



# Kaffon Limited: Business Plan Real Estate Development

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# 1. Project Overview - Real Estate Development by Kaffon Company Limited

## Introduction:

Kaffon Company Limited, traditionally known for its expertise in IT consulting and digital transformation, is expanding its portfolio with a real estate development project in Kigamboni, Dar es Salaam. The project is aimed at leveraging the growing demand for residential and commercial properties in the region, while contributing to local economic growth through sustainable development practices.

## Project Scope:

The project now involves the acquisition of 9 strategically located plots, valued at a total of 200,000,000 TZS. Kaffon plans to construct high-quality properties on these plots, with an estimated construction cost of 80,000,000 TZS per property, covering all construction-related expenses, including labor, materials, and unforeseen costs. The total construction cost for the 9 properties is estimated at 720,000,000 TZS, bringing the overall project cost to 920,000,000 TZS.

## Phased Approach:

To ensure efficient execution, the project will be carried out in several phases:

1. **Land Acquisition (3 months):** Acquisition of the nine plots.
2. **Property Planning (1 month):** Following land acquisition, property designs will be finalized.
3. **First Property Construction (6 months):** The construction of the first property will act as a pilot to evaluate processes and costs, providing insights for the next phases.
4. **Remaining Properties:** Upon analyzing the outcomes of the pilot project, the remaining properties will be constructed with optimized efficiency.

## Financial Projections:

The project offers both short-term rental income and long-term sales potential. Rental income from the nine properties is projected to generate between 270,000,000 TZS (low estimate) and 540,000,000 TZS (high estimate) over five years. After five years, three of the properties will be sold, with each property expected to yield 120,000,000 TZS, resulting in total sales proceeds of 360,000,000 TZS.

## Total Estimated Revenues (5 Years):

- Low Estimate (Rental + Sales): 630,000,000 TZS
- High Estimate (Rental + Sales): 900,000,000 TZS

## Local Economic Impact:

A key element of the project is the exclusive use of local labor and materials, which will not only minimize procurement costs but also contribute significantly to the local economy. The project will create jobs during the construction phase, employing local architects, builders, and craftsmen. After completion, additional personnel will be hired for property management and maintenance, including property managers and gardeners.

**Potential Expansion:**

If the project proves successful, Kaffon is considering expanding its real estate portfolio by acquiring additional plots and developing more properties in the region. This future expansion will depend on the outcomes and financial success of the current project.

**Conclusion:**

Kaffon's real estate project in Kigamboni represents a strategic move to diversify its business operations while contributing to the local community. By integrating sustainable development practices, utilizing local resources, and tapping into the growing demand for real estate, the project is set to generate both economic returns for the company and long-term benefits for the regional economy.

## **2. Investment Objective, Sector, and Products**

### **2.1. Investment Objective:**

The primary objective of this investment is for our company to acquire land, develop properties, and either sell or lease these properties. The goal is to make a sustainable contribution to the development of residential and commercial real estate in the region. By building a stable portfolio of high-quality properties, we aim to generate both short-term and long-term returns.

### **2.2. Sector:**

The company will operate in the real estate sector, focusing on the acquisition of land and the development of properties for both residential and commercial purposes.

### **2.3. Products/ Services:**

Our services include land acquisition, planning, and the construction of residential and commercial properties. These properties will either be sold or leased on a long-term basis. Additionally, the company will consider offering property management services in the future to maximize the long-term value of the developed projects.

# 3. Investment Costs and Sources of Finances

## 3.1. Investment Costs:

The project involves the acquisition of nine plots of land in Kigamboni, valued at a total of 200,000,000 TZS. Each plot is strategically located to support the development of high-quality residential and commercial properties.

The construction of properties on these plots is estimated to cost 80,000,000 TZS per property, which includes labor, materials, administrative costs, and unforeseen expenses. The total construction cost for the nine properties amounts to 720,000,000 TZS, bringing the overall project cost to 920,000,000 TZS.

## 3.2. Sources of Finances:

The project will rely on a dual financing model to ensure financial sustainability:

- I. **Equity Contribution (50%):** The company will finance 460,000,000 TZS from its own equity.
- II. **External Financing (50%):** The remaining 460,000,000 TZS will be sourced through external lenders. Efforts are underway to secure favorable financing agreements with local financial institutions.

## 3.3. Budget Summary:

Category	Amount (TZS)
Land Acquisition (9 plots)	200,000,000
Construction Costs	720,000,000
<b>Total Project Cost</b>	<b>920,000,000</b>

This financing structure balances company equity with external funding, ensuring the project's financial stability while creating opportunities for strategic partnerships with lenders.

## 4. Job Creation

The project will create significant employment opportunities during both the construction and operational phases, making a meaningful contribution to the local economy.

### **During the Construction Phase:**

The construction phase will involve building nine properties, requiring a variety of skilled and unskilled workers over the estimated timeline. The following roles will be filled with local labor:

- **Construction Workers:** Responsible for the physical development of the properties.
- **Architects and Engineers:** Ensuring that all properties meet structural and design standards.
- **Specialized Trades:** Including electricians, plumbers, and carpenters for specific tasks.

The construction of the nine properties is expected to span several months, employing a substantial workforce and injecting capital directly into the local community.

### **After Completion:**

Once the properties are completed, additional staff will be hired for ongoing management and maintenance, including:

- **Property Managers:** Overseeing the daily operations of the properties.
- **Gardeners:** Maintaining the landscaping and exterior areas.
- **Maintenance Staff:** Handling routine repairs and upkeep.

### **Local Economic Impact:**

The project is committed to hiring exclusively local labor to maximize the positive impact on the Kigamboni community. By providing employment opportunities during both construction and operation, this project will help enhance local livelihoods and contribute to the sustainable economic development of the region.

# 5. Investment Funds Expenditure Breakdown

The project involves a detailed allocation of funds to ensure the efficient and effective use of resources. The expenditure breakdown for the acquisition of nine plots and the construction of nine properties is as follows:

### Land Acquisition:

- Number of Plots: 9
- Cost per Plot: 22,222,222 TZS (average)
- Total Cost: 200,000,000 TZS

### Construction Costs per Property:

Each property is estimated to cost 80,000,000 TZS, which includes:

- **Labor Costs:** Construction workers, architects, engineers, and specialized trades.
- **Administrative Costs:** Legal services, broker fees, planning approvals, and permits.
- **Material Costs:** High-quality building materials, doors, windows, electrical components, and plumbing fixtures.
- **Unforeseen Expenses:** A contingency of 2,500,000 TZS per property.

### Total Construction Costs:

- **Number of Properties:** 9
- **Total Construction Cost:** 720,000,000 TZS

### Overall Project Costs:

Category	Amount (TZS)
Land Acquisition (9 plots)	200,000,000
Construction Costs	720,000,000
<b>Total Project Cost</b>	<b>920,000,000</b>

This expenditure plan ensures a balanced and transparent allocation of resources, enabling Kaffon Company Limited to deliver high-quality properties while maintaining financial sustainability.

## 6. Sources of Supply of Inputs

The project is committed to sourcing all materials and services locally to support the regional economy and ensure cost efficiency. By relying on Tanzanian suppliers and labor, the project aims to strengthen local industries and reduce procurement costs while maintaining quality standards.

### Key Inputs and Their Sources:

- **Building Materials:**
  - High-quality materials such as cement, steel, wood, plumbing fixtures, and electrical components will be sourced from local suppliers.
  - Local partnerships ensure timely delivery and better pricing while promoting the growth of the domestic supply chain.
- **Labor and Expertise:**
  - Construction workers, electricians, plumbers, and carpenters will be hired locally.
  - Architectural and engineering services will also be contracted from Tanzanian professionals to ensure alignment with local standards and practices.
- **Logistics and Equipment:**
  - Transport services and construction equipment rentals will be secured from local businesses, reducing lead times and transportation costs.

### Benefits of Local Sourcing:

- **Economic Impact:** By engaging local suppliers and workers, the project directly contributes to the Kigamboni region's economic development.
- **Efficiency:** Sourcing locally ensures a shorter supply chain, reducing delays and minimizing risks associated with transportation.
- **Sustainability:** The use of locally produced materials and resources reduces the project's environmental footprint and supports sustainable development practices.

This approach aligns with Kaffon's commitment to fostering regional growth and ensuring the long-term success of the Kigamboni Real Estate Development Project.

## 7. Marketing Plan

The marketing strategy for the Kigamboni Real Estate Development Project is designed to effectively reach both local and international investors, ensuring high demand for the developed properties. A multi-channel approach will be employed to maximize visibility and attract diverse target audiences.

### Marketing Channels:

#### 1. Real Estate Agents:

- Partnering with local real estate agencies to leverage their extensive market knowledge and established networks.
- Agents will assist with both the sale and rental of the properties.

#### 2. Online Marketplaces:

- Listings will be placed on popular local and international real estate platforms to ensure widespread exposure.
- Platforms such as ZoomTanzania and BuyRentKenya will be targeted to appeal to both regional and global audiences.

#### 3. Social Media Campaigns:

- Platforms like Facebook, Instagram, and LinkedIn will be utilized to highlight the unique features of the properties, including location, design, and value.
- Paid advertising and organic content will ensure targeted outreach to potential buyers and tenants.

### Target Audience:

#### 1. Local Market:

- Middle- to high-income Tanzanian families seeking quality housing in a prime location.
- Entrepreneurs and businesses looking for commercial spaces.

#### 2. International Investors:

- Diaspora Tanzanians and foreign investors exploring opportunities in the growing Tanzanian real estate market.

### Key Selling Points:

#### 1. Prime Location:

- Kigamboni is a rapidly developing area with excellent connectivity to Dar es Salaam and growing infrastructure.

#### 2. High-Quality Design:

- Properties are constructed with modern amenities and tailored to meet the demands of both residential and commercial buyers.

#### 3. Sustainability:

- Local sourcing and labor emphasize the project's commitment to sustainable development.

### Marketing Goals:

- Create high visibility for the properties among targeted buyers and tenants.
- Establish Kaffon Company Limited as a trusted developer in the Kigamboni region.
- Secure rentals and sales within the first year of completion.

This comprehensive marketing plan will ensure the successful sale and rental of the properties, maximizing returns while reinforcing Kaffon's reputation as a leading real estate developer.

## 8. Implementation Schedule

The Kigamboni Real Estate Development Project will follow a structured timeline to ensure smooth execution and efficient resource utilization. The phased approach allows for detailed planning and optimization at each stage.

### Project Phases:

#### 1. Acquisition of Land:

- Timeline: 3 months
- Activities:
  - Securing nine plots of land in Kigamboni.
  - Completing all legal formalities, including title deed registration.

#### 2. Planning of Properties:

- Timeline: 1 month
- Activities:
  - Engaging architects and engineers for property designs.
  - Securing necessary permits and approvals from regulatory authorities.

#### 3. Construction of the First Property:

- Timeline: 6 months
- Activities:
  - The first property will serve as a pilot to assess construction processes, cost efficiency, and quality.
  - Insights from this phase will be used to optimize the construction of subsequent properties.

#### 4. Construction of Remaining Properties:

- Timeline: Adjusted based on insights from the pilot phase.
- Activities:
  - Construction of the remaining eight properties using refined processes to improve efficiency and reduce costs.

### Flexibility in Timelines:

There are no fixed deadlines for the entire project, as the timelines will be adjusted based on experiences gathered during the pilot phase. This approach ensures high-quality construction and optimal use of local resources.

### Project Completion:

The entire project is expected to be completed within a flexible time frame, with rental or sales activities commencing as soon as individual properties are ready.

This phased and adaptive schedule ensures that the project remains on track while maintaining quality and sustainability.

# 9. Financial Projection for at Least 5 Years

The financial projections for the Kigamboni Real Estate Development Project are based on conservative estimates of rental income and property sales. The project aims to generate both short-term rental revenue and long-term sales income to maximize returns.

**Rental Income (5 Years):** The nine properties are expected to yield rental income depending on market conditions:

- **Low Estimate:**
  - Rental Income per Property: 500,000 TZS/month
  - Total Rental Income (9 Properties over 5 Years): 270,000,000 TZS
- **High Estimate:**
  - Rental Income per Property: 1,000,000 TZS/month
  - Total Rental Income (9 Properties over 5 Years): 540,000,000 TZS

**Sales Proceeds (After 5 Years):** After 5 years, three of the nine properties will be sold to generate additional revenue:

- Estimated Sale Price per Property: 120,000,000 TZS
- Total Sales Revenue (3 Properties): 360,000,000 TZS

**Total Income (5 Years):**

Scenario	Rental Income (TZS)	Sales Revenue (TZS)	Total Income (TZS)
Low Estimate	270,000,000	360,000,000	<b>630,000,000</b>
High Estimate	540,000,000	360,000,000	<b>900,000,000</b>

**Key Financial Insights:**

- Rental income provides steady cash flow, ensuring financial stability during the operational phase.
- The sale of selected properties after five years offers significant capital gains, contributing to long-term profitability.

These projections underline the project's potential to deliver substantial returns while creating value for both the company and its stakeholders.

## **10. Capacity of the Project**

The current project involves the construction of nine properties on acquired plots in Kigamboni, Dar es Salaam. The available capacity for this project is sufficient to complete these properties within the planned time frame and with the existing resources. Labor, materials, and capital will be allocated efficiently to ensure the construction is completed on time.

A potential expansion of the project is under consideration but will be determined at a later stage, depending on the success of the initial construction phase. If the current project proves successful, there is the possibility of investing in additional plots and real estate projects to expand the portfolio.

## 11. Overall Summary of the Project:

Section	Details	Values
<b>Land Costs</b>	Cost per plot	22,222,222 TZS
	Number of plots	9
	<b>Total land acquisition cost</b>	<b>200,000,000 TZS</b>
<b>Construction Costs</b>	Construction costs per property	80,000,000 TZS
	Number of properties	9
	<b>Total construction costs</b>	<b>720,000,000 TZS</b>
<b>Breakdown of Construction Costs</b>	Labor costs	Included
	Administrative costs (legal fees, broker fees, planning)	included
	Material costs (doors, windows, electrical, building materials)	Included
	Unforeseen expenses	2,500,000 TZS
	<b>Total Project Costs</b>	
	Land costs	200,000,000 TZS
	Construction costs	720,000,000 TZS
	<b>Total costs</b>	<b>920,000,000 TZS</b>
<b>Financing</b>	Equity (50%)	460,000,000 TZS
	External financing (50%)	460,000,000 TZS
<b>Rental Income (5 years)</b>	Low estimate (500,000 TZS/month per property)	270,000,000 TZS
	High estimate (1,000,000 TZS/month per property)	540,000,000 TZS
<b>Sales Proceeds (after 5 years)</b>	Sale of 3 properties (120,000,000 TZS per property)	360,000,000 TZS
<b>Total Income (after 5 years)</b>	<b>Low estimate (rental + sales)</b>	<b>630,000,000 TZS</b>
	<b>High estimate (rental + sales)</b>	<b>900,000,000 TZS</b>
<b>Project Phases</b>	Acquisition of land	3 months
	Planning of properties	1 month
	Construction of first property	6 months
	Construction of remaining properties (after process optimization)	Undefined (after analysis)

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