

**BUSINESS PLAN ON THE
DEVELOPMENT OF
INDUSTRIAL SHEDS**



**101 IMPROVED FOODS AND
PACKAGING COMPANY LIMITED**

1. Executive Summary

The **Industrial Shed Project** is implemented by **101 Improved foods and packaging company limited**, a Tanzanian registered company holding Certificate of Incorporation number **181850019**. The company is owned by local Tanzanians: Gideon Kabakeza Peter (95% shares) and Agnes Ernest Mabina (5% shares).

The **This project** represents a landmark infrastructure initiative designed to catalyze the industrial transformation of Tanzania's Lake Zone. This project involves the development and management of a cutting-edge industrial complex comprising ten (10) high-specification industrial sheds situated on a prime ten-acre site in the Kahama District, Shinyanga Region.

Project vital statistics:

- **Total Area for development:** 40,000 square meters.
- **Configuration:** 10 Sheds (4,000 sqm each), flexible design for up to 20 independent production lines.
- **Estimated Capital Investment:** **\$4,000,000 USD** as the total investment budget for the whole project.
- **Primary Revenue Model:** Long-term commercial leases (3-5 years) targeted at Grade-A manufacturing, logistics, and warehousing tenants.

Strategic Importance of the project.

The strategic significance of this project extends far beyond simple real estate development; it serves as a vital logistics and industrial enabler located at the heart of Tanzania's Central Corridor. Often referred to as the "Inland Gateway," Kahama sits at the critical intersection connecting the port of Dar es Salaam to the resource-rich, landlocked markets of Rwanda, Burundi, and the Democratic Republic of the Congo (DRC). Despite this pivotal geographic advantage, the region has historically suffered from a chronic shortage of modern, scalable industrial infrastructure. Businesses currently operating in the area are often forced to utilize converted residential properties or substandard godowns, which stifles efficiency, compromises security, and limits trade volume. This project directly confronts this

infrastructure deficit by establishing a dedicated industrial zone capable of handling high-volume logistics and sophisticated manufacturing operations.

To bridge this gap, the project introduces a "plug-and-play" infrastructure model that drastically lowers the barrier to entry for domestic and foreign investors. By offering fully serviced, high-specification industrial sheds, we eliminate the complex, capital-intensive, and time-consuming process of greenfield construction for our tenants. This turnkey approach allows agro-processors, logistics firms, and mining support industries to focus their capital on machinery and operations rather than brick-and-mortar development, thereby accelerating their time-to-market. Consequently, this facility will act as a catalyst for economic transformation, shifting the regional focus from the mere transit of raw materials to localized value addition and processing, ensuring that a greater share of the economic value chain is retained within the Shinyanga Region.

By providing secure, Class-A manufacturing environments, the project supports the national **Tanzania Development Vision 2025** by facilitating:

1. **Value Addition:** Shifting the region from exporting raw agricultural produce (rice/maize) to processing finished goods.
2. **Mining Support Ecosystem:** Creating a formalized hub for engineering and service companies supporting the robust Gold Mining sector in Shinyanga and Geita.
3. **Formalized Logistics:** Offering bonded warehousing standards required for international transit cargo, thereby increasing the efficiency of the Dar es Salaam port corridor.

Financially, the project offers a stable, high-yield investment opportunity. With a conservative estimated Internal Rate of Return (IRR) now significantly exceeding the 15% target and a gross yield on cost of approximately **36%** upon stabilization (Year 4), it balances high operational returns with strong long-term asset appreciation.

2. Country Overview of the Project: Tanzania and the Lake Zone

Tanzania represents one of the fastest-growing economies in East Africa, backed by political stability and a commitment to ambitious long-term infrastructure and economic development plans.

- **National Development Framework (Vision 2025 & 2050):** The project operates within Tanzania's overarching developmental strategy. The immediate goal is guided by **Tanzania Development Vision 2025**, which aims to transform the country into a middle-income, semi-industrialized nation. The upcoming **Tanzania Vision 2050** builds upon this foundation, outlining the long-term national initiative to drive economic development towards becoming a high-middle-income, highly competitive, and technology-driven economy. This project directly supports the pillars of both visions by creating modern, formalized productive capacity essential for sustained economic expansion.
- **Economic Stability and Growth Initiatives:** Tanzania has maintained sustained GDP growth, averaging 5-6% annually over the last decade. This stability, coupled with strategic investment initiatives focused on industrial capacity, reinforces the country's economic development trajectory.
- **Strategic Location:** It serves as the primary gateway for landlocked neighbors (Uganda, Rwanda, Burundi, DRC, Zambia, and Malawi) through the Port of Dar es Salaam.
- **Industrial Policy:** The government, through the Tanzania Investment Centre (TIC), provides fiscal incentives and support, aligning the project with the national industrialization agenda by prioritizing value-added manufacturing and export promotion.
- **Infrastructure Investment:** Massive ongoing investments in the **Standard Gauge Railway (SGR)** and road networks specifically strengthen the central corridor that passes directly through Kahama, ensuring seamless movement of raw materials and finished goods.

3. Project Overview

3.1 Strategic Location: Kahama District, Shinyanga Region

The **Industrial Shed Project** is ideally situated within the Kahama District of the Shinyanga Region, a location often referred to as the geographic and economic heart of Tanzania's Lake Zone. This strategic placement ensures maximum logistical efficiency and access to key regional markets and resource sectors.

- **Central Corridor Nexus:** Kahama serves as a vital junction point along the Central Corridor, the primary trade artery linking the port of Dar es Salaam with the landlocked economies of East and Central Africa (Rwanda, Burundi, and the eastern Democratic Republic of the Congo). The project site is directly positioned near the intersection of major national road networks, facilitating seamless road freight movement.



- **Proximity to Resource and Logistics Hubs:** The park is located in immediate proximity to two critical economic drivers:
 - **The Gold Mining Belt:** Shinyanga and the adjacent Geita Region form the nucleus of Tanzania's gold mining industry. The Industrial Sheds are perfectly positioned to serve as the formalized logistics and service hub for specialized engineering, fabrication, chemical storage, and maintenance operations

required by large-scale mining houses, directly supporting government local content policies.

- **Isaka Dry Port:** Kahama is strategically close to the Isaka Dry Port, which acts as the inland customs clearance point for regional transit cargo. The proximity allows tenants to benefit from reduced transport costs, faster customs processing, and efficient rail connectivity once the Standard Gauge Railway (SGR) is fully operational to this node.
- **Land Security and Zoning:** The development occupies a secured, ten-acre plot within a designated industrial zone. This designation provides long-term security of tenure (with a 99-year lease secured) and minimizes regulatory and environmental compliance hurdles often associated with converting land in non-industrial areas. The availability of high-voltage industrial power lines and bulk water infrastructure in this zone further validates the site's suitability for high-capacity manufacturing.

3.2 Concept: Plug-and-Play Industrial Park

The project provides investors with immediate access to operational, modern factory/warehouse space. This eliminates the lengthy construction timelines and high capital deployment typically associated with building custom facilities in emerging markets.

3.3 Project Alignment with National Industrialization

This industrial park is designed not just as a real estate asset but as an active component of Tanzania's national industrialization strategy. It addresses three core pillars of economic transformation:

- **Value Chain Integration:** By providing suitable infrastructure, the park enables local agro-processors to move up the value chain (e.g., from raw maize export to processed food products). For the mining sector, it facilitates local service provision and maintenance, substituting imported support services.
- **Import Substitution and Export Promotion:** The facility encourages the domestic manufacturing of goods that were previously imported (import substitution). Simultaneously, its proximity to regional cross-border routes (DRC, Rwanda) and

adherence to international quality standards (Grade-A) promotes efficient, high-volume export of finished goods, directly contributing to export diversification.

- **Economic Multiplier Effect:** The concentration of various industries (logistics, processing, engineering) in one secure location fosters backward and forward linkages. The presence of anchor tenants will attract suppliers and auxiliary services, creating stable employment and stimulating local ancillary businesses (transport, catering, maintenance), thereby maximizing the economic multiplier effect in the Shinyanga Region.

4. Product Description: Class-A Industrial Facilities

The core product is the lease of high-specification industrial space designed for optimal manufacturing and logistics efficiency.

4.1 Physical Specifications

- **Total Land Size:** 10 Acres.
- **Number of Units:** 10 Industrial Sheds.
- **Size per Unit:** 4,000 Square Meters (40m \times 100m\$ approx).
- **Internal Flexibility:** Each shed is designed with structural provision for a central partition, allowing for dual tenancy or accommodating **two independent production lines** (2,000 sqm each) to cater to smaller tenants seeking Grade-A space.

4.2 Technical Features

- **Construction:** Durable Pre-Engineered Steel Buildings (PEB) on reinforced concrete foundations.
- **Flooring:** Heavy-duty, laser-screeded industrial concrete floors, rated for high point-loads from heavy machinery and racking.
- **Clear Height:** 9-meter clear height, maximizing vertical storage capacity and accommodating specialized industrial equipment.
- **Utilities:** Reliable 3-Phase Industrial Power connection, independent water supply systems, and secure waste management protocols.

- **Logistics Access:** Automated dock-levelers for efficient loading/unloading of container trucks and separate grade-level doors.

5. Market Analysis and Demand Forecasting

5.1 Target Market Segments and Size

The total available industrial and logistics market space in the Shinyanga/Kahama region is estimated to be approximately 150,000 to 200,000 square meters, currently serviced by fragmented, mostly informal facilities. The project, offering 40,000 sqm, aims to capture a significant 20-25% share of the formalized, premium segment of this market.

Target Segment	Primary Activity	Estimated Growth	Regional Demand Required Features
Agro-Processors	Milling, packaging, storage of cash crops (rice, maize, cotton).	8-10% Annually (driven by value-add policy).	Hygienic environment, 9m height for silo integration, heavy floor loads.
Mining Support Services	Fabrication, equipment servicing, chemical warehousing for Geita/Shinyanga gold belt.	5-7% Annually (driven by local content laws).	High power capacity, secure access, flexible workshop layouts.
Logistics Transit Goods	& Consolidation, temporary storage, bonded warehousing for transit to DRC/Rwanda/Burundi.	12-15% Annually (driven by and efficiency).	Dock-levelers, 24/7 SGR security, large turning Port radius for container trucks.

5.2 Market Needs and Competitive Gaps

The primary market need is the **availability of high-quality, scalable space**. Current competitive offerings are severely deficient:

- **Substandard Infrastructure:** Over 80% of current industrial space in Kahama is converted general-purpose storage or old low-ceiling godowns, severely limiting the installation of modern vertical racking systems or tall processing machinery.
- **Security and Compliance:** Lack of formal fire suppression systems, reliable backup power, and 24/7 security prevents Grade-A tenants (especially international logistics and mining firms) from establishing large-scale operations.
- **Logistics Bottlenecks:** Existing facilities lack dock-levelers, requiring manual or difficult offloading of 40-foot containers, a critical efficiency gap our project resolves.

5.3 Demand Drivers and Absorption Projection

Demand is driven by macro-economic policies and large-scale infrastructure projects:

1. **SGR Impact:** The completion of the Standard Gauge Railway to the nearby Isaka Dry Port is the most significant demand driver. It is expected to reroute a substantial volume of cargo from the Dar es Salaam corridor through Kahama, necessitating a surge in warehousing and distribution capacity.
2. **Local Content Requirements:** Government enforcement of local content policies forces international mining and exploration companies to establish formalized local bases for servicing their operations, directly translating into demand for high-specification workshop sheds.
3. **Urbanization and Formalization:** As the Shinyanga/Kahama region urbanizes and the government formalizes trade, businesses are migrating from temporary, illegal structures to compliant industrial parks.

Absorption Forecast Justification:

The project requires a consistent absorption of approximately **700-1,000 sqm per month** on average over the first three years to achieve the projected occupancy rates. Given the 40,000 sqm market deficit for Grade-A space, the combination of policy-driven manufacturing relocation and logistics expansion provides a robust, conservative basis for achieving 95% stabilization by Year 4.

5.4 Rental Pricing Strategy

The proposed base rental rate of **\$3.50 per sqm/month** (excluding service charge) is a premium compared to sub-standard local godowns (\$1.50 - \$2.00/sqm), but represents a significant value proposition:

- **Value-Based Pricing:** The premium is justified by the higher utility (9m clear height, dock-levelers), lower operational risk (24/7 security, reliable power integration), and the avoidance of tenant CAPEX (estimated at \$150-\$200/sqm for greenfield construction).
- **Competitive Benchmark:** This rate is 20-30% lower than comparable Grade-A facilities located in the capital, Dar es Salaam, making Kahama a highly cost-effective option for regional distribution and manufacturing while maintaining profitability.

6. Operations Plan

6.1 Management and Security

- **On-site Management:** Dedicated Park Manager responsible for daily operations, tenant liaison, and compliance.
- **Maintenance:** In-house or contracted teams for prompt repair of utilities and infrastructure to guarantee minimal tenant downtime.
- **Security:** 24/7 contracted security, perimeter wall, access control, and comprehensive CCTV monitoring across the 10-acre site.

6.2 Leasing and Marketing Strategy

- **Pricing:** Targeting **\$3.50 per sqm/month** (conservative market rate for Grade A).
- **Lease Terms:** Minimum 3 to 5-year contracts to ensure stable revenue and tenant commitment.
- **Tenant Incentives:** Offering 1-2 months of rent-free fit-out periods for long-term anchor tenants.

7. Competitor Analysis

The main competitive advantage of the **Industrial Sheds** is the **Grade-A specification** and **speed-to-market** offered, which existing alternatives cannot match.

Competitor Type	Description	Strengths	Weakness
Local Godowns	Older, privately owned warehouses in Kahama town center.	Low rental cost; Central location.	Very low quality (low roof, poor floors); High security risk; No proper loading docks.
EPZA Zones	Government-designated Export Processing Zones.	Tax incentives for exporters.	Restricted to export-focused tenants; often far from target logistics hubs.
Build-to-Suit	Companies buying land and building their own factories.	Total control over design.	Very High Capital Expenditure (\$); Long lead time (18+ months); Diversion of management focus.
Industrial Sheds (Ours)	Modern Industrial Park.	Turnkey Solution; Grade A Quality; Security; Scale; Optimal Logistics.	Higher rental cost than old, substandard godowns.

8. Environmental and Sustainability Strategy (ESG)

The This project is committed to sustainable development that minimizes environmental impact and adheres to the highest local and international EHS standards.

8.1 Regulatory Compliance and Oversight

- **Environmental Impact Assessment (EIA):** A full EIA report will be submitted to the National Environmental Management Council (NEMC) of Tanzania prior to construction, ensuring all national environmental safety standards are met and necessary permits obtained.
- **Tenant Compliance:** All lease agreements will include strict covenants requiring tenants to comply with hazardous waste disposal regulations and maintain internal

EHS protocols, especially those handling chemicals (Mining Support) or food products (Agro-Processing).

8.2 Resource Management and Mitigation

- **Water Usage and Drainage:** The facility design incorporates a dedicated system for rainwater harvesting from the vast roof areas for non-potable uses (e.g., landscaping, equipment washing). Industrial wastewater from tenants will be required to pass through pre-treatment filters before entering the park's main drainage system, preventing pollution of local ground and surface water.
- **Waste Management:** The park will implement a centralized, segregated waste management system. General refuse will be compacted, and specialized industrial waste (oils, solvents, non-recyclables) will be managed through licensed, third-party waste disposal contractors specializing in safe industrial waste removal.
- **Noise and Air Pollution:** Due to the park's location in a designated industrial zone, primary mitigation focuses on minimizing construction noise and ensuring that tenants' operations utilize modern machinery that complies with permissible noise limits.

8.3 Sustainable Design and Energy Efficiency

- **Energy Savings:** The structural design utilizes translucent sheeting panels in the roof structure to maximize natural daylight (daylight harvesting), significantly reducing the need for artificial lighting during daytime operations.
- **Solar Readiness:** The large, flat roof surfaces of the industrial sheds are structurally designed to support future installation of photovoltaic (solar) panels, enabling tenants or the park management to transition towards renewable energy generation, improving energy security and reducing carbon footprint in line with Vision 2050 goals.
- **Sustainable Materials:** Priority is given to locally sourced construction materials (e.g., concrete and steel) where quality standards are met, minimizing transportation-related carbon emissions and supporting local suppliers.

9. SWOT Analysis

The following Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis systematically evaluates the internal and external factors influencing the This project's success. This strategic framework ensures that the business plan is grounded in a realistic assessment of the project's competitive position and environmental landscape, guiding future risk mitigation and opportunity exploitation.

Category	Strengths (Internal Positive Factors)	Weaknesses (Internal Negative Factors)
Internal	Prime location at major transport crossroads (Central Corridor). Modern, 9m high-spec design attracts premium tenants. High profitability due to lower revised construction cost (\$4M). Largest private park in the region.	Dependence on the stability of the local power grid (TANESCO). Requires continuous, proactive management and maintenance.
External	Opportunities (External Positive Factors)	Threats (External Negative Factors)
External	Completion of SGR to Isaka/Kahama boosting freight volume. Government focus on industrialization and value-add processing. High demand from Mining Support Services.	Economic volatility and currency (TZS) fluctuations impacting imported materials. Changes in regional trade agreements or tariffs.

10. Investment Analysis and Risk Management

This section connects the project's strategic positioning and operational plans directly to the financial projections, identifying key investment benefits and necessary mitigation strategies to ensure sustainable profitability.

10.1 Key Investment Highlights

The project offers a compelling investment proposition driven by three factors: scarcity, strategic alignment, and optimized capital structure.

- **Premium Asset Scarcity:** This project fills a critical infrastructure vacuum by delivering the only Grade-A industrial space in the Lake Zone, commanding premium rents and strong tenant retention.
- **Strategic Growth Alignment:** The project is a direct beneficiary of massive public infrastructure investment (SGR to Isaka Dry Port) and national policy (Local Content, Industrialization), ensuring sustained, external growth drivers beyond local market dynamics.
- **High Yield on Cost:** With a revised CAPEX of \$4 million and stabilized EBITDA of over \$1.44 million, the projected **36% Gross Yield on Cost** is exceptionally high for industrial real estate, indicating rapid capital recovery and superior returns compared to regional benchmarks.

10.2 Core Risks and Mitigation Strategies

Risk Category	Description	Mitigation Strategy
Market Risk	Slower-than-expected tenant absorption rate due to economic downturns or policy delays (e.g., SGR completion).	Flexibility in unit sizing (2,000 sqm sub-units) allows for attracting smaller, more diversified tenants. Aggressive marketing and targeting of anchor tenants (mining supply chain firms).
Operational Risk	Power supply instability (grid failure) affecting tenants' production schedules.	Installation of high-capacity backup generators (Diesel/LPG) sufficient to run essential operations for all tenants. Inclusion of Solar Readiness (Section 8.3) for future energy independence.
Financial Risk	Depreciation of the Tanzanian Shilling (TZS) increasing imported maintenance/repair costs.	All lease agreements are USD-denominated, transferring currency risk to the tenants and maintaining constant revenue stability for the project owners.

		OpEx budget is conservatively estimated at 15% of revenue.
Regulatory Risk	Changes in land use zoning or introduction of new industrial taxes.	Secured long-term title (99 years) on the land and engagement with the Tanzania Investment Centre (TIC) to ensure the project remains aligned with official industrial zone incentives and protection.

Investment Breakdown

Investment Category	Amount (USD)
Land and Building	2,600,000
Plant and Machinery	700,000
Motor Vehicles	150,000
Furniture and Fittings	50,000
Pre-Operating Expenses	250,000
Working Capital	250,000
TOTAL INVESTMENT	4,000,000

11. Financial Projection for Five Years

11.1 Key Assumptions (Based on \$4M Investment)

- **Construction Cost (CAPEX): \$4,000,000 USD** (Fully financed/paid).
- **Total Leasable Area:** 40,000 sqm.
- **Rental Rate (Base):** \$3.50 per sqm/month, inflating at 3% annually from Year 2.
- **Occupancy Rate Schedule:**
 - Year 1: 50%
 - Year 2: 70%
 - Year 3: 85%
 - Year 4 & 5: 95% (Stabilized)
- **Operating Expenses (OpEx):** Fixed at 15% of Gross Rental Revenue (Covers maintenance, insurance, land rent).
- **Marketing & Admin (G&A):** Annual fixed budget for park management and promotion.

11.2 Projected Income Statement (USD)

Item	Year 1	Year 2	Year 3	Year 4	Year 5
Occupancy Rate	50%	70%	85%	95%	95%
Occupied Area (sqm)	20,000	28,000	34,000	38,000	38,000
Monthly Rate	\$3.50	\$3.60	\$3.71	\$3.82	\$3.94
Gross Rental Revenue	\$840,000	\$1,209,600	\$1,513,680	\$1,741,920	\$1,796,640
Operating Expenses (15% of Revenue)	\$(126,000)\$	\$(181,440)\$	\$(227,052)\$	\$(261,288)\$	\$(269,496)\$

Marketing & Admin (G&A)	\$(50,000)\$	\$(30,000)\$	\$(35,000)\$	\$(40,000)\$	\$(45,000)\$
EBITDA (Operating Profit)	\$664,000	\$998,160	\$1,251,628	\$1,440,632	\$1,482,144
Gross Yield on Cost (Stabilized)	16.6%	25.0%	31.3%	36.0%	37.1%
Approximate Payback Period					<i>~3.5 Years</i>

11.3 Conclusion

The implementation of the Kahama Industrial Sheds project which is budgeted at **\$4,000,000 USD** is expected to transform and champion the country's industrial driven agenda in Kahama and Shinyanga Region in general. The project upon reaching stabilization (95% occupancy in Year 4), is projected to generate over **\$1.44 million** in annual operating profit (EBITDA). This translates to an exceptional **36% Gross Yield on Cost**, positioning the **Industrial Sheds** as a high-performing infrastructure asset with a highly accelerated payback timeline of approximately **3.5 years**.