

PLANET TREE LIMITED

BUSINESS PLAN

**REAL ESTATE PROJECT FOR TIC
REGISTRATION**



OCTOBER 2024

1. Executive Summary

Planet Tree Limited is a company registered in Tanzania. It currently plans to establish a project of real estate. Its project focuses on residential, commercial and a combination of the two. The company plans to invest a total of **TShs. 1.5 billion (US\$ 555,556)** over a period starting November 2024. The main sources of funding for this project are equity (40%) and loan (60%).

This project has benefits to the economy of Tanzania as it will create 87 direct jobs and 500 indirect jobs, and it will provide quality residential and commercial facilities. Moreover, it will pay taxes to the government and participate in the development of the community.

The management presents it so that it can enjoy incentives given by Tanzania Investment Centre and operate smoothly. The management is confident that the project will be a success and is prepared to inject funds into the implementation

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2. Company Description

Planet Tree Limited is a company registered under the laws of the United Republic of Tanzania on 12th June, 2024. It is a limited company with residence in Pemba Mnazi within the municipality of Kigamboni in the City of Dar es Salaam.

The company's vision is to become one of the leading entities in the real estate sector in Tanzania.

The company's mission is to provide state-of-the-art buildings for residential, commercial and commercial-residential purposes in the country.

The share capital of the Company is Tanzania Shillings One Billion Nine Hundred Twelve Million Five Hundred Thousand (**TShs 1,912,500,000/=**) only divided into One Thousand (**1,000**) Ordinary Shares of Tanzania Shillings One Million Nine Hundred Twelve Thousand Five Hundred (**TShs 1,912,500/=**) each.

Of the 1,000 authorized shares of the company only 347 have been taken (34.7%) while 653 shares are not yet taken (65.3%) as shown in the table below: -

Shareholding Structure

S/No.	SHAREHOLDER	NO. OF SHARES	PERCENTAGE
1.	Annette Hildegard Schuh	333	33.3
2.	Twalib Abdul Hussein	13	0.013
3.	Diana Frank Mawalla	1	0.001
4.	Unallotted Shares	653	65.3
	TOTAL	1,000	100

The three existing shareholders form the board of directors which is also the advisory and guiding board for the company and the project. The company is new in the market and it looks forward to engage specialists in the field to get success in the market.

3. Market Analysis

3.1 Industry Overview

This sub section provides an overview of the real estate sector in Tanzania, highlighting key trends, opportunities, challenges, and the overall economic context within which the real estate industry operates.

The real estate sector in Tanzania presents significant opportunities for growth and investment, particularly in residential, commercial, and industrial segments. To navigate the landscape successfully, the company has developed an understanding of the regulatory environment, market dynamics, and local conditions.

Hereunder is the overview:-

1. The Economic Context:

- ***Growth Rate:*** Tanzania has experienced steady economic growth over the past decade, driven by agriculture, tourism, mining, and manufacturing. The real estate sector has been a vital contributor to this growth.

- ***Urbanization Trends:*** Rapid urbanization is occurring, with the urban population expected to double by 2030. This shift increases demand for residential, commercial, and industrial properties.

2. The Residential Real Estate:

- ***Demand Drivers:*** There is a significant need for affordable housing due to population growth and urban migration. The government and private sector have initiated various low-cost housing projects.

- ***Market Segments:*** The residential market is diverse, comprising high-end luxury developments, middle-income apartments, and affordable housing projects. Key cities such as Dar es Salaam, Dodoma, and Arusha are witnessing the growing demand.

3. Commercial Real Estate:

- ***Office Space:*** Demand for modern office spaces has been on the rise, primarily driven by the growth of local businesses and the entry of multinational corporations. However, there is a need for more quality spaces in key urban areas.

- **Retail Sector:** The retail market is expanding with the rise of shopping malls and mixed-use developments. Growing consumer spending and increasing middle class are prompting investment in retail space.

- **Industrial Real Estate:** The logistics and warehousing sector is gaining traction, especially with the government's focus on developing infrastructure, such as roads, ports, and rail networks. This development facilitates trade and enhances the attractiveness of Tanzania as a regional logistic hub.

4. Investment Climate:

- **Foreign Direct Investment (FDI):** The Tanzanian government has made efforts to attract FDI through favorable policies, but challenges like bureaucratic red tape and compliance can deter investors.

- **Regulatory Environment:** The real estate sector is governed by various laws relating to land tenure, zoning, leasing, and property rights. Understanding these regulations is critical for us and we have the right expertise among our directors.

- **Public-Private Partnerships (PPP):** The government is increasingly engaging in PPPs to facilitate infrastructure development, which can drive growth in the real estate sector.

5. Challenges in the Real Estate Sector:

- **Land Ownership Issues:** Land tenure issues, especially regarding securing titles and ownership disputes, pose challenges to real estate investment and development.

- **Infrastructure Deficits:** While there have been investments in infrastructure, deficiencies remain in utilities, transportation, and public services, which can limit real estate development and investment attractiveness.

- **Market Regulation:** While there are opportunities, fluctuating regulations and policies can impact investor confidence and market dynamics.

6. Emerging Trends:

- **Sustainable Development:** An increasing focus on sustainability in construction practices and urban planning is emerging, driven by government policies and global standards.

- **Technology in Real Estate:** The integration of technology in real estate transactions, property management, and development processes is growing, including the use of prop-tech solutions.

- ***Luxury and High-End Developments:*** Increase in wealth creation and the growing expatriate population in urban areas has led to a rise in luxury accommodation and high-end property development.

To cope with the Tanzanian market Planet Tree Limited has consulted local market reports, industry publications, and government resources, in order to stay adoptive with the quickly evolving market conditions in the sector.

3.2 Market trends

The Tanzanian real estate sector is poised for growth as it adapts to demographic changes and evolving market demands. As Investors and Developers, we can align our strategies with these trends – such as embracing sustainability, leveraging technology, and addressing the affordable housing gap – so we are likely to find significant opportunities in this dynamic market.

Planet Tree Limited is bent on developing the most current and detailed insights, continuously monitoring market reports, conducting industry analyses, and economic updates, as trends may evolve rapidly in response to local and global influences.

The real estate sector in Tanzania is influenced by various trends driven by economic factors, urbanization, and changes in consumer preferences. Here are some key market trends observed in the Tanzanian real estate sector: -

1. Urbanization and Population Growth:

- ***Increased Urban Population:*** With rapid urbanization, urban areas, particularly Dar es Salaam, are experiencing significant population growth. This trend drives demand for housing, commercial spaces, and infrastructure.

- ***Shifting Preferences:*** There is a growing preference for urban living among younger populations, particularly in cities, leading to the development of mixed-use residential and commercial spaces.

2. Affordable Housing Initiatives:

- ***Government and Private Sector Collaboration:*** There is a strong emphasis on affordable housing due to the housing deficit. Government initiatives to partner with private developers are encouraging investments in affordable housing projects.

- ***Increased Demand for Low-Cost Housing:*** The demand for low to middle-income housing is rising, with developers exploring innovative construction technologies and financing options to meet this need.

3. Commercial Real Estate Expansion:

- ***Retail Developments:*** The rise of middle-class consumers is leading to an increase in shopping malls and modern retail spaces. Developments like mixed-use properties that combine residential and retail are becoming popular.

- ***Growing Office Space Demand:*** As more local businesses establish themselves and multinational corporations enter the market, the demand for modern office spaces in urban centers is increasing. However, there is a shift towards flexible office solutions due to changing work patterns.

4. Infrastructure Development:

- ***Government Investments:*** Significant government investments in infrastructure, including transport and utilities, are expected to enhance the attractiveness of real estate developments and drive growth in the sector.

- ***Logistics and Industrial Growth:*** Ongoing infrastructure projects, such as port upgrades and road construction, are fostering growth in the logistics and industrial real estate segments as they improve connectivity and reduce costs.

5. Sustainable and Eco-Friendly Building Solutions:

- ***Green Building Practices:*** There is a growing awareness and demand for sustainable development practices. Developers are increasingly adopting eco-friendly technologies and materials to meet market demands and comply with international standards.

- ***Regulatory Support:*** The Tanzanian government is beginning to support sustainable development initiatives, providing incentives for eco-friendly projects.

6. Adoption of Technology in Real Estate:

- ***PropTech Growth:*** The use of technology in the real estate sector is increasing, with online platforms for property sales, rentals, and management becoming more common. These solutions are enhancing transparency and efficiency within the market.

- ***Virtual Solutions:*** With the rise of e-commerce and changes in consumer behavior post-COVID-19, virtual reality (VR) and augmented reality (AR) tools for property viewing are gaining traction.

7. Investment and Foreign Interest

- **Foreign Direct Investment (FDI):** Continued interest from foreign investors in the Tanzanian real estate market is observed, primarily due to the country's growing economy and urbanization trends.

- **Real Estate Funds:** Establishment of real estate investment trusts (REITs) and other real estate funds is opening up the market to more institutional and retail investors, providing more capital for development.

8. Regulatory Changes

- **Land Use Policy Revamp:** The government is working to streamline land acquisition and registration processes to attract more investments and improve market dynamics.

- **Focus on Compliance:** Increased regulations and compliance measures regarding property development and management are intended to foster a more structured real estate environment.

3.3 Target market identification

Planet Tree Limited targets the mid to high income earners as its clientele in the real estate project. These are the people who can afford leasing and buying of real estate. As for the malls and other commercial buildings, the company targets companies operating malls and the related buildings.

3.4 Demographics and Psychographics

To understand the real estate sector in Tanzania better, it is essential to examine both the demographics and psychographics of the population. This analysis can aid in recognizing the target market for various real estate offerings, from residential to commercial properties.

The demographics and psychographics of Tanzania's population showcase a dynamic and evolving real estate market. Understanding these factors allows developers, investors, and real estate professionals to tailor their offerings and marketing strategies effectively. With a youthful, urbanizing population that values community, affordability, sustainability, and quality, the Tanzanian real estate sector holds significant opportunities.

This is an overview of Demographics of Tanzania's Real Estate Sector: -

1. Population Size and Growth:

- **Total Population:** As of 2023, Tanzania's population is estimated to be over 60 million, making it one of the fastest-growing countries in Africa.

- **Urbanization Rate:** Currently, about 35% of the population lives in urban areas, and this percentage is expected to increase as more people migrate from rural settings to cities for better opportunities.

2. Age Distribution:

- **Youthful Population:** A significant portion of the population is young, with around 60% under the age of 25. This demographic trend drives demand for affordable housing, educational facilities, and recreational amenities.

- **Working Age Population:** The working-age population (ages 15-64) is growing, contributing to increased demand for jobs, housing, and commercial spaces.

3. Household Composition:

- **Average Household Size:** Household sizes tend to be relatively large, with an average of 4-5 members per household. This factor influences the demand for larger residential units.

- **Increasing Household Formation:** As more young people become adults and start families, the formation of new households creates additional housing demand.

4. Income Levels:

- **Income Disparities:** There's a wide income disparity across the country. A substantial portion of the population earns low to middle incomes, stimulating the demand for affordable and low-cost housing options.

- **Emerging Middle Class:** The growth of the middle class is evident, primarily in urban areas, leading to a demand for higher-quality housing and amenities.

5. Geographic Distribution:

- **Key Urban Centers:** Major cities like Dar es Salaam, Arusha, Dodoma, and Mwanza are witnessing urban growth, driving real estate development. Dar es Salaam, in particular, remains the economic hub.

Psychographics of Tanzania's Real Estate Sector

Psychographics provide insights into the attitudes, lifestyle choices, interests, and behaviors of the population, which can significantly influence real estate trends.

1. Lifestyle Preferences

- ***Urban Living:*** Many young professionals and families prefer urban living due to better access to job opportunities, education, healthcare, and amenities. There is a trend toward mixed-use developments that combine residential, retail, and recreational spaces.

- ***Community Orientation:*** There is a cultural emphasis on community and family, which impacts housing preferences. Homes with communal spaces and family-friendly environments are desirable.

2. Consumption Patterns

- ***Quality and Affordability:*** The emerging middle class is looking for quality housing at affordable prices. There is a growing demand for value-for-money in housing developments.

- ***Interest in Sustainable Solutions:*** There is an increasing awareness of environmental issues among Tanzanians, especially among the younger demographic. Many are showing interest in sustainable living and eco-friendly housing options.

3. Attitude toward Property Ownership

- ***Homeownership Aspiration:*** Homeownership is considered a significant achievement and a stable investment. Many Tanzanians view real estate as a means of wealth creation and security.

- ***Investment Awareness:*** As financial literacy improves, more individuals are recognizing real estate investment as a viable means to grow wealth, prompting a rise in interest towards commercial properties and rental investments.

4. Technology Adoption

- ***Growing Tech Savviness:*** Younger generations are more inclined to use technology for property searches, transactions, and management. Digital real estate platforms, social media marketing, and virtual tours are becoming essential in real estate transactions.

- ***Social Media Influence:*** Social media is playing a significant role in shaping opinions and preferences regarding real estate. Users frequently share and seek information on property offerings and developments online.

Packaging developments for our project to resonate with these demographics and psychographics will be crucial for our success in the market. For a comprehensive and up-

to-date analysis, it remains essential to continuously gather data and insights as the market evolves.

3.5 SWOC Analysis

A SWOC analysis (Strengths, Weaknesses, Opportunities, and Challenges) provides a comprehensive overview of the real estate sector in Tanzania, helping us identify key factors that can influence business strategies and decision-making. Here's a detailed SWOC analysis for Tanzania's real estate sector:

Strengths

1. Growing Population and Urbanization: Tanzania has a rapidly growing population with increasing urban migration, driving demand for housing and commercial spaces.

2. Economic Growth: Steady economic growth, supported by sectors such as agriculture, tourism, and manufacturing, positively impacts the real estate market.

3. Government Initiatives: The Tanzanian government is promoting investments in infrastructure and housing through favorable policies and partnerships with private developers.

4. Rich Natural Resources: The country's wealth in natural resources can attract foreign investment and boost infrastructure development, enhancing real estate growth prospects.

5. Emerging Middle Class: A growing middle class is driving demand for better-quality housing and amenities, fostering the development of retail and commercial properties.

Weaknesses

1. Infrastructure Gaps: Insufficient infrastructure, such as road networks, electricity, and water supply, can hinder real estate development and reduce property values.

2. Regulatory Challenges: Complex land acquisition processes and bureaucratic hurdles can complicate property development and ownership.

3. Housing Affordability: There is a significant housing deficit, especially for the low-income demographic. Many developers struggle to offer affordable options that meet market demands.

4. Market Data and Transparency: Limited access to reliable market data and transparency can hinder informed decision-making for investors and developers.

5. Over-reliance on Imported Materials: Many construction materials are imported, making projects susceptible to international price fluctuations and supply chain challenges.

Opportunities

1. Affordable Housing Demand: An increasing urban population seeking affordable housing presents opportunities for developers to create new residential projects.

2. Foreign Investment: Growing interest from international investors in Tanzania's real estate sector can lead to capital inflow and new development projects.

3. Technological Integration: The adoption of proptech and innovative construction solutions can streamline processes, enhance market accessibility, and reduce costs.

4. Tourism-Related Developments: The growth of the tourism sector offers opportunities for real estate development in hospitality, hotels, and recreational properties.

5. Sustainability Trends: Increasing awareness of environmental issues presents a chance for developers to invest in eco-friendly projects and sustainable practices, attracting environmentally conscious buyers and investors.

Challenges

1. Economic Volatility: Economic fluctuations, inflation, and currency volatility can create an unpredictable business environment for real estate developers and investors.

2. Political Stability: While Tanzania has been relatively stable, any political unrest or changes in government policy could impact investor confidence.

3. Limited Financing Options: Lack of access to affordable financing and mortgage solutions makes it difficult for individuals and developers to engage in real estate transactions.

4. Cultural and Social Factors: Cultural attitudes towards property ownership, especially in rural areas, may pose challenges to urbanization and real estate investment.

5. Increasing Competition: As more players enter the market, especially in urban centers, competition for prime property and tenants can drive up costs and reduce profit margins.

The SWOC analysis of Tanzania's real estate sector highlights a landscape with significant potential and inherent challenges. While the growing population and favorable economic indicators present numerous opportunities, we are set to navigate weaknesses related to infrastructure, regulatory hurdles, and market transparency.

By leveraging strengths and opportunities while addressing weaknesses and challenges, Planet Tree Limited can position itself strategically within this evolving market. Continuous market research and adaptability will be essential in successfully capitalizing on the trends and dynamics affecting the real estate sector in Tanzania.

4. Project Description

Planet Tree Limited plans to establish a project of real estate for residential, commercial and commercial-residential purposes (mixed uses). This section focuses on the project’s development plan and selling points.

4.1 The Development Plan

This is a five year project for real estates. The project will be implemented in Dar es Salaam, and may extend to other metropolitans of Tanzania. These include Arusha, Dodoma and Mwanza. Below is the planned implementation plan for the project.

Project Plan

NO.	ACTIVITY	TIMING					
		Y1		Y2	Y3	Y4	Y5
		Nov.	Dec.				
1.	Planning and Registrations						
2.	Land Acquisitions						
3.	Manpower recruitment						
4.	Constructions						
5.	Contractual Engagements (sale &leasing)						
6.	Market Analysis						
7.	After-sale Services						

4.2 Selling Points

Planet Tree Limited expects to erect quality buildings that will display sustainability, suitability, affordability, reliability, and with excellent amenities. This way the company will secure a niche in the market, enjoy sales and revenues as well as profits. In this regard the project will be a success.

5. Marketing Strategy

This section focuses on the marketing strategy for Planet Tree Limited’s real estate project. A successful marketing strategy for a real estate project in Tanzania requires a deep understanding of the local market, creative branding, and a mix of traditional and digital marketing tactics. Continuous engagement with the target audience, leveraging technology,

and adapting to market feedback will be essential to achieve objectives and stand out in an increasingly competitive real estate landscape. By tailoring strategies to resonate with Tanzanian culture and consumer behavior, our company can build relationships that lead to successful sales and long-term brand loyalty.

Developing a marketing strategy for a real estate project in Tanzania involves understanding the target market, leveraging local cultural nuances, and employing a mix of traditional and digital marketing tactics. Here's a comprehensive overview of a marketing strategy tailored for a real estate project in Tanzania. Here is the account:-

1. Market Research and Analysis:

- Identification of the Target Audience
- Segmentation of the market based on demographics (age, income level, family size) and psychographics (lifestyle preferences, buying behavior).
- Focusing on groups such as young professionals, expanding families, middle-class buyers, and expatriates.
- Competitor Analysis: -
 - a) Study on local competitors and their offerings to identify gaps in the market.
 - b) Understanding of the pricing strategies, property types, and marketing approaches of successful projects.

2. Value Proposition: -

Establishing Unique Selling Points (USPs):

- Highlighting aspects such as location benefits, quality of construction, design elements, and community amenities.
- Emphasizing affordability, sustainability, and any special financing options that cater to local needs.

3. Brand Development

- Creation of a Strong Brand Identity: Developing a memorable name, logo, and tagline that resonates with the local culture and values. Also, ensuring that the brand reflects qualities like trust, quality, and community.

- Leveraging Local Influences: Use of cultural symbols, colors, and local language in branding to connect more deeply with the target audience.

4. Integrated Marketing Communication Plan

i) Digital Marketing:

- Website Development: Creating a user-friendly website showcasing properties, specifications, floor plans, prices, and information about the surrounding area. Also, optimizing of for SEO to increase visibility on search engines.

- Social Media Marketing: Engaging with audiences through platforms like Facebook, Instagram, and LinkedIn, sharing high-quality images, virtual tours, and customer testimonials. Also, running targeted ads to reach specific demographics.

- Content Marketing: Creating valuable content, including blogs about real estate trends, home-buying tips, and community highlights. Also, using videos and virtual tours to showcase properties and developments.

- Email Campaigns: Build a mailing list to communicate directly with potential buyers, offering updates on new developments, promotions, or market insights.

ii) Traditional Marketing

- Print Advertising: Utilizing newspapers, magazines, and local publications to reach audiences, especially regarding local attractions and community news.

- Outdoor Advertising: Use of billboards in strategic locations to reach potential buyers, especially in busy urban areas.

- Property Shows and Expos: Participating in local real estate expos and trade shows to directly engage with potential buyers, investors, and industry partners.

5. Sales Strategies

- Open Houses and Property Tours: Organize open-house events to allow potential buyers to visit properties, meet with the sales team, and ask questions.

- Incentives and Offers: Offer promotional deals (e.g., discounted prices for early buyers, payment plans, or financing assistance) to attract interest.

- Collaboration with Real Estate Agents: Partner with local real estate agents who understand the market well and have access to potential buyers.

6. Community Engagement

- Corporate Social Responsibility (CSR): Engaging in community-building initiatives, such as supporting local schools or health services, to create goodwill and gain community support.
- Local Partnerships: Collaborate with local businesses and organizations, enhancing visibility and credibility within the market.

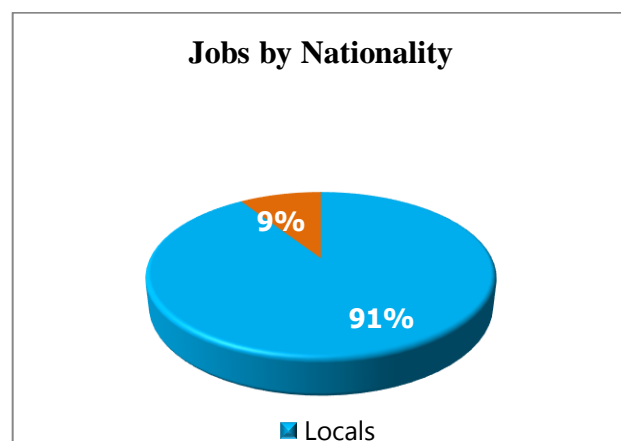
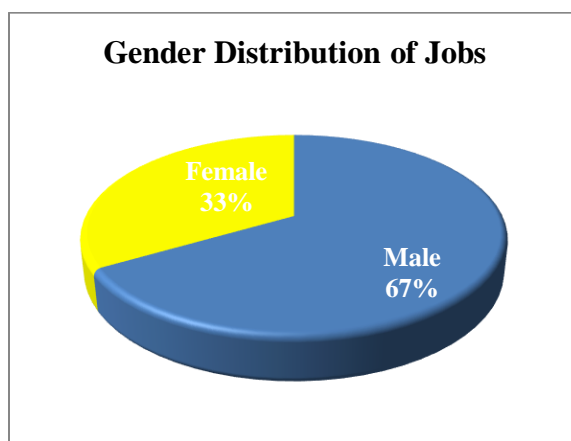
7. Feedback and Adjustment

- Gathering of Customer Feedback: Actively seeking feedback from potential buyers to understand their preferences and adjust marketing strategies accordingly.
- Monitor Performance Metrics: Using tools to track the effectiveness of marketing campaigns (e.g., website analytics, social media engagement, sales conversions) and make data-driven decisions.

6. The Team

The project is expected to directly employ a total of 87 people. Of these, 79 are local and 8 are foreigners. The table below and diagrams give details of the team. The project will also create at least 500 indirect jobs in the economy of Tanzania.

GENDER	LOCALS	FOREIGNERS	TOTAL
M	52	6	58
F	27	2	29
TOTAL	79	8	87



7. Financial Plan

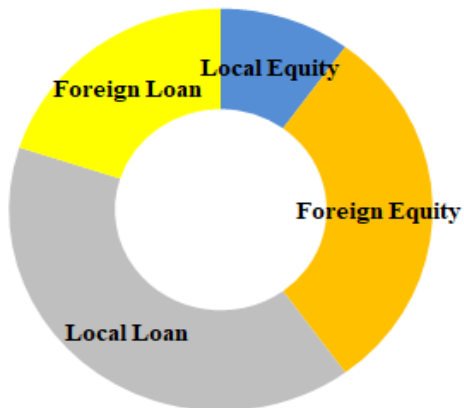
7.1 Funding for the Project

The estimated value of the project is **TShs. 1.5 billion**. This figure comprises of equities and loans as shown in the table and figures bellow. Other accounts of the financing are given in the figures below.

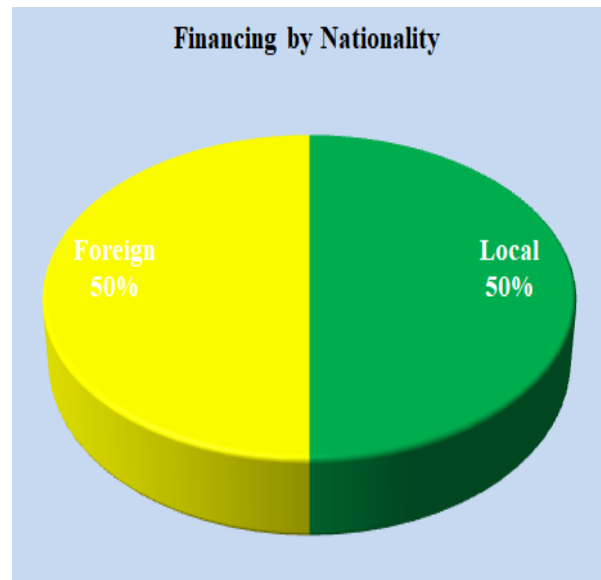
Project Funding

CATEGORIES	AMOUNT ((US\$)TSHS.)		%
EQUITY			
<i>Local Equity</i>	(US\$55,556)	150,000,000	10%
<i>Foreign Equity</i>	(US\$ 166,667)	450,000,000	30%
Total Equity	(US\$222,223)	600,000,000	40%
LOAN			
<i>Local Loan</i>	(US\$222,222)	600,000,000	40%
<i>Foreign Loan</i>	(US\$111,111)	300,000,000	20%
Total Loan	(US\$333,333)	900,000,000	60%
TOTAL FINANCING	(US\$555,556)	1,500,000,000	100%

Financing by Categories



Financing by Nationality



Financing Modal



Of the loans taken, below are the details on these over the first five years of operationalization of the project

LOAN DETAILS								
DETAILS	LOAN SECURED	INTEREST RATE	ANNUAL PRINCIPAL PAYBACK					TOTAL
			Y1	Y2	Y3	Y4	Y5	
Local Loan	600,000,000.00	0.13	120,000,000.00	120,000,000.00	120,000,000.00	120,000,000.00	120,000,000.00	600,000,000.00
Foreign Loan	300,000,000.00	0.14	60,000,000.00	60,000,000.00	60,000,000.00	60,000,000.00	60,000,000.00	300,000,000.00
TOTAL PRINCIPAL REPAYMENT			180,000,000.00	180,000,000.00	180,000,000.00	180,000,000.00	180,000,000.00	900,000,000.00
INTEREST DETAILS								
DETAILS	LOAN SECURED	INTEREST RATE	ANNUAL INTEREST PAYBACK					TOTAL
			Y1	Y2	Y3	Y4	Y5	
Local Loan	600,000,000.00	0.13	15,600,000.00	15,600,000.00	15,600,000.00	15,600,000.00	15,600,000.00	78,000,000.00
Foreign Loan	300,000,000.00	0.14	8,400,000.00	8,400,000.00	8,400,000.00	8,400,000.00	8,400,000.00	42,000,000.00
TOTAL INTEREST REPAYMENT			24,000,000.00	24,000,000.00	24,000,000.00	24,000,000.00	24,000,000.00	120,000,000.00
TOTAL REPAYMENT			204,000,000.00	204,000,000.00	204,000,000.00	204,000,000.00	204,000,000.00	1,020,000,000.00

7.2 Investment Plan

The planned investment of TShs. 1.5 billion will be invested gradually over the first 5 years of operation of the project as shown in the table below. By the end of year 5 all the planned investment will be injected into the project.

ITEM	INVESTMENT PLAN					TOTAL INVESTMENT	TOTAL INVESTMENT(US\$)
	Y1	Y2	Y3	Y4	Y5		
Land & Buildings	600,000,000	500,000,000				1,100,000,000	407,407
Plant		20,000,000				20,000,000	7,407
Vehicles		100,000,000	50,000,000	50,000,000		200,000,000	74,074
Furniture & Fittings			40,000,000	35,000,000	15,000,000	90,000,000	33,334
Pre Expenses	11,000,000					11,000,000	4,075
Others	5,000,000	5,000,000	5,000,000	3,000,000	2,000,000	20,000,000	7,407
Working Capital	5,000,000	5,000,000	20,000,000	25,000,000	4,000,000	59,000,000	21852
TOTALS	621,000,000	630,000,000	115,000,000	113,000,000	21,000,000	1,500,000,000	555,556

7.3 Production Projections

This project is expected to develop real estates by square meters. These are estates for residential, commercial and commercial-residential purposes. By the end of year 5 the company expects to build a total of **5,500 square meters**. This is the projected capacity of the project. The combined area comprises of *3,000 square meters of residential premises*, and *2,500 square meters of commercial premises*. Details are given in the table below.

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
SQ Meters p.a. - Residential	1,000	1,500	2,000	2,500	3,000
SQ Meters p.a. - Commercial	500	1,000	1,500	2,000	2,500
TOTAL PRODUCTION P.A.	1,500	2,500	3,500	4,500	5,500

7.4 Sales Projections

Projections for sales for this project, assuming 100% sales of the produced area, show a growing trend through the first five years of operation of the project. The growth in annual sales is based on the growth in the space produced as shown in the table below.

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Production - SQ Meters Residential	2,000	2,500	3,000	3,500	4,000
Production - SQ Meters Commercial	1,500	2,000	2,500	3,000	3,500
Price per SQM Residential (4% inflation) TShs	20,000	20,800	21,632	22,497	23,397
Price per SQM Commercial (4% inflation) TShs	60,000	62,400	64,896	67,492	70,192
Sales – Residential (TShs)	40,000,000	52,000,000	64,896,000	78,740,480	93,588,685
Sales – Commercial (TShs)	90,000,000	124,800,000	162,240,000	202,475,520	245,670,298
TOTAL SALES (TSHS)	130,000,000	176,800,000	227,136,000	281,216,000	339,258,982

7.5 Gross Profit Projections

Projections show that over the first five years the project will enjoy steadily growth in gross profit. The minimum will be in the first year while the highest will be in the 5th as shown in the table below.

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Projected Sales	130,000,000	176,800,000	227,136,000	281,216,000	339,258,982
Cost of Sales					
Power Utilities	4,000,000	4,160,000	4,326,400	4,499,456	4,679,434
Water Utilities	3,600,000	3,744,000	3,893,760	4,049,510	4,211,491
Wages	62,000,000	64,480,000	67,059,200	69,741,568	72,531,231
Supplies	60,000,000	62,400,000	64,896,000	67,491,840	70,191,514
<i>TOTAL COST OF SALES</i>	129,600,000	134,784,000	140,175,360	145,782,374	151,613,669
GROSS PROFIT	400,000	42,016,000	86,960,640	135,433,626	187,645,313

7.5 Projected Income Statement

The projected income statement shows that the company's retained earnings will be growing gradually over the first five years of implementation of the project. The project will break-even during the second year of operation as shown in the table below.

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Total Sales Revenue	130,000,000.00	176,800,000.00	227,136,000.00	281,216,000.00	339,258,982.40
Less: Cost of Sales	129,600,000.00	134,784,000.00	140,175,360.00	145,782,374.40	151,613,669.38
<i>Gross Profit</i>	<i>400,000.00</i>	<i>42,016,000.00</i>	<i>86,960,640.00</i>	<i>135,433,625.60</i>	<i>187,645,313.02</i>
Less: Operating Expenses	1,025,800.00	1,029,488.00	1,290,723.60	1,570,365.03	2,101,569.00
<i>EBIT</i>	<i>625,800.00</i>	<i>40,986,512.00</i>	<i>85,669,916.40</i>	<i>133,863,260.57</i>	<i>185,543,744.02</i>
Less: Loan Interest	24,000,000.00	24,000,000.00	24,000,000.00	24,000,000.00	24,000,000.00
EBT	24,625,800.00	16,986,512.00	61,669,916.40	109,863,260.57	161,543,744.02
Less: Taxes (30%)	-7,387,740.00	5,095,953.60	18,500,974.92	32,958,978.17	48,463,123.21
Net Profit/(Loss)	17,238,060.00	11,890,558.40	43,168,941.48	76,904,282.40	113,080,620.82
Dividend (10%)	-1,723,806.00	1,189,055.84	4,316,894.15	7,690,428.24	11,308,062.08
Retained Earnings	-15,514,254.00	10,701,502.56	38,852,047.33	69,213,854.16	101,772,558.73

7.6 Performance Ratios

Over the first five years of operation our analysis shows that the ratios will be improving. The table below gives details and trends of the ratios for this project.

Margin Ratios	Y1	Y2	Y3	Y4	Y5
Gross Profit Margin	0.31%	23.76%	38.29%	48.16%	55.31%
Operating Profit Margin	-156.45%	97.55%	98.52%	98.84%	98.88%
Net Profit Margin	-0.48%	23.18%	37.72%	47.60%	54.69%

Profitability Ratios	Y1	Y2	Y3	Y4	Y5
Gross Profit Margin: (Gross Profit/Total Revenue)	0.31%	23.76%	38.29%	48.16%	55.31%
Net Profit Margin: (Net Income/Total Revenue)	-13.26%	6.73%	19.01%	27.35%	33.33%
Return on Assets (ROA): (Net Income/Total Assets)	-2.78%	0.95%	3.16%	5.20%	7.54%
Return on Equity (ROE): (Net Income/Shareholders' Equity)	-2.87%	1.98%	7.19%	12.82%	18.85%

Solvency Ratios	Y1	Y2	Y3	Y4	Y5
Debt-to-Equity Ratio: Total Debt/Shareholders' Equity	34.00%	34.00%	34.00%	34.00%	34.00%
Interest Coverage Ratio:(EBIT/Interest Expense	-102.61%	70.78%	256.96%	457.76%	673.10%

7.7 Retained Earnings

Projections on retained earnings show a good trend as shown in the table below. The first year negative reflects possible novelty in the market as a cause of the status.

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Retained Earnings	-15,514,254.00	10,701,502.56	38,852,047.33	69,213,854.16	101,772,558.73

7.8 Projected Cash-flow

The projected cash flow shows that the project will be a success.

DETAILS	YEARS				
	Y1	Y2	Y3	Y4	Y5
Net Income	-				
	17,238,060.00	11,890,558.40	43,168,941.48	76,904,282.40	113,080,620.82
Add: Depreciation and Amortization					
(Increase)/ Decrease in Operating Working Capital					
Cash Flow from Operating Activities	-	11,890,558.40	43,168,941.48	76,904,282.40	113,080,620.82
(Capital Expenditure)	-	-	-	-	-
	621,000,000.00	630,000,000.00	115,000,000.00	113,000,000.00	21,000,000.00
Cash Flow from Investing Activities	-	630,000,000.00	115,000,000.00	113,000,000.00	21,000,000.00
Increase (decrease) in long-term debt					
(Dividend)		-	-	-	-
	1,723,806.00	1,189,055.84	4,316,894.15	7,690,428.24	11,308,062.08
Issuance of Equity					
Cash Flow from Financing Activities	1,723,806.00	1,189,055.84	4,316,894.15	7,690,428.24	11,308,062.08
Beginning Cash					
	59,000,000.00	695,514,254.00	1,314,812,751.44	1,390,960,704.11	1,434,746,849.95
Net Cash Flow	-	-	-	-	-
	636,514,254.00	619,298,497.44	76,147,952.67	43,786,145.84	80,772,558.73
Ending Cash					
	695,514,254.00	1,314,812,751.44	1,390,960,704.11	1,434,746,849.95	1,353,974,291.22

8. CONCLUSION

Planet Tree Limited has analyzed its business idea to venture into a real estate project and is convinced that the implementation will be a success. As such, we present this project for consideration in terms of incentives given by TIC. Our objective is to enjoy the incentives and see to it that the project becomes successful. The project is very useful as it will create 87 direct jobs and more than 500 indirect jobs. It will also pay taxes to the government, participate in improvement in housing in the country, and benefit power and water utilities suppliers. We present this plan for consideration by TIC resting assured that we have a viable business idea which, using this plan, will surely become a success and of goodness to Tanzania.