Business Plan For
Azura Beach Club

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1. Introduction

1.1. Nature of Business and Shareholders

Azura Beach Club is a registered company with certificate of registration number 73782 dated 16 November 2009. The company has three shareholders Christopher Stevenson, Jeffrey Stevenson and Oysterbay Renovations. Christopher Stevenson and Jeffrey Stevenson serve as the company directors. Christopher Stevenson is also the Managing Director of Oysterbay Renovations, a TIC registered project with Certificate of Incentives No. 024420 dated 22/08/2010.

Azura Beach Club specializes fitness recreation activities as well as in developing properties in the prime residential areas of Oysterbay, Masaki and Kawe, Dar es Salaam. After developing a property, the company sub-lets the property for lease terms of one year and upwards.

The company does not purchase the properties it develops, but instead enters into long term leases with the property owners using a build-operate-transfer model. After the long term lease between Azura Beach Club and the property owner expires, the property reverts to the property owner.

1.2 Description of Project Area

The main geographic focus of the company's property development projects are on the peninsula area of Dar es Salaam. The peninsula consists of two prime residential areas, Oysterbay and Masaki. The Peninsula is located about 10 Km from the city center and can take about 15 – 30 minutes by car depending on traffic. The government is currently building a second bridge from the city center to the peninsula that will greatly reduce traffic.

Image 1. Oysterbay and Masaki

Demographic

- Most prime/affluent area of Dar es Salaam
- High expat population and retired senior government officials
- Many ambassadors & high ranking foreign missions staff

Lifestyle & Ammenities

- Many restaurants of different cuisine , bakeries/café's, bars/lounges
- Up-market supermarkets (Shoppers and Village Supermarket)
- Luxury hotels (Sea Cliff, Double Tree by Hilton, Best Wetern, Protea)
- Schools catering to international students (secondary branch of International School of Tanganyika, French School, Dar es Salaam International Academy (DIA))
- Location of Dar es Salaam Yacht Club, a popular club for expats
- English is spoken almost as much as Swahili in the area
- Security personnel @ homes and businesses is commonplace
- Streets & neighborhood more planned than most DSM areas

Housing

- Avg 2- 3-bedroom apt rent: $1500 unfurnished; $2500/$3000 fully furnished
- Avg 3-4 bedroom house $3,000 unfurnished; with pool $4,000 - $4,500

2. Economy and Real Estate Market Trends

Tanzania has one of the fastest growing economies with GDP growth at 6.6% annually since 2012 driven by growth in mining, construction, financial services, information and communication sectors. The Tanzania shilling has remained relatively stable and inflation has remained relatively low.

Dar es Salaam is the largest city, main commercial hub and location of the main sea port. It has an estimated population of 5.1 million persons at 2018.

The real estate market in Dar es Salaam experienced extremely rapid growth in residential, office and retail sectors from 2010 to 2015. Since 2015 all three sectors have witnessed a decline due to lower purchasing power of residents, scaling back of multinationals, reduction in expats due to difficulties in obtaining work/residence permits and movement of government offices to Dodoma. The prime residential markets in Oysterbay and Masaki have also been affected by these trends with increases in vacancy rates and reduction in rents. Apartments and lower quality detached houses have been hit hardest. High quality detached units have been affected less but have still experienced a decline in rents.

3. Returns for a Typical Project

A typical project has a lease term of between ten to fifteen years and costs one hundred and seventy thousand dollars. From 2012 to 2016 rent were around $5,000 per month for a four bedroom detached house with swimming pool. From 2017 onward rents have been dropping and are now around $4,000 per month.

Table 1. Investment Analysis of a Typical 4 Beroom House with Swimming Pool

Year	$5,000/Month	$4,500/Month	$4,000/Month	$3,500/Month
1	(170,000)	(170,000)	(170,000)	(170,000)
2	48,000	42,000	36,000	30,000
3	48,000	42,000	36,000	30,000
4	48,000	42,000	36,000	30,000
5	48,000	42,000	36,000	30,000
6	48,000	42,000	36,000	30,000
7	48,000	42,000	36,000	30,000
8	48,000	42,000	36,000	30,000
9	48,000	42,000	36,000	30,000
10	48,000	42,000	36,000	30,000
11	48,000	42,000	36,000	30,000
12	48,000	42,000	36,000	30,000
13	48,000	42,000	36,000	30,000
14	48,000	42,000	36,000	30,000
IRR	**27%**	**23%**	**19%**	**15%**
NPV	**$155,419**	**$116,674**	**$77,928**	**$39,182**
Cash flow	**$454,000**	**$376,000**	**$298,000**	**$220,000**
Payback	**3.5**	**4.0**	**4.7**	**5.7**

As can be seen from the above example, a project with a rent of $4,000 per month has a payback period of 4.7 years, NPV of 19% and net cash flow of $298,000. In practice, returns are less due to maintenance and overhead costs.

4. Investment Cost & Inventory of Properties

Since 2009 the company has developed 9 residential houses at its Kawe property, 3 residential houses in Oysterbay and 1 office building in Masaki with a total investment cost of Tsh 1,878,026,000.

Table 2 shows a list of the current inventory of houses.

Table 2. Inventory of Current Houses

Location	Investment Cost USD	Master Lease w/Owner	
		Years	Ending
Plot 84A & 84C Kawe	130,000	17	2026
1981 Yasser Arafat Rd, Oysterbay	150,000	15	2034
95/2 Guinea Rd, Oysterbay	120,000	14	2030
37 Ethiopia Rd, Oysterbay	120,000	15	2037
1826/26 Chole Rd, Masaki	300,000	18	2033
Total	**820,000**		

5. Operating Profit

Table 3 shows the monthly operating profit. As can be seen in the table, rental income averages $37,500 per month. This is not spread out evenly since there are some months with more rental income and some with less. Payments to landlords and operating expenses are on average $22,900 per month. Net operating profit is $14,600 per month.

Table 3. Operating Profit

Item	Amount
RENTAL INCOME	450,000
EXPENSES	
RENT TO PROPERTY OWNERS	98,395
OPERATING EXPENSES	176,504
TOTAL EXPENSES	**274,899**
OPERATING PROFIT	**175,101**
OPERATING PROFIT %	38%

6. Future Investment Plans

The company plans to continue building houses and offices in Oysterbay and Masaki and is looking at opportunities in other areas such as Dodoma. Current plans are to construct a one and two bedroom serviced apartment complex on Msasani Road in Oysterbay

It is difficult to identify the properties that will be developed in advance since it is a continuous process of discussing potential development projects with property owners. Often discussions can take months or even years to complete. At any given time, the company is following up on several properties.

An important intangible asset of the company is its network of real estate agents who inform it of property owners who are looking for developers. Property owners do not advertise their properties so being well known and having a large network of real estate agents is essential to obtaining properties.

Another intangible asset of the company is its good reputation among the property owners of the properties it has already developed. It is easy for potential property owners to contact the owners of properties the company has developed and get a reference on the company's work. All of these owners are very happy with the company and give excellent recommendations.

Table 4. Future Investments

Project	2023	2024	2025	2026	2027	Total
27 Msasani Rd	50,000	150,000	150,000	150,000	150,000	650,000
Total	50,000	150,000	150,000	150,000	150,000	650,000

7. Cash Flow & Financing Requirements

Table 4 shows a cash flow analysis of the company for the period July 2023 – July 2026. As can be seen from the table, the company is able to finance its development projects by reinvesting current and future rental income.