

THE ONE @ OYSTERBAY PROJECT



ALLSTAR ASSETS LIMITED

Project Proposal for the construction of a commercial office complex

Plot 45/1 Ghuba Road, Oysterbay Dar es Salaam

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1.0 Executive Summary

Investment in the public and private sector infrastructure of the city have not kept pace with the population and economic growth resulting in a supply gap. This has constrained national economic growth and productivity. Specific to commercial office infrastructure, the stock of built-up office space has not grown in line with the population expansion of the city specifically in the grade A, high end segment of the market.

Dar-es-Salaam, in addition to being the country's largest city and commercial capital, it is the largest and fastest growing city with a current estimated population of 7 million. Dar is four times the size of Tanzania's next largest city, Mwanza, in population terms. It also continues to attract the bulk of rural migrants. It is estimated that about 70% of Dar's population live in poor and unplanned settlements.

Most office space is concentrated in the CBD also known as City Centre. There is little in the form of commercial office space available in the new and upcoming areas but more accessible than the congested CBD. This real estate development project on Ghuba Road will in part, address the grade A high end commercial office infrastructure scarcity facing the city of Dar-es-Salaam.

Oysterbay is widely regarded to be a high end commercial and semi-residential neighborhood for the following reasons:

- ✓ Close to the Indian Ocean and beach
- ✓ Central location places it seven minutes drive to City Centre, Upanga, Msasani, Kinondoni or Mikocheni, Ada Estate and Msasani village.
- ✓ Close to International School and other private educational institutions
- ✓ Five minutes drive to Aga Khan Hospital
- ✓ Excellent security due to proximity to the Selendar Bridge Police Station, Diplomatic Missions, Ambassador Residencies and Embassies.
- ✓ Low level of traffic owing to low density/concentration of residences
- ✓ Limited availability of real estate

These motives consistently place Oysterbay as one of the more sought after, expensive, and desirable neighborhoods to work and live in. Given that the location is on the main Ghuba Road and in a medium density residential/commercial

neighborhood, the plot is ideally located for redevelopment into a multi storied commercial office complex.

The Investment objective is to develop a high end multi storey Office Complex that meets the high standards of ESG certification such as LEED Green and Edge from the World Bank/IFC. A commercial office space of such high standards will serve to attract a specific clientele whose office spaces must meet high ESG Standards.

Employment Opportunities

At the Development and Construction phase, it is estimated that at least 400 individuals will be engaged to provide services.

After completion of the project, it is estimated that at least 30 individuals will be employed to ensure the facility is managed up to the required standards.

Some will be employed as permanent employees on the payroll whereas others will be hired on a contract basis from a third party. Examples of job roles includes,

- Security Officers
- Office Cleaners
- Gardeners
- Lift Maintenance officers
- Receptionists
- Electricians
- Plumbers
- General maintenance and repairs officers
- Site Supervisor and Superintendent
- Drivers and Delivery Personnel

The location of the plot is at 45/1 Ghuba Road in Oysterbay, Dar-es-Salaam.

The plot frontage is onto the main road and is sized at 3,000 square meters, approximately 0.75 of one acre.

A soil investigation has been completed by a qualified and competent soil analyst from the University of Dar-es-Salaam and the report indicates conducive soil conditions for the proposed structure.

Rents on prime commercial offices range between a low of USD 18 to USD 22 per square meter per month with the average tending towards USD 20 per sq.m per month. Service fees for shared resources such as common electricity, water and security are charged in addition to the rent and range between USD3 to USD4 per square meter per month. Most commercial buildings in Dar charge a supplemental fee for dedicated staff parking which averages about USD 60 to USD 80 per parking bay per month.

2.0 INDUSTRY OVERVIEW

The liberation of trade and the general economy by the Government in 1985 led to tremendous opportunities for investments. Favourable economic policies coupled with political stability and an improvement in the social infrastructure led to investors both local and foreign to engage in several ventures in various different sectors such as agriculture, mining, tourism, manufacturing, financial services and real estate.

Dar es Salaam with a current population of about 7 million is one of Africa's fastest growing cities according to the United Nations Population Division.

With an average real GDP growth rate of 6.3% over the past decade, Tanzania is one of the fastest growing economies in Africa and the world.

According to the Bank of Tanzania (BOT) and the International Monetary Fund (IMF) the real GDP of Tanzania grew by 4.9% in 2021 reaching USD 70.28 billion.

According to the National bureau of Statistics, notable sectors of the Tanzanian economy are tourism, construction, agriculture, mining and manufacturing.

The construction sector contributes 31.1% of the GDP of Tanzania. Commercial real estate is on the rise as the country emerges as a middle-income economy. Dar es Salaam is the main city for where there is a high demand for safe and reliable office structures.

The demand for Grade A offices has continued to increase with an inflow of multinationals in Tanzania.

The retail market remains relatively undersupplied with a significant potential for growth. Consumer spending is expected to grow as the middle-class numbers increases and the economy continues to grow.

3.0 SALES AND MARKETING PLAN

Allstar Assets Limited intends to use various channels to reach out to the target audience. The target audience consists of both for profit and not for profit organisations. Marketing is an essential component for any business and Allstar Assets spares no cost to ensure that its objectives are achieved. Some of the different methods to connect with clients are follows.

- a) Real Estate brokers and Agents- Allstar Assets has worked closely with real estate agents over the past decade and this has resulted in firm business relationships. Real estate agents are up to date with the latest developments in the market and Allstar Assets benefits from their expertise.

- b) Social Media- There is no doubt about the importance of social media in raising awareness and Allstar Assets will ensure that it has set up accounts on all leading social media platforms such as Facebook and Instagram. These platforms serve as a basis to connect and even negotiate with potential clients. Allstar Social media accounts will be constantly updated, and the marketing team will ensure that all queries are responded to promptly.
- c) A fully functioning website- a website not only provides information about the company, but it has become an essential requirement for almost any organisation. The Allstar Assets website has all the information on various different projects that the company has worked on but also provides a means for clients to connect directly with the staff and confidentiality is ensured.
- d) Recommendations and referrals from current clients- Allstar Assets has ensured that it has provided excellent services to all of its clients and as a result of such exceptional service, our clients have recommended and referred our services to their business associates and partners, and this has worked well for Allstar Assets.
- e) WhatsApp – Due to its popularity, it will also be used as a marketing channel to raise awareness especially during crucial stages such as project completion and regular status updates.

4.0 MANAGEMENT TEAM

Riyaz Takim has 25 years of experience in investment banking and private equity experience and has supervised several complex transactions in various different sectors such as tourism and hospitality, real estate development, FMCG, transport logistics, pharmaceuticals, Agri-processing, telecommunications, manufacturing and real estate.

He is currently serves as the Managing director for Allstar Assets Investments Limited and a director at Takim’s Holidays

Riyaz is a graduate from the London School of Economics (LSE) having earned a bachelor’s degree in Economics and Finance and A Master’s Degree in Management Information systems.

Riyaz as a Director is fully involved with the team in the operations of the company and prefers to lead by example.

Farhana Takim

Farhana Takim has 25 years of experience in Finance and Interior architecture. Farhana began her career in North America and worked for various distinguished interior design firms and later worked with Trammel Crowe where she managed various IBM properties.

Farhana's meticulous planning and attention to accuracy ensures that all her projects are completed in a manner that exceeds client's expectations. She is recognised for her ability to deal with sophisticated projects that require care in planning and implementation.

Farhana completed her undergraduate studies at St. John's University with a bachelor's degree in Finance and also attended the Parsons School of Design – The New School and specialised in Interior Design based in New York.

Allstar Investments also has a team of Site supervisors who ensure that all properties in the real estate portfolio are properly maintained and that all of the tenant's queries and concerns are addressed and resolved in a prompt manner.

The Site supervisors have worked with Allstar Assets Investment for over 10 years and have ensured all tenants have received exceptional service. The highly motivated team have always maintained a high standard of service and are also available to respond to emergencies or any issue even after business hours.

In addition to the Site Supervisors, Allstar Assets Investments also has a separate team of Finance professionals and administrators who guarantee that all legal and statutory obligations are met and engage with various stakeholders that include suppliers, Government agencies, real estate agents and clients

Under the leadership of the managing partners together with a highly motivated and competent team has resulted in significant accomplishments such as Seaside apartments – a residential building complex that consists of 30 high end luxury apartments and Acacia Estates- a modern commercial office complex that has clients from various sectors such as financial services, agriculture, mining and also professional services firms and diplomatic missions.

It is important to note that the exceptional service has resulted in over 95% occupancy and several clients have been with the company close to 10 years.

5.0 ORGANISATION STRUCTURE

			Managing Director		
Finance and Administration		Operations Logistics & Management		Marketing	Development & Innovation Design Consulting
Finance Manager		Acacia Site Supervisor			Team of Architects
Assistant Finance Manager		Seaside apartments Site Supervisor			
Administrative Officers		Drivers			
Receptionists		Security			
		Cleaners			

Some of the major Projects that Allstar Investments has successfully accomplished include

- a) A 11 storey modern residential complex with 30 apartments
- b) A 5 storey Office complex called Acacia Estates which caters to several multinational and top tier companies from different industry sectors

Current and Previous Clients

Since Allstar Assets commenced operations, it has served clients both for Profit and Not for Profit across a wide variety sectors. Most of the clients are Multinational corporations, top tier local corporates, Diplomatic Missions and NGO's

Below are some of the clients on the Allstar Assets Portfolio



CURRENT & PAST TENANTS

6.0 PROJECT AND FINANCE DETAILS

6.1 Project Implementation duration

After procuring all the necessary permissions from the relevant municipal and planning councils/authorities, the project is anticipated to take a maximum of 36 months from the start of demolition works to final handover to the shareholders in a state that is completely ready for occupancy.

It is anticipated that a prefabricated steel structure system will be used as this is sturdier, longer lasting, and much faster to construct than the traditional steel rebars in columns.

6.2 Project Management: Construction and post-construction management

During construction, project management will be managed by the directors of Allstar Assets supervising. The client will nominate a clerk of works to the site who will represent the client at all times on the site.

On completion of construction, Allstar Assets will handle the responsibilities which will include responding to daily operational and maintenance issues such as plumbing, electrical, lift, generator, security and others. They will also collect rent for the office units.

6.3 EDGE CERTIFICATION

As part of a commitment to the environmental impact, the management of Allstar Assets intends to pursue the EDGE – Excellence in Design for Greater Efficiencies. Certification by the IFC – International Finance corporation.

This certification will confirm that Allstar Assets has taken steps to ensure it utilizes energy and water more efficiently with an expected reduction by 20% in usage and also the design and materials chosen will result in the best return for investment.

This will also lead prospective clients to appreciate the measures taken by Allstar Assets to operate more efficiently and hence sign on more clients.

6.4 Rent Collection

Allstar Assets as the property developer and property manager will collect rent from tenants as per the rental agreements. The property manager will further ensure that each tenant has entered into a tenancy agreement prior to occupying an office. A standard one month's rent will be held as a security deposit to cover the cost of any damages to the property by the tenant during their tenancy. Whilst the tenancy is in progress, it will be held in trust in a non-interest-bearing account.

6.5 Sources of Funding

Owners Cash Contribution	USD 500,000	%
Borrowing	USD 6,500,000	62%
Total Construction Cost	USD 7,000,000	
Land Value – Owner's Equity	USD 3,000,000	24%
Total	USD 10,000,000	100%

Basement Floor: Parking for staff AND tenant vehicles

Ground Floor: To comprise of a banking hall, coffee shop/restaurant, visitor vehicle parking, a back-up power generator room, a switch room for electricals and a storeroom/manager's office. The ground floor will also have a reception entrance area from where tenants and clients access the elevators and emergency staircase. Landscaping will include sufficient greenery to ensure that the space is aesthetically pleasing.

Floors 1-4: Typical floor office floor space

Security will comprise of 24-hour guards together with a panic alarm system and motion sensitive day/night security cameras. The panic alarm will facilitate swift notification to fire engines, ambulance and police/private security guards in the event of the need for their services.

Project Implementation

July 2024 – June 2027

The project is estimated to last maximum up to 36 months

The below activities together with the corresponding months is listed below

1. Demolition and Preconstruction activities – July 2024 – October 2024
2. Installation of Frame (Super structure) - July 2024 – July 2025
3. Block Work (walling) - July 2024 – January 2025
4. Finishes (Tiles, paint, decor and Sanitary) - January 2026 – July 2027
5. Door Windows and Cupboards - January 2026 – July 2027
6. Electrical Installation - January 2026 – July 2027
7. Stairs and Lift Shafts - July 2024 – July 2025
8. Roofing and Basement finishes - January 2026 – July 2027

9. Plumbing
10. Elevators and Shafts

January 2026 – July 2027
July 2024 – J 2025

Capacity of the project

The project is expected to produce 4,500 sqm of lettable office space spread over 5 floors with at least 151 slots for parking meant to cater.

Specification for the proposed Office complex at Ghuba Road	
No. of office floors	5
Size of typical floor in Square metres	900 SQM
Total office space	4500 SQM
Number of parking spots	200
Elevators	4 shafts
Security/fire systems and 24 hour guards	Yes
Backup power generators	Yes
Water storage and reserve tanks	Yes

Terms assumed for debt Finance	
Interest rate	7.5%
Drawdown period	24 months
Repayment	Monthly, over 8 years after completion of construction
prepayment option	Yes, with no penalty
Grace period	24 months during the construction phase

Sources of Inputs

Materials such as Cement, sand aggregates, gravel and bricks will all be sourced from local suppliers.

Items such as taps, sanitary ware, cables, lifts, firehoses, CCTV cameras etc will be imported.

Therefore, it will be a mixture of local suppliers and imported items based on the terms of the agreement.

6.6 Proposed Loan Repayment Schedule

To repay the loan plus accrued interest, the project sponsors will pledge the rental income accruing from the entire commercial complex. The sponsors may also exercise the option to sell the complex or part thereof, with the lenders written consent, and in such an instance, the sale proceeds will go towards repaying the outstanding loan and interest in full. Any residual will then accrue to the sponsors/shareholders.

The debt is proposed to be drawn down in quarterly tranches to facilitate smooth payment to the contractor. Contractors require prepayment at every phase and many of the finishings and interior fittings need to be imported from the far east. For this, at least 3 months' worth of transport and shipment time needs to be factored in. At every drawdown, a certificate of completion of the prior phase will be presented by the contractor and attested by the consulting engineer/architect.

6.8 Rental Assumptions

Rent in USD per month	Low case	Median case	High Case
Average rent per Square metre per month	18	20	22
Average rent from a parking spot per month	70	80	90
Occupancy Assumption	90%	95%	100%
Floor Space occupied SQM	4,050	4,275	4,500
Number of Parking spots occupied	180	190	200
Service charge per Square metre	3	3	3
Rental income in USD per month	Low case	Median case	High case
Office space rental income	72,900	85,500	99,000
Parking space rental income	12,600	15,200	18,000
Gross monthly income generated	85,500	100,700	117,000
Rental Income in USD per annum	Low case	Median case	High case
Office space rental income	874,800	1,026,000	1,188,000
Parking space rental income	151,200	182,400	216,000
Gross annual income generated	1,026,000	1,208,400	1,404,000

6.9 Projected Financial Statements

Income Statement

Assumptions

- a) Occupancy levels at 90% for each year
- b) Rent per square metre to remain the same for each year
- c) All clients to settle their dues as required
- d) Depreciation charged at 5% on a straight line basis for buildings
- e) Land as an asset does not depreciate
- f) Withholding tax charged at 10% for Rental and Parking Income and 5% for Service charges.
- g) Operating and administrative expenses to remain the same each year

Projected Income Statement									
Year	0	1	2	3	4	5	6	7	8
Revenue									
Rental Income		1,026,000	1,026,000	1,026,000	1,026,000	1,026,000	1,026,000	1,026,000	1,026,000
Maintenance fees		153,900	153,900	153,900	153,900	153,900	153,900	153,900	153,900
Parking Slot Income		182,400	182,400	182,400	182,400	182,400	182,400	182,400	182,400
Total Revenue		1,362,300	1,362,300	1,362,300	1,362,300	1,362,300	1,362,300	1,362,300	1,362,300
Operating and Admin costs		89,343	89,343	89,343	89,343	89,343	89,343	89,343	89,343
PBDIT		1,272,957	1,272,957	1,272,957	1,272,957	1,272,957	1,272,957	1,272,957	1,272,957
depreciation 5%		400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Interest		168,414	265,247	234,062	201,396	165,329	127,752	86,981	43,858
PBT		704,543	607,710	638,895	671,561	707,628	745,205	785,976	829,099
Withholding tax		128,535	128,535	128,535	128,535	128,535	128,535	128,535	128,535
PAT		576,008	479,175	510,360	543,026	579,093	616,670	657,441	700,564
Dividends		-	-	-	-	-	-	-	-
retained profit		576,008	479,175	510,360	543,026	579,093	616,670	657,441	700,564

CASH FLOW PROJECTION

Cash flow Projections									
Year	0	1	2	3	4	5	6	7	8
PBDIT		1,272,957	1,272,957	1,272,957	1,272,957	1,272,957	1,272,957	1,272,957	1,272,957
Interest		168,414	265,247	234,062	201,396	165,329	127,752	86,981	43,858
taxation		128,535	128,535	128,535	128,535	128,535	128,535	128,535	128,535
		-	-	-	-	-	-	-	-
Funds generated		976,008	879,175	910,360	943,026	979,093	1,016,670	1,057,441	1,100,564
Equity Inflows	4,000,000								
Dividend paid									
Loan Inflows	6,500,000								
Loan repayments PRINCIPAL		257,935	465,637	496,822	529,488	565,555	603,132	643,903	687,026
Net cash movement									
Opening balance			718,073	1,131,611	1,545,149	1,958,687	2,372,225	2,785,763	3,199,301
Closing balance		718,073	1,131,611	1,545,149	1,958,687	2,372,225	2,785,763	3,199,301	3,612,839

Conclusion

The objective of this project is to build to cater to the demand within the commercial office space market in Dar-es-Salaam. As a property developer, the goal of project sponsors is to generate returns that exceed those of alternative investments of a similar risk class. This proposal articulates the viability of this proposal.

The management team of Allstar Assets Ltd. hereby present the business plan for the construction of basement, ground plus three stories of commercial office space in the Oyster Bay area of Dar-es-Salaam for consideration for a term loan of USD 6.5 Million. This loan will supplement the owner's equity funding for timely completion of the construction and subsequent rental income generation.

The unique main road location of this proposed project in addition to the expression of interest received from various interested tenants make this venture attractive.

