

Mr. Gilead Teri
Executive Director
Tanzania Investment Centre (TIC)
Head Office,
P.O. Box 938,
Golden Jubilee Tower,
1st Floor, Ohio Street,
Dar es Salaam.
15 November 2023

Dear Mr. Gilead,

Re: Cold Solutions Tanzania Limited - Application for Certificate of Incentives

ARCH Cold Chain Solutions East Africa Fund (ARCH) focuses on developing and operating large scale energy efficient cold chain solutions businesses throughout 5 countries in East Africa (Ethiopia, Kenya, Rwanda, Tanzania and Uganda). The Fund plans to invest in up to 8 facilities across these countries as well as a fleet of temperature-controlled trucks and off-grid solar powered mobile solutions.

The Fund recently launched its flagship temperature-controlled facility in Kenya, Tatu City, a 15,000 pallet position facility. A view of the facility is in the link below: <https://www.coldsolutionseastafrica.com/gallery/>

Meydan & Co. Limited (“Meydan”), is a company domiciled in Tanzania and is an affiliate of Transcargo Limited, a leading logistics company in Tanzania with operations across Eastern Africa.

Owing to the synergies between them, ARCH and Meydan have partnered through a Joint Venture (“JV”) company, Cold Solutions Tanzania Limited (“Cold Solutions” or the “Company”), in order to invest in temperature-controlled supply chain in Tanzania.

The Company intends to invest in the construction of a temperature-controlled warehouse on a 7-acre greenfield site in Dar Es Salaam that is projected to cost c. USD 35 mn (including working capital). Construction is expected to commence in Q2 2024 with commissioning expected in Q4 2025.

This investment will help stem food losses associated with the lack of adequate cold chain infrastructure in Tanzania particularly among fresh fruits and vegetables farmers. The Company will also help to address the challenge in loss of pharmaceuticals efficacy along their value chain by ensuring pharmaceutical products are maintained within a 2°C – 8°C temperature range throughout the delivery cycle.

The investment will be a facilitator for produce to reach an equilibrium between supply and demand thereby reducing pricing fluctuations between harvest seasons. The facility will also be of great value addition to domestic smallholder farmers who will be enabled to meet strict temperature requirements for international markets particularly the EU.

As an incubator for the development of the food industry, the cold chain facility will drive value-based employment in Tanzania creating numerous direct and indirect employment opportunities. Further, by improving the earnings of small holder farmers, the Company is expected to create numerous indirect employment opportunities along the agriculture value chain. The construction period is also expected to provide additional employment opportunities.

To facilitate this investment, Cold Solutions Tanzania Limited seeks to obtain a Certificate of Incentives from the Tanzania Investment Centre (TIC). The Certificate of Incentives is critical in enabling the investment given 60-70% of the construction materials used are not locally available and will be imported. We are therefore keen to obtain custom duty and VAT exemptions on our imports in order to make the project bankable. Further, as the investment will be a key enabler to economic growth in Tanzania, we also seek to obtain fiscal incentives during the operations period e.g., reduced corporate income tax.

In case of any queries, please do not hesitate to contact the following contact persons:

Contact persons:

Name: Azhar Rifai

Email address: arifai@archempartners.com

Phone: +254 719 167 657

Name: Suki Muia

Email address: smuia@archempartners.com

Phone: +254 719 155 556

Regards



Suki Muia

Director

Cold Solutions Tanzania Limited