

FORDLAND LUXURY APARTMENT

BUSINESS PLAN

FOR

DEVELOPMENT OF A RESIDENTIAL APARTMENTS FOR LEASE

1.0. EXECUTIVE SUMMARY

1.1 Project Concept

The report gives detail on a proposal to develop a high quality and modern commercial residential apartments consisting 4 stories on **Plot No. 11, Block D, Kisasa Kakazini, Dodoma District, Dodoma Region.**

The project proposes to set up housing estate of fully self-contained apartments together with all basic needs for modern apartment

The project will involves setting up site services/civil works, motor vehicles, general machinery and equipment, room equipment, general furniture and fittings, and room furniture and fittings.

On completion of this project, all apartments will be available for letting complete with all facilities such as internal roads, swimming pool, storm water drainage, waste water system, fire hydrant installations, landscaping DSTV, Stat times, etc

Project is being developed by **FORDLAND LUXURY APARTMENTAPARTMENT** a locally registered sole proprietor with Certificate of Registration **No.589402** dated 15th November ,2024

The project promoters are confident of mobilizing financial resources through owners' equity 100%

1.2 Location

The project will be located at **Plot No. 11, Block D, Kisasa Kakazini, Dodoma District, Dodoma Region.**

1.3 The Sponsors

FORDLAND LUXURY APARTMENTAPARTMENT will be sponsoring this project. Florid Joseph Mushi, the sole proprietor.

Name of shareholders	% ownership	Nationality
FLORID JOSEPH MUSHI lesuliepatopatric@gmail.com Mob: +255715674114	100	Tanzania

1.4 The Company Objectives

The company main business objective is real estate development

1.5 **The Legal Status**

FORDLAND LUXURY APARTMENT registered name under Business Name Registration Act Cap (213).

1.6 **Objective of Study**

The purpose of this study is to work out the project viability technically and financially of developing and operating a fully furnished commercial residential apartments project for lease.

2.0 **Project Management and Manpower requirements**

The project will under a competent real estate management company to be appointed by **FORDLAND LUXURY APARTMENTAPARTMENT** the real estate company will be paid a commission of 25% on gross revenue excluding service charge.

The estate management company will be answerable to the holding company's Board of Directors for operational and policy decisions.

2.1 Project description

Significant measures have been taken to liberalize the Tanzania economy so that to encourage private sector to take a lead in Tanzania economic growth; The Government of Tanzania embarked on adjustment program to give the private sector the leading role.

It is in view of the above; **FORDLAND LUXURY APARTMENTAPARTMENT** came up with a proposal to develop commercial residential apartments for lease.

It is expected that the construction of a commercial & residential apartment will be completed within two years time and the company will apply to be exempted from paying import duty and VAT on Capital good and deemed capital good.

2.2 Real Estate Market in Tanzania

The Real Estate Market in Tanzania is expected to reach the value of US\$651bn by the end of the year 2024. Among the various segments of real estate, the Residential Real Estate dominates the market with the projection of US\$589.7bn by the end of 2024. The segment also expected to grow at

annually rate of 4.76% result in market volume of US\$784.40bn by the year 2028 compared globally China is expected to generate the highest value in the real estate market with a projected value of US\$135.70tn by the end of the year 2024.

So Tanzania Real Estate market is experiencing a surge in demand for various investments opportunities, tourist attractions like national parks and luxury beachfront due to its stunning coastline and growing economy and tourism industry in general.

2.3 Factors Influencing the Real Estate Market in Tanzania

There are various factors that influence or contribute to the growth of real estate market in Tanzania.

2.3.1 Economic Growth

The Tanzanian economy has been expanding recently in the industrial sector which creates job opportunities attracting a lot of people to the opportunity areas. This has led to increase in more investments in both industrial real estate, commercial real estate and residential real estate.

2.3.2 Urbanization

The urbanization is on the rise, various cities are experiencing growth in infrastructure. Various social services and economic sectors have led for demand of housing and commercial properties example in places like Dar es Salaam, Arusha, Dodoma Mwanza and Zanzibar. The demand of housing in this area is much higher compared to other regions in Tanzania.

2.3.3 Tourism

Tanzania is among the countries in the world with full of tourist attractions and natural beauties known for its tallest mountain in Africa that is Mount Kilimanjaro. Serengeti national parks, beautiful coasts and beaches in Zanzibar and Dar es salaam also drives the demand for properties both for residential estate and commercial purpose such as hotels and lodges for tourists.

2.3.4 Infrastructure Development

There has made a massive improvement in infrastructure sector in recently years. Almost every region in Tanzania is now linked with tarmac road. The government has been

investing in infrastructure projects including roads and ports which positively affects the Real Estate Market.

2.3.5 Political Stability

Tanzania is among the peaceful land in the world. The Tanzania citizens are kind and there is no history of civil wars or any large-scale uprising. Owning a real estate in Tanzania will come with the advantage of living peaceful life with good neighborhood while doing his or her activities in peace and harmony.

2.3.6 Population Growth

The growth of population has a positive impact on real estate sector. As the number of people increase the demand for housing and land grows by higher rate. Such fact makes also the price of real estate properties to change and vary according to places. For example, in most populated areas in Tanzania like Dar es Salaam the price of real estate is higher than any other regions in Tanzania. It is driven by higher demand of housing service, and it is a most developed city in Tanzania that attracts a lot of people from other regions in Tanzania.

2.3.7 Amenities

The availability of amenities such as schools, hospitals, parks, and shopping centers can also impact real estate values. Properties located in areas with good amenities tend to be more desirable, leading to higher demand and higher prices.

3.0 Investing in Real Estate in Tanzania

Tanzania is a beautiful country with diverse landscapes and a growing economy. From residential properties to commercial spaces, there seems to be a constant demand for suitable places to live, work, and invest.

As the market for real estate development products has matured over the years in Tanzania, the ownership models, development approaches have very well been revolutionized. From industrial Real estate, commercial real estate and residential real estate both are kind of good investment in Tanzania with expected higher return. The Tanzania economy is still growing and the demand for real estate is higher, companies needs land for creating various industries, offices spaces are in greater demand and lastly

residents for people to live are increasing as people tend to move to opportunities areas like cities and industrial activities areas for jobs and other economic activities.

3.1 The Advantages of Investing in Real Estate in Tanzania

Investing in Real Estate in Tanzania may be an investment with a higher return whether in a short period or after a certain period depending on the place where you invest your real estate project. Here are some advantages you may want to know.

3.2 It's an Inflation Resistant

The real estate value rise in time even when the value of money decreases. A lot of people who bought plots a long time ago at cheap prices, especially in most urban areas sold their plots at higher prices and the inflation impacts didn't affect negatively their real estate market.

3.3 A Potential to Build Capital

For years, people have earned capital through the real estate business. Capital that came from rents and the sale of plots and investment lands has improved the lives of many real estate owners economically and socially, and

increased employment from the real estate sectors like Agents and Brokers.

3.4 Potential for Appreciation

Appreciation refers to money made when the overall value of an asset rises between the time you purchase it and the time you sell it. Investing in Real estate, an investor or real estate owner may have the potential to the increased value of the property over time, this is influenced mostly by economic developments that force the demand for housing and land for commercial purposes or industrial investments, even if decided to sell it may do so in higher price.

3.5 Steady Income

A real estate owner may earn a steady source of income through series of payments coming from rents. A real estate owner has the advantage of generate ongoing cash flow over a specific period of time example monthly rent payments which can help supplement the income and provide a source of passive income.

3.6 Tourism Potential

Tanzania is among the best countries in the world full of natural attractions like beautiful scenery wild animals and historical sites. Investing in Real estate includes earning from lodges and hotels for tourists who are both Tanzania citizens and foreigners. In Arusha and Zanzibar, you will find there are a lot of hotels and lodges. The main goal is to serve the tourists for the time they come for tourism purposes.

3.7 Political Stability

For a long period, Tanzania has been a land that attracts different investors from various corners of the world influenced mostly by the political stability of the country. Investing in real estate for anyone either a Tanzanian citizen or foreigner there is an advantage of political stability. For years, Tanzania hasn't witnessed any civil war since the independence to date. Investing in Tanzania can provide investors with confidence in the long-term prospect of the real estate market.

3.8 Land Availability

In Tanzania, there is still ample land available that can be used for various purposes including real estate investment. Various regions in Tanzania have a very large ample land that can be used for industrial real estate investment which as it grows may create a way for improvements of other real estate like residential and commercial; real estate

3.9 Demand for house in Dodoma

there was a demand of 200,000 houses for public servants and that so far, a total of 1,000 houses had been constructed in different areas

4.0 Market Strategy

According to expert, personal selling is the most effective method for marketing packaging accommodation services because the customers and institutions. The project will use marketing agents (Real estate agent) who will be paid commissions on successful deals. Marketing in all types of media and publicity will support and enhance personal selling

The project will use internet and print media for advertising.

4.1 Pricing

The pricing policy for the project will be based on the service cost and competition levels considering various variables namely:

- Service positioning
- Gain market share from competitors
- Achieving profitability and liquidity financial performance goals

4.2 Monitoring and Evaluation

The Management has full commitment to ensuring good use of the resources and sustainable environment. Thus, the management philosophy is through business process, the company will strive to ensure compliance to standards and safety.

4.3 Aspect of Project Sustainability

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The growing of tourism sector and economic activities in Dar es Salaam City gives them assurance of a steady market. The peace and

tranquility that exist in Tanzania is another aspect of assured business sustainability.

5.0 **Project Investment Cost**

The estimated capital investment cost of the project is US \$1,350,000 as shown in the schedule below:

FORDLAND LUXURY APARTMENTAPARTMENTCOST STRUCTURE	
PARTICULAR	US\$
Land and Buildings	1,000,000.00
Machinery & Equipment	200,000.00
Motor Vehicles	70,000.00
Furniture & Fixtures	25,000.00
Pre exp	10,000.00
Others	20,000.00
Working Capital	25,000.00
TOTAL	1,350,000.00

5.1 **Financing Pattern**

The project will be financed by equity US\$ 600,000 and loan **US\$ 750,000**

5.2 **Projected Project Operating Costs**

In order to realize its intended objective, the project will have to meet the operating costs projected to be 5% of gross revenue

6.0 Financial Analysis

6.1 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied, it is assumed to be 10% annual depreciation.

It is assumed that the major building raw material will be procured from local market and other will be imported. Revenues have been conservatively estimated based on experience of the promoters and trends in the real estate industry.

10 years financial projections have been worked out

6.2 Financial Statements:

6.3 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 10 year period. The position depicted is that the project earns profit throughout its life.

Accumulated after tax profits grow from. US \$**106,750** in first year to US \$**1,699,432** in the 10 years, refer appendix I

6.5 **Projected Cash Flows**

This is shown in the Projected Cash Flows Statement in appendix II. They indicate that the project will meet its entire financial obligation, the Accumulated cash flow in the first year **US\$182,250 and** grow up to **US\$ 2,139,432 in 8th year**, refer appendix II

6.5 **Projected Balance Sheet**

The projected Balance Sheet of the projected is shown in the financial statements under **appendix III**, total equity of the project increases from US\$ in **600,000** at the end of first year of operation to US \$**2,299,432 at** the end of in 10th year. Therefore; balance sheets depict a healthy financial, refer appendix III

6.6 **Projected payback period**

Total investment is US \$ **1,350,000** cash accumulation in year 8th is US\$. **1,674,591** which is more than the initial investment costs, the project payback Period is within 8 years, refer appendix IV

6.7 Projected Risks

This is a real estate investment; no major risks have been identified for this kind of project so far. Unless a change in the country's political and economic stability occurs, the project is more likely to prosper very fast for a very long period.

7.0. Economic Aspects

Implementation of this project will have the following social and economic values

- The project is an ideal option for utilization of the recently acquired prime site
- The project will significantly contribute in increase of properties available for lease in Dar Es Salaam, Tanzania
- The project will create direct employment for 20 people on permanent contract basis leave alone temporary employees.
- It will create more business opportunities to local suppliers, which will also have a trickledown effect in the Tanzania economy as whole.

- It will generate substantial revenue to the government in the form of corporate tax paid for 8 years, value added tax and pay as you earn etc.
- The project will have transfer of knowledge and skills as far as managing of real estate

8.0 Implementation Schedule

Project implementation is expected to be relatively very short once project has been approved it is estimated that construction of serviced furnished apartment will be completed within two years: -

Project Implementation

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	December 2024
2	Construction	March 2025 -March 2027
3	Procurement furniture and other facilities	September-June2027
4	Recruitment	July 2027
5	Testing business and in house training	August - November 2027
6	Commercial operations	January 2028

9.0 Conclusion and Recommendations

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC

Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 2022.

FORDLAND LUXURY APARTMENT APARTMENT PROJECTED INCOME & EXPENDITURE STATEMENT (US\$)

	1	2	3	4	5	6	7	8	9	10
Revenue	240,000	252,000	264,600	277,830	291,722	306,308	321,623	337,704	354,589	372,319
Operating Expenses:	12,000	12,600	13,230	13,892	14,586	15,315	16,081	16,885	17,729	18,616
Profit before Depreciation & Interest	228,000	239,400	251,370	263,939	277,135	290,992	305,542	320,819	336,860	353,703
Interest	45,000	36,000	27,000	18,000	9,000	0	0	0		0
Depreciation	30,500	30,500	30,500	30,500	30,500	30,500	30,500	30,500	30,500	30,500
Gross Profit	152,500	172,900	193,870	215,439	237,635	260,492	275,042	290,319	306,360	323,203
Tax (30%)	45,750	51,870	58,161	64,632	71,291	78,148	82,513	87,096	91,908	96,961
Profit After Tax	106,750	121,030	135,709	150,807	166,345	182,345	192,529	203,223	214,452	226,242
Accumulated Profit	106,750	227,780	363,489	514,296	680,641	862,985	1,055,515	1,258,738	1,473,190	1,699,432

FORDLAND LUXURY APARTMENT APARTMENT PROJECTED CASH FLOW US\$

SOURCES:		1	2	3	4	5	6	7	8	9	10
Profit before interest and depreciation		228,000	239,400	251,370	263,939	277,135	290,992	305,542	320,819	336,860	353,702.8332
Equity	600,000										
Loan	750,000										
Total Sources	1,350,000	228,000	239,400	251,370	263,939	277,135	290,992	305,542	320,819	336,860	353,703
Applications:											
Capital expenditure	1,295,000	-	-	-	-	-					
working Capital & Others	55,000										
Cash	-	182,250	187,530	193,209	199,307	205,845	212,845	223,029	233,723	244,952	256,742
Tax	-	45,750	51,870	58,161	64,632	71,291	78,148	82,513	87,096	91,908	96,961
Sub total	1,350,000	228,000	239,400	251,370	263,939	277,135	290,992	305,542	320,819	336,860	353,703
Total applications	1,350,000	228,000	239,400	251,370	263,939	277,135	290,992	305,542	320,819	336,860	353,703
Accumulated cash		182,250	369,780	562,989	762,296	968,141	1,180,985	1,404,015	1,637,738	1,882,690	2,139,432

FORDLAND LUXURY APARTMENTAPARTMENTPROJECTED BALANCE SHEET US \$

Fixed Assets	-	1	2	3	4	5	6	7	8	9	10
Opening balance	-	1,295,000	1,263,500	1,232,000	1,200,500	1,169,000	1,137,500	1,106,000	1,074,500	1,043,000	1,011,500
Total Long-term Assets	-	1,295,000	1,263,500	1,232,000	1,200,500	1,169,000	1,137,500	1,106,000	1,074,500	150,000	
Less depreciation	-	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500
Closing balance	-	1,263,500	1,232,000	1,200,500	1,169,000	1,137,500	1,106,000	1,074,500	1,043,000	118,500	(31,500)
Working capital	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Accumulated cash	-	182,250	369,780	562,989	762,296	968,141	1,180,985	1,404,015	1,637,738	1,882,690	2,139,432
Total assets	55,000	1,500,750	1,656,780	1,818,489	1,986,296	2,160,641	2,341,985	2,533,515	2,735,738	2,056,190	2,162,932
Financed by											
Equity	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Accumulated profit	-	106,750	227,780	363,489	514,296	680,641	862,985	1,055,515	1,258,738	1,473,190	1,699,432
Total equity	600,000	706,750	827,780	963,489	1,114,296	1,280,641	1,462,985	1,655,515	1,858,738	2,073,190	2,299,432
Long term loan	750,000	600,000	450,000	300,000	150,000	-	-	-	-	-	-
Total debts	750,000	600,000	450,000	300,000	150,000	-	-	-	-	-	-
Total equity and debts	1,350,000	1,306,750	1,277,780	1,263,489	1,264,296	1,280,641	1,462,985	1,655,515	1,858,738	2,073,190	2,299,432

FORDLAND LUXURY APARTMENTAPARTMENTPROJECTED INVESTMENT COST US\$

PARTICULAR	
Land and Buildings	1,000,000.00
Machinery & Equipment	200,000.00
Motor Vehicles	70,000.00
Furniture & Fixtures	25,000.00
Pre exp	10,000.00
Others	20,000.00
Working Capital	25,000.00
TOTAL	1,350,000.00

FORDLAND LUXURY APARTMENTAPARTMENTPROJECTED FIXED INVESTMENT COST US\$

NAME OF ASSETS	1	2	3	4	5	6	7	8	9	10
	Land And Buildings	1,000,000	980,000	960,000	940,000	920,000	900,000	880,000	860,000	840,000
Machinery, Tools & Equipment	200,000	198,000	196,000	194,000	192,000	190,000	188,000	186,000	184,000	182,000
Motor Vehicles	70,000	63,000	56,000	49,000	42,000	35,000	28,000	21,000	14,000	7,000
Furniture & Fixtures	25,000	22,500	20,000	17,500	15,000	12,500	10,000	7,500	5,000	2,500
Total	1,295,000	1,263,500	1,232,000	1,200,500	1,169,000	1,137,500	1,106,000	1,074,500	1,043,000	1,011,500
DEPRECIATION	1	2	3	4	5	6	7	8	9	10
Land and buildings	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Machinery tools & Equipment	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Motor Vehicles	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Furniture & Fixtures	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
ANNUAL DEPRECIATION	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500

FORDLAND LUXURY APARTMENTAPARTMENTPROJECTED LONG TERM LOAN REPAYMENT US\$

Year	principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
1	150,000.00	45,000.00	195,000.00	750,000.00
2	150,000.00	36,000.00	186,000.00	600,000.00
3	150,000.00	27,000.00	177,000.00	450,000.00
4	150,000.00	18,000.00	168,000.00	300,000.00
5	150,000.00	9,000.00	159,000.00	150,000.00

FORDLAND LUXURY APARTMENT APARTMENT PROJECTED PAYBACK PERIOD US\$

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	106,750	31,500	138,250	138,250
2	121,030	31,500	152,530	290,780
3	135,709	31,500	167,209	457,989
4	150,807	31,500	182,307	640,296
5	166,345	31,500	197,845	838,141
6	182,345	31,500	213,845	1,051,985
7	203,223	31,500	234,723	1,286,709
8	330,400	31,500	387882.25	1,674,591
9	214,452	31,500	387882.25	2,062,473
10	226,242	31,500	387882.25	2,450,355