

**Internship Report**  
**On**  
**“PROCESS OF PROJECT BUDGETING”**



Submitted To

**Dr. Suman Paul Chowdhury**  
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Submitted By

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Date of Submission : February 12, 2017.

## **Letter of Transmittal**

February 12, 2017

To  
Dr. Suman Paul Chowdhury  
Assistant Professor  
Coordinator of MBA Program  
BRAC Business School  
BRAC University

### **Subject: Submission of Internship Report.**

Dear Sir,

It gives me immense pleasure in presenting this report, which focuses on “**Process of Project Budgeting**” on RANKS Real Estate Ltd. This report gave me the opportunity to have an insight into the process of project budgeting and the steps involved in project budgeting. I have tried my best to fulfill the requirement of the report. The report is worthy to me as it helped me to gain experience from the practical field and it also gave me the chance to know the Housing State of Bangladesh.

I must here that I am extremely grateful to you for your valuable guidance, tireless effort and constant attention as and when required in accomplishing the report.

I apologize in advance if there is any unintentional mistake made in this report. I shall be pleased to answer any query you think necessary as and when needed.

Thank You.

Sincerely

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## **ACKNOWLEDGEMENT**

I would like to express my gratitude to all the people who were involved both directly and indirectly in the preparation of this report. I apologize to the people whose names that I have not mentioned but their contribution is highly appreciated by me.

At first, I would like to pay my gratitude to my supervising teacher Dr. Suman Paul Chowdhury, Assistant Professor, Coordinator of MBA Program in BRAC Business School, BRAC University, for his guidelines and cordial cooperation in preparing this Report.

I acknowledge my indebtedness to Mr. Kazi Golam Kuddus Head of Construction, department of Operation for his constant guidance and valuable suggestion from time to time. I would like to thank all the executives for their guidelines and cordial cooperation.

Finally, I would like to mention the wonderful working environment and group commitment of this organization that has enabled me a lot to deal with and observes the activities of a private real estate company during my internship period.

## **EXECUTIVE SUMMARY**

The internship program is the pre-requisite for the graduation in MBA. Classroom discussion alone cannot make a student perfect in handling the real business situation; therefore, it is an opportunity for the students to know about the real life situation through this program. A report has to be built for the university and organization requirement. The topic of the report is “Process of Project Budgeting “at the RANKS Real Estate Ltd. The main purpose of the report becomes very clear from the topic of the report. The report discusses the earlier period of Real Estate of Bangladesh, the organizational profile of RANKS Real State, mission, vision, philosophy of the company, process of project budgeting which maintained by management teams, steps of budgeting and sample budgeting of the project. At end finding, recommendation and conclusion are added in the last chapter.

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# **Chapter: ONE**

## **Introduction Part**

## **1.1 Introduction**

The real estate sector is one of the fastest growing and thrusting sectors in Bangladesh. Infrastructural development is highly important for a country to rise as a developed nation and to ensure housing facilities for the citizens of the country.

The importance of housing, which is one of the five basic needs incorporated in the constitution of Bangladesh, the government is compelled constitutionally to play a vital role in securing housing rights. The constitution of the People's Republic of Bangladesh states in Articles 15(a) that "It shall be a fundamental responsibility of the State to attain, through planned economic growth, a constant increase of productive forces and a steady improvement in the material and cultural standard of living of the people, with a view to securing to its citizens-"The provision of the basic necessities of life, including food, clothing, shelter, education and medical care"

Statistics show that Bangladesh will need to construct approximately 4 million new houses annually over the next twenty years to meet the future demand of housing. Estimates for annual requirements for housing in urban areas vary from 0.3 to 0.55 million units. In Bangladesh, 25 percent of the population (some 35 million people) now lived in urban areas; and now the proportion is 34 percent (75 million) by 2015. Dhaka with a total population of more than 15 million is now the 22nd largest city in the world.

In that situation, RANKS Real Estate Ltd. was established in the year 2008 with REHAB membership. After establishing, the company has successfully come up to the present through meticulous management and effective client satisfaction and is now the promising and pioneering company in the real estate of Bangladesh.

## **1.2 Background of the study**

I worked as an Intern in RANKS Real Estate Ltd. After completing internship I have to make a Report. This report covers process of project budgeting. This report gives a narrative overview of the real estate industry in Bangladesh.

This report does explain the steps of project budgeting. However, I tried to construct this report with the help of available information.

## **1.3 Significance of the study**

Knowledge and learning become perfect when it is associated with theory and practice. Theoretical knowledge gets its perfection with practical application. As our educational system predominantly text based, inclusion of practical orientation program, as an academic component is as exception to the norm. This Internship Report is an important partial requirement of MBA program. As the parties; educational institution and the organization substantially benefit from such a program, it seems a "win-win situation". That is why practical orientation is a positive development in professional area. Recognizing the importance of practical experience, BRAC University has introduced a three months practical exposure as a part of the curriculum of MBA program. In such state of affairs the present



aiming at analyzing the experience of practical orientation related to an appraisal of the RANKS Real Estate Ltd.

## **1.4 Objective of the study**

### **Major objectives**

The major objective is to highlight the process of the project budgeting done by different management team. And sample budgeting of the project.

### **Specific objective**

- **Steps of project budgeting**
- **Challenges for RANKS Real State Ltd**

## **1.5 Methodology**

An experimental research has been conducted in preparing this paper. Pure basic research approach has been used along with this where theoretical and practical studies have been incorporated. Data have been collected through face-to-face. Questionnaire has been used in gathering primary information from real estate participants.

Information has been used from different secondary sources – internet, Newspapers, annual reports, online and printed articles, journals and previous research papers on real estate sector. Opinions have been collected from experts and participants in the real estate sector, which have been very useful in analyzing the data and information and to reach a conclusion. Numerical data have been analyzed and interpreted with concentration and relation to the main issue. Theoretical analysis along with numerical evidence has been used to validate the findings of the study. The analysis has been presented first and then findings have been drawn.

## **1.6 Scope of the study**

This report covers Organizational and Industrial Overview, Management and Organizational Structure and major functional areas, Products and Services. It also covers the present situation of real estate industry, process of the project, steps of project budgeting, challenges for RANKS Real Estate, different function of different management team and the sample budget of the project.

## **1.7 Limitation of the study**

Though, I got whole-hearted co-operation from employees of RANKS Real Estate the internship program I have faced a lot of problems to complete the report. In fact, in the short time it is not possible for me to know everything about the total sector.

Problems that I have faced for this report purpose are:

- I did not get up to date information about the sector.
- Time constraint is one of the major obstacles of finishing the project in a limited time.
- Some of the data and information are highly confidential for any company. For this reason, it could not disclose for obvious reasons, which could be very much useful.

**Chapter: TWO**  
**Industry Analysis and**  
**Organizational Profile**

## **2.1 Industry analysis**

### **2.1.1 Earlier period of Real Estate industry**

Real estate business especially apartment projects has started in seventies in Dhaka City. But from early '80s the business started to grow and flourish. At present, about 1500 companies are active in business. But still 95% business is dominated by of top 15/20 Companies. Presently this market is growing at the rate 15% per year.

The concept of real estate construction business is introduced in Bangladesh by *'Eastern Housing Ltd.(EHL)*. During 1964, EHL started the real estate business at Bangladesh (former East Pakistan).

During 70s there were 5 real estate companies had operated this business. From the early 80s the business has started to flourish and in early 90s in reached at one of the highest growing sector in Bangladesh. In 1988, there were 42 real estate developers worked at Dhaka city.

At that time the leading real estate companies felt the necessity of forming a trade association to strengthen the role of the real estate industry & ensure the ethical practice in construction. Building Technology & Ideas Ltd (BTI) took the leading step to establish the association of the real estate companies. In 1991, Real Estate & Housing Association of Bangladesh (REHAB) was formed with 11 members of real estate companies.

### **2.1.2 Present scenario of Real estate Industry**

In 2010, the total member of REHAB is exactly 1081. But there is also many non-member of REHAB is continuing their real estate business. Around 500 non-registered real estate developers are doing business in this sector.

REHAB members companies have delivered around 9000-10000 numbers of apartment units per year. In last 20 years, the real estate companies delivered approximately 100,000 no. of apartment units. The current demand of apartment is 600,000 to 800,000 units all over the country. Particularly in Dhaka this demand is estimated to be 60,000 units of real estate apartments combined with 200,000 units of replacement plus backlogs (REHAB, 2004).

By REHAB estimation, the real estate industry have approximate turnover of 28 Billion taka per year. This industry provides government revenues of 2 Billion taka per year. This industry's contribution to Bangladesh's GDP is around 12- 15% of the total GDP.

Currently more than 2.5 million of skilled & unskilled direct physical labors are employee in this industry, this indicated that it have a great contribution over Bangladesh economy & employment.

Direct employment by Real estate Industry –

Architects	: 500
Graduate Engineer	: 3,000
Diploma Engineer	: 10,000
Management Official	: 20,000
Direct Labor	: 2.5 million

Source: REHAB, real estate sector at a glance

### **Major players:**

By REHAB's judgment, though there are now more than 1000 real estate companies, but still more than 80% of total real estate business is dominated by the top 18 to 20 leading real estate companies. In the recent period the leading real estate companies are –

- East West Property Development (Pvt.) Ltd.(A sister concern of Bashundhara Group)
- Building Technology & ideas ltd.(BTI)
- NAVANA Real Estate Ltd
- Concord Real Estate & Building Product ltd.
- Advanced Development Technologies Ltd.
- Basmati consortium ltd
- Sheltech(Pvt.) Ltd.
- Eastern Housing Ltd
- Sagufta City Developers Ltd.
- Suvastu Development Ltd.
- Asset development & housing Ltd.
- BRAC Concord lands limited
- RANKS Real Estate(Concern of RANGS Group)
- Mohammadi Housing ltd.

Also the other companies that are operating business successfully are Assurance Developments Limited, Rupayan Real Estate Company, Urban Design & Development Ltd., Globe Construction Limited, ANZ Properties Limited, DOM-INNO Builders Ltd etc.

## **2.2 Organizational Profile**

### **2.2.1 RANKS Group**

RANKS Group is one of the premier conglomerates in Bangladesh. With headquarters in Tejgaon, Dhaka, it conducts business countrywide. Driven by the passion to be the best and with a team of unique professionals, it brings trusted brands of the world within the reach of everyone in Bangladesh.

RANKS Group started its journey as a single business unit in 1979 and now has grown successfully in multiple sectors. Striving to implement the practical initiatives required to achieve its vision and guided by a relentless focus on values, the group maintains close relations with its foreign principals thereby guaranteeing quality products and efficient service to their valued customers. RANKS Group believes in delivering operational excellence to meet commitments. For the progression of its mission, it has diversified and grown to be one of the largest industrial and trading conglomerates of the country under the same management. With diversification and a rich variation of products, it has earned repute among Bangladeshi people as a distributor of premium and quality brands and services.

### **2.2.2 RANKS REAL ESTATE LTD.**

Ranks Real Estate Limited (hereinafter referred as ‘RREL’ or “the company”), a concern of the RANKS Group, was incorporated as a Private Limited Company under The Companies Act of 1994 on 13<sup>th</sup> October, 2008 and started its operation in 2010. The company is mainly engaged in Real-Estate Business.

The Corporate office of RREL is located at 117/A, Level-3, RANKS Bhaban, Old Airport Road, Bijoy Sharani, Tejgaon, Dhaka-1215.

The shareholding pattern of the company is found concentrated among family members. Mrs. Sohana Rouf Chowdhury (Director) holds 51% shares; Mrs. Zakia Rouf Chowdhury (Managing Director) holds 19% shares, Mr. A Rouf Chowdhury (Chairman) hold 10% shares, Mrs. Romana Rouf Chowdhury (Director) holds 10% shares & Mr. Romo Rouf Chowdhury (Director) holds 10% shares

**Ranks Real Estate Ltd** Not only believe in quality as a mere vision statement but also implement it in every aspect of our operations and the way we do business. To bolster our core values of quality and excellence, we have taken on board a team of dedicated and skilled professionals consisting of architects, engineers, designers, planners etc.

### **2.2.3 Mission & vision**

RANKS Real Estate's mission is both broad and focused. It builds on its vision and translates the essence of that vision into projects that respond to board category of needs. Each of its activities, however, is characterized by the same commitment to comfort and convenience.

The mission of RANKS Real Estate Limited is to provide service at an economic cost & progress in diversity & continue to the growth of real estate sector in Bangladesh by being the real estate market challenger.

The vision of RANKS Real Estate Limited is to create peace of mind Quality policy:

- Offer peaceful living environment ensuring the highest quality with innovative design.
- Committed to continual improvement of its products & services.
- Committed to the development highly competent and inspired associates.
- Adhere to honesty, integrity and ethics in all aspects of its business.

### **2.2.4 Objectives of the Company**

- To reach the goals of the organization in individual aspects & the company as a whole.
- The efficiency of the work force by employing their skills & abilities.
- Providing employees with proper standards of job satisfaction.
- Providing the organization with well trained & well-motivated employees.
- Communicate the policies to all employees of Human Resource Management issue.
- The objective is to have a clear knowledge of planning, organization, leading & controlling aspects.

### **2.2.5 Business Philosophy**

- Profit Maximization
- Cost Minimization
- Company's Wealth Maximization
- Create customer value & satisfaction

### **2.2.6 Goal of RANKS Real Estate Ltd**

Ranks Real Estate Ltd. is growing Development Company in Bangladesh. They have a number of projects in prime cities in Bangladesh. Its attention is focused on the goals and aspirations of our clients. Because effective realization of clients need begins with understanding, we do all we can to understand our client's perspectives. RANKS Real Estate studies their needs, listen and respond. It strives to become part of every client's needs

## **2.2.7 Responsibilities of Executive Body of RANKS Real Estate Ltd**

The Board of Directors is responsible for setting business objectives, strategic directions of the group and for overseeing and monitoring the group's business affairs. Day to day management and other activities and the implementation of its strategy are delegated to Managing Directors, Executive directors, and senior Executives as head of the company. Each one of this group is committed to attaining the objectives by honesty, sincerity, dedication and punctuality. Highly qualified and experienced Executive Directors are proactive in meeting stated goals, the directives of Board of Directors and achieve objectives as Head of the Company. They strive towards continual improvement of company's activities.

## **2.2.8 Departments of the company**

RANKS Real Estate limited, Corporate Branch contains 7 major departments. The name of those departments & activities are given below

### **Reception Desk:**

The main task at the reception desk is maintaining the inward & outward register, office management, & telephone receiving. They also maintain a daily recall file which is known as the Central Recall System.

### **Marketing & Sales Department:**

RANKS Real Estate Limited has a very rich marketing department. A strong sales team & aggressive marketing campaign has bought tremendous sales growth along with a handsome market share. RANKS Real Estate Limited becomes a market leader in the real estate industry.

### **Administration & Business Department:**

The administration department of RANKS Real Estate Limited always looks after the whole organization. They always run the organization smoothly. If any employee does any fault, then the department takes action against the employee. The company reward is given to the employee who has done well.

### **Finance & Accounts Department:**

- ✓ Using RANKS Real Estate Limited. Software.
- ✓ Final checking of Bank reconciliation.



- ✓ Checking of Bank Debtor orders voucher.
- ✓ Give clearance for surrender.

**Procurement Department:**

- ✓ Buying Land.
- ✓ Registration of the sold land.

**Documentation:**

- ✓ If any customer fails to pay the due in schedule time, then this department arranges time extension letter & gives the time extension approval.
- ✓ For business, the client is not able to take a deed in this case the officers of this department communicate with the client to take the deed by this time officers make a rough copy of the deed.
- ✓ If any change his/her payment schedule or change the plot, then this department arranges all procedure.
- ✓ This department also makes note sheet for registration when a client pays all the dues with registration fees.

**2.2.9 Features of every project of RANKS Real Estate Limited**

- ✓ The project of RANKS Real Estate Limited is approved by RAJUK.
- ✓ The project has natural greeneries
- ✓ The Park & playground in every block separately.
- ✓ School, College, & University are included in the project.
- ✓ The location has the eco-friendly environment.
- ✓ The administrative office & CCTV surveillance facility inside the project.
- ✓ Police outpost, traffic system & fire service is available inside the location
- ✓ Electricity, gas & water connection is available in the site as committed.
- ✓ Telephone & internet service is connected to the project.
- ✓ The land is delivered according to the promised offered.
- ✓ Registration is properly after full payment.

## **2.2.10 Materials used in every project:**

RANKS Real Estate Limited mostly uses the following feature and amenities for both of its residential and apartment complexes. But features may be changed to superior amenities depending on customers' demand

- ✓ Decorative solid wooden door shutter (Ctg. Teak) with French/Sprit polish with solid wooden door Frame: Handle Lock, Door Chain, Check Viewer, Calling Bell Switch (Foreign), Apartment Number, inside security Horizontal Tower Bolt (Local) etc.
- ✓ The floor in Glazed Homogeneous laser cut 24"X24" Foreign tiles except for Servant Bed Room.
- ✓ Smooth- Finish Plastic Paint (Berger) on all Walls & Ceilings in soft colors.
- ✓ Internal Doors of strong and Durable Veneer Flush Door (Teak Chambal) shutters and solid wooden chowket with French polish.
- ✓ Sliding Windows with Tinted Glass complete with mohair lining and rainwater barrier in the aluminum section with mosquito net provision.
- ✓ Safety Grills in Windows.
- ✓ Concealed Telephone & Cable TV line provision in Master Bedroom, Child & Living room.
- ✓ Wi-Fi / Wireless Internet Facility in each apartment.
- ✓ One Tube Light & One Bracket Light set for all Bedrooms in each apartment except Maids room.
- ✓ Intercom set with a connection to concierge reception Desk.
- ✓ Foreign MK type Electrical switches, Plug Point and other fittings.
- ✓ Electrical Distribution Box with Circuit breaker.
- ✓ Six Emergency Light, Five Fan Points and one TV outlet in Each Apartment.
- ✓ All power outlets with Earthing connection.
- ✓ Provision for Air conditioners in all Bedrooms, Dining & Living room.
- ✓ Verandahs with suitable light points.
- ✓ Master bed verandahs railing will be M.S section with SS Top hand rest.

## **2.2.11RANKS Real Estate Limited's different projects in a different location:**

### **Commercial project**



**Garden Square**

**Location: Uttara**



**FC Enclave**

**Location: Tejgaon**



**Nilu Square**

**Location: Dhanmondi  
completed**



**Nasim Square**

**Location: Dhanmondi**

## Residential Project



### Garden Square

**Location:** Road 10B, Sector 10, Ranabhola, Uttara  
**Land Area:** 4468.78 Katha  
**Occupancy Type:** Residential  
**No. of Floors:** 4 buildings, each 6 Storied  
**No. of units per floor:** 4 units on each floor of each building  
**Size of apartment (appx.):** A type: 2374.33 sft and



### Hai Legacy

**Location Plot:** 13, Block-K, Sohrwardy Avenue, Baridhara, Dhaka.  
**Land Area:** 10.42 Katha  
**Occupancy Type:** Residential  
**No. of Floors (Storey):** 14 Storied + 02 Basement  
**No. of units per floor:** 02 (Two)  
**Size of apartment:** ± 2029 sft



### Sanchoyeeta

**Address:** Plot 40-42, Arambag Eastern Housing Main Road, Rupnagar, Mirpur  
**Land Area:** 15.29 Katha  
**No. of Floors:** 15 Storied +01 Basement  
**No. of units per floor:** 04 (Four)  
**The size of the apartment:** ± 2904 sq. ft



### RANKS niher

**Location:** Banani

**Chapter: THREE**  
**Process OF Project Budgeting**

## 3.1 Process of project Budgeting

Real estate sector is now getting more organized and also the policy makers of the country is taking cognizance and addressing bottlenecks of the industry. Economic slowdown coupled with high rate of inflation is taking its toll on housing development growth. Many of the organization is turning now towards adopting better management to increase efficiency in terms of cost, quality, delivery and profit. Construction is highly labor oriented and the projects mostly get delayed due to unpredictable market conditions such as non-availability of major raw materials and laborers. The project budgeting serves to efficiently manage activities according to proper planning, scheduling, monitoring and timely delivery while keep sustained growth. In the process of the project budgeting there are need to assess some topics. Which are done by different management team.

- ✓ **Land section**
- ✓ **Evaluating land value**
- ✓ **Estimating total cost of making residential or commercial building**
- ✓ **Sale and leasing**
- ✓ **Asset management**

### 3.1.1 Land selection process by Property Management

Property management works with the lease administration side and be fully versed in reading and understanding financial reports.

#### *Specific Functions*

- Property inspections - to include roof inspections when appropriate.
- Tenant relations - meet and greet. Understanding tenant concerns from these
- Meet and greets and develop strategies to overcome.
- Vendor relations - contract review, negotiation, review invoices to insure
- Compliance with contract.
- Invoice approval - processing.
- Billing process and how it affects our property budget.
- Budget design and processing.
- Interpreting lease language as it may relate to billing or tenant disputes and emphasize our job of administering the lease.
- Logs/Executive summaries. Monthly deliverables.
- Rent collection.
- Financial management - budget overview, monthly and YTD variances.

### **3.1.2 Evaluate Property by Property Accounting team**

Property Accounting area where a general understanding of how income and expenses are processed and flow to profit and loss statements and balance sheets, the importance of accuracy and timeliness and understand how property accounting interrelates to property management, lease administration, and sales and leasing functions.

#### ***Specific Functions***

- Process and log bank deposits.
- Post cash receipts. Inform Property Managers of discrepancies.
- Review accounts payable entry for accuracy and ensure invoices are paid in a
- Timely manner.
- Process tenant and general ledger adjustments with proper documentation.
- Review monthly Financial Statements with appropriate Property Manager and Director of Property Management.
- Assist in maintaining property files.
- Assist Property Managers with their accounting needs.
- Assist with budget preparation

### **3.1.3 Sales and Leasing**

A general understanding of how a property is marketed for sale or for lease, be exposed to tenant/buyer representation services, and gain an understanding of lease and contract negotiations. Areas of practice to be exposed to will be office, retail, and land brokerage.

#### ***Specific Functions***

- Preparation of marketing plans.
- Sales meetings.
- Listing agreement for sale and/or lease.
- Signage.
- Preparation of marketing materials.
- Marketing of property
  - Direct mail
  - Broker interaction
- Showing of property.
- Research.
- Preparation of proposals.
- Analysis/comparison of lease economics.
- Preparation for presentations.
- Negotiation and preparation of contract or lease.

- Valuation of real estate, acquisition/disposition analysis/underwriting

### **3.1.4 Asset Management**

Asset management responsibilities are essentially those that an owner would perform. We manage third parties such as property managers and leasing agents, interact with lenders, and provide long term strategic planning for properties based on the ownership objectives.

#### ***Specific Functions***

- Understand the daily activities of a property manager.
  - Property inspections
  - Invoice approvals
  - Facilities management
  - Negotiation of service contracts
  - Management of vendors
  - Tenant relation
- Be able to adequately review property financial reports.
- Understand asset management monthly financial review process.
- Understand asset management administrative processes
- Become familiar with marketing plans
- Create a property budget.
- Create a management plan.
- Perform a performance analysis.
- Create a five-year property forecast.
- Complete a review of property operating expenses
- Understand management of third parties.
- Complete market survey

### **3.1.5 Development/Acquisitions/Capital Markets (Debt & Equity)**

Company is principally responsible for leading new development projects, acquiring new real estate, securing equity partners for new developments or acquisitions, and placing debt on new developments or acquisitions via its mortgage brokerage company. At the end of the internship, it should be well versed in understanding new development costs/modeling/construction management, underwriting real estate, and the various roles and players in the capital stack including debt and equity.

#### ***Specific Functions***

- Development
  - A general understanding of creating a development model for a new building.
  - Understand construction management, reports, budgeting, delivery schedules,



etc.

- Acquisitions
  - Understand how acquisition opportunities are sourced.
  - Understand how to underwriting a potential acquisition, including market research for assumptions.
  - Understand the various components of the due diligence process once a property is under contract.
  - Understand the various agreements necessary to create the entities responsible for owning and operating the acquired property.
- Capital Markets
  - Understand the structure of the capital stack on each acquisition or development, including joint venture equity arrangements and debt/leverage.
  - Understand how to source potential equity partners.

## 3.2 Project budgeting Steps

### 3.2.1 Land and land development Cost

Land has value and every land has some developmental cost to start the construction work on it.

### 3.2.2 Site issues Cost

There are site related cost which must be include in the budget. This types costs are given below:

***Slope of the site:*** The steeper the site the more it usually costs to build on it. This is because foundations and supporting structures are more difficult, excavation and the need for retaining walls increases, and more complex drainage issues arise. More space is usually wasted in basement and foundations, because buildings often step up the slope and there is a greater perimeter to enclosed area ratio.

**Ease of access to the site:** Poor access makes materials handling difficult and more time consuming, which increases the labor cost component.

**Ground or foundation cost:** Foundations may require to structure to support building Sandy or clay soils can require deep piles to achieve an adequate footing.

**Excavation in rock:** Rock excavation can be expensive and drainage issues may be more costly to resolve.

**Demolition & clearing the site:** In some cases this can be as much as 10% of the overall cost of building.

**Availability of services:** Such as water supply, storm water, sewer lines, electricity, gas and phone. Distance from mains can also be an issue to determine the total cost.

**Particular council or government requirements:** Basement parking, onsite storm water detention, rainwater storage or grey water systems, septic sewage systems. All are structuring according to govt. rule and regulation.

**Location:** Building work generally costs more in the city than the country and even more in the most affluent suburbs. This is often because expectations of service & quality are also higher.

### 3.2.3 Building issues cost

Building issues related costs are also included in budget part. Which are describe below:

**Number and type of trades:** Each new trade involved in a building project will add cost directly and require overall co-ordination from the builder. A good way to reduce overall building cost is to reduce the number of building trades. This type of costs are

- ✓ **Electric work cost**
- ✓ **Sanitary work cost**
- ✓ **Tiles work cost**
- ✓ **Paint work cost**
- ✓ **Wooden Work**
- ✓ **Utility work cost**
- ✓ **Thai & Aluminum Work etc.**

**New or existing work cost:** **Building** new is cheaper than alterations, additions and renovations that's included in budget sheet.

**Economies of scale.** : Generally medium to large size construction projects are more economical than smaller ones. This is the same for each of the trades involved and is largely because of the high set-up costs associated with construction projects which also adjusted in the budget.

**Market forces :**This can be described as fluctuations in the cost or availability of building materials, an under or oversupply of tradesmen and specialist contractors along with interest rates and other industry factors which also concerning area of project budgeting.

### 3.2.4 Profit and loss assessment

A profit and loss account (P&L) is a statement of sales income and expenditure over a specified period, and any profits or losses made. Essentially, the profit or loss is the difference between the money that comes in and the money that goes out. In real estate business in budget part costs and benefits all are calculated in per square feet basis.

### 3.3 Sample Budgeting

Occupancy Type: Residential

Ownership: 50% landowner 50% developer

Probable Completion Type: 3 years

Total Build up Construction Area = sft: 91,988.86

Code	Cost Head	Break Down	Unit	Quantity	Rate	TOTAL
1	Land & Land Development - WIP		lumsum	1.00	2,097,044.00	<b>2,097,044.00</b>
2	<b>WIP-Begin to Till Now</b>		<b>lumsum</b>	<b>1.00</b>	<b>32,107,027.00</b>	<b>32,107,027.00</b>
3	Civil Work - WIP	<b>Civil Masson</b>	<b>sft</b>	<b>82,927.00</b>	<b>149.20</b>	<b>12,372,708.40</b>
		Reinforcement	kg	240,460.00	43.50	<b>10,460,010.00</b>
		Cement	bags	10,775.00	395.00	<b>4,256,125.00</b>
		Sylhet Sand	cft	6,324.00	44.00	<b>278,256.00</b>
		Local Sand	cft	39,204.00	15.00	<b>588,060.00</b>
		3/4"-Stone Chips	cft	8,437.00	170.00	<b>1,434,290.00</b>
		1/2"-Stone Chips	cft	4,217.60	138.00	<b>582,028.80</b>
		Steel Shutter-16Gauge	sft	2,750.00	460.00	<b>1,265,000.00</b>
		Steel Profs	nos.		1,375.00	-
		Steel Runner-3"	rft	1,000.00	95.00	<b>95,000.00</b>
		Steel Runner-1.5"	rft	3,000.00	55.00	<b>165,000.00</b>
		Plain Sheet-16Gauge(3'x 6')	kg		95.00	-
		Brick-Machine Made	nos.	568,415.00	11.20	<b>6,366,248.00</b>
		Brick Chips	cft	3,323.00	90.00	<b>299,070.00</b>
		R.M.C-Labour	cft	44,628.00	6.00	<b>267,768.00</b>
		R.M.C	cft	44,628.00	225.00	<b>10,041,300.00</b>
		Fairface Work	lumsum	1.00	20,741,862.20	<b>20,741,862.20</b>

4	Electrical Work - WIP	Electric Goods including Masson	sft	82,927.00	110.00	<b>9,121,970.00</b>
5	Sanitary Work - WIP					-
		Sanitary Goods	lumsum	1.00	14,190,210.00	<b>14,190,210.00</b>
		Plumbing Goods	lumsum	1.00	3,183,562.93	<b>3,183,562.93</b>
		Sanitary Masson	sft			-
						-
6	Tiles Work-WIP	Cement	bags	6,124.00	395.00	<b>2,418,980.00</b>
		Local Sand	cft	30,582.00	15.00	<b>458,730.00</b>
		Marble	sft	19,584.00	650.00	<b>12,729,600.00</b>
		Marble Fitting & Polish	sft	19,584.00	60.00	<b>1,175,040.00</b>
		Granite-Galaxy-18mm(T)	sft	2,000.00	750.00	<b>1,500,000.00</b>
		Granite Fitting & Polish	sft	2,000.00	60.00	<b>120,000.00</b>
		Tiles-Floor(Main)-24"x24"	sft	39,041.00	165.00	<b>6,441,765.00</b>
		Tiles-Wall (K & T)	sft	40,794.00	255.00	<b>10,402,470.00</b>
		Tiles-Masson	sft	79,835.00	18.00	<b>1,437,030.00</b>
		<b>Cladding-Khadem Ceremics-Tiles-9.5"x2.75"x0.5"</b>	<b>nos.</b>	<b>172,427.00</b>	<b>21.50</b>	<b>3,707,180.50</b>
		Cladding-Masson	sft	31,330.00	70.00	<b>2,193,100.00</b>
		Fairface Tiles	nos.	15,650.00	110.00	<b>1,721,500.00</b>
		Fairface-Masson	sft	31,301.00	70.00	<b>2,191,070.00</b>
		Stair Tiles-RAK	sft	4,702.00	60.00	<b>282,120.00</b>
		Stair Tiles-Masson	sft	4,702.00	20.00	<b>94,040.00</b>
		Pavement Tiles	sft	15,000.00	40.00	<b>600,000.00</b>
		Pavement-Masson	sft	15,000.00	20.00	<b>300,000.00</b>
		Roof Tiles-12"x12"-Normal	sft	2,900.00	100.00	<b>290,000.00</b>
Roof Tiles-Masson	sft	2,900.00	20.00	<b>58,000.00</b>		

		Swimming Pool-Tiles-6mm X 6mm	sft	966.00	150.00	<b>144,900.00</b>
		Swimming Pool-Tiles-Masson	sft	966.00	20.00	<b>19,320.00</b>
7	Paint Work-WIP					-
		Weather Coat including Materials	sft	5,927.00	18.00	<b>106,686.00</b>
		Plastic Paint including Materials	sft	148,264.00	18.00	<b>2,668,752.00</b>
		Enamel Paint including Materials	sft	5,374.00	18.00	<b>96,732.00</b>
8	Utility Work-WIP	Generator Work-250KVA	nos.	1.00	2,400,000.00	<b>2,400,000.00</b>
		Sub-Station Work-DESCO-1250KVA	nos.	1.00	9,000,000.00	<b>9,000,000.00</b>
		Solar Panel System-8KWatt	watt	8,000.00	275.00	<b>2,200,000.00</b>
		Lift Work-2nos.(Passengers-2nos.)	nos.	2.00	2,800,000.00	<b>5,600,000.00</b>
		Lift Work-1nos.(Stress Lift-1)	nos.	1.00	4,350,000.00	<b>4,350,000.00</b>
		Gas Connection-50 Lines	lumsum	7.00	12,000.00	<b>84,000.00</b>
		Gas-Other's (Speed Money)	lumsum	1.00	250,000.00	<b>250,000.00</b>
		WASA Connection-1.5"	lumsum	1.00	200,000.00	<b>200,000.00</b>
		WASA-Other's (Speed Money)	lumsum	1.00	150,000.00	<b>150,000.00</b>
9	Wooden Work-WIP	Wood-Burma Teck	cft	408.00	6,500.00	<b>2,652,000.00</b>
		Wood-Ctg. Teck	cft	2,075.00	4,200.00	<b>8,715,000.00</b>
		Wood-Teckchamble	cft			-
		Polish Work	cft	2,483.00	60.00	<b>148,980.00</b>
10	S.S Work-WIP	Stair Railing (all-G.+Fi.+Co.+Ba.)	sft	1,186.50	1,200.00	<b>1,423,800.00</b>
		Main Gate-2" X 2" Holo Box(Top-Aluminium)	sft	160.00	1,400.00	<b>224,000.00</b>
11	M.S Work-WIP	Window Grill	sft	5,374.00	140.00	<b>752,360.00</b>

		Security Grill	sft	2,025.00	140.00	<b>283,500.00</b>
12	Thai & Aluminium Work-WIP	Window Sliding Door-5mm Glass	sft	7,409.00	500.00	<b>3,704,500.00</b>
		Verandah Glass-10mm with S.S Work	sft	910.00	800.00	<b>728,000.00</b>
13	Hardware Goods		lumsum	1.00	250,000.00	<b>250,000.00</b>
<b>TOTAL PROJECT COST = Tk.</b>						<b>224,185,695.83</b>
<b>Total Build Up Construction Area = sft</b>						<b>91,988.86</b>
<b>Rate per = sft</b>						<b>2,437.10</b>

## Profit and loss assessment

S.L No.	Item Description	Unit	Quantity	Rate	Amount
				Tk.	Tk.
1	Total Build Up Construction Area	sft	91,988.86		
	(Deduct Area)				
2	Basement	sft	9,262.97		
3	Ground Floor	sft	7,437.23		
4	Total Sales Area	sft	75,288.66		-
	50% Sales Area-Developer	sft	37,644.33	6,000.00	225,865,980.00
5	50% Parking	nos.	24.00	400,000.00	9,600,000.00
6	50% Utility	nos.	24.00	200,000.00	4,800,000.00
<b>Total Sales Amount = Tk.</b>					<b>240,265,980.00</b>
<b>Total Construction Cost Amount = Tk.</b>					<b>224,185,695.83</b>
<b>Net Profit Amount = Tk.</b>					<b>16,080,284.17</b>



### **3.4 Challenges for RANKS Real Estate**

#### **Increased Price of Construction Materials:**

One of the major challenges of RANKS Real Estates to maintain the construction cost of project due to the price hike of construction materials. The price of construction materials is consistently increasing thereby increasing the construction cost and apartment price.

#### **High Property Transfer and Registration Fee:**

Besides, high apartment cost, fees pertaining to property transfer and registration impose extra burden to the buyers. According to new procedure, fees include Gain Tax (2%), Stamp Duty (3%), Registration Fees for the central government (2%) and City Corporation (2%) and fees for sub-registrar (0.5%) which together account for additional 9.5% cost of an apartment. In addition, the buyers have to pay advance Income Tax (up to tk. 2000 per sq. meter) along with a 1.5% VAT which further worsens the affordability of the buyers.

#### **Rising funds for projects:**

Now it is a big challenge for RREL to raise funds for their current projects and daily business operation. As a private limited company it could not raise funds through IPO or share market.

A well established companies is less dependent on the bank loan, as because those establish companies can finance their projects by own capital & most of the amount actually comes from the customers' advance installment payment. But for a small company like RREL has to rely on the bank loan as they may cannot sale their apartment units in advance. At present banks and financial institutes are more selective in giving loan.

#### **Increasing sales:**

In our country political & economic crisis starts and ends without any alarm but it brings a long term disaster in our business world. Our real estate industry is the victim of that situation where after the collapse of the share market and recent bank crisis average sale in real estate industry has fallen near about 40% to 50%, because our middle income people have lose their all savings in share market and they have no enough money to effort a new house. Moreover, like most of the small company RREL also does not go for aggressive marketing strategy. In that situation increasing sales is major challenge for them.

Others challenges are

- Political disturbance in the country
- Fewer bank loans
- Government unable to provide gas connection to new buildings

**Chapter: FOUR**  
**Major Finding, Recommendations,**  
**Conclusion**

## 4.1 Major Findings

- i. Cost of the materials price changes time to time that also changes budget schedule also.
- ii. Profit loss assessment sheet also influence by the change of material price so that profit of the project may differ from predicted budgeted profit.
- iii. Time to time overiewing and updating budgeting sheet with the fluctuating material price.
- iv. Market is very sensitive with the economic conditions of the country, even with the fiscal policy of the Government.
- v. Material prices are high
- vi. Political unrest, bureaucratic problem & unseen cost are the major issue in handover the project on due time and encoded cost.
- vii. There are a large number of competitors in the market.
- viii. Most of the projects of RREL are located in some specific locations.

## 4.2 Recommendation

Providing recommendations for RANKS Real Estate Limited is a tough job indeed. As there are specialist teams who are continuously working for the improvement of every process. It is quite difficult for a fresher like me to prepare recommendations, but according to me there is a step for which I would like to recommend some point. These recommendations will definitely improve the overall organization image if implemented efficiently

- Company should monitor materials cost of the market and update actual cost from the budgeted cost.
- Company should maintain feasible profit loss assessment statement as well as.
- Management can largely depend on the group or team of the company to establish their own goals and make a decision the activities those are needed to accomplish these goals, to identify their own problems and solve the problem.
- The company should increase the number of current projects to capture the market by constructing major housing projects in the exclusive and premier zone of Dhaka city. Here, they may raise funds by moving public limited company or may try to make joint ventures with international real estate operators.
- The company executives should be more caring to the customer's speeches and to improve the customer service such as maintenance service after handover of the projects
- It should arrange training programs for their employees to improve their lack of dedicated behavior and functional skills.
- RREL should undertake strategic plans and action to increase market position in real estate industry.
- Political parties should be more responsible in declaring any political activities
- Government should be flexible in providing utility facilities in residential building and reducing the bureaucratic ladders.

### **4.3 Conclusion**

The report is covering process of the project and budgeting part of the project. As a real estate development company, Ranks has acquired an outstanding reputation by creating the best commercial and residential buildings in the entire city. The demand of this type of construction has an increasing trend, which is also support by the huge increase in population but less supply of land. So, real estate has a bring future in our country.

We know that all that reality is very different from what we have learnt from our theory books. A person can only recognize and get the idea of the world when he/she actually tries to get involved in the processes. Here in the internship, the situation is same. After getting involved with the processes and people of the organization, I could visualize many things which were not possible only reading books. In the report Project Budgeting of RREL has been elaborated.

On a concluding note it can be mentioned that the Project Budgeting of RANKS Real Estate LTD. is quite effective and efficient. Almost all the required steps of the process are done in a systematic manner maintaining some structured methods. The creative and accounts team is continuously working on the process to improve it as much as they can. The organization has a target to make their service the best among all the existing organizations in Bangladesh.

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