

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 is already at advanced construction stage with the new construction team replacing the previous contractors (M/s Dezo Contractors) who had severely delayed the project despite being overpaid – Both criminal and civil proceedings are underway against these contractors for causing huge delays to the project and not finishing the works as they were paid for.

Furthermore, there was a lot of sub-standard works noticed at the site which was done by the previous contractors. All such sub-standard works are being rectified to required standards (which include either demolishing certain entire effected areas and building afresh or re-doing required portions).

In addition to the above, several additional improvements/developments are being undertaken which include:

- Finishing 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:

- Installation of Boma fire chimneys
- Drilling of new Boreholes
- Building LPG Gas Tank Concrete Platform for installation of LPG tanks
- Installation of Cold rooms in kitchen
- Construction of Chef's office
- Finishing of Manager's house
- 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 up-to 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.

Although the Project has reached advanced stages and 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, there is a lot of ongoing repeat/repair and remedial works due to the previous contractor not doing the job to the required standards. 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% Komail 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 | | 6.71 | 6.71 |
| Plant and machinery | | 0.73 | 0.73 |
| Vehicles/Aircrafts | | 0.30 | 0.30 |
| Furniture | | 0.52 | 0.52 |
| Office equipment | | 0.30 | 0.30 |
| Insurance Cover | | 0 | 0 |
| Pre-operational expenses | | 0.45 | 0.45 |
| Working sub-total capital | | 0 | 0 |
| Grand Total | | 9.01 | 9.01 |

Note: The total project cost to complete the project is USD 18.19 Mn. Out of this total Capex, the promoters have spent USD 9.01 Mn 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 | 9.01 | |
| Local loans | 0 | |
| Foreign equity | 0 | |
| Foreign Loans | 0 | |
| Total Investment | 9.01 | |

The promoter company has been sourcing for Bank finance of USD 11.00 from NBC Bank who have already visited the site for credit approval..

6. Problems and Solutions

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

The biggest problem the project has faced was the misconduct of the previous contractor who despite being overpaid, did not complete the project on time but also

whatever works he had done were not to the required standards and therefore have to be repeated afresh causing project cost over-runs. We had to terminate the services of the Contractor and takeover the project which was not easy as the Contractor was unreasonably holding the project site at ransom demanding more money despite his flagrant breaches of the agreement. We have taken necessary civil and criminal actions against the previous contractors (M/s Dezo Contractors).

We then had to assign another team to complete the works which also took time and efforts plus expenses as they had to mobilize their equipment and staff to the project site which is located inside central Serengeti National Park.

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. We have now already got the approved list.

Current challenges/shortage of sea freight from source markets due the ongoing conflict with Yemen has caused delays and disruptions in our importation schedules.

7. Future Plans

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

The 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 however, we need ample extension time of at least TWO years.

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.