

**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 and is at a very good pace with a new construction team as the previous Contractors (M/s Dezo Contractors) had severely delayed our project progress despite being overpaid. Several new additional improvements/developments are being undertaken which include:

- Construction of executive rooms
- Construction of Presidential Suite
- 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.
- Skimming and painting walls of finished areas

Other planned activities for the period include:

- Drilling of new Boreholes
- Building LPG Gas Tank Concrete Platform for installation of LPG tanks
- Installation of Cold rooms in kitchen
- Installation of high-capacity Solar and backup inverter system
- Installation of ICT infrastructure and equipment including CCTV surveillance system, servers, Access points, cabling...etc.
- Installation of Card-lock entry system (hardware & Software) for all rooms
- Installation of Water softening and treatment plant
- Procurement of additional Power Generator Sets
- Procurement of remaining Capital goods i.e., Furniture, Fixtures, Equipment
- Surfacing and Drainage installations of Internal pathways to guest rooms.
- Purchase of Golf-Carts
- Redoing snag lists of areas where finishes were not upto standards
- ...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.

The Project has already reached advanced stages whereby major structural works for the 60 deluxe rooms, main building, reception and lobby, back-of-house, warehouse...etc. have been completed save for remaining finishing works. However, routine inspections have revealed repeat jobs required to be done. The remain 15 executive suites are yet to start. Following delivery of the remaining required Capital Goods and other finishing items/ equipment, the Project will then reach at even more advanced stages almost to finishing. Other areas of achievements made to-date: Staff quarters, staff changing rooms, service area...etc.

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	Currently Employed: Foreign Men - 2 Foreign Women - NIL Local Men - 54 Local Women – 24 Additional to be employed Foreign Men - 3 Foreign Women - 2 Local Men - 55 Local Women – 32
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 tourists/guests.

4. Project Financing Expenditure todate (USD)

	Foreign (USD)	Local (USD)	Total (USD)
Land and Buildings		5.58	5.58
Plant and machinery		0.30	0.30
Vehicles/Aircrafts		0.19	0.19
Furniture		0.32	0.32
Office equipment		0.21	0.21
Insurance Cover		0	0
Pre-operational expenses		0.39	0.39
Working sub-total capital		0	0
Grand Total		6.99	6.99

Note: The total project cost to complete the project is USD 18.19 Mn. Out of this total Capex, the promoters have spent USD 6.99Mn 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	6.99	
Local loans	0	
Foreign equity	0	
Foreign Loans	0	
Total Investment	6.99	

The promoter company has been sourcing for Bank finance of USD 11.00 from various Banks located in Tanzania and Internationally. 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 the severe delays caused by the project Contractor (M/s Dezo Civil Contractors) despite being over-paid. We had to terminate the services of the Contractor and takeover the project and assign another team to complete the works.

In addition, 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.

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 sea freight from these source markets faced severe shortage and disruptions and therefore, we could not

import the required capital goods on time. To compound the matter further, there has been a sharp increase in sea freight charges due to shortage in shipping containers which has resultantly delayed the importation and clearing of our required Capital/Deemed Capital goods. Not to mention that the suppliers have also increased the prices of these 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 had been issued to them for specific performance – which they failed to oblige. The TIC zonal team also 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)**. As a result, the main Contractor has been terminated and another team deployed at the site including sub-contractors.

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 extension of time of the TIC Certificate 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.