

**JAMAL HOLDINGS LIMITED**

**BUSINESS PLAN**

**2024**

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## **1. INTRODUCTION**

### **1.1 Background of the Company**

Jamal Holdings Limited is a private company limited by shares duly registered and existing under the laws of the United Republic of Tanzania. It was incorporated on the 10<sup>th</sup> day of December, 1976 and issued with a Certificate of Incorporation number 5656. The company's authorised share capital is TZS 50,000,000/= divided into 50,000 shares of TZS 1,000/= each. The company has three shareholders who hold the following number of ordinary shares respectively: 2682, 39 and 47279. Two of the three shareholders are Canadian citizens.

The company engages into commercial buildings project under which it develops and manages industrial park as well as other residential and commercial buildings for lease.

The Company's registered office is located at Plot number 181/B/1, Chang'ombe Industrial area, Saza Road, Chang'ombe Ward, Temeke District, Dar es Salaam Region.

### **1.2 Purpose of the document**

This document outlines various key aspects that are to be considered by the Company in investing into commercial buildings project. These aspects are such as: business management, project overview, project financing, market analysis, risks and their management etc.

## **2. PROJECT PROFILE**

### **2.1 Project location**

Projects are currently located in Dar es Salaam, specifically at Plot number 181/B/1, Chang'ombe Industrial area, Temeke District as well as Plot number 107/2, Msasani Beach, Kinondoni District.

The Company has decided to place the project in Dar es Salaam because of the following reasons:

- i. Dar es Salaam is the business capital of the United Republic of Tanzania hence it will be a good market place.

- ii. It is a suitable location for the industrial park because of accessibility to trade gateways such as Dar es Salaam Port, Julius Nyerere International Airport which facilitate importation and exportation of raw materials and final products for sale.
- iii. Dar es Salaam has well developed and reliable infrastructures such as good roads, availability of power and good communication networks.
- iv. Due to its vast population, Dar es Salaam ensures availability of customers.

## 2.2 Products

The Company has so far developed the following commercial buildings:-

- i. An industrial park situates on the piece or parcel of land being Plot No. 181/B/1 registered under Certificate of Title number 186085/39 situated at Chang'ombe Industrial area, Saza Road, Temeke District, Dar es salaam City.
- ii. Residential building situates on the piece or parcel of land being Plot No. 107/2, registered under Certificate of Title number 49895 situated at Msasani Beach, Kinondoni District, Dar es salaam City.

## 2.3 Project Investment

The projected required investment over 5-year investment period is TZS 8,714,008,352 Billion as shown in the table below:

	<b>Capital Item</b>	<b>Amount in TZS</b>	<b>Percentage</b>
1	Land and buildings	7,378,097,299	84.67%
2	Other Assets	524,894,000	6.024%
3	Working Capital	761,017,053	8.734%
4	Paid-in capital	50,000,000	0.574%
	<b>Total Investment</b>	<b>8,714,008,352</b>	<b>100%</b>

The Company has used its two plots of land mentioned hereinabove to develop the projects. The Company is leasing units of the industrial park and residential house to generate more income.

In addition, the project is financed by the following key items:

- a. Working Capital: TZS 761,017,053 Million
- b. Paid-in capital: TZS 50,000,000 Million

The total investment cost is estimated at TZS 8,714,008,352 Billion. The investment cost has been generated over the years since incorporation of the Company in the year 1976. More than 90% of the investment capital has been derived from rental income of its demised premises. The other part has been financed by the majority shareholder, Adilnawaz Jamal whose sources of funds are from his business investment. As the business grows, the rental income will continue to finance the project.

## 2.4 Project financing

The majority part of project financing is from its demised premises. Only 0.574% is financed through Equity and the remaining amount is financed through other Company's investment.

Below is a chart of shareholders, their nationality and number of shares/percentages they hold in a Company.

No.	Name of shareholder	Nationality	Number of shares	Percentage of ownership
1.	Abdulsultan Hasham Jamal	Tanzanian	2,682	5.36%
2.	Adilnawaz Jamal	Canadian	47,279	94.56%
3.	Karima Jamal	Canadian	39	0.08%
	<b>TOTAL</b>		<b>50,000</b>	<b>100%</b>

### **3. MARKET ANALYSIS**

#### **3.1 Target Market**

The Company intends to reach a wide market involving both business companies and individuals.

#### **3.2 Market Size and Growth Potential**

Due to the business potential of Dar es Salaam city with an estimate of 7,977 registered companies and a population of 5,383,728 people as per the 2022 census, there is no likelihood of shortage when it comes to the market of commercial buildings project. Being the city that is prominent for trade and trade gateways, various companies are expected to operate thereunder hence ensuring the availability of stable market for industrial park and other commercial and residential buildings.

#### **3.3 Competitive Analysis**

Commercial buildings project in Tanzania is booming as there are various prominent competitors in the sector. The Export Processing Zones Authority is the most prominent government authority in providing industrial parks in Tanzania. Some of its industrial parks are:-

i. **Benjamini William Mkapa SEZ**

Benjamin William Mkapa SEZ was the first Industrial Park to be established and owned by the Government which offers serviced land for lease to EPZ/SEZ investors. The Park is strategically located in Mabibo External area, along Nelson Mandela Road; Dar es Salaam. The Park covers the total area of 65 Acres whereas industrial plots and factory buildings covers 74% of the area equivalent to 48 Acres. The Government through EPZA supervised the construction of infrastructure at BWM-SEZ in 2006.

The constructed infrastructure includes the serviced industrial plots; a clinic building, a cafeteria building, a shopping arcade, a water tank, a customs building, roads, streetlights, fencing wall and an administrative block with sufficient office space. A total of 14 projects mainly undertaking manufacturing activities for export; have been allocated the serviced plots at the park.

ii. Bagamoyo SEZ

The Government through EPZA is developing a mega industrial cum commercial park known as Bagamoyo Special Economic Zone (“Bagamoyo SEZ”) on an area of 9,800 Hectares located in Bagamoyo, Coastal Region, 50km North of Dar es Salaam City. The project is being developed under the Special Economic Zone (SEZ) scheme and will provide EPZ and SEZ investors with world class industrial infrastructure, efficient government services as well as lucrative fiscal and non-fiscal incentives. The Park has already accommodated 11 licensed companies, most of them are at different levels of development; with exception of one which is fully operational. Investors are welcome to lease a bare land for own development.

iii. Nala Special Economic Zone

Nala Special Economic Zone project is to provide state-of-the-art serviced land (Serviced Industrial Plots) complete with all the requisite infrastructure for the plug and play establishment of industries/factories. A Serviced industrial plot is a designated plot for industrial use that is fully furnished with the requisite infrastructure including utilities, sewerage, drainage system as well as removal of refuse and waste in order to enable investors to smoothly carry out their manufacturing operations. Availability of serviced land is key in attracting and retaining investments in SEZs. The development of such infrastructure minimizes initial and operation costs by investors.

iv. Mtwara SEZ

Mtwara SEZ covers an area of 2,600 Hectares which was set aside for SEZ in Mtwara.

v. Kigoma SEZ

The project covers an area of 3,000 Ha. Phase one of the project consist of an area of 691 Ha is already developed by the Kigoma Regional Secretariat and the remaining land will be developed jointly with the Private Sector through PPP.

vi. Tanga SEZ

The earmarked project area covers 1,363 Ha of land in Tanga region, at Neema area for Special Economic Zones trade and investment undertakings.

- vii. There are other private owned industrial parks cum commercial buildings which have been developed such as Ubungo Business Park Limited etc.

### **3.4 Market trends**

The commercial buildings project has benefited from the current technological advancements which help to reach the market easily. Recent trends and advances such as the use of social media in advertising, use of software applications have made advertisement and outreach to customers easier than before. Most customers these days prefer to look for properties/parks, do bookings and/or payments online.

Apart from the online trend, commercial buildings project is still benefiting from the use of offline marketing like printing on billboards and newspapers, participation in exhibitions and customer's referrals.

### **3.5 Sales and Marketing Strategies**

#### **3.5.1 Pricing strategies**

The Company aims at instilling prices which are both affordable to customers and profitable to the Company. The Company will consider offering promotions, discounts and special packages to customers.

#### **3.5.2 Marketing strategies**

The Company will utilise all the available resources when it comes to marketing of its products. Thus, there will be a use of online advertisement like posting on social media platforms, creation of blog posts, issuing online newsletters and use of applications that cater to the commercial buildings project. Offline strategies such as print marketing which involves: supplying brochures at various events and offices; placement of advertisements on newspapers and magazines; and participating in various expositions will also be utilised.

### **3.5.3 Sales strategies**

The Company will collaborate with brokers in ensuring that its products are well marketed. Also, offering special discounts to clients who refer other clients to our projects.

### **3.5.4 Customer retention**

Keeping in mind the competitive nature of commercial buildings project in Tanzania, the Company aims at retaining most or all of its customers through: creating loyalty programs where loyal customers get exclusive deals and providing customers with post sale support such as personalised property recommendations.

### **3.6 Regulatory environment**

Commercial buildings project is regulated, monitored and supervised by various governmental bodies such as: the Ministry of Lands, Housing and Housing Development; the Ministry of Investment, Industry and Trade through the Business Registrations and Licencing Agency (BRELA); and the Ministry of Finance through Tanzania Revenue Authority (TRA).

Through the above-mentioned governmental bodies, there are various laws and regulations which are in force to regulate commercial buildings development in Tanzania. Land related laws such as: the Land Act CAP 113 R.E 2019, the Unit Titles Act, Act No. 16 of 2008, the Land Registration Act, CAP 334 R.E 2019 and the Registration of Documents Act, CAP 117 R.E 2019. Business and or trade related laws such as: the Companies Act CAP. 212 R.E 2002, the Business Names (Registration) Act CAP. 213 R.E 2002, the Business Licensing Act, CAP 208 R.E 2002, the Law of Contract Act CAP 345 R.E 2019 to mention but a few.

The Company pledges to be in compliance with all the laws, regulations and specific guidelines in undertaking this project so as to avoid inconveniences that may be caused by non-compliance. The Company will have all the required licenses and permits, and will timely pay all required taxes.

## **4. FINANCIAL PLAN**

### **4.1 Introduction**

In this section, we outline the financial projections developed as part of this Business Plan. The assumptions used to derive the financial projections and the projected financial statements are presented in the following sub-sections.

### **4.2 Financial Projections**

The financial forecasts have been prepared over a five-year period. The projected comprehensive income statement, financial position, and cash flow statements are included as part of this Business Plan.

#### **4.2.1 Basis of Preparation**

In preparing the financial projection we have used assumptions from various sources including the following:

- Bank of Tanzania, Oxford Economics and IMF – Macroeconomic assumptions
- Tanzania Revenue Authority – Tax rates
- Our analysis of the business

Key assumptions used in the model include the following:

- GDP growth between 6% and 7%
- Population growth between 2.5% and 3.4%
- Local inflation between 4.4% and 5.4%
- Average FX rate \$1 = TZS 2,716
- Corporate Income Tax 30%
- VAT 18%
- Annual specific excise tax increases of 10%

This part of our business plan covers a comprehensive overview of the financial projections for a period of five years of the business. The projections are as indicated in the sections below:

#### **4.2.2 Projected Income Statement for Five Years**

### 4.3 Cash Flow Statement

<b>JAMAL HOLDINGS LIMITED</b>					
<b>PROFIT AND LOSS PROJECTION</b>					
<b>For the years 2024 - 2028</b>					
	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
	<b>Tzs</b>	<b>Tzs</b>	<b>Tzs</b>	<b>Tzs</b>	<b>Tzs</b>
Rental Income	609,080,120	669,988,132	736,986,945	810,685,640	891,754,204
Dividend Income	1,900,003,317	2,090,003,649	2,299,004,014	2,528,904,415	2,781,794,857
Audit fee	3,267,000	3,593,700	3,953,070	4,348,377	4,783,215
Bank charges and commission	1,651,874	1,817,062	1,998,768	2,198,645	2,418,509
City Servie Levy	1,827,241	2,009,965	2,210,961	2,432,058	2,675,263
NSSF contribution	23,743,500	26,117,850	28,729,635	31,602,599	34,762,858
Repair and Maintenance	330,000	363,000	399,300	439,230	483,153
Salary and wages	222,545,620	244,800,182	269,280,200	296,208,220	325,829,042
Staff employment expenses	13,207,425	14,528,168	15,980,984	17,579,083	19,336,991
WCF contribution	1,187,175	1,305,893	1,436,482	1,580,130	1,738,143
<b>Administrative expenses</b>	<b>267,759,835</b>	<b>294,535,819</b>	<b>323,989,401</b>	<b>356,388,341</b>	<b>392,027,175</b>
Depreciation	75,097,453	75,097,453	75,097,453	75,097,453	75,097,453
Insurance	28,326,100	31,158,710	34,274,581	37,702,039	41,472,243
Legal and professional fees	1,100,000	1,210,000	1,331,000	1,464,100	1,610,510
License fees	753,000	753,000	753,000	753,000	753,000
Rent, land Rent and property tax	11,376,420	12,514,062	13,765,468	15,142,015	16,656,217
<b>Other operating expenses</b>	<b>116,652,973</b>	<b>120,733,225</b>	<b>125,221,502</b>	<b>130,158,607</b>	<b>135,589,423</b>
Operating profit	2,124,670,629	2,344,722,737	2,586,780,056	2,853,043,107	3,145,932,463
Tax	67,400,194	76,415,726	86,332,813	97,241,608	109,241,282
Profit after tax	<u>2,057,270,436</u>	<u>2,268,307,011</u>	<u>2,500,447,244</u>	<u>2,755,801,500</u>	<u>3,036,691,181</u>

## 4.4 Balance Sheet

<b>JAMAL HOLDINGS LIMITED</b>					
<b>BALANCE SHEET PROJECTIONS</b>					
<b>Years 2024 - 2028</b>					
	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
	<b>Tzs</b>	<b>Tzs</b>	<b>Tzs</b>	<b>Tzs</b>	<b>Tzs</b>
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Land and buildings	7,302,999,846	7,227,902,393	7,152,804,940	7,077,707,487	7,002,610,034
<b>INVESTMENTS</b>	<b>524,894,000</b>	<b>524,894,000</b>	<b>524,894,000</b>	<b>524,894,000</b>	<b>524,894,000</b>
<b>CURRENT ASSETS</b>					
Taxation	22,890,294	25,179,324	27,697,256	30,466,982	33,513,680
Bank balances	992,280,720	1,245,571,444	1,521,991,028	1,823,852,356	2,153,699,603
	1,015,171,014	1,270,750,768	1,549,688,284	1,854,319,338	2,187,213,283
<b>TOTAL ASSETS</b>	<b>8,843,064,860</b>	<b>9,023,547,161</b>	<b>9,227,387,224</b>	<b>9,456,920,825</b>	<b>9,714,717,317</b>
<b>EQUITY AND LIABILITIES</b>					
<b>CAPITAL AND RESERVES</b>					
Share capital	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Share premium	138,402,000	138,402,000	138,402,000	138,402,000	138,402,000
Reserves	8,632,873,471	8,811,176,833	9,012,620,062	9,239,517,147	9,494,413,471
	8,821,275,471	8,999,578,833	9,201,022,062	9,427,919,147	9,682,815,471
<b>CURRENT LIABILITIES</b>					
Payables and accruals	21,789,390	23,968,329	26,365,161	29,001,678	31,901,845
	21,789,390	23,968,329	26,365,161	29,001,678	31,901,845
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>8,843,064,860</b>	<b>9,023,547,161</b>	<b>9,227,387,224</b>	<b>9,456,920,824</b>	<b>9,714,717,316</b>
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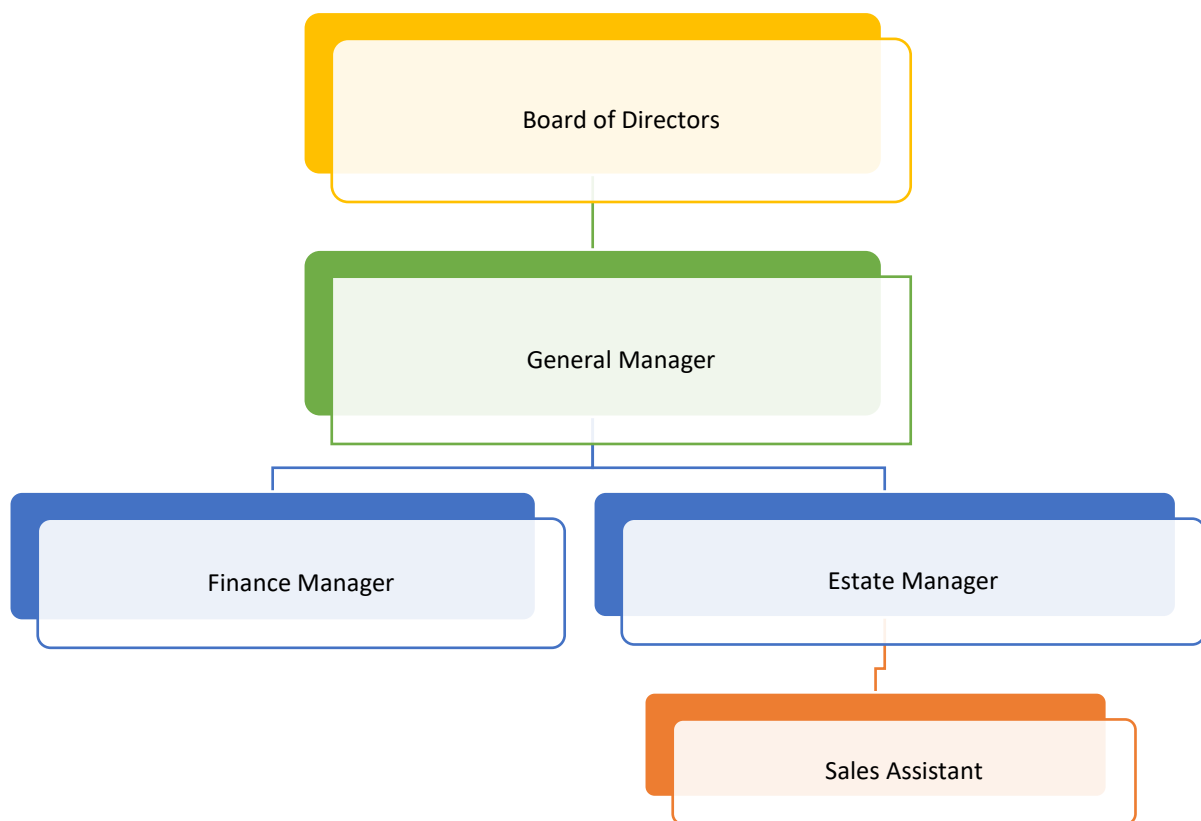
## 5. MANAGEMENT AND PERSONNEL

### 5.1 Management Team

The Company is managed by the board of directors. The project will be managed by the General Manager.

### 5.2 Organisation Structure

The Company's organisation structure is as shown below.



### **5.3 Hiring Plan**

In this project, the Company will hire 3 employees. One of the employee will be a foreigner. The Company will make sure that the knowledge possessed by the foreign employee is passed down to the Tanzanian employees through having a succession plan in place.

## **6. RISK ASSESSMENT**

### **6.1 Introduction**

Like any other business, commercial buildings project is not immune to risks. There are various risks which the Company is likely to face while carrying out its intended project and they are elaborated below.

### **6.2 The Expected Risks**

The Company is likely to face the following risks:

#### **6.2.1 Regulatory risks**

Being commercial buildings project is regulated by a multitude of laws and regulations, there is a likelihood of non-compliance to occur in instances where there is a change in a certain law or regulation that the Company is unaware, hence is caught off-guard.

Also, inconsistencies brought about by the government authorities, for instance, between the central and local government.

#### **6.2.2 Business risks**

The Company is likely to face risks related to business while carrying out its project. Such risks can be:

- i. Operational risks – these are likely to arise from the Company’s operations which are subject to human errors, force majeure, technological failures or breakdowns, breach of contracts and the like.
- ii. Credit risks – these may occur when there are debts that make it hard to continue running the project smoothly. Like any other business, creditors are bound to be among the customers or service providers. Once there will be a large credit or too many creditors, there is a risk of failing to smoothly run the business.
- iii. Currency risks – Recently, through the changes imposed by the Finance Act of 2024, trading using other currencies apart from Tanzanian Shilling has been prohibited. This surely does pose a problem of having fluctuating prices because there will be various

services or payments that the Company is expected to make in Dollars but they would now have to be converted into Tanzanian Shillings.

- iv. Reputation risk – this risk goes to the root of the business because for a business to thrive, it must have a good reputation. The Company’s reputation may be tarnished if clients offer bad reviews, failure to comply with the laws, failure to clear debts and the like.

### **6.3 Risk Management**

The company, through its management, ensures to take all necessary measures to curb the expected risks covered in the above section by doing the following:

- i. Keeping in place a proper strategy that ensures total compliance with all the legal requirements so as to avoid being caught off-guard.
- ii. Having a strict credit policy that discourages bad debts.
- iii. Having a dedicated management team that will properly oversee the work done by employees to avoid or minimise human errors.
- iv. Maintaining a good business reputation by always reviewing and working on client’s opinions or suggestions, providing refunds to clients where necessary, keeping qualified and dedicated employees, and abiding to all the laws of the country.

## **7. IMPLEMENTATION PLAN**

The Company will put in place a specific schedule that will be used to guide the management team in accomplishing the set goals for the project. There will be a detailed timeline that shows when specific activities are to be performed and completed. Also, the budget for the project will be clearly presented so as to do not exceed the financing capacity. Employees will be required to stick to their given job descriptions as well.

## **8. CONCLUSION**

The Company is committed and prepared to carry the project to its finality basing on its feasibility. As clearly elaborated in various parts of this business plan, the Company has the adequate manpower, financial means, marketing strategy and risk management plan to see the project to its conclusion.