

Kulwa INVESTMENT

Kuluwa INVESTMENT LTD

MINUTE SHEET

Kekezo
No.

1.0

Ag: EXD

The approved project has fulfilled the investment requirements, which are: -

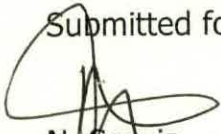
(a) Minimum finance investment threshold has been exceeded, the project expects to invest US\$ 5.38m.....

(b) Legal entity has been incorporated under certificate

No. 64050-01..... of 02/05/2008.....

Based on the above, the letter of approval is hereby submitted for signature in order for the project to comply with the requirements of Section 17 of Tanzania Investment Act, 1997.

Submitted for signature.



N. Senzia

DIF

5th March, 2013

MINUTE SHEET

Dokezo
No.

Kilwa Investment Co. Limited

P.O. BOX 70241 DAR ES SALAAM, TANZANIA

TEL: +255 714 262 744

Email: kilwa.investment@gmail.com

①

REF: KICL/TIC/2/13
TANZANIA INVESTMENT CENTRE,
P.O. BOX 938
DAR ES SALAAM



25TH February, 2013



Dear Sir,

RE: APPLICATION FOR A CERTIFICATE OF INCENTIVE

Please refer to the above subject matter.

Our Company intends to invest for the purpose of improving gypsum mining and crushing operations at its gypsum site in Kilwa as well as for establishment of gypsum powder, gypsum board and white cement production facilities in Dar es Salaam.

The Company is currently mining the gypsum and crushing it using the old equipment, the operational efficiency of which is poor thus being a bottleneck in satisfying existing demand for various contracts the company receives from various clients including Tanzania Portland Cement Company Limited. The company has also been unable to diversify into other gypsum products due to lack of a production plant to process gypsum aggregates into gypsum powder and gypsum boards which are high value products and whose market is growing in the country, particularly in the building construction sub-sector.

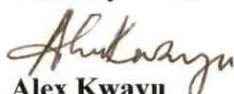
Our company is therefore seeking a certificate of incentive from your organization which will be used to get a tax holiday as we intend to buy the following equipment and machines;

- (a) 2 Excavators, (b) 6 dump trucks, (c) 1, crusher, (d) 1 gypsum board production machine,
- (e) 1 gypsum powder production machine, (f) fifteen (15) light vehicle, and 6 heavy duty distribution vehicles for the construction of the factory building for the plant. The total new investment cost is estimated at us 4,950,750 to be financed through a term loan facility covering 80% and equity contribution covering 20% of the total.

We kindly submit the application together with the following documents for your consideration and subsequent approval, which will be highly appreciated:

- 1. Incentive application form
- 2. Business Plan
- 3. Title deed
- 4. Legal Documents
 - (a) Merger
 - (b) Certificate of Incorporation
 - (c) Tax /Business Licence
 - (d) Mining Licence
 - (e) Coordinates (Project Mining Area)

Sincerely Yours,


Alex Kwayu
Managing Director

BUSINESS PLAN
FOR
APPLICATION FOR A CERTIFICATE OF INCENTIVE

SECTION 1.0 EXECUTIVE SUMMARY

1. General

This project document gives details on an investment proposal by *Kiluwa Investments Limited* for improving gypsum mining and crushing operations at its gypsum site in Kilwa and for establishment of gypsum powder, gypsum board and white cement production facilities in Dar es Salaam. The company is currently mining the gypsum and crushing it using old equipment whose operational efficiency is poor thus being a bottleneck in satisfying existing demand for various contracts the company receives from various clients, including Tanzania Portland Cement Company Limited. The company has also been unable to diversify into other gypsum products for lack of a production plant to process gypsum aggregates into gypsum powder and gypsum boards which are high value products and whose market is growing in the country, particularly in the building construction sub-sector.

Kiluwa Investments Limited is therefore applying for a certificate of incentive which is to be used to finance the purchase of two (2) excavators, six (6) dump trucks, one (1) crusher, one (1) gypsum board production machine, one (1) gypsum powder production

machine, fifteen (15) light distribution vehicles, and six (6) heavy duty distribution vehicles and construction of the factory building for the plants. The total new investment cost is estimated at USD 4,950,750 to be financed through a term loan facility covering 80% and equity contribution of 20% of the total cost. The term loan of USD 3,960,600 is to be repaid over a period of 7 years inclusive of a grace period of one (1) year for construction, installation and commissioning of production plants. It is proposed that the term loan will attract an interest rate not exceeding 20% per annum.

2. **Mining and Processing**

The Primary Mining Licence is at *Mandawa Luwawa* area in *Kilwa* District, *QDS 270/4* defined by the following corner coordinates (Arc 1960):

Corner	Latitude	Longitude
1	-09 deg. 28 min. 05.21 sec.	39 deg. 18 min. 22.19 sec
2	-09 deg. 28 min. 05.04 sec.	39 deg. 18 min. 29.35 sec
3	-09 deg. 28 min. 12.52 sec.	39 deg. 18 min. 29.37 sec
4	-09 deg. 28 min. 12.99 sec.	39 deg. 18 min. 22.51 sec

The area under this mining license is 5.01 hectares. The licence is valid for a period of seven (7) years, effective from 15th December 2011.

The mining method applied involves stripping of waste to expose the layer of gypsum ore which may be loosened by ripping by a dozer or by excavation with a backhoe mini-excavator. Blasting

could be used to loosen the bedrock. Thus, a fleet comprising of six (6) dump trucks and one (1) excavator will be adequate for the mining operations. Gypsum ore processing will involve feeding the raw ore into a crusher to produce gypsum aggregates, which are then to be transported to the gypsum powder and board manufacturing plants in Dar es Salaam.

3. Market Potential and Competition

There is a significant growth of demand for gypsum powder and gypsum boards in the country as a result of a growing building construction industry and interest in aesthetic materials in residential houses for most customers. There is also an opportunity for supplying the products to neighbouring countries for which recent market research conducted by the project promoters has revealed high demand for gypsum products building construction.

High quality products from the proposed manufacturing plants to be erected in Dar es Salaam will enable the company to effectively compete in the local market and venture into the neighbouring markets of Rwanda, Burundi and Uganda.

The company will use existing gypsum powder and gypsum boards suppliers in the country and especially in Dar es Salaam to distribute and sell its products. Timely availability from the company production units and high quality products obtainable at affordable prices will be strong incentives for local suppliers to source the products from the company instead of importing inferior quality products.

Major importers of gypsum powder in the country, which will be the main competitors for the project, include the following:

- *Msindika Stores Limited* of Dar es Salaam who source the product from Thailand and Malaysia
- *Tanzania Gypsum Limited* of Dar es Salaam also sourcing the product from Thailand and Malaysia
- *Nabaki Afrika Limited* of Dar es Salaam whose product source is India and China
- *Border Limited*, a Chinese company whose source is the Peoples Republic of China
- *Sunda Limited*, a Chinese company sourcing the product from the Peoples Republic of China
- *Mbuyeku Limited* of Dar es Salaam, sourcing its products from China and South Africa
- *DNY Limited* of Dar es Salaam which sources the product from South Africa, and
- *Mkumbara Saw Mills Limited* of Mombo in Tanga, which sources the product locally.

4. Investment Costs

The new investment cost for the proposed project plus the purchase of the gypsum board and powder production machines, light and heavy duty distribution vehicles is estimated at **USD 4,950,750** distributed as presented in *Appendix 1* and as summarised below:

PROJECT INVESTMENT in “000” Tshs

ITEM			USD	000' Tshs
Applied Exchange Rate	USD/Tshs	1,600		
New Equipment				
Excavator	2	350,000	700,000	1,120,000
Dump Trucks	6	112,000	672,000	1,075,200
Crusher	1	566,000	566,000	905,600
Gypsum Board Production Machine	1	591,000	591,000	785,600
Gypsum Powder Production Machine	1	525,000	525,000	840,000
Distribution Vehicles (Light)	15	35,000	525,000	840,000
Distribution Vehicles (Heavy duty)	6	128,000	768,000	1,228,800
Factory Building			303,750	640,000
Standby generator	2	200,000	400,000	486,000
TOTAL NEW INVESTMENT			4,950,750	7,921,200

Other Company Assets

Land & Buildings				415,947
Office Furniture & Equipment				63,082
Motor Vehicles				205,270
				684,299
TOTAL ASSETS			5,378,437	8,605,499

5. **Financing Plan**

The financing of the new investment which include the 7 items in the investment costs table above whose total cost is estimated at USD 4,950,750 is proposed to be in the form of a term loan covering 80% and equity contribution of 20% of the total cost. The term loan of USD 3,960,600 is to be repaid over a period of 7 years inclusive of a grace period of one (1) year for construction, installation and commissioning of production plants. It is proposed that the term loan will attract an interest rate not exceeding 20% per annum as indicated in *Appendix 3*.

6. **Revenue Projections**

Revenue projections are based on the following assumptions:

- The gypsum crusher has a production capacity of 130 metric tonnes per hour.
- The gypsum aggregates production plant will operate on a single shift of 8 hours a day
- The aggregates plant will operate for 20 days per month, for a period of 10 months per annum, other days being reserved for maintenance purposes and holidays.
- The gypsum aggregates production plant will operate on a capacity utilization of 75% during the first year of its operation, increasing to 80% during the second year and 85% from the third year onwards.
- 100% of the gypsum aggregates produced will be used to produce gypsum powder (116%) and gypsum board (76%), whereas 8% is assumed as spoilages.

- Another 100% of the gypsum aggregates produced will be used for production of white cement (98%) whereas 2% is assumed as spoilage.
- The gypsum powder and board manufacturing machines and the white cement manufacturing machine are projected to operate at a capacity utilization of 85% during the first year of its operation, increasing to 90% during the second year and 95% from the third year onwards.
- The quantities of gypsum powder, gypsum board and white cement sold each year are projected to increase from 75% of the total quantities produced during the first year of operations to 80% during the second year and 85% from the third year onwards.
- Selling prices are projected at Tshs 720,000 per metric tonne for gypsum powder, Tshs 1,100,000 per metric tonne for gypsum board and Tshs 600,000 per metric tonne for white cement. Prices are kept constant throughout the projected period of ten (10) years.
- Applied Exchange Rate is Tshs 1,600 per 1 USD.

Revenue from *gypsum powder* is projected to increase from Tshs 83,060.6 million in the first year, to Tshs 100,063.6 million in the second year and Tshs 119,238.2 million from the third year onwards.

Revenue from *gypsum board* is projected to increase from Tshs 83,140.2 million in the first year, to Tshs 100,159.5 million in the second year and Tshs 119,352.4 million from the third year onwards.

Revenue from *white cement* is projected to increase from Tshs 58,476.6 million in the first year, to Tshs 70,447.1 million in the second year and Tshs 83,946.4 million from the third year onwards.

Total project revenue is projected to increase from Tshs 224,677.4 million in the first year, to Tshs 270,670.2 million in the second year and Tshs 322,536.9 million from the third year onwards as indicated in *Appendix 5*.

Gross operating income is projected to increase from Tshs 26,605.4 million in the first year, to Tshs 32,410.9 million in the second year and Tshs 38,980.1 million from the third year onwards.

Gross operating profit is projected to increase from Tshs 19,147.9 million in the first year, to Tshs 23,635.0 million in the second year and Tshs 29,148.2 million from the third year onwards.

Profits after capital and financial charges (depreciation and loan interest expenses) are projected to start at Tshs 16,789.4 million in the first year, increasing to Tshs 26,977.5 million in the third year, Tshs 27,143.2 million in the fifth year, Tshs 27,202.7 million in year 6, Tshs 27,155.9 million in year 8 and Tshs 25,812.9 million in the tenth year.

Profits after taxation are projected to start at Tshs 11,752.6 million in the first year, increasing to Tshs 18,884.3 million in the third

year, Tshs 19,059.4 million in the fourth year, Tshs 19,041.9 million in year 6, Tshs 19,009.1 million in year 8 and Tshs 18,069.0 million in the tenth year.

Accumulated retained earnings are projected to increase from Tshs 11,752.6 million in the first year to Tshs 177,338.3 million in the tenth year as shown in *Appendix 8*.

7. Project Liquidity

The proposed project is very profitable. It generates positive net cashflows from the first year of operations with net cashflow of Tshs 12,843.6 million. Positive net cashflows are recorded in each year of operation. Consequently, due to its sound liquidity, the project will be capable of comfortably repaying its term loan liabilities (principal repayment) starting from the second year of operations onwards and still retain adequate funds each year for its operations. Cashflow projections are presented in *Appendix 9*.

The project is able to achieve an attractive payback period of 9 months as indicated in *Appendix 10*. That is to say the whole investment (new and existing assets) cost of Tshs 8,605,499,000 will fully be recouped in that period.

Break-even revenue is projected at Tshs 207,048,902,000 with a break-even production capacity utilization of 92.15% as shown in *Appendix 11*.

8. Internal Rate of Return and Sensitivity Analysis

Through the Discounted Cash Flow (DCF) method (*Appendix 12*) the project realizes an attractive Internal Rate of Return (*IRR*) of **67.59%** which is very much above the cost of capital in the economy. This indicates that the project is very financially viable. Since financial projections are only as good as the assumptions on which they are built, an analysis of the impact of changes in some of the major parameters has been carried out.

In *Scenario 2*, production capacity is assumed to be reduced by 10% below the original production capacity applied in the Base Case. As a result, the Internal Rate of Return (*IRR*) is reduced from **67.59%** recorded in the Base Case to **48.49%**. The payback period is also increased from 10 months recorded in the Base Case to 1 year and 6 months; break-even revenue is reduced from Tshs 207,048,902,000 recorded in the Base Case to Tshs 96,221,165,000 but the break-even production capacity utilization is increased from 92.15% recorded in the Base Case to 95.18%.

In *Scenario 3*, all production costs have been increased slightly by **1% (one percent)** above the original parameters applied in the Base Case. As a result, the Internal Rate of Return (*IRR*) is reduced from **67.59%** recorded in the Base Case to **45.04%**. The payback period is also increased from 10 months recorded in the Base Case to 1 year and 6 months; break-even revenue is reduced from Tshs 207,048,902,000 recorded in the Base Case to Tshs

107,367,037,000 and the break-even production capacity utilization is increased from 92.15% recorded in the Base Case to 95.57%.

The project is therefore *extremely* sensitive to changes in operating costs than to changes in sales volume or production capacity. *Operating costs should therefore be strictly controlled in order to keep the project financially viable.*

9. Economic and Social Benefits

The successful operation of the gypsum mining, crushing and gypsum powder, board and white cement production project to be operated by *Kiluwa Investments Limited* will have significant economic and social benefits to the country as a whole. In summary, some of the benefits which will be realized include:

- (i) Creation of permanent employment opportunities for over 140 Tanzania employees.
- (ii) The project will be an import substitution venture in the sense that less white cement, gypsum board and powder will be imported from outside the country.
- (iii) The neighbourhood of the project will benefit domestic lighting from the electrification of the factory.
- (iv) Feeder roads leading to the factory from the gypsum pits will be frequently repaired by the project hence affording easy transportation of goods and people around the project.
- (v) Provision of income to employees and other service providers (individual entrepreneurs) thus contributing to Government efforts in improving citizens' living standards.

- (vi) Provision of a new market for food products and other goods required at the mining site, thus generating an economic multiplier effect to the project area and surrounding areas.
- (vii) Provision of revenue to the Government through corporate tax. It is projected that the project will contribute a total of Tshs 78,880.9 million to the Treasury in the form of corporate tax over a period of ten years, which implies an annual average of Tshs 6,573.4 million.

10. Conclusions and Recommendations

This project document has provided descriptions of a detailed investment proposal by *Kiluwa Investments Limited* for establishment of operating facilities for gypsum mining, crushing and production of gypsum powder, board and white cement from its gypsum deposits in Kilwa.

The company is seeking for a certificate of incentive from Tanzania Investment centre *to* finance 80% of the total investment cost for the project, for which the company requires to purchase one (2) excavator, six (6) dump trucks, one (1) crusher, one (1) gypsum board production machine, one (1) gypsum powder production machine, fifteen (15) light distribution vehicles, six (6) distribution vehicles and construction of the factory building for the plants.

Through the various parameters, which have been considered, it has been established that the proposed project is technically

feasible, financially viable, and economically and socially beneficial.

In view of the above intended investment, Kiluwa Investments Limited is hereby applying for a Certificate of Incentives from the Tanzania Investment Centre (TIC) under Section 17 of the Tanzania Investment Act and Part IV of the Investment Regulations 2002. It is therefore recommended that the Tanzania Investment Centre (TIC) provide the necessary support to the company by approving this application for Certificate of Incentives.

SECTION 2.0 THE PROJECT

2.1 Investors proposal.

This project document gives details on an investment proposal by *Kiluwa Investments Limited* for improving gypsum mining and crushing operations at its gypsum site in Kilwa and for establishment of gypsum powder, gypsum board and white cement production facilities in Dar es Salaam. The company is currently mining the gypsum and crushing it using old equipment whose operational efficiency is poor thus being a bottleneck in satisfying existing demand for various contracts the company receives from various clients, including Tanzania Portland Cement Company Limited. The company has also been unable to diversify into other

gypsum products for lack of a production plant to process gypsum aggregates into gypsum powder and gypsum boards which are high value products and whose market is growing in the country, particularly in the building construction sub-sector.

Kiluwa Investments Limited is therefore applying for a certificate of incentive which is to be used to finance the purchase of two (2) excavators, six (6) dump trucks, one (1) crusher, one (1) gypsum board production machine, one (1) gypsum powder production machine, fifteen (15) light distribution vehicles, and six (6) heavy duty distribution vehicles and construction of the factory building for the plants. The total investment cost is estimated at USD 4,950,750 to be financed through a term loan facility covering 80% and equity contribution of 20% of the total cost. The term loan of USD 3,960,600 is to be repaid over a period of 7 years inclusive of a grace period of one (1) year for construction, installation and commissioning of production plants. It is proposed that the term loan will attract an interest rate not exceeding 20% per annum.

2.2 Company Management and Organisation

Kiluwa Investment Co. Limited is a privately owned limited liability company lawfully registered in Tanzania. It was established and incorporated on the 5th February, 2008 and issued with Certificate of Incorporation No. **64090**. The company is registered with the Tanzania Revenue Authority as a taxpayer having Taxpayer Identification Number (*TIN*) **106-425-027** with effect from 8th February 2008. It operates through a Business Licence Number B **01196653** issued by the Kinondoni Municipal

Council. The company's principal place of business is Plot No. 6 Nyerere Road, Keko Mwanga Industrial Area, Dar es Salaam. Its physical address is P.O. Box 19771, Dar es Salaam. The principal activity of the company is the distribution of various products. The authorised share capital of the *Kiluwa Investment Co. Limited* is Tshs 10,000,000 divided into 1,000 ordinary shares of Tshs 10,000 each. The current directors and shareholders of the company and their respective number of shares are as follows:

<i>Mohamedi S. Kiluwa</i>	<i>60%</i>
<i>Sheni Mohamedi Kiluwa</i>	<i>20%</i>
<i>Alex Kwayu</i>	<i>20%</i>

Kiluwa Investment Co. Limited has a sister company operating under the name of *A TO Z Investments Limited*. *A TO Z Investments Limited* is a privately owned limited liability company lawfully registered in Tanzania. It was established and incorporated on the 21st April, 2004 and issued with Certificate of Incorporation No. **48730**. The company is registered with the Tanzania Revenue Authority as a taxpayer having Taxpayer Identification Number (*TIN*) **103-089-581** with effect from 20th October 2004. The company is also registered for Value Added Tax (VAT) and assigned VAT Registration Number (VRN) 40 – 001852 – V with effect from 18th June, 2008. It operates through a Business Licence Number B **01101703** issued by the Temeke Municipal Council. The company's principal place of business is also Plot No. 6 Nyerere Road, Keko Mwanga Industrial Area, Dar es Salaam. Its physical address is P.O. Box 19771, Dar es Salaam. The principal activity of the company is the distribution of various products.

The authorised share capital of *A TO Z Investments Limited* is Tshs 200,000,000 divided into 20,000 ordinary shares of Tshs 10,000 each. The current directors and shareholders of the company and their respective number of percentages of shareholding are as follows:

<i>Alex Kwayu</i>	<i>50% shareholding</i>
<i>Ethel Lesika</i>	<i>30% shareholding</i>
<i>Mohamedi S. Kiluwa</i>	<i>20% shareholding</i>

A TO Z Investments Limited has made good performance over the years. Recent financial statements indicate that the company had a turnover of Tshs 6,909.0 million in 2010 increasing to Tshs 10,331.7 million in 2011. Profits after taxation have increased gradually from Tshs 332.3 million in 2010 to Tshs 351.4 million in 2011. Company assets have decreased from Tshs 1,623.1 million in 2010 to Tshs 1,599.5 million in 2011.

Figure 1: Financial Performance in Million Tshs

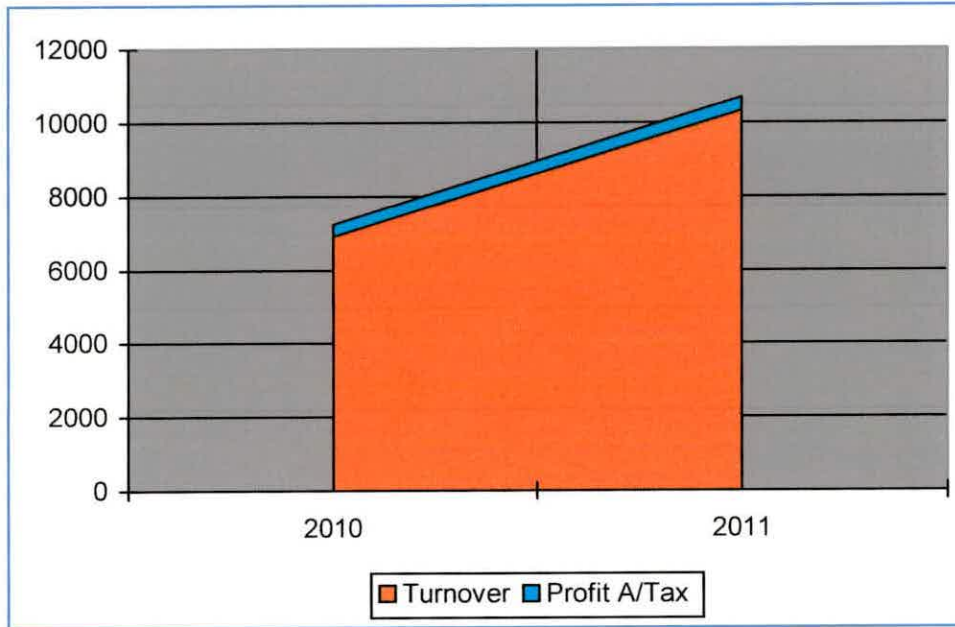
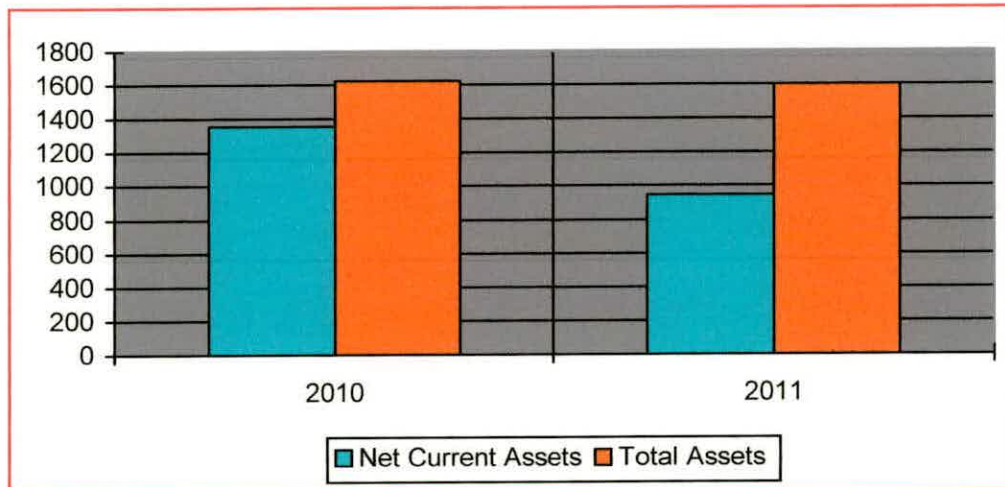


Figure 2: Balance Sheets in Million Tshs



There is a Board of Directors which will monitor the performance of gypsum project in all its various stages of mining, transportation, powder and board manufacturing and sale. The day to day activities of the company will be under the direct management of the Managing Director who will be assisted by the various Heads of Departments. Management of company operations will be undertaken by a team of professionals well versed in the gypsum processing business. These include the

gypsum mining supervisors at the mining site, aggregates processing manager, gypsum board and cement powder processing managers, and marketing personnel.

SECTION 3.0 MINING AND PROCESSING

The Primary Mining Licence is at *Mandawa Luwawa* area in *Kilwa* District, *QDS 270/4* defined by the following corner coordinates (Arc 1960):

Corner	Latitude	Longitude
1	-09 deg. 28 min. 05.21 sec.	39 deg. 18 min. 22.19 sec
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4	-09 deg. 28 min. 12.99 sec.	39 deg. 18 min. 22.51 sec

The area under this mining license is 5.01 hectares. The licence is valid for a period of seven (7) years, effective from 15th December 2011.

The mining method applied involves stripping of waste to expose the layer of gypsum ore which may be loosened by ripping by a dozer or by excavation with a backhoe mini-excavator. Blasting could be used to loosen the bedrock. Thus, a fleet comprising of six (6) dump trucks and one (1) excavator will be adequate for the mining operations. Gypsum ore processing will involve feeding the raw ore into a crusher to produce gypsum aggregates, which are then to be transported to the gypsum powder and board manufacturing plants in Dar es Salaam.

SECTION 4.0 MARKET POTENTIAL AND COMPETITION

There is a significant growth of demand for gypsum powder and gypsum boards in the country as a result of a growing building construction industry and interest in aesthetic materials in residential houses for most customers. There is also an opportunity for supplying the products to neighbouring countries for which recent market research conducted by the project promoters has revealed high demand for gypsum products building construction.

High quality products from the proposed manufacturing plants to be erected in Dar es Salaam will enable the company to effectively compete in the local market and venture into the neighbouring markets of Rwanda, Burundi and Uganda.

The company will use existing gypsum powder and gypsum boards suppliers in the country and especially in Dar es Salaam to distribute and sell its products. Timely availability from the company production units and high quality products obtainable at affordable prices will be strong incentives for local suppliers to source the products from the company instead of importing inferior quality products.

Major importers of gypsum powder in the country, which will be the main competitors for the project, include the following:

- *Msindika Stores Limited* of Dar es Salaam who source the product from Thailand and Malaysia

- *Tanzania Gypsum Limited* of Dar es Salaam also sourcing the product from Thailand and Malaysia
- *Nabaki Afrika Limited* of Dar es Salaam whose product source is India and China
- *Border Limited*, a Chinese company whose source is the Peoples Republic of China
- *Sunda Limited*, a Chinese company sourcing the product from the Peoples Republic of China
- *Mbuyeku Limited* of Dar es Salaam, sourcing its products from China and South Africa
- *DNY Limited* of Dar es Salaam which sources the product from South Africa, and
- *Mkumbara Saw Mills Limited* of Mombo in Tanga, which sources the product locally.

SECTION 5.0 INVESTMENT COSTS AND FINANCING PLAN

5.1 Investment Costs

The new investment cost for the proposed project plus the purchase of the gypsum board and powder production machines is estimated at *USD 4,950,750* distributed as presented in *Appendix 1* and as summarised below: **4,950,750**

PROJECT INVESTMENT in '000' Tshs

ITEM			USD	000' Tshs
Applied Exchange Rate	USD/Tshs	1,600		
New Equipment				
Excavator	2	350,000	700,000	1,120,000
Dump Trucks	6	112,000	672,000	1,075,200
Crusher	1	566,000	566,000	905,600
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Distribution Vehicles (Heavy duty)	6	128,000	768,000	1,228,800
Factory Building			303,750	640,000
TOTAL NEW INVESTMENT			4,950,750	7,921,200

Other company Assets

Land & Buildings				415,947
Office Furniture & Equipment				63,082
Motor Vehicles				205,270
				684,299
TOTAL ASSETS			5,378,437	8,605,499

5.2 Financing Plan

The financing of the new investment which include the 7 items in the investment costs table above whose total cost is estimated at USD 4,950,750 is proposed to be in the form of a term loan covering 80% and equity contribution of 20% of the total cost. The term loan of USD 3,960,600 is to be repaid over a period of 7 years inclusive of a grace period of one (1) year for construction, installation and commissioning of production plants. It is proposed that the term loan will attract an interest rate not exceeding 20% per annum as indicated in *Appendix 3*.

SECTION 6.0 FINANCIAL ANALYSIS OF THE PROJECT

6.1 Basic Assumptions

6.1.1 Revenue Projections:

Revenue projections are based on the following assumptions:

- The gypsum crusher has a production capacity of 130 metric tonnes per hour.
- The gypsum aggregates production plant will operate on a single shift of 8 hours a day
- The aggregates plant will operate for 20 days per month, for a period of 10 months per annum, other days being reserved for maintenance purposes and holidays.

- The gypsum aggregates production plant will operate on a capacity utilization of 75% during the first year of its operation, increasing to 80% during the second year and 85% from the third year onwards.
- 100% of the gypsum aggregates produced will be used to produce gypsum powder (116%) and gypsum board (76%), whereas 8% is assumed as spoilages.
- Another 100% of the gypsum aggregates produced will be used for production of white cement (98%) whereas 2% is assumed as spoilage.
- The gypsum powder and board manufacturing machines and the white cement manufacturing machine are projected to operate at a capacity utilization of 85% during the first year of its operation, increasing to 90% during the second year and 95% from the third year onwards.
- The quantities of gypsum powder, gypsum board and white cement sold each year are projected to increase from 75% of the total quantities produced during the first year of operations to 80% during the second year and 85% from the third year onwards.
- Selling prices are projected at Tshs 720,000 per metric tonne for gypsum powder, Tshs 1,100,000 per metric tonne for gypsum board and Tshs 600,000 per metric tonne for white cement. Prices are kept constant throughout the projected period of ten (10) years.
- Applied Exchange Rate is Tshs 1,600 per 1 USD.

6.1.2 Operating Expenses

The main operating expenses include mining, transportation and crushing costs as well as environmental costs associated with gypsum mining at the gypsum mining and crushing site as indicated in *Appendix 4A*; production costs for gypsum powder and board, and white cement which include aggregates loading costs at the crushing factory for subsequent transportation to the production plants in Dar es Salaam, TANROAD costs, fuel consumption costs projected at 30% of total turnover, extra vehicles hiring expenses projected at 5.5% of total turnover, allowances for drivers projected at 0.5% of total turnover, environmental charges during transportation estimated at Tshs 250 per metric tonne, fuel consumption for the production plants projected at 7% of total turnover, fuel consumption for the standby generator projected at 1.5% of total turnover, water and electricity costs at the production plants projected at 7.5% of total turnover, packaging materials projected at 5% of total turnover, production labour costs projected at 8% of total turnover, repair and maintenance costs for the mining equipment projected at 2.75% of total turnover, repair and maintenance costs for vehicles projected at 5.25% of total turnover, repair and maintenance costs for the crushing factory projected at 1.5% of total turnover, and repair and maintenance costs for the production plants projected at 12.5% of total turnover as indicated in *Appendix 6*.

Administrative costs for the project insurance costs projected at 1% of total turnover, products distribution expenses projected at 0.6% of total turnover, rental charges for offices/storage facilities/selling

shops projected at Tshs 10.0 million per month, local government levies projected at 0.1% of total turnover, general office expenses projected at Tshs 7.0 million per month, security expenses projected at 0.05% of total turnover, travelling expenses projected at 0.15% of total turnover, meal allowances projected at 0.25% of total turnover, medical expenses projected at 0.15% of total turnover, and marketing expenses projected at 0.5% of total turnover as indicated in *Appendix 7*.

6.1.3 Salaries and Wages

Salaries, wages and 30% social security benefits for 51 workers are also indicated in *Appendix 7*.

6.1.4 Re-investment Expenditure:

Re-investment of Tshs 2,837.1 million is carried out in years 5 and 9 for vehicles and Tshs 519.9 million and Tshs 1,187.8 million are undertaken in year 9 for the factory building and processing plant respectively.

6.1.5 Corporate income tax rate of 30% is assumed to remain unchanged over the projected period of ten (10) years.

6.2 Financial Highlights

Financial forecasts over a ten-year period for the project have been worked out. Investment Costs are presented in *Appendix 1*, whereas the assets depreciation schedule is presented in *Appendix 2*. Loan repayment schedule is presented in *Appendix 3*. *Appendix*

4 A shows the gypsum aggregates production plan, *Appendix 4 B* shows production costs for gypsum aggregates, *Appendix 4 C* shows the production plan for gypsum board and powder and *Appendix 4 D* shows the production plan for white cement. *Appendix 5* presents the income statement from the three different products manufactured by the plant. *Appendix 6* presents production costs for the three products. Administrative costs including manpower requirements are presented in *Appendix 7*. The projected income statement for the whole project is then presented in *Appendix 8*. Cashflow projections are presented in *Appendix 9* and the payback period is presented in *Appendix 10*. Break-even analysis is presented in *Appendix 11* and discounted cashflow projections in *Appendix 12*.

6.2.1 Turn over and profit

Revenue from *gypsum powder* is projected to increase from Tshs 83,060.6 million in the first year, to Tshs 100,063.6 million in the second year and Tshs 119,238.2 million from the third year onwards.

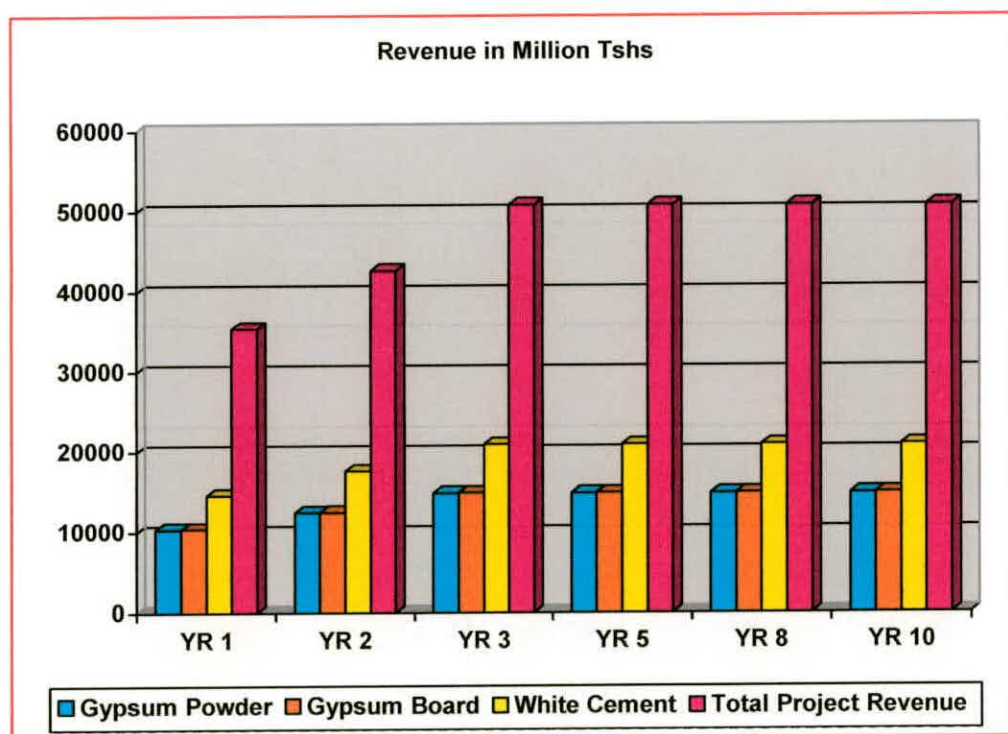
Revenue from *gypsum board* is projected to increase from Tshs 83,140.2 million in the first year, to Tshs 100,159.5 million in the second year and Tshs 119,352.4 million from the third year onwards.

Revenue from *white cement* is projected to increase from Tshs 58,476.6 million in the first year, to Tshs 70,447.1 million in the

second year and Tshs 83,946.4 million from the third year onwards.

Total project revenue is projected to increase from Tshs 224,677.4 million in the first year, to Tshs 270,670.2 million in the second year and Tshs 322,536.9 million from the third year onwards as indicated in *Appendix 5*.

Figure 3: Revenue from different project sources in Million Tshs



Gross operating income is projected to increase from Tshs 26,605.4 million in the first year, to Tshs 32,410.9 million in the second year and Tshs 38,980.1 million from the third year onwards.

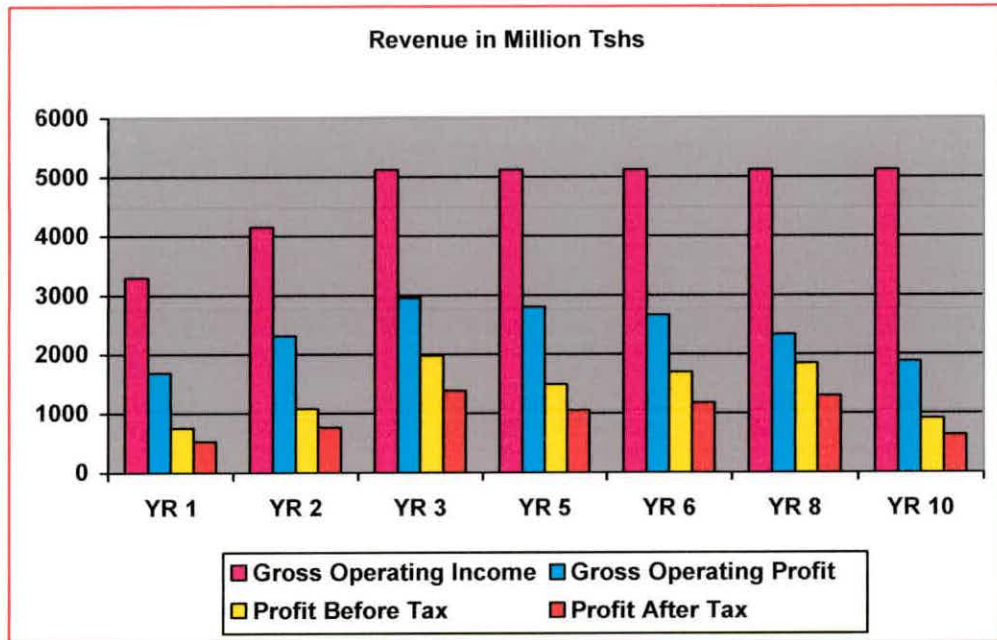
Gross operating profit is projected to increase from Tshs 19,147.9 million in the first year, to Tshs 23,635.0 million in the second year and Tshs 29,148.2 million from the third year onwards.

Profits after capital and financial charges (depreciation and loan interest expenses) are projected to start at Tshs 16,789.4 million in the first year, increasing to Tshs 26,977.5 million in the third year, Tshs 27,143.2 million in the fifth year, Tshs 27,202.7 million in year 6, Tshs 27,155.9 million in year 8 and Tshs 25,812.9 million in the tenth year.

Profits after taxation are projected to start at Tshs 11,752.6 million in the first year, increasing to Tshs 18,884.3 million in the third year, Tshs 19,059.4 million in the fourth year, Tshs 19,041.9 million in year 6, Tshs 19,009.1 million in year 8 and Tshs 18,069.0 million in the tenth year.

Accumulated retained earnings are projected to increase from Tshs 11,752.6 million in the first year to Tshs 177,338.3 million in the tenth year as shown in *Appendix 8*.

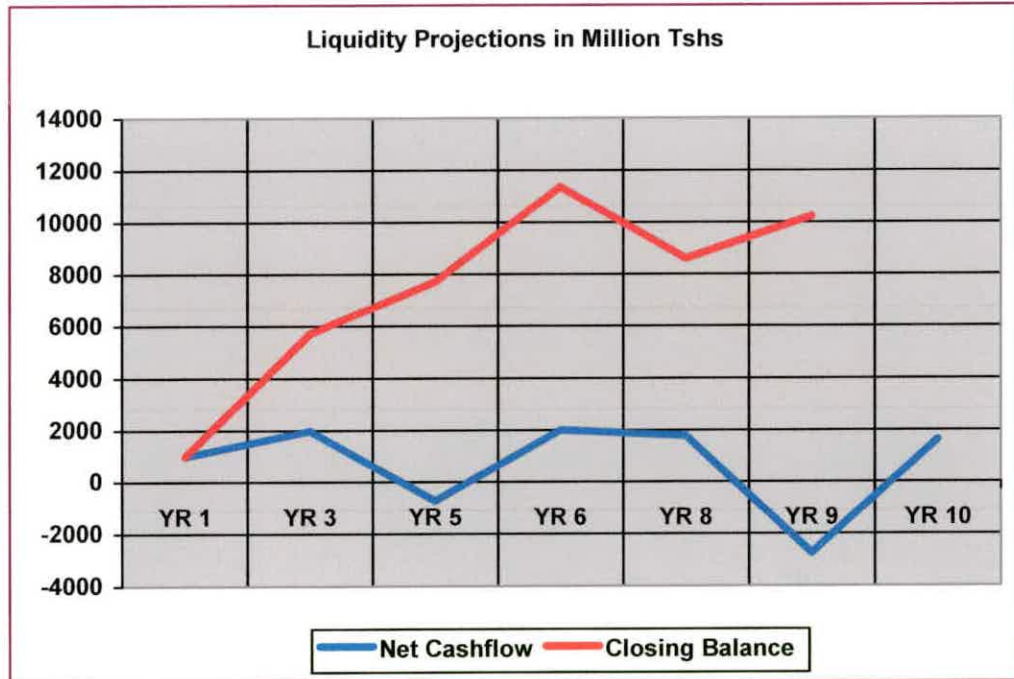
Figure 4: Projected financial performance in Million Tshs



6.2.2 Project Liquidity

The proposed project is very profitable. It generates positive net cashflows from the first year of operations with net cashflow of Tshs 12,843.6 million. Positive net cashflows are recorded in each year of operation. Consequently, due to its sound liquidity, the project will be capable of comfortably repaying its term loan liabilities (principal repayment) starting from the second year of operations onwards and still retain adequate funds each year for its operations. Cashflow projections are presented in *Appendix 9*.

Figure 5: Liquidity projections in Million Tshs



The project is able to achieve an attractive payback period of 10 months as indicated in *Appendix 10*. That is to say the whole investment (new and existing assets) cost of Tshs 8,605,499,000 will fully be recouped in that period.

Break-even revenue is projected at Tshs 207,048,902,000 with a break-even production capacity utilization of 92.15 as shown in *Appendix 11*.

6.2.3 Internal Rate of Return and Sensitivity Analysis

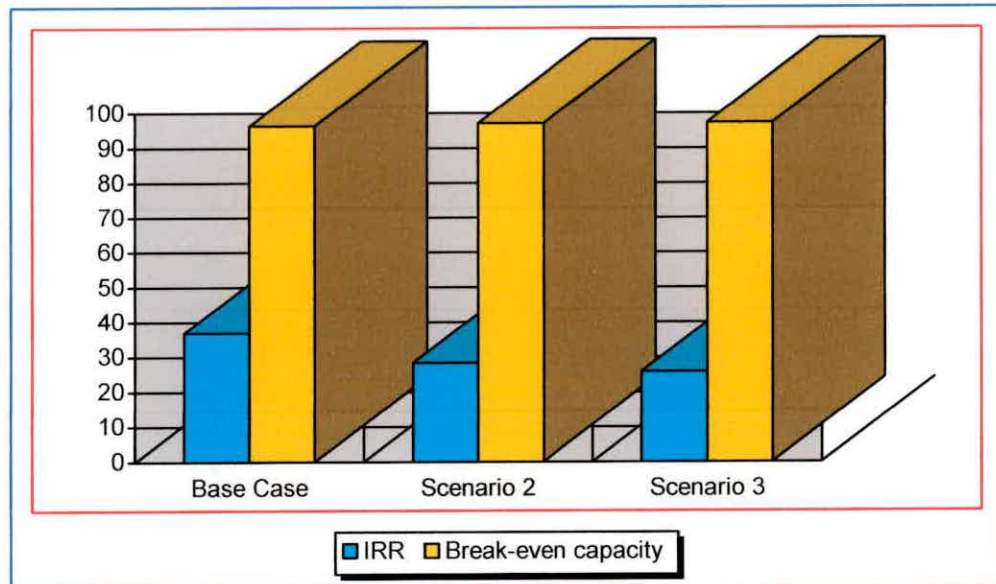
Through the Discounted Cash Flow (DCF) method (*Appendix 12*) the project realizes an attractive Internal Rate of Return (*IRR*) of **67.59%** which is very much above the cost of capital in the economy. This indicates that the project is very financially viable.

Since financial projections are only as good as the assumptions on which they are built, an analysis of the impact of changes in some of the major parameters has been carried out.

In *Scenario 2*, production capacity is assumed to be reduced by 10% below the original production capacity applied in the Base Case. As a result, the Internal Rate of Return (*IRR*) is reduced from **67.59%** recorded in the Base Case to **48.49%**. The payback period is also increased from 10 months recorded in the Base Case to 1 year and 6 months; break-even revenue is reduced from Tshs 207,048,902,000 recorded in the Base Case to Tshs 96,221,165,000 but the break-even production capacity utilization is increased from 92.15 recorded in the Base Case to 95.175.

In *Scenario 3*, all production costs have been increased slightly by **1% (one percent)** above the original parameters applied in the Base Case. As a result, the Internal Rate of Return (*IRR*) is reduced from **67.59%** recorded in the Base Case to **45.04%**. The payback period is also increased from 10 months recorded in the Base Case to 1 year and 6 months; break-even revenue is reduced from Tshs 207,048,902,000 recorded in the Base Case to Tshs 107,367,037,000 and the break-even production capacity utilization is increased from 92.15% recorded in the Base Case to 95.57%.

Figure 6: Sensitivity Analysis – Internal Rate of Return (IRR) and Break-even capacity.



The project is therefore *extremely* sensitive to changes in operating costs than to changes in sales volume or production capacity. *Operating costs should therefore be strictly controlled in order to keep the project financially viable.*

SECTION 7.0 ECONOMIC AND SOCIAL BENEFITS

The successful operation of the gypsum mining, crushing and gypsum powder, board and white cement production project to be operated by *Kiluwa Investments Limited* will have significant economic and social benefits to the country as a whole. In summary, some of the benefits which will be realized include:

- (viii) Creation of permanent employment opportunities for over 140 Tanzania employees.
- (ix) The project will be an import substitution venture in the sense that less white cement, gypsum board and powder will be imported from outside the country.
- (x) The neighbourhood of the project will benefit domestic lighting from the electrification of the factory.
- (xi) Feeder roads leading to the factory from the gypsum pits will be frequently repaired by the project hence affording easy transportation of goods and people around the project.
- (xii) Provision of income to employees and other service providers (individual entrepreneurs) thus contributing to Government efforts in improving citizens' living standards.
- (xiii) Provision of a new market for food products and other goods required at the mining site, thus generating an economic multiplier effect to the project area and surrounding areas.
- (xiv) Provision of revenue to the Government through corporate tax. It is projected that the project will contribute a total of Tshs 78,880.9 million to the Treasury in the form of corporate tax over a period of ten years, which implies an annual average of Tshs 6,573.4 million.

SECTION 8.0 CONCLUSION AND RECOMMENDATIONS

- 8.1 This project document has provided descriptions of a detailed investment proposal by *Kiluwa Investments Limited* for establishment of operating facilities for gypsum mining, crushing and production of gypsum powder, board and white cement from its gypsum deposits in Kilwa.
- 8.2 The company is seeking for a certificate of incentive from Tanzania Investment Centre to finance 80% of the total investment cost for the project, for which the company requires to purchase one (2) excavator, six (6) dump trucks, one (1) crusher, one (1) gypsum board production machine, one (1) gypsum powder production machine, fifteen (15) light distribution vehicles, six (6) distribution vehicles and construction of the factory building for the plants.
- 8.3 Through the various parameters, which have been considered, it has been established that the proposed project is technically feasible, financially viable, and economically and socially beneficial.
- 8.4 In view of the above intended investment, Kiluwa Investments Limited is hereby applying for a Certificate of Incentives from the Tanzania Investment Centre (TIC) under Section 17 of the Tanzania Investment Act and Part IV of the Investment Regulations 2002. It is therefore recommended that the Tanzania Investment Centre (TIC) provide the necessary support to the company by approving this application for Certificate of Incentives.



TANZANIA INVESTMENT CENTRE

REGISTRATION FORM

FOR

CERTIFICATE OF INCENTIVES

**(Tanzania Investment Act 1997, Section 17 and 18,
and the Investment Regulations:
Regulation 42, Government Notice No. 318A of 2002)**

Tanzania Investment Centre
9A & B Shaaban Robert Street
P. O. Box 938
DAR ES SALAAM
Tel. 022 2116328
Fax. 022 2118253
e-mail: information@tic.co.tz
Website: www.tic.co.tz

(Please fill the form in duplicate)

UNITED REPUBLIC OF TANZANIA

THE TANZANIA INVESTMENT ACT

(No. 26 of 1997)

APPLICATION FOR REGISTRATION

(Made under Regulation 42)

To: The Executive Director
Tanzania Investment Centre
P. O. Box 938
DAR ES SALAAM
Tanzania

1. I/We ALEX KWAYU
(director/directors/agent of KILUWA INVESTMENT CO. LTD
(name of business enterprise) apply for registration of CERTIFICATE OF INCENTIVES
under Section 17 of the Act and Part IV of the Investment Regulations, 2002.
2. The registered office of the company will be situated at PLOT NO 6 NYERERE ROAD, KEKO MWANGA INDUSTRIAL AREA, D'SALAAM.
Copies of the following documents are attached to this application:
 - (i) The Memorandum and Articles of Association/or partnership agreement
 - (ii) Certificate of Incorporation/Registration
 - (iii) A copy of the Project Profile or Feasibility Study showing the implementation period, programme of implementation and operative date
 - (iv) Evidence of financing and evidence of land ownership for the project
3. The Head Office of the Company will be situated at
4. The Principal Officers of the Company are MR. MOHAMEDI S. KILUWA,
MR. SHENI MOHAMEDI KILUWA AND
MR. ALEX KWAYU.
5. Auditors of the Company are
6. The authorized share capital of the Company is Tshs./US\$

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 5,378,437.00
8. The month and day of the financial year end is 31st DECEMBER.

Note: *failure to provide all the required information will result in the return of the application by the Centre.*

I/We enclose a cheque/cash made payable to the Tanzania Investment Centre for Tshs./US\$ 750 Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

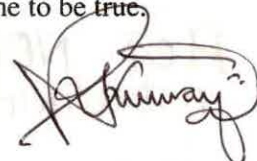
I, ALEX KWAYU of Post Office Number 70241 D'SALAAM

do solemnly and sincerely declare that I am a director/duly authorized agent of KILWEA INVESTMENT CO. LTD

AND that all the requirements of the Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act and incidental thereto have been complied with, AND I make this solemn declaration conscientiously believing the same to be true.

Declared at Dar es Salaam }
..... }

The 11 day of Feb 2013 }



Applicant

Before me:


.....
Commissioner for Oaths



APPLICATION SUMMARY

Company Name: KILUWA INVESTMENT CO. LTD
Certificate of Incorporation Number: 64090 Status: LIMITED
Certificate of Incorporation Date: 5th/2/2008 LIABILITY
Post Box: 70241
Town: DAR-ES-SALAAM
Sector: MANUFACTURING Sub-Sector: PROCESSING

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
.....	<u>U\$5,378,437.00</u>

Project Objectives: MANUFACTURING OF GYPSUM POWDER, GYPSUM BOARD, WHITE CEMENT AND PACKAGING MATERIALS.

Capacity: AS SHOWN IN THE BUSINESS PLAN.

Employment: Foreign: 12 Local: 140 Total: 152

Implementation Period: IMMEDIATE.

Project Location

Site/Plot/Block No.: 36 TITLE NO 95371

Street: KISEM VU LE District: MKURANGA Region: PWANI
(Attach sketch map showing project location)

Shareholders	Nationality	%
<u>ALEX KWAYU</u>	<u>TANZANIAN</u>	<u>50%</u>
<u>ETHEL LESIKA</u>	<u>TANZANIAN</u>	<u>30%</u>
<u>MOHAMED S. KILUWA</u>	<u>TANZANIAN</u>	<u>20%</u>
.....
.....





TANZANIA INVESTMENT CENTRE

REGISTRATION FORM

FOR

CERTIFICATE OF INCENTIVES

(Tanzania Investment Act 1997, Section 17 and 18,
and the Investment Regulations:
Regulation 42, Government Notice No. 318A of 2002)

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P. O. Box 938

DAR ES SALAAM

Tel. 022 2116328

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6. The authorized share capital of the Company is Tshs./US\$

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Certificate of Incorporation Number: 64090 Status: LIMITED

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Post Box: 70241.

Town: DAR-ES-SALAAM.

Sector: MANUFACTURING Sub-Sector: PROCESSING.

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
.....	<u>U\$ 4,950,750</u>	<u>—</u>

Project Objectives: MANUFACTURING OF GYPSUM
POWDER, GYPSUM BOARD, WHITE CEMENT AND
PACKAGING MATERIALS.

Capacity: AS SHOWING IN THE BUSINESS PLAN

Employment: Foreign: 12 Local: 140 Total: 152

Implementation Period: IMMEDIATE

Project Location

Site/Plot/Block No.: 36, TITLE NO 95371

Street: KISEMUYU LE District: MKURANGA Region: PWANI
 (Attach sketch map showing project location)

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<u>ETHEL LESIKA</u>	<u>TANZANIAN</u>	<u>30%</u>
<u>MUHAMMAD S. KILUWA</u>	<u>TANZANIAN</u>	<u>20%</u>
.....
.....

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 5378 437.00

8. The month and day of the financial year end is 31st DECEMBER

Note: *failure to provide all the required information will result in the return of the application by the Centre.*

I/We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for Tshs./US\$ 750 Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

I, ALEX KWAYU of Post Office Number 70241 DISALAAM

do solemnly and sincerely declare that I am a director/duly authorized agent of KILUWA INVESTMENT CO. LTD.

AND that all the requirements of the Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act and incidental thereto have been complied with, AND I make this solemn declaration conscientiously believing the same to be true.

Declared at Dar es Salaam }


Applicant

The 11 day of Feb 2013 }

Before me:


Commissioner for Oaths



Investment Breakdown US\$/Tshs.M

Land/Building	USD 259,966 (Existing)
Plant	USD 4950878.00
Vehicles	USD 4950750 (New Investment) and USD 128,293 (Existing)
Furniture & Fittings	—
Pre-expenses	—
Others	—
Working Capital	—
TOTAL	USD 5,378,437.

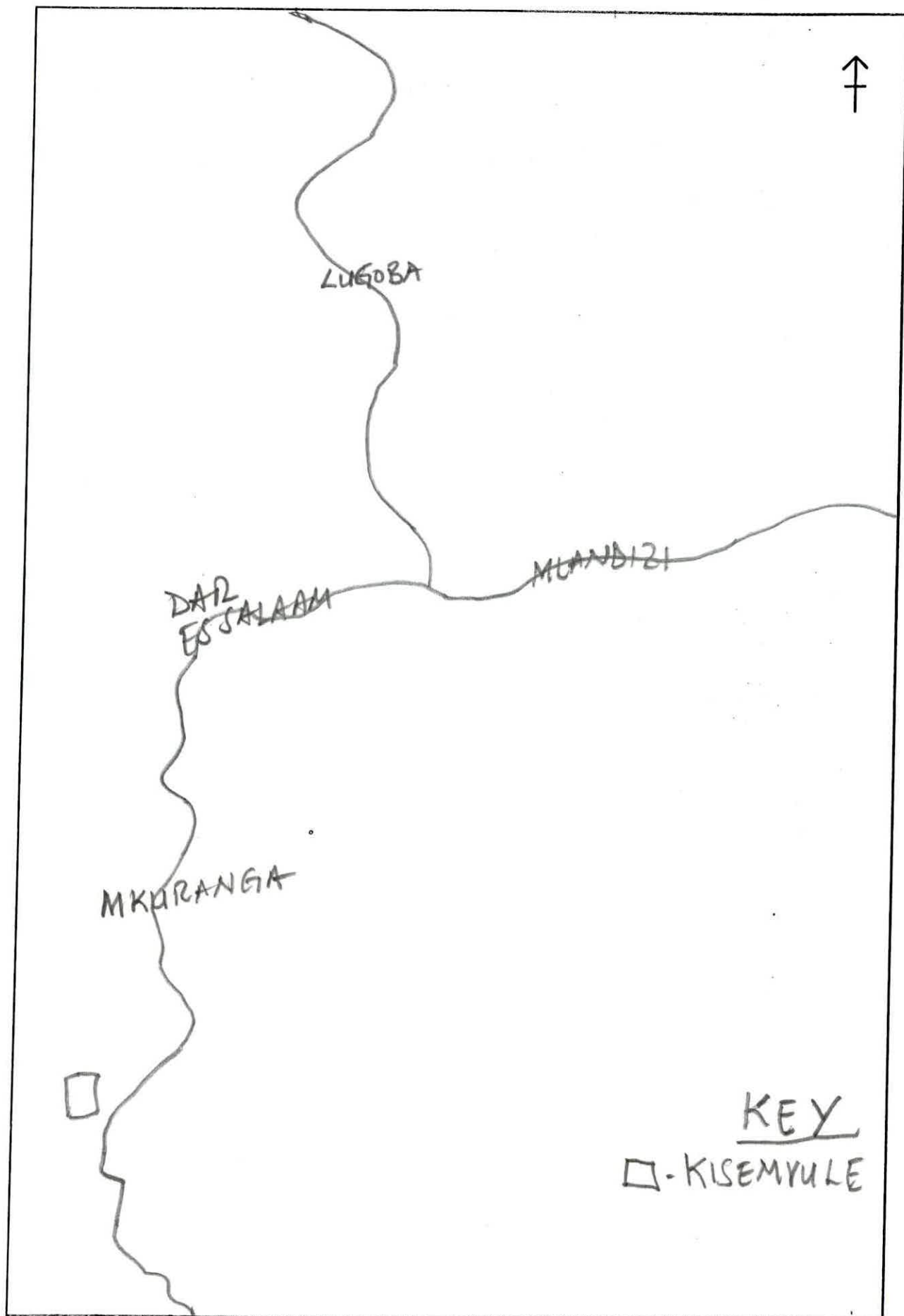
Contact Details:

Name: ALEX KWAYU Title: MANAGING DIRECTOR.
Telephone: 0715 603763 Fax: _____
Email: alex.kwayu@atozinvestment.co.tz
alexkwayu@hotmail.com

Payments to be made payable to:

TANZANIA INVESTMENT CENTRE
STANDARD CHARTERED BANK TANZANIA LTD.
SWIFT ADDRESS: **SCBLTZTX**
ACCOUNT NO.: **8702006002000**

SKETCH MAP SHOWING PROJECT LOCATION



THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF LANDS AND HUMAN SETTLEMENTS DEVELOPMENT



LAND REGISTRY,
P.O.Box 1191,
Dar es Salaam.

Date: 29th August, 2012

Telegrams: LANDS
Telephone: 2121241-9
In reply please quote

Ref. No. LR T 95371
KILUWA INVESTMENT COMPANY LIMITED
P. O. BOX 77071
DAR ES SALAAM

Sir/Gentlemen/Madam,

RE: TITLE NO: 95371 LAND OFFICE NO: 191733
PLOT NO.36 BLOCK KISEMVULE MKURANGA

I have the honour to enclose herewith duplicate of the Certificate of Title Numbered as above
please.


REGISTRAR OF TITLES

Copy to: Commissioner for Lands
Your I.D File No: 306592 refers

Land Form 23A.

TANZANIA

THE LAND ACT 1999
(NO. 4 OF 1999)

CERTIFICATE OF OCCUPANCY

(Under Section 29)

Date of Issue:

Title Number:

95371

Land Office Number:

191733.

Land: PLOT NO. 36 KISEMVOLE IN MKURANGA DISTRICT.

STULE NO. 95371
REGISTERED 17.8.12
AT 11.30 am



Land Form No. 22 T
100/-
33418410
2.3.09

THE UNITED REPUBLIC OF TANZANIA

THE LAND ACT, 1999
(NO. 4 OF 1999)

CERTIFICATE OF OCCUPANCY

(Under Section 29)

1859/-
33418410
2.3.09

Title No. 95371
L.O. No. 191733
LD/MK/1377

The 20th day of July Two thousand and twelve.

THIS IS TO CERTIFY that KILUWA INVESTMENT COMPANY LIMITED a limited liability Registered under companies ordinance (Cap. 212) of P.O. Box 77071, DAR ES SALAAM TANZANIA (hereinafter called "the Occupiers") are entitled to the Right of Occupancy (hereinafter called "the Right") in and over the land described in the Schedule hereto (hereinafter called "the Land") ~~Tenants in Common in Shares~~ for a term of **Ninety nine (99) years** from the first day of **January, Two thousand and nine** according to the true intent and meaning of the Land Act and subject to the provisions thereof and to any regulations made thereunder and to any enactment in substitution thereof or amendment thereof and to the following special conditions:-

1. The Occupiers having paid rent up to the thirtieth day of June, 2009, shall hereafter pay rent of shillings **Thirty seven thousand three hundred eighty Tsh. (37,380/=)** only a year in advance on the first day of July in every year of the term without deduction **PROVIDED** that the rent may be revised by the Commissioner for Lands.
2. The Occupiers shall:-
 - (i) Be responsible for the protection of all beacons on the land throughout the term of the Right. Missing beacons will have to be re-established at any time at the Occupier's expenses as assessed by the Director responsible for Surveys and Mapping.

- (ii) Do everything necessary to preserve the environment and protect the soil and prevent soil erosion on the land and do all things which may be required by the authorities responsible for environment and to achieve such objective.
 - (iii) Building shall be in permanent materials.
 - (iv) Building plans to be submitted to the **Mkuranga District Council** within six months from the commencement of the Right.
 - (v) Building construction to begin within six months after approval of the plans.
 - (vi) Building to be completed within thirty six months from the day of commencement of the Right.
3. **USER:** The land shall be used for **Commercial** purposes only. Use Group 'L' use class (a) as defined in the Town and Country Planning (Use Classes) Regulations, 1960 as amended in 1993.
 4. The Occupiers shall not assign the Right within three years of the date hereof without the prior approval of the Commissioner.
 5. The Occupiers shall deliver to the Commissioner notification of disposition in prescribed form before or at the time the disposition is carried out together with the payment of all premia, taxes and dues prescribed in connection with that disposition
 6. The President may revoke the right for good cause and in public interest.

SCHEDULE

ALL that land known as Plot No. 36 situated at Kisenvule in MKURANGA DISTRICT, Three thousand one hundred fifteen (3115m²) square metres shown for identification only edge red on the Plan attached to this certificate and defined on the registered survey Plan Number 54654 deposited at the Office of the Director for Surveys and Mapping at Dar es salaam.

Given under my hand and my official seal the day and year first above written.

[Handwritten Signature]

ASSISTANT COMMISSIONER FOR LANDS

The within named KILUWA INVESTMENT COMPANY LIMITED hereby accept the terms and conditions contained in the foregoing certificate of Occupancy.

SEALED with the COMMON SEAL of the said)
KILUWA INVESTMENT COMPANY LIMITED and)
DELIVERED in the presence of us this)

.....^{31st} day of ... May 2012)

Signature *[Handwritten Signature]*)

Name MICHAEL S KILUWA)

Postal Address 77017)

DAR ES SALAAM)

Qualification DIRECTOR)

Signature: ~~.....~~)

Name NAIMA MOHAMED KILUWA)

Postal Address: 77017)

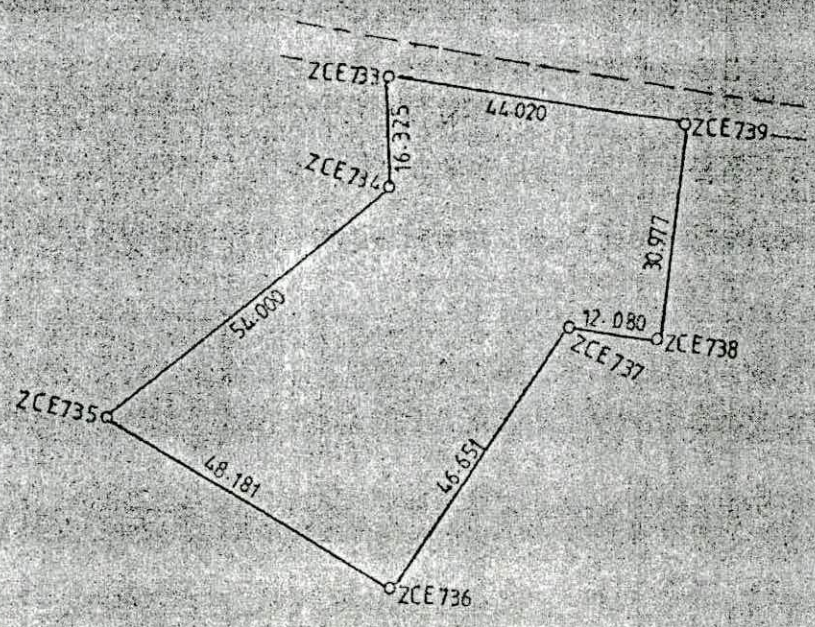
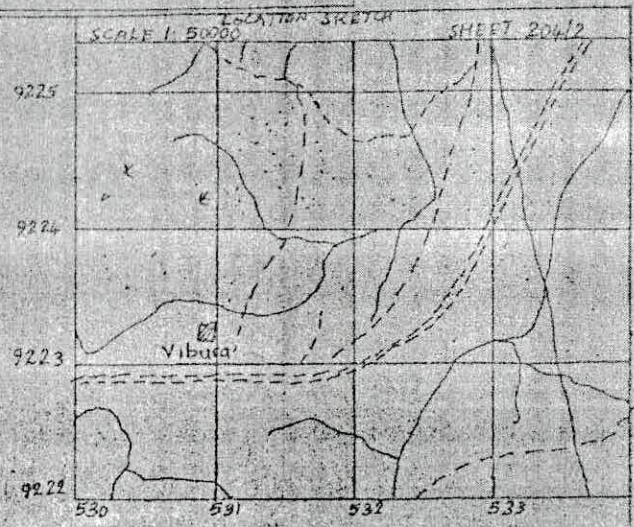
DAR ES SALAAM)

Qualification: DIRECTOR)

MKURANGA DISTRICT



LOCALITY KISEMVULE
 PLOT NO 36
 L.D. NO 191733
 AREA 3115 M²



The issue of this plan implies no guarantee
 of admission of title by the Government.

This plan is in accordance with registered plan 54654
 prepared for purposes of the Land Registration Act
 of 1925 and is approved by the Registrar of
 Lands, Housing and Urban Development, Dar es Salaam.

John P. ...
 25/05/2007

THE UNITED REPUBLIC OF TANZANIA



CERTIFICATE OF INCORPORATION

No.

I HEREBY CERTIFY THAT

KILUWA INVESTMENT CO. LIMITED

In this day incorporated under the Companies Act 2002

And that the Company is Limited

GIVEN under my hand at Dar es Salaam, the day of
Two Thousand and Seven

Registrar of Companies

THE COMPANIES ACT 2002

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

KILUWA INVESTMENT CO. LIMITED

- 338178 04-09-2008
- 2300 F 04-09-2008
1. The name of the company is "KILUWA INVESTMENT CO. LIMITED"
 2. The Registered office of the Company will be situated in Tanzania.
 3. The objects for which the Company is established are:-
 - (a) To carry on the business of buying selling, suppliers, importers, exporters, dealers in building materials, hardware, sanitary-ware, wall papers, roofing tiles, flooring tiles, supplying industrial equipment's, agricultural implements and equipment's spares of every description, plumbers, decorators, steel fabrication, machine shop, nickel plating, electric plating, making steel windows, doors, frames and roof tresses.
 - (b) To carry on business as proprietors and operators of hotels, restaurants, lodges, camps, leisure facilities, motels, refreshment and tea rooms, cafes and milk and snake bars, beerhouses, and lodging housekeepers, wine, beer and spirit merchants and as restaurants caterers and catering contractors, construct, own gambling premises, gaming casinos and to enter into or carry into effect agreements with any government or other authority, supreme, municipal, local or otherwise of with other person or company relating to the operational executive or other field of the Company or the use of immovable property or other facilitates at the disposal of the Company or for other purpose for which the Company is equipped or considers necessary, to equip and furnish any property for the purpose of letting it to visitors or guest, whether in rooms suite, tents, chalets, cottages, moveable structures or otherwise.
 - (c) To carry on all their respective branches all or any of the business of builders masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and advertise railways, roadways, tramways, docks, harbours, wharves, canals, water-courses, reservoirs, embankments, irrigations, reclamations, sewage, drainage and other sanitary works, water, gas, mechanic, electric and other supply works, houses buildings and erections of every kind and to carry on any other business in connection with the above mentioned business.
 - (d) To engage and or carry on the business of engineering, general civil works, road constructions, buildings, renovations, office partitioners, decoratories, maintainers of dilapidated buildings, plumbing, furniture manufactures, suppliers and exporters, residential and office furnishers and general to be designers and fabricators of all kinds of gadgets whatsoever, to be timber processors, sawmillers and suppliers of all

kinds of timber, to be hardware and building materials suppliers, manufactures of electrical equipments and suppliers of same.

- (e) To promote tourism in Tanzania and elsewhere in Africa, to carry on business of travel and tourist agents and tour operators, to promote facilitate traveling to organise hunting, tented-camps, fishing and diving expeditions, safari promoters and undertakers generally and in particular to arrange and manager hunting safaris, photo safaris adventure tours, fishing trips, handling of game trophies and animal skins, catching, harbouring, transporting, wildlife and marine products of all kind.
- (f) To carry on the business as general suppliers of all sorts and types of goods and services to individuals, offices, industries, shops, schools, factories, hospitals, army, military, ministries and all other government offices, universities and all other places where the services of a supplier are needed.
- (g) To carry on the business of household, domestic appliance and electrical goods, audio visual goods, electronic items, building material, hardwares, foodstuff, agricultural products and merchandise of every nature, kind and description whatsoever as a dealer, wholesaler, retailer, distributor, importer, exporter and after sales service and repairing.
- (h) To carry on the business of supplying of stationery, office machine and equipment, writing materials, teaching aids and other educational establishment and as agents, school uniforms and stationers in all their business and to buy and sell stationery, office requirements and equipment, all types of books, sundry goods and to act as general merchants and commission agents of print and bind and manufacture stationers and other requirements.
- (i) To carry on the business of carpeting, interior designers, contractors, and decorators, curtain and sofa set makers, woodwork and furniture dealers and makers, woodwork and furniture repairs and dealers in household, hotel, hospitals, public residentially and office, camping and gardening furniture, fixtures and fittings and furniture requisites, utensils and trimmings, vehicles, carriage, boat ship, aircraft and rocket furniture fixtures and to publish and sell all types of journals in relation to furniture and woodwork in the United Republic of Tanzania.
- (j) To carry on the business of dealing in selling, buying, marketing, manufacturing, importing, exporting, stocking whether by wholesale or retail of various categories of goods and merchandise, and to act as commission agents and manufacturers, representatives in all fields. To establish business enterprises whether small scale, industries and generally deal in all kinds of general merchants and to import, export and all either by merchandise and articles of all description.
- (k) To carry on the business as general traders, merchants, stockists, importers, exporters, suppliers, wholesalers, retailers and dealers in all

types of electrical goods, hardware, building materials, timber, fishing gears, groceries, computers, office equipments, stationeries, cooking oils, salts, foodstuffs, cosmetics, oils, spare parts and maintenance, tyres, tubes, tools and accessories for all types of automotive, motor vehicles, agricultural machinery, implements, equipment, all kinds of industrial projects machinery and equipment, paints, spirits sheets, hinges, screws, iron mongery, textiles piece goods, all types of leather goods, shoes, bags and other similar goods.

- (l) To carry on the business of transportation, cargo and travel agents, commission agents, customs agents, insurance agents, tourist agents, manufacturers representatives, clearing and forwarding agents, road contractors, cargo superintendents, packers, machinery haulage specialists, warehousemen, engineers, electricians, motor cars, cabs, omnibus, lorries, oil tank and coach proprietors and transporters by any other means of conveyance of people and goods in Tanzania and the neighbouring countries and in such other place or places as may from time to time determined by the Company.
- (m) To carry on the business as principals, agents or manufacturers, representatives of importing, exporting, buying, selling, distributing of tyres and tubes, batteries, battery solution and other spares, motor vehicles, cars, trucks, lorries or other vehicles, motor vehicles spares and parts of all descriptions, fuel and other oils, petroleum of all kinds, accessories, motor cycles, bicycles, tractors, mining equipments, fishing gears, agricultural and industrial machinery and equipments, new and second hand spare parts and accessories and generally to deal in all types of motor spare parts and industrial and agricultural machinery and parts, electronic goods and accessories thereof.
- (n) To carry on the business of establishing and running supermarkets, department stores, shopping malls, provision stores, groceries and shops of all kinds and description and generally to deal with such activities.
- (o) To carry on the business and act as managers of investments and investment company, real estate agents, property managers, developers, valuers, decorators, engineers and to generally be able to carry out activities of any description with regards to land, property and real estate, investment in any type of property, buildings, lands, securities, bonds, shares and any property act as a holding company with subsidiaries and invest in any projects as the company may think fit.
- (p) To carry on the business of miners and mining in all their branches and for the said purpose to peg, purchase, take on lease, or exchange or otherwise acquire concessions, grants, easements, options, claims, properties, cassettes- and effects supposed to contain minerals, diamonds, or other precious stones, and any interest therein, and to explore, mine, work, excise develop and turn to account mines and mining rights and any undertaking connected therewith.

- (q) To carry on all or any business of publishing, printing, distributing and selling of business, management, industrial, scientific, academic, communications, financial, agricultural, social and environmental information technology periodicals, brochures and books and any other reading materials.
- (r) To carry on the trade or business of bonded warehousemen, removers, stores, packers and carriers of personal property of every description, clearing and forwarding agents and to issue warrants to persons warehousing goods with the company, and to lend money upon the security of goods.
- (s) To engage in advertising, marketing, consultancy, promotion, telecommunication equipment and contractual jobs regarding cellular operations, services and surveys, professional publishers, producers of newspapers, bulletions, journals, periodicals, magazines, programmer, advertisements, to be promoters and financiers of publicity and/or publications, newsagents, to offer and or render communication services, transportation facilities, telephones, telex, telefax, audio visual films, to be news collectors, editors, disseminators, television, radio broadcasting, buyers, sellers, importers, distributors, suppliers of all kinds of photographic equipments, story books and or booklets, pictorial albums, to be consultants, promoters, financiers and participants in either industrial commercial projects both nationally and internationally.
- (t) To carry on the business of providing services relating to the storage of goods, parcels, letters, bags in a warehouse or other building for their preservation or guarding, services connected with packaging and parcelling of goods before dispatch, services consisting of information about journeys or the transport of goods by brokers and tourist agencies, information relating to tariffs, timetables and methods of transport and to act as recipients and deliver messages to different clients.
- (u) To purchase, take on lease and otherwise acquire for investment or resale any estate, land, buildings, easements and other rights and interests in immovable property or any tenure in Tanzania and elsewhere and to sell let or lease exchange or otherwise dispose of or grant rights over any immovable property, belong to the company.
- (v) To purchase, take or lease or in exchange, hire or otherwise acquire and hold any state or interest in any lands buildings, casements, rights, licenses secret processes, machinery, plants, stock, in trade and real or personal property of any kind.
- (w) To accept payment for any property or rights sold or otherwise disposed or dealt with by the company either in cash, by installment or otherwise or in fully or partly paid up shares of the company or corporation, with or without deferred or preferred or guaranteed rights.

- (x) To carry any other trade or business whatever which can in the opinion of the Board of Directors be advantageously carried on by the Company in connection with the above business or the general business of the company.
- (y) To act as agents for the sale and purchase of any stocks shares or securities or for any other monetary or mercantile transactions.
- (z) To act as executors and trustees of wills and settlements made by customers and others and undertake and execute trusts of all kinds.
- (aa) To do all or any of the above things in any part of the world and either as principals, agents, trustees, contractors or otherwise, and either alone or in conjunction with others and either or though agents, sub-contractors, trustees and otherwise.
- (bb) To remunerate any person, firm or company rendering services to this company, whether by cash payments or by allotment to him or them of shares or securities of the Company credited and paid in full or in part, otherwise.
- (cc) To accept for safe custody and keep for customers of the company all kinds of securities valuables and things.
- (dd) To lend money on any terms that may thought fit, and particularly to customers or other person or corporations having dealing with societies and to give any guarantees that may be expedient..
- (ee) To advance money to shareholders in the company, and other to the purpose of enabling the person borrowing the same erect or purchase, or enlarge or repair any house or building or to purchase the fee simple or any less estate or interest in, or to take a demise for any term or terms of years of any freehold or leasehold property upon such terms and conditions as the company may think fit.
- (ff) To invest and deal with the moneys of the Company not immediately required, upon such securities and in such manner as may from time to time be determined.
- (gg) To distribute among the members in pieces any property of the company, or any proceeds of sale or disposal of any property of the company.
- (hh) To draw, make, accept, endorse, discount execute and issue promissory notes, bills of lading, warrants, debentures and negotiable or transferable instruments.
- (ii) To act as agents or brokers, and as trustees for any person firm or company, and to undertake and perform sub-contracts and also to act in any other business of the company through or by means of agents, brokers, sub-contractors or others.

- (jj) To obtain any provisional order, ordinance or act of Parliament for enabling the Company to carry any of its objects into effect, or for affecting any modification of the Company's constitution, or any other purpose which may seem expedient, and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the company's interest.
- (kk) To take or otherwise and hold shares in any other company having objects altogether or in part similar to this company, or carrying on any business capable of being conducted so as directly or indirectly to benefit the company.
- (ll) To transact or carry on all kinds of Agency business and in particular in relation to the investment of money, the sale of property, and the collection and receipt of money.
- (mm) To do all other things as may be deemed incidental or conducive to the attainment of the objects or any of them.

And it is hereby declared that:-

The word "company" in this clause, except where used in reference to this Company, shall be deemed to include any partnership or other body of persons, whether corporate or unincorporated, and whether domiciled in the United Republic of Tanzania or elsewhere.

The objects specified in each of the paragraphs of this clause shall be regarded as independent objects, and accordingly shall in no way be limited or restricted (except where otherwise expressed in such paragraphs) by reference to or inference from the terms of any other paragraph of the name of the Company but may be carried out in as full and ample a manner and construed in as wide a sense as if each of the said paragraphs define the objects of the separate and distinct companies.

That the meaning of any general word or words in any paragraph of this clause shall not be restricted by being construed ejusdem generis with any particular word or words in the same paragraph.

- 4. The Liability of the Members is Limited.
- 5. The capital of the Company is Shillings 10,000,000/= divided into 1,000 shares of Shillings 10,000/= each.

The Company shall have powers to increase its capital and to divide the shares in its capital for the time being into several classes of stock or shares and to attach thereto respectively such preferential, deferred or special rights, privileges, or conditions as may be determined by or in accordance with the Articles of Association of the Company.

We, the several persons whose names and addresses are subscribed, are desirous of being formed into a company, in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

Names, Addresses, and Description of Subscribers.	Number of shares taken by each Subscriber	Signature
SHENI MOHAMEDI KILUWA P. O. BOX 77017 DAR ES SALAAM	10	<i>SHENI M Kiluwa</i>
NADIYA MOHAMEDI KILUWA P. O. BOX 77017 DAR ES SALAAM	10	<i>Nadiya M Kiluwa</i>
NAIMA MOHAMEDI KILUWA P. O. BOX 77017 DAR ES SALAAM	10	<i>Naima M Kiluwa</i>
MAYASA OMARI MZEE P. O. BOX 77017 DAR ES SALAAM	10	<i>M Mayasa</i>
MOHAMEDI S. KILUWA P. O. BOX 77017 DAR ES SALAAM	60	<i>M S Kiluwa</i>

Dated at..... *Tanzania* this *22nd* day of..... *January* 200 *2*

Witness to the above signatures:

Name : *Revodafus M. Mganga*
 Signature : *[Signature]*
 Postal Address : *P.O. Box 22216 Dar es Salaam*
 Qualification : *Notary Public*



THE COMPANIES ACT 2002
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
KILUWA INVESTMENT CO. LIMITED
PRELIMINARY

5200f
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1. In these regulations:-
"The Act" means the Companies Act 2002 of the Laws of Tanzania.

When any provision of the Act is referred to, the reference is that provision is as modified by any law for the time being in force.

Unless the context otherwise requires, the expressions defined in the Act or any statutory modification thereof in the force at the date at which these regulations become binding on the company, shall have the meaning so defined.

Any words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include females, and the words importing persons shall include bodies corporate, partnership, firms, cooperatives, societies, etc.

The regulations of Companies Act shall not apply to the company, save in so far as they are varied or excluded hereby, but in case of any conflict between the provisions herein, and the provisions under this regulation the former shall prevail, and in addition to substitution shall be the regulations of the company.

PRIVATE COMPANY

2. The Company is a Private Company and accordingly:-
 - (a) The right to transfer shares is restricted in manner hereinafter prescribed.
 - (b) The number of members of the company (exclusive of persons who are in the employment of the Company and of persons who have been formerly in the employment of the company were while in such employment to be the member of the company) is limited fifty, provided that where two or more persons hold one or more shares in the company jointly they shall for the purpose of this regulation be tested as a single member.
 - (c) Any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.
 - (d) The Company shall not have power to issue share warrants to bearer.

TRANSFER OF SHARES

3. The Directors may in their direction and without assigning any reason thereof refuse to register the transfer of any share to any person who it shall in their opinion be undesirable for any reason whatsoever to admit to membership.
4. Subject to clauses 2 and 3 hereof the right to members to transfer their shares shall be restricted as follows;
 - (a) No share shall be transferred to a person who is not a member so long as any member of any person selected by the Directors as one who it is desirable in the interest of the Company to admit to membership.
 - (b) Every shareholder or trustee in bankruptcy, or any person who may desire to sell or transfer any such shares and every who may desire to sell or transfer any such shares and every personal representatives of a deceased shareholder shall give notice in writing to the Directors that he desires to make such sale or transfer. Such notice shall constitute the Board of Directors of the Company as his agent for the sale of the said shares to any member or members of the company at the price to be agreed upon between the party giving such notice the party and the board, or in case of difference to be determined by the Auditor of the Company.
 - (c) Upon price of such shares being agreed on a determined as per clause (b) above, the board shall forthwith give notice to such of the shareholders other than the shareholders desiring to sell or transfer the said shares, stating the number and price of such share inviting the person to whom notice is sent to state within 21 days from the date of such notice whether he is willing to purchase any, if so what maximum number of such shares. At the expiration of such days 21 notice the board shall apportion such shares amongst the shareholders (if more than one) who shall have expressed their desire to purchase number of shares already held by them respectively, or if there be only one such shareholder, that the whole of such shares shall be sold to him, provided no shareholder shall be obliged to take more than the maximum number of such shares stated in his answer to the said notice.

Upon such apportionment being made or such one shareholder notifying his intention to purchase, as the case may be, the party desiring to sell or transfer such shares shall be bound upon payment of the said price to transfer the shares to the respective shareholders or to single shareholder who shall have agreed to purchase the same.

5. **GENERAL MEETINGS: NOTICE OF GENERAL MEETING AND PROCEEDINGS OF THE GENERAL MEETINGS.**

The regulation of Companies Act shall apply to the following variations:-

- (a) A General Meeting, Ordinary or Extraordinary may with the consent in writing of all members, be convened on a shorter notice than seven days or without notice.
- (b) Two members, present either personally or by proxy shall form a quorum.
- (c) Any ordinary resolution of the company determined without any general meeting and evidenced by writing under the hands of majority of the Directors and of the members of the company holding three - fourths of the issued shares of the company shall be valid and effectual as an ordinary resolution duly passed at a general meeting of the company.

6. DIRECTORS

- (a) Until otherwise determined by the company in General Meeting the Directors shall not be less than two and not more than seven in number.
- (b) The following persons shall be the first Directors of the company:-
 - 1. SHENI MOHAMEDI KILUWA
 - 2. NADIYA MOHAMEDI KILUWA
 - 3. NAIMA MOHAMEDI KILUWA
 - 4. MAYASA OMARI MZEE
 - 5. MOHAMEDI S. KILUWA
- 7. The shareholding qualification for Directors may be fixed by the company in General Meeting, and unless and until so fixed no qualification shall be required.
- 8. The quorum of Directors for transacting business shall, unless otherwise fixed by the Directors, be five.
- 9. A resolution in writing signed by all the Directors then in Tanzania shall be as valid and effectual as if it had been passed at a meeting of Directors duly called and constituted.
- 10. The Directors may from time to time borrow or raise any money for the purposes of the Company which may exceed the issued share capital of the company.

BORROWING POWERS

The Directors may from time to time in their discretion raise or borrow for the purpose of any Company's business such sum or sums of money as they think fit.

- 11. The Directors may secure the repayment of or raise any such sum or sums as aforesaid by mortgage or charge upon the whole or any part of the property and assets of the Company present or future including its uncalled capital for the time being, or by the issue at such price as they

may think fit, of bonds or debentures either charged upon the whole or any part of the property and assets of the company or not so charged or in such other way as the Directors may think expedient.

VOTE OF MEMBERS

12. On a show of hands every member present in person shall have one vote. On a roll every member shall have one vote only for the shares of which he is holder.
13. No member shall be entitled to vote at any general meeting unless all calls or other sums presently by him in respect of shares in the Company have been paid.

DISQUALIFICATION OF DIRECTORS

14. The office of a Director shall be vacated if the Director;
 - (a) becomes bankrupt; or
 - (b) is found to be a lunatic or becomes of unsound mind; or
 - (c) resigns his office by notice in writing to the Company;
 - (d) abstains himself from meetings of the directors for a period of six months without special leave of absence from the other Directors.

SEAL

15. The Directors shall provide for the safe custody of the Seal. The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors and in the presence of at least two Directors or a Director and Secretary or other person as aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.

ALTERNATE DIRECTORS

16. Any director shall have power to nominate any person to act or attend as alternate Director during his absence or during his inability so to act. Such Director shall be subject in all respects to the terms and conditions existing with reference to the other Directors and such Alternate Director shall exercise and discharge all the duties of Director whom he represents.
17. Unless otherwise decided by the Directors the quorum necessary to transact business of the Directors shall be two Directors personally present.

SECRETARY

18. The Secretary shall be appointed by the Board for such terms at such remuneration and upon such condition as it may think fit, and any Secretary so appointed may be removed by the Board.

WINDING UP

19. With the sanction of a special resolution of the shareholders any part of the assets of the Company including any shares in other Companies may be divided between the members of the Company in special or may be vested in Trustees for the benefit of such members and the liquidation of the company may be closed and the company dissolved but so that no member shall be compelled to accept any shares whereupon there is any liability.

ALTERNATION OR ADDITION

20. Subject to the provisions of the Act and to those contained in the Memorandum of Association the Company may by Special Resolution make alteration or addition so made shall be as valid and effectual as if originally contained in those articles and be subject in like manner to alteration by Special Resolution.

INDEMNITY

21. Every Director, Managing Director, Agent, Auditor, Secretary and other Officer for the time being of the Company shall be indemnified out of the Assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or is in connection with any application in which relief is granted to him by the Court.

ARBITRATION

22. If and whenever any dispute or difference shall arise between the Company and any of the members or their respective representatives touching upon the construction or meaning of any of the Articles herein contained or any act matter or thing made or done or omitted to be done or with regard to the rights or liabilities arising here under or arising out of the relation existing between the parties by reasons of these Articles or the Act, such differences shall (unless a sole arbitrator be agreed upon) forthwith be referred to the arbitration of three (3) arbitrators, one to be appointed by each party and the third to be appointed by the first two or, in the event of failure to agree within (Cap. 15) or any then existing statutory modifications or re-enactment thereof shall apply.

Names, Addresses, and Description of Subscribers.	Number of shares taken by each Subscriber	Signature
SHENI MOHAMEDI KILUWA P. O. BOX 77017 DAR ES SALAAM	10	<i>SHENI MOHAMEDI KILUWA</i>
NADIYA MOHAMEDI KILUWA P. O. BOX 77017 DAR ES SALAAM	10	<i>NADIYA MOHAMEDI KILUWA</i>
NAIMA MOHAMEDI KILUWA P. O. BOX 77017 DAR ES SALAAM	10	<i>NAIMA MOHAMEDI KILUWA</i>
MAYASA OMARI MZEE P. O. BOX 77017 DAR ES SALAAM	10	<i>MAYASA OMARI MZEE</i>
MOHAMEDI S. KILUWA P. O. BOX 77017 DAR ES SALAAM	60	<i>MOHAMEDI S. KILUWA</i>

Dated at *Dar* this *22nd* day of *January* 200*8*.

Witness to the above signatures

Name : *Abdullah M. Mwangi*
 Signature : *Abdullah M. Mwangi*
 Postal Address : *P.O. Box 22, Dar es Salaam*
 Qualification : *Advocate*



THE COMPANIES ACT 2002
COMPANY LIMITED BY SHARES

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

KILUWA INVESTMENT CO. LIMITED

Incorporated at..... this..... day of.....2007

Drawn by:

Sheni M. Kiluwa
(Subscriber)
P.O. BOX 77017
DAR ES SALAAM

CTIN.:

00219728



TANZANIA REVENUE AUTHORITY

CERTIFICATE OF REGISTRATION

FOR

TAXPAYER IDENTIFICATION NUMBER (TIN)

(ISSUED UNDER SECTION 133 OF THE INCOME TAX ACT NO. 11 OF 2004)

THIS IS TO CERTIFY THAT

KILUWA INVESTMENT CO. LTD.

.....

has been registered with the Tanzania Revenue Authority and assigned the Taxpayer Identification Number

106-425-027

.....

with effect from

08-Feb-2008

.....


JOANNES N. A. MALLY

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

NOTE: THE REQUIREMENTS UNDER WHICH THIS CERTIFICATE IS ISSUED ARE STATED OVERLEAF

TANZANIA



Certificate of Incorporation

Section 15

No 64090

I HEREBY CERTIFY THAT

KILUWA INVESTMENT CO. LIMITED =====

is this day incorporated under the Companies Act 2002 and that the Company is Limited

Given under my hand at Dar es salaam

this 5TH day of FEBRUARY

TWO THOUSAND AND EIGHT

Asst. Registrar of Companies

THE UNITED REPUBLIC OF TANZANIA
 MINISTRY OF ENERGY AND MINERALS

THE MINING (MINERAL RIGHTS) REGULATIONS, 2010

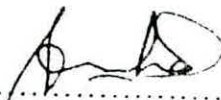
PRIMARY MINING LICENCE 000272SZ

The Mining Act, 2010

The exclusive right, subject to the provisions of the Mining Act, 2010 and of the regulations thereunder now in force or which may come into force during the continuance of this primary mining licence or any renewal thereof is hereby granted to **M/S KILUWA INVESTMENT CO. LIMITED of P.O Box 264 Mtwara - Tanzania** (hereinafter called the Licensee), to prospect and mine for **Gypsum** at **Mandawa Luwawa** in **Kilwa** District, **QDS 270/4** over an area described in Annex A

This Licence unless sooner cancelled, suspended or surrendered pursuant to the provisions of the Mining Act 2010, shall be valid for a period of **seven (7) years**, effective from the date of grant.

Granted this 15th day of December 2011



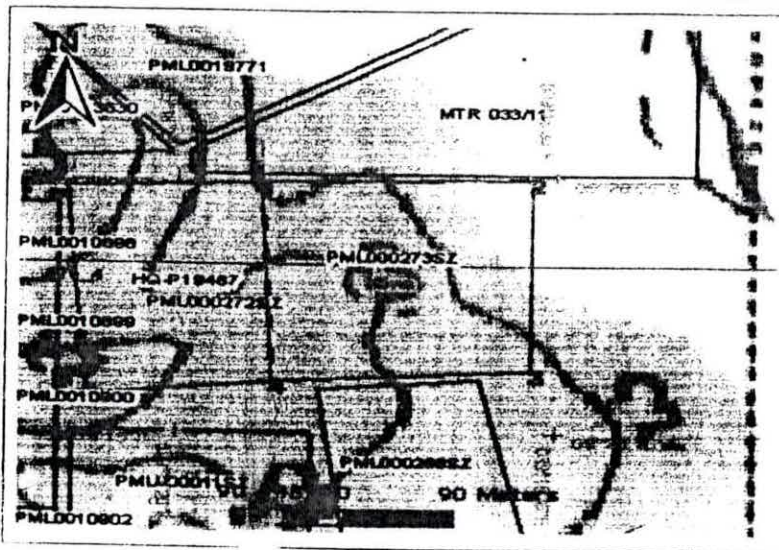
Aloyce L. Tesha
ZONAL MINES OFFICER
 Southern Zone

ANNEX A

DESCRIPTION OF THE PRIMARY MINING LICENCE AREA

The Primary Mining Licence Area is at **Mandawa Luwawa** area in **Kilwa** District, QDS 270/4 defined by the following corner co-ordinates (Arc 1960):

Corner	Latitude	Longitude
1	- 09 deg. 28 min. 05.21 sec.	39 deg. 18 min. 22.19 sec.
2	- 09 deg. 28 min. 05.04 sec.	39 deg. 18 min. 29.35 sec.
3	- 09 deg. 28 min. 12.52 sec.	39 deg. 18 min. 29.37 sec.
4	- 09 deg. 28 min. 12.99 sec.	39 deg. 18 min. 22.51 sec.



Legend	
Licensed area	
License Number	PML000273SZ
District	Kilwa
Direction	

An area of approximately 5.01 Hectares.

ANNUAL RENT PAYMENTS

Year	ERV	Amount (TShs.)	Date	Signature & Stamp
1	46276	92 50,100/-	4/4/2012	
2				
3				
4				
5				
6				
7				

ZONAL MINES OFFICER
INDUSTRIAL DIVISION
KILWA DISTRICT

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF ENERGY AND MINERALS

THE MINING (MINERAL RIGHTS) REGULATIONS, 2010

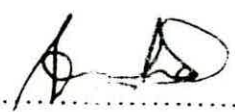
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The exclusive right, subject to the provisions of the Mining Act, 2010 and of the regulations thereunder now in force or which may come into force during the continuance of this primary mining licence or any renewal thereof is hereby granted to **M/S KILUWA INVESTMENT CO. LIMITED** of **P.O Box 264 Mtwara - Tanzania** (hereinafter called the Licensee), to prospect and mine for **Gypsum** at **Mandawa Luwawa** in **Kilwa** District, QDS 270/4 over an area described in Annex A.

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Granted on 15th day of December 2011

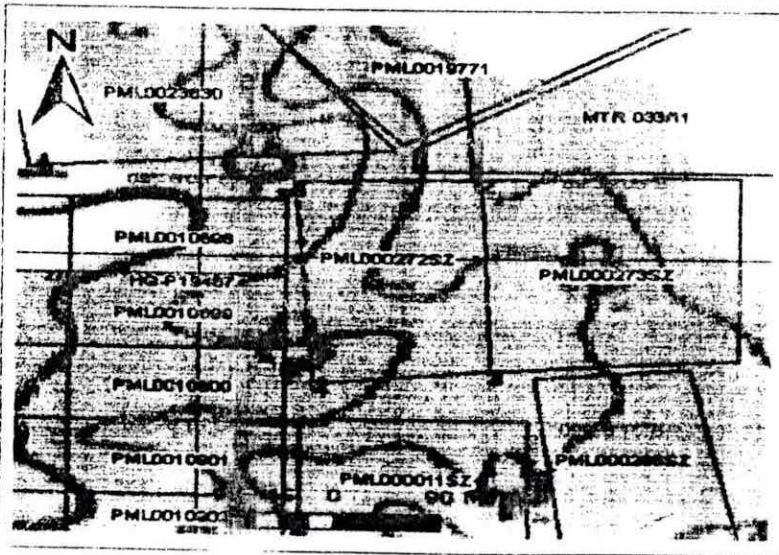

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Aloyce L. Tesha
ZONAL MINES OFFICER
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Corner	Latitude	Longitude
1	- 09 deg. 28 min. 05.38 sec.	39 deg. 18 min. 17.10 sec.
2	- 09 deg. 28 min. 05.21 sec.	39 deg. 18 min. 22.19 sec.
3	- 09 deg. 28 min. 12.99 sec.	39 deg. 18 min. 22.51 sec.
4	- 09 deg. 28 min. 13.56 sec.	39 deg. 18 min. 17.68 sec.



Legend	
Licensed area	
License Number	PML000272SZ
District	Kilwa
Direction	

An area approximately 3.72 Hectares.

ANNUAL RENT PAYMENTS

Year	ERV	Amount (TShs.)	Date	Signature & Stamp
1	46271243	37200/-	4/4/2012	
2				
3				
4				
5				
6				
7				

REGIONAL MINING OFFICER
 MINISTRY OF ENERGY AND MINERALS
 MANDAWA LUWAWA

TICC/PP.10/042404/3

5th March, 2013

Managing Director,
Kiluwa Investment Co. Ltd.,
P.O. Box 70241,
COAST REGION

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE
ESTABLISHMENT OF MANUFACTURING AND PACKAGING OF
GYPSUM POWDER, GYPSUM BOARD AND WHITE CEMENT
PROJECT**

We wish to acknowledge receipt of your project proposal to establish a project for manufacturing and packaging of gypsum powder, gypsum board and white cement as presented in the TIC P.A. 1 Form No. 10857 and Feasibility Study with a projected investment of USD 5.38m.

We have studied your project proposal and we are pleased to inform you that your investment proposal is now officially registered and therefore your project will be granted a CERTIFICATE OF INCENTIVES, given under authority conferred upon TIC under Part III, Section 17 (1-8) of the Tanzania Investment Act, 1997. In order to enable TIC prepare your Certificate of Incentives, You will be required to submit the following:-

- Bank Reference for equity funding or a letter from Bank/Financial Institution that a loan is granted or is under consideration as required by Section 17(3) (f) of Tanzania Investment Act,1997.
- Certified document showing evidence of Land ownership for the location of the project.

You will also be required to submit to the Centre a Progress Report on the implementation of the project after every six months for our information and review. Guidelines for the preparation of the report are contained in annexure 2 also attached to this letter.

TICC/PP.10/042404/3

5th March, 2013

Please do not hesitate to contact the Centre for any clarification if the need arises. Please also note that a facilitation fee equivalent to US\$ 750.00 is payable at the ruling exchange rate before your Certificate of Incentives is prepared. Please make deposit direct to the bank as per bank details below:-

*Tanzania Investment Centre
Standard Chartered Bank(T) Ltd
US Dollar A/C 8702006002000
T.Shs A/C 0102006002000*

We wish you every success in the implementation of the project.

Yours sincerely,

Tanzania Investment Centre


B.D. Chonjo

FOR: EXECUTIVE DIRECTOR

Copy to: Permanent Secretary,
Ministry of Finance,
P. O. Box 9111,
DAR ES SALAAM

Permanent Secretary,
Ministry of Industry, Trade and Marketing,
P.O. Box 9503,
DAR ES SALAAM

Commissioner General,
Tanzania Revenue Authority,
P. O. Box 11491,
DAR ES SALAAM



TIC Evaluation Report

Name of the Company
Kiluwa Investment Co. Ltd.

Post Box	Kisemvule, Plot No. 36, Title No. 95371	COI Number	64090-01	Contact	Mr. Alex Kwayu
Post Office	70241	COI Date	02/05/2008	Designation	Managing Director
Region	Coast Region	Application F. No	10857	Phone	0
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0715 603 763
		Sub Sector	Gypsum processing	Fax	0
		File No	042404	E-Mail Address	0

Project Location		Investment Finance Plan in Millions USD			
Plot/Block	Plot N. 36 Title No. 95371	Foreign Equity	Local Equity	Foreign Loan	Local Loan
Street	Kisemvule	0	5.38	0	0
District	Mkuranga				
Region	Coast (Pwani)				

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	0.27
Mohamed S. Kiluwa	Tanzanian	20	Plant	4.97
Ethel Lesika	Tanzanian	30	Vehicles	0
Alex Kwayu	Tanzanian	50	Furniture & Fittings	0.14
			Pre-expenses	0
			Others	0
			Working Capital	0
			Total	5.38

Employment	260	Evaluated By	wf officer3
Capacity	xxxxxx	Drawn By	wf registry2
Project Turn Over		Project Type	Local

Description

To establish a project for manufacturing and packaging of gypsum powder, gypsum board and white cement

Recommendations

Be approved subject to providing evidence as required by section 17 of Tanzania Investment Act, 1997

Decision

Approved


01-03-2013