

BUSINESS PLAN

IMPLEMENTATION PROGRAMME OF

ELLAND ROAD LIMITED

IN ESTABLISHING AND

OPERATING A PROJECT FOR INDUSTRIAL PARK FOR

LEASE AND SALE

Prepared By;

ELLAND ROAD LIMITED
P.O BOX 40909
DAR ES SALAAM

1. INVESTMENT PLAN

The investment plan has been prepared by **ELLAND ROAD LIMITED** for the company's establishment program in extensive construction of an industrial park for Lease and Sale

The investment plan has also been prepared to give an analysis of the financial, human, technical, and other resources required for the intended commercial building project and also assess its economic viability and commercial viability in order to allocate funds for the implementation program, especially in acquiring steel structures, pre-fabricated buildings, overhead cranes, equipment, generators, transformer, utility vehicles, etc.

The certificate of incentives will enable the project to enjoy Tax exemptions on CAPITAL/ DEEMED CAPITAL GOODS and TIC ONE STOP FACILITATION like

processing of approvals, licenses, and permits such as resident/work permits, Business licenses, protection of investment, arbitration, and transfer of foreign currency, etc.

PROJECT SUMMARY

PROMOTING COMPANY:	ELLAND ROAD LIMITED
PROJECT PURPOSE:	Establishing and Operating a project for Industrial Park for Lease and Sale.
COUNTRY OF ORIGIN:	Tanzania
COUNTRY OF DESTIN:	Tanzania
PROJECT OWNERS:	ELLAND ROAD LIMITED
PROJECT VALUE:	TZS 10. Billion
Financing:	Owners' Equity and Loans

2. COMPANY'S BACKGROUND

ELLAND ROAD LIMITED is a privately owned company registered/ incorporated in Tanzania by the Registrar of Companies under the company's ordinance, on the 21st day of February 2019 with Certificate of Incorporation No: 138837963

The company determines to construct a modern industrial park with warehouses and other facilities that are going to be used by industries which will be rented to industries for manufacturing processes and also for sale if any.

The main purpose of the proposed project is to provide a quality facility for an industrial park to correspond with the growing demand, especially for supporting the t's emphasis on industrialization. The quality of the company's industrial park will cater to the satisfaction of different tenants or buyer for industrialization.

There is an extensive market to absorb all the facilities which will be leased to various Industries. It is on the basis of the above reasons the management resolved to invest in constructing the facility for the modern industrial park for leasing.

In the establishment program, the proposed commercial building project will import steel structures, pre-fabricated buildings, equipment, machinery, and other facilities for the construction of these warehouses, distribution centers, and factories.

Hence the establishment program of three years in setting up the industrial park facility for industries is estimated to be 10 Billion equivalent to USD 4,347,826. The estimated capital investment cost of USD 4,347,826. will be on new and modern steel structures, pre-fabricated buildings overhead cranes and related equipment, machinery, generators, utility vehicle,s and other expenses.

We are now focusing on developing an industrial park whereby we acquired an area in Plot No. 935 Block "E" situated at Mikwambe in Kigamboni Municipal, Dar es Salaam Region that has a total area of 73,869 SQM.

3. MARKET POTENTIAL

Although Dar es Salaam is not the ‘official’ capital of Tanzania, it is the economic capital and, like many rapidly developing African cities, has been undergoing great changes in all its property sectors, specifically in the aspect of location, design, availability, and pricing. The land values have traditionally been extremely high, significantly greater than Nairobi, Kampala, Kigali and Bujumbura, the other East African Capital cities, and a substantial readjustment is taking place.

The industrial sector in Dar es Salaam is principally located along Nyerere Road, ranging from the CBD to the airport, and along Nelson Mandela Road, ranging from the port, via the TAZARA railway station to areas around the city. There are two industrial districts in Mikocheni and Chang’ombe. Typically, the industrial units cover a vast area of plots, with old dilapidated warehouses, offices, canteens, and other facilities that are no longer relevant to today’s market. A large percentage of these units are either vacant or occupied by owners or tenants who would rather locate their offices in a relatively smaller and more efficient place. This problem is alleviated slightly by better industrial sites within the Millennium Business Park and the planned redevelopment of some of the older large industrial sites. But still, Occupier demand remains strong for good quality premises, of which there is a limited supply.

The government policy is to create and maintain a healthy and strong partnership with the private sector in order to accelerate economic growth. In line with this strategy, President encourages more and more foreign investors to come to Tanzania. Thus, more and more anchor tenants will come for investing, thus requiring a dramatically increasing demand for land accordingly.

The modern Industrial park consists of warehouses that can be used by any investments either for warehousing of goods or manufacturing processes in this industrial park. The recent market survey undertaken by the company has realized that there is high demand for industrial parks in the Dar es Salaam Region whereby there is growth of investments especially lly Industries of any scale.

High quality and goodwill are the factors that will make the project dominate the market. There are few such facilities in Whitehato ll suit Industries of different kinds.

Manufacturers and importers can benefit this facility.

The company also expects to expand, diversify and construct such intended facility in other key areas in other Regions.

4. THE COMPANY'S OBJECTIVES

ELLAND ROAD LIMITED is a project intended to construct an industrial Park for both Industries and warehouses.

The mission of the proposed project is basically aimed at the construction and marketing of such development of the modern industrial park in order to achieve the following objectives.

1. To foster the growth of industrial Parks in Tanzania.
2. To reduce the shortage of facilities by setting up Industries in industrial areas
3. To promote Industrialization in the Country
4. To promote growth and expansion of the private sector
5. The Company will create more employment (more job opportunities for unskilled professionals/technicians etc.)
6. Skill development (human resources development) through job training and the use of modern machinery and new technology application
7. Income generation, alleviation of poverty, and improve social welfare employees.
8. The Company contributes to the government revenue through taxes and other levies.

5. PLAN/PROSPECTS

- High production performance
- To increase development of industrial park in key areas in the Country.
- To construct more industrial park facility.
- To increase the volume of production capacity

6. THE PROMOTING AND OWNING COMPANY

ELLAND ROAD LIMITED is a project-promoting company. The company will promote a project which is being located in, the Dar es Salaam region. The contacts will be P.O. Box 40909, Dar es Salaam. This is a venture project under two shareholders whose names are

Name	% shareholding	Nationality
Wilmar Tanzania PTE. Ltd	49	Singapore
Wilmar Africa Resources PTE. Ltd	51	Mauritius

The above-mentioned entities are shareholders who have pulled together their resources including capital to invest and carry out the planned project. They intend to establish and operate the project for Industrial Park for Lease and sale.

Therefore, the authorized capital of the company is Tshs. 10,000,000,000/= divided into 100,000 ordinary shares of Tshs. 100,000/= each. The Company shall have the power to increase its capital and to divide the shares in its capital for the time being into several classes of stock or shares and to attach thereto respectively such preferential, deferred, or special rights, privileges, or conditions as may be determined by or in accordance with the Articles of Association of the Company.

7. LOCATION

The company's business premises are located at Plot No. 935, Block E Mikwambe Kigamboni Industrial Area, Dar es Salaam Region district in Kigamboni. Postal Address P. O. Box 40909 Dar es Salaam Region

8. COMPANY'S IMPLEMENTATION SCHEDULE

➤ Time Frame

The development is expected to take Two (2) years from commencement to completion of the development.

➤ The marketing proposal

The marketing strategies that shall be put in place for the proposed park will aim at attaining maximum exposure and onward sales at the optimal price so as to maximize the return on investment. The marketing shall commence right from the conceptual stage of the development. The approach is hereunder broken down into two main parts, Pre and Post Design Marketing.

➤ Pre-design marketing:

Marketing of a development should commence even before the conceptual design of the park is agreed upon, so as to impact upon what is needed within the design and smoothing the marketing process that you provide what the market requires in the first place.

Identification of the Target Market

Identifying and listing the target market, followed by onward design to cater to the identified group.

Achieving high aesthetic value in the design of the park

Achieving a high aesthetic value in the design of the park is a key factor in attracting prospective clients to a building. The proposed industrial park shall be a modern and attractive concept.

Putting in place competitive rental pricing and other sales terms

The results of the comparative analysis shall be embodied in the sale prices to ensure that the sale prices offered to the prospective buyers are competitive in view of the units they shall be acquiring.

E-Marketing

Various forms of Print media and visual imagery will be used to create awareness of the industrial park among prospective tenants. The advertising will call for public attention through paid messages in newspapers, magazines, billboards, signboards, and display

areas. Wide exposure to the development is expected and this will serve to create awareness and interest in the development.

Display Advertising in select media, as well as direct mailing to target markets, shall also be employed.

Marketing in china

Except for sales in Tanzania, the promotion to Chinese investors is our sales focus, including promotion to local Chinese businessmen through endorsement from the Chinese Government, and personal presentation and demonstration of development projects to customers, which we believe many investors will interest to invest in Tanzania

9. CAPITAL INVESTMENT COST

The proposed program in extensive construction of a modern industrial park which has warehouses suitable for an industrial park to be leased to industries to be implemented within 3 years. The company's promoters (shareholders) have resolved to register the intended Project with Tanzania Investment Centre (TIC) and secure the certificate of incentives.

From their savings, the shareholder (investors) has prepared about 10 Billion as capital for the project implementation the summary of which is presented below in the table and financed by equity

INVESTMENT BREAKDOWN				
PARTICULAR				AMOUNTS TZS
Land and Buildings				5,500,000,000
Plant & Machines				2,353,000,000
Motor Vehicles				500,000,000
Furniture & Fixtures				200,000,000
Pre Expenses				860,000,000
Working Capital				587,000,000
TOTAL				10,000,000,000

10. FINANCIAL PLAN (SOURCE OF FUNDS)

ELLAND ROAD LIMITED has firmed up finances for the implementation program by its own fund and loan if any:-

Own fund (equity)	10,000,000,000
local	<u>0</u>
TOTAL	10,000,000,000

11. CONSTRUCTING OF INDUSTRIAL PARK INTEND TO:

Project Requirement: -

- i. –Steel Structure buildings. ...
- ii. – Pre-fabricated Buildings. ...
- iii. – Equipment & Tools. ...
- iv. – Generators & Transformer ...
- v. – Forklift and overhead cranes

12. SUBMISSION

ELLAND ROAD LIMITED wishes to submit its investment plan and application to the Tanzania Investment Centre (TIC) for its proposal for registration and award of a certificate of incentives in the establishment program.

The Proposed Project will soon commence after the Company is registered with Tanzania Investment Centre and being issued the Certificate of incentives. Thereafter the Company will order and import the steel structures, pre-fabricated buildings, overhead cranes, equipment, generators, forklifts, transformers, etc for developing/erecting the industrial park. The Project will enjoy tax exemptions on CAPITAL/ DEEMED CAPITAL GOODS

The certificate of incentives will enable the project to enjoy TIC FACILITATION

like processing of approvals, permits and licenses such as resident / work permits, Business license, protection of investment, arbitration and transfer of foreign currency etc.

13. ECONOMIC GROWTH

Positive economic growth which had been registered in Tanzania, have attracted more investments in the Tanzania like the proposed project in construction of for industrial park. The economic growth influenced establishment of such development of industrial park to facilitate manufacturing of goods and importation of goods demand is growing day by day due to increased population and government emphasis on Industrialization.

14. COMPETITION/MARKET

Despite there being numbers of manufacturers and importers of goods still the facility is not enough compared to the level of demand (economic activities).

However, the proposed project expects to dominate the market because the industrial park project ensures goodwill and high quality.

15. ADVERTISEMENT

Advertisement, which forms part of the marketing strategy, will be embarked upon in the newspapers, street banners, and later on on the televisions in a manner benefiting the promotional role of any company or private institution.

16. BUSINESS STRATEGY

In order to meet the current demand and high productivity the management of the company will develop and implement additional strategies which will capture markets

- ❖ Technology/product quality and design,
- ❖ Advertisement/promotion,
- ❖ Employing qualified and experienced personnel,
- ❖ On the job training,
- ❖ Business Discipline.

17. ENVIRONMENTAL ISSUE

The construction processes and the whole commercial building project are environmentally friendly. The project's activities and all processes will not cause any harm to people.

18. PROJECT MANAGEMENT

The overall management of the company is vested in the Board of Directors, the Managing Director of the Company; he is well-versed in Industrial Park Business.

THE COMPANY'S ORGANIZATIONAL CHART



19. MANPOWER AND TRANSFER OF TECHNOLOGY

This project is a Development of an Industrial Park in its establishment program that will usher in the country a new construction technology (Transfer of knowledge/technology). The advantages to the country are quite significant both in construction and manufacturing and will get the advantage of value addition from manufacturers in the park due to such incoming technology.

The project will solve the acute problem of having a facility for setting up Industries. Furthermore, the country can reduce its dependence on the importation of goods because goods will be manufactured in these Industrial parks, etc. Hence Tanzanians will be able to purchase high-quality goods at a reasonable price.

The Proposed commercial building program will cause more local people to be employed

about 50 in the course of construction and the project will increase their income, improve their social welfare, and pay taxes; also it is a poverty alleviation program to them. Local employees will get on-the-job training and in the long run, will improve the technical competence of the production/ construction.

20. CONCLUSION AND RECOMMENDATION

The financial evaluation of the proposed construction of a modern Industrial Park (Industries and Importers) done so far indicates that this program will be profitable both economically and financially viable venture. There are many other benefits direct and indirect of this project.

The management being experienced businessmen possesses ample managerial capabilities in various business disciplines. Based on the above factors, it is recommended that the company should be granted the certificate of incentives for the implementation of the proposed project so that the project will import and enjoy tax exemption on CAPITAL/ DEEMED CAPITAL GOODS and increase its production capacity.

21. FINANCIAL AND ECONOMIC ANALYSIS

Projected Profit and Loss Account

The company envisages generating a profit of 1,556,380,000 this operating year. The profit amount is expected to steadily rise to 2,176,743,800 in year two, 2,923,011,238 in year three, and 3,820,381,350.38 in year four.

Projected cash flows

The projected cash flows for the next five years indicate that the company will have enough funds to service/repay the loan and interest payments. Hence the financial obligations will be met in a timely fashion.

Proposed Balance Sheet:

The projected balance sheet shows a healthy financial situation. Short-term liabilities are at all times covered by fixed assets. Also, current liabilities are adequately covered by current assets.

22. SENSITIVITY ANALYSIS

To assess further the viability of the implementation project, sensitivity analysis has been worked out on the basis of several unfavorable conditions that might negatively affect the operations of **ELLAND ROAD LIMITED**

The viability/profitability of the company operations appears more sensitive to sale income/revenue than the increase in the operating costs. This implies that the company should strive to maintain the existing market and undertake an aggressive marketing strategy to hire more clients and expand its market or client base.

Appendix I

ELLAND ROAD LIMITED

PROJECTED INCOME STATEMENT (ESTIMATED)

PROJECTED INCOME STATEMENT						
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Lease Revenue		4,500,000,000	5,400,000,000	6,480,000,000	7,776,000,000	9,331,200,000
Cost of Sales		900,000,000	900,000,000	900,000,000	900,000,000	900,000,000
Gross Profit		3,600,000,000	4,500,000,000	5,580,000,000	6,876,000,000	8,431,200,000
Operating Expenses						
Administrative Overhead						
Costs		230,000,000	232,300,000	234,623,000	236,969,230	239,338,922
Motor Vehicle running		86,000,000	86,860,000	87,728,600	88,605,886	89,491,945
Salaries and Wages		56,000,000	56,560,000	57,125,600	57,696,856	58,273,825
Depreciation		930,600,000	939,906,000	949,305,060	958,798,111	968,386,092
Utility Costs		140,000,000	141,400,000	142,814,000	144,242,140	145,684,561
Insurance		250,000,000	252,500,000	255,025,000	257,575,250	260,151,003
Interest on Loan		0	0	0	0	0
Total Expenses		1,376,600,000	1,390,366,000	1,404,269,660	1,418,312,357	1,432,495,480
Profit before Tax		2,223,400,000	3,109,634,000	4,175,730,340	5,457,687,643	6,998,704,520
Tax (30%)		667,020,000	932,890,200	1,252,719,102	1,637,306,293	2,099,611,356
Profit After Tax		1,556,380,000	2,176,743,800	2,923,011,238	3,820,381,350	4,899,093,164

ELLAND ROAD LIMITED

PROJECTED STATEMENT OF FINANCIAL POSITION (ESTIMATED)

PROJECTED BALANCE SHEET					
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Fixed Assets	8,553,000,000	12,622,400,000	12,701,835,000	11,956,225,000	11,210,615,000
Long term Assets					
Depreciation	930,600,000	770,605,000	770,605,000	770,605,000	770,605,000
Total long term assets	7,622,400,000	11,851,795,000	11,931,230,000	11,185,620,000	10,440,010,000
Current Assets					
Cash	3,528,730,000	1,415,291,300	2,632,581,913	4,941,437,995	7,570,679,731
Account Receivable	587,000,000	675,050,000	776,307,500	892,753,625	1,026,666,669
Inventory	0	0	0	0	0
Total Current Assets	4,115,730,000	2,090,341,300	3,408,889,413	5,834,191,620	8,597,346,400
Total Assets	11,738,130,000	13,942,136,300	15,340,119,413	17,019,811,620	19,037,356,400
Current Liabilities					
Accounts Payable	146,750,000	168,762,500	194,076,875	223,188,406	256,666,667
Other Current Liablit	35,000,000	40,250,000	46,287,500	53,230,625	61,215,219
Subtotal Current Liabi	181,750,000	209,012,500	240,364,375	276,419,031	317,881,886
Long term Liabilities					
Long term Liabilitie	0	0	0	0	0
Total Liabilities	181,750,000	209,012,500	240,364,375	276,419,031	317,881,886
Captil and Reserves					
Owners Contribution	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000
Retained Earning	1,556,380,000	3,733,123,800	5,099,755,038	6,743,392,588	8,719,474,514
Total Capital	11,738,130,000	13,942,136,300	15,340,119,413	17,019,811,620	19,037,356,400

ELLAND ROAD LIMITED

PROJECTED STATEMENT OF CASHFLOW (ESTIMATED)

YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
INFLOW					
EQUITY	10,000,000,000.0 0	-	-	-	-
DEPRECIATION	930,600,000.00	770,605,000.00	770,605,000.00	770,605,000.00	770,605,000.00
PRETAX PROFIT	2,223,400,000.00	3,109,634,000.00	4,175,730,340.00	5,457,687,643.40	6,998,704,519.83
TOTAL INFLOW	13,154,000,000.0 0	3,880,239,000.00	4,946,335,340.00	6,228,292,643.40	7,769,309,519.83
OUTFLOW;					
INVESTMENT	10,000,000,000.0 0	-	-	-	-
CORP. TAX 30%	667,020,000.00	932,890,200.00	1,252,719,102.00	1,637,306,293.02	2,099,611,355.95
TOTAL OUTFLOW	10,667,020,000.0 0	932,890,200.00	1,252,719,102.00	1,637,306,293.02	2,099,611,355.95
NET	2,486,980,000.00	2,947,348,800.00	3,693,616,238.00	4,590,986,350.38	5,669,698,163.88
CUMMULATIVE	2,486,980,000.00	5,434,328,800.00	9,127,945,038.00	13,718,931,388.3 8	19,388,629,552.26

ELLAND ROAD LIMITED

PROJECTED RETURN ON INVESTMENT (ESTIMATED)

RETURN ON INVESTMENT (ROI)					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PROFIT AFTER TAX	1,556,380,000	2,176,743,800	2,923,011,238	3,820,381,350	4,899,093,164
EQUITY	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000
% RATE OF RETURN	15.56%	21.77%	29.23%	38.20%	48.99%