

SOLENA PROPERTY LIMITED



BUSINESS PLAN FOR DEVELOPMENT OF MODERN WAREHOUSE



1.0. SUMMARY

1.1 Project Concept

This project document presents a proposal by **SOLENA PROPERTY LIMITED**, a locally registered company with Registration number. 178529889 dated 4th October, 2024 intending to construct a modern warehouse for logistics purposes. The project promoters are confident of mobilizing financial resources through equity financing and long-term loans.

The objective of this study is to assess the commercial and operational feasibility of the project undertaken by **SOLENA PROPERTY LIMITED**; this study will be used as guiding tool and will be presented to TIC for obtaining a certificate of incentives to facilitate smooth implementation of the project.

1.2 Location

The project will be located at Plot **No.806,807, 808, Block B Measuring 24665SQM, Vijibweni Kigamboni, Tanzania.**

1.3 The Sponsors

SOLENA PROPERTY LIMITED will be sponsoring this project. The Company is owned by local four shareholders

Names	% of Shares
BROMY HOLDING LTD	0.1
LIONS RESOURCES HOLDING LIMITED	99.9

1.4 Project Management and Manpower Requirements

SOLENA PROPERTY LIMITED will be under the Management of Reload Logistics Tanzania Limited a sister company which has experience managing logistics businesses will be directly managing the project. The project will be managing directly by 10 employees.

1.5 Project description

Significant measures have been taken to liberalize the Tanzania economy so as to encourage private sector to take a lead as engine of economic growth; The Government of Tanzania embarked on adjustment program to give the private sector the leading role.

It is in view of the above that **SOLENA PROPERTY LIMITED** came up with a proposal to construct modern warehouse facilities with truck weighing scales for commercial uses. The project will involve among others acquiring necessary building materials, trucks, and pick up, the company plan to inject capital of US \$8,400,000

It is expected that the construction of a warehouse will be completed within 12months time, leasing a 15,000 square meter warehouse in the first 12 months, achieving 100% utilization of the warehouse capacity in year 1.expand to a portfolio of warehouses within five years and the company will apply to be exempted from paying import duty and VAT

on Capital good and deemed capital good, the project will aid and contribute significantly toward the construction sector and manufacturing sector, because the ware house will be used as storage and industrial park for industrial premises as well.

1.6 **Definition of Warehouse**

A warehouse is a commercial building for storage of goods, warehouse by manufacturers, importers, exporters, whole sellers, transporters, customs etc, they are usually large plain buildings in industrial areas of cities and towns, they can be equipped with loading docks to load and unload trucks, or sometimes are loaded directly from railways, airports, or seaports. They often have cranes and fork lifts for moving goods, which are usually placed on ISO standard pallets loaded into pallets racks

1.7 **Types of Warehouses**

Some of the most common types of warehouse storage facilities are:

- Pallet rack including selective, drive-in, drive-through, double-deep, pushback, and gravity flow
- Cantilever rack including structural and roll formed
- Automated storage and retrieval system (ASRS) including vertical carousels, vertical lift modules, horizontal carousels, robotics, mini load and compact 3D
- Industrial shelving including metal, steel, wire, and formed

- Mezzanine including structural and roll formed

1.8 Storage Systems

Technological development taking place has contributed quite significantly in the development of warehouses systems in the world to day. Some warehouses are completely automated, with no workers working inside. The pallets and products are moved with a system of automated conveyors and automated storage and retrieval machines coordinated by programmable logic controllers and computer running logistics automation software. These systems are often installed in refrigerated warehouses where temperatures are kept very cold to keep the product from spoiling, and also where land is expensive, as automated storage systems can use vertical space efficiently. These high-by storage areas are often more than 10 meters high, with some over 20 meters high.

The direction and tracking of materials in the warehouse is coordinated by VMS, or Warehouse Management System, a database driven computer programme. The WMS is used by logistics personnel to improve the efficiency of the warehouse by directing put ways and maintaining accurate inventory by recording warehouse transactions.

Traditional warehouse has been declining since the last decades of the 20th century with the gradual introduction of just In Time (JIT) technique designated to improve the return on investment of a

business by reducing in-process inventory. The JIT system promotes the delivery of products directly from the factory to the retail merchant or from parts manufacturers directly to a large-scale factory such as an automobile assembly plant, without the use of warehouses. However, with the gradual implementation of offshore outsourcing and offshoring in about the same time period, the distance between the manufacturer and retailer (or the parts manufacturer and the industrial plant) grew considerably in many domains, necessitating at least one warehouse per country

or per region in any typical supply chain for a given range of products.

Recent developments in marketing have led to the development of warehouse-style retail stores with extremely high ceilings where decorative shelving is replaced by tall heavy duty industrial racks, with the items ready for sale being placed in the bottom parts of the racks and the crated or palletized and wrapped inventory items being usually placed in the top parts. In this way the same building is used both as a retail and warehouse.

Modern warehouses are also used at large by exporters/ manufacturers as a point of developing retail outlets in particular region or country. This concept reduces the end cost of the product to the consumer and thus enhances the production sale ratio. Warehousing is an age-old concept which can be used as sharp tool by original manufacturers to

reach out directly to consumers leaving aside or bypassing importers or any other agencies or person

2.0 PROJECT'S INVESTMENT COST

The estimated capital investment cost of the project is US \$ 8,400,000

SOLENA PROPERTY LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	7,300,000.00
Machinery & Equipment	1,000,000.00
Motor Vehicles	80,000.00
Furniture & Fixtures	5,000.00
Pre exp	2,000.00
Others	8,000.00
Working Capital	5,000.00
TOTAL	8,400,000.00

3.0 FINANCING PATTERN

The project will be financed by equity US\$ 400,000 and loan US \$ 8,000,000

4.0 PROJECT OPERATING COSTS

In order to realize its intended objective, the project will have to meet operating costs.

SOLENA PROPERTY LIMITED OPERATING COSTS (US\$)

	1	2	3	4	5	6	7	8	9	10
Operating Expenses:	90,000	99,000	108,900	119,790	131,769	144,946	159,440	175,385	192,923	212,215

5.0 ASPECTS OF PROJECT SUSTAINABILITY

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The growing demand for warehouses due to growth of manufacturing and transportation sectors gives them assurance of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

6.0 MONITERING AND EVALUATION

The monitoring and evaluation tools will be applied in running this project as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

7.0 FINANCIAL ANALYSIS

7.1. Considerations and Assumptions:

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty

and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied.

It is assumed that the major building raw material will be procured from local market and other will be imported. Revenues have been conservatively estimated based on experience of the promoters and trends in the warehouse and logistics industry.

7.2 Financial Statements:

7.3 Projected Warehouse Revenue

For projection purposes, it is assumed that the economic life of the project is ten years, and that revenue from warehouse commence from the first year of operation.

7.4 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 10 years period. The position depicted is that the project earns profit throughout its life. Accumulated profits grow from. US \$ **135,450** in first year to US \$ **8,407,988 in** the 10th year

7.5 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from 1st year US\$ 499,950 of operation to the US \$ 12,052,988 in 10th year.

7.5 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Shareholders equity increases from US\$**400,000 in** the first year of operation to US \$ **8,807,988 in** the 10th year.

7.6 Projected payback period

Total investment is US **\$8,400,000** cash accumulation in year 9th is US\$. 8,878,230 **which** are more than the initial investment costs

7.7 Projected loan repayments

The loan borrowed from financial sister company is expected to be fully paid within 10 years,

7.8 Projected Risks

This is a real estate and logistics investment; no major risks have been identified for this kind of project so far. Unless a change in the country's political and economic stability occurs, the project is more likely to prosper very fast for a very long period.

8.0 ECONOMIC ASPECTS

Implementation of this project will have the following social and economic values

- The project will provide high quality warehousing storage facilities with state of the art and company office to meet international standards required by the company and targeted clients
- The project is an ideal option for utilization of the acquired prime site in Kigamboni Area, Dar es Salaam region
- The project will involve transfer of technology in warehousing facilities.
- The project will create direct employment for 15 people on permanent contract basis as well as on temporary basis.
- It will create more business opportunities to local transporters, farmers which will also have a economic trickledown effect in the Tanzania economy.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn.

9.0 IMPLEMENTATION

Project implementation is expected to be relatively very short once project has been approved it is estimated that once transfer of property is completed, the company will start immediately to implement the project

S/N	ACTIVITY	PERIOD
1	Processing TIC Certificate of Incentive	April 2025
2	Contractor Procurement	April-July 2025
4	Site preparation and building permit approval	July- August, 2025
5	Construction of warehouse	October-October 2026
6	Equipping warehouse	Dec-Feb 2026
7	Commercial operations	Feb 2026

10.0 CONCLUSION AND RECOMMENDATIONS

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 2022.

SOLENA PROPERTY LIMITED COST STRUCTURE US\$

PARTICULAR	US\$
Land and Buildings	7,300,000.00
Machinery & Equipment	1,000,000.00
Motor Vehicles	80,000.00
Furniture & Fixtures	5,000.00
Pre exp	2,000.00
Others	8,000.00
Working Capital	5,000.00
TOTAL	8,400,000.00

SOLENA PROPERTY LIMITED PROJECTED CASH FLOW US\$

	0	1	2	3	4	5	6	7	8	9	10
SOURCES:											
Profit before interest and depreciation	0	163,200	171,360	179,928	188,924	198,371	208,289				
Equity	463,000										
Loan	200,000.00										
Total Sources	663,000.00	163,200.00	171,360.00	179,928.00	188,924.40	198,370.62	208,289.15	218,703.61	229,638.79	241,120.73	253,176.76
Applications:											
Capital expenditure	652,000.00	-	-	-	-	-					
working Capital &Others	11,000.00										
Cash	0	124,950.00	130,662.00	136,659.60	142,957.08	149,569.43	151,712.41				
Tax	-	38,250	40,698	43,268	45,967	48,801	56,577	59,701.08257	62,981.63669	55,626.21853	70,043.02945
Sub total	663,000.00	163,200.00	171,360.00	179,928.00	188,924.40	198,370.62	208,289.15	59,701.08	62,981.64	55,626.22	70,043.03
Total applications	663,000.00	163,200.00	171,360.00	179,928.00	188,924.40	198,370.62	208,289.15	59,701.08	62,981.64	55,626.22	70,043.03
Accumulated cash		124,950.00	255,612.00	392,271.60	535,228.68	684,798.11	836,510.52	836,510.52	836,510.52	836,510.52	836,510.52

SOLENA PROPERTY LIMITED PROJECTED PROFIT AND LOSS US \$

	1	2	3	4	5	6	7	8	9	10
Revenue	648,000	790,560	948,672	1,138,406	1,366,088	1,639,305	1,967,166	2,360,600	2,832,719	3,399,263
Operating Expenses:	90,000	99,000	108,900	119,790	131,769	144,946	159,440	175,385	192,923	212,215
Profit before Depreciation &Interest	558,000	691,560	839,772	1,018,616	1,234,319	1,494,359	1,807,726	2,185,215	2,639,796	3,187,048
Interest	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Depreciation	164,500	164,500	164,500	164,500	164,500	164,500	164,500	164,500	164,500	164,500
Gross Profit	193,500	327,060	475,272	654,116	869,819	1,129,859	1,443,226	1,820,715	2,275,296	2,822,548
Tax (30%)	58,050	98,118	142,582	196,235	260,946	338,958	432,968	546,214	682,589	846,764
Profit After Tax	135,450	228,942	332,690	457,881	608,873	790,902	1,010,258	1,274,500	1,592,707	1,975,784
Accumulated Profit	135,450	364,392	697,082	1,154,964	1,763,837	2,554,738	3,564,997	4,839,497	6,432,204	8,407,988

SOLENA PROPERTY LIMITED PROJECTED CASH FLOWS US \$

SOURCES:		1	2	3	4	5	6	7	8	9	10
Profit before interest and depreciation	-	558,000	691,560	839,772	1,018,616	1,234,319	1,494,359	1,807,726	2,185,215	2,639,796	3,187,048
Equity	400,000										
Loan	8,000,000										
Total Sources	8,400,000	558,000	691,560	839,772	1,018,616	1,234,319	1,494,359	1,807,726	2,185,215	2,639,796	3,187,048
Applications:											
Capital expenditure	8,385,000	-	-	-	-	-					
working Capital &Others	15,000										
Cash	-	499,950	593,442	697,190	822,381	973,373	1,155,402	1,374,758	1,639,000	1,957,207	2,340,284
Tax	-	58,050	98,118	142,582	196,235	260,946	338957.795	432967.731	546214.492	682588.926	846764.401
Sub total	8,400,000	558,000	691,560	839,772	1,018,616	1,234,319	1,494,359	1,807,726	2,185,215	2,639,796	3,187,048
Total applications	8,400,000	558,000	691,560	839,772	1,018,616	1,234,319	1,494,359	1,807,726	2,185,215	2,639,796	3,187,048
Accumulated cash		499,950	1,093,392	1,790,582	2,612,964	3,586,337	4,741,738	6,116,497	7,755,497	9,712,704	12,052,988

SOLENA PROPERTY LIMITED PROJECTED BALANCE SHEET US \$

Fixed Assets	0	1	2	3	4	5	6	7	8	9	10
Opening balance	-	8,385,000	8,220,500	8,056,000	7,891,500	7,727,000	7,562,500	7,398,000	7,233,500	7,069,000	6,904,500
Total Long-term Assets	-	8,385,000	8,220,500	8,056,000	7,891,500	7,727,000	7,562,500	7,398,000	7,233,500	7,069,000	6,904,500
Less depreciation	-	164,500	164,500	164,500	164,500	164,500	164,500	164,500	164,500	164,500	164,500
Closing balance	-	8,220,500	8,056,000	7,891,500	7,727,000	7,562,500	7,398,000	7,233,500	7,069,000	6,904,500	6,740,000
Working capital	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Accumulated cash	-	499,950	1,093,392	1,790,582	2,612,964	3,586,337	4,741,738	6,116,497	7,755,497	9,712,704	12,052,988
Total assets	15,000	8,735,450	9,164,392	9,697,082	10,354,964	11,163,837	12,154,738	13,364,997	14,839,497	16,632,204	18,807,988
Financed by											
Equity	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Accumulated profit	-	135,450	364,392	697,082	1,154,964	1,763,837	2,554,738	3,564,997	4,839,497	6,432,204	8,407,988
Total equity	400,000	535,450	764,392	1,097,082	1,554,964	2,163,837	2,954,738	3,964,997	5,239,497	6,832,204	8,807,988
Long term loan	16,116,000	14,101,500	12,087,000	10,072,500	8,058,000	6,043,500	4,029,000	2,014,500	0	0	0
Total debts	16,116,000	14,101,500	12,087,000	10,072,500	8,058,000	6,043,500	4,029,000	2,014,500	-	-	-
Total equity and debts	16,516,000	14,636,950	12,851,392	11,169,582	9,612,964	8,207,337	6,983,738	5,979,497	5,239,497	6,832,204	8,807,988

SOLENA PROPERTY LIMITED ROJECTED LONG TERM LOAN REPAYMENT US\$

Year	principle	Loan Interest	Total Amount Paid	Loan Balance
-	800,000	200,000	1,000,000	8,000,000
1	800,000	200,000	1,000,000	7,200,000
2	800,000	200,000	1,000,000	6,400,000
3	800,000	200,000	1,000,000	5,600,000
4	800,000	200,000	1,000,000	4,800,000
5	800,000	200,000	1,000,000	4,000,000
6	800,000	200,000	1,000,000	3,200,000
7	800,000	200,000	1,000,000	2,400,000
8	800,000	200,000	1,000,000	1,600,000
9	800,000	200,000	1,000,000	800,000
10	800,000	200,000	1,000,000	-
TOTAL	7,200,000	1,800,000	9,000,000	

SOLENA PROPERTY LIMITED PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	135,450	164,500	299,950	299,950
2	228,942	164,500	393,442	693,392
3	332,690	164,500	497,190	1,190,582
4	457,881	164,500	622,381	1,812,964
5	608,873	164,500	773,373	2,586,337
6	790,901	164,500	955,402	3,541,738
7	1,274,500	164,500.00	1,439,000	4,980,739
8	1,592,707	164,500.00	1,757,207	6,737,946
9	1,975,783.	164,500.00	2,140,284	8,878,230

