

EAST AFRICA BAY PROPERTY DEVELOPMENT COMPANY LIMITED

P.O.BOX 23497
DAR ES SALAAM –TANZANIA

BUSINESS PLAN
FOR
REAL ESTATE PROJECT
AT
Dar es Salaam

INVESTMENT PROPOSAL
TO
TANZANIA INVESTMENT CENTER

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BRIEF SUMMARY OF THE PROJECT

COMPANY: EAST AFRICA BAY PROPERTY DEVELOPMENT COMPANY LIMITED

ADRESS: P. O. Box 23497 DAR ES SALAAM,

OBJECTIVE: TO ESTABLISH PROJECT FOR REAL ESTATES BUSINESS ACTIVITIES

PROJECT VALUE: US Dollar 2,500,000/=

BENEFITS: AVAILABILITY OF AFFORDABLE 55 UNITS OF LUXURY RESIDENCY APARTMENTS ON RENTAL ACCOMODATION AND EMPLOYMENT CREATION AT DAR ES SALAAM.

BRIEF DISCRPTION OF PROJECT:

THE PROPOSED 30 UNITS OF LUXURY RESIDENCY APARTMENTS ACCOMADATION TO BE CONSTRUCTED AT MASAKI, DAR ES SALAAM, SINCE THE MASAKI IS COMFORTABLE AREA, IT WAS CHOSEN TO CONSTRUCT COZY APARTMENTS WITH WONDERFUL FACILITIES INCLUDING SWIMMING POOL, GYM ROOM, PARKING SPACE AND SO ON.

IMPLEMENTATION PERIOD: 16 Months

EAST AFRICA BAY PROPERTY DEVELOPMENT COMPANY LIMITED is a company incorporated in Tanzania with objectives of investing in real estate business involving purchasing and developing landed properties within the united republic of Tanzania. The activities involve the purchase or lease of raw land, for construction or renovation of buildings, and rent, sale or lease off the finished apartments within the country. Thus, the company is able to guarantee end result that will give a modern, fashionable, well-established apartment at affordable cost.

Rationality

The Real Estates market in Tanzania is mainly focused on the residential property sector as the gap between demand and supply of houses in Tanzania creates a significant opportunity for real estate developers thus the country earning foreign currency and supporting economic growth, in that end EAST AFRICA BAY PROPERTY DEVELOPMENT COMPANY LIMITED has come to bridge that gap. Also Tanzania is upcoming in tourism so short term rental is also good proposition for the project.

Report's Objective

This report is documented to show the commercial viability, the operational feasibility and the social economic impact of establishing such project in Tanzania. It shows the plan for establishing such a project and the financial efficiency, positive environmental impact and benefits borne by the project. It is intended to be submitted to Tanzania Investment Centre (TIC) for acquiring the Certificate of Incentives, to be submitted to the Board of Directors for the resource's authorization, to guide the project implementers, and be submitted to other stakeholders for the project development including but not limited to acquiring land for investment under the derivative right umbrella.

Project's Objective

The main objective by which this study presents is to inform all stakeholders on the purposeful and solid intention of EAST AFRICA BAY PROPERTY DEVELOPMENT COMPANY LIMITED to establish and operate an entity that will cater the needs for real estate's business focusing in the development of residential houses, apartments, offices, affordable guest rooms to tourists and others to manifest the real estate sector in the United Republic of Tanzania.

Registration and Ownership

The company is established in United Republic of Tanzania and being registered with the Registrar of Companies under the Business Registration and Licensing Agency (BRELA) on this 11th day of July, 2024 as a Private Company Limited by Shares with its registration No. 176207000 having 100000 authorized shares with a nominal value of TZS 1,500,000,000 million each.

EAST AFRICA BAY PROPERTY DEVELOPMENT COMPANY LIMITED is owned and promoted by Three shareholders namely:

Shareholders' Names	No.Shares	Nationality
GUANZHOU LUO	50100	Chinese
WEIDONG LIU	24950	Chinese
MIFU HUANG	24950	Chinese

Location

The site for the project establishment is at PLOT No. 1829/23, with 786 square meters at Masaki, Kinondoni, Dar es Salaam.

The above stated location is ideal for the project because it is located in a region which is a business destination and in Africa and it is the business center and ports which are ideal for real estate's projects. This project will be a perfect accommodation in the prime area, Masaki, Dar es Salaam, Tanzania and will include offices.

2.0 **NEED FOR THE PROJECT**

This project is emphasized now as Tanzania's urban population is growing rapidly, leading to an increased need for well-designed and affordable housing infrastructure. Also now Tanzania is well established on the map of global tourism and there are not many hotels available at sites. Moreover, Cities like Dar es Salaam, Arusha, and Mwanza offers potential investment opportunities, particularly in residential, tourism and commercial real estate.

Based on the excellent environment created by the current government and **increased number of business and visitors within Dar es Salaam**, this project will be of huge important to the country.

2.1 **PROJECT SUPPORT**

On merit, the project is highly supported by the national investment promotion policy, industrial policy, industrialization strategy and 6th Government initiative of industrialization of Tanzania economy.

2.2 **CONSTRUCTION**

The project planned for this development is a real estate's activities including construction of apartments, renovating selling and leasing them.

The plan will involve construction of structures for:

i. **Apartments** purposely built facility consisting of a number of individual apartments, individually or wholly owned and including all hotel services operated by a single entity, with luxury star class facilities.

ii. Offices: this will be two section, the first section containing the main reception. The second Section will be for financial controls and for Directors' offices. This structure will require building materials, furniture and electronics.

iii. Accommodation: this will be a building containing various parts. Not only accommodation, but also the reception, sports places, swimming pools will be available and the building will involve construction of shade structures, installation of affixtures and decorations.

iv. Water reservoirs: there will be two tanks for clean water storage each with a capacity of 1,00,000 liters which will be for the use of occupiers, they will be underground.

V. Sewage: The sewage system will be constructed to handle both liquid sewage and solid sewage. There will be a water treatment section where dirty water will be purified and then recycled for reuse in the fields and gardens.

VI. Store: The yard will be a shaded area with a capacity of keeping building materials and other tools for constructions.

3.0 IMPLEMENTATION PLAN

Time	Activity
October 2024 - November 2024	TIC approval
November 2024 –January 2025	Obtaining necessary approvals, from respective authorities for construction.
March 2024- March 2026	Construction of building, Kitchen, Office block, electrical, plumbing & interiors.
April 2026 – May 2026	Trail Run of project
June 2026	Official opening

The investors are so far committed to fulfil their duties basing on this implementation plan. They are all optimistic on the operationalization of their idea of this venture. The only limitation that can change the plan is the failure to secure various authoritative licenses on time. This is not the promoters' intention but the experience leant during the feasibility study that took more than two years and revealed both positive and negative issues around investments. The assumption is that when most of the main requirements are covered and the permits are in place, the implementation will remain done as planned.

4.0 PROJECT INVESTMENT

The estimated capital investment cost for the project is US Dollar 2,500,000

EAST AFRICA BAY PROPERTY DEVELOPMENT COMPANY LIMITED

Cost Description	Cost Per Unit in USD	No of units	Total Cost in USD
Cost of Land			1,000,000.00
Construction Cost Per Unit of Apartment	30,000.00	30	900,000.00
Furniture & Fittings Per Unit	10,000.00	30	300,000.00
Computers & Accessories	10,000.00		10,000.00
Office Equipment	10,000.00		10,000.00
Motor Vehicles	50,000.00		50,000.00
Swimming pool	30,000.00		30,000.00
Generator	30,000.00		30,000.00
GYM room	20,000.00		20,000.00
Public Area	150,000.00		150,000.00
Total Investment			2,500,000.00

5.0 QUALITY ASSURANCE

Quality is one of the key issues which will have a strong investment fulfilment, because it determines the qualification of the project to keep an assurance of customers' availability with pride of the buildings.

Each individual stage of work at the construction site will be subjected to strict quality controls. This is how we shall ensure that each individual glass piece meets all quality standards. The company will use various known means of public information on the quality standards.

6.0 MARKETING

The project will market its dwellings to various associations, Real estate's agencies, billboards, airports and bus stations. Also, mass media instruments like radios, newspapers, social media and Television stations will be used to advertise on the project apartments to the prospectors.

7.0 PROJECT MANAGEMENT AND MANPOWER

Management: The project will be managed by 30 key staffs; the Management Officer will be the Chairperson. Under him/her will be the General manager, the Chief Engineer, the Site manager, the Finance Manager and the Marketing manager and the Senior Supervisor.

Manpower: The project will have a high-tech guest rooms and new technology application

Employees Distribution Summary

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	2	5	25	32
Men	3	15	40	58
TOTAL	5	20	65	90

Workers' Welfare:

Training: All workers inclusive will benefit from the internal training for proper operations, quality and security observance. There will be out-dooring trainings for recommended staffs depending on their working requirements. Generally, the houses will be modern houses with unique features and brace of new technologies, it is through the trainings that the Management team plans to transfer technology and skills to local workers and make sure, those foreign workers are employed where inevitable.

Health and Insurance: The project will provide medical treatments to its workers and will enrol workers to social security institutions as per Country policy requirements.

8.0 Financial Analysis

8.1 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. Some of the capital assets are exempted from custom duty and Value Added Tax. The straight-line method to depreciate the project's capital items have been applied.

Revenues have been conservatively estimated based on experience of the stakeholders and trends in the real estate's industry.

8.2 Project Investment:

The estimated capital investment cost of the project is US Dollar 2,500,000 out of which US Dollar 2,500,000 will be fixed investment costs.

8.3 Financing pattern:

The project will be financed by Directors Contribution of US Dollar 2,500,000.

8.4 Project operating costs:

In order to realize its intended objective, the project will have to meet operating cost not exceeding 30% of annual total revenue and 70% of total revenue is cost of sales.

8.5 Projected Revenue:

For projection purposes, it is assumed that the economic life of the project is five years, and that, revenue from the project commences from the first year of operation.

EAST AFRICA BAY PROPERTY DEVELOPMENT COMPANY LIMITED SUMMARY OF REVENUE "US\$"

Year	1	2	3	4	5
Revenue	0	495,000	700,000	700,000	700,000

8.6 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 5 years' period. The position depicted is that the project earns profit throughout its life.

EAST AFRICA BAY PROPERTY DEVELOPMENT COMPANY LIMITED

PROJECTED INCOME AND EXPENDITURE STATEMENT FOR FIVE YEARS IN US DOLLARS

PARTICULARS	2025-26	2026-27	2027-28	2028-29	2029-30
INCOME FROM SALES	576,000	576,000	576,000	576,000	576,000
Opening Stocks		18,432	19,907	20,025	20,034
Add: Purchase Accounts	230,400	230,400	230,400	230,400	230,400
Closing Stocks	18,432	19,907	20,025	20,034	20,035
Cog Sold	211,968	228,925	230,282	230,391	230,399
Gross Profit	364,032	347,075	345,718	345,609	345,601
INDIRECT EXPENSES					
Adminstrative Expenses	96,728	105,728	109,928	118,128	123,128
Finance Expenses	47,733	37,583	27,283	17,033	6,633
Depreciation	57,125	46,503	38,524	32,429	27,697
Total Indirect Cost	201,586	189,814	175,735	167,591	157,459
Profit Before Taxation	10,382	39,111	54,547	62,800	72,940
Corporate Tax 30%	3,115	11,733	16,364	18,840	21,882
Profit After Depreciation	7,267	27,378	38,183	43,960	51,058
Accumalated Profits	7,267	34,645	72,828	116,788	167,846

Adminstrative Expenses					
Audit Fee	2,000	2,000	2,000	2,000	2,000
Advertisement	15,000	17,000	18,000	20,000	20,000
City Service Levy	1,728	1,728	1,728	1,728	1,728
Electricity & Water	15,200	19,200	20,400	21,600	21,600
Land Rent	500	500	500	500	500
Legal & Professional	3,500	3,500	3,500	3,500	3,500
Motor Vehicle Running exp	9,500	9,500	9,500	9,500	9,500
Printing and Stationery	4,000	4,000	4,000	4,000	4,000
Liasion Office Rent	4,800	4,800	4,800	4,800	4,800
Repairs and Maintenance	5,000	5,000	5,000	5,000	5,000
Salaries, Wages & Benefits	25,000	28,000	30,000	35,000	40,000
Telephone, Postage & Internet	2,500	2,500	2,500	2,500	2,500
Transport & Travelling	5,000	5,000	5,000	5,000	5,000
Staff Welfare Expenses	3,000	3,000	3,000	3,000	3,000
Total	96,728	105,728	109,928	118,128	123,128
Financie Cost					
Bank Charges	500	750	850	1,000	1,000
Interest on Loans	47,233	36,833	26,433	16,033	5,633
Total	47,733	37,583	27,283	17,033	6,633

8.7 Projected Cash Flows:

This is shown in the financial statements. The project has a positive cash balance at the end of every year cash flow from year 1 US\$ 20,000 of operation to the 5th year US\$ 184,000/-.

EAST AFRICA BAY PROPERTY DEVELOPMENT COMPANY LIMITED

PROJECTED CASH FLOW STATEMENT FOR FIVE YEARS

	2025-26	2026-27	2027-28	2028-29	2029-30
INFLOW					
Opening Balance		20,791	44,513	80,104	125,669
SALES	576,000	576,000	576,000	576,000	576,000
Vat Input on Sales	103,680	103,680	103,680	103,680	103,680
Total inflow	679,680	700,471	724,193	759,784	805,349
OUT FLOW					
Purchases	230,400	230,400	230,400	230,400	230,400
Vat output	41,472	41,472	41,472	41,472	41,472
Vat payment	62,208	62,208	62,208	62,208	62,208
Cash Paid for Indirect Exp.	144,461	143,311	137,211	135,161	129,761
Loan repayment	177,233	166,833	156,433	146,033	135,633
Corporate Tax 30%	3,115	11,733	16,364	18,840	21,882
Total outflow	658,889	655,958	644,089	634,115	621,357
Balance C/f	20,791	44,513	80,104	125,669	183,993

Project having enough cash balances to meet the repayment of investment and further investments from 4th year onwards

8.8 Projected Fixed Assets:

The projected Fixed Assets of the project is shown as below.

EAST AFRICA BAY PROPERTY DEVELOPMENT COMPANY LIMITED **PROJECTED FIXED ASSET SCHEDULE FROM 2023 TO 2027**

Asset Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Land	150,000	150,000	150,000	150,000	150,000
Buildings	280,000	266,000	252,700	240,065	228,062
Plant & Machinery	55,000	41,250	30,938	23,203	17,402
Furniture & Equipment	115,000	100,625	88,047	77,041	67,411
Computers & Accessories	20,000	12,500	7,813	4,883	3,052
Motor Vehicles	30,000	22,500	16,875	12,656	9,492
Total	650,000	592,875	546,372	507,848	475,419
Depreciation	Year 1	Year 2	Year 3	Year 4	Year 5
Land					
Buildings	14,000	13,300	12,635	12,003	11,403
Plant & Machinery	13,750	10,313	7,734	5,801	4,351
Furniture & Equipment	14,375	12,578	11,006	9,630	8,426
Computers & Accessories	7,500	4,688	2,930	1,831	1,144
Motor Vehicles	7,500	5,625	4,219	3,164	2,373
Total	57,125	46,503	38,524	32,429	27,697
Net Assets	592,875	546,372	507,848	475,419	447,721

Net Book Value 30.06.2030 447,721

Net Book Value 30.06.2025 650,000

Decreased by (202,279)

Decreased by % -31%

8.9 Projected payback period:

Total investment is US Dollar 650,000 cash accumulation in 5 years is USD 184,000/- and total revenue during 5 years' period is USD 2,880,000/=

Project Repayment Schedule in USD

Year	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Principal Payment	130,000	130,000	130,000	130,000	130,000	650,000
Int.Payment	47,233	36,833	26,433	16,033	5,633	132,167
Total repayment	177,233	166,833	156,433	146,033	135,633	782,167

9.0 ECONOMIC BENEFIT OF THE PROJECT

The proposed project will result into the following social and economic impacts:

- Make availability of constructed buildings at affordable cost with customer specifications with high quality
- Increase the provision of high-quality services in real estate sector and other sectors such as construction sector and many more.
- availability of quality real estate services and marketing of constructed buildings alongside competitive prices of other real estate companies will result in increased healthy competition among all companies in real estate sector
 - · The project will result in direct employment creation of 39 people many more indirectly
 - · The Government and other agencies will benefit from various taxes, fees and commissions that will be paid by the company
 - · Hedge Against Inflation: Real estate is often considered a hedge against inflation. As prices rise over time, the value of real estate

tends to increase as well. This is because rental income and property values tend to adjust with inflation.

- **Stimulating Local Economies:** Real estate development can have a ripple effect on local economies. It stimulates demand for various goods and services, such as construction materials, furniture, appliances, and more. This, in turn, supports local businesses and employment.
- **Wealth Creation and Generational Wealth Transfer:** Real estate can serve as a means to accumulate wealth, especially for individuals and families who invest wisely and hold properties over extended periods. It can also be a way to pass on wealth to future generations.
- **Social Stability and Community Development:** Well-planned real estate projects can contribute to the stability and growth of communities. They provide spaces for people to live, work, and socialize, creating a sense of belonging and community.
- **Attracting Foreign Direct Investment (FDI):** A thriving real estate sector can attract foreign investors looking for opportunities in the market. This can lead to increased foreign direct investment, which further fuels economic growth.
- **Financial Leverage:** Real estate investments often allow for the use of financial leverage, meaning that investors can use borrowed capital to increase the potential return on their investment. This can amplify profits, though it also involves higher risk.
- **Tax Benefits:** Many governments offer tax incentives to real estate investors, such as deductions for mortgage interest, property taxes, and
 - **Stabilizing Rental Income:** Rental income from real estate properties provides a stable and predictable cash flow, which can serve as a reliable source of income for property owners.

10.0 CONCLUSION

EAST AFRICA BAY PROPERTY DEVELOPMENT COMPANY LIMITED set out a proposal to invest in the establishment a real estate business at plot 1829/23 Measuring 786 Square meters comprised under certificate of Title Number 104914 at Masaki, Kinondoni, Tanzania.

The Executive Summary highlights indicate that the proposed project will be financial and economically viable, the project will generate significantly to the social and economic progress by way of increasing the provision of quality real estates in the country. It is recommended that the project be accorded the required institutional support to pave the way for its expeditious establishment and development.

In that regard; we strongly recommended that the projectable approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under Tanzania Investment Act, No. 10 of 2022 to enable smooth implementation.

11.0 RECOMMENDATIONS

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

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, No. 10 of 2022.