

CTSI COMPANY LIMITED

BUSINESS PLAN

(Confidential)

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1. EXECUTIVE SUMMARY

CTSI Company Ltd?

As an educational project based on Christian values, our vision is to contribute to the economic development of Tanzania through regional development projects as well as nurturing talented individuals in Tanzania.

Residential Rental Business

As of 2022, Tanzania's housing coverage rate stands at approximately 36%. This is relatively low compared to the rate of population growth, highlighting the persistent issue of housing shortage. Tanzania is experiencing increasing demand for housing due to population growth and urbanization, driving ongoing policy efforts to improve housing coverage. Particularly, Dar es Salaam, Tanzania's largest city, is a vibrant metropolis with a thriving real estate market. As the city continues to develop, several trends are shaping the real estate landscape. Firstly, there is a rising demand for affordable housing. Secondly, there is an increase in mixed-use developments that combine residential, commercial, and retail spaces to provide residents with easy access to amenities and services. Lastly, there is growth in the luxury real estate market. While demand for affordable housing remains high, Dar es Salaam also sees growth in the luxury real estate sector. Luxury properties are being developed in prime locations such as the city center and waterfront areas, attracting affluent investors and foreigners seeking upscale living in the bustling city.

The proposed site for acquisition by CTSI, Kigamboni, is located in a border area about a 30-minute drive from the downtown area of Dar es Salaam. It holds significant potential for long-term development. In conclusion, Dar es Salaam's real estate market is evolving and expanding, driven by increasing demand for affordable housing, growth in mixed-use developments, and the rise of the luxury real estate segment. In the initial development stages, CTSI plans to supply luxury residences targeting foreigners, diplomats,

and high-income individuals, contributing to the development of the local community and overall regional development.

Operation of Higher Education Institutions

CTSI intends to acquire the operating rights of the United African University of Tanzania, located within the proposed site, to provide quality higher education programs in Tanzania and strive to ensure access to higher education for all strata of students. CTSI will promote the university's research functions and innovation to contribute to knowledge production and technological advancement in Tanzania. It will also collaborate with local communities to address social issues, provide public services, and stimulate regional economic development. Lastly, through networks with universities in South Korea, CTSI will offer international exchange and cooperation programs to contribute to the development of global talents.

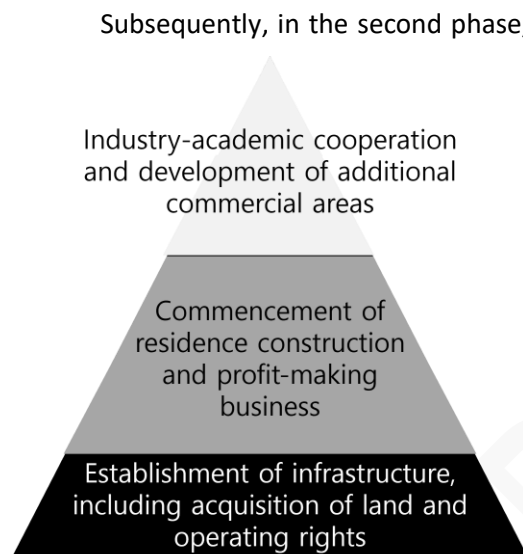
2. PRODUCT/SERVICE OFFERING

2.1. Location Summary

After establishment, CTSI plans to take over the UAUT site and university management rights located in Kigamboni, Dar es salaam. Located in the Kigamboni area of Dar es Salaam, Tanzania, the United African University of Tanzania (UAUT) boasts a prime location with easy access to the city center and major transportation routes. Situated on spacious grounds, the university enjoys a serene and conducive environment for academic pursuits, complemented by nearby amenities and facilities. With its strategic location and ample space, UAUT offers an ideal setting for educational excellence and community engagement.

2.2. Business model

In the initial phase, we will utilize the founding capital to acquire land rights, buildings, hardware, and operating rights of the university currently owned by a local corporation in Tanzania, establishing the foundational infrastructure for our business.

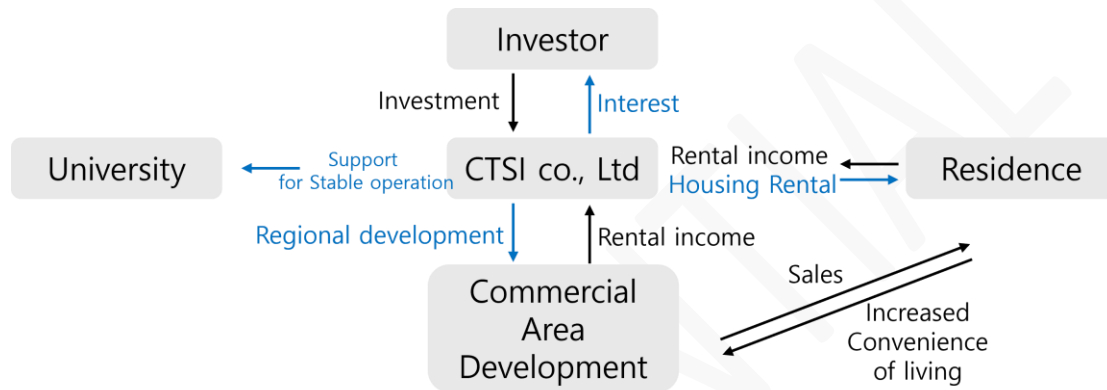


Subsequently, in the second phase, we will embark on a profitable venture of constructing and leasing residential properties to sustain and advance university operations. The initial substantial construction costs will be secured through external sponsors in Korea or globally to attract initial investment. We anticipate generating actual rental income starting from the fourth quarter of the second year, upon the completion of residential properties tailored to local demand.

The rental income will cover operating expenses and loan repayment, with all loans scheduled for repayment within approximately 5 to 10 years. Concurrently, leveraging the success of the initial project, we will strategize a second rental project.

Through residential rentals, we aim to bolster the local population ratio, subsequently boosting the floating consumer population and invigorating the local economy. The anticipated population increase of approximately 100 to 200 individuals from the first and second residential projects is expected to revitalize the local commercial area.

In the third phase, we envision establishing an industry-academic research collaboration model on the university site to enhance educational and research capabilities and elevate brand value. Additionally, we plan to develop a commercial district to attract diverse shops and markets. Capitalizing on the rejuvenated local economy, the implementation of the university-industry-academia collaboration model and commercial leasing business is anticipated to proceed smoothly.



In the case of universities, continuous investment over the next 10 years will involve the establishment of new departments and the introduction of diploma courses, aiming to expand into a comprehensive university with a capacity of 10,000 students. This initiative aims to develop a framework enabling the university to attain self-sufficiency.

3. THE MARKET & MARKETING PLAN

3.1. General

The primary focus of our business is to acquire and operate a four-year comprehensive university, United African University of Tanzania (UAUT), located in Dar es Salaam, Tanzania. Our aim is to cultivate top talents and establish diverse industry-academic collaboration models with various companies in Tanzania, Korea, and globally. To ensure sustainable operations, we plan to leverage the university's high-quality educational programs, local workforce infrastructure,

extensive campus grounds, and continually developed facilities and hardware for expanding revenue-generating ventures. We anticipate that profits from these ventures, primarily real estate development and leasing, will be reinvested into the enhancement of the university's educational environment and infrastructure, thereby positively impacting the local and national economy of Tanzania.

3.2. Real estate market

- **Demand and Supply:** The housing market in Tanzania is experiencing an imbalance between demand and supply. Urbanization and population growth have led to a continuous increase in housing demand, yet the supply falls short. Particularly in major urban areas, the issue of housing shortage is notably severe.
- **Rental Levels:** Rental rates for housing in Tanzania vary depending on the region and city, generally leaning towards the relatively affordable side. However, in major urban areas where supply lags behind demand, rental rates can be relatively high.
- **Real Estate Market:** Tanzania's real estate market demonstrates steady growth, especially in major urban areas where there is an uptick in real estate investments. Demand is rising for various types of properties including houses, apartments, and commercial real estate.

Government Policies: The Tanzanian government has implemented various policies to address the housing shortage issue, including initiatives to promote housing construction and expand rental housing.

- **Investment Opportunities:** Tanzania's housing market is still evaluated as having high growth potential. Various investment opportunities such as housing construction, rental businesses, and real estate investments are available, attracting increasing interest from both domestic and foreign investors.

- **Urbanization and Rural Areas:** While housing rental businesses are primarily concentrated in urban and major urban areas, there is also an increasing demand for housing rentals in rural areas. Particularly in rural areas, housing demand is on the rise due to population movements driven by sustainable agriculture and rural development projects.

3.3. Higher Education System in Tanzania

- **Accessibility Issues:** The higher education system in Tanzania faces limitations in accessibility. Particularly, due to disparities in educational opportunities between regions and high tuition fees, many students from low-income and rural areas find it challenging to enroll in universities.
- **Quality and Educational Opportunities:** Disparities in the quality of higher education and educational opportunities are challenges within Tanzania's higher education system. While some universities excel in education quality and facilities, others may lag behind in these aspects.
- **Education Infrastructure:** Tanzania is striving to improve education infrastructure. Investments in educational facilities, educators, and educational resources are increasing with the aim of enhancing the quality and accessibility of higher education.
- **Vocational and Industrial Education:** The Tanzanian government is strengthening investments in vocational and industrial education to support students in acquiring the skills and knowledge needed in the job market. This includes providing practical-oriented education to produce professionals equipped with practical skills.
- **International Exchange and Cooperation:** Tanzanian universities are enhancing international exchange and cooperation to create an international educational environment. Through various international programs, academic exchanges, and research collaborations, they aim to comply with international education standards and provide international learning experiences.

3.4. Marketing plan

Our marketing plan for the residence rental business in Dar es Salaam, Tanzania is outlined as follows:

Firstly, we will establish partnerships with prominent local real estate agents and online platforms to actively promote our residences. Through these partnerships, we will disseminate information about the facilities, location, and amenities of our residences to a wide audience.

Secondly, we will actively offer our residences to foreign nationals residing abroad and those involved in international development. By targeting this demographic, we aim to capitalize on the demand from foreign nationals currently concentrated in the Masaki area and transition them to our local area.

To this end, we plan to provide better quality residences at a lower price than the luxury residences in the Masaki area, which are currently priced at over \$3,000.

Thirdly, we will utilize social media and digital marketing channels to promote our residences. Through these channels, we will reach diverse target markets and engage with potential customers who are interested in our offerings.

4. PRICING

Based on the competitive landscape outlined in the market analysis, our residence rental business in Dar es Salaam, Tanzania is poised to set its monthly rental price at \$2,000. This pricing strategy is based on several key factors:

- Our residences will offer premium amenities and superior quality, positioning them as a top-tier option in the market.
- With a focus on attracting international tenants, our residences will benefit from their association with a reputable luxury brand.
- By primarily targeting high-end transient renters, we anticipate achieving premium rates compared to properties catering to group rentals.
- With a limited number of units available, we can maintain pricing integrity and selectively accommodate demand, minimizing the need for discounting.
- Premium residences currently concentrated in the Masaki area will be supplied to the Kigamboni area to ensure balanced regional development.
- It has good accessibility to the Oyster Bay area, about 30 minutes away by car.



▲ Oyster residence and Indian Ocean residence in Masaki

5. Financial Plan

5.1. The Financing

Total investment is estimated at \$4,635,000. CTSI co., Ltd is raising debt financing through investment and leverage from companies in Republic of Korea to expand its education business through the UAUT. The terms and aspects of the deal are to be determined at negotiation. This business plan assumes that repayment period will range between 5 to 10 years.

The leverage, excluding capital and rental income, will be used for the construction costs of the residences over two years. The residences are planned to consist of two-story buildings with 24 units each, covering an area of 2,200 square meters. These fully furnished houses will include home appliances and furniture. CTSi, the owner company of UAUT University, utilizes rental income to support university operations and development initiatives.

Starting from the fourth year when profits are generated, the leverage will be repaid for a total of 3,846,323 USD over 7 years (5% interest on principal calculated). From the 7th year, when repayment is completed and profits are generated, surplus profits are reinvested in university development.

Annual Estimate of rental income	Year 1	Year 2	Year 3	Year 4	Year 5
Forecasted Occupancy (48 house)	-	80%	80%	80%	80%
Rental fee per month	-	2000	2000	2000	2000
Month of use	-	3	12	12	12

5.2. Sensitivity Analysis

In the residence rental business in Dar es Salaam, Tanzania, the sensitivity analysis will evaluate how various factors impact the company's financial performance. Economic conditions, such as changes in GDP or consumer spending, may influence demand for rental properties and affect revenue streams. For instance, during periods of economic downturn or instability, there may be decreased demand for rental units, potentially impacting the company's occupancy rates and overall profitability.

Profit/Loss Forecast

PROFIT/(LOSS) FORECAST		Year 1	Year 2	Year 3	Year 4	Year 5
Capital		1,475,000	0	0	0	0
Leverage		0	790,000	1,106,000	1,264,000	0
University operating income		670,000	670,000	670,000	670,000	670,000
Rental Income		0	0	0	230,400	921,600
Total Income		2,145,000	1,460,000	1,776,000	2,164,400	1,591,600
Construction cost		0	790,000	1,106,000	1,264,000	132,500
University operating Expenses	Personal	380,000	380,000	380,000	380,000	380,000
	Administration	104,672	104,672	104,672	104,672	104,672
	Academic	50,565	50,565	50,565	50,565	50,565
	Advertising and Promotion	9,767	9,767	9,767	9,767	9,767
	Tools, Computer, Equipment etc.	52,100	52,100	52,100	52,100	52,100
	Bank Charges	2,896	2,896	2,896	2,896	2,896
Land acquisition cost		1,380,000	0	0	0	0
Residence operating Expenses		0	0	0	50,000	150,000
Operating Expenses		162,500	67,500	67,500	67,500	67,500
Interest Expenses					177,900	636,600
Total expenses		2,142,500	1,457,500	1,773,500	2,159,400	1,586,600
PROFIT BEFORE TAX		2,500	2,500	2,500	5,000	5,000
Corporate Tax(30%)		750	750	750	1,500	1,500

6. MANAGEMENT PLAN

The Company will be managed by the shareholders with different levels of active involvement in the day to day operation and according to the principles management guidelines. Specifically, one of two directors currently serves as a director of a four-year university in Korea and as president of the entire Korean Methodist Church. The remaining directors is the chairman of Asia's largest Christian broadcasting station and has various marketing and management strategies.

7. RISK MANAGEMENT

As with any business development project, there are risks that could prevent the development from moving forward or materially affect project returns. Possible risks are presented below along with associated risk mitigation plans.

7.1. Regulatory Risk

When engaging in residential rental business in Tanzania, regulatory risks should be considered. These risks may involve changes in property regulations, zoning laws, or tenant protection laws, which could impact rental operations and profitability. Staying informed about and complying with relevant regulations is crucial for mitigating regulatory risks in this sector.

7.2. Financing Risk

There may be financial risk regarding unsold residences. This may cause issues with future profit flow and leverage returns. Currency exchange fluctuations and instability in financial markets could also pose risks to the financing plan, potentially leading to increased borrowing costs or difficulties in repatriating profits to Korea.

To mitigate financing risks, thorough financial planning, diversification of funding sources, and hedging strategies against currency risks should be implemented to ensure the stability and success of the investment in Tanzania.

7.3. Brand Risk

Brand risk in the context of the new residential rental business in Tanzania pertains to the reputation and perception of the Korean brand among local customers and stakeholders.

Factors such as cultural differences, language barriers, and unfamiliarity with Korean brands may pose challenges in building brand awareness and trust among Tanzanian renters and investors.

Effective branding strategies tailored to the Tanzanian market, proactive engagement with local communities, and delivering high-quality services and amenities can help mitigate brand risks and establish a positive reputation for the Korean brand in Tanzania.

7.4. SWOT analysis

7.4.1. Strength

- **Increasing Demand:** Tanzania's rapidly growing economy is driving an increase in housing demand. Population growth, urbanization, and economic development are expected to continue driving up the demand for housing.
- **Rich Natural Resources:** Tanzania boasts abundant natural resources, providing advantageous locations for real estate development. These resources can offer favorable positions for housing development and rental businesses.
- **Government Support:** The government provides policy support to promote housing development and rental. This can stimulate market growth and enhance the stability of the business.
- **Potential for Foreign Investment:** Tanzania's real estate market may be attractive to foreign investors. With a stable political environment and investment incentives, foreign investors can engage in housing rental ventures.

7.4.2. Weakness

- **Infrastructure Deficiencies:** Some areas in Tanzania lack infrastructure, constraining housing development and rental opportunities. Insufficient power supply, water access, and road networks can limit housing businesses.

- **Limited Financial Access:** Many people may struggle to access financial resources for housing purchase or rental. Due to underdeveloped financial systems, this could hinder growth in the housing market.

7.4.3. Opportunities

- **Urbanization:** Tanzania continues to urbanize, indicating increased housing demand in urban areas. This presents opportunities for growth in the residential rental business.
- **Government Support for Real Estate Development:** Government policies promoting real estate development and rental can create new business opportunities. With economic growth and urbanization, government support can foster the development of the housing sector.

7.4.4. Threats:

- **Political Instability:** Political instability can negatively impact the real estate market. Uncertain political situations may deter foreign investors and hinder the growth of the housing market.
- **Economic Uncertainty:** Economic instability poses another significant threat to the real estate market. Factors such as inflation and currency devaluation can destabilize the market and affect housing rental businesses.

8. CONCLUSION

In conclusion, our business plan outlines a strategic roadmap for the acquisition and development of a university campus in Tanzania. By leveraging our initial capital to secure essential infrastructure and initiate profitable residential leasing ventures, we aim to not only sustain but also enhance university operations. With a clear focus on prudent financial management, we anticipate steady growth in rental income to cover expenses and facilitate timely loan repayments, thereby ensuring long-term financial stability. Furthermore, our vision extends beyond mere real estate ventures, as we seek to foster synergistic partnerships between academia and industry, bolstering educational quality and contributing to the economic revitalization of the local community. Through these concerted efforts, we aspire to establish a thriving educational institution capable of serving as a beacon of knowledge and opportunity in Tanzania for years to come.