

14 August 2021

Progress report on TIC Certificate no.041953

1. Planned activities for the period


The company continues to invest, develop and manage businesses that deliver broad participation and benefits to all stakeholders

Achievements made on the project implementation to date

The following progress have been made on the project

- A continuous good year of rainfall and the purchase of green leaf from METL Farm contributed to WATCO’s success in breaking numerous records for the company. Green leaf received at the factories from both estates and Out growers has been increasing time to time in return increases the level of made tea production leading to Company profitability.
- Another successive period of a pressurized international tea market has meant prices have remained low, however, thanks to strong negotiations on our forward contracts the company average sale price has maintained an increase/leveled or just a slight decrease. This is particularly impressive, considering the significant downturn in world tea prices to a level not seen for over fifteen years.
- Mwakaleli factory has continued being opened once leaf production from the farmers reached a level to justify the cost of running the factory, and again the buyers respond favorably to the better-quality product which the factory produces due to reduced leaf transport times for the leaf, less aged machinery, and the prevalence of clonal varieties.

Updated Information on the following Aspects

S/N	Information	Description	Current Project Status
1	Shareholder Information	Thompson Lloyd & Ewart Limited – 4,442,565 Mr. G. C Theobald – 4,460,371 Maris TATEPA Holdings – 3,370,520 Mr. P. D Rowland – 2,253,453 Estate of Late J. J Mungai – 2,339,126 Mr. H. A De Klerk – 25,000 Various Other Shareholders – 1,766,219 See Embedded for details of other shareholders  TATEPA Shareholders.xlsx	

2	Company Communication Information	Mail Address: Rozmin@tatepa.com Mobile: 0746-459686 Physical Address: Plot No. 2757, Katumba-Ibighi, Rungwe District, Mbeya Region.	
3	Contact Person	Name: Rozmin Alkarim Jafferli Position: Administrator Communication details: Rozmin@tatepa.com	
4	Incorporation	Tatepa PLC (the "Company") is incorporated in Tanzania under the Companies Act, No. 12 of 2002 as a limited liability Company and listed on the Dar es Salaam Stock Exchange with Incorporation Number 24970.	
5	TIN Information	TIN NO: 100-102-900	
6	Project Objective	<p>The Company holds a majority equity stake of 70% in Wakulima Tea Company Limited; an aggregated majority stake of 63.75% in the equity of Rungwe Avocado Company Limited, of which 59.51% is held directly by Tatepa Public Limited Company and 4.24% is held indirectly through WTCL. In 2019, it disposed of its blending business, Kyimbila Tea Packaging Company Limited in which it held 94.03% share ownership.</p> <p>Wakulima Tea Company Limited undertakes the growing, processing and sale of tea in both local and export markets. Exports are made through private contracts. Rungwe Avocado Company Limited undertakes the growing, packing and export of avocados. Exports are made through private contract.</p> <p>TATEPA PLC principal activities continues to be the holding and financing of the subsidiary investments described above.</p>	
7	Direct Employment	Foreign Men – 2 Foreign Women – NIL Local Men - 231 Local Women - 87	
8	Indirect Employment	The company has employed a number of casual labour/Indirect employment as per below;	

Area/Type of Indirect Employment	Number
Administration	6
Makaleli Factory	6
Engineering	11
Agriculture	191
Production Katumba	249
Transport	31
Total	494

2. Project financial expenditure to date:

	Foreign (TZS)	Local (TZS)	Total (TZS)
Lease Improvements, Land and buildings	-	3,039,556,000	3,039,556,000
Plant and machinery & Furnitures	-	1,182,414,000	1,182,414,000
Vehicles	-	36,415,000	36,415,000
Insurance cover	-	185,545,000	185,545,000
Pre-occupational expenses	-	0	0
Working capital		11,289,300,000	11,289,300,000
Grand Total	0	15,733,230,000	15,733,230,000

3. Project financing

The project has been financed as follows:

- ✓ Equity – TZS 466,431,000, Share Premium – TZS4,048,462,000
- ✓ Bank overdrafts – TZS11,313,374,000

The equity financing is from both local & Foreign investors; the bank financing is from CRDB Bank Plc.

4. Problems and solution

The project encountered the following problems

- ✓ Power fluctuation – there are numerous interruptions resulting from power cuts from the national power grid which was solved by investing in standby generators, we consider this expenditure unproductive for the national economy as this investment would have been made in a more productive asset had the national power supply been reliable.
- ✓ Inefficiency of Dar es salaam Port – The Inefficiency of Dar salaam Port has rendered the export of Avocados being done via Mombasa Port. Irregular shipping schedules, random closing of border posts between Tanzania and Kenya, delays in shipping arrivals/departures in Mombasa port and shortages of CA containers (though booked well ahead of time), all contributes to frustrations. Our container monitoring, however, has greatly improved over the previous years, allowing us constant communication with drivers on their transit to Mombasa port, which

✓ certainly helps when such conditions were so exceptionally difficult. The concerned authorities to increase efficiency of the port for the company to transport avocados via Dar port, which will in turn reduce the Inland freight cost incurred by the company to transport avocados to Mombasa as well reduce the time frame which avocados reach the market.

- ✓ Low Tea Prices in the World Market – A pressurized international tea market has meant prices have remained low, however, thanks to strong negotiations on our forward contracts thus the company average sale price has increased/remained the same over periods.
- ✓ Infrastructure – Trucks movement from one point to another point to Collection of green leaves for tea manufacturing has been a constant problem resulting from Impassable roads particularly during the rainy seasons. The company has time to time maintained the feeder roads to ensure the collection is done to all villages and centers however this has proved to be costly to the company. Rural Road agency to try maintain the roads for easy accessibility of the Collection centers.

5. Future plans

With Tea oversupply in the market, The Company majorly invest on increasing quality of teas produced through involvement of tea stakeholders via enhancement of proper training to both Out growers and Extension officers on proper agricultural practices example; Proper/timely fertilizer application etc. The company has invested in an automated system for ensuing that correct data is gathered from out growers and estates for quality measures.

- ✓ No Capital expenditure is expected to be done by the company in the next six months.

6. Recommendations

- ✓ The government should address infrastructure problems with the necessary urgency as this is causing a lot of wastages in the economy by the way of time and money lost during time to time maintenance of the roads done by the company.
- ✓ We recommend the Government to increase efficiency of the Dar es salaam port for the company to transport avocados via the port, which will in turn reduce the Inland freight cost incurred by the company transport avocados to Mombasa as well reduce the time frame which avocados reach the market, plus as well I prove the county economy.



Andres de Klerk

Operations Director Tatepa Plc



