

GBP TRADING LIMITED

BUSINESS PLAN FOR DEVELOPMENT OF INLAND CONTAINER DEPOT
(ICD) AND CONTAINER FREIGHT STATION (CFS)

*Plot No. 347, Kurasini Industrial Area, Temeke, Dar es
Salaam.*

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1.0 INTRODUCTION

GBP TRADING LIMITED is a company Incorporated in Tanzania with certificate of change of name No. 78721 dated 5th June 2021. The company previously was known as GBP TOURS LIMITED, the board of directors of GBP TRADING LIMITED are well-known business persons in Tanzania providing warehousing and logistical services locally as well as transit goods especially bulk cargo services. The project promoters intend to develop and operate an inland Container Depot (ICD) and Container Freight Station (CFS) on Plot No. 347, Kurasini Industrial Area, Temeke, Dar es Salaam. To achieve this, **GBP**

TRADING LIMITED is investing and seeking finances to develop the project that will competitively take advantages of the nature and location of the area.

GBP TRADING LIMITED is a limited company, with principal offices located in Kurasini, Dar es Salaam. The management of **GBP TRADING LIMITED** is highly experienced internationally and locally.

SERVICES

GBP TRADING LIMITED is company comprising of two shareholders. The company intends to promote customs clearance and maintenance of containers and other valued added services provided at ICDs and CFSs. The business plan lays down goals and tasks of the company to ensure it follows and fulfills all conceived projects.

MISSION

The mission of **GBP TRADING LIMITED** is to provide quality services to businesses at competitive rates in Tanzania.

THE PROJECT PROMOTERS

The project is being promoted by **GBP TRADING LIMITED**, a private company registered under the Companies Act 2002, the company is owned by two shareholders.

LOCATION

The project is located at Plot No. 347, Kurasini Industrial Area, Temeke, Dar es Salaam. The premises have adequate space for the project, offices, and parking yard. The location is ideally suited for the business operations center of the project because it is easily accessible, its infrastructure is highly developed and it is located within 3km from Dar es Salaam Port.

THE TARGET MARKET

The target market for the Inland Container Depot (ICD) and Container Freight Station (CFS) include businesses and/or

institutions that import merchandise from abroad and sell with the country or keep in transit goods for surrounding land locked countries and exporters.

FINANCIAL CONSIDERATIONS

GBP TRADING LIMITED expects to be profitable during the first year of operations. Despite initial large outlays in cash to conduct the pre-construction including obtaining the required permit for the construction of the property, the company's cash flow is expected to be healthy. The investment will cost about approximately USA \$18,400,000 as shown below:

GBP TRADING LIMITED COST STRUCTUR

PARTICULAR	US\$
Land and Buildings	8,600,000.00
Machinery & Equipment	300,000.00
Motor Vehicles	3,500,000.00
Furniture & Fixtures	200,000.00
Pre exp	300,000.00
Others	500,000.00
Working Capital	5,000,000.00
TOTAL	18,400,000.00

THE SERVICES

GBP TRADING LIMITED intends to promote warehousing and logistical services locally as well as transit goods especially bulk cargo services at competitive rates at Kurasini Industrial Area. The project will employ the requisite market technology in accordance to the existing international standards. The project will operate and develop an Inland Container Depot and Container Freight Station in Dar es Salaam and elsewhere in the country. The company's overall strategy will be based on a continuing improvement process of setting objectives, measuring results, providing feedback to facilitate further development and growth.

2.0 OBJECTIVES OF THE PROJECT

Basically, the critical purpose of the planned project is to operate and develop high and quality Inland Container Depot and Container Freight Station of International standards at very affordable rates on Plot No. 347, Kurasini Industrial Area, Temeke, Dar es Salaam. The project will employ top contractors who possess the necessary experience in accordance with laws governing the construction industry in Tanzania.

3.0 THE DESCRIPTION OF THE PROPERTY

The design of property takes into consideration good facilities and reliable utility services. The project has taken into account the necessary for logistics management required by customers. The Inland Container Depot (ICD) and Container Freight Station (CFS) will also have security, cleanliness services and other basic services required by customers.

THE ICD CONCEPT

The freight transport network has experienced an evolution of terminals which connect seaport with their hinterlands. Several names apply to these terminals including inland container (clearance) depots (ICDs), dry ports, and container freight stations (CFS) or intermodal terminals.

In addition, customs clearance and maintenance of containers are valued added services provided at ICDs. Container depots are increasingly becoming extensions of the maritime terminals on the landside. It is acknowledged that most of ports especially those located in urban areas have little options for expansion.

Introduction of ICDs in the suburbs of the port city or even within the city itself becomes a faster and viable mitigation measure against congestion and capacity constraint as compared to green field projects for new ports. The essence and attractiveness of inland terminals states that "by investing in inland terminals and participating in their operations, a sea port can establish itself in inland regions. Inland terminals may be considered as extended gates

through which transport flows can be better controlled and adjusted to match conditions in the port itself". The extended gate function of the dry port can generate substantial benefits in terms of modal shift, logistics performance and regional development.

Apart from physical capacity expansion, other gains from ICDs include reduced truck congestion at the seaport gates, port yard and city roads as well as reduces CO2 emissions especially when the inland terminal is connected to the sea terminal by rail.

Inland Container Depots and Off-Dock Container Freight Stations

To ease congestion at the marine terminals, the TPA allow the transfer of domestic import boxes to bonded Inland Container Depots (ICDs) which, inappropriately, are referred to as Container Freight Station (CFSs). Normally, a CFS involves stuffing and stripping of containerized cargo. However, very little stuffing and stripping of imported containers occur at the facilities. Accordingly, only the term ICD will be used for these facilities henceforth. Most ICDs are located outside the ports and are operated by private enterprises. Nevertheless, since these ICDs perform activities previously performed at the marine terminals, the port authorities control the operations of these ICDs and impose ports' tariffs onto them.

4.0 PROJECT DESCRIPTION - TECHNICAL

In accordance with the governing laws in land development and management, the project development will have all basic services and facilities in the Inland Container Depot (ICD) such as water, electricity, security, parking spaces etc.

WATER SUPPLY

The project has provision for installing ground water storage tanks with adequate capacity. The ground reservoir tanks will be fed with water from the main water supply system. In addition to the built-up reservoir tank, the project will

ensure 24/7 supply of water at periods of acute shortage of water.

STANDBY POWER SUPPLY

Consistent and reliable clean power supply is the centre piece for modern business development. To ensure that customers of **GBP TRADING LIMITED** are adequately protected to reliable and clean power outages, the premises will be equipped with an electrical generator. Investment in standby electrical generator to serve the Inland Container Depot is envisaged and is an essential facility to serve customers during national grid power cuts, or erratic power supply or emergencies.

SAFETY AND SECURITY MEASURES

The Inland Container Depot will be installed with safety and security measures to protect it from incidences of fire and theft. Fire detecting and fighting measures will be given serious consideration in the Inland Container Depot and will include the following.

- Fire escape stairs;
- Fire detectors;
- Automatic sprinklers
- Hose reels;
- Hydrant valves dry risers, and
- Normal gas bottles.

However, it would be advisable for tenants to install their own portable fire extinguishers water type in the areas they occupy in order to attend any fire incidence. Issues of security in the Depot have been adequately addressed to ensure good site security. A professional firm in providing security services to the Depot and customers properties on a 24 hours basis will be hired.

The project knows the importance of addressing the security issues with greater emphasis to guarantee the customers with security of their properties.

CAR PARK

Car parking area for tenants and visitor has been given priority, an underground parking will be constructed and an area approximately 45% will be developed for the purpose.

AIR CONDITIONING

The building will be equipped with air conditioners.

FOLK LIFT, CRANE AND OTHERS

The company is planning to purchase various modern equipment which will be used to provide service efficiently to our clients

5.0 SECTOR ANALYSIS

Dar es Salaam and Central Coast Sea Ports

Dar es Salaam port is the Tanzania principal port with a rated capacity of 4.1 million (dwt) dry cargo and 6.0 million (dwt) bulk liquid cargo. The Port has a total quay length of about 2,600 metres with eleven deep-water berths. Dar es Salaam port handles about 95% of the Tanzania international trade. The port serves the landlocked countries of Malawi, Zambia, Democratic Republic of Congo, Burundi, Rwanda and Uganda. The port is strategically placed to serve as a convenient freight linkage not only to and from East and Central Africa countries but also to middle and Far East, Europe, Australia and America.

Port Facilities:

Facilities available to support operations of Dar es salaam port are: -

- General cargo Berth (1-7) from break bulk, PORO and dry bulk.
- Container Terminal Berths (Berth 8-11), leased to Tanzania International Container Terminal services Ltd (TICTS).

- Grain Terminal facility (silos with storage capacity of 30,000 tons). Inland Container Deposits (ICDs) facilities with the capacity of (14,500 TEUs) and CFs with the capacity of holding 6,000 vehicles at once).
- A 150,000 MT Single Point Mooring (SPM) - for handling refined and crude oil.
- Kurasini oil Jetty (KOJ) for handling refined products (tanker size 45,000MT for KOJ1 and 5,000 tons for KOJ2).

Generally, the intrinsic capacity of the port of Dar es salaam is to handle more than 10 million tons of cargo as follows: -

- General cargo 3.1 million tons.
- Container 9,619,876 TEUs) 1.0 million tonnes; and
- Liquid bulk 6.0 million tons.

Port Features

With the quay length of 2,600 meters, it is divided into:

General Cargo Terminal

This is a break-bulk section of a port with a quay of 1,478 meters comprising of 7 main quays, transit sheds with 64,463.5 of total floor sq. meters and open storage of 201,613.

Container Terminal

This terminal is operated by a private company, the Tanzania International Container Terminal Services (TICTS). TICTS manage the container handling activities at berth Number 8-11. The terminal has a total quay length of 540 meters. Back up facilities of container terminal includes the container depot located about 2 kilometers away at kurasini and Ubungo container Depot.

Grain Terminal

Dar es salaam Port has fully automated grain handling facility with silos with the capacity of 30,000 metric

tons. Grains can be discharged and bagged along the quay at an average of more than 2000 tons in 24 hours, or transferred to silo using dump trucks. The grain terminal has concrete silos, fumigation, aeration and temperature control facilities.

Oil Terminal

There are two oil terminals, the single point Mooring (SPM) and Kurasini Oil Jetty (KOJ). The SPM is an offshore tanker berth for handling exclusively crude and refined oil. It has capacity to accommodate tankers of up to 150,000 deadweight tons with fast discharge speed (flow rate of 2,500 cubic meters per hour for crude oil). SPM is connected to refineries in Dar es salaam and Ndola, Zambia through floating hoses and submarines pipes. KOJ is the tanker jetty for handling refined oil products with pumping capacity of 750 tons per hour. It can handle tankers up to 45,000 deadweights.

Storage Areas

The port provides both open and covered storage; it has silos for grains at any time of need and maintains storage yards for containers, motors vehicles and general cargo.

Marine crafts/navigation Aids

The port is served with berthing tugs, pilots boats mooring boats and surveillance / patrol boat, water barge, and floating cranes. Moreover, there are navigation aids to facilitate movement of vessels in the port. These include; buoys, beacons, leading marks and light house.

Container Handling Equipment

Port terminals operates with Panamax Ship to Shore Gantry cranes (SSGs), Rubber Tyred Gantry cranes (RTGs) and Rail Mounted Gentry Crane (RMG), Gottwalds, highway trucks , folk lift trucks, Highway trailers, Terminal tractors and Trailers.

General Cargo Handling Equipment.

The major equipment for handling general cargo are portal cranes, forklifts, tractors, trailers, grabs, hoppers, Bigging units, dump trucks, weighbridges, and conveyor belts

Major Port Development Projects

- **Upgrading of Dar es Salaam Port Berths 1-7**

Tanzania Ports Authority (TPA) is implementing a number of major projects as outlined in the National Ports Master Plan (PMP) study undertaken by Royal Haskoning in February 2009. The study laid out long term strategy for Tanzanian Ports to create capacity for the expected demand. One of such projects is the Dar es Salaam Maritime Gateway Project (DMGP).

DMGP will improve the effectiveness and efficiency by converting the port as world class port with optimized efficiency to accommodate the calling and reception of larger vessels.

Port modernization projects include but not limited to strengthening and deepening of berths 1-7 and RORO terminal, dredging of entrance channel, turning circle and harbor basin, strengthening and deepening 8-11, and construction of a new terminal jet.

- **Modernization of operations for handling dry bulk cargo**

Under the same project, TPA will modernize operations of handling dry bulk cargo by applying state of art conveyance technology.

The Development of Dry/ Floating dock facility.

A modern operational dock facility for maintenance and repair of marine crafts will facilitate an optimal level of equipment availability of such crafts, hence enhance port operational efficiency.

Costs and Savings of Integrated ICDs System

ICD'S TRANSFER VS. SHIP'S DELAY.

No proper analysis of costs and savings has been prepared at this conceptual stage of our study. Nevertheless, based on our interviews, we estimate that the additional cost involved with ICDs includes an average of \$50/TEU for transport and \$20/TEU for the 2 lifts, or a total of \$70/TEU. This additional cost is much smaller than the congestion surcharge imposed by shipping lines which, according information provide, amounted to \$300/TEU in 2006. In addition, truck turnaround time in the ICDs interviewed is less than one hour compared to at least four hours at the marine terminals. Assuming the equivalent cost of truck hour at \$25/hour and 1.5 TEUs/box, this saving is worth \$50/TEU ($3 \times 25/1.5$).

Following the introduction of the ICD/CFS program in 2007 along with the recession, ship waiting in Dar es Salaam has been reduced, but not eliminated.

During the period of our study, there were containerships on anchor waiting for berth, although there were no congestion surcharges. However, the situation can change quickly once trade and traffic revamp their growth.

MARKET INSTEAD OF PUNITIVE RATES

In the present storage tariff, the rate "jumps" from \$0 for the 5th day to \$120/TEU for the 6th (\$20 for storage and \$100 for r-marshalling). This rate structure does not reflect costs; it is based on punitive charges intended to relieve the severe shortage in yard space at the marine terminals.

No such shortage in yard space is expected once the Integrate ICDs system implemented. In this system, boxes are stored for a very short period in the marine terminal, ideally for only a few hours, and then transferred to private ICDs, which have plenty of space. There is no "science" in determining the five-day free time; it does not necessarily reflect the commercial needs of importers

and exporters. In some cases, usually when the cargo is sent collect, or the freight is paid locally, or there are problems in documentation, there is an objective need for a longer dwell time - which is not a reason for punishment. Moreover, if there is no shortage in space, some importers and exporters may prefer to keep their cargo inside boxes and bear the real cost for it (storage and demurrage).

It is reasonable to expect that when shipping lines negotiate their own contracts with ICDs, the storage rates in these contracts will better reflect both the ICDs' costs and the requirements of importers and exporters. For example, the main costs of ICDs, in case of import boxes, include: transport from the marine container yard, truck handling at the marine and ICD container yard, and gate processing. These costs have nothing to do with the length of storage. Accordingly, the ICD contract rates could be a fixed cost per box of, say, \$50/box, for transport, handling and processing, plus \$5/TEU-day storage. The storage rate is similar in nature to box demurrage. Most lines presently allow 14 days free time, charging \$5/day beyond this period. Generally, rates should be the result of free time, charging \$5/day beyond this period. Generally, rates should be the result of free negotiations between ICDs and shipping lines and not part of a uniform tariff set by the port authorities. The lines, in turn, will incorporate these rates in their ocean freight. Desirably, the rates will be clearly presented as add-on tariff items to show transparency. The importers and exporters are first and foremost the customers of shipping lines. It is reasonable to assume that lines will make sure that their customers enjoy good services and reasonable rates at the ICDs they contract with.

DAR ES SALAAM ICDS

Presently, Dar es Salaam has six licensed ICDs, with five additional ICDs under development. TRH is the largest of Dar es Salaam's ICDs and closest to the port, located about 2 km away. This ICD began operations in 2007 with 17 ha and has the potential to grow to 35 ha. In comparison,

Dar es Salaam's specialized container terminal only has about 13 ha. The main ICD's facilities include a large container yard based on concrete pavers, modern reach stackers (RS) < warehouses, Customs inspection shed and administration building, which also has offices for Customs and TPA. The complex is surrounded by security fence with steel gates and around-the-clock security. Azam is relatively small ICD, with a total area of about 4 ha, located about 7 km away from the port. Like TRH, the facilities, including container yard, sheds and offices are new and well maintained. Both ICDs have short access roads connecting them to the main highway leading to the port. Interestingly, both access roads are unpaved, with deep potholes, which turn muddy during rainy days. These roads also often get congested. Both ICDs declared their desire to finance the improvement of these roads but are not allowed by the City. Both ICDs are well kept.

The marine terminal/ICD transfer process is relatively simple and requires no involvement of consignees. The transfer could start immediately after boxes are discharged from ships and can be done within one day. In reality, it takes three days. Part of this delay is due to cumbersome administrative processes (TICTS has to receive the boxes, TPA has to prepare invoices, collect fees, etc.), and part because TICTS can physically only load a limited number of boxes per day. Presumably, TICTS' RTGs are busy serving ships. It should also be noted that although the ICDs are bonded, all import boxes are still scanned at the port and some of them are physically inspected.

Although the ICDs are bonded, all import boxes are still scanned at the port and some of them are physically inspected.

Altogether, due to the combination of road conditions, road congestion and, especially, terminal congestion, the average roundtrip for TRH is four hours, most of it spent on waiting at the gate or in the yard. The distance to the port, as noted above, is only 2 km; at 30km/hr, this distance requires less than five minutes. Azam reported a much longer roundtrip time of 8 - 10 hours.

The average dwell time of import boxes is about 15 days, of which seven days are free of storage charges. The long dwell time is attributed to Customs (see below for different dwell time in Mombasa's ICD). Azam's average dwell time is about 14 days, with about 30 percent of the boxes having dwell time of less than seven days. The importance of the latter is due to the fact that in the current tariff system, boxes released before seven days do not pay any fees to the ICDs.

The present tariff system originated at the pre-ICD era, when the marine container yards were congested. In order to encourage fast release of boxes, a punitive tariff system was imposed by the TPA, based on a short grace time followed by very high and quickly escalating fees for longer dwell times. This seems NOT to be the case anymore partially because the improvements in the releasing process (automation, etc.) have significantly reduced dwell times. Both ICDs reported a growing tendency to release boxes within the grace period of seven days. This trend is very desirable for the Tanzanian economy, except that it erodes the economic basis for the ICDs. The punitive storage fees are the main source of income for ICDs. Very few import boxes are actually stripped at the ICD and their content stored (hence the term CFS, used in Mombasa, is inappropriate). Likewise, the stuffing activity of export boxes is quite limited.

Another result of the shorter dwell time is that the storage space in both ICDs is only partially utilized.

IMPROVING ICDS ROAD CONNECTION TO THE PORT

road connection between ICDs and marine terminals is one of the most critical elements in the proposed Integration Program. The connecting roads are usually short, typically one to five km. these roads can be improved with little investments, including widening, installation of intelligent traffic lights (based on demand) and even strengthening the road beds to allow the transport of heavy boxes. The ICDs indicated their desire to undertake

upon themselves the improvement of these roads. In fact, the construction of the new Interpel ICD in Mombasa included a major improvement of the access road. Observations of the port area did not identify major bridges; hence this strengthening is not expected to be costly.

To further enhance the integration and save on transportation cost we suggest to examine the possibility of allowing 2 x 40 feet trailers.⁵ Likewise, it is reasonable to expect ICDs to invest in Mafi systems which are faster and more economical for inter-terminal transport.

The Integration Program is expected to increase the traffic between the marine terminals and ICDs. However, it will also result in considerable reduction in congestion in the roads surrounding the port. Currently most of this congestion is caused by vehicles waiting for completion of cargo related processes and also all vehicles using one gate at the port to deliver or evacuate containers. With the Integration Program, this function of delivery and collection of boxes by customers will be performed at the ICDs, Consequently, instead of concentrating all the traffic at a single gate of the marine terminal, the traffic will be distributed over 5 - 10 gates of ICDs located in several areas around the port. Moreover, unlike the present, uncontrollable pattern of truck traffic, following the Intergation Program the traffic will be planned and mostly conducted at night and by trucks specializing in this traffic.

Some of the ICDs already have a system of truck appointment. If truck appointment becomes part of the requirement of licensing ICDs, there is no reason for congestion around ICDs.

LICENSING AND REGULATION OF ICDS

The requirement for obtaining license should include location in terms of distance and access roads, overall size of facilities, availability of pre-gate parking for trucks,⁶ handling equipment and trucks, proper EDI system, adequate

offices for Custom, Port Authority and drivers, security, etc.

The regulation should be related to the service level, including periodical filling of data regarding truck turnaround times, damages to cargo and trucks, promptness in transferring boxes from the marine terminals and others.

As explained above the additional strong factor will be the shipping lines contracting ICDs competitively, based on price and performance levels. This competition will force of ICDs to ensure that they operate professionally and at high levels of efficiency. Regulation will, therefor, help to set rules under which such competition can take place.

INVESTMENTS IN ICDs

In properly-designed marine terminals with large container yards there is no need for ICDs; import and export boxes complete their delivery and release processes at the marine terminals. This may be the case at future terminals in Bagamoyo in the case of Dar es Salaam and West Kipevu in Mombas. Still, according to these ports' masterplans, even when the new terminals are in operation, the existing terminals, with narrow yards and limited space, will continue to be fully utilized, handling about half of the throughput. Hence, the system of Integrated ICDs is not going to disappear in the near future; it will continue for the long term in order to ensure high levels of productivity at the existing terminals.

Implementing the proposed Integration Program will result in almost doubling the traffic handled by ICDs. The present ICDs may have sufficient capacity and the respective investments in facilities and equipment by the private sector will be required. These investments in facilities and equipment by the private sector will be required. These investments are relatively small especially when compared to those in marine terminals. We understood that construction of a large ICD requires investments of about \$5 million, excluding the cost of land (which can be leased). In

Order to recover these investments, investors should have assurance that the rules and regulations governing ICDs are not going to change in the near future.

The punitive tariff of present ICDs, hinders their ability to develop additional, value added services (such as stuffing and stripping of containers, packing, etc) at their facilities since cargo owners attempt to remove their cargo as soon as possible to avoid the high storage rates. Modifying the tariff, as discussed in Section entitled "Market instead of Punitive Rates" above, would allow the development of such services to the mutual benefits of ICD owners and their customers.

Detailed Assessments of Program Issues

The proposed Program to integrate ICDs with marine terminals appears simple. In fact, it has already been implemented on a partial basis. The simple appearance of the system is misleading; the Program radically changes the port system. Hence, prior to any attempt to implement the Program it is necessary to further analyze and establish implementation challenges and respective solutions on several issues on which the Program could have far-reaching impact.

The issues that require more detailed assessment include:

- Costs and benefits involved with the Program
- Ship-handling productivity, dwell time of boxes and turnaround time of trucks
- Ship-handling and yard equipment in the marine terminals
- Incentive pay system for ship-handling labor
- Tariff system and costs in the Integrated ICDs system
- Custom procedures especially regarding transit cargo
- procedures including electronic tagging of ICD equipment
- Capacity of present and new ICDs
- Licensing and regulating ICDs
- Liability during transfer between ports and ICDs following the implementation of the Program.

The marketability of inland container depot in Dar es Salaam depends on many aspects, including location, design and adequacy of machinery and equipment, clients' terms and conditions; and adequacy of available services such as water, electricity and security. Tanzania. However, the supply has not been able to meet the market demand.

The Tanzanian real estate sector has not made significant contribution to the GDP over the last few years, but the government remains optimistic that the recent and planned developments will contribute to the continued growth of this sector.

The current development project that are under way, as well as those that are being planned, have created opportunities for interested investors.

The Demand for Inland Container Depot

is a growing demand for the inland container depot services outside the Dar es Salaam port due to growing commercial activities. Several businesses operate in areas far away from their customers making it difficult to accommodate further expansion of their business operation. In view of this limitation many businesses have remained located in the traditional market areas, such as the City Centre. However, business activities in Dar es Salaam and Tanzanian in general are developing and expanding fast beyond the confines of the city centre. The current and future focus is beyond the traditional confines of the city centre. The current and future focus is beyond the traditional confines in order to release the city centre from the current and future congestion and pressure. The international investment environment necessitates the need for development internationally competitive inland container depot.

In recent years inland container depot services outside the Dar es Salaam port has

ICD Code	ICD Name	Distance	Annual	Ownership/
	Operational	From port (km)	Import Throughput Capacity (TEUs)	Operation Status

ICD 1	AMI	12	27000	Private	
	Operational				
ICD 2	MOFED 2		52000	Private	Operational
ICD 3	TRH	3	48000	Private	
	Operational				
ICD 4	MALAWI	2	23000	Private	
	Operational				
	CARGO				
	CENTER				
ICD 5	DICD	2	12500	Private	
	Operational				
ICD 6	UBUNGO	14	95000	PPP	Operational
ICD 7	AZAM	7	13000	Private	
	Operational				
ICD 8	KISARAWA	40	250000	To be known	Planned
ICD 9	ILALA RAIL	4	200000	To be known	Planned

been showing an increasing trend as a number of inland container depot have been completed as it can be depicted below:

Current and Planned ICDs at Dar es Salaam Port

Annual demand for container has been estimated at 730,000, both for import and export containers and is targeted that **GBP TRADING LIMITED** will be able to exploit at 3% of the total business volume for the coming years. This emanates mainly from the following three scenarios:

- a. The integrations of the five East African countries namely Tanzania, Kenya, Uganda, Burundi and Rwanda and regional economic growth for the partner countries which is estimated at 6.5% growing annually. This calls for more business opportunities and more warehouse services.
- b. Many new investors are coming to the country in response to the friendly investment climate provided by the government. This will increase demand for inland container depot services.
- c. Following the ongoing road and rail modernization along the major routes, many containers will be routed through Dar por.

Rate Levels and Tariffs

GBP TRADING LIMITED will abide by the laws of supply-demand mechanisms as principles of the world market economy. Consequently, the rates to be charged to the customers will be in accordance to the facts of business economic

principles. However, the rates will be balanced to attract commercial incentives to both parties in the short-, medium- and long-term periods.

Description of the Property

The property is designed to take into account future Inland Container Depot development in the area, will offer good facilities and reliable utility services to meet customers' expectations. The facility will be uniquely located to attract commercially minded customers.

Logistics and logistics management, major problems in Dar es Salaam have been properly addressed in this project. The location of the property will be easily reached by road. Kurasini area where the property will be located has a good network of roads. Further for logistics management, the property will be equipped with: -

- a) Basement parking
- b) Packing space available in the Inland Container Depot covers approximately 45% of the total space.

The demand for recently completed structures

Forecasts indicate tremendous growth in demand for the Inland Container Depot services in Tanzania, resulting from high growth of trade, both domestically and from neighboring countries. With such domestic growth and the global expansion of economic activities, Inland Container Depot development is inevitable.

There is growing demand for Inland Container Depot with various services located in one place in satellite cities of Dar es Salaam and Kurasin area is excluded/ not covered with such services yet.

The Target Market

The target market for **GBP TRADING LIMITED** is to meet domestic, regional and international requirements and complement the other modes of transport such railways, road and water.

Rental Charges

Rental charges are normally determined by a combination of factors including the following: -

- Extent of shortage of warehouse space around the area (the supply-demand law)¹
- The location of Inland Container Depot; and
- Quality and standard of facilities and services in the Inland Depot

According to our survey, most charges are pegged to the US dollar; this is done deliberately to avoid losses in value of sales due to frequent fluctuations and depreciation of the local currency.

In some cases, service charge for utilities and other services, e.g. electricity and water. However, sometimes it takes care of the costs of services in the common areas.

The decision to peg the charges to United States Dollar would give the **GBP TRADING LIMITED** an edge against the fast depreciation of the Tanzania Shilling in future.

These are the most competitive rates compared to the existing market rates. In addition, these rates will be complimented with quality facilities and services to the existing market rates. In addition, these rates will be complimented with quality facilities and services to the Inland Container Depot. It is expected that, in line with the existing market situation, about 50% of the clients would pay in hard currency. The rest will pay in local currency pegged to the US dollar.

The average charge is estimated to be US\$ 290 for 20ft and US\$ 420 for 40ft

Availability of Utility Services and Facilities

Many clients will consider availability of services such as water, electricity, car park and security aspects, before they decide to hire the Inland Container Depot. The planning of the proposed property has taken into account all these factors and is adequately covered in the complex. Moreover, the warehouse depot provides other crucial facilities for would be customers such as elevator, stand-by- generator to mitigate power outages, fire detectors, air conditioning system and first-class office environment.

COMPETITIONS

Presently, Dar es Salaam has six licensed ICDs, with five additional ICDs under development. The marine terminal/ICD transfer process is relatively simple and requires no involvement of consignees. The transfer could start immediately after boxes are discharged from ships and can be done within one day. In reality, it takes three days. We understood that part of this delay is due to cumbersome administrative processes (TICTS has to receive the boxes, TPA has to prepare invoices, collect fees, etc.), and part because TICTS can physically only load a limited number of boxes per day. Presumably, TICTS' RTGs are busy serving ships.

It should also be noted that although the ICDs are bonded, all import boxes are still scanned at the port and some of them are physically inspected.

Altogether, due to the combination of road conditions, road congestion and, especially, terminal congestion, the average roundtrip for TRH is four hours, most of it spent on waiting at the gate or in the yard. The distance to the port, as notes above, is only 2 km; at 30 km/hr, this distance requires less than five minutes. Azam reported a much longer roundtrip time of 8 - 10 hours.

According to TRH, the average dwell time of import boxes is about 15 days, of which seven days are free of storage charges. The long dwell time is attributed to Customs (see below for different dwell time in Mombas's ICD). Azam's average dwell time is about 14 days, with about 30 percent of the boxes having dwell time of less than seven days. The importance of the latter is due to the fact that in the current tariff system, boxes released before seven days do not pay any fees to the ICDs.

The present tariff system originated at the pre-ICD era, when the marine container yards were congested. In order to encourage fast release of boxes, a punitive tariff system was imposed by the TPA, based on a short grace time followed by very high and quickly escalating fees for longer dwell times. This seems NOT to be the case anymore partially because the improvements in the releasing process (automation, etc.) have

significantly reduced dwell times. Both ICDs reported a growing tendency to release boxes within the grace period of seven days. This trend is very desirable for the Tanzanian economy, except that it erodes the economic basis for the ICDs.

The punitive storage fees are the main source of income for ICDs. Very few import boxes are actually stripped at the ICD and their content stored (hence the term CFS, used in Mombasa, is inappropriate). Likewise, the stuffing activity of export boxes is quite limited. Another result of the shorter dwell time is that the storage in space in both ICDs is only partially utilized.

MAIN COMPETITOR

Azam and Tanzania Road Haulage (TRH)

TRH is the largest of Dar es Salaam's ICDs and closest to the port, located about 2 km away. This ICD began operations in 2007 with 17 ha and has the potential to grow to 35 ha. In comparison, Dar es Salaam's specialized container terminal only

Has about 13 ha. The main ICD's facilities include a large container yard based on concrete pavers, modern reach stackers (RS), warehouses, Customs inspection shed and administration building, which also has offices for Customs and TPA. The complex is surrounded by security fence with steel gates and around-the-clock security. Azam is relatively small ICD, with a total area of about 4 ha, located about 7 km away from the port. Like TRH, the facilities, including container yard, sheds and offices are new and well maintained. Both ICDs have short access roads connecting them to the main highway leading to the port. Interestingly, both access roads are unpaved, with deep potholes, which turn muddy during rainy days. These roads also often get congested. Both ICDs declared their desire to finance the improvement of these roads but are not allowed by the City. Both ICDs are well kept.

6.0 TIME TABLE FOR THE PROJECT

The project has started earlier and will need more than year before it starts. It is projected that more time will be

required for site building after approval of relevant papers and loan

7.0 **MANAGEMENT OF THE PROJECT**

Building Management of the Project

To perform a professional job in the industry a company requires a team of skilled and well-motivated personnel. Under the implementation program **GBP TRADING LIMITED** is planning to have skilled managers who will technically and professionally handle different activities of the project. The management expects to motivate them so that they may reach the goals set out by the management.

The local labour market has enough personnel with relevant skills and experience in the fields of marketing, operations and information technology; however no effort will be spared in looking for requisite skills elsewhere including the international labour market.

Motivation and retention scheme: Continuity being a vital element in any efficient operation, focus will be given to minimize frequent manpower turn over. In order to achieve this, an attractive incentive package will be part of the new project. The objective is to attract the best qualified personnel to the company labour force and to retain them for a reasonable period of service in order to achieve continuity and harmony in the company's operations.

GBP TRADING LIMITED will be responsible for the management of its warehousing Depot through a qualified and reputable Estate Management of its warehouse Depot through a qualified and reputable Estate Management Agent. The management of properties is an area which requires special skill to guarantee a good return to the investor. The role of the agent in managing the property would include the following:

- To look for clients
- To collect service charges
- To operate and maintain the property, and
- To give report of the clients through financial statements on the performance of the property.

Employee's salaries

Salaries - Selling, general and administrative expenses SG &

A

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	1	2	4	7
Men	1	5	8	14
TOTAL	2	7	12	21

8.0 FINANCIAL ANALYSIS RESULTS:

Financial Analysis

The projects financial projections depict the project to be viable based on the major Assumptions that Sales revenue will remain constant throughout project period, expenses estimated to be 70% of annual revenue per year and average storage capacity per year is **60,000** containers of 20ft, as it is shown by some of the indicators below:

Projected Profit and Loss:

The project will make net profit from year three onwards when the company will start paying corporate tax in that particular year and the accumulated profit increases from US\$ 1,571,920 in the 1st year to US\$ 23,031,743.41 in 8th year.

Projected Cash flow:

The project will be able to generate enough cash to meet its obligations including financing any capital expenditure incurred during the project life, accumulated cash flows increase from US\$ 2,806,320. in the 1st year to US\$ 29,926,143.42 in 8th year.

Projected Balance Sheet.

The balance sheet indicates favorable state of affairs of the company throughout the projected period; it shown that the owners' equity grows from US\$ 7,360,000 in the first year to US\$ 11,706,674.86. in the 8th year.

Loan repayment:

The loan repayment is projected to be six years with an interest of 6%.

Payback Period:

Project investment cost is estimated to be US\$ 18,400,000.00 while cash accumulated in 7th year is US\$ 22,689,068.56 which is more than initial investment by US\$ 4289,,068. this period is acceptable considering the fact that the project life is more than 25 years.

In summary the analysis demonstrates that the operations of each scheme are profitable with attractive profit margin on sales. The liquidity position is also sound and debt servicing is good on consolidated operations for all the schemes together.

9.0 DEVELOPMENT VALUE OF THE PROJECT

The project demonstrates to have a high economic development value on the economy through contribution of standard Inland Container Depot. The project will also have linkage effects to the construction industry particularly on use of local building materials and contribution of revenue to the Government. The project has

An opportunity to transform some informal businesses around the area and create spill-off economic and social impacts around Kurasini area.

10.0 ENVIRONMENTAL IMPACT ASSESSMENT.

The project is environmentally friendly; any disposal of liquid and sold waste will be handled with great care by the Estate Management Agent to ensure that the surrounding areas are environmentally free form any toxic and non-toxic wastes.

The project does not pose any significant environmental threat to the surroundings.

With the increase of people in the area, garbage and waste water is also expected to increase. However, with the presence of Estate Management Agent who will be managing the property on behalf of the owners, rules out any chance for such situation. Also the experience we have on other giant properties such as PPF house, PPF Tower, and NIC Investment House do not indicate any existence of environmental problems to the surrounding neighborhood.

11.0 ECONOMIC EVALUATION OF THE PROJECT:

We have evaluated the development value of the project to the economy covering its impact on stock of Inland Container Depot in Dar Es Salaam and Government revenue. The project has demonstrated its economic viability as follows:

Increases in Stock of Inland Container Depot:

The present stock of warehouse depot in Dar Es Salaam does not meet the growing demand for the facilities. This scheme is expected to contribute to the present stock in Inland Container Depot and reduce the supply gap. In addition, car-parking space will provide a facility that will reduce the parking problems faced by many customers. This will facilitate several firms, local and foreign to avail themselves of descent warehouse depot to set up their bases in the country smoothly and engage in direct economic activities. This will be in line with the government policy of promoting private and foreign investment in the country.

Government Revenue:

The project will raise Government a substantial amount of money as revenue in the form of property taxes, corporate tax. Pay as You Earn (PAYE) and other indirect taxes. In addition, there will be other taxes resulting indirectly from the project and particularly for those contracted by the project for various services such as Consultants, Estate Management Agents etc.

Backward and Forward Linkages

In addition, the project has multiplier effects on the economy in that; it uses a good proportion of the locally available construction materials. This will create a market for local industries products and services such as cement, contractors, furniture etc.

There will be casual and unskilled employment to be generated the project during implementation stage. The above considerations demonstrate adequately that the project is socially and economically attractive and deserves support.

Employment:

Companies and other institutions that will be clients in the warehouse will create employment opportunities to Tanzanian. We believe so because the nature of operations of anchor clients will definitely need cashiers, attendants and guards. Also it is expected that employment opportunities for fast food shops, secretarial bureau and telephone booths will also need people in their operations and therefore create **21** employment opportunities.

Foreign Exchange Earnings:

It is expected that 60% of the clients will pay rents in foreign currency and therefore the complex will generate a substantial amount of foreign exchange. Foreign sales are expected to increase.

12.0 ECONOMIC BENEFITS OF THE PROJECT

The successful operation of the Project will contribute significant economic benefits to the Dar es Salaam city people and Tanzania as whole. In summary the benefits which will be realized are as follows: -

- o Employment opportunities for about 21 permanent staff at full commercial operations.
- o Provision of income to other services providers, thus contributing to the reduction of poverty. The income to be earned will help in improving standard of living of the workers and other people residing in the region.
- o The direct income for the workers, combined with other social benefits that the Management of **GBP TRADING LIMITED**

- will provide, will help in overall efforts of alleviation of poverty in the Region.
- o Provision of a market for goods and services to be consumed by **GBP TRADING LIMITED**.
 - o Expanding the tax base for the Treasury and local Government authorities and generation of substantial income to the Government. The Government earns considerable revenue from the manufacturing sector in terms tax collections.
 - o This project will facilitate the increase of foreign exchange earnings through services provision as some of the customers to be served will be feigners.

13.0 CONCLUSION AND RECOMMENDATIONS

Conclusion

The project as analyzed in this report is both economically and technically viable. The project has come at the right time to provide the much-needed quality products for Tanzania as a whole.

Recommendations

A fast implementation of this venture is therefore highly recommended especially given the fact that the Government is implementing a programme of boosting investment in the manufacturing sector as evidenced by the efforts made by the Ministry of Industry and Trade.

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GBP TRADING LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT

	1	2	3	4	5	6	7	8
Revenue	8,700,000.00	9,570,000.00	10,527,000.00	11,579,700.00	12,737,670.00	14,011,437.00	15,412,580.70	16,700,000.00
Operating Expenses:	5,220,000.00	5,742,000.00	6,316,200.00	6,947,820.00	7,642,602.00	8,406,862.20	9,247,548.42	10,000,000.00
Profit before Depreciation &Interest	3,480,000.00	3,828,000.00	4,210,800.00	4,631,880.00	5,095,068.00	5,604,574.80	6,165,032.28	6,700,000.00
Interest	662,400.00	552,000.00	441,600.00	331,200.00	220,800.00	110,400.00	-	-
Depreciation	572,000.00	572,000.00	572,000.00	572,000.00	572,000.00	572,000.00	572,000.00	572,000.00
Gross Profit	2,245,600.00	2,704,000.00	3,197,200.00	3,728,680.00	4,302,268.00	4,922,174.80	5,593,032.28	6,200,000.00
Tax (30%)	673,680.00	811,200.00	959,160.00	1,118,604.00	1,290,680.40	1,476,652.44	1,677,909.68	1,800,000.00
Profit After Tax	1,571,920.00	1,892,800.00	2,238,040.00	2,610,076.00	3,011,587.60	3,445,522.36	3,915,122.60	4,400,000.00
Accumulated Profit	1,571,920.00	3,464,720.00	5,702,760.00	8,312,836.00	11,324,423.60	14,769,945.96	18,685,068.56	23,000,000.00

GBP TRADING LIMITED PROJECTED CASH FLOWS STATEMENTS

SOURCES:	0	1	2	3	4	5	6	7	8
Profit before interest and depreciation	0	3,480,000	3,828,000	4,210,800	4,631,880	5,095,068	5,604,574	6,165,032	6,781,535
Equity	7,360,000								
Loan	11,040,000								
Total Sources	18,400,000	3,480,000	3,828,000	4,210,800	4,631,880	5,095,068	5,604,574	6,165,032	6,781,535
Applications:									
Capital expenditure	12,600,000	-	-	-	-	-			
working Capital & Others	5,800,000								
Cash	0	2,806,320	3,016,800	3,251,640	3,513,276	3,804,387	4,127,922	4,487,122	4,918,674
Tax	-	673,680	811,200	959,160	1,118,604	1,290,680	1,476,652	1,677,909	1,862,860
Sub total	18,400,000	3,480,000	3,828,000	4,210,800	4,631,880	5,095,068	5,604,574	6,165,032	6,781,535
Total									

applications	18,400,000	3,480,000	3,828,000	4,210,800	4,631,880	5,095,068	5,604,574	6,165,032	6,781,535
Accumulated cash		2,806,320	5,823,120	9,074,760	12,588,036	16,392,423	20,520,345	25,007,468	29,926,143

GBP TRADING LIMITED PROJECTED BALANCE SHEET

Fixed Assets	0	1	2	3	4	5	6	7	8
Opening balance	-	12,600,000	12,028,000	11,456,000	10,884,000	10,312,000	9,740,000	9,168,000	8,596,000
Total Long-term Assets	-	12,600,000	12,028,000	11,456,000	10,884,000	10,312,000	9,740,000	9,168,000	8,596,000
Less depreciation	-	572,000	572,000	572,000	572,000	572,000	572,000	572,000	572,000
Closing balance	-	12,028,000	11,456,000	10,884,000	10,312,000	9,740,000	9,168,000	8,596,000	8,024,000
Working capital	5,800,000	5,800,000	5,800,000	5,800,000	5,800,000	5,800,000	5,800,000	5,800,000	5,800,000
Accumulated cash	-	2,806,320	5,823,120	9,074,700	12,588,036	16,392,423	20,520,345	25,007,468	29,926,143
Total assets	5,800,000	20,634,320	23,079,120	25,758,760	28,700,036	31,932,423	35,488,345	39,403,468	43,750,143
Financed by									
Equity	7,360,000	7,360,000	7,360,000	7,360,000	7,360,000	7,360,000	7,360,000	7,360,000	7,360,000
Net profit	-	1,571,920	1,892,800	2,238,000	2,610,076	3,011,587	3,445,522	3,915,122	4,346,674
Total equity	7,360,000	8,931,920	9,252,800	9,598,040	9,970,076	10,371,587	10,805,522	11,275,122	11,706,674
Long term loan	-	11040000	9200000	7,360,000	5,520,000	3,680,000	1840000	0	0
Bank overdraft	0	0	0	0	0	0			

Total debts	-	11,040,000	9,200,000	7,360,000.00	5,520,000.00	3,680,000	1,840,000	-	-
Total equity and debts	7,360,000	19,971,920	18,452,800	16,958,040	15,490,076	14,051,587	12,645,522	11,275,122	11,706,674.

GBP TRADING LIMITED PROJECTED LONG TERM LOAN REPAYMENT

Year	principle	Loan Interest (6%)	Total Amount Paid	Loan Balance
0				
1	1,840,000	662400	2,502,400	11,040,000
2	1,840,000	552000	2,392,000	9,200,000
3	1,840,000	441600	2,281,600	7,360,000
4	1,840,000	331200	2,171,200	5,520,000
5	1,840,000	220800	2,060,800	3,680,000
6	1,840,000	110400	11,408,000	1,840,000
7	1840000	0	1840000	0

GBP TRADING LIMITED PROJECTED PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	1,571,920.00	572,000.00	2,143,920.00	2,143,920.00
2	1,892,800.00	572,000	2,464,800.00	4,608,720.00
3	2,238,040.00	572,000	2,810,040.00	7,418,760.00
4	2,610,076.00	572,000	3,182,076.00	10,600,836.00
5	3,011,587.60	572,000	3,583,587.60	14,184,423.60
6	3,445,522.36	572,000	4,017,522.36	18,201,945.96
7	3,915,122.60	572,000.00	4,487,122.60	22,689,068.56

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GBP TRADING LIMITED PROJECTED COST STRUCTURE

PARTICULAR	US\$
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Land and Buildings	8,600,000.00
Machinery & Equipment	300,000.00
Motor Vehicles	3,500,000.00
Furniture & Fixtures	200,000.00
Pre exp	300,000.00
Others	500,000.00
Working Capital	5,000,000.00
TOTAL	18,400,000.00

GBP TRADING LIMITED FIXED ASSETS US\$

NAME OF ASSETS	1	2	3	4	5	6	7	8
Land And Buildings	8,600,000	8,428,000	8,256,000	8,084,000	7,912,000	7,740,000	7,568,000	7,396,000
Machinery, Tools & Equipment	300,000	270,000	240,000	210,000	180,000	150,000	120,000	90,000

Motor Vehicles	3,500,000	3,150,000	2,800,000	2,450,000	2,100,000	1,750,000	1,400,000	1,050,000
Furniture & Fixtures	200,000	180,000	160,000	140,000	120,000	100,000	80,000	60,000
Total	12,600,000	12,028,000	11,456,000	10,884,000	10,312,000	9,740,000	9,168,000	8,596,000
DEPRECIATION	1	2	3	4	5	6	7	8
Land and buildings	172,000	172,000	172,000	172,000	172,000	172,000	172,000	172,000
Machinery tools & Equipment	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Motor Vehicles	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Furniture & Fixtures	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
ANNUAL DEPRECIATION	572,000	572,000	572,000	572,000	572,000	572,000	572,000	572,000

ABBREVIATION

1. ICD- Inland Container Depot
2. CFS-Container Freight Station
3. USA-United States of America
4. TPA-Tanzania Port Authority
5. DWT-Dead Weight Tonnage
6. TICTS-Tanzania International Container Terminal services
7. LTD-Limited
8. TEU-Twenty Foot Equivalent Unit
9. CFs

10. CO2-Carbon dioxide
11. MT-Metric Ton
12. SPM- Single Point Mooring
13. KOJ- Kurasini oil Jetty
14. SQ-Square
15. SSG-Ship to Shore Gantry
16. RTG-Rubber Tyred Gantry
17. RMG-Rail Mounted Gentry
18. PMP- National Ports Master Plan
19. DMGP-Dar es Salaam Maritime Gateway Project
20. KM-Kilometer
21. HR-Hour
22. EDI-Electronic Data Interchange
23. GDP-Gross Domestic Product
24. FT-feet
25. PAYE-Pay as You Earn