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**BUSINESS PLAN  
FOR  
PROPOSED DEVELOPMENT OF HAZINA BUSINESS  
CENTRE IN NJEDENGWA-DODOMA, TANZANIA**

**OCTOBER 2019**

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## **LIST OF ABBREVIATIONS:**

AC	Air Condition
BoT	Bank of Tanzania
BOT	Build Operate Transfer
CBD	Central Business District
CBE	College of Business Education
CCTV	Closed-Circuit Television
CDA	Capital Development Authority
D&B	Design and Build
DCC	Dodoma City Council
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
FDI	Foreign Direct Investment
FF&E	Furniture, Fittings and Equipment
GDP	Gross Domestic Product
GFA	Ground Floor Area
HBC	Hazina Business Centre
ICT	Information and Communication Technology
IFM	Institute of Finance Management
IMED	Institute of Management and Entrepreneurship Development
IMF	International Monetary Fund
IRDP	Institute of Rural Development Planning
IRR	Internal Rate of Return
LAPF	Local Authority Pension Fund
LCD	Liquid-Crystal Display
NAOT	National Audit of Tanzania
NBS	National Bureau of Statistics
NFA	Net Floor Area
NHC	National Housing Cooperation
NIC	National Insurance Fund
NPV	Net Present Value
PAT	Profit After Tax
PAYE	Pay As You Earn
PBT	Profit Before Tax
PESTEL	Political, Economic, Social, Technological, Environment and Legal
PHC	Primary Health Care
PPP	Purchasing Power Parity
PR	Public Relations
PSPF	Public Service Pensions Fund
RC	Regional Commissioner
SACCOS	Savings and Credit Co-Operative Society

SDL	Skills Development Levy
SME	Small and Medium Enterprises
SOE	State Owned Enterprises
SPV	Special Purpose Vehicle
TAMISEMI	Tawala za Mikoa na Serikali za Mitaa
TANESCO	Tanzania Electric Supply Company Limited
TBA	Tanzania Building Agency
TD	Title Deed
TDHS	Tanzania Demographic Health Survey
TRA	Tanzania Revenue Authority
TZS	Tanzanian Shillings
UDOM	University of Dodoma
URT	United Republic of Tanzania
USD	United States Dollar
VAT	Value Added Tax
VIP	Very Important Person
WACC	Weighted Average Cost of Capital
WSH	White Sand Hotel

## **Executive Summary**

Hazina Saccos Ltd is a registered Savings and Credit Co-operative Society whose main objective is to mobilize savings from members and in return provide credit facilities. The Saccos was registered on March 1973, currently the Saccos has about 5,600 members from all the Ministries and Government Parastatals and Corporations in Tanzania mainland.

Hazina Saccos Ltd is aiming to develop a Business Centre comprising of a Four Star Hotel, Commercial/Shopping Mall and Office Park on their earmarked plot with approximately 92,272 square meters at Njedengwa, in Dodoma. The envisaged project is expected to provide opportunities for business people/tenants in the offices, mall, and hotel accommodation for general public.

The idea for Hazina Saccos to invest in Dodoma has come following the decision of the Government of United Republic of Tanzania to relocate its capital city from Dar es Salaam to Dodoma. This decision to transfer the capital city has generated investment opportunities in real estate and other businesses due to influx of people and institutions to Dodoma and the respective need of residential houses, offices, commercial/retail outlets and hotel accommodation. The demand for accommodation is expected to increase in the foreseeable future.

The investment opportunities for offices, shopping mall and hotel accommodation is supported by existing demand from Government, Private organisations, Diplomatic Missions and Consular offices and others. It may take time for some organisations to build their own offices and residential houses for accommodation. Therefore, the immediate solution for them is to look for office spaces, commercial spaces and residential accommodation for rent in order to continue with their operations in Dodoma

The scope of the project covers construction of three contemporary buildings measuring approximately 19,287.40 square meters (GFA) in total which comprises of six storey hotel building with 6,880 square meters with 130 rooms; Six storey office building with 4,995.50 square meters and Commercial/Shopping Mall with 7,411.90 square meters (GFA) within Plot No. 7 Block F in Njedengwa Investment Area, in Dodoma.

The entire project cost is estimated at **TZS 52,506,333,822** which is ought to be raised through strategic partnership of Hazina Saccos Ltd and Strategic Investor. In this venture, Hazina Saccos Ltd shall contribute 4% of the project cost in form of land while the strategic investor shall contribute 96% of the project cost. The proposed financing arrangement option and project implementation is Build-Operate-Transfer whereby the strategic investor designs, finance, construct, operate and maintain then transfer the properties to Hazina Saccos Ltd after specific period of time.

The financial indicators show that, the projects have positive NPV's, good Internal Rate of Returns which are above the cost of capital and average payback period of 14 years. Therefore, the projects are financially and economically viable to be undertaken by the Saccos and Strategic investors. In order to achieve this objective, Hazina Saccos is now seeking for eligible, competent, and reputable investors who can demonstrate the appropriate expertise and experience to invest in the real estate business in Dodoma.



## **CHAPTER ONE**

### **1.0 INTRODUCTION**

Hazina Saccos Ltd is a registered Savings and Credit Co-operative Society whose main objective is to mobilize savings from members and in return provide credit facilities. The Saccos was established in 1972 and registered on March 1973, and that time it was having 100 members, but now the number of members of Saccos increased to about 5,600. The Saccos has members from all the ministries and Government parastatals and corporations in Tanzania mainland.

### **1.1 Project Promoter's Profile**

Hazina Saccos Ltd is a registered Savings and Credit Co-operative Society whose main objective is to mobilize savings from members and in return provide credit facilities. The Saccos was established in 1972 and being registered officially on 21st March 1973, and that time it was having 100 members, but now the number of members of the Saccos has increased to about 5,600. The Saccos has members from all the Ministries, Government Parastatals and Corporations in Tanzania mainland.

### **1.2 Vision**

To enable and improve cooperative of Savings and Credit which will provide financial services which are cheap, affordable and meeting expectations of the members.

### **1.3 Mission**

A strong member financial co-operative providing value through:-

- i. Meeting members needs with quality of services and products
- ii. Caring for members at every contact and

- iii. Enhancing the communities we serve through volunteerism and leadership
- iv. Ultimately, we enhance the credit union difference by bringing people together to achieve a better life for themselves and their communities.

#### **1.4 Principle Activities of Hazina Saccos**

Hazina Savings and Credit Co-operative Society Limited is charged with the following functions of: -

- i. Receiving shares and savings contributions from members
- ii. Issuing soft loans to members
- iii. Promoting other people to join the SACCOS (Hazina SACCOS Ltd).
- iv. Increasing Society's capital by:-
  - a) Encouraging Members to increase their shares and savings from time to time.
  - b) Improving members activities such as individual projects which will increase income for them as agreed by the Annual General Meeting
  - c) Investing excess funds in other Financial Institutions and available opportunities after setting aside funds for credit services to members.
  - d) Establishing and developing development activities for member's benefits as approved by members at Annual General Meeting and permission from the Registrar of Co-operatives.

The General objectives of the HAZINA SACCOS LTD are to encourage thrift among its members by educating the members the advantages of developing a savings behaviour, through proper investment best practices aimed at improving the social and economic conditions of the members

## **1.5 Services provided by Hazina Saccos Ltd**

### **i. Receiving and Maintaining Savings and Shares**

#### **a) Savings**

The Association receives and maintains member savings that allow them to receive double the amount of the member's savings.

#### **b) Shares Management**

The Association receives and maintains the Shares of Newcomers. The shares are invested and profits are distributed to members at the end of each year.

### **ii. Loan**

The Saccos offers different kinds of loans such as; Emergency Loan, Holiday/Feast Credit, Education Loan, Special Loan, Mortgage Loan, Funeral Loan, Business Loan and Construction Loan

## **1.6 Membership**

Any person who is a public servant / institution or public body can be member of the Hazina Saccos. Active member is the one who contributes the savings every month to this Saccos.

## **1.7 Proposed Project**

Hazina Saccos Ltd is planning to develop a Business Centre comprising of a Four Star Hotel, Commercial/Shopping Mall and Office Park on their plot covering approximately 22.80 hectares (about 92,272 square meters) at Njedengwa Investment area, Dodoma City. The plot is about 15 kilometers from Dodoma CBD and close to the

Road Fund Board. In achieving this objective, the Saccos is intending to solicit Strategic Partners to invest in all or part of the project.

The proposal for the Saccos to undertake the projects in Dodoma has come in response to the decision of the Government of United Republic of Tanzania to relocate its capital city from Dar es Salaam to Dodoma. This decision to transfer the capital city has generated investment opportunities in real estate and other businesses due to influx of people and institutions to Dodoma and the respective need of residential houses, offices, commercial/retail outlets and hotel accommodation. The demand for accommodation is expected to increase in the foreseeable future.

The investment opportunities for offices, shopping mall and hotel accommodation is supported by existing demand from Government institutions, Non-Government Organisation, Private organisations, Diplomatic Missions and Consular offices and others. It may take time for some organisations to build their own offices and residential houses for accommodation. Therefore, the available option for them is to look for office spaces, commercial spaces and residential accommodation for rent in order to continue with their operations in Dodoma

The envisaged Hazina Saccos Business Centre will provide state-of-the-art real estate facilities in Dodoma. The project will provide commercial/shopping mall, offices, hotel facilities and other recreational and entertainment facilities. This Business Plan has been prepared for purposes of soliciting external financing for the development of the Project in Dodoma region.

## CHAPTER TWO

### 2.0 PROJECT DESCRIPTION AND TECHNICAL ANALYSIS

#### 2.1. Introduction

Hazina Saccos is planning to implement a project on her plot located in Njedengwa, Dodoma City. The plot is boarded with partly developed neighbourhood. The implemented project is modern commercial/office property planned to be a one stop business centre.

#### 2.2 Project Scope

The scope of the project involves development of single storey Commercial/Shopping Mall, six storeys hotel (G+5) and its supporting facilities, six storeys office park and other associated facilities such recreational facilities. Details of the proposed facilities are summarised in the table 1 below;

**Table 1: Scope of the proposed projects**

SN	Item	GFA (SQM)	NFA(SQM)	Facilities
1	Commercial Mall	7,411.80	6,300.03	The projects includes facilities such as Supermarkets, banks, cinemas, conference halls, retail areas, children playing areas, restaurants, gym.
2	Office tower	4,995.50	4,246.18	6 storeys office building with offices, conference halls and parking slots.
3	Hotel	5,848.00	-	A 4 star 6 storeys hotel with 130 rooms, swimming pool, restaurant, conference hall/s.

Other amenities / facilities include; ample car parking, standby generators to serve each property, firefighting installations and fire detectors, IT infrastructures (Cabling and

Data Network), Security and safety facilities such as CCTV cameras, garbage chutes and refuse collection points, guard house, facility management office, landscaped garden, water distribution, pumps and pump houses. The project design is contemporary design that complements the current and future needs of Dodoma City.

### 2.3 Project Location

The proposed project is planned to be developed on Plot No.7 Block F at Njedengwa area, just about 13km from Dodoma city centre through Makuru road via Udom and about 15 km through Morogoro road to/from City Center. The plot bordered with various key areas such as Tanzania Road Fund, NEC, TANROAD and AICC. It is also close to the University of Dodoma, Watumishi Housing Estate, and other partly developed neighbourhood.

### 2.4 Land Availability and Utilization Plan

Hazina Saccos Ltd owns Plot No.... with long term certificate of occupancy (99 years) at Njedengwa with approximately 22.80 hectares (about 92,272 square meters). The Saccos has conducted land valuation exercise and established clear boundaries and demarcation points for the land to be used for the project. Table 2 below illustrates proposed land use plan for each segment.

**Table 2: Land use plan for Hazina plot in Njedengwa**

No.	Land Use	Area (SQM)	Acre	%
1	Hotel (Four Star)	27,305.50	6.75	30%
2	Commercial Mall	33,637.50	8.31	36%
3	Office Park	16,688.00	4.12	18%
4	Circulation	14,641.00	3.62	16%
	<b>Total</b>	<b>92,272.00</b>	<b>22.80</b>	<b>100%</b>

## **2.5 Site Suitability and Availability of Infrastructures**

The site has access to energy (TANESCO electricity), water, wastewater, solid waste management services, and access roads to and from the site, suitable pedestrian routes that connects the site. The site is also on planned to be connected with communication facilities such as internet accessibility, fiber and telephone networks.

## **2.6 Project's Segments**

The project involves three segments (commercial Mall, Four Star Hotel and Office Building). Each of the business segment respective service to be offered have been described below

### **2.6.1 Commercial Mall**

The project is expected to provide tenant mix which will include individual retail investors, the following are the minimum range of services to be offered; Supermarkets, bookshops, coffee shops, restaurants, boutiques, curio shops, fast food outlets, Banking and Financial Services, Bureau de Changes, Telecommunications and secretarial services, souvenir shops, beauty salon, barber shop, vending machines, perfume and toiletries shop, bar and grill, liquor and tobacco shops, entertainment facilities such cinema theatre, bowling alleys and children's play areas will be accommodated in the commercial complex, conference centre, Gymnasium, Kids Play Area (Indoor), car parking services and other retail stores. The lettable space (net floor area) is approximately 6,300.12 square meters.

### **2.6.2 Hotel**

Project involves construction of six storey building (G+5) four-star hotel with a total number of 130 rooms for accommodation (categorized; standard rooms (98), Executive (20) and Suite (12) which will have variety of complimentary facilities and services. Ground floor will have bars and restaurants, meeting/conference rooms and hotel offices at the ground floor. The first to fifth floor will comprise of Suite (VIP rooms), executive rooms, standard rooms, spa, casino, gym, swimming pool and break out lounge.

### **2.6.3 Office Park**

The proposed office park will include several office buildings which will be developed on a piece of land covering 16,688.00 square meters. However in this Business Plan one six storey office building has been considered. The office building will be for rent to various Government Institutions, Non-Government Organizations and private institutions. The property will be designed to meet the quality needs of the tenants and will include facilities such as board rooms, elevators ground parking slots. The building can be rented out to one tenant or various depending on the availability of potential customer. The entire office building will contain approximately 4,246.18 square meters of lettable space, each floor will have approximately 700.83 net floor area.

## **2.7 Project Development Model**

The proposed project development model is Build - Operate – Transfer (BOT). Under a build-operate-transfer (BOT) contract, the strategic partner is given a concession to finance, build and operate a project for a certain period of time. Therefore, through this arrangement a strategic investor shall operate the project for an agreed period of time(20- 25 years negotiable) with the goal of recouping its investment, then transfers the



project (asset/properties) to Hazina Saccos Ltd. Under this case Hazina Saccos intends to solicit partnership with an interested and eligible investor who will build, operate and eventually transfer operations to the Saccos.

## **2.8 Objective and Expected Output**

### **2.8.1 Project Objective**

The objective of the project is to get return on investment to partners (Strategic investor and Hazina Saccos Ltd) and providing services esteemed customers (individuals and institutions).

### **2.8.2 Expected Output**

Generally, the expected output of the project is a well-designed and constructed commercial Mall, Four Star Hotel and Offices with modern facilities in Dodoma.

#### **a) Output to Hazina Saccos Ltd**

The project is expected to generate revenues to Hazina Saccos Ltd. It is proposed that an agreed percent of the total gross revenue from each business segment shall be attributed to Hazina Saccos.

#### **b) Output to Strategic Investors**

The Strategic investor is expected to get return on investment depending on the number of years specified in the agreement.

#### **c) Employment (General Public)**

The project is also expected to create employment opportunities with more than 1,100 people to be employed during the construction phase (direct and indirect labour) and more than 500 employees during the operations stage.

#### **d) Government**

Revenue generated from different taxes including direct taxes such as corporate tax, import duty, excise duty, VAT and withholding tax), indirect taxes such as PAYE, property tax, pension funds contributions, SDL, insurance, and other statutory fees.

## **CHAPTER THREE**

### **3.0 TANZANIA IN PERSPECTIVE**

#### **3.1. Political Context**

There is a broad consensus that the process of consolidating the transition towards participatory political system in Tanzania over the 25 years has achieved remarkable success. Whereas once predominantly under a single party hegemony, Tanzania today is characterized by a plurality of political parties with 19 fully registered Political Parties as per the NBS Tanzania in figures 2018.

#### **3.2. Socio-Economic Development**

##### **3.2.1 Population**

- i. The NBS Tanzania in Figures 2018, shows that Tanzania has 947,300 square kilometers of land, and is the 31<sup>st</sup> largest country in the world.
- ii. The report further shows that the population of Tanzania has increased more than four times from 12.3 million in 1967 to 54.2 million in 2018. The average annual intercensal growth rate according to the 2012 Population and Housing Census is 2.7 percent.
- iii. Tanzania is currently estimated to have a population of over 55.8 million people and has one of the highest birth rates in the world. The total fertility rate is 5.2 children born per woman.
- iv. The NBS Tanzania in Figures 2018 shows that Tanzania has a very low median age with more than 43.9% of the population under 15, 52.2% between 15 and 64 and just 3.8% over the age of 64.

### 3.2.2 Urbanization

A review of Tanzania's population growth, internal migration and urbanization for the past five-post Independence Census (1967, 1978, 1988, 2002 and 2012) provides a good highlight of urbanization in the country.

The decision to relocate the government administration to Dodoma which was made in 1970s and implemented in 2016, fuelled urbanization of the region. The urbanization increased with the declaration to make Dodoma a City by the President of the URT in 2018. Migration of people (public employees, private sector employees and business men/women) has increased in the recent years. Investment projects have also mushroomed in city.

### 3.2.3 Macro-economic Performance

- i. As per the NBS Tanzania in Figures 2018, Tanzania maintains an economy highly dependent on Primary activities (Agriculture & Mining), Secondary activities (Construction, Manufacturing, Electricity, Gas & Water) contributing an estimated 29.1% to GDP and Tertiary Activities(Wholesale trade, Information, Transport, Communication & others) contributing 40.2% to the GDP.
- ii. Tanzania's macro-economic performance for over 6-years period has been impressive, underpinned by steady implementation of policy/structural reforms; weathered through the global recession occurred in 2009; but can and should do better improving productivity and competitiveness.

T

a Tanzania: GDP Growth Rate (2013-2017)						
Year	2013	2014	2015	2016	2017	2018
GDP Growth	7.3%	7.0%	7.0%	7.0%	7.1%	6.7%

#### 4: Tanzania GDP Growth Rates

Source; Bank of Tanzania Annual Report (2017/2018)

- iii. According to the BOT's Economic Bulletin for the Quarter ending June 2019 Vol. LI No.2, Growth of the economy remained strong, albeit expanding at a slower pace compared with the similar quarter in 2018. Real gross domestic product (GDP) grew by 6.6%, year-on-year, in the first quarter of 2019 compared with 7.5% in the corresponding quarter of 2018. Economic activities that grew fast were construction, which grew at 13.2% transport (11.1%), and mining and quarrying (10.0%). To a large extent, the observed growth in construction activity reflects ongoing infrastructure projects, particularly construction of a standard gauge railway, roads and bridges. The significant growth of mining and quarrying activity from a contraction of 5.7 percent in the first quarter of 2018 was largely on account of increase in production of coal and diamond.
- iv. The overall balance of payment recorded a deficit of USD 410.9 million during the quarter ending June 2019 compared to a surplus of USD 119.6 million in the corresponding quarter of 2018 driven by current account deficit. The current account registered a deficit of USD 860.4 million compared with a deficit of USD 499.9 million during the quarter ending June 2018 on account of high goods imports.
- v. The **industrial sector** has experienced impressive growth rates. The industrial growth was driven primarily by the rapid expansion of mining. Growing at an average of 13% across the 2000s, mining is now the biggest recipient of FDI and accounts for 40% of exports. The main minerals mined in Tanzania are gold, diamonds, iron, coal, nickel, Tanzanite, uranium and the recently discovered offshore and onshore deposits of natural gas. Tanzania is now Africa's third largest gold-producing country after South Africa and Ghana.

#### 3.2.4 Income and Income Distribution

- i. GDP per capita shows how much of the country's total income each person would get if it was divided equally. However, an increase in per capita income does not always translate into social development or poverty reduction.

- ii. The Gross Domestic Product per capita was last recorded at 2,275,601 TZS in 2017, when adjusted by current market prices. The Dodoma regional per capital was recorded at TZS 1,406,014 during the same year.

**Table 5 Regional GDP at Current Prices**

REGION/YEAR	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Dodoma	3.01	3.05	3.01	3.05	3.03	3.17	3.09	3.10	3.03	3.04	2.90	2.92	2.93
Arusha	4.53	4.53	4.52	4.62	4.67	4.87	4.73	4.77	4.74	4.75	4.70	4.70	4.69
Kilimanjaro	4.90	4.81	4.71	4.78	4.61	4.45	4.60	4.54	4.54	4.54	4.54	4.44	4.43
Tanga	5.78	5.56	5.58	4.90	4.72	4.65	4.75	4.69	4.67	4.66	4.66	4.67	4.68
Morogoro	5.41	5.39	5.41	5.07	4.88	4.87	4.93	4.89	4.84	4.85	4.90	4.80	4.80
Pwani	1.94	1.95	1.89	1.87	1.81	1.88	1.86	1.85	1.81	1.81	1.81	1.80	1.95
Dar es salaam	15.02	15.50	15.59	15.98	17.19	16.81	16.69	16.93	17.28	17.20	17.20	17.00	17.30
Lindi	1.97	1.97	1.94	1.91	1.84	1.93	1.89	1.89	1.85	1.86	1.86	1.96	1.98
Mtwara	2.50	2.51	2.42	2.46	2.37	2.87	2.58	2.65	2.52	2.53	2.60	2.70	2.72
Ruvuma	4.08	3.89	4.01	4.06	3.91	3.69	3.87	3.81	3.80	3.81	3.90	3.90	3.80
Iringa	5.43	5.32	5.36	5.41	5.21	5.27	5.29	5.25	5.18	5.19	5.30	4.92	2.84
Mbeya	7.11	7.01	7.16	7.18	7.32	7.36	7.30	7.33	7.43	7.44	5.62	5.62	5.61
Singida	1.83	1.90	1.84	1.83	1.76	2.05	1.89	1.92	1.84	1.85	1.80	1.85	1.87
Tabora	4.29	4.09	4.11	4.15	4.04	3.85	4.00	3.95	3.93	3.93	3.80	3.80	3.70
Rukwa	3.43	3.41	3.46	3.52	3.46	3.38	3.45	3.42	3.40	3.41	3.50	3.60	3.50
Kigoma	3.22	3.21	3.04	3.03	2.98	2.81	2.93	2.90	2.89	2.88	2.90	2.90	2.80
Shinyanga	5.70	5.90	6.00	6.06	5.96	6.07	6.03	6.01	5.92	5.93	5.93	5.94	5.84
Kagera	4.03	4.16	4.03	4.04	3.97	3.90	3.96	3.94	3.94	3.94	3.94	3.95	3.85
Mwanza	8.44	8.63	8.65	8.70	9.19	9.16	9.04	9.15	9.38	9.38	9.30	9.69	9.79
Mara	4.02	4.05	3.85	3.88	3.74	3.63	3.74	3.69	3.68	3.67	3.67	3.67	3.65
Manyara	3.36	3.17	3.43	3.48	3.35	3.32	3.38	3.34	3.32	3.33	3.33	3.34	3.36
Songwe											1.82	1.82	1.83
Njombe													2.06

Source; NBS; National Accounts Statistics of Tanzania Mainland Tables 2017

### 3.3 Inflation

- i. Inflation in Tanzania has been contained within single figures at an annual average of 6.02% per year between 2013 and 2017.

- ii. According to recent Tanzania Central Bank report, in March 2019, annual headline inflation was 3.1 percent, close to 3.0 percent and 3.9 percent recorded in February 2019.

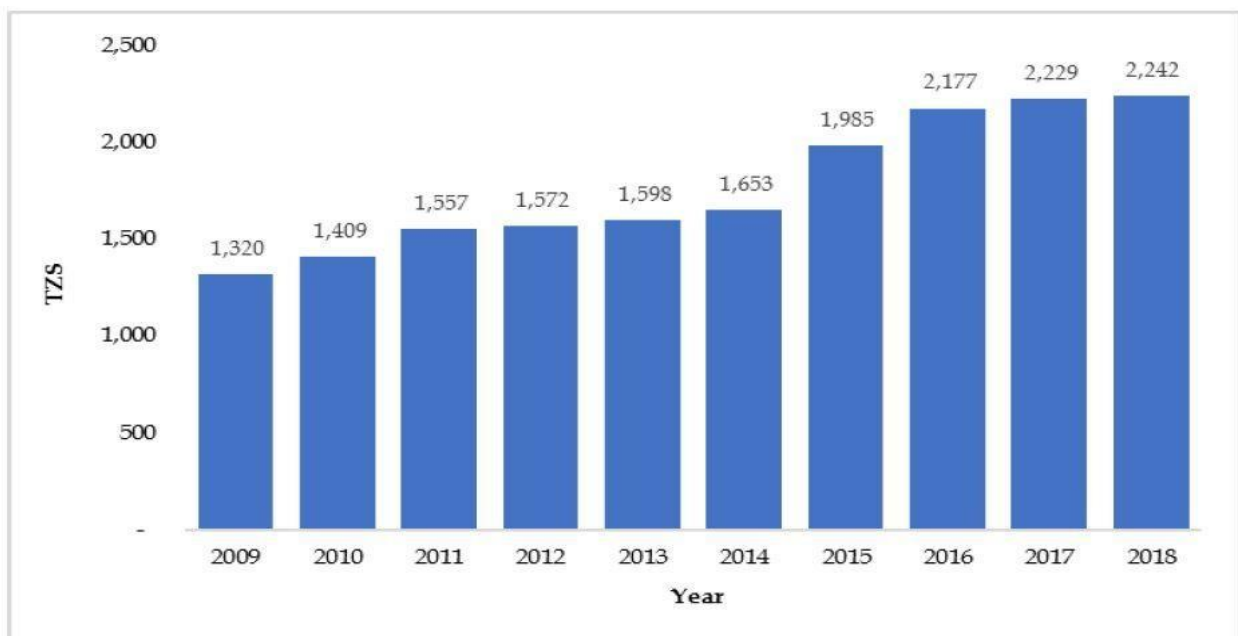
**Table 6; Inflation rate; 2013-2018**

Year	2013	2014	2015	2016	2017	2018
Inflation rate	7.9	6.1	5.6	5.2	5.3	3.5

### 3.4 Currency Depreciation

- i. The Tanzania currency has remained volatile after recording continuous depreciation against the United States Dollar. The Tanzania Shilling reached an all-time high of USD 2360 in March of 2019. According to the BOT, the depreciation was a result of increased demand for dollar and low export season.
- ii. For the period of 2009 to 2018, NBS reports shows the exchange rates ranging from 1,320 to 2,242.

**Graph 1; USD/TZS exchange rates 2009- 2018**

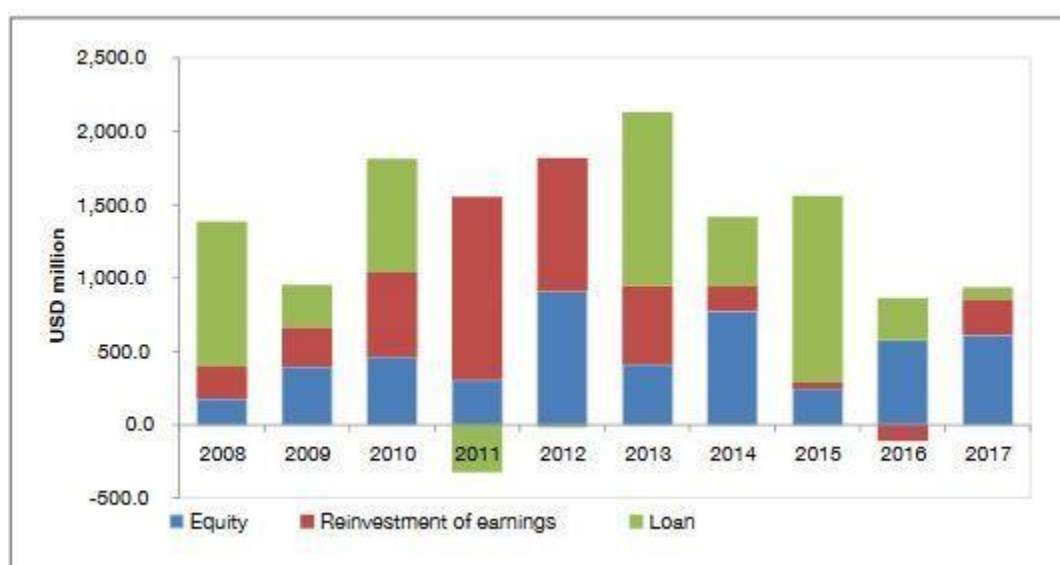


Source; NBS Tanzania in Figures 2018

### 3.5 Direct Foreign Investment(DFI)

During 2017, Tanzania attracted USD 937.7 million inflows of FDI equivalent to 24.2 percent increase from the inflows registered in 2016 largely underpinned by increased investments in the accommodation and food; mining and quarrying; and finance and insurance activities. However, in 2016, FDI inflows declined when compared to 2015 consistent with the general global trend exacerbated by large repayment of loans to the related parties and losses retained particularly in the telecommunications as well as electricity and gas sectors.

**Graph 2; Inflows of FDIs 2008-217**



Source; Tanzania Investment Report 2018

### 3.6 Tanzania Real Estate Sub-Sector

The present state of the Tanzania's real estate market leaves much to be desired. With 70 per cent of the urban population immersed in unplanned and un-serviced informal settlements, there lies immense opportunity for growth especially bearing in mind that the government's strategy is geared towards upgrading.

### **3.7 Main Players in Real Estate Sector**

- i. The Ministry of Lands, Housing and Human Settlements Development has been mandated to administer land and human settlement in Tanzania on behalf of the President of Tanzania who serves as the trustee of all land. The Ministry currently has four major Departments: Land Administration, Survey and Mapping, Physical Planning and Housing.
- ii. Within the Ministry of Lands also lie four core sector units namely the Registration of Titles Agency, Property Valuation, and the District Land and Housing Tribunal. The Ministry also has an agency dealing with Housing and Building materials research (the National Housing Building Research Agency), a commission dealing with Land Use Planning (National Land Use Planning Commission) and the National Housing Corporation.
- iii. The limited amount of housing construction is largely done by the public sector either through the National Housing Cooperation (NHC), the Tanzania Building Agency (TBA), which caters specifically to the government employee market, Watumishi Housing or through the parastatal pension and social security institutions.
- iv. The private or “organized” developer/ builder market is virtually absent in Tanzania and there is no professional real estate developer associations. The little private development which does occur tends to be luxury developments aimed at the wealthy, expatriates or the Diaspora.



**Table 7; Key actors in the development of shelter in Tanzania**

<b>No.</b>	<b>Actors</b>	<b>Contribution</b>
1	Individual Un-Surveyed Dwellings	70.0%
2	Individual Surveyed Dwellings	13.5%
3	National Housing Corporation	5.1%
4	Real Estate Developers	3.9%
5	Central Government	3.0%
6	Pension Institutions	2.4%
7	Local Government	2.1%

Source; National Housing & Building Research Agency (2016)

### **3.8 Government Policy Support**

- i. The proposed project is in line with the government initiatives to remove the problems of poor and unplanned urban settlements. Most notable programs include the following:

- ii. Urban Housing Programme; In 1969, the Government of Tanzania adopted a “slum clearance” policy, which saw replacement of informally built housing with decent constructed by the National Housing Cooperation (NHC).

- iii. National Sites and Services and Squatter Up-grading Programme

Between 1972 and 1990 the government, with support from the World Bank, implemented the National Sites and Services and Squatter Up-grading Programme as an alternative to the slum clearance. The programme was implemented in three phases covering seven major regions.

- iv. Sustainable Cities Programme

In 1992, Sustainable Cities Programme was launched and became operational in 1993. The main objective of the Programme was to build capacity of the Dar es Salaam City Council to plan, coordinate and manage urban development and

growth, with emphasis on improved multi-sectoral coordination and participation. Based on the successes of the Programme, its implementation was rolled out to seven other regions countrywide.

v. Community Infrastructure Upgrading Programme

The programme aimed to improve living conditions of low income residents of unplanned settlements by upgrading the existing infrastructure and services, and facilitating their participation in the planning, provision and management of infrastructure services in their respective areas. The project was implemented in two phases. The first phase (2003 – 2008) was funded by Government and the second phase (2008-2012) by the World Bank.

vi. Unplanned Urban Settlements Regularization Program

The Unplanned Urban Settlement Regularization Program was conceived in 2004. The program primarily focused on identifying and adjudicating properties in unplanned areas and issuing residential licenses. The licenses were accepted by financial institutions and helped some owners to access credit.

## **CHAPETR FOUR**

### **4.0 DODOMA PROFILE**

#### **4.1. Preamble**

According to the 2012 National Housing and Population Census, the population of Dodoma Municipal Council was 410,956. Currently the population of DodomaMunicipal is estimated to be 459,350 (male 222,978 and female 236,371) according to Sub-National Population Projection Based on 2012 Population and Housing.

Dodoma City Council Profile shows that the DCC's population density equates to 166 persons per km<sup>2</sup> which is higher than the national average of 51. The regional economy has expanded steadily, contributing to more than 2.93% of Mainland Tanzania's GDP. Per capita GDP is lower than Tanzania mainland, reflecting a moderate affluent region. As per 2016 estimate, the regional GDP per capital was TZS 470,000, way below the national average which was estimated at TZS 2,000,000. This reflects the argument that, the wealth population are migrants from other region influx for purpose.

About 75% of people's income in the Municipality is from agriculture and animal husbandry, 25% of the population is engaged in petty business such as retail shops, carpentry and food venders. Other activities include small and medium industries, consultancy and construction work. Main industrial products are wine, mattresses, furniture and mineral water. Others include honey, wax and herbs from the forests.

The current influx of population due to government shifting and establishment of potential areas for investment, including higher learning institutions has shown a promising trends of business and overall business around the region.

#### **4.2. Regional Infrastructure**

Dodoma city can be accessed through road, railway and air transport. The City is served by four main roads; the Morogoro road, Iringa road, Singida road and Arusha – Kondoa road all passing around the city Centre from different directions. Construction of city ring road networks is at an advanced stage, thus with the city traffic congestions challenges has been addressed in advance.

Further, the region has one operating airport with a runway of about 2.5 kilometers with the prospect to build an international airport in near future. With the ongoing government shift to Dodoma, the region has experienced a buoyant of infrastructure development to absorb the foreseen population as per the Dodoma master plan which is currently under preparations.

The Dodoma railway station is among the main station for central railway line and with the ongoing standard gauge railway line construction, the region is expecting to be the largest station to absorb the Dar es Salaam cargo for central line that might attract more of the dry port and logistic business as well as the transport business across the region. Dodoma city is a government hub, hosting the Bunge session and will be expecting to host several other non-governmental and international organizations officials in near future.

Dodoma is also endowed with state of the art health facilities such as Dodoma Referral Hospital, Benjamin Mkapa Referral Hospital and health centers. The City currently is on construction stage of another modern hospital to be known as Uhuru Hospital to accommodate the growing population health challenges.

### **4.3. Demographic Features**

According to the 2012 National Housing and Population Census, the population of Dodoma Municipal Council was 410,956 consisting of 199,487 males and 211,469 females representing (24%) and (1%) of the Dodoma region and National population respectively. Kizota ward had the largest population size (34,453), followed by Chang'ombe (25,415) and Hombolo (22,457). Uhuru ward had the smallest population size (2,419).

Currently the population of Dodoma Municipal is estimated to be 459,350 (male 222,978 and female 236,371) according to Sub-National Population Projection Based on 2012 Population and Housing.

Due to shifting of the Government and establishment of potential areas for investment including higher learning institutions; Dodoma Municipal Council has been experiencing an in-flow of people including students, workers in various institutions as well as business investors. This situation is promising for more investment and good settlement planning.

The multiplier effect created through this population can be driven from the government employment wage bill, which means the region will experience more of disposable income on daily consumption that can trigger other economic activities. Further to employment created, the regional is experiencing more visitors for business purposes that will attract more of trade for food and accommodation.

Apart from the government officials, the region is endorsed with a number of academic institutions that attract more than 70,000 population higher level institutions. These include: UDOM, which was formally established in 2007 with the capacity to accommodate 50,000 students; Institute of Rural Development Planning (IRDP), which

was formally established in 1980, current with the capacity to accommodate over 1,000 students; College of Business Education- Dodoma (CBE), established in 1983, with the capacity to accommodate 750 students; St. John's University- Dodoma Campus, established in 2007 with the capacity to accommodate over 500 students and other institutions like; local Government Training Institute, St. Gabriel College, Mineral Resource Institute, Decca College of Health and Allied Sciences all with the capacity to accommodate more than 500 students. Additionally, other institutions such as Institute of Finance Management (IFM), Commonwealth Parliamentary Association (CPA) have acquired plots in Dodoma and development plans are ongoing.

The current Real estate potential growth in Dodoma is strongly dependent on official traveling from Dar es Salam to Dodoma, which in turn is dependent on the number of residents looking for houses and leisure places. Additional growth will depend on private sector activities which relied on government officials for ease the perfection.

#### **4.4. Economy**

As per the DCC profile, about 75% of people's income in the Municipality is from agriculture and animal husbandry, 25% of the population is engaged in petty business such as retail shops, carpentry and food vendors. Other activities include small and medium industries, consultancy and construction work. Main industrial products are wine, mattresses, furniture and mineral water. Others include honey, wax and herbs from the forests.

The region is characterized by slight concentration of industries. Food product manufacturing is the dominant industry in the region. The nature of the food products as well as the distance of the destination will determine the need for accommodation within the city. Perishable goods such as fruit, vegetables, dairy and meat are typically industry available within the city, particularly, Dodoma and Bihawana winery,

Kibaigwa international maize market and Kizota modern abattoir and meat processing plant.

#### **4.5. Per Capita Income**

Per capita income, also known as income per person, is the mean income of the people in an economic unit such as a country or city. It is calculated by taking a measure of all sources of income in the aggregate (such as GDP or Gross National income) and dividing it by the total population. DCC's Per capita income was estimated to be TZS. 407,486 (NBS, 2012; IMED, 2013). In 2016 per capital income was estimated to be 470,000 (DCC Profile)

#### **4.6. Future Regional Development**

Planned projects and initiatives highlighted in Tanzanian Five Year Development Plan 2016/17 2020/21 which could influence the Dodoma region are summarized in Table 1. The strengthening of trading, transport and logistic activity could increase the need for hotels accommodation while increased local and foreign residents could lead to an increase of business centres for super markets and leisure times like movie theatre and play grounds.

**Table 8; Tanzania Five Year Development Plan (Dodoma Region Projects)**

Strategy	Project	Cost (TZS billion)
Agriculture/ agro – processing	Dodoma Leather industrial park	33
	Grapes production	12.8
	Beef industry development	16.92
Manufacturing	Dodoma Trade and Logistic Centre	203.5
	Industrial Park development (including 15 other regions)	100 (including 15 other regions)
	Improvement of SMEs access to industrial infrastructure (including 15 other regions)	25.3 (including 14 other regions)
Land	Construction of Dams in dry regions	225 (including 8 other Regions)
	Housing and human settlement development	29.3 (including 8 other Regions)
Air Transport	Msalato airport	3,450
Electricity	Power supply, Chalinze –Dodoma	148.99
Science and Technology	Completion and operationalization of Dodoma schools of medicine	Not mentioned
	The National ICT Broadband Backbone (Phase III – Sub -phase II), Dodoma	794.73

A number of potential and current drivers have been examined which may impact on future demand of real estate development within the region. These drivers, along with their potential impacts are summarized in Table 9 below;



**Table 9: Potential economic driver of Dodoma (Mega Projects)**

<b>SN</b>	<b>Drivers</b>	<b>Potential Future Impact on real estate sector in Dodoma</b>
1	Capital city move (Primary Driver)	Considered to be the primary population driver of Dodoma City. The growth of population will fuel the demand for real estate properties
3	Strategic investment Projects	Dodoma Municipal Council has planned a number of strategic projects in the real estate sector which aims at accommodating the growing population in the city.
4	Economic activities (Agriculture, fisheries mining and Manufacturing)	With the growth of economic activities which partly resulted from the government move to Dodoma,

## **CHAPTER FIVE**

### **5.0 OVERVIEW OF THE PROPERTY MARKET IN DODOMA**

The region has experienced a buoyant of real estate development from the early 2000s when the government and private investors started to build universities that needed a good number of facilities to accommodate the growing population in Dodoma. Additionally the decision of the Government to move its Capital to Dodoma has fueled the development of real estate properties such as Offices, Shopping malls and Hotels to accommodate the growing demand for the same. It is expected that over 70,000 population will move to Dodoma following the government decision to move its capital to Dodoma. Below is the analysis of the current trend of Hotels, offices, recreation centers, retail/Shopping malls and residential market in Dodoma.

#### **5.1. Demand and Supply for Real Estate in Dodoma**

Currently the demand for office accommodation and houses in Dodoma is high and will continue to increase in the foreseeable future due to influx of Government offices and other organizations to Dodoma. Recently some Government ministries and institutions are temporarily accommodated at the UDOM. Based on the field survey conducted in Dodoma in mid-2019, the current rental rates for offices in Dodoma ranges from TZS 16,000 to TZS 42,000 per square meters (exclusive of VAT and service charge) depending on quality of the building, location and facilities available.

#### **5.2. Hotel Market**

Accommodation business in Dodoma is dominated by lodges and guest houses which mostly are for low - middle income population, located outside the CBD. With exception of the few hotels that are not ranked to standard, the hotel business in Dodoma is dominated by the few counted hotels named;

- i. St. Gasper Hotel,
- ii. The New Dodoma Hotel,

- iii. Morena Hotel,
- iv. Fantasy Village Hotel
- v. Nashera Hotel

All of the above named hotels are private managed with the rooms below 100, charging between TZS 150,000 – 300,000 with exceptional of the few suits rooms that are charged at TZS 500,000. These hotels are ranging from three star (\*\*\*) to one star (\*) category located within 10 km to CBD. The analysis has revealed that, with reference to 15 hotel business in Dar es Salaam which is well developed, these hotels are charged above the standard rate as per the quality of services offered and the rooms' standard.

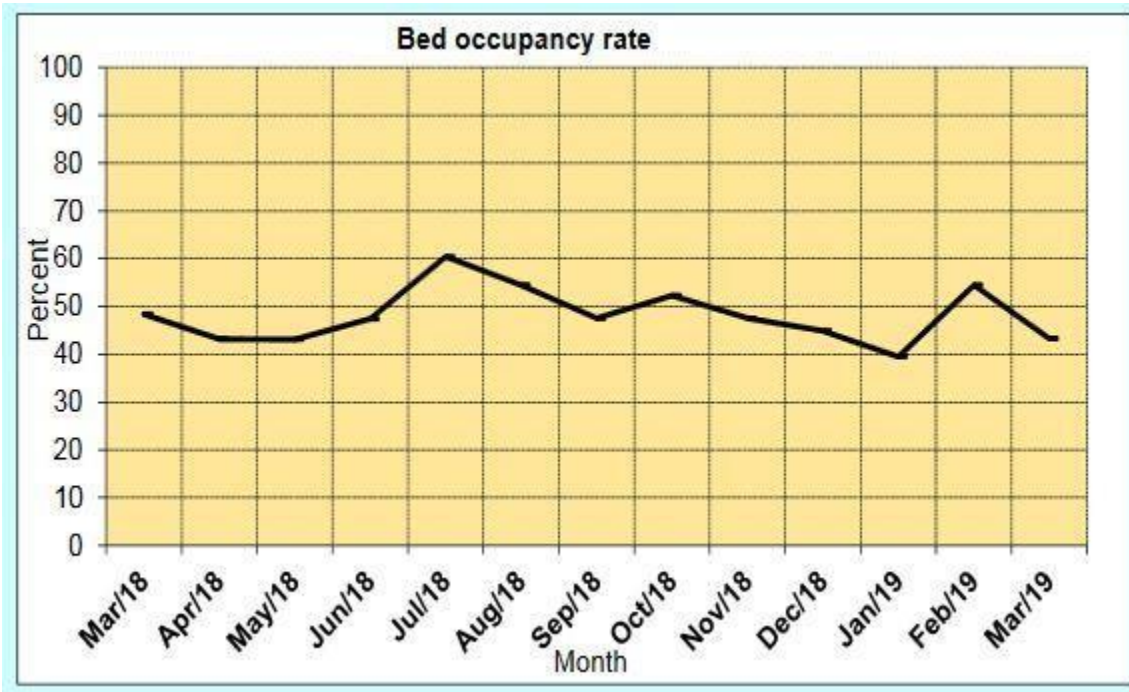
**Table 10: Prevailing Hotel rates in Dodoma based on the Field Survey -July 2019**

Types of Rooms and Average Rates in TZS						
No	Hotel Name	Room Type	Rate per Night (Ranges)		No. of Rooms	Occupancy
1	Morena Hotel	Standard Room	150,000	200,000	54	80%
		Deluxe Room	200,000	200,000		
		Suite	500,000	500,000		
2	Dodoma Hotel	Standard Rooms	132,000	176,000	91	75%
		Deluxe Rooms (AC)	176,000	200,000		
		Executive (AC)	286,000	330,000		
		Suites	330,000	374,000		
3	Nashera	Standard Rooms	150,000	281,000	37	80
		Standard Double	170,000	301,000		
		Deluxe Plus	220,000	264,000		
		Executive (AC)	286,000	311,000		
4	St. Gasper	Standard Room	75,000	75,000	75	
		Executive Room	100,000	110,000		
		Suite	200,000	200,000		
5	Fantasy Village	Standard Single	100,000	100,000	26	70
		Deluxe Double	150,000	150,000		
		Standard Suite	200,000	200,000		
		Executive Suite	150,000	250,000		
		Family Suite	350,000	350,000		

Source; Field Study conducted in Dodoma July 2019

Additionally as per the NBS Hotel Statistics report in March 2019, the bed occupancy rate between March 2018 and March 2019 ranged between 40% to 60%.

Graph 3; Bed Occupancy rates



Source; NBS Hotel Statistics report in March 2019

With the current construction boom in Dodoma, there are possibilities for a bunch of new stock of hotels to be erected in near future to cap the current demand of residents and visitors. The opportunity for the chain-hotel which is recognized internationally is available for any developer. With the existence of the Hazina Saccos plot which is located close to the CBD, there is an opportunity to invest in hotel business that can be managed by the chain-hotel operator to guarantee quality for the users.

### 5.3. Commercial Mall (Retail/Shopping/Recreation) Market

Shopping malls business in Dodoma is still at infant stage with the prospect of upcoming buildings for it. Shopping malls businesses are direct related to resident income and movement of people. With the current political move of Dodoma, the

region is expecting to attract more of the middle income and thus the shopping mall business. Field study has revealed that there is only one shopping center exist within the Dodoma CBD. The region is endowed with many of retail outlets around CBD.

The ownership of these retail outlets are mostly the governments institutions particular NHC, NIC and DCC (formerly known as CDA) whereby majority are old and need major maintenance to uplift their status to required standard. With the current city potential, there are indications of upcoming shopping malls; some under construction and other still on planning for execution. Despite the upcoming projects, the opportunity to invest in shopping malls is still huge and a viable. However, the challenge will be to win potential tenants who prefers the long term lease.

Further to shopping malls premises, the region lacks the recreational centers which always compliment and attract clients to the shopping malls. Places like children play areas, water sport and movie theatres will always have the economic space in Dodoma due to the current movement between the two regions (Dar es Salaam and Dodoma) that necessitate the recreation areas for families after the closing of business.

#### **5.4. Offices Market**

There is lack of purpose-built office Parks in Dodoma with reference to the current demand. Office spaces around CBD which mostly are SOEs' owned are dominated by the commercial Banks, telecom companies and few government institutions. Prices are ranging from US\$8-US\$12 per square meter / month. Prominent buildings in the city are those owned and fully occupied by institutions like TAMISEMI, DCC (formally CDA), formerly Local Authority Pension Fund (LAPF) and the National Insurance Corporation (NIC).

The presence of Dodoma University in the surrounding underlines the potentiality of the area and influenced development of business complexes like the commercial Banks,

restaurants and houses. Other developed offices includes the Bank of Tanzania (BOT) building, Treasury Square, National Audit of Tanzania (NAOT) and the ongoing Regional Commissioner's (RC) offices. Additionally, most of the Ministries have completed construction of their temporal offices in Ihumwa- Government City.

Despite the developed and ongoing development of office buildings in Dodoma, demand for the same is still high. This provides the opportunity for corporate offices, especially with the daily – weekly rentable flexibility to facilitate official visitors on official duties that might need the office space on a short term basis.

Below are some of the office spaces with key parameters that can influence the demand of the proposed Business Centre and the economic potential of the region.

**Table 11: Supply of offices in Dodoma based on Field Survey in Dodoma, July 2019**

Property Name	Location	No of floors	Lettable Space	Occupancy rate	Rent Rate (US\$)
Former LAPF	Along Iringa road	G + 6	9,820	100%	16 to 18
KOMU Building	Along Tembo road	G + 3	3,500	45%	12
Treasury Square	Along UDOM road	G + 6	4,900	100%	8
National Audit	Along UDOM road	G + 7	4,200	100%	12
TBA Building	Near old Dodoma RC offices	G + 7	4,000	**	7
PSPF	Along UDOM road	G + 10	11,284	100%	10 to 16
Coral Complex	Along 6th road	G + 6	**	**	**
Bible Society Bulging	Along 9th road	G + 3	295	**	7

\*\* Data not available

### 5.5. The Upcoming Projects

The Government decision to relocate its function to the Capital City has created influx of people moving from Dar es Salaam and other regions. Despite of business opportunity seen in Dodoma region, several investments have emerged to meet the demand of the growing population. The following are some of the upcoming projects in Dodoma.

### **5.5.1 Hotel Business**

The white Sand Hotel (WSH) has acquired the plot in Mlimwa area for 3 to 5 star hotel rank development. The company now set for construction while the demand is still on higher side. Reference to existing hotels, it is obviously that WSH will never face any stiff competition based on existing hotel players and services offered by the developer.

### **5.5.2 Offices Business**

Dodoma City Council is actively looking forward to invest in office building to capture the current demand of office spaces. The proposed property is located along UDOM road, near by Treasury square. The project is on tendering stage ready for execution by early 2019.

### **5.5.3 Shopping Mall/Recreational/Retail**

Shoppers Properties Ltd has commenced the construction of a shopping mall, located in Medeli east near Morena hotel (just 2.5 Kms to CBD). The property will be owned and operated by the private company known as Shoppers Properties Ltd who is the owner and operator of various commercial buildings in Dar es Salam.

The Dioceses of Central Tanganyika, who are Anglican Church of Tanzania, is another institution with the ongoing construction of commercial building at the city center. Their proposed project is located along at the junction of the hospital road near the roundabout. The project comprise of two floors (G + 1) with the first floor meant for commercial purpose while the first floor will be dedicated to office use. The building comes out with the following facilities; conference hall, commercial spaces for lease, office space and basement floor with 40 parking slots.

Further to Shoppers plaza and the Anglican Church, there is a prospect for another private developer on shopping mall business at Ndenjengwa area along UDOM road (3 Kms. to CBD). The property will be owned by the prominent businessman who is also the owner of the Woolworth store in Dar es Salaam and is expected to start construction before end of 2019.

#### **5.5.4 The Regional Plan (Dodoma City Council)**

Dodoma City Council is also planning to invest on three (3) different areas, as follows:

- i.** Shopping Mall business around Uzunguni Nane nane area: The property is under construction stage and is progressing well. The Mall is comprised of two story (G+ 1).
- ii.** Recreation area in Chinangali Park: The project is under construction along the Dodoma – Arusha road with the following facilities; two swimming pools (Adult & Kids), Tennis court, Basketball, Netball, Football ground, Kids playground, public addressing area and entertainment area
- iii.** Convention center: The city is on final plan to start the construction of the new convention center on the same location of the existing building after demolishing of the existing property.

#### **5.6. Competitive Advantages for Proposed Project**

The competitive advantage for the proposed Project includes demand, location, accessibility, amenities and facilities to be available in the properties and proper facility management. The proposed project is anticipated to have modern facilities with the following competitive advantages.



- i. **Location** – Njedengwa is among the most prime locations in Dodoma for the construction of commercial/office properties in Dodoma. It is located just 13km from Dodoma city centre through Makuru road via Udom and about 15 km through Morogoro road. The plot is near to various socio economic activities such as the University of Dodoma and Watumishi Housing estate, Tanzania Road Fund office, NEC, TANROAD and AICC.
- ii. **Accessibility** – the proposed Business Centre will have access to all means of private and public transport, to key places in Dodoma. It is expected to easy visitors, employees and clients to the offices/hotel/shopping mall and vice versa. Infrastructure and technology is anticipated to support smooth and efficient working environment with access to the latest technology.
- iii. **Parking space** – The Business Centre will have enough parking space for clients, visitors and employees.
- iv. **Facilities and amenities available are** – gym, restaurants, garbage chutes , refuse collection points, commercial space, children playing areas, movie theatres, security system, fire detecting equipment, facility management office, standby generator and water treatment plant.
- v. **Design** – the design will have a positive impact on image and reputation in the market, from tenants to customers and stakeholders. The Business Centre is expected to appeal to users/ customers on its functionality.

**Table 12; SWOT analysis for the proposed project**

<b>Strength</b>	<b>Weaknesses</b>	<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• The Institution already own a large plot in Njedengwa, Dodoma.</li> <li>• Plot located in a prime location.</li> <li>• The proposed project is a multipurpose venture offering variety of choices to tenants.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack experience and expertise in designing and implementing real estate investment projects.</li> </ul>	<ul style="list-style-type: none"> <li>• High demand for shopping mall, quality hotels and recreational facilities</li> <li>• Increased innovation in the financial services sector.</li> </ul>	<ul style="list-style-type: none"> <li>• Micro-economic instability.</li> <li>• Inflation - leading to high construction and operating costs.</li> <li>• Increased competition</li> </ul>

### **5.7. Business Environment Analysis**

In analysing business environment for the proposed Hazina Business Centre (HBC) project, PESTEL analysis has been used as technical tool to analyse factors that have impact on the proposed project.

### **5.8. PESTEL Analysis**

PESTEL has been used to analyse the external business environment affecting the project. It is an acronym for Political, Economic, Social, Technological, Environment and Legal framework which is here in below provided;

- i. **Political Environment** – the decision to relocate Administrative Capital from Dar es Salaam to Dodoma has affected the demand and supply of real estate properties in Dodoma. With the conducive political environment in Dodoma and Tanzania at large, investors have confidence on investing in the country.

- ii. **Economical** – being a new city and with relocation of the Administrative Capital to Dodoma, economic activities have mushroomed in Dodoma, increasing purchasing power of the community and their investment ability. The economy environment will be used as catalyst to foster growth of real estate industry in Dodoma Region.
- iii. **Social** – the move of administrative Capital to Dodoma has led to migration of people from different regions to Dodoma looking for opportunities for investment thus increasing population of the City. The migration of people to Dodoma has led to a demand for more shopping areas, entertainment facilities etc.
- iv. **Technological** – Hazina Saccos will solicit a strategic partner with the technical knowledge to implement the project. Additionally the proposed project is intended to employ the modern technologies that will accommodate the current and future needs of the society.
- v. **Environmental** – we take recognizance of the environmental protection and sustainability requirements. The proposed Hazina Business Centre will comply with the established requirements and also provide improvement contribution where deemed practical; for example through introduction of ideas and or products which are environmental friendly;
- vi. **Legal Framework** – existing legal framework supports the Hazina Saccos to invest in the project. Further Hazina Saccos will comply with all international and national rules and regulations in implementing the project.

## **CHAPTER SIX**

### **6.0 MARKETING STRATEGY**

The fact that almost all the existing properties in the area of study have attained an average of 90%-100% occupancy underpins further the assumption that there is relatively high demand of office/commercial properties in these areas. The high demand for office, hotel, shopping mall and entertainment properties in Dodoma is highly influenced by the move of the Government and establishment of potential areas for investment including higher learning institutions. The multiplier effect created through the population migration to Dodoma can be driven from the government employment wage bill, which means the region will experience more of disposable income on daily consumption that can trigger other economic activities.

Further to employment created, the regional is experiencing more visitors for business purposes that will attract more of trade for food and accommodation. With these facts new properties will not require extensive marketing strategies to attract customers and attain full occupancy. However, following the ongoing and planned development of real estate properties the project sponsors will need devise mechanism to win the customers.

#### **6.1 Target market for the Project**

- i. The target markets for the Hazina Business Centre project are Government Institutions, Multinational Corporations and Medium size enterprises. All these are Tanzanian and non-Tanzanian with mid high income, businesses, investors and companies.

- ii. Exclusive personal leasing approach will actively be done targeting the potential clients to affirm their office and retail needs at initial stage of the customers' engagement prior to official launch of the project to the public. The aim is to target exclusive market in order to secure committed clientele with ability and needs of offices.

## **6.2 Marketing Strategies**

- i. Since the project is planned to be implemented under BOT approach, the investment partner will be responsible for the marketing initiatives during the agreed operation period before handing over the same to Hazina Saccos.
- ii. The demand for offices, shopping mall, hotel and recreation areas to be provided under this project is mainly confined to the Government institutions, Private institutions, business men & women and the general public.

## **6.3 Project Marketing Campaign**

This will be done through the following channels:

- i. Placing billboards in key areas such as along the main road junctions and airport with various messages. "Coming Soon"; "Offices Space to Let" etc.
- ii. Mainstream media such as radios and televisions and social media
- iii. Project Public Relations campaign (PR) to give confidence to the target market.

#### **6.4 Targeted Markets, Market Size and Segments**

The targeted potential market for office in Dodoma includes Government institutions recently relocated to Dodoma and upcoming new businesses in the region. The size and number of potential clients have not yet been determined. The segmented market for office space includes potential anchor clients as listed below:

- i. Government Ministries and parastatals (departments, authorities, agencies, companies and corporations).
- ii. Private investors and entrepreneurs (local and foreign) – different professionals all of them will need office spaces.
- iii. Non-Governmental Organizations – usually these organizations require small office spaces.
- iv. Chain hotels operating in Tanzania and new ones.
- v. Super markets and other retail business men/women.

## **CHAPTER SEVEN**

### **7.0 FINANCIAL ASSESSMENT AND ECONOMIC VIABILITY**

#### **7.1. Financial Analysis**

This chapter analyses the financial viability for construction and operations of the proposed projects (Hotel, Commercial Mall and Office Park). It analyses and considers basic assumptions and provides estimated project costs, projected revenues and key financial indicators for the projects.

#### **7.2. Basic Financial Assumptions**

The financial analysis for proposed projects have been carried out in consideration of the following assumptions.

- a) Total area for hotel will be 5,848 square meters (Gross Floor Area)
- b) Total area for Commercial Mall will be 7,412 square meters (Gross Floor Area).
- c) Total area for office Park will be 4,996 square meters (Gross Floor Area).
- a) Number of accommodation rooms in the hotel: 130
- b) Project timetable and implementation
  - Construction starts - July 2020
  - Construction Period 24 months
  - Operations commencement date – July 2022
- c) Exchange rate used TZS 2,288/US\$ <sup>1</sup>
- d) Discount rate 10.08%
- e) Capital Structure - Debt-Equity (60:40)
- f) Loan tenor: Seven (7) years with two years grace period

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<sup>1</sup> Exchange rate as of 17<sup>th</sup> September, 2019

- g) Interest rate: 15% per annum<sup>2</sup>
- h) Loan arrangement fee 1 % Of the total loan amount
- i) Loan tenor: Seven (7) years with two years grace period
- j) Property Tax 0.2% per annum
- k) Depreciation rate 5% per annum for Building Structure
- l) Depreciation rate 12.5% per annum for Furniture, Fixture and Equipment
- m) Property Insurance Premium 0.15%
- n) Hotel Management fee 3% of the total revenue
- o) Reserve for replacement 3% of the total revenue
- p) Concession fee payable to Saccos: 10% of total annual gross revenue.

The financial model has also assume that the 10.08% discount rate (Refer the BoT seven (7) years Bond issue No. 75) used to determine the present value of the future cash flow. This discount factor has been used a Weighted Average Cost of Capital (WACC) for this investment.

### **7.3. Hotel Project - Financial Viability Analysis**

#### **7.3.1 Estimated Project Cost – Hotel**

The estimated total project cost is approximately **TZS 22,596,624,594** (including Land, Preliminary expenses, VAT and finance cost). The furniture and fit-out cost for hotels of similar level is assumed to range from 25% to 30% of the total construction cost. Other associated project costs (soft costs) are calculated as percentages of construction cost. These are consultancy fees (10%), contingency (5%) preliminaries (1%) and loan arrangement fees (1%). The Table 13 below illustrated the project cost breakdown.



**Table 13: Project Cost Breakdown**

Description	% of cost	Total Costs
Construction cost		10,320,000,000
Consultancy	10%	1,032,000,000
Contingency	5%	516,000,000
Preliminary	1%	103,200,000
Furniture & Fit-out	26%	2,683,200,000
<b>A: Total construction cost</b>		<b>14,654,400,000</b>
VAT	18%	2,637,792,000
<b>B: Sub -Total Project Costs</b>		<b>17,292,192,000</b>
Borrowing Cost (Interest rate 15%)	15%	4,557,273,645
Loan Arrangement /Facilitation fee	1%	103,753,152
<b>C: Total Project Cost (without Land)</b>		<b>21,953,218,797</b>
Land Costs		491,499,000
Preliminary expenses		151,906,797
<b>Total Project Cost</b>		<b>22,596,624,594</b>

**Note:** From above table

- A: Sub – Total Construction Cost (excluding land and finance cost) is TZS 17,292,192,000. Therefore, cost per square meter is TZS 2,513,140 (equivalent to \$1,098)
- C: Grand total Project Cost (Including land and financial cost at 15% interest rate for 7years) is TZS 22,596,624,594

### 7.3.2 Estimated Operating Costs - Hotel

Operating expenses of the hotel includes direct and indirect costs. These expenses includes administration cost, operation, marketing, property related cost, room/restaurant/event and utility expenses. Costs for hotel business are categorized as Direct or Departmental cost and Indirect Cost (Undistributed Cost).

- Direct Cost** (Departmental Expenses) - these are expenses that vary with the level of production. For example, in the Food and Beverage department, the Cost

of Food Sales is a direct expense. The more dishes we serve, the more cost of Food Sales the Hotel incurs.

- ii. **Indirect Cost** (Undistributed) – these are expenses charged to operating departments of the hotel or General overhead items such as administration, management fees, marketing and maintenance. Example of indirect (Undistributed Operating Expense) expenses include Administration, Marketing, Repair and maintenance, Human resources, Insurance, Cleaning and Security.

### **7.3.3 Reserve for Replacement**

Reserve for replacement is the fund set up to accumulate capital for the periodic replacement of Furniture, Fittings and Equipment (FF&E). On average FF&E in hotels are replaced once after every eight to ten years. It is assumed that 3% of the total revenue to be kept aside annually for reserve replacement.

### **7.3.4 Management Fee**

Management fee is a fee payable for providing day-to-day operational supervision and property management as well as national or regional customer recognition through their trade names. The management fee covers both their management services and the value of their chain identity. It is assumed that the management fee is 3% of the gross revenue.

### **7.3.5 Projected Revenue - Hotel**

The proposed Hotel business in Dodoma has four main sources of revenue as mentioned below.

- a) Sales of accommodation rooms (130 rooms of different types)
- b) Conference and meetings (Events)
- c) Food and beverages (Bar and Restaurants)
- d) Other revenue (spa, beauty treatment, swimming pool services, etc)

Revenue projections for proposed hotel have been forecasted in consideration of the following underlying assumptions

- a) Current and future demand for accommodations in Dodoma, including probable demand growth rates due to frequent travels by government officials and those on private sector.
- b) Characteristics of demand, including market segmentation, rate categories, average length of stay, seasonality, special requirements, and facility needs
- c) Current and future supply of transient accommodations (competition)
- d) Characteristics of supply, including market segments, rate categories, facilities, location and image.

The projected gross annual revenue will be TZS 10.73 billion and TZS 11.52 billion in the first and second year respectively. It is anticipated that the revenue will eventually grow to TZS 14.09 billion in the fifth year of operations. The drivers for hotel revenue are hotel occupancy rate, average daily rate, escalation index and other among other factors. Table 14 below illustrates total revenue for each segment in the hotel.

**Table 14: Revenue for each Segment in the Hotel**

Year	2022	2023	2024	2025	2026
Number of Rooms	130	130	130	130	130
Occupancy	55%	60%	65%	70%	73%
Average Rate	150	150	150	154	154
Days Open	365	365	365	365	365
Occupied Rooms	26,098	28,470	30,843	33,215	34,639
Room Sales	8,938,711,270	9,751,321,385	10,563,931,500	11,717,837,864	12,220,030,916
Meeting & Conference	749,197,688	749,197,688	749,197,688	771,673,618	771,673,618
Bar & Restaurant	815,621,400	815,621,400	815,621,400	840,090,042	840,090,042
Other income	132,000,000	132,000,000	132,000,000	135,960,000	142,758,000
<b>Total Revenue</b>	<b>10,635,530,357</b>	<b>11,448,140,473</b>	<b>12,260,750,588</b>	<b>13,465,561,524</b>	<b>13,974,552,576</b>

More details for revenue breakdown for each segment (Room, Meeting facilities, Bar and Restaurants) are described below.

### 7.3.6 Revenue from rooms (accommodation)

The proposed average daily rate is TZS 342,512 per room (US\$ 149.67) in the first 3 years then will increase by 3% after every three years. Table 15 below illustrates the projected revenue from accommodation rooms at various occupancy rates.

**Table 15: Projected Revenue at various occupancy Rates**

Room Type	Size SQM	Number of Rooms	Rates (US\$)	Rates (TZS)	Monthly Income	Annual Revenue
VIP Rooms	100.00	12	219	501,182	182,931,248	2,195,174,970
Executive Rooms	51.00	20	131	299,794	182,374,379	2,188,492,550
Standard Rooms	30.00	98	99	226,562	675,342,071	8,104,104,855
<b>Occupancy Rates</b>					100%	<b>12,487,772,375</b>
					90%	<b>11,238,995,138</b>
					80%	<b>9,990,217,900</b>
					70%	<b>8,741,440,663</b>

### 7.3.7 Revenue from Conference and Meeting facilities (Events)

Conference and meeting facilities will be charged at TZS 57,213 per person per day. The package for conference and meeting shall include hall, sound, system, 2 LCD projectors, technicians, writing pads and pens, bottled water, 2 tea/coffee beaks with snacks and buffet lunch. The hotel will contain six (6) meeting rooms with capacity ranging from 90 to 380 square meters and one (1) conference hall with 821 square meters. The projected revenue from conference and meeting facility is TZS 749,197,688 per annum at 75% occupancy rate. Table 16 below; show revenue projections per annum.

**Table 16: Projected Rental Income from Conference and Meeting (Events)**

Level	Facility	Size SQM	Capacity (Pax)	Rates (US\$)	Rates (TZS)	Monthly Income	Annual Revenue
1st Floor	Meeting Room	380.00	250	25.00	57,213	14,303,125	171,637,500
1st Floor	Meeting Room	224.00	230	25.00	57,213	13,158,875	157,906,500
1st Floor	Meeting Room	90.00	50	25.00	57,213	2,860,625	34,327,500
1st Floor	Meeting Room	90.00	50	25.00	57,213	2,860,625	34,327,500
1st Floor	Meeting Room	90.00	50	25.00	57,213	2,860,625	34,327,500
1st Floor	Meeting Room	150.00	25	25.00	57,213	1,430,313	17,163,750
Ground	Conference Facility	821.00	800	25.00	57,213	45,770,000	549,240,000
	<b>Total</b>	<b>1,845.00</b>	<b>1,455</b>			<b>83,244,188</b>	<b>998,930,250</b>
	<b>Average Price</b>			<b>25.00</b>	<b>57,213</b>	<b>75%</b>	<b>749,197,688</b>

The conference hall and meeting rooms can also be rented at a fixed rate depending on size inclusive of LCD projectors, technician and sound system (without meals/refreshments and stationaries).

### 7.3.8 Revenue from Food & Beverage (Bar and Restaurants)

The proposed hotel is envisaged to have bar and restaurants in order to offer food and beverage services. The anticipated total sales revenue will be TZS 815.26 billion per annum as projected in the Table 17 below;

**Table 17: Projected revenue from Event (Conference and Meeting)**

Services	Number	Units	Rates (US\$)	Rates (TZS)	Monthly Income	Annual Revenue
Bar	25.00	3	20	45,770	34,327,500	411,930,000
Restaurant	50.00	3	12	27,462	41,193,000	494,316,000
<b>Total</b>	<b>75.00</b>				<b>75,520,500</b>	<b>906,246,000</b>
	<b>Average Price</b>		<b>16</b>	<b>36,616.00</b>	<b>90%</b>	<b>815,621,400</b>

### 7.3.9 Projected Income Statement – Hotel

The projected income statement for the first five years is illustrated in 18 below;

**Table 18: Projected Income Statement for five Years of Operations (2022 -2026)**

YEARS	2022	2023	2024	2025	2026
<b>Revenue</b>	<b>10,635,530,357</b>	<b>11,448,140,473</b>	<b>12,260,750,588</b>	<b>13,465,561,524</b>	<b>13,974,552,576</b>
Direct Cost (Dept Expenses)	3,190,659,107	3,434,442,142	3,678,225,176	4,039,668,457	4,192,365,773
<b>Departmental Income</b>	<b>7,444,871,250</b>	<b>8,013,698,331</b>	<b>8,582,525,412</b>	<b>9,425,893,067</b>	<b>9,782,186,803</b>
Concession fees	744,487,125	801,369,833	858,252,541	942,589,307	978,218,680
<b>Gross Profit</b>	<b>6,700,384,125</b>	<b>7,212,328,498</b>	<b>7,724,272,870</b>	<b>8,483,303,760</b>	<b>8,803,968,123</b>
<u>Indirect Cost /Undistributed</u>					
Administration	606,420,000	634,717,600	658,466,220	683,385,452	709,533,562
Marketing	507,178,711	521,045,911	533,727,271	546,968,539	592,475,486
Operations	658,520,000	692,597,800	725,605,590	760,893,752	881,141,945
Property Insurance	32,929,828	32,929,828	32,929,828	32,929,828	34,576,320
Management Fee	319,065,911	343,444,214	367,822,518	403,966,846	419,236,577
Rooms / Events	356,992,000	367,461,760	385,434,848	404,306,590	508,076,822
Utilities	309,000,000	287,100,000	292,842,000	298,698,840	304,672,817
<b>Total Expenses</b>	<b>2,790,106,450</b>	<b>2,879,297,114</b>	<b>2,996,828,275</b>	<b>3,131,149,847</b>	<b>3,449,713,529</b>
<b>EBITDA</b>	<b>3,910,277,675</b>	<b>4,333,031,384</b>	<b>4,727,444,595</b>	<b>5,352,153,913</b>	<b>5,354,254,593</b>
Depreciation	1,200,009,600	1,114,854,120	1,037,100,789	965,986,453	900,835,245
<b>EBIT</b>	<b>2,710,268,075</b>	<b>3,218,177,264</b>	<b>3,690,343,806</b>	<b>4,386,167,461</b>	<b>4,453,419,348</b>
Loan interest	1,473,817,274	1,233,826,713	955,761,550	633,581,233	260,286,875
Reserve for Replacement	319,065,911	343,444,214	367,822,518	403,966,846	419,236,577
Property Tax	43,906,438	43,906,438	43,906,438	43,906,438	43,906,438
<b>Total</b>	<b>1,836,789,623</b>	<b>1,621,177,365</b>	<b>1,367,490,505</b>	<b>1,081,454,516</b>	<b>723,429,890</b>
<b>PBT</b>	<b>873,478,452</b>	<b>1,596,999,899</b>	<b>2,322,853,301</b>	<b>3,304,712,945</b>	<b>3,729,989,458</b>
Tax (30%)	262,043,536	479,099,970	696,855,990	991,413,883	1,118,996,838
<b>Profit After Tax (PAT)</b>	<b>611,434,916</b>	<b>1,117,899,929</b>	<b>1,625,997,311</b>	<b>2,313,299,061</b>	<b>2,610,992,621</b>
<b>Accumulated results</b>	<b>611,434,916</b>	<b>1,729,334,846</b>	<b>3,355,332,157</b>	<b>5,668,631,218</b>	<b>8,279,623,839</b>
<b>Profit Margin</b>	<b>6%</b>	<b>10%</b>	<b>13%</b>	<b>17%</b>	<b>19%</b>

*Annex I* shows projected income statement for the period of ten years (i.e 2022 to 2031)

### 7.3.10 Projected Cash flow

The projected cash flow measures the liquidity condition of the project after it is completed. The liquidity measures the ability of the project to meet its obligations including debt servicing when they fall due. *Annex II* shows the projected cash flow for Hotel for the period of ten years (i.e 2020 to 2029)

### 7.3.11 Key Performance Indicators for Hotel Project

Base on the financial analyses, the following are the key indicators for the proposed Hotel Project

• Project IRR%	23.77%
• Return on Equity	20.59%
• NPV (10.08%)	23.21 billion
• Payback Period	12 years

### 7.3.12 Sensitivity Testing

The sensitivity analysis shows how the returns on the investment change when different values are assigned to the inputs variables such as construction cost or revenue or interest rate assumed to increase or decrease by 10%. Other variables were held constant. Tables below indicate the sensitivity analysis for this project

#### i. Cost Sensitivity Analysis

The construction costs were varied by 10% up and down and the resultant changes noted as in the table 19 below:

**Table 19 Costs Sensitivity Analysis**

Percentage Change	-10%	0%	10%
Construction Cost per m <sup>2</sup>	2,262,060	2,513,400	2,764,740
Total Cost (TZS)	15,562,972,000	17,292,192,000	19,021,411,200
IRR	25.77%	23.77%	22.10%

From the above table, increase of construction cost per square meter by 10% has resulted to increase in total construction cost and fall of IRR from 23.77% to 22.10%. This shows that despite the construction cost increase by 10% the project will still be viable.



### ii. Revenue Sensitivity Analysis

The price per square meter was varied by 10% up and down and the changes in revenues and the rate of return noted as in the table below: Scenario for third year (3<sup>rd</sup>) was taken for this analysis. Table 20 below indicates revenue sensitivity.

**Table 20: Revenues Sensitivity Analysis**

Percentage Change	-10%	0%	10%
Price per room	308,260	342,512	376,763
Net Profit (TZS)	1,205,122,154	1,625,997,311	2,046,872,468
IRR	21.30%	23.77%	26.15%

The drop of price by 10% result into decline in net profit and fall of IRR from 2377% to 21.30%. This shows that despite the decrease in price the project will still be viable.

### iii. Interest Rate Sensitivity Analysis

The interest rate (cost of capital) was varied by 1% up and down and the result changes noted as in the table 21 below:

**Table 21; Interest Rate Sensitivity Analysis**

Percentage Change	-1%	0%	1%
Interest Rate	14%	15%	16%
Total Project Cost (TZS)	22,112,492,941	22,444,717,797	22,780,806,005
	24.08%	23.77%	23.46

From above table, despite the increment of interest rate by 1% the project is still viable. The IRR will slightly drop from 23.77% to 24.08%

### 7.3.13 Required Capital for Hotel Project

Construction of Hotel project requires TZS 22,596,624,594 which covers design and construction the Hotel. Hazina Saccos is set to contribute TZS 491,499,000 in form of land (27,305.50 square meters) for development of the Hotel and supporting facilities as well as TZS 151,906,797 as preliminary expenses incurred in conducting land valuation, topographical survey, environment impact assessment auditing and geothermal survey. The strategic investor is therefore required to contribute TZS 21,953,218,797 which including 15% interest on loan with the assumption that the strategic investor will borrow 60% on his contribution (60:40 Debt-Equity). Table 22 below indicates financing structure for hotel project.

**Table 22: Financing Structure for Hotel project**

	Financing Structure - (Saccos + Investor)				
Partners	Contribution	Amount	Land	Preliminary expenses	Cash
Hazina Saccos Ltd	4%	643,405,797	491,499,000	151,906,797	-
Strategic Investor	96%	21,953,218,797	-		21,953,218,797
<b>Total Fund</b>	<b>100%</b>	<b>22,596,624,594</b>	<b>491,499,000</b>	<b>151,906,797</b>	<b>21,953,218,797</b>

## 7.4 Commercial Mall – Financial Viability Analysis

### 7.4.1 Estimated Project Cost – Commercial Mall

The estimated total project cost is approximately **TZS 18,234,481,091** (including land, VAT and cost of finance). Other associated project costs (soft costs) are calculated as a percentage of the construction cost. These are consultancy fees (10%), contingency (5%) and preliminaries (1%). Table 23 below illustrates the project cost breakdown.

**Table 23: Project Cost Breakdown**

Description	% of cost	Total Costs
Construction cost		10,006,065,000
Consultancy	10%	1,000,606,500
Contingency	5%	500,303,250
Preliminary	1%	100,060,650
<b>A: Total construction cost (VAT Exclusive)</b>		<b>11,607,035,400</b>
VAT	<b>18%</b>	2,089,266,372
<b>B: Total construction cost (VAT Inclusive)</b>		<b>13,696,301,772</b>
Interest rate 15%	15.0%	3,657,998,670
Loan Arrangement & Legal fees	1%	82,177,811
<b>C: Total Project Cost (without Land)</b>		<b>17,436,478,253</b>
Land Costs		605,475,000
Preliminary expenses		192,527,838
<b>D: Grand Total Project Cost</b>		<b>18,234,481,091</b>

**Note:** From Table 23

- A: Project Cost (without land and finance cost) is TZS 13,696,301,772 which give estimated cost per square meter to be TZS 1,847,880 (equivalent to \$807.29).
- D: Grand Total project Cost (includes land and financial cost at 15% interest rate for 7 years and loan arrangement fees) is **TZS 18,234,481,091**

#### **7.4.2 Operating Cost - Commercial Mall**

Operational expenses for commercial building are calculated as a percentage of rental revenue or property value. Some expenses are fixed and some are calculated as a percentage of the property value and others are based on a percentage of gross revenue such as Marketing, Profession Fee (legal fees, property manager etc), Administration and general expenses, Repair and Maintenance, Property Tax and Property Insurance.

#### **7.4.3 Service Charge**

Service charge is the payment made by tenant (s) to cover for operating expenses such as utilities, cleaning, security and other expenses that are related to services, repair and maintenance of the property. According to the survey done recently, most commercial buildings in Dodoma indicate that the service charge ranges from US\$ 3 (TZS 6,867) to US\$ 5 (TZS 11,445) per square meter per month. Service charge shall be paid by tenants of the offices and the account is managed by facility manager

#### **7.4.4 Projected Total Revenue – Commercial Mall**

Revenue streams for the proposed Commercial Mall project include Rental Revenue, Outdoor Kids zone and advertisements. The projected total annual revenue at 100% occupancy rate is TZS 2,463,941,723

#### **7.4.5 Projected Rental Revenue**

The proposed average monthly rental rate is TZS 28,575 (equivalent to US\$ 12.48) per square meter without tax and service charge. The projected annual rental income will be TZS 2.25 billion in the first year of operations, it is anticipated that the revenue will grow to TZS 2.42 billion in the fifth year. Table 24 show the projected rental revenue

**Table 24: Projected Rental Revenue and Tenant Mix on Commercial Mall**

No.	Proposed Use	Lettable Space SQM	Rate per SQM (US\$)	Rate per SQM (TZS)	Monthly Rental	Annual Rental Revenue
1	Supermarket	1,020.00	10.50	24,040	24,520,545	294,246,540
2	Bank	340.00	12.50	28,619	9,730,375	116,764,500
3	Bureau De Change	102.00	12.50	28,619	2,919,113	35,029,350
4	Offices	340.00	12.50	28,619	9,730,375	116,764,500
5	Gymnasium	385.05	12.50	28,619	11,019,650	132,235,796
6	Kids Play Area (Indoor)	425.00	12.50	28,619	12,162,969	145,955,625
7	Food Courts	255.00	12.50	28,619	7,297,781	87,573,375
8	Ice Cream Parlour	202.00	12.50	28,619	2,919,113	35,029,350
9	Restaurant	531.25	12.50	28,619	15,203,711	182,444,531
10	Small Kiosk	76.50	12.50	28,619	2,189,334	26,272,013
11	Drink Café	127.50	12.50	28,619	3,648,891	43,786,688
12	Bar and Grill	102.00	12.50	28,619	2,919,113	35,029,350
13	Restaurant	510.00	12.50	28,619	14,595,563	175,146,750
14	Cellular Shops	127.33	12.50	28,619	3,644,025	43,728,305
15	ATM	25.50	14.00	32,053	817,352	9,808,218
16	Clothing Shops	595.00	12.50	28,619	17,028,156	204,337,875
17	Jewelleries	93.50	12.50	28,619	2,675,853	32,110,238
18	Stationary	76.50	12.50	28,619	2,189,334	26,272,013
19	Beauty Parlour	102.00	12.50	28,619	2,919,113	35,029,350
20	Cellular Accessories	110.50	12.50	28,619	3,162,372	37,948,463
21	Cosmetics	127.50	12.50	28,619	3,648,891	43,786,688
22	Jewelleries	170.00	12.50	28,619	4,865,188	58,382,250
23	Pharmacy	212.50	12.50	28,619	6,081,484	72,977,813
24	Souvenir Shops	127.50	12.50	28,619	3,648,891	43,786,688
25	Toy Store	113.90	12.50	28,619	3,259,676	39,116,108
	<b>Total</b>	<b>6,300.03</b>			<b>175,715,977</b>	<b>2,108,591,723</b>

#### 7.4.6 Other Revenue (Outdoor Kids Zone and Advertisement)

Other revenue includes income from advertisement and rental from open space that will be rented out to operators of kids playing stations. The operator will put equipment for children to play. Similar games are now available at Mlimani City in Dar es Salaam. TZS 355,350,000 is projected to be collected annually. Table 25 below illustrates other revenue for Commercial Mall.

**Table 25: Other revenue from Commercial Mall**

Segment	Rate per SQM per Month	Total Area (SQM)	Monthly	Annual Revenue
Open Space (Outdoor Kids Zone)	11,445	2,500	28,612,500	343,350,000
Advertisement			1,000,000	12,000,000
<b>Total</b>				<b>355,350,000</b>

#### 7.4.7 Projected Cash flow

The projected cash flow measures the liquidity of the project after it is completed. *Annex IV shows the projected cash flow for the period of ten years (i.e 2020 to 2029)*

#### 7.4.8 Projected Income Statement – Commercial Mall

The projected income statement for the first five years is illustrated in 26 below;

**Table 26: Projected Income Statement for first five Years of Operations (2022-2026)**

	2022	2023	2024	2025	2026
Rental Income	2,253,082,551	2,253,082,551	2,358,512,137	2,358,512,137	2,421,769,889
Outdoor Kidz zone	343,350,000	343,350,000	343,350,000	343,350,000	343,350,000
Other Income	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
<b>Gross Revenue</b>	<b>2,608,432,551</b>	<b>2,608,432,551</b>	<b>2,713,862,137</b>	<b>2,713,862,137</b>	<b>2,777,119,889</b>
Concession fees (to SACCOS)	260,843,255	260,843,255	271,386,214	271,386,214	277,711,989
<b>Net Revenue</b>	<b>2,347,589,296</b>	<b>2,347,589,296</b>	<b>2,442,475,923</b>	<b>2,442,475,923</b>	<b>2,499,407,900</b>
<b>Less:</b>					
Repair & Maintenance	22,553,356	22,553,356	23,608,706	23,608,706	24,241,917
Property Insurance Premium	27,062,930	27,062,930	27,062,930	27,062,930	27,062,930
Facility Management	112,654,128	112,654,128	117,925,607	117,925,607	121,088,494
Marketing Expenses	70,427,679	70,427,679	73,274,278	73,274,278	74,982,237
Property Tax	36,083,907	36,083,907	36,083,907	36,083,907	36,083,907
<b>Total Expenses</b>	<b>268,781,999</b>	<b>268,781,999</b>	<b>277,955,427</b>	<b>277,955,427</b>	<b>283,459,484</b>
<b>EBITDA</b>	<b>2,078,807,297</b>	<b>2,078,807,297</b>	<b>2,164,520,496</b>	<b>2,164,520,496</b>	<b>2,215,948,415</b>
<b>Less:</b>					
Depreciation	684,815,089	650,574,334	618,045,617	587,143,337	557,786,170
Interest on Loan	1,182,992,739	990,358,892	767,163,605	508,558,293	208,925,142
Reserve for Replacement	78,252,977	78,252,977	81,415,864	81,415,864	83,313,597
	<b>1,946,060,804</b>	<b>1,719,186,202</b>	<b>1,466,625,086</b>	<b>1,177,117,494</b>	<b>850,024,908</b>
<b>Net Profit/Loss before Tax (EBIT)</b>	<b>132,746,493</b>	<b>359,621,094</b>	<b>697,895,409</b>	<b>987,403,002</b>	<b>1,365,923,507</b>
Corporate Tax (30%)	39,823,948	107,886,328	209,368,623	296,220,901	409,777,052
<b>Net Profit After Tax</b>	<b>92,922,545</b>	<b>251,734,766</b>	<b>488,526,787</b>	<b>691,182,101</b>	<b>956,146,455</b>
<b>Accumulated results</b>	<b>92,922,545</b>	<b>344,657,311</b>	<b>833,184,098</b>	<b>1,524,366,199</b>	<b>2,480,512,654</b>
<b>Profit Margin</b>	<b>4%</b>	<b>10%</b>	<b>18%</b>	<b>25%</b>	<b>34%</b>

*Annex III shows projected income statement for the period of ten years (i.e 2022 to 2031)*

#### 7.4.9 Key Performance Indicators for Commercial Mall Project

Base on the financial analyses, the following are the key indicators for the proposed Office Park Project

- Project IRR% 14.35%
- Return on Equity% 18.26%
- NPV (10.08%) 7.83 billion
- Payback Period 14 years

#### 7.4.10 Sensitivity Testing

The sensitivity analysis shows how the returns on the investment change when different values are assigned to the inputs variables such as construction cost or revenue or interest rate assumed to increase or decrease by 10%. Other variables were held constant. Tables below indicate the sensitivity analysis for this project

##### i. Cost Sensitivity Analysis

The construction costs were varied by 10% up and down and the resultant changes noted as in the table 27 below:

**Table 27: Costs Sensitivity Analysis**

Percentage Change	-10%	0%	10%
Construction Cost per m <sup>2</sup>	1,663,092	1,847,880	2,032,668
Total Cost (TZS)	12,326,671,595	13,696,301,772	15,065,931,94
IRR	15.14%	14.35%	13.64%

From the above table, the increase of construction cost per square meter by 10% has resulted to increase in total construction cost and fall of IRR from 14.35% to 13.64%. However, this shows that despite the cost increase by 10% the project will still be viable.

### ii. Interest Rate Sensitivity Analysis

The interest rate (cost of capital) was varied by 1% up and down and the result changes noted as in the table 28: below:

**Table 28 Interest Rate Sensitivity Analysis**

Percentage Change	-1%	0%	1%
Interest Rate	14%	15%	16%
Total Project Cost (TZS)	17,775,287,873	18,041,953,253	18,311,722,047
IRR	14.53%	14.35%	14.17%

From above table, despite the increment of interest rate by 1% the project is still viable. The IRR will slightly drop from 14.35% to 14.17%

### iii. Revenue Sensitivity Analysis

The price per square meter was varied by 10% up and down and the changes in revenues and the rate of return. Scenario for third year (3<sup>rd</sup>) was taken for this analysis

**Table 29: Revenues Sensitivity Analysis**

Percentage Change	-10%	0%	10%
Price per room	25,717	369,373	31,432
Net Profit (TZS)	378,734,872	448,526,787	598,318,701
IRR	13.57%	14.35%	15.09%

From the above table, the drop of average rate by 10% has resulted into the decline in net profit and fall of IRR from 14.35% to 13.57%. However, this shows that despite the decrease in price the project will still be viable.

### 7.4.11 Required Capital for Commercial Mall Project

Construction of Commercial Mall requires TZS 18,041,953,253 which covers design and construction the Mall. Hazina Saccos is set to contribute TZS 605,475,000 in form of land (33,637.50 square meters) for development of the Mall and supporting facilities as well as TZS... as preliminary expenses incurred in conducting land valuation, topographical



survey, environment impact assessment auditing and geothermal survey. The strategic investor is therefore required to contribute TZS 17,436,478,253 which including 15% interest on loan with the assumption that the investor will borrow 60% on his contribution (60:40 Debt-Equity). Table 30 below indicates financing structure.

**Table 30: Financing Structure for Mall project**

	<b>Financing Structure - (Saccos + Investor)</b>				
<b>Partners</b>	<b>Contribution %</b>	<b>Amount</b>	<b>Land</b>	<b>Preliminary expenses</b>	<b>Cash</b>
Hazina Saccos Ltd	4%	798,002,838	605,475,000	192,527,838	-
Strategic Investor	96%	17,436,478,253	-		17,436,478,253
<b>Total Fund</b>	<b>100%</b>	<b>18,234,481,091</b>	<b>605,475,000</b>	<b>192,527,838</b>	<b>17,436,478,253</b>

## 7.5 Office Park – Financial Viability Analysis

### 7.5.1 Project Estimated Cost – Office Park

The estimated total project cost is approximately **TZS 12,149,425,154** (including land, VAT and cost of finance). Other associated project costs (soft costs) are calculated as a percentage of the construction cost. These are consultancy fees (10%), contingency (5%) and preliminaries (1%). Table 31 below illustrates the project cost breakdown.

**Table 31: Total Project Cost - Breakdown**

Description	% of cost	Total Costs
Construction cost		6,743,925,000
Consultancy	10%	674,392,500
Contingency	5%	337,196,250
Preliminary	1%	67,439,250
<b>A: Total construction cost (VAT Exclusive)</b>		<b>7,822,953,000</b>
VAT	18%	1,408,131,540
<b>B: Total construction cost (VAT Inclusive)</b>		<b>9,231,084,540</b>
Interest rate 15%	15.0%	2,432,807,725
Loan Arrangement & Legal fees	1%	55,386,507
<b>C: Total Project Cost (without Land)</b>		<b>11,719,278,773</b>
Land Costs		300,384,000
Preliminary expenses		129,762,381
<b>D: Total Project Cost</b>		<b>12,149,425,154</b>

**Note:** From Table 31

- A: Project Cost (without Land and finance cost) is TZS 9,231,084,540 which give estimated cost per square meter to be TZS 1,847,880 (equivalent to \$807.46)
- D: Grand Total Cost (includes land and financial cost at 15% interest rate for 7 years and loan arrangement fees) is TZS 12,149,425,154

### 7.5.2 Operating Costs – Office Park

Operational expenses for commercial building are calculated as a percentage of rental revenue or property value. The expenses associated with the operations of the office are Profession Fee (legal fees, property manager etc), Administration, Advertisement, and general expenses, Repair and Maintenance, Property Tax and Property Insurance.

### 7.5.3 Service Charge

The service charge will be charged on separate account from the rental account. The current rates ranges US\$ 3 (TZS 6,867) to US\$ 5 (TZS 11,445) per square meter per month. Service charge shall be paid by tenants of the offices and the account is managed by facility manager.

### 7.5.4 Projected Rental Revenue

The proposed average monthly rental rate is TZS 33,176 (equivalent to US\$ 14.50) per square meter without tax and service charge. The projected annual rental income will be TZS 1,521,407,899 in the first year of operations, it is anticipated that the revenue will grow to TZS 1,605,930,561 in the fifth year. Table 32 indicates projected rental revenue.

**Table 32: Projected Rental Revenue from Office Park**

Level	Proposed Use	GFA	Lettable Space SQM	Rate per SQM (US\$)	Rate per SQM (TZS)	Monthly Rental	Annual Rental Revenue
5th Floor	Office Space	824.50	700.83	14.50	33,176	23,250,570	279,006,842
4th Floor	Office Space	824.50	700.83	14.50	33,176	23,250,570	279,006,842
3rd Floor	Office Space	824.50	700.83	14.50	33,176	23,250,570	279,006,842
2nd Floor	Office Space	824.50	700.83	14.50	33,176	23,250,570	279,006,842
1st Floor	Office Space	824.50	700.83	14.50	33,176	23,250,570	279,006,842
Ground Floor	Office Space	873.00	742.05	14.50	33,176	24,618,251	295,419,010
		<b>4,995.50</b>	<b>4,246.18</b>	<b>14.50</b>	<b>33,176</b>	<b>140,871,102</b>	<b>1,690,453,222</b>

**Table 33: Projected Income Statement for first five Years of Operations (2022-2026)**

	2022	2023	2024	2025	2026
Rental Income	1,521,740,375	1,521,740,375	1,606,281,507	1,555,556,828	1,606,281,507
<b>Gross Revenue</b>	<b>1,521,740,375</b>	<b>1,521,740,375</b>	<b>1,606,281,507</b>	<b>1,555,556,828</b>	<b>1,606,281,507</b>
Concession fees (to SACCOS)	152,174,037	152,174,037	160,628,151	155,555,683	160,628,151
<b>Net Revenue</b>	<b>1,369,566,337</b>	<b>1,369,566,337</b>	<b>1,445,653,356</b>	<b>1,400,001,145</b>	<b>1,445,653,356</b>
<b>Less:</b>					
Repair & Maintenance	15,232,621	15,232,621	16,078,878	15,571,124	16,078,878
Property Insurance Premium	18,029,494	18,029,494	18,029,494	18,029,494	18,029,494
Facility Management	76,087,019	76,087,019	80,314,075	77,777,841	80,314,075
Marketing Expenses	45,652,211	45,652,211	48,188,445	46,666,705	48,188,445
Property Tax	24,039,326	24,039,326	24,039,326	24,039,326	24,039,326
<b>Total Expenses</b>	<b>179,040,671</b>	<b>179,040,671</b>	<b>186,650,218</b>	<b>182,084,490</b>	<b>186,650,218</b>
<b>EBITDA</b>	<b>1,190,525,667</b>	<b>1,190,525,667</b>	<b>1,259,003,138</b>	<b>1,217,916,655</b>	<b>1,259,003,138</b>
<b>Less:</b>					
Depreciation	461,554,227	438,476,516	416,552,690	395,725,055	375,938,803
Interest on Loan	786,767,337	658,653,264	510,213,839	338,224,438	190,217,562
Reserve for Replacement	45,652,211	45,652,211	48,188,445	46,666,705	48,188,445
	<b>1,293,973,776</b>	<b>1,142,781,991</b>	<b>974,954,974</b>	<b>780,616,198</b>	<b>614,344,809</b>
<b>Net Profit/Loss before Tax (EBIT)</b>	<b>(103,448,109)</b>	<b>47,743,676</b>	<b>284,048,164</b>	<b>437,300,457</b>	<b>644,658,329</b>
Corporate Tax (30%)		14,323,103	85,214,449	131,190,137	193,397,499
<b>Net Profit After Tax</b>	<b>(103,448,109)</b>	<b>33,420,573</b>	<b>198,833,715</b>	<b>306,110,320</b>	<b>451,260,830</b>
<b>Accumulated results</b>	<b>(103,448,109)</b>	<b>(70,027,536)</b>	<b>128,806,179</b>	<b>434,916,499</b>	<b>886,177,329</b>
<b>Profit Margin</b>	<b>-7%</b>	<b>2%</b>	<b>12%</b>	<b>20%</b>	<b>28%</b>

*Annex V shows projected income statement for the period of ten years (i.e 2022 to 2031)*

### 7.5.5 Projected Cash flow

The projected cash flow measures the liquidity of the project after it is completed. *Annex VI shows the projected cash flow for the period of ten years (i.e 2020 to 2029)*

### 7.5.6 Key Performance Indicators for Office Park Project

Based on the financial analyses, the following are the key indicators for Office Project

- Project IRR% 13.26%
- Return on Equity% 17.56%
- NPV (10.08%) 3.98 billion

- Payback Period

15 years

### 7.5.7 Sensitivity Testing – Office Park

The sensitivity analysis shows how the returns of the investment change when different values are assigned to the inputs variables such as construction cost which was assumed to increase by 10% while revenue was assumed to decrease by 10%. Other variables were held constant. Tables below indicate the sensitivity analysis for this project

#### i. Cost Sensitivity Analysis

The construction costs were varied by 10% up and down and the resultant changes noted as in the table 34 below:

**Table 34: Costs Sensitivity Analysis**

Percentage Change	-10%	0%	10%
Construction Cost per m <sup>2</sup>	1,663,092	1,847,880	2,032,668
Total Cost (TZS)	8,307,976,086	9,231,084,540	10,154,192,994
IRR	14.27%	13.29%	12.45%

From the above table, increase of construction cost per square meter by 10% has resulted to increase in total construction cost and fall of IRR from 13.29% to 12.45%. However, this shows that despite the construction cost increase by 10% the project will still be viable.

#### ii. Interest Rate Sensitivity Analysis

The interest rate (cost of capital) was varied by 1% up and down and the result changes noted as in the table 35 below:

**Table 35 Interest Rate Sensitivity Analysis**

Percentage Change	-1%	0%	1%
Interest Rate	14%	15%	16%
Total Project Cost (TZS)	11,842,312,901	12,019,662,773	12,199,076,618
IRR	13.46%	13.29	13.12

From above table, despite the increment of interest rate by 1% the project is still viable. The IRR will slightly drop from 13.29% to 13.12%

### iii. Revenue Sensitivity Analysis

The price per square meter was varied by 10% up and down and the changes in revenues and the rate of return noted as in the table below: Scenario for third year (3<sup>rd</sup>) was taken for this analysis

**Table 36; Revenues Sensitivity Analysis**

Percentage Change	-10%	0%	10%
Price per Square meter	29,864.93	33,183.25	36,501.58
Net Profit (TZS)	111,131,869	198,747,690	313,869,797
IRR	12.33%	13.26%	14.38%

From the above table, the drop of average rate by 10% has resulted into the decline in net profit and fall of IRR from 13.26% to 12.33%. However, this shows that despite the decrease in price the project will still be viable.

### 7.5.8 Required Capital for Office Park Project

Construction of Office Park project requires TZS 12,019,662,773 which covers land, cost, consultancy and construction the Office Park. Hazina Saccos is set to contribute TZS 300,384,000 in form of land (approximately 16,188 square meters) for development of the Office park and supporting facilities as well as TZS... as prilimary expenses incurred in conducting land valuation, topographical survey, environment impact assessment auditing and geothermal survey. The strategic investor is therefore required to contribute TZS 11,719,278,773 which include 15% interest on loan with the assumption that the strategic partner will borrow 60% on his contribution (60:40 Debt-Equity). Table 37 below indicates financing structure for hotel project.

**Table 37: Financing Structure for Hotel project**

	<b>Financing Structure - (Saccos + Investor)</b>				
<b>Partners</b>	<b>Contribution</b>	<b>Amount</b>	<b>Land</b>	<b>Preliminary expenses</b>	<b>Cash</b>
Hazina Saccos Ltd	4%	430,146,381	300,384,000	129,762,381	-
Strategic Investor	96%	11,719,278,773	-		11,719,278,773
<b>Total Fund</b>	<b>100%</b>	<b>12,019,662,773</b>	<b>300,384,000</b>	<b>129,762,381</b>	<b>11,719,278,773</b>

### 7.6 Conclusion on Project Viability

The financial analysis for the proposed projects (Hotel, Commercial Mall and Office Park) indicates that the project are financially and economic viable. Based on the above analyses and results, all projects have Positive NPV, good Internal Rate of Returns and short projected payback period. Therefore, the indicators imply that it is worthwhile to undertake the project

## 7.7 Overall Projects Financing

The entire project consist of three investments (Hotel, Commercial Mall and Office Park) that are planned to be implemented through Strategic Partnership (Hazina Saccos Ltd and Strategic Investor). The total investment cost for all three projects is estimated at **TZS 52,980,530,838** which includes land acquisition cost, consultancy, construction, finance cost and VAT. The table below summarizes costs break down for all three projects.

**Table 38: Hazina Projects - Cost break down – all projects**

Description	% of cost	Hotel	Commercial Mall	Office	Total
Construction cost		10,320,000,000	10,006,065,000	6,743,925,000	27,069,990,000
Consultancy	10%	1,032,000,000	1,000,606,500	674,392,500	2,706,999,000
Contingency	5%	516,000,000	500,303,250	337,196,250	1,353,499,500
Preliminary	1%	103,200,000	100,060,650	67,439,250	270,699,900
Furniture & Fit-out	26%	2,683,200,000			
<b>A: Total construction cost</b>		<b>14,654,400,000</b>	<b>11,607,035,400</b>	<b>7,822,953,000</b>	<b>31,401,188,400</b>
VAT	18%	2,637,792,000	2,089,266,372	1,408,131,540	6,135,189,912
<b>B: Total Construction Cost (VAT Incl)</b>		<b>17,292,192,000</b>	<b>13,696,301,772</b>	<b>9,231,084,540</b>	<b>40,219,578,312</b>
Borrowing Cost (Interest rate 15%)	15%	4,557,273,645	3,657,998,670	2,432,807,725	10,648,080,041
Loan Arrangement /Process fee	1%	103,753,152.00	82,177,811	55,386,507	241,317,470
<b>C: Total Project Cost (without Land)</b>		<b>21,953,218,797</b>	<b>17,436,478,253</b>	<b>11,719,278,773</b>	<b>51,108,975,822</b>
<b>Land Costs</b>		<b>491,499,000</b>	<b>605,475,000</b>	<b>300,384,000</b>	<b>1,397,358,000</b>



<b>Preliminary expenses</b>		151,906,797	192,527,838	129,762,381	474,197,016
<b>D: Grand Total Project Cost</b>		<b>22,596,624,594</b>	<b>18,234,481,091</b>	<b>12,149,425,154</b>	<b>52,980,530,838</b>

Hazina Saccos Limited Shall contribute TZS 1,660,896,000 in form of land with approximately 92,272 square meters (valuation report – September 2019) and TZS 474,197,016 in terms of preliminary expenses incurred in the course of project development, whilst the interested and eligible Partner (Investor) shall contribute fund amounting **TZS 51,108,975,822** for projects implementation. Table 39 below illustrates proposed financing structure for entire project.

**Table 39: Financing Structure for Hazina Saccos Projects at Ngejengwa**

	<b>Financing Structure - (Saccos + Investor)</b>				
<b>Partners</b>	<b>Contribution</b>	<b>Amount</b>	<b>Land</b>	<b>Preliminary expenses</b>	<b>Cash</b>
Hazina Saccos Ltd	4%	1,871,555,016	1,397,358,000	474,197,016	-
Strategic Investor	96%	51,108,975,822	-		51,108,975,822
<b>Total Fund</b>	<b>100%</b>	<b>52,980,530,838</b>	<b>1,397,358,000</b>	<b>474,197,016</b>	<b>51,108,975,822</b>

It should be noted that, the land with approximately 14,641 square meters shall be provided for circulation and other infrastructure on the site to support the project.

Pursuant to the defined Strategic Objective outlined above, Hazina Saccos Limited is now seeking for eligible, competent, and reputable investors who can demonstrate the appropriate expertise and experience to invest in the real estate business in Dodoma.

Hazina Saccos Ltd is now seeking investors who will Design, Build, Finance, Operate, and then Transfer back the projects (properties) to Hazina Saccos Ltd **after 25 years**.

### **7.8 Scope of Strategic Investor**

It is expected that the selected investor will design, build, finance, operate and transfer the properties to Hazina Saccos Ltd. The interested and eligible strategic investor will be expected to show requisite capacity to:

- a) Develop the preferred project in compliance with the Dodoma Municipal Council guidelines.
- b) Construct the specific preferred project in compliance with the terms of a development agreement entered into between the preferred bidder and Hazina Saccos;
- c) Procure adequate finances for construction and operation of the agreed project;
- d) Operate and Manage the developed project.
- e) Transfer the project to Hazina Saccos Ltd within **25 years** as specified in the Strategic Partnership Agreement.

### **7.9 Proposed Business Arrangement**

The three projects are thought to be developed through three possible company structures as highlighted:

- a) A single company with three projects within the same locations in Njedengwa.
- b) Three separate companies each one set up to develop one project

### **7.10 Economic Viability**

The project is economically viable because it has a number of developmental values to the country.

- i. The project will create employment opportunities to the local residents in Dodoma (indirect jobs and direct jobs) during construction phase. The project will further create employments after completion of the project through self-employment and those who will be employed to manage the project.
- ii. The government will benefit from the project in terms of Value Added Tax, property tax and government levy. Furthermore, the business community that will lease spaces in the business centre will pay for business licences and taxes hence enabling the Government to provide public services to the society.
- iii. The project will accommodate various commercial activities, which will provide multiplier effects to the economy.

#### **7.11 Social Aspects**

- i. The project is socially desirable because it will contribute towards reducing housing deficit in Dodoma by providing quality commercial accommodation (retail shopping spaces, hotel and offices) to the public.
- ii. The commercial complex and supporting services will facilitate access to goods and services to the residents in the housing estates and the general public at large.

- iii. The project will be built with idea of preserving the natural environment; the landscaping will ensure protection of natural environment.

#### **7.12 Government Support**

The project supports the Government decisions of moving administrative operations from Dar es Salaam to Dodoma. The Project is expected to contribute to the solutions to shortages of office, commercial and hotel properties in Dodoma. Additionally it will support the economic growth by giving employment opportunities

## **CHAPTER EIGHT**

### **8.0 PROJECT IMPLEMENTATION**

The proposed project development model is Build-Operate –Transfer (BOT). Under a build-operate-transfer (BOT) contract, Hazina Saccos Ltd shall grant a concession to a strategic investor (Private Company) to finance, build and operate a project for an agreed period of time with the goal of recouping its investment and return on investment, then transfers control of the project to Hazina Saccos Ltd.

#### **8.1 Project Duration**

The minimum project duration is 27 months that includes 6 months for fund mobilization/inviting of Strategic investor, permits and approvals and 20 months for actual construction. It is anticipated that construction works will commence in May 2020 and the project to be completed in December 2021.

**Table 40: Tentative Project Implementation Schedule**

SN	Activity / Milestone	Period (Months)	Lead Times	Status
1	Solicitation for Strategic Investor and Signing of Agreements.	4	Oct 2019 – Jan 2020	Anticipated
2	Procurement, Approvals and Permits	3	Feb 2020 – Apr 2020	Anticipated
3	Construction Works	20	May 2020 – Dec 2021	Anticipated
	<b>Total</b>	<b>27</b>	<b>Oct 2019 – Dec 2021</b>	

**Note:** In addition to the above Milestones, some activities scheduled to be done concurrently

- Marketing activities to commence once the funds are secured and construction work starts.
- Official Launch – Sales and Booking for rental space when construction works start.

## **8.2 Program of Work – Construction Phase**

### **Preparation works:**

#### **i. Topographical survey and drawings**

Topographical survey is vital prior to the construction works. Through topographical survey of the area it will be determined areas to locate each facility/property.

#### **ii. Geo-technical and Sub-soil Investigation**

This is a very useful in determining the type and depth of foundation and maximum (allowable) height of a structure for stability purposes. Before start of detailed design work this exercise will be done.

### **iii. Environmental and Social Impact Assessment(ESIA)**

A process for predicting and assessing the potential environmental and social impacts of a proposed project, evaluating alternatives and designing appropriate mitigation, management and monitoring measures.

## **8.3 Main Construction works**

### **i. Substructures works:**

- Site clearance
- Setting out the works
- Foundation works.

### **ii. Superstructures:**

- Involves construction of the load-bearing framework of concrete, which includes columns and beams attached to slabs and roof structure

### **iii. Finishing works:**

- It involves fixing of windows,

- Doors electrical and plumbing fixtures,
- Structural or semi-structural glazing, tiling, and flooring ceiling fixing.
- Paintings and other decorations (decorations)

#### **iv. External works**

- Drainage works, pavement works land scarping, security

### **8.4 Project Delivery**

Design and Build (D&B) delivery option is recommended for this project. The SPV /strategic investor is supposed to procure class one contractor with experience on Design and Build project implementation. The D&B option ensures that the project is accomplished within the agreed time, at appropriate and agreed quality and at the agreed budget (maximum agreed price).



*x I: Income Statement – Hotel (2022- 2031)*

YEARS	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Revenue</b>	<b>10,635,530,357</b>	<b>11,448,140,473</b>	<b>12,260,750,588</b>	<b>13,465,561,524</b>	<b>13,974,552,576</b>	<b>13,479,497,424</b>	<b>13,886,880,265</b>	<b>14,756,847,871</b>	<b>14,765,110,883</b>	<b>15,211,534,674</b>
Direct Cost (Dept Expenses)	<u>3,190,659,107</u>	<u>3,434,442,142</u>	<u>3,678,225,176</u>	<u>4,039,668,457</u>	<u>4,192,365,773</u>	<u>4,043,849,227</u>	<u>4,166,064,080</u>	<u>4,427,054,361</u>	<u>4,429,533,265</u>	<u>4,563,460,402</u>
<b>Departmental Income</b>	<b><u>7,444,871,250</u></b>	<b><u>8,013,698,331</u></b>	<b><u>8,582,525,412</u></b>	<b><u>9,425,893,067</u></b>	<b><u>9,782,186,803</u></b>	<b><u>9,435,648,197</u></b>	<b><u>9,720,816,186</u></b>	<b><u>10,329,793,510</u></b>	<b><u>10,335,577,618</u></b>	<b><u>10,648,074,272</u></b>
Concession fees	744,487,125	801,369,833	858,252,541	942,589,307	978,218,680	943,564,820	972,081,619	1,032,979,351	1,033,557,762	1,064,807,427
<b>Gross Profit</b>	<b>6,700,384,125</b>	<b>7,212,328,498</b>	<b>7,724,272,870</b>	<b>8,483,303,760</b>	<b>8,803,968,123</b>	<b>8,492,083,377</b>	<b>8,748,734,567</b>	<b>9,296,814,159</b>	<b>9,302,019,856</b>	<b>9,583,266,845</b>
<b>Indirect Cost /Undistributed</b>										
Administration	606,420,000	634,717,600	658,466,220	683,385,452	709,533,562	736,971,727	765,764,177	795,978,347	827,685,042	860,958,601
Marketing	507,178,711	521,045,911	533,727,271	546,968,539	592,475,486	610,299,103	628,932,865	648,414,847	668,784,957	690,085,021
Operations	658,520,000	692,597,800	725,605,590	760,893,752	881,141,945	924,284,432	969,632,864	1,017,305,229	1,067,426,235	1,120,127,735
Property Insurance	32,929,828	32,929,828	32,929,828	32,929,828	34,576,320	34,576,320	34,576,320	34,576,320	36,305,136	36,305,136
Management Fee	319,065,911	343,444,214	367,822,518	403,966,846	419,236,577	404,384,923	416,606,408	442,705,436	442,953,326	456,346,040
Rooms / Events	356,992,000	367,461,760	385,434,848	404,306,590	508,076,822	533,080,664	559,334,697	586,901,432	693,462,503	727,735,628
Utilities	309,000,000	287,100,000	292,842,000	298,698,840	304,672,817	310,766,273	316,981,599	323,321,231	329,787,655	336,383,408
<b>Total Expenses</b>	<b><u>2,790,106,450</u></b>	<b><u>2,879,297,114</u></b>	<b><u>2,996,828,275</u></b>	<b><u>3,131,149,847</u></b>	<b><u>3,449,713,529</u></b>	<b><u>3,554,363,441</u></b>	<b><u>3,691,828,929</u></b>	<b><u>3,849,202,841</u></b>	<b><u>4,066,404,854</u></b>	<b><u>4,227,941,569</u></b>
<b>EBITDA</b>	<b>3,910,277,675</b>	<b>4,333,031,384</b>	<b>4,727,444,595</b>	<b>5,352,153,913</b>	<b>5,354,254,593</b>	<b>4,937,719,936</b>	<b>5,056,905,638</b>	<b>5,447,611,318</b>	<b>5,235,615,002</b>	<b>5,355,325,276</b>
Depreciation	1,200,009,600	1,114,854,120	1,037,100,789	965,986,453	900,835,245	841,048,084	786,093,455	735,499,336	688,846,104	645,760,317
<b>EBIT</b>	<b>2,710,268,075</b>	<b>3,218,177,264</b>	<b>3,690,343,806</b>	<b>4,386,167,461</b>	<b>4,453,419,348</b>	<b>4,096,671,852</b>	<b>4,270,812,182</b>	<b>4,712,111,981</b>	<b>4,546,768,898</b>	<b>4,709,564,959</b>
Loan interest	1,473,817,274	1,233,826,713	955,761,550	633,581,233	260,286,875	-	-	-	-	-
Reserve for Replacement	319,065,911	343,444,214	367,822,518	403,966,846	419,236,577	404,384,923	416,606,408	442,705,436	442,953,326	456,346,040
Property Tax	43,906,438	43,906,438	43,906,438	43,906,438	43,906,438	43,906,438	43,906,438	43,906,438	43,906,438	43,906,438
<b>Total</b>	<b>1,836,789,623</b>	<b>1,621,177,365</b>	<b>1,367,490,505</b>	<b>1,081,454,516</b>	<b>723,429,890</b>	<b>448,291,360</b>	<b>460,512,846</b>	<b>486,611,874</b>	<b>486,859,764</b>	<b>500,252,478</b>
<b>PBT</b>	<b>873,478,452</b>	<b>1,596,999,899</b>	<b>2,322,853,301</b>	<b>3,304,712,945</b>	<b>3,729,989,458</b>	<b>3,648,380,492</b>	<b>3,810,299,337</b>	<b>4,225,500,108</b>	<b>4,059,909,134</b>	<b>4,209,312,482</b>
Tax (30%)	262,043,536	479,099,970	696,855,990	991,413,883	1,118,996,838	1,094,514,148	1,143,089,801	1,267,650,032	1,217,972,740	1,262,793,745
<b>Profit After Tax (PAT)</b>	<b><u>611,434,916</u></b>	<b><u>1,117,899,929</u></b>	<b><u>1,625,997,311</u></b>	<b><u>2,313,299,061</u></b>	<b><u>2,610,992,621</u></b>	<b><u>2,553,866,344</u></b>	<b><u>2,667,209,536</u></b>	<b><u>2,957,850,075</u></b>	<b><u>2,841,936,394</u></b>	<b><u>2,946,518,737</u></b>
<b>Accumulated results</b>	<b><u>611,434,916</u></b>	<b><u>1,729,334,846</u></b>	<b><u>3,355,332,157</u></b>	<b><u>5,668,631,218</u></b>	<b><u>8,279,623,839</u></b>	<b><u>10,833,490,183</u></b>	<b><u>13,500,699,719</u></b>	<b><u>16,458,549,794</u></b>	<b><u>19,300,486,188</u></b>	<b><u>22,247,004,925</u></b>
<b>Profit Margin</b>	<b>6%</b>	<b>10%</b>	<b>13%</b>	<b>17%</b>	<b>19%</b>	<b>19%</b>	<b>19%</b>	<b>20%</b>	<b>19%</b>	<b>19%</b>

*Annex II: Cash flow Statement – Hotel (2020 - 2029)*

ITEM/YEAR	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Activities	Construction	Construction	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation
<b>INFLOWS:</b>										
Net Income			6,700,384,125	7,212,328,498	7,724,272,870	8,483,303,760	8,803,968,123	8,492,083,377	8,748,734,567	9,296,814,159
Depreciation	-	-	1,200,009,600	1,114,854,120	1,037,100,789	965,986,453	900,835,245	841,048,084	786,093,455	735,499,336
<b>Total Inflows</b>	-	-	<b>7,900,393,725</b>	<b>8,327,182,618</b>	<b>8,761,373,659</b>	<b>9,449,290,213</b>	<b>9,704,803,368</b>	<b>9,333,131,461</b>	<b>9,534,828,022</b>	<b>10,032,313,495</b>
<b>OUTFLOWS:</b>										
Investment cost	(13,466,830,678)	(8,977,887,119)								
Loan Repayment			8,959,553,307	5,946,048,932	-	-	-	-	-	-
<b>Total Outflows</b>	<b>(13,466,830,678)</b>	<b>(8,977,887,119)</b>	<b>8,959,553,307</b>	<b>5,946,048,932</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Inflows (Outflows)</b>	<b>13,466,830,678</b>	<b>8,977,887,119</b>	<b>(1,059,159,582)</b>	<b>2,381,133,686</b>	<b>8,761,373,659</b>	<b>9,449,290,213</b>	<b>9,704,803,368</b>	<b>9,333,131,461</b>	<b>9,534,828,022</b>	<b>10,032,313,495</b>
<b>Cumulative Net Inflows</b>	<b>(13,466,830,678)</b>	<b>(22,444,717,797)</b>	<b>(23,503,877,379)</b>	<b>(21,122,743,693)</b>	<b>(12,361,370,033)</b>	<b>(2,912,079,820)</b>	<b>6,792,723,548</b>	<b>16,125,855,009</b>	<b>25,660,683,031</b>	<b>35,692,996,527</b>
<b>Discounted Cash flows</b>	<b>12,034,701,232</b>	<b>7,169,914,347</b>	<b>(755,911,826)</b>	<b>1,518,670,067</b>	<b>4,993,692,202</b>	<b>4,813,031,105</b>	<b>4,417,495,693</b>	<b>3,796,528,731</b>	<b>3,466,107,958</b>	<b>3,259,119,085</b>

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Rental Income	2,253,082,551	2,253,082,551	2,358,512,137	2,358,512,137	2,421,769,889	2,587,738,809	2,587,738,809	2,587,738,809	2,587,738,809	2,589,058,809
Outdoor Kidz zone	343,350,000	343,350,000	343,350,000	343,350,000	343,350,000	343,350,000	343,350,000	343,350,000	343,350,000	343,350,000
Other Income	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
<b>Gross Revenue</b>	<b>2,608,432,551</b>	<b>2,608,432,551</b>	<b>2,713,862,137</b>	<b>2,713,862,137</b>	<b>2,777,119,889</b>	<b>2,943,088,809</b>	<b>2,943,088,809</b>	<b>2,943,088,809</b>	<b>2,943,088,809</b>	<b>2,944,408,809</b>
Concession fees (to SACCOS)	260,843,255	260,843,255	271,386,214	271,386,214	277,711,989	294,308,881	294,308,881	294,308,881	294,308,881	294,440,881
<b>Net Revenue</b>	<b>2,347,589,296</b>	<b>2,347,589,296</b>	<b>2,442,475,923</b>	<b>2,442,475,923</b>	<b>2,499,407,900</b>	<b>2,648,779,928</b>	<b>2,648,779,928</b>	<b>2,648,779,928</b>	<b>2,648,779,928</b>	<b>2,649,967,928</b>
<b>Less:</b>										
Repair & Maintenance	22,553,356	22,553,356	23,608,706	23,608,706	24,241,917	25,903,265	25,903,265	25,903,265	25,903,265	165,323,551
Property Insurance Premium	27,062,930	27,062,930	27,062,930	27,062,930	27,062,930	27,062,930	27,062,930	27,062,930	27,062,930	27,062,930
Facility Management	112,654,128	112,654,128	117,925,607	117,925,607	121,088,494	129,386,940	129,386,940	129,386,940	129,386,940	129,452,940
Marketing Expenses	70,427,679	70,427,679	73,274,278	73,274,278	74,982,237	79,463,398	79,463,398	79,463,398	79,463,398	79,499,038
Property Tax	36,083,907	36,083,907	36,083,907	36,083,907	36,083,907	36,083,907	36,083,907	36,083,907	36,083,907	36,083,907
<b>Total Expenses</b>	<b>268,781,999</b>	<b>268,781,999</b>	<b>277,955,427</b>	<b>277,955,427</b>	<b>283,459,484</b>	<b>297,900,440</b>	<b>297,900,440</b>	<b>297,900,440</b>	<b>297,900,440</b>	<b>437,422,366</b>
<b>EBITDA</b>	<b>2,078,807,297</b>	<b>2,078,807,297</b>	<b>2,164,520,496</b>	<b>2,164,520,496</b>	<b>2,215,948,415</b>	<b>2,350,879,488</b>	<b>2,350,879,488</b>	<b>2,350,879,488</b>	<b>2,350,879,488</b>	<b>2,212,545,563</b>
<b>Less:</b>										
Depreciation	684,815,089	650,574,334	618,045,617	587,143,337	557,786,170	529,896,861	503,402,018	478,231,917	454,320,321	431,604,305
Interest on Loan	1,182,992,739	990,358,892	767,163,605	508,558,293	208,925,142	-	-			
Reserve for Replacement	78,252,977	78,252,977	81,415,864	81,415,864	83,313,597	88,292,664	88,292,664	88,292,664	88,292,664	88,332,264
	<b>1,946,060,804</b>	<b>1,719,186,202</b>	<b>1,466,625,086</b>	<b>1,177,117,494</b>	<b>850,024,908</b>	<b>618,189,526</b>	<b>591,694,682</b>	<b>566,524,582</b>	<b>542,612,986</b>	<b>519,936,570</b>
<b>Net Profit/Loss before Tax (EBIT)</b>	<b>132,746,493</b>	<b>359,621,094</b>	<b>697,895,409</b>	<b>987,403,002</b>	<b>1,365,923,507</b>	<b>1,732,689,963</b>	<b>1,759,184,806</b>	<b>1,784,354,907</b>	<b>1,808,266,503</b>	<b>1,692,608,993</b>
Corporate Tax (30%)	39,823,948	107,886,328	209,368,623	296,220,901	409,777,052	519,806,989	527,755,442	535,306,472	542,479,951	338,521,799
<b>Net Profit After Tax</b>	<b>92,922,545</b>	<b>251,734,766</b>	<b>488,526,787</b>	<b>691,182,101</b>	<b>956,146,455</b>	<b>1,212,882,974</b>	<b>1,231,429,364</b>	<b>1,249,048,435</b>	<b>1,265,786,552</b>	<b>1,354,087,194</b>
<b>Accumulated results</b>	<b>92,922,545</b>	<b>344,657,311</b>	<b>833,184,098</b>	<b>1,524,366,199</b>	<b>2,480,512,654</b>	<b>3,693,395,628</b>	<b>4,924,824,992</b>	<b>6,173,873,427</b>	<b>7,439,659,979</b>	<b>8,793,747,173</b>
<b>Profit Margin</b>	<b>4%</b>	<b>10%</b>	<b>18%</b>	<b>25%</b>	<b>34%</b>	<b>41%</b>	<b>42%</b>	<b>42%</b>	<b>43%</b>	<b>46%</b>

*Annex III: Income Statement – Commercial /Shopping Mall (2022- 2031)*

*Annex IV: Cash flow Statement – Commercial Mall (2020 - 2029)*

ITEM/YEAR	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>INFLOWS:</b>	<b>Construction</b>	<b>Construction</b>	<b>Operation</b>	<b>Operation</b>	<b>Operation</b>	<b>Operation</b>	<b>Operation</b>	<b>Operation</b>	<b>Operation</b>	<b>Operation</b>
Net Income	-	-	2,253,082,551	2,253,082,551	2,358,512,137	2,358,512,137	2,421,769,889	2,587,738,809	2,587,738,809	2,587,738,809
Depreciation	-	-	684,815,089	650,574,334	618,045,617	587,143,337	557,786,170	529,896,861	503,402,018	478,231,917
<b>Total Inflows</b>	<b>-</b>	<b>-</b>	<b>2,937,897,640</b>	<b>2,903,656,885</b>	<b>2,976,557,755</b>	<b>2,945,655,474</b>	<b>2,979,556,059</b>	<b>3,117,635,671</b>	<b>3,091,140,828</b>	<b>3,065,970,727</b>
<b>OUTFLOWS:</b>										
Investment cost	(7,216,781,301)	(10,825,171,952)								
Loan Repayment	-	-	2,397,195,973	2,397,195,973	2,397,195,973	2,397,195,973	2,397,195,973			
Operation & Maintenance	-	-	276,607,297	276,607,297	286,097,014	582,317,914	701,567,896	826,536,695	834,485,148	1,226,096,517
<b>Total Outflows</b>	<b>(7,216,781,301)</b>	<b>(10,825,171,952)</b>	<b>2,673,803,269</b>	<b>2,673,803,269</b>	<b>2,683,292,986</b>	<b>2,979,513,887</b>	<b>3,098,763,869</b>	<b>826,536,695</b>	<b>834,485,148</b>	<b>1,226,096,517</b>
<b>Net Inflows (Outflows)</b>	<b>7,216,781,301</b>	<b>10,825,171,952</b>	<b>264,094,370</b>	<b>229,853,616</b>	<b>293,264,768</b>	<b>(33,858,413)</b>	<b>(119,207,810)</b>	<b>2,291,098,975</b>	<b>2,256,655,679</b>	<b>1,839,874,209</b>
Cumulative Net Inflow	(7,216,781,301)	(18,041,953,253)	(17,777,858,883)	(17,548,005,267)	(17,254,740,499)	(17,288,598,912)	(17,407,806,722)	(15,116,707,747)	(12,860,052,068)	(11,020,177,858)
<b>Discounted Cash flow</b>	<b>6,478,259,696</b>	<b>8,722,970,865</b>	<b>191,030,878</b>	<b>149,248,707</b>	<b>170,936,158</b>	<b>(17,715,583)</b>	<b>(55,989,730)</b>	<b>965,967,076</b>	<b>854,080,059</b>	<b>625,080,892</b>

*Annex V: Income Statement – Office Park (2022- 2031)*

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Rental Income	1,521,740,375	1,521,740,375	1,606,281,507	1,555,556,828	1,606,281,507	1,757,610,133	1,739,856,495	1,722,102,858	1,775,363,771	1,686,595,582
<b>Gross Revenue</b>	<b>1,521,740,375</b>	<b>1,521,740,375</b>	<b>1,606,281,507</b>	<b>1,555,556,828</b>	<b>1,606,281,507</b>	<b>1,757,610,133</b>	<b>1,739,856,495</b>	<b>1,722,102,858</b>	<b>1,775,363,771</b>	<b>1,686,595,582</b>
Concession fees (to SACCOS)	152,174,037	152,174,037	160,628,151	155,555,683	160,628,151	175,761,013	173,985,650	172,210,286	177,536,377	168,659,558
<b>Net Revenue</b>	<b>1,369,566,337</b>	<b>1,369,566,337</b>	<b>1,445,653,356</b>	<b>1,400,001,145</b>	<b>1,445,653,356</b>	<b>1,581,849,120</b>	<b>1,565,870,846</b>	<b>1,549,892,572</b>	<b>1,597,827,394</b>	<b>1,517,936,024</b>
<b>Less:</b>										
Repair & Maintenance	15,232,621	15,232,621	16,078,878	15,571,124	16,078,878	17,593,677	17,415,964	17,238,250	17,771,391	165,323,551
Property Insurance Premium	18,029,494	18,029,494	18,029,494	18,029,494	18,029,494	18,029,494	18,029,494	18,029,494	18,029,494	18,029,494
Facility Management	76,087,019	76,087,019	80,314,075	77,777,841	80,314,075	87,880,507	86,992,825	86,105,143	88,768,189	84,329,779
Marketing Expenses	45,652,211	45,652,211	48,188,445	46,666,705	48,188,445	52,728,304	52,195,695	51,663,086	53,260,913	50,597,867
Property Tax	24,039,326	24,039,326	24,039,326	24,039,326	24,039,326	24,039,326	24,039,326	24,039,326	24,039,326	24,039,326
<b>Total Expenses</b>	<b>179,040,671</b>	<b>179,040,671</b>	<b>186,650,218</b>	<b>182,084,490</b>	<b>186,650,218</b>	<b>200,271,308</b>	<b>198,673,303</b>	<b>197,075,298</b>	<b>201,869,313</b>	<b>342,320,017</b>
<b>EBITDA</b>	<b>1,190,525,667</b>	<b>1,190,525,667</b>	<b>1,259,003,138</b>	<b>1,217,916,655</b>	<b>1,259,003,138</b>	<b>1,381,577,812</b>	<b>1,367,197,543</b>	<b>1,352,817,274</b>	<b>1,395,958,081</b>	<b>1,175,616,007</b>
<b>Less:</b>										
Depreciation	461,554,227	438,476,516	416,552,690	395,725,055	375,938,803	357,141,862	339,284,769	322,320,531	306,204,504	290,894,279
Interest on Loan	786,767,337	658,653,264	510,213,839	338,224,438	190,217,562	138,948,847	-			
Reserve for Replacement	45,652,211	45,652,211	48,188,445	46,666,705	48,188,445	52,728,304	52,195,695	51,663,086	53,260,913	50,597,867
	<b>1,293,973,776</b>	<b>1,142,781,991</b>	<b>974,954,974</b>	<b>780,616,198</b>	<b>614,344,809</b>	<b>548,819,014</b>	<b>391,480,464</b>	<b>373,983,617</b>	<b>359,465,417</b>	<b>341,492,147</b>
<b>Net Profit/Loss before Tax (EBIT)</b>	<b>(103,448,109)</b>	<b>47,743,676</b>	<b>284,048,164</b>	<b>437,300,457</b>	<b>644,658,329</b>	<b>832,758,798</b>	<b>975,717,079</b>	<b>978,833,657</b>	<b>1,036,492,664</b>	<b>834,123,860</b>
Corporate Tax (30%)		14,323,103	85,214,449	131,190,137	193,397,499	249,827,639	292,715,124	293,650,097	310,947,799	166,824,772
<b>Net Profit After Tax</b>	<b>(103,448,109)</b>	<b>33,420,573</b>	<b>198,833,715</b>	<b>306,110,320</b>	<b>451,260,830</b>	<b>582,931,159</b>	<b>683,001,955</b>	<b>685,183,560</b>	<b>725,544,864</b>	<b>667,299,088</b>
<b>Accumulated results</b>	<b>(103,448,109)</b>	<b>(70,027,536)</b>	<b>128,806,179</b>	<b>434,916,499</b>	<b>886,177,329</b>	<b>1,469,108,488</b>	<b>2,152,110,443</b>	<b>2,837,294,003</b>	<b>3,562,838,867</b>	<b>4,230,137,955</b>
<b>Profit Margin</b>	<b>-7%</b>	<b>2%</b>	<b>12%</b>	<b>20%</b>	<b>28%</b>	<b>33%</b>	<b>39%</b>	<b>40%</b>	<b>41%</b>	<b>40%</b>

*Annex VI: Cash flow Statement – Office Park (2020 - 2029)*

ITEM/YEAR	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
INFLOWS:	Construction	Construction	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation
Net Income	-	-	1,521,740,375	1,521,740,375	1,606,281,507	1,555,556,828	1,606,281,507	1,757,610,133	1,739,856,495	1,722,102,858
Depreciation	-	-	461,554,227	438,476,516	416,552,690	395,725,055	375,938,803	357,141,862	339,284,769	322,320,531
<b>TOTAL INFLOWS</b>	-	-	<b>1,983,294,602</b>	<b>1,960,216,891</b>	<b>2,022,834,197</b>	<b>1,951,281,883</b>	<b>1,982,220,309</b>	<b>2,114,751,996</b>	<b>2,079,141,265</b>	<b>2,044,423,389</b>
<b>OUTFLOWS:</b>										
Investment cost	(4,736,925,160)	(7,105,387,740)								
Loan Repayment	-	-	1,558,821,715	1,558,821,715	1,558,821,715	1,558,821,715				
Operation & Maintenance	-	-	224,072,158	252,717,680	331,147,061	367,547,306	427,801,655	505,856,556	543,149,614	962,643,891
<b>Total Outflows</b>	<b>(4,736,925,160)</b>	<b>(7,105,387,740)</b>	<b>1,782,893,873</b>	<b>1,811,539,396</b>	<b>1,889,968,776</b>	<b>1,926,369,021</b>	<b>427,801,655</b>	<b>505,856,556</b>	<b>543,149,614</b>	<b>962,643,891</b>
<b>Net Inflows (Outflows)</b>	<b>4,736,925,160</b>	<b>7,105,387,740</b>	<b>200,400,729</b>	<b>148,677,495</b>	<b>132,865,421</b>	<b>24,912,862</b>	<b>1,554,418,655</b>	<b>1,608,895,439</b>	<b>1,535,991,651</b>	<b>1,081,779,498</b>
Cumulative Net Inflow	(4,736,925,160)	(11,842,312,901)	(11,641,912,172)	(11,493,234,677)	(11,360,369,256)	(11,335,456,394)	(9,781,037,739)	(8,172,142,300)	(6,636,150,649)	(5,554,371,152)
<b>Discounted Cash flow</b>	<b>4,252,176,984</b>	<b>5,725,552,492</b>	<b>144,958,513</b>	<b>96,539,373</b>	<b>77,443,686</b>	<b>13,035,043</b>	<b>730,082,038</b>	<b>678,338,230</b>	<b>581,329,199</b>	<b>367,524,959</b>