

TAZARA REVITALIZATION TANZANIA LIMITED

TAZARA Revitalization Project

Business Plan

I. Executive Summary

The TAZARA Revitalization Project aims to comprehensively enhance the transportation capacity, safety standards, and economic performance of the Tanzania-Zambia Railway through systematic rehabilitation and modernized operational management. The Project is designed to achieve sustainable development and long-term financial self-sufficiency.

The Project adopts a concession model, under which the Project Company (TAZARA Revitalization Tanzania Limited) is responsible for investment, construction, and freight operations. The concession period is 31 years starting from the year of 2026 as agreed in the Concession Agreement, including a construction period of 3 years and an operation period of 28 years. The total investment is approximately USD 1.4 billion.

II. Construction Plan

(I) Rehabilitation Principles

1. Systematic rehabilitation of track and substructure facilities to provide sound operational conditions;
2. Elimination of existing safety hazards to meet normal operational requirements;
3. Appropriate upgrading of back-end technical equipment to improve operational efficiency and safety.

(II) Main Engineering Works

1. Rehabilitation and upgrading of tracks, stations, and bridges;

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2. Repair of substructure works affecting operational safety;
3. Comprehensive inspection of steel bridges and dynamic load testing of key composite girders;
4. Formulation of reinforcement and rehabilitation schemes;
5. Completion of major works during construction and phased rehabilitation during operation.

(III) Construction Organization

1. Total construction period: 36 months;
 2. Construction will not affect existing railway operations and will be conducted within scheduled maintenance windows;
 3. Sleeper production and material preparation: 2 months;
 4. Track rehabilitation: 33 months;
 5. System testing and trial operation: 1 month;
 6. Bridge works implemented in parallel (32 months);
 7. EPC contracting model adopted.
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III. Operation Plan

(I) Concession Operation Model

The Project Company shall obtain exclusive freight operation rights, dispatching authority, and financial management rights. It shall be responsible for procurement of locomotives and rolling stock, equipment maintenance, and personnel deployment.

(II) Transportation Organization

1. Current Situation

- Freight trains: One pair every two days;

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- Passenger trains: One pair every three days;
- Equipment availability: Below 30%;
- High accident frequency.

2. Post-Revitalization Targets

- Designed capacity: 3.6 million tons/year;
- Initial freight volume: 2.4 million tons/year;
- Equipment availability: Approximately 100%;
- Accident rate reduced by about 97%.

3. Transportation Mode

Point-to-point block train operations between Kurasini Station (Dar es Salaam Port) and New Kapiri Mposhi Station. Main cargo includes export copper products and import containers.

Annual capacity:

- Exports: 1.2 million tons;
- Imports: 53,000 TEUs (approximately 1.2 million tons);
- Total: 2.4 million tons.

(III) Operation Management

1. Business sourcing through local logistics companies and mining enterprises;
2. Long-term transport agreements with major mining companies;
3. Supply chain stabilization through shareholder cooperation;
4. Expansion into third-party logistics markets.

(IV) Maintenance Management

1. TAZARA remains responsible for infrastructure maintenance;

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2. The Project Company formulates maintenance plans and provides materials;
 3. Technical teams stationed for supervision;
 4. Periodic inspections and major overhauls implemented.
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IV. Project Implementation Model

(I) Concession Framework

- The Project Company invests in infrastructure rehabilitation and rolling stock procurement;
- Obtains exclusive freight operation rights;
- Generates revenue from freight tariffs;
- Pays concession fees annually to TAZARA.

(II) Concession Fee Structure

1. Fixed fee: as agreed in the Concession Agreement;
 2. Variable fee: certain percentage of operating revenue as agreed in the Concession Agreement ;
 3. Excess volume fund: agreed in the Concession Agreement
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V. Investment and Financing Structure

(I) Investment Scale

Total investment: approximately USD 1.4 billion, including:

1. Railway rehabilitation;
2. Locomotive and rolling stock procurement;
3. Container procurement;

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4. Preliminary expenses;
5. Consulting fees;
6. Other related costs.

(II) Financial Settlement

1. Primary currency: USD;
 2. USD accounts in Tanzania and Zambia;
 3. Free settlement for domestic transactions.
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VI. Revenue Forecast

(I) Price Adjustment Mechanism

Tariffs adjusted every three years based on US CPI (approximately 2.51%).

(II) Capacity Ramp-Up Plan

- Year 1: 50%;
- Year 2: 75%;
- Year 3 onward: 100%.

(III) Revenue Composition

1. Copper Transportation Revenue

- Unit price: USD 0.048/ton-km;
- Annual volume: 1.2 million tons;
- Route length: 1,860.5 km;
- 28-year revenue: approximately USD 4.094 billion.

2. Container Transportation Revenue

- Unit price: USD 2,625/TEU;

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- Annual volume: 53,200 TEUs;
- 28-year revenue: approximately USD 5.338 billion.

3. Total Revenue

Total estimated operating revenue: approximately USD 9.432 billion over 28 years.

VII. Risk Analysis and Mitigation

1. Policy risk: Strengthened government coordination;
 2. Market risk: Long-term transport contracts;
 3. Operational risk: Enhanced maintenance systems;
 4. Exchange rate risk: USD settlement;
 5. Safety risk: Comprehensive management systems.
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VIII. Organization and Human Resources

1. Establishment of professional management team;
 2. Introduction of international operational experience;
 3. Strengthened local staff training;
 4. Promotion of localization management.
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IX. Conclusion and Outlook

Through systematic rehabilitation, professional operations, and stable cargo supply, the TAZARA Revitalization Project demonstrates strong economic and social value. Upon implementation, the Project will significantly improve regional logistics efficiency, promote China-Africa economic cooperation, and achieve sustainable long-term development.