

LOGISTIC HUB PROJECT IN TURSUNZADE CITY



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CONCEPT



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The **concept** of the project implies the implementation of the given project by the private sector, involving the participation of the public sector in order to create a multifunctional logistics hub that will provide the necessary warehouse and related services to the republican cargo traffic, as well as urban and regional distribution of goods.

THE TOTAL COST OF THE PROJECT

22.9 million USD

PAYBACK PERIOD

4.9 YEARS

AVERAGE RATE OF RETURN (AROR)

20.21%





EXECUTIVE SUMMARY



Economic goals of the project:

- ✓ creation of a competitive enterprise providing a wide range of warehouse services;
- ✓ formation of an economic basis that provides a guaranteed return of the funds invested in the implementation of the project;
- ✓ further development and expanding the capacities of the logistic hub by allocating certain amount from the revenues earned by the hub;
- ✓ making a profit.

Strategic goals of the project:

- ✓ to contribute to the implementation of the state program on export promotion and import substitution in the Republic of Tajikistan by creating of large modern logistic hubs (hereinafter hub);
- ✓ to become a reputable company in its geographic region, offering a comprehensive range of relevant services to meet the needs of consumers

Investments and financing

The total investment cost of the project is assumed at the amount of USD 22.9 million, and is set to be financed by both initiator of the project and the relevant interested strategic partner.

Investment efficiency, project payback

Title	Unit values
Payback period	4,9 years
Net present value (NPV)	33 842 431 USD
Discount rate	8%



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The concept of the project stipulates the construction of the logistics hub on 23.0 hectares of the land with the involvement of government agencies to make the project more attractive. The construction of warehouse buildings, an administrative building, buildings and structures for technical and business purposes, arranging of a single window of state services for customs clearance and passing the state procedures for the control of goods quality and compliance with standards required by the law, as well as equipping an open parking lots for automobile, agricultural and special-purpose machinery.

Figure 2 – General view of the logistic hub





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Business center:

- Hotel
- Gas station
- Service station
- Banking Service Center
- Pharmacy
- Supermarket
- Restaurant, Bar, Public catering





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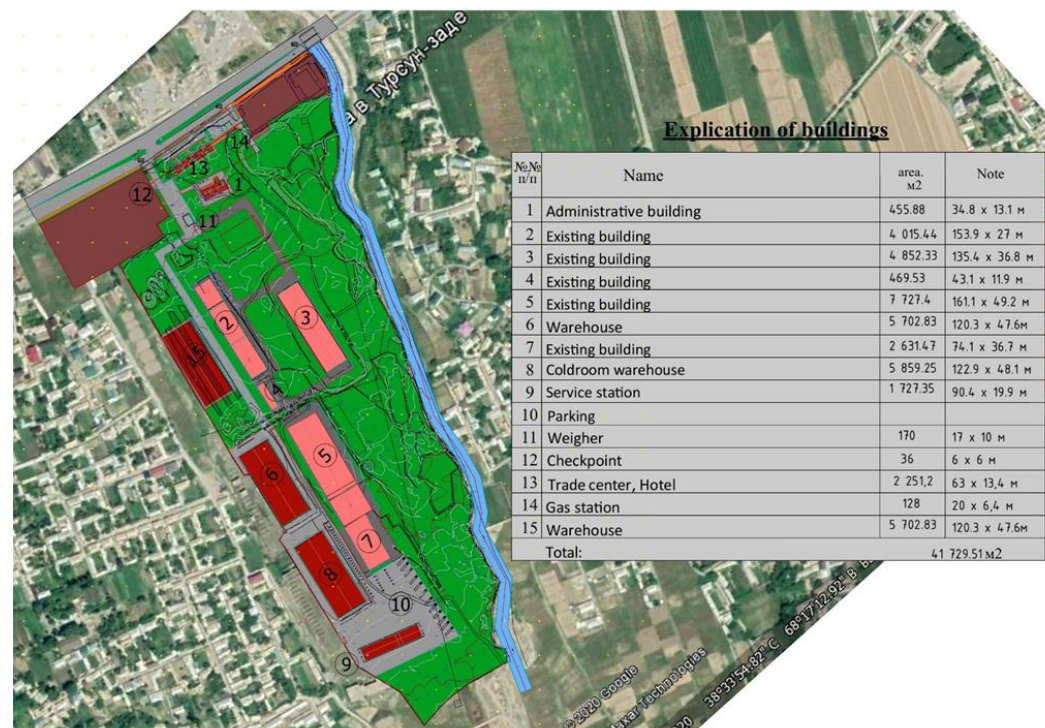


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Warehouse center:

- Coldroom
- Warehouse-freezer
- Dry warehouse
- Food warehouse
- Parking lot
- Customs post
- Border control point
- Sanitary Epidemiological Station post
- Food Safety Committee post





GROUP OF SERVICES



COLDROOM AND DRY WAREHOUSE

Coldroom include refrigerating boxes: vegetable storage, fruits storage, boxes for storing of the meat, dairy products, groceries and other products.

Dry warehouse includes storage of non-food goods.

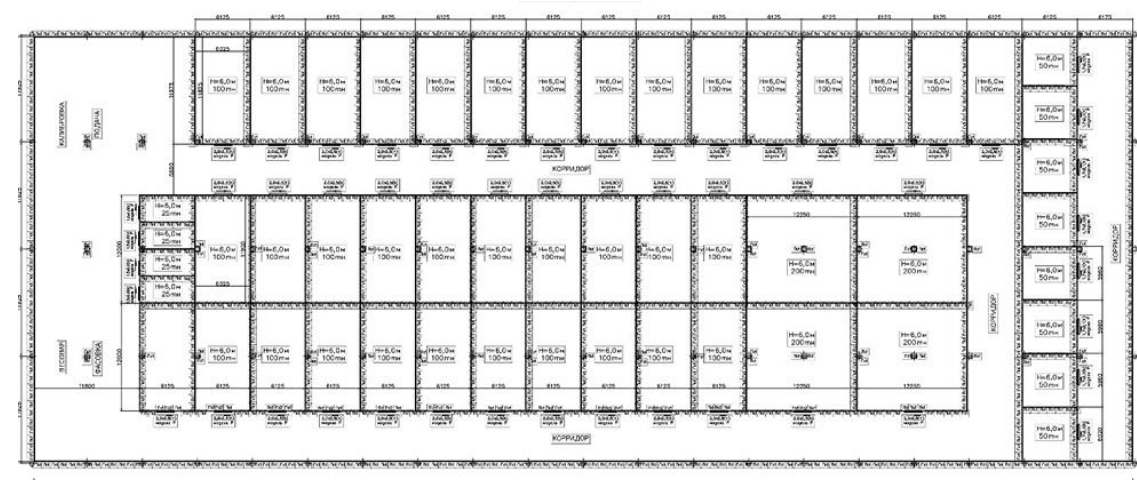
It is expected to apply 2 business models, namely

- (i) leasing of hub facilities and
- (ii) prudent purchase of grapes at the beginning of the harvest season, at optimal prices for storage and further sale after certain period of time at the favorable prices.



Plan of refrigerating boxes

- long-term storage of products with minimal losses (3-5%);
- product cooling from + 20C to -18C;
- intensive cooling - 35 ° C to -40 C
- storage of products at temperatures from 0C to - 18C;





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WHOLESALE FOOD BUSINESS MODEL

The **aim** of this business model, within the overall concept of the Logistics Hub, is

to create a wholesale base for such strategic food products as sugar and vegetable oil. This business model does not require the use of special technologies or the involvement of highly qualified specialists. The main area of work within this model is the import of sugar and vegetable oil from the producing countries and their wholesale in the domestic market.

According to statistics, in recent years, the average actual consumption of sugar and vegetable oil per capita was 16.2 kg and 18 kg per year, respectively.

The **main competitive advantage** of this business model is a direct cooperation with the manufacturers of the selected product categories and purchasing in large volumes, that allows to offer a competitive price to the customers. Furthermore, the applied logistics scheme, makes it possible to ensure and uninterrupted supplies to retail buyers in necessary volumes. The logistics scheme provides for the following: goods from the manufacturers are delivered to the relevant warehouses of the hub, and then the proper batches are formed for delivery to retail customers. In order to meet the demands of the reliable customers in the event of deviations in the delivery time of the goods from the supplier countries, it is planned to set the 5% level of ending inventory in the warehouses from the total warehouse capacity. For the first cycle, the purchase of selected product categories is expected to be 100% prepaid. Then the second and subsequent cycles 60% prepayment at the beginning of the cycle 40% at the end. For this, it is planned to use the trade finance instruments (letters of credit and bank guarantees).

The main **target group** for the sale of the imported goods is expected to be the large retail chains such as: "Yovar", "Paykar", "Ashan", "Poytakht", "Siyariyon", etc., as well as the food markets "Mehrgon", "Farovon", Dehkon-Bozor as well as relevant markets in the regions and other interested retail buyers. At the moment, in the local retail market, the selected categories of goods are sold at the following price: Sugar - USD 0.86 per kg and vegetable oil - USD 2.01 per kg.





PARKING

The parking is designed for **50 cars/places** of heavy vehicles for which all the necessary conditions are provided. Truck storage rates vary depending on the condition of the cargo in terms of customs clearance and unloading of goods to warehouses. According to the analysis, averagely 30 trucks enter the country per day across the border of the Republic of Tajikistan and the Republic of Uzbekistan in the city of Tursunzade.

Parking tariffs

Parking rent						
Quantity per day	Cargo type	Unit\meas	Tariff USD	2022	2023	2024
8	Not cleared	per day	91,95	268 485	295 333	354 400
12	Cleared	per day	24,78	108 531	119 384	143 261
10	Unloaded	per day	1,77	12 920	14 212	17 055
Total gross income per year				389 936	430 953	514 716

Sales revenue

Sales revenue	Unit\meas	2022	2023	2024	Total
Parking rent	USD	389 936	430 953	514 716	1 335 605





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CUSTOMS AREA

The state control zone is a single window for customs clearance and passing the state procedures required by the law to control the quality of goods and compliance with standards. For the purposes of the necessary control procedures it is also planned to install relevant weigher.

The following state control bodies is planned to be located in the building:

- ✓ Customs Committee:
- ✓ Border control
- ✓ Sanitary Epidemiological Station under the Ministry of Health of the Republic of Tatarstan
- ✓ Drug Control Agency
- ✓ Food Safety Committee under the Government of the Republic of Tajikistan

The **main advantage** of the presence of these checkpoints in the logistics hub is the prompt implementation of customs clearance procedures for goods, that saves time for customers, as well as reduce costs thanks to the absence of the necessity to drive into the capital to unload their goods. This, in turn, will allow not to load the transport traffic of the capital and its roads.





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BUSINESS CENTER

The hotel is designed for:

- 35 double rooms for staying of drivers who using the services of the logistics center, as well as tourists, city guests and others.
- The hotel will be located along the main road in order to provide its services to drivers passing along this road.
- Ground floor 21*13.4m² / 1st floor 21* 13.4m² / 2nd floor 63*13.4m² / 3rd floor 21*13.4m². Total: 1688.4 m²

Sales plan

Years	2022	2023	2024
Capacity per / day	35	35	35
Occupancy rate	45%	70%	70%
Average bill USD	17,70	17,70	21,29
Sales per year	101 748	158 274	174 102





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GAS STATION

It is planned to build a complex of gas stations for refueling vehicles with all the necessary types of fuel. This object is supposed to be located along the main highway, in order to provide services also to vehicles passing along this road.

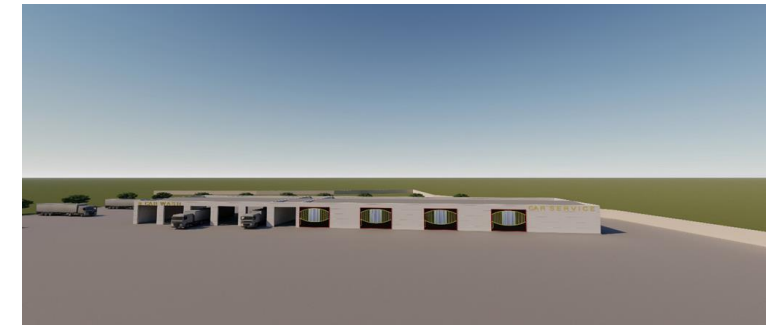
SERVICE STATION

The service station will consist of several boxes offering a wide range of technical and related services (diagnostics, tire fitting, oil change, pad replacement, car wash, etc.). This object is planned to be leased for 5,227 USD per month.

RESTAURANT, BAR, PUBLIC CATERING

This object will be located on the first floor of the hotel building (21*13.4m²). Taking into account the prices for renting of similar objects in this region, this object is expected to be leased for 1,407 USD per month.

GROCERY, BANKING SERVICE CENTER, PHARMACY





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ADMINISTRATIVE COMPLEX

For the purpose of managing of the logistics center, it is planned to recruit a management company, which will be located in the building of the administrative complex. The management company shall be made up of highly qualified specialists in the fields of management, financial and risk analysis and more importantly in marketing in order to ensure the proper implementation of the logistic hub's sales program.





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Realization Plan

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Rental Category	Tariff/month	2022	2023	2024
Gas Station	1 452	17 425	17 425	17 425
Restaurant, Bar	1407	16 884	16 884	16 884
Grocery	469	5 628	5 628	5 628
Banking Service point	469	5 628	5 628	5 628
Pharmacy	469	5 628	5 628	5 628
Service Station	5 227	62 730	62 730	62 730
Total	9 493	113 923	113 923	113 923
№ Average net profit from all LC services per year				
Warehouse center		USD		
1	Refrigerated warehouse	845 715		
2	Sugar warehouses	1 263 756		
3	Vegetable oil warehouses	2 910 972		
4	Freezer warehouse	94 473		
5	Dry warehouse	100 602		
6	Parking	339 837		
Business Centre				
7	Hotel	66 865		
8	Fuel Station	4 928		
9	Restaurant, Bar, Public Catering	11 059		
10	Supermarket	3 686		
11	Banking ice Centre	4 221		
Serv				
12	Pharmacy	4 221		
13	Vehicle Service Station	41 247		
Total		5 691 582		



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PROJECT COST



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Estimated project cost	USD
Working capital for grape purchasing	831 467
Working capital for sugar purchasing	2 182 950
Working capital for vegetable oil purchasing	4 866 214
Land under construction 23 ha	4 000 000
Coldroom: 122,9 x 48,1 m + equipment	2 782 007
Coldroom racks	106 000
Dry warehouse (Reconstruction) size 120.3 x 47.6 m	706 599
Administrative building (Reconstruction) 2-storey with a basement, 36 x 13.2 m	155 150
Vegetable oil warehouse: 153,9x27,0 m (reconstruction)+Ventilation system	397 797
Vegetable oil warehouse: 135,4x36,8 m (reconstruction)+Ventilation system	447 873
Temporary storage warehouse 43.1x11.9 m (walls covering, roof, floor)	49 675
Sugar warehouse: 161,1x49,2 m (walls covering, roof, floor) + Ventilation system	667 162
Sugar warehouse: 74,1x36,7 m (walls covering, roof, floor) + Ventilation system	231 093
Sugar warehouse: 120,3*46,7 (construction of new building)	1 023 310
Building (2.6x6.0 m) with weight and shed (size 10.4x14.8 m) - 170m2	59 000
Service building, grocery, banking service center, pharmacy, catering	168 840
Hotel (3-storey with a basement floor Total: -1688.4 m2)	844 200
Fuel station	290 143
Reconstruction of the service station building (dimension 90,4x19,90 m)	241 230
Checkpoint building (6.0x5.0m)	10 770
2 Restroom building	4 159
External power supply networks, electric lighting	30 973
Cesspool capacity 12.5m3	2 832
Fire tank 100 m3	6 372
External water supply and sewerage networks	5 752
Landscaping(roads paving, trays, sidewalks, landscaping, waste bins, benches	1 063 697
Temporary buildings and structures 1.8%	100 533
Technical Supervision	78 730
Design and survey work	78 190
Expertise of design and estimate documentation	13 840
Designer supervision 0.3% of construction and installation work	16 756
Unforeseen work and costs 0.85%	67 386
Construction quality control 0.15%	11 892
Forklift trucks (30 pieces)	450 000
Generators (6)	90 000
Big trucks (10 p.c. for shipment of sugar and vegetable oils	200 000
Trucks (10 pieces)	150 000
VAT 7%	560 494
Total	22 993 089

Discounted cash flow remains positive, which indicates the feasibility of the project. The value of the accumulated discounted cash flow for the forecast period of the project's existence is 33 842 431 USD.

The payback period of the project, excluding discounting, is 4.9 years.

Analysis of the investment efficiency indicators of the given project allows us to sum up that with the projected sales volumes, capital investments, prices for finished products and production costs, the project is reliable and profitable.

Project is reliable and profitable

Thank you for your attention!



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