

**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. Planned activities for the period

Despite the project being very much delayed because of the contractors' failure to abide to its contractual obligations, it is 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:

- Skimming and painting walls of finished areas
- 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.

Other planned activities for the period include:

- Installation of Card-lock entry system (hardware & Software) for all rooms
- Installation of Water softening and treatment plant
- Procurement of additional Power Generator Sets
- 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.
- 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.

While the Project is already at an advanced stage, most of the core structural works have been completed, including the 60 deluxe rooms, the main building comprising the reception and lobby, back-of-house facilities, warehouses and related components. The remaining scope primarily relates to finishing works. However, a significant amount of corrective, remedial and rework activities are currently underway as a result of the previous contractor's works not meeting the required quality standards. Construction of the remaining 15 executive suites has not yet commenced. Upon delivery of the outstanding capital goods, finishes and equipment, the Project is expected to progress rapidly to a near-completion stage. Additional completed elements to date include staff accommodation, staff changing and welfare facilities, and service areas.

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		7.15	7.15
Plant and machinery		0.82	0.82
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		9.54	9.54

Note: The total project cost to complete the project is USD 18.2 Mn. Out of this total Capex, the promoters have spent USD 9.54 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	9.54	
Local loans	0	
Foreign equity	0	
Foreign Loans	0	
Total Investment	9.54	

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 most significant challenge encountered by the Project arose from the conduct of the previous contractor who, despite having been overpaid, failed to complete the works within the agreed timelines. Furthermore, a substantial portion of the works executed did not meet the required quality standards and consequently had to be redone, resulting in project delays and cost overruns. As a result, we were compelled to terminate the contractor's engagement and take over the Project directly. This process was particularly challenging, as the contractor unreasonably retained control of the site and demanded additional payments despite clear and material breaches of the contract. Accordingly, we have initiated the necessary civil and criminal proceedings against the former contractor, M/s Dezo Contractors.

Furthermore, our efforts to invoke the Performance Bond and Advance Guarantee Bond submitted by the Contractor's insurers have also faced challenges as the insurance company (M/S Reliance Insurance) are trying to avoid their obligation to pay citing false reasons.

Following the termination, a new construction team was appointed to complete the remaining works. This transition required additional time, effort, and cost, including the mobilization of personnel and equipment to a site located within the central Serengeti National Park.

In parallel, the Project has experienced prolonged and unjustified delays from the Tanzania Revenue Authority (TRA) customs department in processing and issuing approval of the Capital and Deemed Capital Goods list, notwithstanding that site inspections and verifications were conducted some time ago.

7. Future Plans

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

The Company has undertaken all necessary measures required to progress the Project, which has now reached an advanced stage, notwithstanding the challenges encountered. We therefore respectfully request an extension of the TIC Certificate to enable completion of the Project, and kindly seek an extension period of no less than **two (2) years**.

7. Recommendations and any other comments

In addition to the recommendations outlined above, there is a need for the Government, through TIC, to further enhance the investment climate by simplifying and streamlining procedures. Investors—particularly local investors—continue to experience unreasonable delays arising from, among other factors, bureaucratic processes and misalignment between TIC and TRA. Greater coordination and harmonization between these institutions would significantly improve efficiency and investor confidence.