

TANZANIA INVESTMENT CENTRE

DEPARTMENT OF INVESTMENT FACILITATION



**PROJECT VISIT VERIFICATION REPORT ON THE APPLICATION FOR
CONSET TO MORTGAGE PLOTS NO.1, 2 & 3 BLOCK 'A' SITUATED AT
ZOGOWALI IN ILALA KIBAHA DISTRICT-COAST REGION IN FAVOUR OF
PRANCE INTERNATIONAL TRADE COMPANY LIMITED.**

SEPTEMBER 2020

COMPANY BRIEF PROFILE			
Company Name	Prance International Trade Company Limited		
Postal Address	P. O. Box 77128 DAR ES SALAAM		
Contact Person	Gabriel Kamugisha		
Position	Legal Officer		
Office Phone	+255 684 299 207		
Mobile Phone	+255 684 299 207		
E-mail	gbrlkamugisha@gmail.com		
Project Location	Plots No.1, 2 & 3 Block 'A' Situated At Zogowali In Ilala Kibaha District-Coast Region		
Project Core Activity	To establish a project for manufacturing building materials		
Certificate of Incentives No & Date of Registration	015097 dated 19 th December 2018		
Present Ownership Structure (Shareholders)	Name	Nationality	% Share
	Zhang Long	Chinese	36
	Sun Shaohua	Chinese	24
	Unallotted		40
Current Status of the Project	The project exists and is in full time operation		
Manpower Total (Nos.)	Local (Direct & Indirect)	Foreign	
	210	10	
Total Investment Cost (Millions in USD)	Local	Foreign	
	-	10	

1.0 Introduction.

Prance International Trade Company Limited is a foreign majority shares owned company which is incorporated in Tanzania under Certificate of Incorporation No. 130940 dated 04th November 2016 by the Business Registration and Licensing Authority (BRELA) with principal business activity of establishment of a project for manufacturing building materials.

The company is also registered with Tanzania Investment Centre (TIC) and granted Certificate of Incentive No. 015097 dated 19th December 2018 with the sole aim of establishing a a project for manufacturing building materials.

The company once acquire farm No 2958 and 2960 both located at Zogowali in Kibaha Township, these farms were included in Certificate of Incentive No 015097 as a project location. The farms were planned for industrial land uses and surveyed to produce three plots namely Plot No. 1, 2 and 3 both located at Zogowali in Kibaha Township. The new three plots were not included in Certificate of Incentive No. 015097.

Due to growth of the business, the company has solicited funds as loan facility from Standard Chartered Bank to the tune of USD 10,750,000 only in order to increase the working capital of the company.

As a pre-condition for securing the said loan facility from Standard Chartered Bank the company is now seeking the consent of Tanzania Investment Centre (TIC) who are principal landowner pursuant to condition of the derivate titles for the aforementioned plots located at Zogowali in Kibaha District as granted by TIC.

1.0 Tenure and Land Ownership.

The subject properties for this PVV are known as Plots No. 1, 2 & 3 Block 'A' situated at Zogowali in Kibaha District within Coast Region.

The said plots are under the ownership of Tanzania Investment Centre (TIC) for a term of Ninety (99) years effectively from 1st July, 2018 under the Certificate of Titles No. 177543, 177544 and 177545 respectively.

The above mentioned plots have been leased to M/S Prance International Trade Company Limited of P.O.Box 77128 DAR ES SALAAM for a term of Ninety Eight (98) years effectively from 1st July, 2018 under the Derivative Titles No. No.177543/1, 177544/1 and 177545/1 respectively.

2.1 Objectives of the Visit.

This Project Verification Visit had the following objectives

2.1.1 Overall Objective

To examine rationale behind the investors' application for consent to procure loan facility from Standard Chartered Bank.

2.1.2 Specific Objectives.

- i. To evaluate implementation status of the Company's activities in line with TIC granted Certificate of Incentives No. 015097 dated 19th December 2018;

- ii. To examine if the investor meets the threshold required to apply for loan facility from Standard Chartered Bank
- iii. To analyse the Company's achievements and challenges to-date; and
- iv. To provide recommendations to Management after physical visit and thorough analysis of the existing situation

2.2 Methodology.

The PVV Team employed the following methodologies in order to obtaining data/information required for this report:

- i. Physical inspection of the project site;
- ii. Observation of the on-going activities at site; and
- iii. PVV Data Collection Holding a discussion with Prance International Trade Company Limited with regards to the progress of the business

2.3 Project Verification Visit (PVV).

The PVV Team composed of the following staffs from TIC HQ:

- i. Miss. Privata Chiwindo - Investment Facilitation Officer
- ii. Mr. Michael J. M - Town Planner (Lands)
- iii. Maria Daudi Magabe - TRA

The PVV activity was conducted on 2nd September 2020 where the team travelled to Zogowali Area in Misugusugu Kibaha Township on the project site. At the project site, TIC team met with the following:

- i. Gabriel Kamugisha - Legal Officer
- ii. William Mtita - Operation Manager
- iii. Matata Amin Mbura - Supervisor

2.4 Project Location.

The project is located in Zogowali Area Misugusugu in Kibaha Township. To access the project is through Zogowali Road which branches from Morogoro road at Misugusugu Camel Oil Petrol Station Station bus stop its 1.5 Km from Morogoro Road. The neighbourhood is comprise of industrial plots and residential building to the opposite site.



Prance International Project site as extracted from Google Earth Map on the day of Project Verification Visit.

3.0 Field Findings and Analysis.

Through the application of the above stated methodologies, the PVV Team was able to gather information's as detailed here under:

3.1 Company and Its Business Operations.

- i. Prance International is major producer and supplier of building materials such as Nails, Binding Wire, Wire Mesh and Fencing Wire.
- ii. Prance International also involved in production of washing powder.
- iii. The company supplies its products inside and outside Tanzania to countries like Uganda, Kenya and Burundi.
- iv. In the financial year 2018/19 the company recorded a turnover of TZS 5,000,000,000.00 which is equivalent to USD 2,242,152.46

3.2 Land and Development.

- i. The company acquired this project land at a cost of Tsh 700,000,000.00.
- ii. Around 10,000,000.00 USD which is equivalent to 23,000,000,000 TSH was used for construction of Compound Wall, Office Space Buildings, and Dormitory & Warehouses.
- iii. The construction commenced on 2016 and completed in 2017.
- iv. The whole project land is 75.11 Acres in size out of which 38 Acres is developed which is equivalent to 50.6 % of the total land area.



3.3 Valuation Report Analysis.

Approved Valuation Report which was conducted by M/S h & r Consultants Ltd Limited on behalf of the *financier for this project* has indicated that;

- i. The whole project land has a total land value of TZS 34,320,000,000.00 or USD 14,922,000.00
- ii. Forced sale value is TZS 25,740,000,000.00
- iii. Insurable value is TZS 34,440,000,000.00

4.0 Future Plans.

The Company intends to use USD 10,750,000.00 as loan facility from M/S Standard Chartered Bank as working capital to do the following;

- i. To develop the remaining undeveloped portion of land on the project land which is about 37 Acres by construction some production and storage facilities such as Godowns.
- ii. To expand company's business portfolio by starting the production of flat bars.
- iii. Later on the company plans to venture its business in neighbouring landlocked countries like Rwanda, Uganda, Zambia & Congo

5.0 Challenges.

- i. The major challenge the company is facing now is lack of finance to boost the project business post COVID-19, hence the rationale for seeking loan facility from Standard Chartered Bank among other reason.
- ii. Unreliable electricity supplies leads to shortage of production
- iii. Poor road condition especially during the rainy season from the Dar-Morogoro tarmac road.
- iv. Many charges for imported raw materials which cause high production cost.

6.0 Conclusion.

In view of the field findings item 3 above, the following are our conclusions regarding the findings after our project visit;

- i. The project was found to exist and is in full time operation.
- v. The current project location was not amended on Certificate of Incentives No. 015097 dated 19th December 2018;
- ii. From the valuation report the project (land and development) is USD 14,922,000.00 and the company wish to borrow USD 10,750, 000.00 from Standard Chartered Bank.
- iii. Taking into consideration the current level of development and the proposed plan ahead of further injection of USD 10,750,000.00 million as loan facility secured from Standard Chartered Bank, the project will be able to realise future targets with certainty and therefore granting consent to secure USD 10,750,000.00 is of paramount importance.

6.0 Recommendations.

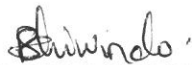
After going through the Certificate of Incentive we have noted that the project plan was aimed at investing a total of USD 9.9 M whose 60% is USD 5.40M. The enclosed valuation report indicate that the project value is currently USD 14.922Million (*Please find the enclosed project valuation report*).

This implies that the project development is more than 100 % and hence qualifying for being considered for grant of consent for further expansion.

The PVV team is of opinion that you consider the request of granting consent to this project after they finish their pending application of amending project location on the Certificate of Incentive No. 015097

Please, we humbly submit the report for your consideration/approval or further guidance;

We humbly submit,



.....
Privata Chiwindo (Team Leader)



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Michael j. Majebele (Member)

.....
Maria Daudi Magabe (Member)