

PEARL OASIS LIMITED

BUSINESS PLAN

FOR

**AN INVESTMENT IN THE CONSTRUCTION OF COMMERCIAL UNITS FOR
LEASING AND SALE TO BE ESTABLISHED ON PLOT NO.10, KILIMANI ROAD,
NEAR DAVIS ROAD, KINONDONI MUNICIPALITY DAR ES SALAAM**

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1. GENERAL PROJECT INFORMATION

1.1 Preamble

This study covers the business plan for the construction of residential apartments and office spaces on Plot No.10, Kilimani Road, Near Davis Road, Kinondoni Municipality Dar Es Salaam. (collectively referred to as “units”) for the purpose of leasing and selling

1.2 The Project Promoters

The project is being promoted by **PEARL OASIS LIMITED** (herein referred to as “**PEARL OASIS**”) a limited liability company incorporated under the laws of Tanzania whose shareholders are as follows;

S/N	NAME OF SHAREHOLDERS	PERCENTAGE OF OWNERSHIP	NATIONALITY
1	XISHI INVESTMENT COMPANY LIMITED	85%	CHINESE
2	KIRIONO ESTATE LIMITED	15%	CANADIAN

1.3 Proposed Development.

The proposed development shall consist of residential apartments and office spaces covering an estimated area of 200 sqm. Each unit is expected to be sold at 2000 USD per square meter and leased at 50 USD per Square Meter.

1.4 The Project Justification

PEARL OASIS LIMITED intends to set the pace for Real Estate Developers in construction of apartments and offices that are suitable for Tanzanians. Given the fast growth of population and an increase in business operations in Dar es Salaam, there is also an increase in the demand of living spaces and offices which are elegant and have an assuarable quality. **PEARL OASIS** intends to meet this need by constructing apartments and offices with good quality. Having effectively studied this market, we are confident that our laid down strategies will enable us to compete favorably with other real estate companies in the area and even around the world.

Our goal is to be among the top three top brands in Tanzania as a whole. This we will do by not only offering the housing but also enabling Tanzanians to live in the best environment.

2. PRODUCT DESCRIPTION

The units will be 200 to 240 square meters sold at a consideration of USD 2000 per square meter and for rental purposes, the monthly rental charges will be USD 20 per square meter. The residential units will feature two (2) to three(3) bedrooms, a kitchen, living rooms two bathrooms, air conditioning, phone, and cable jacks in all the rooms, and parking lots for each unit. The complex will also provide common areas such as parking spaces, landscaped gardens, a gymnasium, and a children's playground to enhance the overall living experience.

The benefits for home buyers are substantial. Homeowners build equity in their home as if it were a savings account. Prices of homes continue to rise due to inflation, leaving the homeowner with the ability to sell for a higher price. Therefore families can purchase houses providing them with assets for close to the same amount they are paying in rent. For clients seeking to lease the offices will benefit to have offices which are within a prime area with easily accessible social services.

The benefits of leasing and buying units from PEARL OASIS come down to two basic benefits – QUALITY and EFFICIENCY

- **Quality**

Quality is provided by the craftsmanship and one-to-one customer relationship with the owners. In addition to the personal relationship, the new home buyers will have the opportunity to choose from high-quality “standard” features or enhance their home further with products of their choosing.

The quality of the finished product and the care the home was built with will be seen again at closing, the homes are professionally cleaned. The windows are washed and any paint splatter is removed. The carpets are groomed. All the cabinets are cleaned and polished. The floors are hand scrubbed. The new home buyers can unpack and enjoy their new home immediately.

Quality doesn't end when the buyers move-in. The new home owners have a one year complete warranty on their home. "Complete" means any problems they encounter with their new home from the concrete to the roof is our problem. We will work with subcontractors and suppliers to remedy the situation. The work will be completed at no charge to the new owners within the first year. We will even meet them at the home to review the work and handle payment. We guarantee you won't miss a day of work or even an hour of work due to a household problem in the first year.

- **Efficiency**

The Efficiency of the home will be noticed on the owner first heating bill. The increased insulation throughout the house and weather proofing will provide the new home owners with an Energy Efficient home to enjoy throughout the year. It will also decrease their heating and cooling cost throughout the year.

3. SWOT ANALYSIS

Having a SWOT analysis is very important as this would help us know what our chances of succeeding in this market are and how well we can improve on our weakness while eliminating totally or reducing threats to the barest minimum. In carrying out a thorough SWOT analysis, we hired a reputable business consultant who has several years of experience in helping startups with carrying out this analysis.

The aim of the SWOT has also helped us determine if this is a business that we should pursue or not. We are glad to say our strengths and opportunities were in high percentages and that the threats posed to our business is few and our weaknesses will be worked on.

Here is what the SWOT analysis carried out by an expert on behalf of PEARL OASIS LIMITED revealed;

Showing the SWOT ANALYSIS

STRENGTH	WEAKNESS
<ul style="list-style-type: none">• Experienced Shareholders of PEARL OASIS LIMITED• Experienced Consultant team• Shareholder Commitment• Prime location of the project	<ul style="list-style-type: none">• Invest in unfamiliar countries• Need time to get used to the different legal and business environment• New supply chain sales channels need to be built
OPPORTUNITY	THREATS
<ul style="list-style-type: none">• Increase in sale values• Growth in economy with time• High Demand for the apartments	<ul style="list-style-type: none">• Increase in cost of raw materials• Competition from other Real Estate developers

4. MARKETING AND SALES

Every business man knows how important marketing is to a business and how deploying the right marketing strategies will help the companies generate income as well as boost its own profile as well. After a thorough research on what marketing strategies would be best for us to not only penetrate the market but also compete favorably with other leading brands as an upcoming company, we were able to come up with reliable data and information that will ensure our business is marketed effectively in Tanzania.

Also, knowing the importance of marketing to our business, our sales and marketing executives have been empowered to deliver our corporate sales goals so as to shore up our revenue base while also positively promoting the company's image.

We also know how important technology is in these times especially when it comes to marketing and so we have perfected plans to develop an app that will bring us closer to our existing and potential clients. We would also make our official website and social media platforms as active as possible for our audience.

We intend in summary to leverage on the following approaches to market our products and services at PEARL OASIS;

- a) Advertise our units via local newspapers, national newspapers, and radio stations and on television.
- b) Encourage our loyal customers by giving out incentives for referrals
- c) Engage in word of mouth marketing
- d) Engage in direct marketing through our sales and marketing executives
- e) Ensure our business is listed in Yellow pages and other local directories as well as online directories
- f) Use our website to sell our products and services
- g) Make use of our social media platforms to actively promote and sell our products and services.

Regardless of the fact that our brand is a well-known one that has a high standard, we know how important creating awareness for a business is. Every business established for the purpose of making a profit and competing favorably with other leading brands must have good publicity and advertising strategies laid out, and this we have in place.

PEARL OASIS intends to explore all available means of publicity in Tanzania. Our publicity strategies will ensure that we not only promote our products and services but project our image positively to intending and existing clients.

Listed below are the platforms we intend to leverage on in promoting PEARL OASIS LIMITED;

- Place adverts on print media (local newspapers as well as relevant magazines) and electronic media (radio stations and televisions)
- Use our social media platforms – such as Facebook, Twitter, and Instagram to seriously engage our existing and potential clients and promote our brands
- Sponsor social shows such as community pageants and educational fairs
- Distribute our handbills and fliers to various target areas
- Install our billboards in various strategic locations around Tanzania
- Our Pricing Strategy

Our pricing module will however not be too different from that of our competitors, as we would during the first six months of operations offer the units at a little lower price than that of our competitors; we might however raise the prices a bit after our brand has become well known. We would never offer prices that are below our cost of production as well as overheads as we intend to be in business for a long time.

Competition

PEARL OASIS LIMITED intends to be one of the best real estate developers companies in East Africa, the company is in a position to capitalize on the economic optimism in the region, but it must also consider that the community competes with other real estate developers who are growing as well. In order to offer a competitive advantage the company has put in place tools to assist with the efficiency of land development, application processes, inspections and communication between the company and its clients.

MANPOWER REQUIREMENTS AND ORGANISATION

MANAGEMENT

This success of a venture of this kind depends on the competence of the personnel recruited to manage. It is assumed that relevant personnel with requisite skills shall be available within the country.

In Order to streamline operations, it is proposed to engage two key figures; Operational officer and the Accountant. These two along with the Site Manager will form the central operational core that will ensure the success of the project.

MANPOWER REQUIREMENTS

Based on the proposed organizational structure the project will initially employ a total of 49 employees

Chief Executive Officer

- Provides a clear strategic direction for the organization and communicate these strategies to appropriate channels
- Has an experience with the budgets as well as allocate resources appropriately
- Ensures that the right professionals are hired into the management team
- Builds corporate culture that would influence employees attitude and decision

Human Resources and Admin Manager

- Ensures the development, management as well as implementation of personnel policies
- Recruits, retain and terminates staff appropriately
- Ensures that office practices are adhered to and in line with employment related laws
- Ensures that the administrative systems are constantly reviewed with an aim to being proactive instead of reactive
- Ensures that staff welfare and incentive packages are appropriately done.

Marketing Executives

- Carries out promotional activities that will project the image of the company as well as bring in revenue
- Devises marketing and sales strategy for PEARL OASIS
- Manages campaigns on all of the company's social media platforms
- Plans and organizes product and service exhibitions' for the company
- Monitors performance and change weak strategies

Accountants

- Ensures that tax returns are prepared and that tax requirements, preparation and reporting are complied with

- Works with management and report all the finances regarding PEARL OASIS to ensure that budgets are developed, and maintained periodically and also compare budgeted costs to actual costs
- Prepares and analyzes of accounting records, financial statements and reports in order to determine accuracy and conformance with accounting standards
- Carries out analysis of business operations including costs and revenues and use this to not only project future income and expenses but to proffer advice as well.

Mechanics and assistant

- Ensure the smooth operation of the machine
- Complete daily maintenance and repair of equipment
- Ensure the completion of monthly production
- Assist to solve any problems in production activities and Communicate with the leadership on any safety issues

Drivers

- Ensures that cargos are loaded and unloaded at the appropriate times
- Ensures that all traffic laws are followed
- Inspects truck before and after every trip, and report any major defects found to the appropriate department

Security Guard

- Protects the property Prevents security problems that are likely to arise during the course of carrying out security duties
- Responds to security issues that might crop up
- Enlightens employees by providing security tips

Risk Management

PEARL OASIS has several Risk Management strategies it uses to minimize risk and protect company investments. Liability Insurance is maintained on the company in the amount of USD 500,000

Accounts Payable—On each product delivered to the construction site, the project manager will review the invoices and physically accounts for the consignment. If there is a problem with the order, it is noted on the delivery note and returned with the delivery driver. The supplier is then contacted by the owner and the situation is remedied. If shipment is delivered without an owner on site, the invoices and shipment is checked the following day with a follow-up call if needed.

Each day that an account is used, the owners use an account ledger to document the project, account billed, and the cost of materials. The owners have a notebook with Daily Cash Flow sheets and Account Ledger to document. The notebook also includes payroll information, a file folder for receipts, and a calendar to document miscellaneous expenditures or circumstances. The notebook makes it easier to keep everything organized in one place between job sites and the administrative site. Bank Statements are reconciled monthly by the Administrative Assistant and reviewed by the owners.

Payroll—The project manager will record and calculate payroll based on spreadsheets with deductions, etc., already in place. All payroll taxes and reports are completed and submitted by the Administrative Assistant. Quarterly reports are reviewed by the owners and due dates are pre-recorded on the calendar in the owner's notebook.

ECONOMIC AND SOCIAL BENEFITS

The successful construction of residential houses on Plot no. 64 Mkadini Road to be carried out by PEARL OASIS will have significant economic and social benefits to the country as a whole. In summary, some of the benefits which will be realized include:

- (i) Creation of permanent employment opportunities for over 100 Tanzania employees.
- (ii) The project will solve the market demand housing in Arusha
- (iii) The neighborhood of the project will benefit domestic lighting from the Electrification of the project site
- (iv) Feeder roads leading to the factory will be frequently repaired by the project hence affording easy transportation of goods and people around the project.
- (v) Provision of income to employees and other service providers (individual entrepreneurs) thus contributing to Government efforts in improving citizens' living standards.

- (vi) Provision of a new market for food products and other goods required at project area, thus generating an economic multiplier effect to the project area and surrounding areas.

Provision of revenue to the Government through corporate tax. It is projected that the project will contribute a total of USD 1,006,753 to the Treasury in the form of corporate tax over a period of ten years, which implies an annual average of USD 83,896.08.

5. FINANCIAL PROPOSAL

Revenue projections are based on the following assumptions:

The project will begin after being granted the derivative rights to own Plot No.10, Kilimani Road, Near Davis Road, Kinondoni Municipality Dar Es Salaam. Construction process will be for a period of two (2) years.

Salaries and Wages

Salaries, wages and 30% social security benefits for 45 workers are also indicated in Appendix

Corporate income

Tax rate of 30% is assumed is to remain unchanged over the projected period of ten (10) years.

5.1 Estimated Cost of the Project

The total project investment is estimated at **USD 30,000,000** including the land, construction costs, building materials, machines, vehicles and initial operation capital.

5.2 Mode of Project Financing

The development shall be entirely carried out by the Company shareholders who shall finance the project from their own equity.

5.3 Investment Cost Financing Pattern

The total investment cost is estimated at **USD 30,000,000.00** a summary of the breakdown is as indicated in the table below

ITEM	USD \$
Fixed Asset	5,000,000
Civil Works & Building	20,000,000
Machinery and Equipment	1,000,000
Vehicles	200,000
Furniture and Fittings	300,000
Raw materials	500,000
Pre-Operational Expenses	500,000
Sub total	27,500,000
Initial working capital	500,000
GRAND TOTAL	30,000,000

5.4 Financial Viability

Return on Investment

The project indicates a very healthy return on investment with a payback period of within 5 years of the completion of construction.

5.5 Sustainability and Expansion Strategy

The future of a business lies in the numbers of loyal customers that they have, the capacity and competence of the employees, their investment strategy and the business structure. If all of these factors are missing from a business (company), then it won't be too long before the business close shop.

One of our major goals of starting the oil refinery plant is to build a business that will survive off

its own cash flow without the need for injecting finance from external sources once the business is officially running. The company will make sure that the right foundation, structures and processes are put in place to ensure that our staff welfare are well taken of.

Check List/Milestone

- Application for business license and permit: **Completed**
- Purchase of Land: **Completed**
- Conducting Feasibility Studies: **Completed**
- Recruitment of employees: **In progress**
- Purchase of Machinery and building materials process: **In progress**
- Purchase of the Needed furniture, racks, shelves, computers, electronic appliances, office appliances and CCTV: **In progress**
- Health and Safety and Fire Safety Arrangement (License): **In progress**
- Opening party / launching party planning: **In Progress**
- Establishing business relationship with vendors – wholesale suppliers / merchants of cooking gas: **In Progress**

6 . SUMMARY AND CONCLUSION

This project document provides descriptions of a detailed investment proposal by PEARL OASIS for the construction of residential apartments and offices on Plot 10, with Certificate of Title number 186030/10, located in Kilimani Road, near Davis Road, Kinondoni Municipality.

Summary

The shareholders of company are very experienced in the construction industry, they can make use of their advantage and knowledge in constructing residential houses with good quality that will be highly demanded which in return will create profit and growth for the company.

According to the above statement, the investment cost will be United States Dollars Thirty Million (USD 30,000,000). The proposed project is very profitable. It generates positive net cash flows from the first year of operations with net cash flow of USD Nineteen Million Seven Hundred Ninety Five Thousand Five Hundred Eight (USD 19,795,508) income from rent and United States Dollars Two Million Four Hundred Eighty thousand Seven Hundred Twelve (USD 2,480,712) income from sale.

The project can create permanent employment opportunities for over 45 Tanzania employees and train skilled technicians and mechanics for locals, as well as improve the quality of life in the project area and surrounding areas.

Conclusion

The company is therefore seeking for a Certificate of Incentives from the Tanzania Investment Centre (TIC) under Section 17 of the Tanzania Investment Act and Part IV of the Investment Regulations 2002, for the investment in the construction of residential houses in the aforementioned plot of land.

Through the various parameters, that have been considered in the study, it has been established that the proposed project is technically feasible, financially viable, economically and socially beneficial. It is therefore requested that the Tanzania Investment Centre (TIC) provide the necessary support to the company by approving this application for a Certificate of Incentives.

Appendix1

**PEARL OASIS LIMITED
CASHFLOWS PROJECTION (USD)**

YEAR	0	1	2	3	4	5	6
Sources							
Profit before interest/depreciation		3,243,119,016	4,142,415,566	4,651,437,814	5,289,846,207	5,747,192,341	6,187,326,513
Other Sources	11,506,150,000	3,243,119,016	4,142,415,566	4,651,437,814	5,289,846,207	5,747,192,341	6,187,326,513
Total sources	11,506,150,000						
Applications							
Capital expenditure	9,345,043,000				460,246,000	460,246,000	230,123,000
Other Applications (excl. working capital)		1,126,734,576	2,418,269,661	2,442,107,456	2,504,761,094	2,513,096,054	2,920,516.829
Total Applications	9,345,043,000	1,126,734,576	2,418,269,661	2,442,107,456	2,965,007,094	2,973,342,054	3,150.639,829
Working capital	2,071,107,000	800,000,000	1,500,000,000	2,000,000,000	2,200,000,000	2,700,000,000	3,000,000,000