

HOTLAND INVESTMENT LIMITED

PLOT NO. 6, BLOCK “G”, NCC LINK & PLOT NO.
156, BLOCK “H”, KISASA B-CENTRE IN DODMA
CITY COUNCIL.

Business Plan

EXECUTIVE SUMMARY

Hotland Investment Limited is a corporation domiciled in the United Republic of Tanzania. The Company is owned by three shareholders namely Yi Jinlong, Jiang Hanbai and Guo Min. The three shareholders intend to invest in Commercial building sector in Tanzania. This business plan outlines the investment in Commercial building project that involves the purchase of 3,259 square meters of land, development of infrastructure, construction of commercial buildings, and leasing of the office apartments/showroom for income generation.

The estimated investment cost is approximately United States Dollars One Million and Five Hundred Thousand Dollars (USD 1,500,000), which will be funded through shareholder contributions. The business is projected to break even in approximately 3 years.

1. OBJECTIVES

The objective of this project is to:

1.1 Sell all apartments within 2 years of project completion.

1.2 Rent out all office spaces and achieve 100% occupancy after 2 years.

The project aims to contribute to the urbanization and growth of Dodoma by providing high-quality office and residential buildings that cater to the needs of government institutions, businesses, and individuals in the area.

2. Description of the Project Location

2.1 Land of Kisasa: The site is located near the city center, in a prime area with proximity to shopping malls, government offices, and transport hubs, offering high visibility and accessibility for potential tenants and buyers.

2.2 Land of NCC Link: This project is located near Azania Bank, a central business location with high demand for office space and apartments. The building will offer both commercial and residential solutions, designed to cater to the increasing demand for such facilities in Dodoma.

3. Project Description

The project will consist of the following components:

- **Annual Production Capacity:** The development will include 10 floors of office space in Kisasa and 15 floors of mixed-use office and apartment buildings at NCC Link. These buildings will be available for sale and rent.
- **Employment Creation:**
 - **Foreign skilled workers:** Approximately **5** foreign architects, engineers, and project managers will be employed for the project.
 - **Local skilled workers:** **30** local skilled workers such as construction workers, electricians, and plumbers will be employed.
 - **Local unskilled workers:** **50** local unskilled workers will be employed for manual labor and support roles.
 - **Gender Consideration:** Efforts will be made to ensure gender equality in employment, with a targeted **30% female employment** in both skilled and unskilled roles.
- **Technology and Skills Transfer:** The project will utilize **modern construction technology** and sustainable building practices. Local workers will be trained in these techniques, ensuring skills transfer for future projects in the region.

4. EXECUTIVE SUMMARY OF THE PROJECT

The proposed real estate development project will consist of two separate locations and two types of buildings:

- Land of Kisasa: A 10-floor office building for rent/sale, located near the city center and shopping centers.
- Land of NCC Link: A 15-floor office and apartment building for rent/sale, strategically located near Azania Bank.

These buildings will cater to the growing demand for office and residential spaces in the region.

5. EMPLOYMENT

The project will create approximately 120 employment opportunities. These positions will include roles in marketing, technology, production, customer service, office administration, and general maintenance. Local recruitment will be prioritized, contributing to the socio-economic development of the region and country at large.

6. Project Financing Pattern

The total investment of USD 1,500,000 will be financed entirely through foreign equity from the shareholders. There will be no loans taken for this project. This allows for greater financial flexibility and minimizes risks associated with debt.

7. Project Investment Costing

The total investment for the project will include the following components:

- **Land:**
 - Land of Kisasa: USD 50,000
 - Land of NCC Link: USD 305,000
- **Buildings:**
 - Office Building (Kisasa): USD 300,000
 - Mixed-Use Building (NCC Link): USD 500,000
- **Plant and Machinery:** USD 50,000
- **Vehicles:** USD 20,000
- **Furniture:** USD 30,000
- **Other Costs (including permits, fees, and contingencies):** USD 40,000
- **Working Capital:** USD 100,000

8. PROCUREMENT AND MATERIALS

8.1 The procurement of materials for the project will be conducted in two ways:

- 8.1.1 **Local Procurement:** Most of the materials for infrastructure development will be procured locally, including construction materials.

9. MARKETING PLAN

9.1 Dodoma, as the new capital city of Tanzania, is undergoing rapid development. With the relocation of government institutions and the increasing establishment of businesses, there is a rising demand for both office buildings and residential

apartments. This will lead to a shortage of available spaces in the city. The market for office buildings and apartments is expected to remain strong with the continued growth and expansion of Dodoma, making this project highly viable. Once the commercial building is completed, the focus will be on renting the space after the agreement is signed and after entering into the partnership agreement

9.2 Key strategies for marketing and attracting tenants include:

9.2.1 Online social media official website promotion: This is by developing and maintain an official website showcasing the project, location advantages, infrastructure, showroom specifications, and leasing opportunities.

9.2.2 Offline exhibition promotion: This is by participating in relevant trade shows, expos, and business forums related to heavy machinery, construction equipment, and industrial tools.

9.2.3 Enhance customer management: it is essential to attracting and retaining high-value tenants in the heavy machinery and equipment sector. The project will implement the following strategies to enhance tenant relationship management and improve the overall customer experience.

10. IMPLEMENTATION TIMELINE

10.1.1 The project will be executed according to the following timeline:

10.1.1.1 Land Purchase: The acquisition of land will be completed by 2025.

10.1.1.2 Infrastructure Development: Development work, including land leveling, hardening, perimeter wall construction, and other infrastructure, will be completed by 2026.

10.1.1.3 Full Business Operations: Full operations will commence once the facility is ready and a tenant is secured.

11. FINANCIAL FORECAST

Rental Revenue: The rental income for the commercial building is estimated to be USD 10 per square meter (conservative estimate). Thus, with an area of 3,259 square meters, the annual rental income is estimated not to be less than USD 391,000. Based on the rental income projections, the investment is expected to break even in

approximately three and a half years. This is the point at which the total rental income will cover the initial investment costs.

12. RISK ASSESSMENT AND MITIGATION

12.1 While the project has a promising outlook, there are certain risks to consider, including:

12.1.1 Delays in Infrastructure Development: Construction delays may extend the timeline. Mitigation strategies include having contingency plans and reliable contractors to ensure on-time delivery.

12.1.2 Leasing Challenges: Difficulty in attracting tenants could delay revenue generation. To address this, we will focus on pre-negotiating terms with logistics companies and freight forwarders.

12.1.3 Market Changes: Fluctuations in demand for warehousing could impact rental rates. Ongoing market research and diversification of potential tenants will help mitigate this risk.

FIVE YEAR FINANCIAL PROJECTIONS

Projected Income Statement (USD)

Year	Rental Revenue	Property Sales	Total Revenue	Operating Expenses	Net Profit Before Tax
1	\$96,000	\$0	\$96,000	\$68,000	\$28,000
2	\$145,000	\$0	\$145,000	\$88,000	\$57,000
3	\$200,000	\$0	\$200,000	\$108,000	\$92,000
4	\$260,000	\$80,000	\$340,000	\$128,000	\$212,000
5	\$310,000	\$120,000	\$430,000	\$148,000	\$282,000

Cash Flow Projection

Year	Opening Balance	Net Profit	Property Acquisition	Closing Balance
1	\$1,500,000	\$28,000	\$550,000	\$978,000
2	\$978,000	\$57,000	\$400,000	\$635,000
3	\$635,000	\$92,000	\$300,000	\$427,000
4	\$427,000	\$212,000	\$200,000	\$439,000
5	\$439,000	\$282,000	\$100,000	\$621,000