



Business Plan:
Commercial Investment in Morogoro,
Tanzania

Prepared by:

FL ASSET MANAGEMENT COMPANY
LIMITED

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Date: December 12, 2024

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EXECUTIVE SUMMARY

This business plan outlines a commercial investment project in Morogoro, Tanzania, involving the acquisition and development of land for a factory, warehouse, and commercial shops. The total investment for the project is projected to be USD 2 million over two years, with an allocation of USD 500,000 in the first year for land acquisition, construction preparation, and initial staff recruitment. The project will create employment opportunities for 30 to 50 local workers, contribute to regional economic development, and provide industrial and retail spaces to meet the growing demand in the area.

PROJECT OVERVIEW

Location:

Morogoro, Tanzania

Morogoro, located in southeastern Tanzania, is strategically situated along important transport routes connecting Dar es Salaam with the rest of the country. The area has seen increasing urbanization, making it an attractive investment location for manufacturing, warehousing, and commercial services. With its developing infrastructure, the region is poised for rapid growth.



Investment Amount:

- **Year 1:** USD 500,000
- **Year 2:** USD 1,500,000
- **Total Investment:** USD 2,000,000

FUNDING SOURCE:

The funding for this project will primarily come from the capital injection of private enterprises in China. These funds will be used for the project's initiation, operations, and future expansion. Private enterprises in China typically possess substantial capital and investment experience, providing essential financial support for the project. Additionally, these investors often have in-depth industry knowledge and strong market insights, which can significantly contribute to the project's success.

The capital injection may take various forms, including but not limited to equity investment, debt financing, or other types of capital contributions. Depending on the project's needs, the funds will be injected in stages to ensure efficient utilization and smooth project progress.

PROJECT COMPONENTS:

1. **Land Acquisition and Site Preparation:** Purchasing land and preparing it for construction.
2. **Factory and Warehouse Construction:** Building a manufacturing facility and storage spaces for goods.



3. **Commercial Retail Spaces:** Developing shop spaces for local businesses to rent.
4. **Personnel Recruitment and Training:** Hiring and training local employees to manage operations.

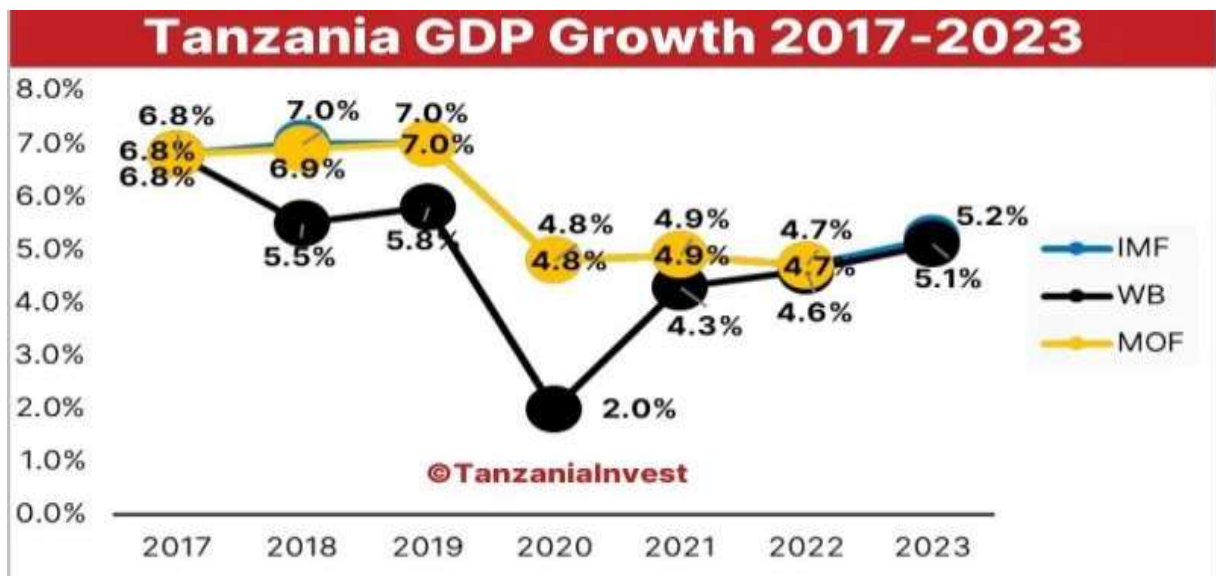
Employee Recruitment:

The project will employ 30 to 50 local workers during the first two years in various roles, including in construction, factory operations, retail management, and logistics.

Market Analysis

Tanzania's Economic Overview:

Tanzania has experienced significant economic growth, with GDP projected to grow at around 6% annually. The Tanzanian government has prioritized industrialization and infrastructure development, making the country an attractive destination for foreign investment. Additionally, Tanzania's growing population and urbanization provide a strong consumer base for industrial and retail businesses.



Morogoro's Strategic Importance:

Morogoro's location, along key transport routes to Dar es Salaam, and its proximity to major agricultural areas makes it an ideal place for industrial development. As the region's infrastructure and urbanization grow, there is an increasing demand for both manufacturing and retail spaces. This creates a significant opportunity for investment.

Tanzania Trunk and Regional Roads



Industry Demand:

The manufacturing and retail sectors in Tanzania are growing rapidly, driven by increased demand for goods and services, particularly in urban areas like Morogoro. The Tanzanian government offers incentives to businesses, including tax breaks and infrastructure support, making it an ideal environment for industrial ventures.

PROJECT OBJECTIVES

- 1. Establish a Manufacturing Facility:** Set up a fully operational factory and warehouse to support production and distribution of goods.
 - 2. Create Local Employment:** Hire 30-50 local workers to staff the factory, warehouse, and retail spaces.
 - 3. Develop Commercial Retail Spaces:** Build shop spaces to cater to the growing demand for retail businesses in Morogoro.
 - 4. Generate Revenue:** Achieve profitability through the leasing of retail spaces and operation of the manufacturing facility.
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IMPLEMENTATION PLAN

Year 1 (USD 500,000)

- 1. Land Acquisition and Site Preparation (USD 370,000):**
 - **Purchase Land:** Acquire a strategically located plot in Morogoro for the factory, warehouse, and commercial spaces.
 - **Site Survey and Environmental Impact Assessment:** Conduct a survey to assess the land and ensure environmental compliance.

- **Preparation for Construction:** Clear the land, level the ground, and prepare the infrastructure (e.g., roads, water, electricity access) for construction.
2. **Design and Permits (USD 80,000):**
 - **Architectural and Engineering Plans:** Hire architects and engineers to design the factory, warehouse, and retail spaces.
 - **Obtain Permits:** Apply for construction permits and meet regulatory requirements with local authorities.
 3. **Initial Recruitment and Staffing (USD 50,000):**
 - **Hiring Initial Staff:** Recruit key personnel for administrative and managerial roles to oversee the construction process.
 - **Training Programs:** Provide training for local employees on construction site management, factory operations, and other early-stage tasks.

Year 2 (USD 1,500,000)

1. **Construction Phase I (USD 900,000):**
 - **Factory and Warehouse Construction:** Begin the construction of the factory building, warehouse, and storage areas.
 - **Retail Space Foundation:** Lay the foundation and structural framework for commercial retail spaces.
2. **Construction Phase II (USD 600,000):**
 - **Complete Building Works:** Finish the construction of the factory, warehouse, and retail spaces.
 - **Install Utilities and Infrastructure:** Install electricity, water supply, waste management systems, and other necessary utilities.
3. **Recruitment and Staff Training (USD 100,000):**
 - **Hiring Employees:** Expand the workforce to include 30-50 local employees for factory operations, warehouse management, and retail spaces.
 - **Employee Training:** Provide training for factory staff on production processes, safety standards, and machinery operation; train retail staff on customer service and management.

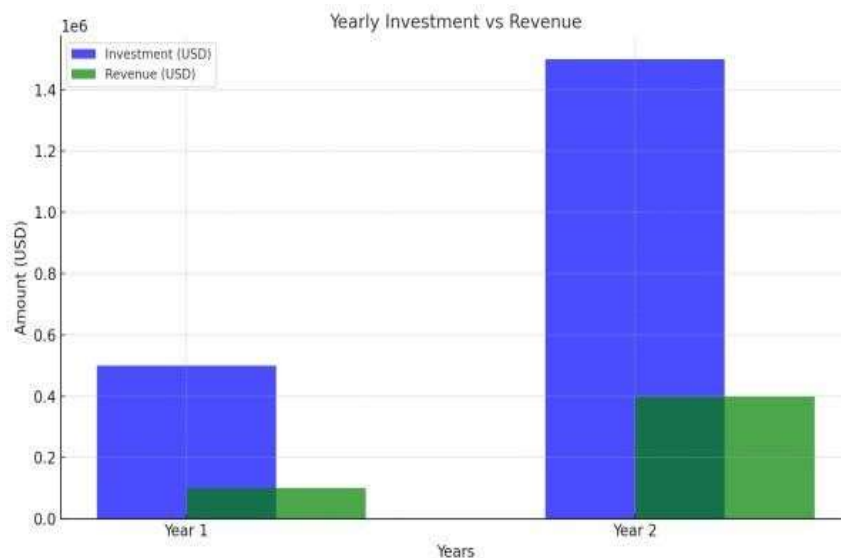


4. Marketing and Business Development (USD 100,000):

- **Retail Leasing:** Market the commercial spaces to local businesses, retailers, and entrepreneurs.
 - **Promotion:** Develop advertising campaigns and partnerships to attract tenants for the retail spaces.
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FINANCIAL PROJECTIONS

- **Year 1 Revenue:** USD 100,000 (primarily from initial leasing of commercial spaces and construction-related activities)
- **Year 2 Revenue:** USD 400,000 (from full-scale factory operations and rental income from commercial spaces)
- **Total Revenue (Year 1 & 2):** USD 500,000



Projected Profitability

- The project is expected to become profitable by the end of the second year, with increased revenues from the operational factory and leased commercial spaces. The business is projected to yield an ROI of 5-10% annually over a 5-year period.

PROFIT AND LOSS PROJECTION

FL Asset Management Company Limited

PROFIT AND LOSS ASSUMPTION

	Year 1	Year 2	Year 3	Year 4	Year 5
Annual cumulative price (revenue) increase	0.00%	2.00%	4.00%	6.00%	8.00%
Annual cumulative inflation (expense) increase	0.00%	2.00%	4.00%	6.00%	8.00%

INCOME

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue					
Product 1	31,250.00	31,875.00	33,150.00	35,139.00	37,950.12
Product 2	43,000.00	43,860.00	45,614.40	48,351.26	52,219.37
Product 3	13,650.00	13,923.00	14,479.92	15,348.72	16,576.61
Product 4	13,500.00	13,770.00	14,320.80	15,180.05	16,394.45
Total revenue	101,400.00	103,428.00	107,565.12	114,019.03	123,140.55

Cost of Sales

Product 1	9,375.00	9,562.50	9,945.00	10,541.70	11,385.04
Product 2	10,750.00	10,965.00	11,403.60	12,087.82	13,054.84
Product 3	3,412.50	3,480.75	3,619.98	3,837.18	4,144.15
Product 4	4,050.00	4,131.00	4,296.24	4,554.01	4,918.34
Cost of goods sold	27,587.50	28,139.25	29,264.82	31,020.71	33,502.37

Gross Profit	73,812.50	75,288.75	78,300.30	82,998.32	89,638.18
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Non-Operation Income

Rental	-	-	-	-	-
Interest income	-	-	-	-	-
Loss (gain) on sale of assets	-	-	1,000.00	-	-
Other income (specify)	-	-	-	-	-
Total Non-Operation Income	-	-	1,000.00	-	-

TOTAL INCOME	73,812.50	75,288.75	79,300.30	82,998.32	89,638.18
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EXPENSES

Operating expenses

Sales and marketing	15,000.00	15,300.00	15,912.00	16,866.72	18,216.06
Depreciation	6,000.00	6,120.00	6,240.00	6,360.00	6,480.00
Insurance	7,500.00	7,650.00	7,956.00	8,433.36	9,108.03
Payroll and Payroll Tax	21,000.00	21,420.00	22,276.80	23,613.41	25,502.48
Property taxes	2,500.00	2,550.00	2,652.00	2,811.12	3,036.01
Maintenance, repair, and overhaul	1,500.00	1,530.00	1,560.00	1,590.00	1,620.00
Utilities	5,000.00	5,100.00	5,304.00	5,622.24	6,072.02
Administrative fees	300.00	306.00	318.24	337.33	364.32
Interest expense on long-term debt	2,243.50	1,791.06	1,316.00	817.19	293.44
Other	1,000.00	1,020.00	1,060.80	1,124.45	1,214.40
Total operating expenses	62,043.50	62,787.06	64,595.84	67,575.82	71,906.76

Non-Recurring Expenses

Unexpected Expenses	-	-	-	-	-
Other expenses	-	-	-	-	-
Total Non-Recurring Expenses	-	-	-	-	-

TOTAL EXPENSES	62,043.50	62,787.06	64,595.84	67,575.82	71,906.76
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TAXES

Income Tax	3,530.70	3,750.51	4,411.34	4,626.75	5,319.43
Other Tax (specify)	-	-	-	-	-
TOTAL TAXES	3,530.70	3,750.51	4,411.34	4,626.75	5,319.43

NET PROFIT	8,238.30	8,751.18	10,293.12	10,795.75	12,412.00
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BALANCE SHEET PROJECTION

FL Asset Management Company Limited

ASSETS

Current Assets	Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
Cash and short-term investments	50,000.00	155,189.56	110,559.57	141,116.45	197,797.15	130,690.35
Accounts receivable	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
Total inventory	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00
Prepaid expenses	-	-	-	-	-	-
Deferred income tax	-	-	-	-	-	-
Other current assets	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Total current assets	83,000.00	188,189.56	143,559.57	174,116.45	230,797.15	163,690.35

Property and Equipment	Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
Buildings	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
Land	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Capital improvements	-	-	-	-	-	-
Machinery and equipment	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Less Accumulated depreciation expense		6,000.00	12,120.00	18,360.00	24,720.00	31,200.00
Total Property and Equipment	40,000.00	34,000.00	27,880.00	21,640.00	15,280.00	8,800.00

Other Assets	Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
Goodwill	-	-	-	-	-	-
Deferred income tax	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Other long-term assets	-	-	-	-	-	-
Total Other Assets	-	-	-	-	-	-

TOTAL ASSETS	123,000.00	222,189.56	171,439.57	195,756.45	246,077.15	172,490.35
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LIABILITIES

Current Liabilities	Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
Accounts payable	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Accrued expenses	-	-	-	-	-	-
Notes payable/short-term debt	-	-	-	-	-	-
Capital leases	-	-	-	-	-	-
Other current liabilities	100.00	100.00	100.00	100.00	100.00	100.00
Total Current Liabilities	2,100.00	2,100.00	2,100.00	2,100.00	2,100.00	2,100.00

Debt	Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
Long-term debt/loan	50,000.00	40,951.26	31,450.08	21,473.85	10,998.80	-
Other long-term debt	100,000.00	200,000.00	150,000.00	175,000.00	225,000.00	150,000.00
Total Debt	152,100.00	243,051.26	183,550.08	198,573.85	238,098.80	152,100.00

Other Liabilities	Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
Other liabilities (specify)	-	-	-	-	-	-
Other liabilities (specify)	-	-	-	-	-	-
Total Other Liabilities	-	-	-	-	-	-

TOTAL LIABILITIES	52,100.00	43,051.26	33,550.08	23,573.85	13,098.80	2,100.00
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EQUITY

	Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
Owner's equity (common)	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
Paid-in capital	250,000.00	250,000.00	250,000.00	250,000.00	250,000.00	250,000.00
Preferred equity	-	-	-	-	-	-
Retained earnings	-	8,238.30	16,989.48	27,282.60	38,078.35	50,490.35
TOTAL EQUITY	300,000.00	308,238.30	316,989.48	327,282.60	338,078.35	350,490.35

TOTAL LIABILITIES AND EQUITY	352,100.00	351,289.56	350,539.57	350,856.45	351,177.15	352,590.35
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RISK ANALYSIS

1. **Regulatory Risks:** Understanding and navigating local regulations may be complex. However, Tanzania's improving business environment and government incentives help mitigate regulatory risks.
 2. **Market Competition:** There is competition in both the manufacturing and retail sectors, but differentiation through quality and customer service can help mitigate this risk.
 3. **Supply Chain and Logistics Risks:** Disruptions in supply chains or local infrastructure issues may affect factory operations. Establishing reliable supplier relationships will reduce these risks.
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CONCLUSION

The proposed commercial investment in Morogoro, Tanzania, offers significant growth potential in both the manufacturing and retail sectors. With an investment of USD 500,000 in the first year for land acquisition and preparation, this project aims to develop a modern factory and retail space that will meet local demand and generate employment. The project is expected to become profitable by the end of the second year and deliver sustainable returns. Given the favorable market conditions and support from the Tanzanian government, this investment offers a strong opportunity for growth and profitability.