GWAJIMA REAL ESTATE COMPANY LIMITED

FINANCING PROPOSAL FOR THE DEVELOPMENT OF 80 APARTMENTS AT PLOT NO 1678 SALASALA BLOCK, KINONDONI MUNICIPALITY, DAR ES SALAAM, TANZANIA.

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1. EXECUTIVE SUMMARY
2. COMPANY PROFILE AND TRADING HISTORY

2.1. Incorporation and Trading History

Gwajima Real Estate Company Limited (GRECL) is a private company which was incorporated on 22nd July 2022 under the Companies Act 2002. The main business the company will pursue are investment in real estates. Since its incorporation, the company has targeted one major project of developing a housing complex at plot number 1678, block Salasala, Mbezi Beach area in Kinondoni municipality.

Preparation for the implementation of this project have been completed including preparation of drawings, permits, and financing arrangements are underway with the Azania Bank Limited.

2.2. Profiles of Shareholders/Directors of the Company

2.2.1. Advocate Methusela S Gwajima

He is a prominent advocate of the high court and a member of the Tanganyika Law Society. Throughout his professional career, he has been instrumental in projecting is law firm into a reputable firm with best tract record among the business community. His main clients are corporations in communication sector, and mining companies.

2.2.2. Hon Dorothy O Gwajima

2.3. Legal Status

- Certificate of incorporation No 156897191
- Taxpayer Identification No 156-897-191
- Business License No 20000034267
- Building Permit No:

2.4. Contact Address

The company can be contacted through the following address.

Managing Director,

Gwajima Real Estate Company Limited,

P. O. Box 70777,

DAR ES SALAAM

Phone No: 0754 333255

3. PROJECT DESCRIPTION

3.1. 80 Apartments Project

The project involves building five blocks each a three storey building to comprise 16 apartments, to make a total of eighty (80) apartments.

The apartments are designed to suit moderate families and bachelors.

Family apartments will have three bedrooms one being a master, a living room, kitchen and store, and bathroom. Bachelor apartments will have similar features but only two bedrooms one being a master.

The houses will be connected to basic utility services of electricity, water, and LPG gas connection.

3.2. The Project Team

Team Role	Name	Contact Address
Architect	Elite Archtects & Consultants Ltd	
Quantity Surveyor	NK Cost Consultants Limited	
Structural Engineer	Anova Consult Co Ltd	
Main Contractor		

3.2.1. Architect – Elite Architects & Consultants Ltd

The Company has been registered by the Architects and Quantity Surveyors Registration Board. They have worked extensively in many projects including those executed by Basic Constructors and Engineering Limited. They have provided a number of consultancy services to reputable institutions and Companies such as Mzumbe

University, Dar es Salaam, Bahari Beach Hotel, VETA, Dar es Salaam and in various parts of Tanzania. They also have a particular experience in designing and supervising residential apartments through working with a reputable real estate development Company such as the COLLESSEUM along Hailesselassie Road, Masaki and the African Village Estate Company LTD. The projects included designing and construction of several residential apartments in Mikocheni B and a commercial block, BARAKA PLAZA in Mikocheni B.

3.2.2. Quantity Surveyor – NK Cost Consultants Limited

3.2.3. Structural Engineer - Anova Consult Co Ltd

3.2.4. Main Contractor - Basic Constructors and Engineering Limited

The Company was registered in the year 2007. The Company is recognised by the Contractors Registration Board as a Class IV Company. The Company boasts of qualified and experienced engineers and technicians who have enabled it to successfully complete a number of Projects including: construction of a block of three apartments at Mbweni JKT Beach, construction of a 5 storeys Hotel and Conference rooms for Basic investment at Mbezi Beach and construction of residential apartments at Oyster bay, Kinondoni Municipality. Their experience will be crucial in successful implementation of the Project.

3.3. Project Site Environment and Support Services

The building works will be implemented at plot number 1678, block Salasala. The site is a 9000 square meters plot which will accommodate the planed housing units but also the necessary support services for the building works. The site will be connected to DAWASA water, TANESCO electricity power, and it is a accessible by a rough road for supply of building materials.

4. PROJECT INVESTMENT COSTS

4.1. Investment Costs

DESCRIPTION	EXISTING	ADDITION	TOTAL
Land Plot 1678	1,000,000,000	-	1,000,000,000
Building and Finishing Wo	-	5,790,802,800	5,790,802,800
Total Investment	**1,000,000,000**	**5,790,802,800**	**6,790,802,800**

4.2. Detailed Project Activities

SN	ACTIVITY DESCRIPTION	TOTAL PROJECT COST
1	General Conditions & Preliminaries	50,000,000
2	Sub Structure Erections	396,008,125
3	Concrete Frame	1,040,343,125
4	Stair Case	123,237,000
5	Walling	576,587,500
6	Windows	409,470,000
7	Doors	474,400,000
8	Floor, Walls, and Cealing Finishing	570,232,000
9	Painting & decorations	180,190,000
10	Builders Works in Connection with Services	12,500,000
11	Roofing	72,492,250
12	Pergola and Fins	44,000,000
	Total General Costs	**3,949,460,000**

13	**PROVISIONAL SUMS**	
	Electrical Installations	400,000,000
	Plumbing Installations	320,000,000
	Electricity Connections by TANESCO	10,000,000
	Water Connection by DAWASCO	8,000,000
	External Works	100,000,000
	Fixtures and Fittings	120,000,000
	Total Provisional Sums	**958,000,000**
	Total Costs Exc VAT	4,907,460,000
	VAT at 18%	883,342,800
		5,790,802,800
	Land Acquisition	**1,000,000,000**
	TOTAL INVESTMENT COSTS	**6,790,802,800**

5. FINANCING PLAN

5.1. Equity and Loan

DESCRIPTION	EXISTING	ADDITION	TOTAL
Equity Contribution	1,000,000,000	790,802,800	1,790,802,800
Loan - Azania Bank Limite	-	5,000,000,000	5,000,000,000
Total Finances	**1,000,000,000**	**5,790,802,800**	**6,790,802,800**

5.2. Proposed Loan from Azania Bank Limited

The GRECL is applying for long term loan of TZS. 5,0 billion, from Azania Bank Limited. The company propose to repay the loan for seven years, after a grace period of twelve months.

The grace period is intended to allow construction and finishing of the houses.

The company proposes that plot number 1678, block Salasala, and the properties to be built on it will be used to secure the proposed loan.

Source of revenue to repay the loan will be rent income which will be deposited in the company bank account with Azania bank.

5.3. Insurance

The proposed properties will be secured by a comprehensive house insurance and the bank being the first beneficiary.

6. INDUSTRY REVIEW

6.1. Sector Performance

The proposed project falls under the Construction Industry. The Construction Industry in Tanzania is one of the key sectors of the economy. In year 2020, the sector contributed about 12.5 percent of the country Gross Domestic Product (GDP). The sector is estimated to account for more that 50 percent of the capital formation and 9 percent of the employment sector in Tanzania. In

2021, the construction sector grew by 12 per cent compared to 10.3 percent in 2020.

6.2. Housing Policy

In recent years the responsibility of providing housing accommodation is shared between the public sector through the National Housing Corporation (NHC) and the Tanzania Building Agency (TBA). Presently, the government is encouraging the private sector to take effective role in providing accommodation facilities for the growing demand.

6.3. Stakeholders

The building industry is under the National Construction Council (NCC). NCC is involved in a number of activities pertaining to planning, coordination and formulation of policies, and strategic intervention, provision of technical advisory services and development support services for the building industry. The main stakeholders in the building industry in Tanzania include Government Ministries; Regulatory bodies; Architects & Quantity Surveyors, Registration Board, Contractors Registration Board; Engineers Registration Board; Districts Councils, Professional & Allied Trade Associations; Architects Association of Tanzania; Association of Consulting Engineers Tanzania; Association of Electrical Contractor Tanzania; Institution of Engineers Tanzania; Tanzania Association of Consultants, Tanzania Civil Engineering Contractors Association, Tanzania Institute of Quantity Surveyors; Tanzania Institute of Valuers and Estates Agents, Research and Development Institutions, Developers, few private developers, the Tanzania Investment Centre and Tanzania Bureau of Standard.

7. MARKET REVIEW

7.1. Project Location

The project is located at Salasala area, in Kinondoni municipality. The area has attracted drastic land development activities at which prime properties have been built to cater for residential and commercial accommodation. Salasala area is approximately twenty kilometres from Dar es Salaam city

centre, and can be reached through Ali Hassan Road toward Mbezi beach, and branching off at Kunduchi Mbuyuni toward the west.

7.2. Project Supply Analysis

7.2.1. Evolution of Salasala

Salasala came into housing spotlight after the government has built and completed a tarmac road from Kunduchi Mbuyuni to Salasala. This development unlocked Salasala with more houses being built for commercial and residential use. The area provided a convenient alternative to land developers as compared to Mbezi beach, Tegeta, and Bunju where the plots have become expensive and congested.

Salasala is easily accessible to Dar es Salaam Commercial District, and is linked to other prime areas in Goba, Madale, and Mabepande.

7.2.2. Suitability of Salasala for Project Development

We target these apartments to low and middle income earners, and based on the market survey conducted in Kinondoni municipality, particularly Mbezi beach area we discovered that they are in high demand. The Salasala area which is located within Kawe district is one of the prime area where working class prefer to reside. The area is easily accessed through a tamarc road which adjoins the main Ali Hassan Mwinyi main road. Also other services such as schools, churches, markets, and social entertainments spots are all in abundance. Further the area enjoys peace and tranquility due to presence of police patrols and other community groups.

7.2.3. Trends in Property Investment

Property Investment in the Kinondoni municipality has been on the increase over the last 15 years. In recent years, the Kawe District of Dar es Salaam has recorded an increase of over 120,000 sq. meters of office and residential spaces within the last 5 years. The Salasala area has witnessed an increasing number of new buildings which cater for various purposes including shopping spaces and residential buildings.There are 2-major indicators of property market demand: the number of applications for spaces submitted to property owners, and the occupancy rate of existing buildings. Since it is difficult to obtain

the number of applications for lettable spaces, the second indicator, that is occupancy rate, may be used to determine the existing gap.

7.2.4. Market Product Prices

Rental prices in Kawe district vary depending on type of house, location, accessibility, and condition of the house.

Lower Mbezi beach is considered the prime area with prices going as TZS. 3.0 million per month, but neighborhood is considered to be of older generation including the retired. Upper Mbezi beach which comprise Tangi Bovu area, Goba, Madale, and Salasala, are considered as new settlements, and most younger generation of working class prefer to settle.

Market prices of houses range between TZS. 300,000 to TZS. 1,500,000/=, per month. The difference is due to type of house, size, location, condition, and other factors.

The proposed Salasala apartments project will charge TZS. 800,000 for bachelor apartments and TZS. 1,000,000, for family apartments. These prices are ideal given the houses will be new, with ample space, and in a secure compound.

8. TECHNICAL ASPECT

8.1. Land, Location and Accessibility

The proposed project is located along Gwajima Street, Salasala area, plot No 1678, Kinondoni Municipality in Dares Salaam. The plot which has an area of 9,000 square meters, is well served with the necessary utility and thus making it suitable for the development. The plot is owned by one of

the Directors of Gwajima Real Estate Agent Company Limited. The plot is under a long-term Right of Occupancy.

8.2. Building & Civil Works

The proposed structures will consist of 5 blocks each with three storeys. The blocks are designed to provide 80 units of apartments with 40 parking slots.

The Construction works for the proposed building will entail the underlined main activities:

- Excavation and laying the basement foundation of five blocks.
- Construction of the Structure up to third floor for each block,
- Finishing works includes which walling, roofing, frames, fixing of windows, doors, electrical and plumbing fixtures, stairs, glazing and ceiling, painting and decorations.
- Site works which include drainage works, pavement works and land scarping.
- Installation works such as electrical installation; air-conditioning and mechanical installations, water installation and connections, piping connection, installation of standby generator, elevator installation, telephone main connection and other works.

8.3. Equipment

The project will procure electric transformer.

8.4. Amenities, Services and Facilities

The key considerations for tenants in selection for a property is the availability and reliability of utilities such as water, electricity, elevator services, sanitation, car parking space, security system and telecommunication. The building will be connected to mains water supply, power supply from national grid system, and landline telephone.

Water Supply, Drainage and Sewage System: The site is already connected to water supply from water supply main line.The Project will construct additional water storage tanks.

Power Supply: The main power supply is from the national grid systems supplied by TANESCO. Additionally, a standby generator will be installed to ensure constant power supply due to expected power cuts from the main power supply.

Telecommunications Facilities: The building will be connected to TTCL landline system.

Security System: The project will contract a private security company to provide security services to the residences and their properties.

8.5. Environmental Considerations

The proposed project will conduct its operations in an environmentally friendly manner. Storage and handling of equipment will be properly supervised to avoid accidents. Smoke detectors will be placed in all rooms to ensure safety of occupants incase of fire outbreak, while modern fire-fighting equipment will be provided in case of emergency.

9. ORGANISATION AND MANAGEMENT

9.1. Organization

This is a project that would be under management of directors but with a small team led by an estate manager, security staff, and technicians for regular repairs and maintenance.

The project has a Board of Directors responsible for the major policy and strategic issues of the project. The Board of Directors comprise of the two shareholders of the company.

9.2. Staffing

The project is expecting to employ a total of 6-staff in various positions as follows:

SN	POSITION	NO	SALARY PER	TOTAL`
1	Project Manager	1	450,000	450,000
2	Electrician (Part time)	1	300,000	300,000
3	Plumber	1	300,000	300,000
4	Gardener and Cleaner	2	150,000	300,000
5	Guards	4	120,000	480,000
	TOTAL			**1,830,000**

9.3. Remuneration

The company will provide competitive remuneration packages to its employees as shown above.

10. IMPLEMENTATION AND OPERATIONS

10.1. Implementation Status

The company has already completed project design including architectural and structural drawings, bill of quantities and acquisition of building permit from the Municipal Council.

The Company is processing credit facilities from Azania Bank to finance the project.

10.2. Construction Phase

The construction of the building will start in June 2023. Gwajima Real Estate Company Limited has contracted a reputable Company to undertake the construction of this Project.

During construction phase, the Project Promoters commissioned the following professionals in the implementation of the project; (i) Quantity surveyor and (ii) Service, civil and structural engineer. These professionals will follow up the construction works with site visits and inspections as per program as well as on client’s request.

The consultants will ensure the work is in the required quality and technical specifications thus guaranteeing value of money. The consultants prepare financial appraisal, final accounts ad payment evaluation and certification of the contractors' interim claim and advice client for payment and conduct regular inspection of the project.

10.3. Post-Construction Phase

Upon completion of the buildings, the project promoters will employ professionals to manage and run the apartments. The construction works are scheduled to be completed by June 2024. The implementation period is considered to take 12-months. Tenants are expected to enter the apartments in July 2024.

11. FINANCIAL AND ECONOMIC EVELAUATION

11.1. Financial Projections Assumptions

11.1.1. Grace Period of 12 Months

This is sought during which the apartments will be built and rented out. During this period, all interest accruing should be capitalized and will start to be paid along with the principal.

11.1.2. Security of the Loan

The proposed land at plot number 1678, block Salasala, together with the houses to be built on it are pledged as collateral to secure the loan.

11.1.3. Apartments to Let

- Bachelor units each TZS. 800,000
- Family units each TZS. 1,000,000

11.1.4. Insurance for the Properties

The assets will be insured against fire with the bank as the preferential beneficiary

11.2. Evaluation

11.2.1. Revenue and Expenditure

Given high demand for the residential accommodation, all houses will be taken even before construction is finished.

At the prices indicated above, the project will be able to generate a total of TZS. 852.0 million, per annum. Operating costs are projected at TZS. 147,550, including depreciation, and interest per annum is averaged at TZS. 700.0 million, therefore, the revenue will be sufficient to cover costs and interest.

11.2.2. Cash Flow Projections