

M/S CRJE (EAST AFRICA) LIMITED

PROGRESS REPORT TO date

ON

THE PROJECT

TO

**ESTABLISH INDUSTRIAL AND BUSINESS PARK WITH SERVICED PLOT
FOR SALE**

AT

PLOT no (1010/2) BUGURUNI AREA ILALA DISTRICT OF THE DAR ES SALAAM

November 2022

1.0 INTRODUCTION

M/S CRJE (East Africa) Limited is a registered Company in Tanzania with certificate of incentives no **0614821** which was issued in **February 2016**. The estimated investment cost in fixed asset is estimated to be US\$51.698 Million and the main aim of the project is to establish a project to construct industrial and business park with serviced plot for sale. The projected project-financing plan consists of shareholders equity and the term loan.

Equity	Proportion	Amount	in
		us\$ ml	
Equity	38.686%	20	
Loan	61.314%	31.698	
Total	100	51.698	

1.0 PLANNED ACTIVITIES

The company planned the following:

- I) To look for the Financing Partner and work as joint venture
 - i) To construct an Industrial Park facility
 - ii) To order steel structures and other ancillaries
 - iii) To obtain all regulatory requirements pertaining to the establishment of the Industrial Park
 - v) To Purchase the trucks and vehicles
 - vi) To purchase office equipment and air conditioners
 - vii) To start selling by 2021

1.0 ACHIEVEMENTS MADE ON THE PROJECT IMPLEMENTATION TO DATE

CRJE was issued Derivate Title in September 2016. Though there is no substantial achievement made, yet CRJE has taken a lot of measures to pursue the development of the plot from 2016. Parts of endeavors are as followings:

- 1)** CRJE invested about USD 28 million to purchase the plot, and the initial plan was to do the further investment to make the plot as a commercial and industrial park complex with fully serviced and planned plots for sale to the general market. But in 2017, our holding company, China Railway Construction Engineering Group (CRCEG) who committed to finance the development of the plot failed to do so because of the restrictions from the Chinese government-related investment policy. CRJE attempted to find financing institutions in China by sending various formal request letters in 2017. But was unable to secure financing. This forced CRJE turned to Private entities who are interested in carrying the intended project.
- 2)** After several rounds of negotiations, Letter of Intent to cooperate was signed in August 2018 between CRJE and a China-based agriculture company. According to the Letter of Intent, CRJE and the agriculture company will form a joint venture. The plot will be serves as the CRJE's shares in JV, and the agriculture company will be responsible for financing. The plot was planned as an agriculture Industry Park, including agriculture warehouses, agricultural product processing factory, agricultural produce logistic Centre, etc. The

financing took longer time than expected, thus the Letter of Intent expired before the formal Agreement signed.

3) In 2019, Beijing New Building Material Company (**BNBM**) had intentions to expand their existing exhibition Centre in Buguruni to accommodate more products and attract more customers. **BNBM** invited us to negotiate cooperation models. At end of 2019, we came to conclusion on the terms and clauses of the Memorandum of Understanding. Directors from **BNBM's** headquarter should have come to sign the MOU in the first quarter of 2020. The outbreak of COVID-19 suspended the process. Because of the travel ban and investment restriction, the schedule cooperation was canceled.

4) In 2022 After investigation and study, we find there is huge demand on warehouses. Four companies have approached us to express the interest to rent the warehouses in the Industrial Park once build and with this intention we have decides to change our project from selling to renting as what is now dictated by the market .

2.0 UPDATED INFORMATION ON THE COMPANY

S/No.	Information	Details
1	Shareholder's information	Current shareholders names, nationality and percentage of ownership (1) China railway Jianchang Engineering Group (99 %) (2) Shenzhen Investment Company (1%)
2	Company communication information	e-mail address: mydoris921@hotmail.com Mobile Number: +255 769 404 893 Land Line Telephone Number: +255 -22-2153321

		Physical Address(Plot No., Block No., Street, District and Region): 7th floor Uhuru Heights at the junction of Bibi/Titi Mohamed Road.
3	Contact person	Name: Doris Zeng
		Position: Marketing manager
		Communication Details (Email, Mobile and telephone): mydoris921@hotmail.com ; +255 769 404 893
4	Incorporation	Certificate of Incorporation No.: 56386
5	TIN information	Tin Certificate No.:109-659-010
6	Project objective	Project Core Activity: manufacturing, warehouse and econstruction of industrial park
7	Capacity	Project Capacity per Year: USD 10 million approximately
8	Direct Employment	Foreign-Men: 50 approximately
		Foreign-Women: 30 approximately
		Local-Men: 800 approximately
		Local-Women: 300 approximately

3.0 PROJECT FINANCIAL EXPENDITURE TODATE.

	Foreign (USD)	Local (USD)	Total (USD)
Land and buildings	28,883,544.07		28,883,544.07
Plant and machinery			
Vehicles/Aircrafts			
Furniture			
Office equipment			
Insurance cover			
Pro-operational expenses	4,110,947.33		4,110,947.33

Working sub-total capital			
Grand total	32,994,491.40		32,994,491.40

4.0 PROJECT FINANCING

The company has been struggling to look for financing and it has now been able to see indication that the project will take off as there are some people who have shown interest in the industrial park once build

	Amount (USD)	Source country
Local Equity		Tanzania
Local Loans		Tanzania
Foreign Equity		
Foreign loans	11,000,000.00	China
Total investment	32,994,491.40	

6.0 PROBLEMS AND SOLUTION

The company has been able to carry about 5% of its planned project activities. However, the company has faced some new challenges thus requiring more time for the project to be fully operational:

- Though the area in Derivate Title is 31.819 hectares, according to survey report from Ministry of Land , total area of the Plot No. 1010/2 is 28.789 Hectares, and there a short fall of 3.130 Hectares from its original area of 31.819 Hectares. Ministry of Land wrote letter (please refer to Appendix 6) to the previous landlord (Jitigeme

Trading Company LTD) to submit the certificate of title for rectification, but the previous landlord failed to do so up to today. The missing 3.130 Hectares affects the development of the whole plot.

- This plot itself is huge and the initial plan was Business Park. Project similar to this nature and size will definitely bring considerable revenue for the government and create countless jobs for local community; However, the plan will not easily and quickly be implemented without the facilitation from government in planning, improving surrounding infrastructure, attracting investors and even financing.
- Above all, the Msimbazi River along the plot especially its flood during the rainy season is a threat to the plot and the residents nearby. The first thing to develop that plot is to strengthen the river bank; otherwise, the river will erode and flood the land and buildings on it. The Ilala Municipal council who were supposed to strengthen the river bank have not implement the river bank strengthen project until now .
- Last but not least, the plot is lying among Nelson Mandela Road, Kigogo road and Kawawa road. Condition of existing access road from Nelson Mandela Road is very primitive, and the access road from Kawawa road is missing. We managed to bring many potential investors to inspect the plot, but they all show concerns about the road condition. Infrastructure is key to the success of Business Park among all the factors. As a private company with limited financial

capability, we are unable to upgrade the surrounding road network. It is our hope that the local government could construct a road connecting Nelson Mandela Road and Kawawa road, which will benefit the whole community.

7.0 FUTURE PLANS

1)The future plan will be marketing the plot both in Tanzania and in China to attract the investors. As the travel ban is lifting gradually, we trust the business will bounce back soon. Also due to the changing o the market demand for sale the company intends to changes its strategy and decided to rent and sale the warehouses in the industrial park .

2) Two Chinese Factories has now showed intentions to rent from us the warehouses once build to establish factories and therefore Cooperation details are underway.

8.0 RECOMMENDATIONS

As per the foregoing, the promoters expect the project request to change the project from for sale to for rent and sale of the warehouses houses be considered favorably and at the earliest .