

YUHONG COMPANY LIMITED

Kivulini Estate, Zegereni Industrial Area, Kibaha township, Coast Region

Business Plan

1. EXECUTIVE SUMMARY

Yuhong Company Limited is a corporation domiciled in the United Republic of Tanzania. The Company is owned by two shareholders namely Mr. Yi Changyu and Mr. Yi Wenyu. The two shareholders intend to invest in the Real Estate sector in Tanzania. This business plan outlines the investment in the Real Estate project that involves the purchase of land, development of infrastructure, construction of a warehouse, and leasing of the warehouse for income generation. The project aims to offer warehousing services and providing facilities for businesses engaged in cross-border trade.

The estimated investment cost is approximately United States Dollars Six Hundred Thousand (USD 500,000), which will be funded through shareholder contributions. The business is projected to break even in approximately 3.5 years, with a rental income target of USD 168,000 annually.

2. OBJECTIVES

2.1 The primary objective of this investment is to:

- a) Purchase a piece of land.
- b) Carry out land leveling and hardening.
- c) Construct a perimeter wall and other essential infrastructure.
- d) Build warehouses to lease to clients involved in manufacturing and warehousing.

2.2 The development will focus on creating a modern, well-secured facility that can accommodate companies involved in cross-border trade, offering services such as warehousing and manufacturing.

3. INVESTMENT COST

3.1 The total investment cost is USD 500,000, which will be divided as follows:

3.1.1 Land acquisition: USD 300,000 for the purchase of land.

3. 1.2Infrastructure development: USD 200,000 for the construction of essential infrastructure, including: land leveling and hardening, perimeter wall construction, building of a water tower, installation of surveillance systems, construction of office space, residential areas, security rooms, and warehouses.

3.2 The funding for the project will be sourced entirely from shareholder contributions.

4. EMPLOYMENT

The project will create approximately 10 local employment opportunities. These positions will include roles in security, warehouse management, office administration, and general maintenance. Local recruitment will be prioritized, contributing to the socio-economic development of the region and country at large.

5. PROCUREMENT AND MATERIALS

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

5.1.1Local Procurement: Most of the materials for infrastructure development will be procured locally, including construction materials such as cement, bricks, and other essential building supplies.

5. 1.2Imports: Certain steel structures and specialized equipment, which are not readily available locally, will be imported from China.

6. MARKETING PLAN

6.1 Once the warehouse is completed, the focus will be on leasing the space to a prenegotiated operating company specializing in manufacturing and warehousing. The operating company will manage the facility, ensuring that it remains operational and attracts businesses involved in cross-border trade while the Company collects the rental income.

6.2 Key strategies for marketing and attracting tenants include:

6.2.1 Networking and Partnerships: Engage with logistics companies, importers, exporters, and freight forwarders who would benefit from using the warehouse.

6.2.2 Targeted Outreach: Direct marketing campaigns, including outreach to international companies requiring warehousing for storage and customs clearance.

6.2.3 Manufacturing companies requiring warehousing services.

6.2.4 Incentives and Discounts: Offer introductory discounts or flexible lease terms to attract initial tenants.

6.2.5 Rental income will be collected from the leasing of the warehouse space, with terms negotiated to ensure long-term, stable cash flow.

6.3 IMPLEMENTATION TIMELINE

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

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

6.3.1.2 Infrastructure Development: Development work, including land leveling, hardening, perimeter wall construction, and other infrastructure, will be completed by mid-2025.

6.3.1.3 Leasing Agreement: A leasing agreement with the operating company will be finalized by end of 2025.

6.3.1.4 Full Business Operations: Full operations will commence once the facility is ready and a tenant is secured which the same is expected by early 2026.

7. FINANCIAL FORECAST

7.1 Rental Revenue: The rental income for the warehouse is estimated to be USD 0.7 per square meter (conservative estimate). Thus, with a total warehouse area the annual rental income is estimated not to be less than USD 168,000. 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.

- 7.2 Cash Flow: Positive cash flow is expected to start immediately after the completion of the leasing agreement, with ongoing revenue generation from the rented warehouse space.

8. RISK ASSESSMENT AND MITIGATION

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

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

- 8.1.2 Leasing Challenges: Difficulty in attracting tenants could delay revenue generation. To address this, we will focus on pre-negotiating terms with potential customers.

- 8. 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.

9. CONCLUSION

This real estate investment project, focusing on the development of warehouses, offers strong potential for growth and profitability. With a clear and detailed plan for land acquisition, infrastructure development, marketing, and financial forecasting, the project is poised to provide steady rental income and create local employment opportunities. The expected break-even period of 3.5 years and the planned infrastructure development make this investment a valuable opportunity in the manufacturing and warehousing sector.

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CASH FLOWS PROJECTIONS FOR FIVE YEARS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Cash Inflows:	2025	2026	2027	2028	2029
Amount in	\$	\$	\$	\$	\$
Rental revenue	-	-	139,791	139,429	140,772
Authorized Shared Capital	500,000	-			
Total Cash Inflows	500,000	-	139,791	139,429	140,772
Cash Outflows:					
Land Acquisition Cost	139,151	-	-	-	-
Site preparations	32,547	-	-	-	-
Design and Planninmg	56,604	-	-	-	-
Construction Phase 1	55,377	-	-	-	-
Site Infrastructure	23,585	-	-	-	-
Construction Phase 2	-	78,962	-	-	-
Infrastructure Development	-	9,434	-	-	-
Legal and Administrative Cost	-	2,145	-	-	-
Final Construction and Interior Fininshing	-	74,292	-	-	-
Interior Construction & Finishing	-	37,146	-	-	-
Landscaping & Exterior Work	-	6,636	-	-	-
Marketing & Leasing	-	8,019	10,377	4,623	3,934
Operational Expenses					
Transport cost for office Movement	623	623	623	623	623
Salary and Wages	-	4,135	8,528	8,528	10,037
Printing and Stationery	19	385	385	385	385
Licenses and permits	1,192	1,192	1,192	1,192	1,192
Parking, security and cleaning	-	189	189	189	189
Rent Expenses	-	3,170	10,717	14,491	18,264
Communication cost	1,358	1,358	1,358	1,358	1,358
Professional Fees	1,013	2,113	2,113	2,113	2,113
Insurance	3,774	3,145	3,145	3,145	3,145
Miscellaneous	1,881	3,727	3,727	3,727	3,727
Utilities	424	1,179	27,594	35,141	38,915

Repair and Maintanance	-	-	-	4,133	2,109
Total Cash outflows	317,549	237,851	69,949	79,648	85,992
Net cash inflow/(outflow)	182,451	(237,851)	69,842	59,781	54,780
Balance b/f	-	182,451	(55,400)	14,442	74,223
Balance C/f	182,451	(55,400)	14,442	74,223	129,003