

BUSINESS PROPOSAL

**Establishment of an Industrial Material Storage
Warehouse in Tanzania**

May 2025

1. Project Overview

Project Name:

Establishment of Industrial Materials Storage and Logistics Warehouse

Investor:

TANZANIA HONGDA CIVIL EXPLOSIVES COMPANY LIMITED

Registered Capital:

TZS 16 Billion

Sector:

Industrial Supply Chain & Logistics Infrastructure

Project Location:

To be determined (land acquisition in progress)

Implementation Timeline:

3–5 years (phased development)

2. Project Description

The proposed project involves the phased development of a modern warehouse facility for the storage and distribution of industrial materials. The facility will serve as a logistics and storage hub to support Tanzania's growing industrial infrastructure sectors.

Phase 1:

Construction of large-scale storage warehouses, secure zones for sensitive materials, and open space for bulk commodities.

Phase 2:

Installation of value-added logistics infrastructure, including automated inventory systems, loading docks, transport fleet yards, and auxiliary office space for operations.

3. Investment Details

Category	Details
Total Investment	TZS 16 Billion (initial registered capital)
Land Requirement	50–100 acres (to accommodate warehouses and future expansion)
Key Infrastructure	Storage units, paved access roads, security fencing, utility connections
Equipment	Imported handling machinery, pallet racking systems, IT & logistics systems

4. Market & Business Model

Core Business Activities:

- Storage, handling, and logistics support for industrial inputs and raw materials.
- Distribution support for local manufacturers, importers, and contractors.
- Rental of warehouse space and value-added logistics services.

Target Clients:

- Manufacturing industries
- Government and infrastructure contractors
- Import-export companies and industrial parks
- Mining sectors

Competitive Advantages:

- Strategic location near industrial corridors and transportation networks
- Reliable warehousing for materials that require secure, climate-stable environments
- Reduction in downtime and transportation costs for clients

5. Employment & Local Economic Impact

- **Direct Employment:** 50+ staff (warehouse operators, logistics coordinators, maintenance)
- **Indirect Employment:** 100+ jobs in transport, loading, and supply chain support
- **Capacity Building:** Staff training in logistics systems, safety, and warehouse management

6. Required Support from Government Authorities

- Investment Certificate under Tanzania Investment Centre (TIC)
- Guidance on land acquisition in designated logistics and industrial zones
- Support in accessing fiscal and non-fiscal incentives under SEZ/EPZ frameworks
- Facilitation of relevant licenses and approvals (construction, utilities, environmental)

7. Sustainability & Risk Management

- **Environmental Compliance:** Design includes stormwater management, proper waste disposal, and low-emission lighting
- **Security & Safety:** 24/7 surveillance, fire prevention systems, and emergency response protocols
- **Sustainable Design:** Future integration of solar energy, green building materials, and water recycling systems

8. Financial Projections (5-Year Summary)

Category	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$500,000	\$1,200,000	\$2,000,000	\$2,500,000	\$3,000,000
Warehouse Leasing Income	\$300,000	\$700,000	\$1,200,000	\$1,500,000	\$1,800,000
Logistics Services	\$100,000	\$300,000	\$500,000	\$700,000	\$800,000
Value-Added Services	\$100,000	\$200,000	\$300,000	\$300,000	\$400,000

Operating Expenses	(\$350,000)	(\$600,000)	(\$900,000)	(\$1,100,000)	(\$1,250,000)
Staff Salaries & Benefits	(\$120,000)	(\$180,000)	(\$240,000)	(\$280,000)	(\$300,000)
Utilities & Maintenance	(\$50,000)	(\$90,000)	(\$150,000)	(\$180,000)	(\$200,000)
Security & Insurance	(\$30,000)	(\$40,000)	(\$60,000)	(\$70,000)	(\$80,000)
Equipment & IT Maintenance	(\$50,000)	(\$60,000)	(\$100,000)	(\$120,000)	(\$140,000)
Administrative Costs	(\$100,000)	(\$230,000)	(\$350,000)	(\$450,000)	(\$530,000)

| **EBITDA (Operating Profit)** | \$150,000 | \$600,000 | \$1,100,000 | \$1,400,000 | \$1,750,000 |

| **Depreciation & Amortization** | (\$50,000) | (\$80,000) | (\$100,000) | (\$120,000) | (\$120,000) |

| **Net Profit (Pre-Tax)** | **\$100,000** | **\$520,000** | **\$1,000,000** | **\$1,280,000** | **\$1,630,000** |

Key Assumptions:

- Construction and basic operations commence in Year 1, with 30–40% warehouse occupancy.
- Revenue grows as occupancy and logistics services expand.
- Warehouses leased at an average rate of \$4–5/sqm/month.
- Gradual increase in staff and operational capacity over 5 years.
- Conservative expense growth to maintain operational efficiency.