

NEW MORGAN INVESTMENT LIMITED

*PLOT P19924, LINGATO, KIGAMBONI,
DAR ES SALAAM, TANZANIA*

Business Plan

1. EXECUTIVE SUMMARY

New Morgan Investment Limited is a corporation domiciled in the United Republic of Tanzania. The Company is owned by two shareholders namely Mr. **LI YINGJIE** and **Mr. LIUHU GUO**. 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 14695.77 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 500,000), 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 14695.77 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 500,000, which will be divided as follows:

- 3.1.1 **Land acquisition:** USD 227451 for the purchase of land measuring meters.

3.1.2 **Infrastructure development:** USD 272550 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 2026.
 - 6.3.1.2 Infrastructure Development: Development work, including land leveling, hardening, perimeter wall construction, and other infrastructure, will be completed by mid-2026.
 - 6.3.1.3 Qualification Applications for Bonded Warehouse: Applications for customs bonded warehouse qualification including licenses will be submitted in September 2026.
 - 6.3.1.4 Leasing Agreement: A leasing agreement with the operating company will be finalized by end of 2026.
 - 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 2027.

7. FINANCIAL FORECAST

7.1 **Rental Revenue:** The rental income for the bonded warehouse is estimated to be **USD 0.7 per square meter** (conservative estimate). Thus, with a total warehouse area of 14695.77 **square meters**, the annual rental income is estimated not to be less than **USD 168,000**. Based on the rental income projections, the investment is expected to break even in approximately three and a half years. This is the point at which the total rental income will cover the initial investment costs.

7.2 **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.

8. RISK ASSESSMENT AND MITIGATION

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

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

8.1.2 **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.

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

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.

NEW MORGAN INVESTMENT LIMITED

CASH FLOWS PROJECTIONS FOR FIVE YEARS

Cash Inflows:
Rental revenue
Authorized Shared Capital
Total Cash Inflows
Cash Outflows:
Land Acquisition Cost
Construction of Infrastructure
Transport cost for office Movement
Salary and Wages
Printing and Stationery
Licenses and permits
Parking, security and cleaning
Rent Expenses
Marketing and advertising
Communication
Professional Fees
Insurance
Miscellaneous
Utilities
Social Security Contribution
SDL
WCF
Total Cash outflows
Net cash inflow/(outflow)
Balance b/f
Balance C/f

Key Note:

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.

Sensitivity Analysis:

Best Case: On time completion, strong tenant demand, and steady rent rates.

Worst Case: Delays in construction and leasing, lower-than-expected demand,

RECOMMENDATIONS

While the company may achieve break-even around 3.5 years, it's important to consider the potential risks and uncertainties involved. A more conservative approach would suggest planning for a slightly longer break-even period (4-5 years), taking into account the possibility of delays or lower-than-expected occupancy.

YEAR 1	YEAR 2	YEAR 3
2026	2027	2028
-	411,600,000	441,000,000
100,000,000	-	
100,000,000	411,600,000	441,000,000
580,000,050	-	-
695,002,500	-	-
1,650,600	1,650,600	1,650,600
42,000,000	78,000,000	120,000,000
1,860,000	1,020,000	1,020,000
3,160,000	3,160,000	3,160,000
1,950,000	500,000	500,000
11,400,000	8,400,000	8,400,000
17,869,000	26,876,900	13,546,087
3,600,000	3,600,000	3,600,000
5,600,000	5,600,000	5,600,000
8,333,333	8,333,333	8,333,333
40,876,500	9,876,500	9,876,500
5,124,800	3,124,800	3,124,800
4,200,000	12,000,000	12,000,000
1,470,000	4,200,000	4,200,000
42,000	120,000	120,000
1,424,138,783	166,462,133	195,131,320
(1,324,138,783)	245,137,867	245,868,680
-	(1,324,138,783)	(1,079,000,917)
(1,324,138,783)	(1,079,000,917)	(833,132,237)

YEAR 4		YEAR 5	
2029		2030	
441,000,000		441,000,000	
441,000,000		441,000,000	
-		-	
-		-	
1,650,600		1,650,600	
120,000,000		120,000,000	
1,020,000		1,020,000	
3,160,000		3,160,000	
500,000		500,000	
8,400,000		8,400,000	
10,869,000		869,000	
3,600,000		3,600,000	
5,600,000		5,600,000	
8,333,333		8,333,333	
9,876,500		9,876,500	
3,124,800		3,124,800	
12,000,000		12,000,000	
4,200,000		4,200,000	
120,000		120,000	
192,454,233		182,454,233	
248,545,767		258,545,767	
(833,132,237)		(584,586,470)	
(584,586,470)		(326,040,704)	

