

**TANZANIA INVESTMENT CENTRE
DAR ES SALAAM**

PROGRESS REPORT

(Information required for the project's progress report after every six months or for amendment of Certificate of Incentives)

1. Panned activities for the period

The Project has already started construction. Several remaining and new additional improvements/developments are being undertaken which include but not limited to:

- Construction of Presidential Suite
- Construction of executive rooms
- Construction & finishing of Main Reception building & Back of house.
- Construction & finishing of Spa and Gym
- Construction & finishing of infinity swimming pool and surrounding areas
- Flooring of the Lobby area
- Paving of all common areas and walkways.
- ...etc.

Other planned activities for the period include:

- Drilling of additional Boreholes
- Procurement, importation and installation of Equipment, Plants, Machinery including Cold rooms, kitchen equipment, Furniture & Fixtures, IT server and equipment...etc.
- Procurement, importation and installation of high-capacity Solar and backup inverter system
- Procurement, importation and installation of CCTV surveillance system
- Procurement, importation and installation of Card-lock entry system (hardware & Software) for all rooms
- Procurement, importation and installation of Water De-salination Plant
- Procurement, importation and installation additional Power Generator Sets
- Procurement of remaining Capital goods i.e., Cutlery, Crockery, furnishings, fixtures...etc.
- ...etc.

2. Achievements made on the project implementation to date

(i.e. from the date the project was approved to the date of writing the report)

Describe the status of activities that have already been undertaken e.g. construction of buildings, acquisition of supplies, installation of equipment, etc.

As mentioned earlier, the Project has already started construction whereby major structural works for the 60 deluxe rooms, part of the main building, reception and lobby, back-of-house, warehouse...etc. have either been completed or have reached advanced stages save for finishing work. However, routine inspections have revealed defects in the construction areas which therefore require to be rectified/redone.

Other areas of achievements made to-date: Staff quarters, staff changing rooms, service area...etc.

See below a few pictures of the achievements made thus far:





3. Provide updated information on the following aspects:

S/No.	Information	Description	Current Project Status
1	Shareholder's Information	Current Shareholders names, nationality and percentage of ownership	Wellworth Hotels & Lodges Ltd. 60% Zulfikar Gulam Ismail (Tanzanian) 10% Mahmood Gulam Ismail (Tanzanian) 10% Sameer Gulam Ismail (Tanzanian) 10% Komial Gulam Ismail (Tanzanian) 10%
2	Company communication Information	Email address Mobile Number Land Line Telephone Number Physical Address (Plot No. Block No. Street, District and Region)	info@wellworthgroup.com 0784246446 Plot 1-4, Changarawe, Karatu Arusha
3	Contact Person	Name Position Communication details (Email, Mobile and telephone)	Zulfikar Ismail Director 0784246446 z.ismail@wellworthgroup.com
4	Incorporation	Certificate of Incorporation Number	66722
5	TIN Information	TIN Certificate No.	107-309-101
6	Project Objective	Project Core Activity	Tourism Luxury Accommodation Facility
7	Capacity	Project capacity per year	
8	Direct Employment	Foreign Men Foreign Women Local Men Local Women	Foreign Men - 2 Foreign Women - NIL Local Men - 39 Local Women - 20
9	Indirect employment	Type/areas of Indirect employment	Indirect employment to local suppliers of various goods and services. For example, we give Indirect employment support to the local Maasai community by engaging them in conducting traditional events/dances...etc., in addition to purchasing local handcraft for toursits/guests.

4. Project Financing Expenditure todate (USD)

	Foreign (USD)	Local (USD)	Total (USD)
Land and Buildings		4.59	4.59
Plant and machinery		0.27	0.27
Vehicles/Aircrafts		0	0
Furniture		0.32	0.32
Office equipment		0.07	0.07
Insurance Cover		0	0
Pre-operational expenses		0	0
Working sub-total capital		0	0
Grand Total		5.25	5.25

Note: The total project cost to complete the project is USD 18.19 Mn. Out of this total Capex, as at 31.12.2021, promoters had spent USD 5.25Mn out of their internal accruals

5. Project Financing

Explain how the project is being financed e.g equity, loans, sources of loans, conditions etc. see table below:-

	Amount (USD)	Source Country
Local equity	5.25	
Local loans	0	
Foreign equity	0	
Foreign Loans	0	
Total Investment	5.25	

The promoter company has been sourcing for Bank finance of USD 11.00 from various Banks located in Tanzania and International. Most of these Banks had already shown keen interest Prior to COVID-19 pandemic however, due to COVID- 19, the process of obtaining bank finance has been severely hindered as the Bank's general outlook towards the hospitality sector is dim.

6. Problems and Solutions

Explain problems, which the management is experiencing in executing the project and the steps being taken to solve them

The project has faced unforeseen and unprecedented delays since 2020 due to the negative effects of Covid19 global pandemic and the resultant financial and cash flow challenges as well as delays caused by the project Contractor (M/s Dezo Civil Contractors) despite being over-paid. Resultantly, due to these unforeseen delays which are beyond our control, our project implementation period has moved to November 2024.

Consequently, since 2020, Banks and Financial Institutions have a very negative outlook towards the hospitality industry and are not keen on financing such projects. Central Bank need to provide guidelines to commercial banks so as to support the Hospitality sector especially since Tourism is one of the MAJOR contributors to the economy.

In addition to the above challenges, there was a very long and unreasonable delay from Tanzania Revenue Authority (TRA) in getting the approved Capital/Deemed Capital Goods list despite them visiting the project site for verification a very long time ago. We had written to TRA for the exemptions list since **November 2019** and only managed to get the approved list in **JULY 2020** which was too late as by then the pandemic had already taken a stronghold in the whole globe ...!!!

Prior to the onset of the Covid19 global pandemic, we had already sourced the Capital/Deemed Capital Goods requirements from source markets (i.e. Dubai, Malaysia, China...etc.), however, since the approved list of Capital/Deemed Capital Goods was unreasonably delayed from TRA, combined by the fact that the whole world was already hit by the effects of the Covid19 pandemic, all freight from these source markets faced severe shortage and disruptions and therefore, we could not import the required capital goods. To compound the matter further, there has been a sharp increase in freight charges due to shortage in shipping containers which has resultantly delayed the importation and clearing of our required Capital/Deemed Capital goods.

To make matters even worse, the local contractor for the Project had also caused tremendous delays to the Project contrary to the Agreement and they were already over-paid but had not performed as per schedule. Legal notices have been issued to them for specific performance. The TIC zonal team also recently visited the project in December 2021 and verified the project status as well as the delays from the Contractor M/S Dezo Civil Contractors. ***(See attached letter from TIC zonal office for your reference)***

Additionally, although we were already allocated the project site in Serengeti by TANAPA and have already started construction therein, we are yet to get the formal License Agreement from TANAPA as the last time, their Board of Directors was not fully formed and they were awaiting the for the same.

7. Future Plans

Explain future plans for the next coming six months and planned financial commitments

To Company has done all necessary required steps to complete the project which has reached advanced stages save for the challenges faced. We therefore urgently request for the TIC Certificate renewal so as be able to complete the Project.

7. Recommendations and any other comments

In addition to the recommendations mentioned herein above, the Government (through TIC) to enable the investment climate and procedures to be easier and more attractive. Investors (especially LOCAL investors) face unreasonable delays due to, among other things, bureaucracy and different mindsets between TIC and TRA - which should be streamlined.