every kind of weather. Having effectively studied this market, we are confident that our laid down strategies will enable us to be able to compete favorably with other real estate companies in the area and even around the world. Besides civil and build works, we intend to offer other services that will give us an edge over our competitors and attract customers to us.

Our goal is to be among the top three top brands in Tanzania as a whole. This we will do by not only offering the housing but also enabling Tanzanians to live in best environment.

Business Structure

The Company has retained services of experienced real estate attorneys and qualified tax accountants and based on their recommendations **Coral Property Holding Company Limited** will be formally structured as a limited Liability Company.

Financing

The project will be financed through funds from China which is an estimated to be an amount of United States Dollars Sixteen Million Three Hundred Eight Seven Thousand Three Hundred Five (USD 16,387,305).

2. PRODUCT DESCRIPTION

The residential apartment complex will offer three types of units: single-room, two-room, and three-room apartments. Each unit will feature modern amenities, including well-designed living spaces, fully equipped kitchens, stylish bathrooms, and ample storage facilities. The complex will also provide common areas such as parking spaces, landscaped gardens, a gymnasium, and a children's playground to enhance the overall living experience.

The houses will be elegant and fashionable houses that will be sold at an average consideration of United States Dollars Two Hundred Thousand (USD 200,000) and for rental purposes the average monthly rental charges will be United States Dollars One Thousand two Hundred (USD 1200). The sale price and rent price will depend on the structure of the unit, the actual prices are on the appendix.

The benefits for home buyers are substantial. Homeowners build equity in their home as if it were a savings account. Prices of homes continue to rise due to inflation, leaving the homeowner with the ability to sell for a higher price. Therefore families can purchase houses providing them with assets for close to the same amount they are paying in rent.

The benefits in buying a new home from **Coral Property Holding Company Limited** come down to two basic benefits – QUALITY and EFFICIENCY

- **Quality**

Quality is provided by the craftsmanship and one-to-one customer relationship with the owners. In addition to the personal relationship, the new home buyers will have the opportunity to choose from high-quality “standard” features or enhance their home further with products of their choosing.

The quality of the finished product and the care the home was built with will be seen again at closing, the homes are professionally cleaned. The windows are washed and any paint splatter is removed. The carpets are groomed. All the cabinets are cleaned and polished2

The floors are hand scrubbed. The new home buyers can unpack and enjoy their new home immediately.

Quality doesn't end when the buyers move-in. The new home owners have a one year complete warranty on their home. "Complete" means any problems they encounter with their new home from the concrete to the roof is our problem. We will work with subcontractors and suppliers to remedy the situation. The work will be completed at no charge to the new owners within the first year. We will even meet them at the home to review the work and handle payment. We guarantee you won't miss a day of work or even an hour of work due to a household problem in the first year.

- **Efficiency**

The Efficiency of the home will be noticed on the owner first heating bill. The increased insulation throughout the house and weather proofing will provide the new home owners with an Energy Efficient home to enjoy throughout the year. It will also decrease their heating and cooling cost throughout the year.

3. SWOT ANALYSIS

Having a SWOT analysis is very important as this would help us know what our chances of succeeding in this market are and how well we can improve on our weakness while eliminating totally or reducing threats to the barest minimum. In carrying out a thorough SWOT analysis, we hired a reputable business consultant who has several years of experience in helping startups with carrying out this analysis.

The aim of the SWOT has also helped us determine if this is a business that we should pursue or not. We are glad to say our strengths and opportunities were in high percentages and that the threats posed to our business is few and our weaknesses will be worked on.

Here is what the SWOT analysis carried out by an expert on behalf of **Coral Property Holding Company Limited** revealed;

Strengths:

- **Prime Location:** Dar es Salaam is a major city and economic hub in Tanzania, attracting a large population of professionals and expatriates, creating a strong demand for residential properties.
- **Growing Real Estate Market:** The real estate market in Dar es Salaam is experiencing steady growth, providing opportunities for property developers and investors.
- **Diverse Target Market:** The city has a diverse demographic, including young professionals, families, and expatriates, creating a broad customer base for residential apartments.
- **Quality Construction:** Offering well-built and aesthetically pleasing apartments with modern amenities will position the business as a provider of high-quality housing.

Weaknesses:

- **Competition:** The real estate market in Dar es Salaam is highly competitive, with numerous developers and property management companies. Standing out and differentiating from competitors will be a challenge.
- **Construction Costs:** Construction expenses can be high, impacting profitability. Efficient cost management and procurement strategies will be crucial to maintain competitive pricing.
- **Infrastructure Challenges:** Limited infrastructure, such as reliable power supply, water, and road networks, may pose challenges during construction and affect tenant satisfaction.

Opportunities:

- **Housing Demand:** There is a significant demand for affordable and comfortable housing options in Dar es Salaam due to population growth and urbanization. Capitalizing on this demand can lead to increased sales and leasing opportunities.
- **Government Initiatives:** The Tanzanian government's initiatives to promote affordable housing and real estate development can create favorable conditions and potential partnerships for the business.
- **Economic Growth:** The city's strong economic growth and development attract domestic and international investors, creating a potential customer base for luxury and high-end residential apartments.

Threats:

- **Economic Instability:** Fluctuations in the local economy, inflation rates, or currency devaluation can impact the purchasing power of potential buyers and tenants.
- **Regulatory Changes:** Changes in government policies, regulations, or taxation laws pertaining to real estate can affect the profitability and feasibility of the business.
- **Market Saturation:** If the real estate market becomes saturated with new developments, it may lead to increased competition and price pressure.
- **Construction Delays:** Delays in construction due to unforeseen circumstances, such as labor shortages or weather conditions, can impact project timelines and financial projections.

By conducting a thorough SWOT analysis, the business can leverage its strengths, address weaknesses, exploit opportunities, and mitigate potential threats. This analysis will provide insights to make informed decisions and develop effective strategies for success in the Dar es Salaam real estate market.

4. MARKETING AND SALES

Every business man knows how important marketing is to a business and how deploying the right marketing strategies will help the companies generate income as well as boost its own profile as well. After a thorough research on what marketing strategies would be best for us to not only penetrate the market but also compete favorably with other leading brands as an upcoming company, we were able to come up with reliable data and information that will ensure our business is marketed effectively in Tanzania.

Also, knowing the importance of marketing to our business, our sales and marketing executives have been empowered to deliver our corporate sales goals so as to shore up our revenue base while also positively promoting the company's image.

We also know how important technology is in these times especially when it comes to marketing and so we have perfected plans to develop an app that will bring us closer to our existing and potential clients. We would also make our official website and social media platforms as active as possible for our audience.

We intend in summary to leverage on the following approaches to market our products and services at **Coral Property Holding Company Limited**;

- a) Advertise our residential houses via local newspapers, national newspapers, and radio stations and on television.
- b) Encourage our loyal customers by giving out incentives for referrals
- c) Engage in word of mouth marketing
- d) Engage in direct marketing through our sales and marketing executives
- e) Ensure our business is listed in Yellow pages and other local directories as well as online directories
- f) Use our website to sell our products and services
- g) Make use of our social media platforms to actively promote and sell our products and services.

Regardless of the fact that our brand is a well-known one that has a high standard, we know how important creating awareness for a business is. Every business established for the purpose of making profit and competing favorably with other leading brands must have good publicity and advertising strategies laid out, and this we have in place.

Coral Property Holding Company Limited intends to explore all available means of publicity in Tanzania. Our publicity strategies will ensure that we not only promote our products and services but project our image positively to intending and existing clients.

Listed below are the platforms we intend to leverage on in promoting **Coral Property Holding Company Limited**;

- Place adverts on print media (local newspapers as well as relevant magazines) and electronic media (radio stations and televisions)
- Use our social media platforms – such as Facebook, Twitter, and Instagram to seriously engage our existing and potential clients and promote our brands
- Sponsor social shows such as community pageants and educational fairs
- Distribute our handbills and fliers in various target areas
- Install our billboards in various strategic locations around Tanzania
- Our Pricing Strategy

Our pricing module will however not be too different from that of our competitors, as we would during the first six months of operations offer our products at a little less price than that of our competitors; we might however raise the prices a bit after our brand has become well known. We would never offer prices that are below our cost of production as well as overheads as we intend to be in business for a long time.

Competition

Coral Property Holding Company Limited is one of the best real estate developers company in East Africa, the company is in a position to capitalize on the economic optimism in the region, but it must also consider that the community competes with other real estate developers who are growing as well. In order to offer a competitive advantage the company has put in place tools to

assist with the efficiency of land development, application processes, inspections and communication between the company and its clients.

5. REVENUE PROJECTION

Revenue projections are based on the following assumptions:

Operating Expenses

The main operating expenses for steel pipes include transportation costs as well as electricity and water costs associated with production as indicated in Appendix

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Administrative costs for the project insurance costs are presented as indicated in Appendix

Salaries and Wages

Salaries, wages and 30% social security benefits for 48 workers are also indicated in Appendix

6. MANPOWER REQUIREMENTS AND ORGANISATION

MANAGEMENT

This success of a venture of this kind depends on the competence of the personnel recruited to manage. It is assumed that relevant personnel with requisite skills shall be available within the country.

In Order to streamline operations, it is proposed to engage two key figures; Operational officer and the Accountant. These two along with the Industry Manager will form the central operational core that will ensure the success of the project.

MANPOWER REQUIREMENTS

Based on the proposed organization structure the project will initially employ a total of 49 employees

Chief Executive Officer

- Provides a clear strategic direction for the organization and communicate these strategies to appropriate channels
- Has an experience with the budgets as well as allocate resources appropriately
- Ensures that the right professionals are hired into the management team
- Builds corporate culture that would influence employees attitude and decision

Human Resources and Admin Manager

- Ensures the development, management as well as implementation of personnel policies
- Recruits, retain and terminates staff appropriately
- Ensures that office practices are adhered to and in line with employment related laws
- Ensures that the administrative systems are constantly reviewed with an aim to being proactive instead of reactive
- Ensures that staff welfare and incentive packages are appropriately done.

Marketing Executives

- Carries out promotional activities that will project the image of the company as well as bring in revenue
- Devises marketing and sales strategy for **Coral Property Holding Company Limited**
- Manages campaigns on all of the company's social media platforms
- Plans and organizes product and service exhibitions' for the company
- Monitors performance and change weak strategies

Accountants

- Ensures that tax returns are prepared and that tax requirements, preparation and reporting are complied with
- Works with management and report all the finances regarding **Coral Property Holding Company Limited** to ensure that budgets are developed, and maintained periodically and also compare budgeted costs to actual costs
- Prepares and analyzes of accounting records, financial statements and reports in order to determine accuracy and conformance with accounting standards
- Carries out analysis of business operations including costs and revenues and use this to not only project future income and expenses but to proffer advice as well.

Mechanics and assistant

- Ensure the smooth operation of the machine
- Complete daily maintenance and repair of equipment
- Ensure the completion of monthly production
- Assist to solve any problems in production activities and Communicate with the leadership on any safety issues

Drivers

- Ensures that cargos are loaded and unloaded at the appropriate times
- Ensures that all traffic laws are followed

- Inspects truck before and after every trip, and report any major defects found to the appropriate department

Security Guard

- Protects the property Prevents security problems that are likely to arise during the course of carrying out security duties
- Responds to security issues that might crop up
- Enlightens employees by providing security tips

Accounts Payable—On each product delivered to the construction site, the project manager will review the invoices and physically accounts for the consignment. If there is a problem with the order, it is noted on the delivery note and returned with the delivery driver. The supplier is then contacted by the owner and the situation is remedied. If shipment is delivered without an owner on site, the invoices and shipment is checked the following day with a follow-up call if needed.

Each day that an account is used, the owners use an account ledger to document the project, account billed, and the cost of materials. The owners have a notebook with Daily Cash Flow sheets and Account Ledger to document. The notebook also includes payroll information, a file folder for receipts, and a calendar to document miscellaneous expenditures or circumstances. The notebook makes it easier to keep everything organized in one place between job sites and the administrative site. Bank Statements are reconciled monthly by the Administrative Assistant and reviewed by the owners.

Payroll—The project manager will record and calculate payroll based on spreadsheets with deductions, etc., already in place. All payroll taxes and reports are completed and submitted by the Administrative Assistant. Quarterly reports are reviewed by the owners and due dates are pre-recorded on the calendar in the owner's notebook.

7. ECONOMIC AND SOCIAL BENEFITS

The successful construction of residential houses in plot number 467 at Haile Selassie road, Msasani Peninsula to be carried out by **Coral Property Holding Company Limited** will

have significant economic and social benefits to the country as a whole. In summary, some of the benefits which will be realized include:

- (i) Creation of permanent employment opportunities for over 100 Tanzania employees.
- (ii) The project will solve the market demand housing in Dar es Salaam
- (iii) The neighborhood of the project will benefit domestic lighting from the Electrification of the project site
- (iv) Provision of income to employees and other service providers (individual entrepreneurs) thus contributing to Government efforts in improving citizens' living standards.
- (v) Provision of a new market for food products and other goods required at project area, thus generating an economic multiplier effect to the project area and surrounding areas.

8. SUMMARY AND CONCLUSION

This project document has provided descriptions of a detailed investment proposal by **Coral Property Holding Company Limited** for construction of residential houses Plot No 467 with certificate of Title number 17670 located in Msasani Peninsula Area Kinondoni Municipality.

Summary

The shareholders of company are very experienced in the construction industry, they can take use of their advantage and knowledge in constructing residential houses with good quality that will be highly demanded which in return will create profit and growth for the company.

According to the above statement, the investment cost will be United States Dollars Sixteen Million Three Hundred Eight Seven Thousand Three Hundred Five (USD 16,387,305). The proposed project is very profitable. It generates positive net cash flows from the first year of operations with net cash flow of USD Nineteen Million Seven Hundred Ninety Five Thousand Five Hundred Eight (USD 19,795,508) income from rent and United States Dollars Two Million Four Hundred Eighty thousand Seven Hundred Twelve (USD 2,480,712) income from sale.

The project can create permanent employment opportunities for over 48 Tanzania employees and train skilled technicians and mechanics of locals, as well as improve the quality of life in the project area and surrounding areas.

Conclusion

The company is therefore seeking for a Certificate of Incentives from the Tanzania Investment Centre (TIC) under Section 17 of the Tanzania Investment Act and Part IV of the Investment Regulations 2002, for the investment in construction of residential houses in the aforementioned plot of land.

Through the various parameters, which have been considered in the study, it has been established that the proposed project is technically feasible, financially viable, economically and socially beneficial. It is therefore requested that the Tanzania Investment Centre (TIC) provide the necessary support to the company by approving this application for Certificate of Incentives.

Coral Property Holding Company Limited Projected Balance Sheet

Sales & Rent

					SALES		RENT		
		No. Unit	area/unit (m2)	total area	total amount/unit	total amount	rent rate/unit	rent/annual year	rent/m2
block A	1-bed room	6	70.24	421.44	105,360.00	632,160.00	1,200.00	86,400.00	17.1
		12	72.36	868.32	108,540.00	1,302,480.00	1,200.00	172,800.00	16.6
		6	72.79	436.74	109,185.00	655,110.00	1,200.00	86,400.00	16.5
		6	74.48	446.88	111,720.00	670,320.00	1,200.00	86,400.00	16.1
	2-bed room	6	107.86	647.16	161,790.00	970,740.00	1,800.00	129,600.00	16.7
		13	123.17	1,601.21	184,755.00	2,401,815.00	1,800.00	280,800.00	14.6
block B	2-bed room	7	127.10	889.70	190,650.00	1,334,550.00	2,000.00	168,000.00	15.7
		7	110.92	776.44	166,380.00	1,164,660.00	1,800.00	151,200.00	16.2
	3-bed room	1	141.46	141.46	205,117.00	205,117.00	2,000.00	24,000.00	14.1
		6	162.01	972.06	234,914.50	1,409,487.00	2,500.00	180,000.00	15.4
	penta house	1	403.58	413.66	645,728.00	645,728.00	6,000.00	72,000.00	14.9
block c	2-bed room	1	122.44	122.44	183,660.00	183,660.00	1,800.00	21,600.00	14.7
	3-bed room	27	163.33	4,409.91	236,828.50	6,394,369.50	2,500.00	810,000.00	15.3
	penta house	2	316.21	632.42	505,936.00	1,011,872.00	5,000.00	120,000.00	15.8
commercial		1	390.29	390.29	624,464.00	624,464.00	5,854.35	70,252.20	15.0
		1	118.11	118.11	188,976.00	188,976.00	1,771.65	21,259.80	15.0
SUMMARY TOTAL				13,288.24		19,795,508.50		2,480,712.00	

Cash Flow Analysis

Income		NUMBER OF UNITS	Scenario A RENT	Scenario B SALES
BLOCK A	1 Bed Room	6	632,160.00	86,400.00
		12	1,302,480.00	172,800.00
		6	655,110.00	86,400.00
		6	670,320.00	86,400.00
	2 Bed Room	6	970,740.00	129,600.00
		13	2,401,815.00	280,800.00
Block B	2 Bed Room	7	1,334,550.00	168,000.00
		7	1,164,660.00	151,200.00
	3 Bed Room	1	205,117.00	24,000.00
		6	1,409,487.00	180,000.00
	PENTA HOUSE	1	645,728.00	72,000.00
Block C	2 Bed Room	1	183,660.00	21,600.00
	3 Bed Room	27	6,394,369.50	810,000.00
	PENTA HOUSE	2	1,011,872.00	120,000.00
Commercial		1	624,464.00	70,252.20
		1	188,976.00	21,259.80
Gross Income			19,795,508.50	2,480,712.00

Construction Cost

Structure			3,580,394.00
Finishing			4,476,922.00
Electrical and Mechanical Installation			2,463,085.05
Furnishing			939,067.00
External			547,280.00
Management Cost			2,380,557.06
Land Cost			2,000,000.00

Monthly Operating Expenses **16,387,305.11**

Net Operating Income (NOI)

Total Annual Operating		19,795,508.50
Total Annual Operating Expense		16,387,305.11
Annual Net Operating Income		3,408,203.39

Loan Information

Down Payment		-
Loan Amount		-
Acquisition Costs and Loan Fees		-

Length of Mortgage
Annual Interest Rate

Total Debt Service

-
-
-
-
