

**GREAT LAKES FREIGHT LIMITED
P.O.Box 38383
DAR ES SALAAM**

**A BUSINESS PLAN FOR CONSTRUCTION
OF WAREHOUSE AND STORAGE
FACILITY PROJECT**

**Prepared By:
GREAT LAKES FREIGHT LTD
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1.0 INTRODUCTION

1.1 The Company

Great Lakes Freight Limited is a local Tanzanian registered Company that was registered and having certificate of incorporation number 55007 issued on 27th December 2005 by BRELA. The company is incorporated to offer services of Tourism, Hotel and Camping activities, Transportation basically fleet management and cargo movements transporting raw materials, containerized and loose cargo and abnormal/wide loads to up-countries (East and Central Africa). Having many years now in the transport business, Tanzania's economy and trade are rapidly expanding, driven by import and export activities through the Port of Dar es Salaam, as well as growth in agriculture, manufacturing, mining, and e-commerce. This has created a rising demand for modern warehousing solutions that meet international standards.

The company is now well prepared to establish warehousing and storage facility project to withstand the mentioned demand. Tanzania is the largest country in East Africa that is geographically strategically located in relation to her neighbors. Because of the above-mentioned factor, the country's transportation system is also used to serve landlocked neighbors, i.e. countries of Uganda, Rwanda, Burundi, eastern DRC, northern parts of Zambia, Malawi and some northern

parts of Mozambique.

The transport sector plays a critical role in the social and economic development of a country. Transport provides links between centers of production and those of consumption, markets, in the economic sectors such as agriculture, industry mining and tourism. It facilitates the flow of goods and people along the import/export corridors that link the coastal ports and landlocked countries.

Transport equally provides access to employment, health, education, recreation and other services. Therefore, one is rightly justified to conclude that without a good transportation and storage systems the development of a country is doomed.

It is quite acceptable to note that the Government of Tanzania realizes the role of the transport sector, modern warehousing and storage facilities for its economic and social development, and as a result has significantly improved the respected sectors which will be very instrumental in improving the business and investment environment.

It is confirmed that poor warehousing and storage facilities, limited transport and communication infrastructure are the major causes of low levels of intraregional trade in Eastern Africa. Despite this factor, **Great Lakes Freight Limited** has resolved to assist to provide a solution to stimulate the said intraregional trade.

1.2 The Company Registration

Great Lakes Freight Limited is a privately owned company incorporated for purpose of carrying out cargo, cargo handling and other transport operations to provide both domestic and transit cargo haulage services, Tourism, Hotel and Camping activities. It is a local Tanzanian company registered under Company law by BRELA having a certificate of incorporation number 55007 issued on 27th December 2005 with the following shareholders;

1.3 The Project

This project's main objective is to carry on warehousing and storage business depending on Transport and Logistics of cargo by Land Up-countries (eastern and Central Africa). With this objective the Company foresees expanding its transport fleet system. It will also modernize its supporting facilities in order to be more competitive in the current market. The Company's competitive advantage is the experience gained over the years through their fast and efficient delivery, cost effective, reliable service, and professionalism in their business approach and also the standing arrangements it has with various companies and agencies for providing bulk of cargo destined to their desired destination. Our aim is to serve our customer with quality and speed by having quality and reliable trucks, Cargo Managements system and qualified staff.

Generally, the company has the following micro objectives:

- To deliver world-class storage, handling, and distribution services that enhance supply chain efficiency for businesses in Tanzania and beyond.
- To establish and operate integrated warehousing facilities in Tanzania targeting local and regional trade.
- To promote trade between Tanzania and her neighbor landlocked countries.
- To provide extra employment to more people in the sector.

In combination with the above-mentioned objectives, the activities of the Company are:

- Construction, import trucks and associated equipment used for transportation.
- Transport of raw materials, containerized and loose cargo and abnormal/wide loads to up-countries.
- Storage and distribution.
- Import of merchandised goods

1.4 The Project Promoters

The project promoters are directors and shareholders of **Great Lakes Freight Limited** as shown below;

Table1. Distribution of shares

S/N	Directors/Shareholders	NATIONALITY	Shares
1	ABDALLAH AHMED MBARAK	TANZANIAN	3,600
2	SALMIN AHMED MBARAK	TANZANIAN	3,600
3	SABRI AHMED MBARAK	TANZANIAN	3,600

From the above table; the company's authorized share capital is Tsh 54,000,000/= with total of Class Ordinary shares 10,800, worth Tsh.5,000/= per share.

1.4 Company and Project Location

1.5.1 Company Location

The company's principal Location is at Temeke Ward, Temeke District in Dar Es Salaam Region – Tanzania. Company's Postal code is 15101, Bandari Street, Kurasini Road, Plot number 101, Block number 2A, and House number 16.

1.5.2 Project Location

The project location is at Kibada, Kigamboni in Dar es Salaam - Tanzania, Plot number 229 and Block number 14.

1.6 Mission and Vision Statement

1.6.1 Our Vision

To be one of the leading companies in Dar es Salaam in the field of transport, warehousing and storage services. The company will strive to offer excellent services by providing high

quality of services and using the latest available technology for the industry.

1.6.2 Our Mission

To become a complete logistics management Company servicing the East and Central Africa sub-region in the areas of Logistics, Storage and Haulage.

1.6.3 Our Strength

The Company is a solid partner for our customers and all other stakeholders based on the integrity and competence of our people, our experience and our track record for delivering results.

1.6.4 Performance

We demand excellence, deliver on our promises and continuously search for new and better ways to provide the best solutions for our customers and our stakeholders.

1.6.5 Passion

We care about and are personally committed to everything we do, especially our people, their safety and development, our customers and their success, and the world we inhabit, in particular the people and environment in the communities where we live and work.

2.0 INVESTMENT COSTS AND SOURCES OF FINANCES

2.1 Project Investment Cost

The invested capital will fund various items in the project. In order to reach full implementation of this project, the Company intend to invest total amount of US\$ 2,000,000 as illustrated on Investment Breakdown Table 2 below. The Company will use equity in order to make their project successful.

2.2 Financing Plan

The project's cost will be financed by shareholder's equity contributions as shown below.

Equity (USD)	Loan (USD)	Total (USD)
2,000,000	0	2,000,000

3.0 ECONOMIC DEVELOPMENT CONSIDERATIONS

3.1 Job/Employment Creation

The project will create approximately more than 150 jobs (both direct and indirect) with capacity to expand the employment opportunity levels in in the country during its implementation phases. The jobs offered are in the following categories; construction workers, drivers, accounts and finances, tracking officers (Operations, liaisons, operation managers etc.) and agents. At full implementation, company

will retain few professionals for warehousing and storage operations. It is projected that at least 45 people will be retained to run the business at full project implementation phase.

Male	Female	Total
30	15	45

3.2 Foreign exchange Earnings

Due to the nature of transit cargo business, the payments are made in local and foreign currency. This is a great contribution to the country in foreign exchange earnings.

3.3 Economies of Scale

Profitability is greatly affected by economies of scale. Improved communication, and infrastructure facilities will increase transport logistics significantly, which will eventually increase profits dramatically hence guaranteeing higher returns in the long run. Centralized warehousing reduces costs per unit of storage, leading to competitive pricing and increased profitability as the facility scales.

3.4 Government Revenue

The government and other agencies will benefit from various taxes, fees and commissions that will be paid to the treasury.

4.0 INVESTMENT FUNDS EXPENDITURE BREAKDOWN

As explained previously, the Company intends to invest total capital worth of US\$ 2,000,000 to fund various items and operations during its

implementation. The project involves the construction of modern warehouse and storage facilities at Kibada, Kigamboni District a strategic logistics location within Dar es Salaam. Part of the construction materials and specialized fittings will be imported to ensure durability, compliance with international standards and suitability for long-term industrial storage operations. The working capital will support initial operations, utilities, staffing and maintenance during the commencement phase. The following below is warehousing and storage facilities investment breakdown.

Table 2: Company’s expected expenditure on the project

Particular	Expenditure Breakdown (US\$)
Land and Building	1,080,000
Plant/workshop facilities	280,000
Vehicles	115,000
Furniture and fittings	40,000
Pre-expenses	25,000
Others	210,000
Working capitals	250,000
Total	2,000,000

5.0 SOURCE OF SUPPLY OF INPUTS

The project’s objective is to establish and operate integrated warehousing and storage facilities in Tanzania, targeting local and regional trade. The company plans to establish its first major warehouse hub near Dar es Salaam Port, with closeness to key road and rail networks for efficient cargo movement. The company procured and will continue to procure trucks and other related equipment for

transportation, warehouse and storage facilities direct from Tanzania, China and other countries.

It has been estimate that full-scale operations of 100 trucks will meet at least 8,000 trips annually in different destinations in Tanzania and landlocked neighboring countries of DRC Congo and Zambia. Therefore, these trips will be the main source of cargo and other goods to be handled within the company's warehousing.

6.0 MARKET PLAN

Over 90 percent of the country's freight movement is by road transport where road transport is the most widely used form of transport in Tanzania to the landlocked countries. The government of Tanzania under the president Samia Suluhu Hassan has put much effort to improve the services of the port of Dar es Salaam, which has led to raising the number of ship calls involving mainly deep-sea ships. A rise in the number of ship calls is bound to push up the volume of cargo handled, which in turn requires more transportation and storage facilities. Road transport accounts for 90% of total freight volume and 80% of passenger transport. It is further estimated that 80% to 90% of the bulk of agricultural crops and industrial goods are handled through road transport system.

The company has established a chain of clients who are regular customers for transportation, cargo handling and warehousing

services. The Company expects to receive enquiries for the services from all over the whole Eastern and Southern Africa as we base on transport of all kinds of goods, including loose cargo, containerized cargo and other related cargo thus covering the whole aspect of logistics.

The targeted markets of the project have been Tanzania itself and the neighboring landlocked countries. The neighboring countries that have been served as the target of this project are specifically DRC, Zambia, Burundi, Rwanda and Malawi.

It is in view of this that, despite some minor challenges facing, **Great Lakes Freight Limited** has resolved to invest in the warehousing and storage sector so as to provide a solution that would lead to stimulating the said intraregional trade. The project is expected to offer a challenge to the business community to enhance intraregional trade between Tanzania and these countries.

6.1 Competition

The leading clearing and forwarding companies prefer to offer business to transporters with a substantial fleet of reliable trucks/trailers. **Great Lakes Freight Limited** already has well-established market and also has a fleet of heavy trucks including trailers and is also expecting to have expansion in years to come. Therefore, the Company is self-assured to emerge as one of the major companies with modern

warehouse and storage facilities in Tanzania.

7.0 IMPLEMENTATION SCHEDULE

Project implementation is expected to be relatively very short once TIC approval is received. The expansion project is expected to be implemented within first five years.

The company intends to establish a modern and international warehouse and storage facilities with qualified standards to continue serve Tanzania's economy and its neighboring landlocked countries such as DRC and Zambia. In the future the company will expand to accommodate the whole of eastern and southern Africa.

In addition the Company will continue to improve good flow of cargo from port of Dar es Salaam to the landlocked neighboring Countries through fast and efficient delivery, cost effective, providing reliable service and professionalism.

On the other hand; the company intend to purchase or acquiring at least 50 transportation vehicles in every year. Currently, the supplier of the trucks has already been identified and supply is awaiting instructions from the project directors. In this aspect, delivery of our customers' received and stored cargo will be done in short period of time once we finalize financing sources.

The company also intends to acquire new communication equipment such as modern GRPR & GPS tracking systems, modern garage

equipment and truck diagnostics systems.

8.0 PROJECTED REVENUE, COST AND PROFIT FOR 5 YEARS

Table 3. Projected Income and Expenditure Statement

Description/ Year	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Revenue	1,630,700	1,640,780	1,649,800	1,655,820	1,700,860
Costs	410,000	412,000	418,000	420,000	425,000
Gross Profit	1,220,700	1,228,780	1,231,800	1,235,820	1,275,860

9.0 CONCLUSION AND RECOMMENDATIONS

The brief financial analysis indicates that the proposed project will be financially and economic viable. This warehousing and storage facility project is technically feasible, financially viable, and socially beneficial. It will contribute to Tanzania's trade competitiveness, create employment, generate foreign exchange and strengthen regional supply chains. It is strongly recommended that the project directors are availed with the required institutional assistance so as to enable them to implement the intended proposed project