

*RACHEL HOLDINGS COMPANY LIMITED*

*Business Plan*

## **1. EXECUTIVE SUMMARY**

Rachel Holding Tanzania Limited is a corporation domiciled in the United Republic of Tanzania. The Company is owned by two shareholders namely Mr. Peng Heping and Mr. Han Xuewen. The two shareholders intend to invest in logistics and transportation sector in Tanzania. This business plan outlines the investment in a logistics and transportation project that involves the purchase of 20,000 square meters of land, development of infrastructure, construction of a customs bonded warehouse, and leasing of the warehouse for income generation. The project aims to offer logistics, transportation, warehousing services and providing facilities for businesses engaged in cross-border trade.

The estimated investment cost is approximately United States Dollars Six Hundred Thousand (USD 600,000), which will be funded through shareholder contributions. The business is projected to break even in approximately 3.5 years, with a rental income target of USD 168,000 annually.

## **2. OBJECTIVES**

2.1 The primary objective of this investment is to:

- a) Purchase 20,000 square meters of land.
- b) Carry out land leveling and hardening.
- c) Construct a perimeter wall and other essential infrastructure.
- d) Build warehouses and a customs bonded warehouse to lease to clients involved in logistics, transportation, and warehousing.

2.2 The development will focus on creating a modern, well-secured facility that can accommodate companies involved in cross-border trade, offering services such as warehousing, logistics, and transportation.

## **3. INVESTMENT COST**

3.1 The total investment cost is USD 600,000, which will be divided as follows:

3.1.1 **Land acquisition:** USD 300,000 for the purchase of land measuring 20,000 square meters.

3.1.2 **Infrastructure development:** USD 300,000 for the construction of essential infrastructure, including: land leveling and hardening, perimeter wall construction, building of a water tower, installation of surveillance systems, construction of office space, residential areas, security rooms, and warehouses.

3.2 The funding for the project will be sourced entirely from shareholder contributions.

#### 4. EMPLOYMENT

The project will create approximately 10 local employment opportunities. These positions will include roles in security, warehouse management, logistics coordination, office administration, and general maintenance. Local recruitment will be prioritized, contributing to the socio-economic development of the region and country at large.

#### 5. PROCUREMENT AND MATERIALS

5.1 The procurement of materials for the project will be conducted in two ways:

5.1.1 **Local Procurement:** Most of the materials for infrastructure development will be procured locally, including construction materials such as cement, bricks, and other essential building supplies.

5.1.2 **Imports:** Certain steel structures and specialized equipment, which are not readily available locally, will be imported from China.

#### 6. MARKETING PLAN

6.1 Once the bonded warehouse is completed, the focus will be on leasing the space to a pre-negotiated operating company specializing in logistics and warehousing. The operating company will manage the facility, ensuring that it remains operational and attracts businesses involved in cross-border trade while the Company collects the rental income.

6.2 Key strategies for marketing and attracting tenants include:

- 6.2.1 Networking and Partnerships: Engage with logistics companies, importers, exporters, and freight forwarders who would benefit from using a bonded warehouse.
- 6.2.2 Targeted Outreach: Direct marketing campaigns, including outreach to international companies requiring bonded warehousing for storage and customs clearance.
- 6.2.3 Incentives and Discounts: Offer introductory discounts or flexible lease terms to attract initial tenants.
- 6.2.4 Rental income will be collected from the leasing of the warehouse space, with terms negotiated to ensure long-term, stable cash flow.

### 6.3 IMPLEMENTATION TIMELINE

6.3.1 The project will be executed according to the following timeline:

- 6.3.1.1 Land Purchase: The acquisition of land will be completed by early 2025.
- 6.3.1.2 Infrastructure Development: Development work, including land leveling, hardening, perimeter wall construction, and other infrastructure, will be completed by mid-2025.
- 6.3.1.3 Qualification Applications for Bonded Warehouse: Applications for customs bonded warehouse qualification including licenses will be submitted in September 2025.
- 6.3.1.4 Leasing Agreement: A leasing agreement with the operating company will be finalized by end of 2025.
- 6.3.1.5 Full Business Operations: Full operations will commence once the facility is ready and a tenant is secured which the same is expected by early 2026.

6.4 **Cash Flow:** Positive cash flow is expected to start immediately after the completion of the leasing agreement, with ongoing revenue generation from the rented warehouse space.

## 7. RISK ASSESSMENT AND MITIGATION

7.1 While the project has a promising outlook, there are certain risks to consider, including:

7.1.1 Delays in Infrastructure Development: Construction delays may extend the timeline. Mitigation strategies include having contingency plans and reliable contractors to ensure on-time delivery.

7.1.2 Leasing Challenges: Difficulty in attracting tenants could delay revenue generation. To address this, we will focus on pre-negotiating terms with logistics companies and freight forwarders.

7.1.3 Market Changes: Fluctuations in demand for warehousing could impact rental rates. Ongoing market research and diversification of potential tenants will help mitigate this risk.

## 8. FINANCIAL PROJECTION

RACHEL HOLDINGS COMPANY LIMITED					
CASH FLOWS PROJECTIONS FOR FIVE YEARS					
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	2025	2026	2027	2028	2029
<b>Cash Inflows:</b>					
Rental revenue	-	411,600,000	441,000,000	441,000,000	441,000,000
Authorized Shared Capital	2,500,000,000	-	-	-	-
<b>Total Cash Inflows</b>	<b>2,500,000,000</b>	<b>411,600,000</b>	<b>441,000,000</b>	<b>441,000,000</b>	<b>441,000,000</b>
<b>Cash Outflows:</b>					
Land Acquisition Cost	765,000,000	-	-	-	-
Construction of Infrastructure	765,000,000	-	-	-	-
Transport cost for office Movement	1,650,600	1,650,600	1,650,600	1,650,600	1,650,600
Salary and Wages	42,000,000	78,000,000	120,000,000	120,000,000	120,000,000
Printing and Stationery	1,860,000	1,020,000	1,020,000	1,020,000	1,020,000
Licenses and permits	3,160,000	3,160,000	3,160,000	3,160,000	3,160,000
Parking, security and cleaning	1,950,000	500,000	500,000	500,000	500,000
Rent Expenses	11,400,000	8,400,000	8,400,000	8,400,000	8,400,000
Marketing and advertising	17,869,000	26,876,900	13,546,087	10,869,000	869,000
Communication	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
Professional Fees	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000
Insurance	8,333,333	8,333,333	8,333,333	8,333,333	8,333,333
Miscellaneous	40,876,500	9,876,500	9,876,500	9,876,500	9,876,500
Utilities	5,124,800	3,124,800	3,124,800	3,124,800	3,124,800
Social Security Contribution	4,200,000	12,000,000	12,000,000	12,000,000	12,000,000
SDL	1,470,000	4,200,000	4,200,000	4,200,000	4,200,000
WCF	42,000	120,000	120,000	120,000	120,000
<b>Total Cash outflows</b>	<b>1,679,136,233</b>	<b>166,462,133</b>	<b>195,131,320</b>	<b>192,454,233</b>	<b>182,454,233</b>
<b>Net cash inflow/(outflow)</b>	<b>820,863,767</b>	<b>245,137,867</b>	<b>245,868,680</b>	<b>248,545,767</b>	<b>258,545,767</b>
Balance b/f	-	820,863,767	1,066,001,633	1,311,870,313	1,560,416,080
<b>Balance C/f</b>	<b>820,863,767</b>	<b>1,066,001,633</b>	<b>1,311,870,313</b>	<b>1,560,416,080</b>	<b>1,818,961,846</b>
<b>Key Note:</b>					
This financial projection highlights a steady increase in cash flow after the break-even point. However, while the projected break-even period is estimated at around 3.5 years, there are several factors that could influence the break-even to take longer. This can include Construction delays, Leasing success, market demand and fluctuations, unexpected operational Expenses, exchange rate fluctuations.					
<b>Sensitivity Analysis:</b>					
<b>Best Case:</b> On time completion, strong tenant demand, and steady rent rates. In this case, break-even could occur as planned.					
<b>Worst Case:</b> Delays in construction and leasing, lower-than-expected demand, and higher operating expenses. This would delay break-even, possibly by 1-2 years.					

## 9. CONCLUSION

This logistics and transportation investment project, focusing on the development of a customs bonded warehouse, offers strong potential for growth and profitability. With a clear and detailed plan for land acquisition, infrastructure development, marketing, and

financial forecasting, the project is poised to provide steady rental income and create local employment opportunities. The expected break-even period of 3.5 years and the planned infrastructure development make this investment a valuable opportunity in the logistics and warehousing sector.