

**BUSINESS PLAN FOR EAST-AFRICA COMMERCIAL & LOGISTICS CENTER
(EACLC)**



SHANGHAI LINGHANG GROUP CO; LTD

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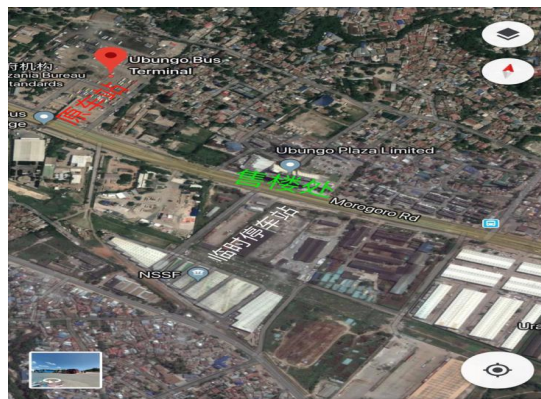
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1.0 EXECUTIVE SUMMARY

Shanghai LingHang Group Co., LTD. (hereinafter referred to as the "LingHang Group") As one of the diversified group of companies is a collection of overseas investment, overseas infrastructure, business travel, commodities trade, food processing, manufacturing and international trade. Group headquarter is located in Shanghai, branch is located in Shandong Weihai LingHang Industrial Park, Shandong, China, operates a cross-border e-commerce platform to promote the sales of products in African countries and around the world. Group Business also includes bulk commodities, agricultural machinery products, agricultural products import and export business. Linghang Group has been contracted by the former Dar es Salaam City Council (now Ubungo Municipal Council) to develop and manage real estate in Dar es Salaam.



PIC 1 PROJECT SITE

1.1 Project Overview

The "EACLC" is planned to be built at the former Ubungo Bus Terminal, an important transportation hub in Dar es Salaam, Tanzania. The center is 14.8 km from the Julius Nyerere International Airport, 3.1 km south from the nearest Mabibo train station, 8.7 km from the largest railway station in Dar es Salaam, 10 km from the urban developed area, adjacent to the urban finance business centers. The center is right on the north side of Morogoro Rd. right next to the Ubungo Kijazi Flyover Interchange, and well connected to BRT interchange of phase 1,4 and 5. As an important junction for road, railway, port transportation and trade distribution, "EACLC" has advantages such as superior geographical position, convenient transportation and dense population. It also has advantages in customs clearance, transport and trade. The "EACLC" connects and covers the whole area of Tanzania, even whole area of East Africa.

1.2 Project Name and Construction Unit

The Ubungo Commercial Complex and Logistic Centre project will be named “East Africa Commercial & Logistics Center” in Dar es Salaam (hereinafter referred to as “EACLC”)

1.3 Development Goals

With advantages of Tanzania's superior location and convenient transportation conditions, the “EACLC” builds a complete wholesale platform for varieties commodities for enterprises from all over the world. The "EACLC" establishes an international marketing network for African brands in other countries, and consolidates, explores new channels in African markets. The "EACLC" will be a land mark structure for the city of Dar es Salaam. It will be based in Tanzania, radiates whole East Africa's international commodity trade, logistics and distribution, industrial cooperation and cultural exchanges.

Within three to five years, the "EACLC" will create a comprehensive logistics and trade industrial center based in Dar es Salaam, serving Tanzania and radiates East Africa, promote large-scale operation, form an industrial gathering development platform, and rely on the trade market group. In the future, the distributed processing industry cluster will be formed.

1.4 Functional Positioning

- A. Linghang Group builds the cornerstone of the development of Africa's international trade and logistics industry. Through the follow-up project development, construction and operation of the “EACLC”, the development of the existing commerce and trade industry will be realized, and the modern logistics service industry with strong radiation capability and support for business development will be fostered, making the “EACLC” a pilot. In the process of developing the international trade logistics industry strategy, Linghang Group built the cornerstone of the development of international trade logistics industry in the African continent and laid a solid foundation for the Linghang Group to expand the international trade logistics market.
- B. "One-stop" business procurement base for foreign goods in Africa, important distribution base functions and distribution centers. Through the gradual improvement and large-scale development of the professional wholesale market of logistics and trade centers, the scale, level and capability of the development of the commerce and trade industry will be further improved, and the "EACLC" will be built into a “one-stop” commerce and procurement base for exporting African goods to other countries. It is an important distribution base and relies on the logistics service functions deployed in the park to improve the regional radiation and service capabilities of the commercial and trade industry.

- C. The "EACLC" opens to whole world. With the development and construction of the second phase of the project, the way of logistics and trade will be integrated, and the localization and internationalization of the development of the park will be accelerated. Under the support of the business center as an important commercial , trading base and logistics distribution center, the "EACLC" will be established. It will become the international logistics, trade center and international exhibition center for Tanzania facing the world, and enhance the level of Tanzania's trade and logistics industry.

1.5 Development Format

In the trade and logistics industry, the focus is on small commodities such as small hardware accessories, household electrical appliances, daily-use, daily miscellaneous department stores, textiles and garments, luggage and leather goods, toys and accessories, and sports and office supplies.

Actively introduce international and domestic brands with brand influence and brand image, establish a product brand experience center, and enhance the brand and grade level of the "EACLC";

In the supporting service industry, the focus is on the development and construction of hotels, offices, commerce, tourism and leisure facilities, providing financial, advertising, legal and other related services to meet the business operations and production needs of enterprises entering the park, as well as the life and service needs of employees.

2.0 PROJECT DESCRIPTION

2.1 Project Scope and Services to be offered

The scope of the project is to develop the Commercial complex and logistic centre and other associated facilities inside the former Ubungo Bus Terminal in Dar es Salaam through a long term lease arrangement with the Ubungo Municipal Council. Whereby the private sector (EACLC) shall design, build, finance, operate and maintain a new facility (commercial complex and logistic centre) under a long term lease.

The project land covers an area of 4,1809 m² with a total construction area of 78052m²

The envisaged project will be a three floors structure above ground (four floors in part-G+3) and partial underground layer. The main building has three floors above ground with a building height of 13.8 meters and partial underground layer with a height of 4.5 meters. The side building entrance has two floors above ground with a building height of 9.3 meters and the roof stairwell has a building height of 17.4 meters. There will be total of 1793 shops & offices , warehouses, 1 supermarket of 1595.84 m² and 11 catering stores. There are 578 parking Spaces for motor vehicles, including 427 on the roof-top and 151 on the ground.

The basement covers an area of 1959.69m², which is mainly used for equipment: diesel engine room, electrical distribution room, water pump room and refrigeration room; The ground floor covers an area of 23117.32m², with 604 shops; The first floor covers an area of 22245.68m², with 666 shops; The second floor covers an area of 20,384.71m², with 523 shops and one supermarket of 1,595.84m², The third floor covers an area of 6269.42m², with 11 catering stores; 427 parking Spaces; The project has a total of three parking lots, and three parking toll gates.

2.2 Land Acquisition, Plot Size, Ownership and Availability of Utility

The project site is part of the former Ubungo Bus Terminal land with long term certificate of occupancy issued to Ubungo Municipal Council (UMC) to be leased for 33 years to Linghang Group. UMC has obtained a land valuation report and established clear boundaries and demarcation points for the land to be used for the project

Figure 2.2 (a) : Proposed development areas for commercial complex and logistic centre project



2.3 Preliminary Technical Design

Details as per the drawing .

2.4 Investment Estimation and Financing

The total investment of the “EACLC” project is **US\$123,386,629.12** of which construction investment is US\$96,760,167 and US\$ 26,626,463 being other initial expenditure. The project financing method is through bank loans and owners/shareholders equity in the ratio of 70:30 .

3.0 COMPANY DESCRIPTION

3.1 About the Group- Shanghai Linghang Group

The Group was incorporated in Shanghai on March 29, 2011 and officially changed its name on December 25, 2014. The registered capital is RMB 1.6668 billion. Wang Xiangyun is a corporate legal person, holding 95% of the shares, Wang Xiangyu holds the remaining 5% of the shares.

Headquartered in Shanghai, the Group has branch offices and manufacturing bases in various cities in China. The foreign branches are located in Hong Kong, Singapore, Africa and Oceania. The main business includes hardware and electricity, mechanical equipment, power tools and accessories, rubber and plastic products, furniture supplies, cabinet supplies, construction and decoration materials, edible agricultural products (except pig products), textiles, clothing and daily necessities sales, software development, business consulting. (except brokerage), landscaping construction, import and export of goods and technology, food circulation, etc. The company's operating conditions and operating income for the past three years are as follows.

Table 1 The company's operating conditions and operating income Unit: USD

content	2019	2020	2021
Fixed assets and	419,388,910.82	376,067,275.18	332,745,639.54
Total assets	1,576,842,591.29	1,601,632,393.40	1,627,255,315.86
Main business income	1,912,923,737.88	2,123,072,948.70	2,186,765,137.16
Net profit	141,449,150.82	156,988,415.05	158,255,778.63

3.2 Corporate Philosophy and Culture

Ling Hang Group, since its establishment, has always adhered to sincere and pragmatic services, innovative ideas, keeping up with the pace of development of host government policies, strict compliance with good corporate governance policies and regulations in the country, including actively promoting the development of green industry projects and product innovation. Ling Hang Group maintains close communication with the local government partner and acts in harmony with the same. In the construction of the industry park in China, Ling Hang Group received high recognition and support of the local government, promoting employment and livelihood of local people, and increasing tax revenue for the Government of the Republic of China. Ling Hang Group expects to achieve the same milestones in Tanzania through these projects.

3.3 Business Strategy

The Group's rapid development is closely related with its long-term goal embedded in our strategic planning. Their international focus markets are in North America, Europe and lately Africa. As the European and American markets mature and with increased competition, the Group has embarked on new strategy of "Maintaining a strong base while developing in many directions" in order to meet the development needs of its partners.

“Maintain a strong base”: to Ling Hang Group this means maintaining a strong corporate headquarters which continually consolidates the Group's domestic capital. In the domestic market, the Group actively promotes the "Lisa and Mike" brand. The Group has actively integrated upstream and downstream high-quality resources to provide the whole industry chain with high quality green food.

“Developing in many directions”, means for Ling Hang Group focusing on cultivating the European and American market, and the Middle East and African markets. The Group has set up a special African Business Development office and team because of the great potential the African market presents.

The Group has developed a professional investment strategy, and actively operates metal precision tool product lines of Power, Cobot, Sweet and other branded products.

3.4 Relationship of the Group and Tanzania Operations

Linghang Group has been engaged in economic and trade investment cooperation in Africa for a long time. In addition to Tanzania, it is actively exploring mineral resources and agricultural resources projects in Sudan, Zambia, Ethiopia and Kenya. Linghang Group has rich market experience, international reputation and management capabilities. It always adheres to the principles of sincerity, pragmatism, service and innovation, keeps pace with domestic policy development, strictly abides by domestic and foreign laws and regulations, actively integrates upstream and downstream quality resources, and vigorously develops overseas. Potential market. Through close communication and close cooperation with foreign government departments, the local government departments have received high recognition and strong support, and have made due contributions to promoting local people's livelihood employment and government taxation.

Since the establishment of the Singapore company in 1998, the Linghang Group has maintained close ties with Tanzania, and has good relations with various functional departments, parliaments, and military departments of the Tanzanian government, and has organized personnel to conduct detailed investigations. The regional commissioner, the mayor of Dar es Salaam, and the representatives of the parliament have also led delegations to China for economic and trade visits in the past few years. They have visited the manufacturing base, Xingang Wharf and industrial park of Weihai in Shandong. In recent years, the two parties have established a sound and

stable cooperative relationship and laid a good foundation for cooperation in further developing economic and trade cooperation. At present, the Linghang Group's cooperation with Tanzania economic and trade projects mainly include: food supply, instant food, Meal Ready to Eat, foreign military logistics supply, hardware machinery, architectural design, construction.

At present, the city of Dar es Salaam in Tanzania is actively carrying out planning work on public transportation, urban security, port facilities and large-scale community . the Group will actively participate in the city's urban infrastructure. Construction and actively promote China-Africa trade and investment cooperation in various fields.

3.5 Shanghai Linghang Group Co; (T) Ltd

Shanghai Linghang Group Co; (T) Ltd is a Tanzanian registered under compliance certificate No. 140017 on 19th December, 2017 a branch of the Shanghai Linghang Group which is incorporated in Shanghai China. Shanghai Linghang Group (T) Ltd is registered in Tanzania and it will develop, manage and operate the envisaged EACLC East Africa Commercial & Logistic Centre facility under a 33 years land lease from Ubungu Municipal Council.

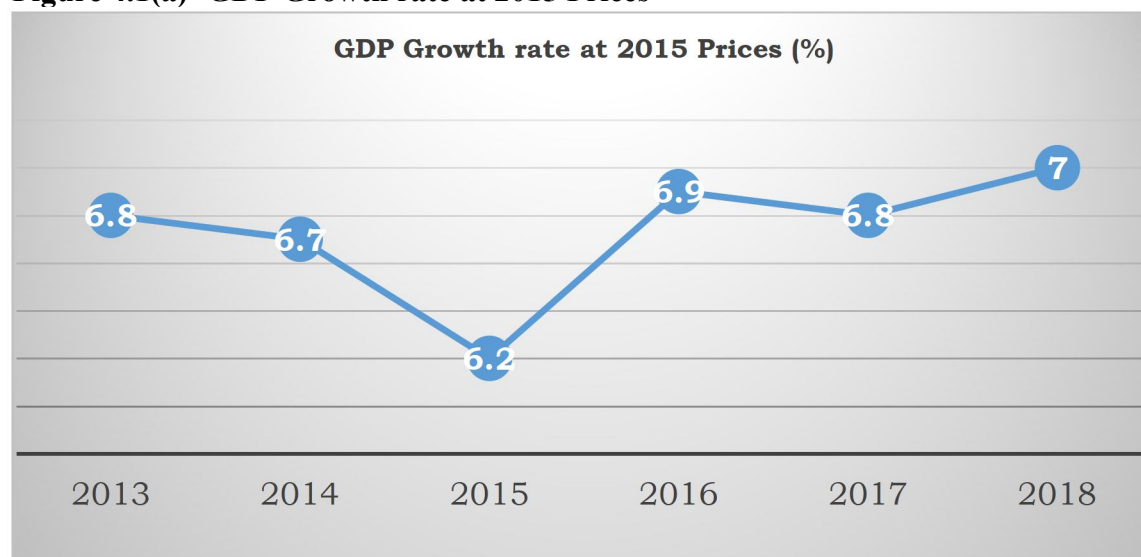
4.0 ECONOMIC ANALYSIS

4.1 Country Overview

Tanzania is one of the fastest growing economies in Africa with Gross Domestic Product (GDP) averaging at 6-7% annually for the past decade. The main economic drivers in 2018 were mainly arts, entertainment and recreation (13.7%); construction (12.9%); transport and storage (11.8%); professional, scientific and technical activities (9.9%); fisheries (9.2%) and information and communication (9.1%). The overall GDP growth in 2018 was 7.0%.

The trend in the National economic growth in the past six years based on 2015 prices indicates a positive growth unlike 2015 where it experienced a slight decrease. Figure 4.1(a) below indicate GDP growth rates at 2015 Prices.

Figure 4.1(a) -GDP Growth rate at 2015 Prices

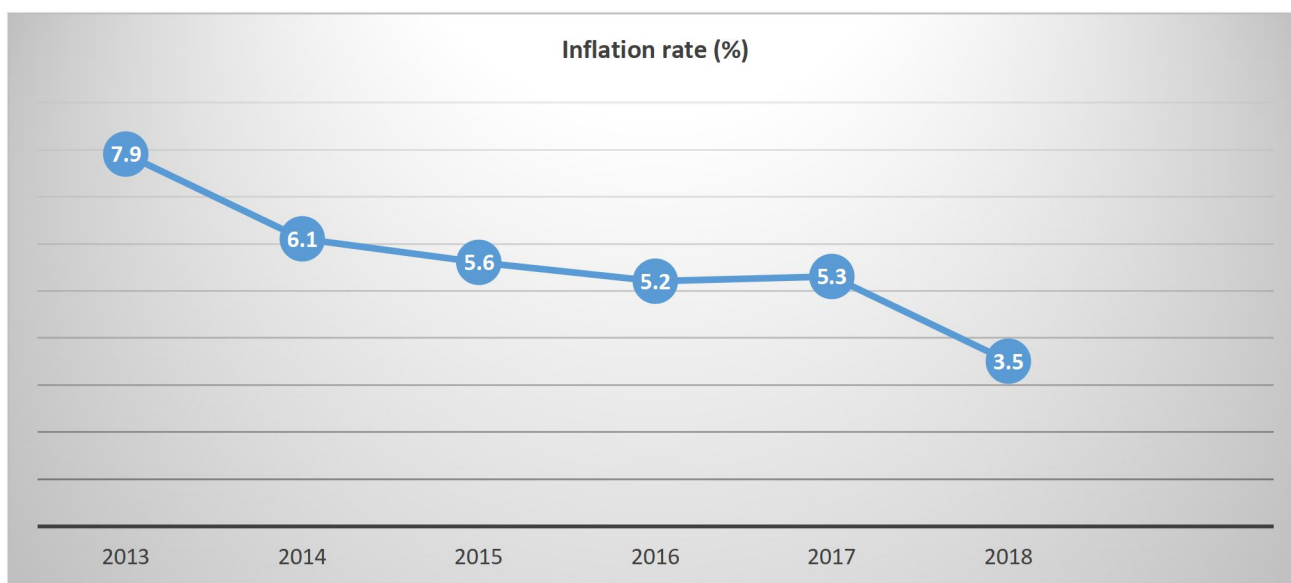


Source: Economic Survey, 2019 (MoFP)

According to the 2012 National Census report, the urban population is approximately 29.6% and growing fast at a rate of 4.39% per year. According to The African Development Bank, Dar es Salaam, the country's commercial city will see population growth of more than 80% by 2025 making it the fastest-growing city in the African continent.

Inflation rate has continued to decline, reaching 3.2% by April, 2019. The trend in inflation for the past six years indicates a decrease as shown in Figure 4.1(b) below.

Figure 4.1(b) Inflation rate



Source: Economic Survey, 2019 (MoFP)

Interest rates have averaged at 16.1% over the last 5 years with 2017 recording 16.6% average. The Bank of Tanzania kept the monetary policy rate at 12.0% during the first half of 2017 but lowered it to 9% to boost credit growth. Currently bank lending rates range from 17.0% - 21.0%.

In relation to the investment climate, Tanzania has a favourable investment environment. According to UNCTAD Tanzania has an open investment environment with adequate standards of investor treatment and protection. The Government launched the New Investment Policy of Tanzania in 1996, which shortly resulted in the *Tanzania Investment Act 1997*. The Tanzania Investment Centre (TIC) is an outcome of this Act. With the TIC, there have been coordinated efforts to increase Foreign Direct Investment (FDI) in Tanzania over the years as well as continued dialogue to improve the country's business environment.

More recently in April 2018, as a response to improve the investment environment in Tanzania, the Government launched the ***Blueprint for Regulatory Reforms to Improve the Business Environment*** which provides a framework for reviewing the Business-Enabling Environment (BEE) in Tanzania with a view to improving the business climate in Tanzania. The Blueprint comprehensively analyses the existing regulatory challenges in light of the best global practices (Blueprint, 2018).

Rand Merchant Bank (RMB) in its 2020 report identified Tanzania to be amongst the top 10 investment destination in Africa

4.2 Dar es Salaam in Perspective

Dar es Salaam is a largest city and main commercial hub of Tanzania. It was the Capital city of Tanzania before the Government resort to shift to Dodoma in 2016, a decision which became effective in 2017. The City contains high concentrations of trade, manufacturing, tourism, transport business, financial and other services compared to other parts of Tanzania.

The city population is estimated at 6.1 million inhabitants according to National Bureau of Statistics projection for 2018 with a density of 3,661 persons per square kilometer.

The main economic activities which have significant contribution to national GDP are in the construction, whole sale and retail trade, financial services and insurance, manufacturing, transport and storage and tourism sectors. The City is also the main educational centre for Tanzania with different private and public schools at the primary, secondary and tertiary levels including the famous University of Dar es Salaam.

The city is accessible through road transport using main highways such as Morogoro, Mandela, Ali Hassan Mwinyi, Nyerere, Bagamoyo and Kilwa roads which are in a good state of repair; air transport through Julius Nyerere International airport (JNIA) and maritime transport through Port of Dar es salaam. Railway transport enters and leaves Dar es Salaam using two operators namely; Tanzania Railway Company Limited (TRC) which operates the central railway line from Dare es Salaam to Kigoma and Mwanza and TAZARA which operates the cape gauge to the south eastern of Tanzania from Dar es Salaam to Kapirimposhi in Zambia.

Town movement is made possible through public transport and private vehicles. Public transport includes bus transport and railway transport which is offered by the two operators. Bus transport includes the use of small buses moving on the outskirts of Dar es Salaam and 45 seater buses that run into the Central Business District (CBD) from all over Dar es Salaam except Morogoro road which uses Bus Rapid Transit (BRT) buses. BRT buses use a dedicated lane running from Kimara to CBD areas to Kivukoni and Kariakoo with the main station terminal at the Ubungo commercial complex and logistic centre project. Another BRT lane runs from Morocco to Kivukoni and Kariakoo. Residents crossing to Kigamboni area rely on ferry services from Kivukoni to Kigamboni and the newly constructed bridge (Julius Nyerere Bridge) which crosses the sea from Kurasini area to Kigamboni.

Utility services are offered by Dar es Salaam Water & Sewerage Authority (DAWASA) which is the main provider of water and sewerage disposal services in Dar es Salaam. Electricity is supplied by Tanzania Electric Supply Company Ltd (TANESCO) which is a sole provider of power and access to telecommunication services is provided by several mobile network operators including Vodacom, Tigo, Airtel, TTCL, Zantel and other small providers.

4.3 Retail Sector Background

Dar es Salaam offers formal retail businesses mainly in the CBD and at certain centralized locations in Msasani, Oyster Bay and Mwenge. These retail centres can be divided into Major centres such as Mlimani City at Mwenge area, Peninsula Plaza at Oyster Bay, Mkuki mall around Kamata area and Quality centre along Nyerere road. Medium centres include City Mall, Dar Free Market and Msasani city Mall, while small centres include Sea Cliff Village, Slipway Shopping centre and Ubungo Plaza. Majority of these shopping centres are found in the north western part of Dar es Salaam where residents has a relatively high purchasing

power and western shopping style culture. The remaining area of the city uses informal ways of shopping where retail businesses are scattered.

Mlimani City is a Tanzania's first large multi-purpose built retail shopping mall which was opened in November 2006, it is located along Sam Nujoma road in Dar es Salaam. The mall has a range of shops within one building including a separate conference center, a hotel and offices. Currently, the total retail stock is estimated to be 110,000 – 130,000 square meters of gross build up area. The future retail supply in Dar es Salaam is expected to focus on bringing international standard retail offering for a diversity of components aiming at the growing middle market.

4.4 Real Estate Sector Analysis

4.4.1 Country overview

All land in Tanzania is public land vested in the President as a trustee on behalf of all citizens. It is divided into three categories which are general land, village land and reserved land. The reserved and general land is provided for under the Land Act while the village land is provided for under the Village Land Act.

The Land Act provides further that, a non-citizen shall not be allocated or granted land unless it is for investment purposes as provided for under the Tanzania Investment Act. Generally, the land for investment purposes is granted to the TIC which in turn grants derivative rights to investors for a specified amount of time which shall not exceed 99 years.

Recent government reforms have been aimed at establishing a reliable system of transferring property rights and have been cited as one of the reasons for continued real estate development growth in the country. To stimulate economic activity and further boost the country's real estate market, the government has also fostered a more stable and predictable fiscal investment regime and has signed several double taxation agreements and multilateral and bilateral agreements. Regulations have also introduced REITs to the country and the introduction of the Unit Titles Act, a condominium law, now allows for a multi-storey building to be co-owned.

4.4.2 Development of real estate in Dar es Salaam

Dar es Salaam has witnessed development of real estate business in recent years. The growth in real estate sector national wide is at 2% – 2.4 % annually with its contribution to GDP of 3% – 4.6 % annually. According to Cytoon Real Estate research conducted in Dar es Salaam in 2018, the real estate has an attractive yield of 5.2% for residential housing, 6.4% for office buildings and 9.3% for retail business buildings. The report indicates however that, residential housing is dominated by individual home builders with few developers such as National Housing Corporation, Pension Funds and other small estate developers. On the other hand commercial office development is dominated by real estate developers such as; National Housing, Pension Funds and other small real estate developers.

Real estate development in Dar es Salaam is dominated by individual estate developers linking their investment to potential retail market potential areas. The target areas have been CBD, Upanga, Msasani, Masaki and Oyster Bay. Other areas include Mwenge and Mbezi Beach where purchasing power and western shopping behavior is high.

Given the highest urbanization rate in the city, the demand for retail stores such as shopping outlets as well as entertainment joints, notable outlets include KFC, Subway, Century Cinemax, Manix stores, Splash, among others cannot be avoided. The growth of middle class dwellers has led to emergence of prime residential neighborhood as well as growing on summer class which has led to demand for retail outlet across consumerism. Wholesale and retail has been on the top driver of the stable economic growth in Tanzania which has given the impetus to foreign investment into the sector. Such international brands include Splash, Choppies, Marrybrown, Mr. Price, Max, Spur, KFC, Subway, Mac, Century Cinemax, Woolworth and many more.

4.5 Market Assessment Survey

4.5.1 Revenue streams

Market survey on existing commercial complex and logistic centre in Dar es Salaam indicated that core revenue stream comes from the rent which is charged per square meter on monthly basis. Price factors for rental fees among others include project location, benchmark of other malls and customer segment surrounding (lower, mid and higher income) and investment recovery aspects. The average rates per square meter ranges from \$8 to \$10 for anchor tenants whereas major brands are charged \$12 – \$20 and small shops are charged \$25 - \$30.

This indicates that, the larger the space rented the lower the rental charges. The norm is to start by establishing the trial rent and thereafter adjust to realistic rental as per feedback from tenants and market forces. The overall rental is determined by tenants mix (Supermarket, Electronics, clothing, food items, Banks, bars, etc) to ensure availability of all products and services under one roof.

4.5.2 Treatment of Service Charges

The survey also indicated that, service charges (operational costs) are treated separately over and above rental charges which can be percent of the rental or a certain charge per SQM based on the total operational cost. Common charges are electricity, security, AC installed by investor, cleaning, water including sewerage, insurance of the property (tenant will insure stock in trade) which can be calculated as total of lettable area divide by total operational costs for fare distribution of costs. In case of power cut, standby generator is used and diesel consumption costs are shared among tenants. Each tenant diesel consumption figure is obtained by using a formula (TANESCO electricity utilized divide by total TANESCO electricity cost of the facility times the total cost of diesel consumed that month). A good practice is to have electricity measuring meter installed to each tenant so as to ensure fair distribution of cost as per individual usage. Marketing costs are left to individual tenants to conduct self – marketing programs.

4.5.3 Occupancy Rate

The average occupancy currently ranges from 70% and below for most Malls in town. The survey indicated that, occupancy in 3 years back was 90% for Mlimani City but dropped to below 70%. The drop was due to inadequate customer purchasing power, increase in competition, and Government move to Dodoma. The minimum rental space size start at 20 square meters and the maximum can be up to 50 square meters or above depending on the requirement of the tenant. Criteria considered for space allocation consider tenant reputation and ensure maximum product mix within malls. No bar is allocated inside the mall and drinking alcohols in the corridor is not allowed.

4.5.4 Ancillary Revenue

Apart from rental charges, most malls have other ancillary revenue sources known as non-rental income including advertising, promotional events, fliers' distribution and parking. However, non-rental revenue trend is not predictable and usually are minimal. Most malls have parking which are utilized at cost but large tenants have 2-4 free parking lots and small shops have 1 free parking lot. Mlimani City Mall has 1,182 parking spaces with 835 on ground and 346 underground. Parking facility is owned by the developer but leased to a parking operator on a revenue sharing agreement of 60:40 basis. All parking expenses are borne by parking operator. Parking for other malls such as Quality Center is free while Mlimani City offers the first one hour free for parking.

4.5.5 Development Incentives

During development of the commercial facility, the developer through Tanzania Investment Act, 1997 may obtain fiscal incentive of 75% import duty exemption for building materials (except tiles, roofing, steel bars and cement), 100% duty exemption on plant and machinery and non-Fiscal incentives of 10 automatic immigrant quotas for non-citizen employees.

4.5.6 Commercial Complex and Logistic Centre Pull Factors

The pull factors to the commercial complex and logistic centre are indoors kid's entertainment area which helps to increase mall traffic (parents) inside the mall, anchor tenants (major tenants) with crowd pullers. The mall cannot run without anchor tenants such as major supermarkets (Shoppers, Game) major brands such as Mr. Price, Splash, Baby Shop, Red Tag which pull mass customers to the mall.

4.6 Project Economic Benefits & Local Content

4.6.1 Promotion of Tanzania Industrial and Agriculture Development Agenda

The project stimulates industrialization agenda which results to wealth creation, and attributes to economic multiplier effect. Among activities to be undertaken by the private investors leasing premises in the park would be to set up factory warehouses, assembly facilities for completely knocked down and semi knocked down kits; break-bulk processing and packaging facilities. Specifically, the park will be built to facilitate set up and operation of

small scale agro-processing of locally available agro raw materials facilities storage and value addition platform for crops such as tea, coffee, leather and footwear production facilities, assembly facilities for electronic goods and other consumables.

4.6.2 Enhance Utilization of Tanzania's Strategic Logistic Positioning

The project is meant to facilitate transit and export trade with the East African Community (EAC), Southern Africa Development Community (SADC) and the rest of the world. Specifically, Tanzania through the park will be a gateway and intermediary business Centre for EAC and SADC countries access to products from and into various global markets thus business people from these countries and Tanzania will obtain all products and make orders through the park in Tanzania without necessarily engaging into long travels to global business hubs in China, Dubai etc.

4.6.3 Creation of Employment Opportunities

The establishment of commercial complex and logistic Centre creates new employment to different professionals including engineers, technicians, project managers, land surveyors, town planners, quantity surveyors, architects and others who are indirectly involved. Furthermore, when the project is operational more jobs will be created by operators of different business in the park including shops, warehousing and light manufacturing facilities located in the park. It is anticipated that a total of **15,619 new jobs** will be created directly during park construction and operation as per below breakdown. The figure represent a massive employment in the country by single project hence it has positive contribution to improvement of Tanzanians living standard.

The project facilitates transfer of knowledge and expertise, development of innovation skills and technical capacity to individuals and domestic entities that will be involved in the development and operations of the airport's commercial complex.

Employment Breakdown				
		Tanzanian	Non Citizen	Total
Construction Period	Construction Work Force	1,990	10	2,000
	Promotion and Marketing	185	5	190
	Logistic Work Force	167	3	170
	Management Team	22	8	30
	Support Staff	300	-	300
	Sub Total	2,664	26	2,690
Operation Period	1793 Shops	8,965	-	8,965
	Support/Service Staff	360	-	360
	Operation/Maintenance	3,586	18	3,604

	Sub Total	12,911	18	12,929
	Grand Total	15,575	44	15,619

4.6.4 Contribution to Government Revenues

- i. **Ubungo Municipal Council** -the revenue sharing percentage (a proposed 20 percent of the investor's monthly basic revenue) that will be paid to Ubungo Municipal Council (UMC) by the developer for being granted a privilege to conduct its business at the Ubungo terminal plot. The generated revenue from the above mentioned source is expected to increase UMC income. Other benefits include improved service delivery at the neighborhood, transfer of expertise, and enhancement of innovation and improve technical capacity to its staff who will be involved in the development and operations of the Ubungo Park.
- ii. **The 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.
Investors-Long-term investment and revenue generated from different revenue streams such as rental charges on business spaces.
- iii. **Financial Institutions**-Lending opportunities, deposits of proceeds from investors and tenants, innovative products and services, publicity and business expansion.
- iv. Business community, other airport users and the general public through a wide range of goods and services that will be offered.

Table 4.6.3 (a) Tax, Levies & Concession Payable to Government

Activity	Y1 Construction	Y2 Construction	Y3 Operations	Y4 Operations	Y5 Operations	Y6 Operations	Y7 Operations	Y8 Operations	Total
VAT (18%)	10,125,000	7,357,500	7,357,500	2,075,625	2,075,625	2,126,250	2,126,250	2,126,250	35,370,000
Import Duty (10% Import value (USD)45000000	2,700,000	1,800,000							4,500,000
Coproprate Tax (30%)	4,686,777	2,217,943	2,083,441	781,918	1,348,936	1,558,462	1,694,101	1,740,210	16,111,788
Property Tax		58,849	117,697	117,697	117,697	117,697	117,697	117,697	765,031
Withholding Tax	5,625,000.00	4,087,500.00	4,087,500.00	1,153,125.00	1,153,125.00	1,181,250.00	1,181,250.00	1,181,250.00	19,650,000
Concession	-	-	-	-	-	-	-	-	-
Land Lease									
Land rent	8,150.01	8,150.01	8,150.01	8,150.01	8,150.01	8,150.01	8,150.01	8,150.01	65,200
PAYE	703,125.00	510,937.50	204,375.00	144,140.63	144,140.63	147,656.25	147,656.25	147,656.25	2,149,688
Skill & Development Levy	112,500.00	81,750.00	32,700.00	23,062.50	23,062.50	23,626.00	23,626.00	23,626.00	343,950
City Service Levy	168,750.00	122,625.00	122,625.00	34,593.75	34,593.75	35,437.50	35,437.50	35,437.50	589,500
Total	24,129,302	16,245,254	14,013,988	4,338,312	4,905,330	5,198,528	5,334,167	5,380,276	79,545,157

4.6.5 local content

- local working opportunities creation (during construction)
- local procurement of building materials

- **local working opportunities creation (during operation)**
- **local productions platform**
- **local expertise personnel training**
- **social responsibility**

4.7 Economic Costs

4.7.1 Development costs

Development of EACLC East Africa Commercial & Logistic Centre requires a substantial amount of financial resources for investment. Regardless of the sources, the cost include land acquisition by way of lease from Ubungo Municipal Council, capital cost, operating costs, maintenance cost for both recurrent and periodic and replacement cost after a certain time. The investment cost for the project is estimated at **US\$ 117,697,131.33** (including financial *cost at 6% interest rate for 60 months*).

Construction cost will be fully funded by the private party. Construction materials are expected to be obtained locally, except those not available or not at the required quality. Materials such as aggregates, sand, cement and iron sheets, iron bars, nails, soft and hard wood and others are expected to be obtained locally and at reasonable price. Finishing materials including glass, tiles, electrical appliances and other interior materials may be obtained abroad with reasonable prices. Variation on cost during construction is expected to be minimal as private investor will be keen to manage and contain escalation of prices and time delays. Under normal circumstances, construction period is expected to be within 15 months from the date of starting.

4.7.2 Operating costs

After construction is completed, the investor will start operations. Tenants will be allocated spaces according to their requirements and order. During the time of operation the investor will incur all overheads and direct operating costs. Tenants will be required to pay service charges for utilities and other common area expenses. Operation costs are monthly costs which are recurrent in nature and cannot be eliminated but can only be minimized by taking measures to curb unnecessary expenditure.

4.7.3 Maintenance Costs

The project will be maintained for all of its lifetime. The investor has to plan for maintenance schedule to cater for routine maintenance, periodic maintenance and replacement schedule. Routine maintenance shall include but not limited to cleaning, gardening and replacement of

broken items. Routine maintenance shall be done daily while periodic maintenance is done periodically to replace or change broken materials in the building or outside the building. Periodic maintenance is only done when it is necessary and at a specified period as per maintenance schedule. On the other hand, replacement will be done after a specified period say, after 10 years or so to renovate the building and revive its outlook. This involves a considerable amount of money to be spent on renovation including painting and change of fixture and fittings. Cost to be involve in all maintenance will be agreed between parties as it involves asset renewals. Sinking fund should be established for major maintenance of the building.

4.8 Economic Viability Verdict

Based on economic analysis of the project, the establishment of EACLC at former Ubungo Bus Terminal is supported by the following facts:-

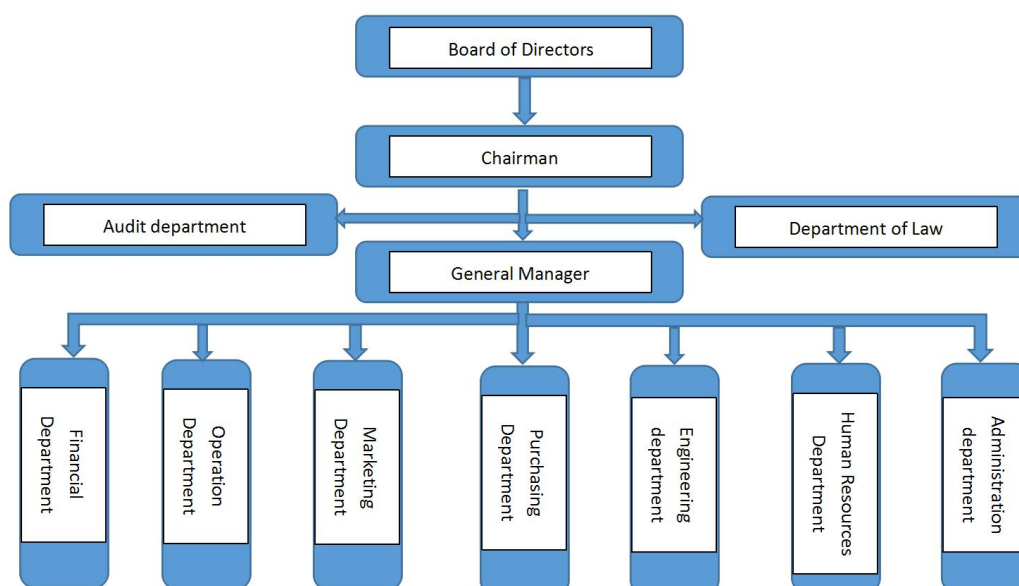
- i. Tanzania economy and urbanization of Dar es Salaam is expected to grow;
- ii. The location of the site is ideal for the proposed project;
- iii. The consumer behavior is changing from informal retail business to formal retail offering giving commercial complex and logistic centre a better change of return;
- iv. The site has pre-determined customers from BRT system who by design will be using the commercial complex and logistic centre for shopping requirements;
- v. The retail offering has an attractive yield compared to other real estate;
- vi. Variation in space and rental charges, giving wider choices to tenant depending on type of business to be established; and
- vii. The upcoming retail supply in Dar es Salaam is focused on bringing international standard retail offerings that gives a diversity of components and aim at the growing middle market.

5.0 PROJECT ORGANIZATION AND MANAGEMENT

The current organization structure of Linhang Group creates a lean business-like organization structure that would help the Group become more efficient, competitive and customer centric.

Since there have been many changes and challenging issues in the business environment, including technology, customer behavior and competition, the Group will continue to re-examine the objectives of the current organization structure with the view to determine whether or not the objectives for which it was created still serve the purpose under the current business and international environment.

5.1 The Group's Organisation Structure



The Group is under the Management of the Board of Directors.

5.2 Shareholding and Directors

As of July 2014, the Group has two (2) competent Board members cum shareholders as summarized below:

Table 2 (a) Shareholders list

No	Name	Position	Nationality	Qualification	Ownership (%)
1.	Wangxiangyun	Director	Chinese	Entrepreneur	95%
2.	Wangxiangyu	Director	Chinese	Marketing	5%

5.3 Group Management

In the development of enterprises, Linghang Group has a good number of trained technical personnel and strict management system. Linghang Group carries out training programmes aimed at improving its staff performance. Linghang Group spends huge sums of money to provide on-the-job training and professional training. Linghang Group's members of staff are trained in order to inculcate in them a sense of belonging and a cultural sense of mission.

Ling Hang Group puts the customer first and service as a priority by developing step by step.

5.4 Management team of Shanghai Linghang Group Co, Ltd

(i) General Manager, Wang Xiangyu

ShanghaiLinghang Group is under the Management of the General Manager, Xiangyu Wang, who reports to the Board of Directors.

Ms. Xiangyu Wang has 13 years of experience leading corporate marketing and internal communications for multimillion-dollar companies across diverse industries. She is a respected leader of creative teams, multimedia divisions and corporate communications departments. She conceptualised and orchestrates marketing campaigns that effectively reinforce and build brand images. Furthermore, she is an expert in the technical, conceptual and content development. She has a proven ability to drive record-high marketing campaign response rates and execute successful product launches.

(ii) Finance and Sales Manager, Wang Zhanwen

Wang Zhanwen is an experienced accounting and finance manager in Shanghai Linghang Group and has a track record of long term reliable performance. He is an expert in all areas of finance and sales dealership management.

Between November 2012 and June 2014, Mr. Wang Zhanwen worked as Finance Manager at Group level and participated effectively in debt financing arrangements and ensured availability of funds for operational requirements.

His other activities included overseeing and processing loans, management of banking relationships as well as collections. He was also responsible for preparation of revenue and expenditure forecasts during the budgeting process and preparation of regular financial reports and data analysis.

He was responsible for goal setting and monitoring sales goals. He developed company standards for financing and ensured compliance.

Finally, he was responsible for management of Sales and Finance Staff. He provided high level customer service.

Between November, 1998 to November, 2012 Mr Wang worked as Financial Controller for five locations at Shanghai Linghang Group Headquarter.

As Financial Controller he was responsible for implementation of financial policies and procedures of the company. His other responsibilities included establishment and maintenance of cash controls, general ledger reconciliations, invoice processing and ensured proper recording of all finance transactions.

(iii) Human Resource Manager, Wang lili

Ms **Wang lili** joined Linghang Tanzania as HR Manager in June 2014. As HR Manager, she is responsible for all human resource management functions of recruitment, training, HR administration, etc.

- Review and evaluate applicant qualifications or eligibility for employment
- Interview applicants to obtain information on work history, training, education, and job skills
- Perform searches for qualified candidates according to relevant job criteria, using computer databases, networking, Internet recruiting resources, cold calls, media, and employee referrals,
- Conduct reference and background checks on applicants
- Process paperwork for new employees
- Contact applicants to inform them of employment opportunities, consideration, and selection
- Manage a team to ensure quality placements and job duties
- Works as a sales and business development but setting meetings and learning more about job description and company
- Maintain complex database and keep detailed history notes of all communication with clients and candidates
- Negotiate billing terms and salary requirements
- High volume of phone and email communication
- Gets new business for the Staffing Managers

(iv) Attorneys, Kahoza Nicholas

Kahoza Nicholas is a Senior Partner at Aymak Attorneys. He is an avowed lawyer and visionary leader with in-depth skills and specialization in Real Estate, Corporate and commercial law ,commercial litigation ,banking and finance,mining and energy,Investment and wildlife law.

Mr Kahoza maintains a triumph track record in diverse legal transactions ,yielding desirous outcomes to the clients ,he is further equipped with the incomparable tutelage experience from the remarkable late Nyaga P. Mawalla, the founder of Mawalla Advocates , legal practitioner ,Academician ,Author and Influential Businessman .

He heads the department of Real Estate Corporate law ,investments and banking and finance while managing the firm and training paralegals officers and legal interns .

Ngassa Dindi is a Senior Partner at Lawcastles. He was born at Shinyanga, Tanzania on 19 April 1966. He was admitted to practice law in Tanzania in 1998. He is also admitted to practice law in Zanzibar (which is autonomous part of the United Republic of Tanzania). Ngassa is a graduate of the University of Dar es Salaam (LL.B 1992). He is also a graduate of the London School of Economics - University of London (LL.M Corporate and Commercial Law 1995). Further, Ngassa is a graduate of the University of Brussels (LL.M International and Comparative Law 1996). In 2005, Ngassa pursued drafting course at Grays Inn, London.

Ngassa taught Corporate and Commercial Law at the Institute of Finance Management in Dar es Salaam, Tanzania from 1992 to 1999. During this time, he practiced law on part time basis as an associate at Mkono & Co in association with Denton Wilde Sapte. In 1997, Ngassa was seconded to Herbert Smith in London where he worked in a Corporate Recovery Department. From 1999 to 2003, Ngassa was a Senior Legal Counsel at the Tanzanian Privatization Commission. In 2000, Ngassa was seconded to Denton Wilde Sapte (Energy and Infrastructure Department) in London as part of professional development programme. Ngassa is an active member of Tanganyika Law Society. He is a Fellow of Association of Fellows and Legal Scholars of the Centre for International Legal Studies, Salzburg, Austria.

The specific areas of practice in which Ngassa practices law are corporate and commercial law, particularly, project finance, syndicated lending, projects development and finance, energy and infrastructure, mergers and acquisitions, secured lending, Public-Private Partnerships projects development and finance, intellectual property law, mining and natural resources law (particularly minerals, petroleum and natural gas exploration & production), distribution agreements, franchising, copyrights, mineral joint ventures, corporate insolvency law, cross-border insolvency, telecommunications contracts, construction and engineering contracts, BOT projects, Government contracts, due diligence, public works contracts and corporate taxation.

Ngassa is an author of the Tanzanian Chapter in a book titled 'Doing Business in Africa' published by Yorkhill Publishers in 2008.

(v) Architectural Partner, FINI

The Fifth Research and Design Institute of Nuclear Industry (hereinafter referred to as FINI), established in 1958, is a Grade A comprehensive research and design institute which is subordinate to China National Nuclear Industry Group Corporation, which is a collective making unremitting efforts to improve itself with indomitable fortitude in the history of atomic energy cause as well as a united, realistic and creative collective in facing the market competition. Since its establishment, the FINI people seize every opportunity to keep forging ahead with keen determination.

With half a century's development ,it has become a well-known large –sized research ,engineering consulting, design and general contract enterprise with a staff of over 1000 and more than 40 specialized field .It is awarded the national top one hundred enterprise in engineering project management.

As a national Grade A comprehensive research and design institute ,FINI is mainly engaged in the research ,project consultation ,design ,general contract, project management and supervision of nuclear engineering projects, civil architecture, electric power industry ,chemical industry , petrochemical industry ,pharmacy, electronics, communication, broadcast, television, and environmental protection. It possesses Grade A qualifications in the following fields as unclear industry, civil architecture, environmental protection, building intelligence system engineering design, engineering consultation, general contract, project supervision, construction cost and engineering prospecting, etc .It is also the design institute of Classes I, II, and III pressure vessels and it has the qualification for foreign operations.

With its quality policy of exquisite design, faithful service ,standardized management and continuous improvement, since its establishment, it has successively completed the engineering design ,general project contract and project supervision of approximately forty national key projects ,with its achievements spreading in 26 provinces ,municipalities and autonomous regions making important contributions to the development of the hydrogen bomb ,atomic bomb and unclear submarine ,and to the construction of military projects of national defense and national economy.

It has formed its core competition ability in the design technique of military nuclear projects, high-risers and super high –rise buildings, building intelligence, medium and small-sized coal-fired power plants, general project contract, project construction management and project supervision. In the field of unclear engineering technology research it has some unique techniques as military nuclear materials, unclear fuel elements production process, physical protection, air cleaning, on-destructive detection and technical equipment development, and its products and technical achievements reach the advanced domestic level.

6.0 COMMERCIAL ANALYSIS

6.1 First Development goals

With advantages of Tanzania's superior location and convenient transportation conditions, the “EACLC” builds a complete wholesale platform for varieties commodities for enterprises from all over the world. The "EACLC" establishes an international marketing network for African brands in other countries, and consolidates, explores new channels in African markets. The "EACLC" will be a land mark structure for the city of Dar es Salaam. It will be based in Tanzania, radiates whole East Africa's international commodity trade, logistics and distribution, industrial cooperation and cultural exchanges.

Within three to five years, the "EACLC" will create a comprehensive logistics and trade industrial center based in Dar es Salaam, serving Tanzania and radiates East Africa, promote large-scale operation, form an industrial gathering development platform, and rely on the trade market group. In the future, the distributed processing industry cluster will be formed



PIC 3 EACLC Project Rendering Picture

6.2 Second, Functional Positioning

- i. Linghang Group builds the cornerstone of the development of Africa's international trade and logistics industry. Through the follow-up project development, construction and operation of the “EACLC”, the development of the existing commerce and trade industry will be realized, and the modern logistics service industry with strong radiation capability and support for business development will be fostered, making the “EACLC” a pilot. In the process of developing the international trade logistics industry strategy, Linghang Group built the cornerstone of the development of international trade logistics industry in the African continent and laid a solid foundation for the Linghang Group to expand the international trade logistics market.

- ii. "One-stop" business procurement base for foreign goods in Africa, important distribution base functions and distribution centers. Through the gradual improvement and large-scale development of the professional wholesale market of logistics and trade centers, the scale, level and capability of the development of the commerce and trade industry will be further improved, and the "EACLC" will be built into a "one-stop" commerce and procurement base for exporting African goods to other countries. It is an important distribution base and relies on the logistics service functions deployed in the park to improve the regional radiation and service capabilities of the commercial and trade industry.
- iii. The "EACLC" opens to whole world. With the development and construction of the second phase of the project, the way of logistics and trade will be integrated, and the localization and internationalization of the development of the park will be accelerated. Under the support of the business center as an important commercial, trading base and logistics distribution center, the "EACLC" will be established. It will become the international logistics, trade center and international exhibition center for Tanzania facing the world, and enhance the level of Tanzania's trade and logistics industry.

6.3 Development of the Format and Product Positioning

The functional development of the trade logistics center will be realized through industrial development. The format of the layout of the East African Business Logistics Center is based on:

- i. adapting to the domestic market demand and economic development needs in Tanzania;
- ii. adapting to the market demand of neighboring East African countries;
- iii. Diversifying the types of small commodities;
- iv. Filling the regional market blank.
- v. Provide platform for local products to export around the world.

Based on the analysis of the foreign trade structure of East Africa, Tanzania and Dar es Salaam, combined with the characteristics of the trade and logistics park and the situation of investment promotion, the following key development formats are proposed:

Commercial logistics industry, focusing on micro hardware accessories, household electrical appliances, daily use products, daily miscellaneous department stores, textile and clothing, luggage, leather goods, toys and accessories, sports and office supplies and other categories of commodities;

Actively introduce international and domestic brand influence and brand image enterprise occupancy centers, establish commodity brand experience centers, and enhance the brand and grade level of commercial logistics centers;

Promote local products such as Soy beans, grape wines, cashew-nuts, Tea, Coffee, Local handicrafts cotton, Tobacco, sisal, Avocado, cloves and so on to the world.

In the supporting service industry, the focus is on the development and construction of hotels, offices, commerce, tourism and leisure facilities, providing financial, advertising, legal and other related services to meet the business operations and production needs of the enterprises, as well as the life and service needs of the employees.

7.0 MARKETING AND SALES

7.1 Marketing Target and Scale

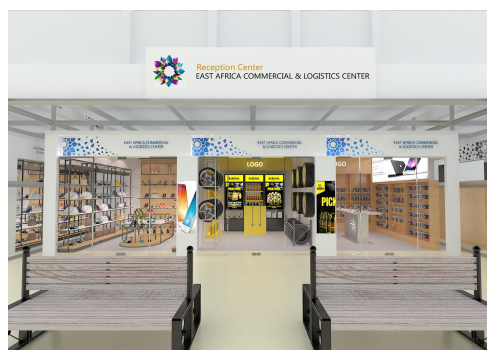
At present, the merchants engaged in the distribution of goods in Dar es Salaam are scattered around the city and the business environment is not friendly. Therefore, there is a large market space for the development and construction of commodity wholesale markets in Dar es Salaam. Based on a comprehensive analysis of relevant historical data and related data, the urban area will cumulate an annual transaction volume of the "EACLC" of US\$6 billion in five years based on the current population and growth situation and other commodity demand.

The proposed "EACLC" has total of **36,335 square meters** could be rented (Shops: 30331 sqm, Office: 1850 sqm, Food court: 2673 sqm, Free booth area:1480sqm for the sellers distribute the goods. Functionally, some areas can be used for warehousing. It is expected to absorb 1800 units of investment.

Our main target investors are all types of entrepreneurs including current business owners in Kariakoo Market, businessperson from neighboring countries, retail businesses who wish to get into wholesale market.

We will also target those who wishes to enter the Tanzania market. We will promote the project not only in Tanzania also in the neighboring countries as well as UAE, China and other countries.

The last important target group of investors is local industries. One of the mission of the project is to promote "Made in Tanzania" to the world.



PIC 4 MODLE SHOP



PIC 5 MODLE SHOP

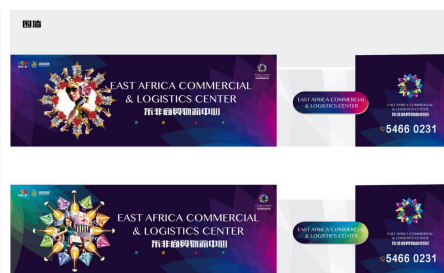
Through this project, we hope to actively stimulate and promote the industrialization process of Tanzania. The general guiding ideology for expanding the target and scale of investment in the project is to strive for the entry of the Kariakoo market wholesale merchants and the development of the first-level wholesalers in other provinces and cities in Tanzania. Develop foreign manufacturers to set up factory direct sales channel in the project, and

guide secondary wholesalers in other countries and regions in East Africa to develop the East African market. Encourage some areas of Tanzania and local businesses to transform into wholesale.

The specific measures are to establish warehousing, logistics and life supporting measures, and establish financial services facilities for banks to meet the financial services needs of customers. Provide preferential conditions for merchants who are stationed in advance, encourage merchants to join membership, or enjoy the purchase channels of modern e-commerce.



PIC 6 Outdoor Bill Board Advertisement



PIC 7 Wall advertisement

7.2 Management and Sales Plan ANNEX 1

The goal set by Shanghai Linghang Group Co., Ltd. to “EACLC” is to build a transit hub in East Africa - the largest, upscale, most comprehensive, most abundant, most reasonable planning, lowest procurement cost, "one-stop shopping, one-stop service" "Expo procurement headquarters. At the same time, it has set up a parking lot and a channel for facilitating the flow of people, logistics, cash flow, and traffic in terms of parking and traffic. Efforts will be made to create a shopping experience with a comfortable environment convenient transportation, complete facilities. At the same time, monitoring and security measures will be adopted to provide a comfortable and safe shopping environment for merchants and consumers who are doing business here.

The entire business center operates enterprise-oriented management and market-oriented operation. Functionally based on wholesale and retail functions. In the marketing method, the combination of self-operated purchase and sales and retail leasing, the combination of storage and storage and logistics and distribution; the facilities, complete functions, large-scale operation and intensive management. A special investment promotion department, including a service center, was established to conduct marketing activities and expand the influence of the project through investment promotion, media promotion, and event and marketing.



PIC 8 Sales Office



PIC 9 Sales Office

8.0 FINANCIAL ANALYSIS

8.1 Financial Viability

8.1.1 Financial Model Assumptions

This chapter provides financial overview of the proposed project. The financial analysis for the commercial complex and logistic centre project has been carried out in consideration of the following assumptions:

- a) Total commercial complex size 75000 square meters (Gross Floor Area)
- b) Construction period 14 months
- c) Exchange rate used TZS 2,500/US\$
- d) Total revenue is only rental charges from tenants
- e) Capital Structure - Debt-Equity (70:30)
- f) Interest rate 6% per annum
- g) Loan arrangement fee 1.25% of the loan amount
- h) Loan tenor is 60 months including
- i) Property Tax 0.2% per annum
- j) Rental charges-USD25-30/square meter

8.2 Rental Rates per Square meter per month 2022

No	Name	US\$	TZS	Service Charge (\$)	Occupancy
1	Mlimani City Mall	12.00 – 30.00	27,600 – 69,000	5.00	100%
2	Mkuki House Mall	20.00 – 25.00	46,000 - 57,500	3.00	55% - 60%
3	Morocco Square	12.00 – 45.00	27,600 – 103,500	4.00	**
4	Oyster Plaza	25.00	57,000	3.00	95%
5	Dar Free Market	28.00 – 30.00	64,400 – 69,000	*	95%
6	Quality Centre				
7	Ubungo Commercial Complex and Logistic Centre	25.00 – 30.00	57,500 - 69,000	3.00	95%

Note: * Service charge included in rental rate

** Allocation not yet done

8.2.1 Service Charge

These are costs incurred by the tenants for running and maintaining shared parts of the building or estate. Usually the landlord collects the service charge from tenants on monthly basis and is charged basing on occupied space (area size).

8.2.2 Project Estimated Cost

The estimated total project cost is approximately **US\$ 117,697,131.33** (including VAT and cost of finance). Other associated project costs (soft costs) are calculated as a percentage of the construction cost. These are consultancy fees (12%), contingency (5%) and preliminaries (3%). Table below illustrates the project cost.

Project Construction Investment Estimation Table

Item	% of cost	Total Cost(USD)
Land Costs		15,450,000
Construction cost		81,310,167
Consultancy	12%	11,611,220
Contingency	5%	4,838,008
Preliminary	3%	2,902,805
A: Total construction cost		116,112,200
Finance Cost/ Interest expense	14%	1,149,511
Loan Arrangement & Legal fees	1.25%	435,421
B: Grand total cost		117,697,131.33

8.2.3 Direct Operating Cost

These are expenses that are directly related to operation and maintenance of the property. On this feasibility study, some expenses are calculated as a percentage of the property value. The direct costs are utilities expenses.

8.2.4 Indirect Operating Cost

Operational expenses for Ubungo commercial building and logistic centre on annual basis are calculated as a percentage of the 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
- Property Insurance
- Interest expenses

8.2.5 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 and repair and maintenance of the property. According to the survey done recently, most commercial properties in Dar es Salaam indicate that the service charge ranges from US\$ 3 (TZS 6,900) to US\$ 5 (TZS 11,500) per square meter per month.

8.2.6 Reserve for Replacement

Reserve for replacement is the fund set up to accumulate capital for the periodic replacement of machines and equipment. Generally, on average equipment are replaced once after every eight to ten years. It is assumed that 3% of the revenue to be kept aside annually for reserve replacement.

8.2.7 Concession Payable to Ubungo Municipal Council

The financial and economic model has taken into consideration that the Ubungo Municipal Council and the private investor will enter into a 33 years lease on the project land and on return the Ubungo Municipal Council will be receiving a concession generated from commercial complex business for Government area utilized for the commercial complex at Ubungo.

8.2.8 Concession

The Ubungo Municipal Council will be paid by the developer a concession fee of twenty percent (20%) of Gross Revenue during the business operations of the commercial complex.

8.2.9 Land Lease and Land Rent

The Ubungo Municipal Council will pay the Land rent to the Ministry of Lands. The commercial complex and logistic centre project has been allocated a land with approximately area of 43,341.11 square meters.

8.2.10 Projected Total Revenue

Revenue streams for the proposed project include Rental Revenue. The projected total annual revenue is ranging from 60% to 95% occupancy rate is averaging approximately **US\$ 16,312,500** per annul for the first 8 years.

8.2.11 Projected Income Statement

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Total
Rental Income	56,250,000	40,875,000	40,875,000	11,531,250	11,531,250	11,812,500	11,812,500	11,812,500	196,500,000
Parking Revenue	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-
Total Revenue	56,250,000	40,875,000	40,875,000	11,531,250	11,531,250	11,812,500	11,812,500	11,812,500	196,500,000
Carryover of construction cost	34,833,660	23,222,440	23,222,440			-	-	-	81,278,540
Gross Profit	21,416,340	17,652,560	17,652,560	11,531,250	11,531,250	11,812,500	11,812,500	11,812,500	115,221,460
Less: Variable expenses									
Repair & Maintenance	-	33,750	33,750	36,563	36,563	39,375	39,375	39,375	258,750
Professional Fee (Property Mgr)	-	1,176,971	1,176,971	1,176,971	1,176,971	1,176,971	1,176,971	1,176,971	8,238,799
Marketing Expenses	4,500,000	6,082,500	3,678,750	2,966,250	1,499,063	1,521,563	1,535,625	1,535,625	23,319,375
Concession fees to Ubungo Municipal			-	-	-	-	-	-	-
Land lease	-	-	-	-	-	-	-	-	-
Total Expenses	4,500,000	7,293,221	4,889,471	4,179,784	2,712,596	2,737,909	2,751,971	2,751,971	31,816,924
EBITDA	16,916,340	10,359,339	12,763,089	7,351,466	8,818,654	9,074,591	9,060,529	9,060,529	83,404,536
Less: Fixed expenses									
Property Tax	-	58,849	117,697	117,697	117,697	117,697	117,697	117,697	765,031
Depreciation	-	1,364,604	2,729,207	2,729,207	2,729,207	2,729,207	2,729,207	2,729,207	17,739,847
Insurance cover	-	70,618	141,237	141,237	141,237	141,237	141,237	141,237	918,038
Interest on Loan		531,998.57	1,890,020	1,491,714.62	1,068,842.21	619,888	153,695		5,756,159
Reserve for Replacement	1,125,000	817,500	817,500	230,625	230,625	236,250	236,250	236,250	3,930,000
City Service Levy	168,750	122,625	122,625	34,594	34,594	35,438	35,438	35,438	589,500
	1,293,750	2,966,194	5,818,286	4,745,074	4,322,202	3,879,716	3,413,524	3,259,828	29,698,575
Net Profit/Loss before Tax (EBIT)	15,622,590	7,393,145	6,944,802	2,606,392	4,496,452	5,194,875	5,647,005	5,800,700	53,705,961
Corporate Tax (30%)	4,686,777	2,217,943	2,083,441	781,918	1,348,936	1,558,462	1,694,101	1,740,210	16,111,788
Net Profit After Tax	10,935,813	5,175,201	4,861,362	1,824,474	3,147,516	3,636,412	3,952,903	4,060,490	37,594,172
Years	1	2	3	4	5	6	7	8	
Accumulated results	10,935,813	16,111,014	20,972,376	22,796,850	25,944,367	29,580,779	33,533,682	37,594,172	197,469,054
Profit Margin	19%	13%	12%	16%	27%	31%	33%	34%	19%

8.2.12 Projected Cash flow Statement

ITEM/YEAR	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Total
Activities	Construction	Construction	Operation	Operation	Operation	Operation	Operation	Operation	Operation
INFLOWS:									
Equity	48,767,124	32,511,416							
Loan	15,675,147	19,158,513							
Net Income	56,250,000	40,875,000	40,875,000	11,531,250	11,531,250	11,812,500	11,812,500	11,812,500	196500000
Depreciation	-	1,981,475	3,962,950	3,962,950	3,962,950	3,962,950	3,962,950	3,962,950	25,759,175
TOTAL INFLOWS	120,692,271	94,526,404	44,837,950	15,494,200	15,494,200	15,775,450	15,775,450	15,775,450	338,371,375
OUTFLOWS:									
Investment cost (Building & FFE)	69,667,320	46,444,880							
Loan Repayment	-	4,173,933	4,173,933	4,173,933	4,173,933	4,173,933	4,173,933	4,173,933	29217530.91
Concession to TAA	-	-	-	-	-	-	-	-	
Operating expenses	4,500,000	6,082,500	3,678,750	2,966,250	1,499,063	1,521,563	1,535,625	1,535,625	23,319,375
Corporate Tax	4,686,777	2,217,943	2,083,441	781,918	1,348,936	1,558,462	1,694,101	1,740,210	16,111,788
TOTAL OUTFLOWS	78,854,097	58,919,256	9,936,124	7,922,101	7,021,931	7,253,958	7,403,659	7,449,768	184,760,894
NET INFLOWS (OUTFLOWS)	41838173.99	35607147.6	34901826.3	7572099.449	8472268.975	8,521,492	8,371,791	8,325,682	153,610,481
CUMM. NET INFLOWS	41,838,174	77,445,322	112,347,148	119,919,247	128,391,516	136,913,008	145,284,799	153,610,481	915,749,695

8.2.13 Construction investment loan repayment plan

The “EACLC” Ubungo Commercial Complex and Logistic Centre project is expected to borrow 34,833,660 US\$ from the commercial banks and financial institutions during the construction period to be disbursed to the project in four installments as highlighted below

Month	Instalments	%	Amount	Outstanding Balances	Cummulative Cost	Interest	Total
Aug-22	1st Instalment	15%	5,225,049	29,608,611	5,225,049	26,125	
Sep-22			-	29,608,611	5,225,049	26,125	
Oct-22			-	29,608,611	5,225,049	26,125	
Nov-22			-	29,608,611	5,225,049	26,125	
Dec-22	2nd Instalment	15%	5,225,049	24,383,562	10,450,098	52,250	
Jan-23			-	24,383,562	10,450,098	52,250	
Feb-23			-	24,383,562	10,450,098	52,250	
Mar-23			-	24,383,562	10,450,098	52,250	
Apr-23	3th Instalment	15%	5,225,049	19,158,513	15,675,147	78,376	391,879
May-23			-	19,158,513	15,675,147	78,376	
Jun-23			-	19,158,513	15,675,147	78,376	
Jul-23			-	19,158,513	15,675,147	78,376	
Aug-23	4th Instalment	55%	19,158,513	-	34,833,660	174,168	
Sep-23			-	-	34,833,660	174,168	
Oct-23			-	-	34,833,660	174,168	757,632
Nov-23			-	-	-	-	
Dec-23			-	-	-	-	1,149,511
		100%	34,833,660				1,149,511

8.2.14 Projected Financial Internal Rate of Return (FIRR)

The FIRR is one of the criteria that to be considered on investments because it takes into account the time value of money using discounted cash flow analysis. This project has 13.23% IRR which is higher than cost of capital. This indicates that it is feasible to invest in this project.

AVERAGE ROI / ROE	17.97%
PAYBACK PERIOD(Dynamic payback period,Years.)	4.75
IRR	13.23%
NPV at 6% (BoT Bond Issue No. 72)	22,188,986

8.2.15 Projected Return on Equity (ROE)

The return on equity (ROE) or Return on Investment (ROI) in real estate measures the profitability of the project. This commercial project has 17.97% returns on equity.

AVERAGE ROI / ROE	17.97%
PAYBACK PERIOD(Dynamic payback period,Years.)	4.75
IRR	13.23%
NPV at 6% (BoT Bond Issue No. 72)	22,188,986

8.2.16 Payback Period

The Payback Period represents time the project takes to recover its initial cost (investment cost). The proposed Ubungo commercial complex and logistic Centre project has approximately 4.75 years payback period to break even. The projected total net profit during the remaining 8 years' operations after investment recoupment is expected to be US\$ 22,188,986. Ubungo Municipal Council on Commercial Complex and logistic Centre is therefore legally and financially viable.

AVERAGE ROI / ROE	17.97%
PAYBACK PERIOD(Dynamic payback period,Years,)	4.75
IRR	13.23%
NPV at 6% (BoT Bond Issue No. 72)	22,188,986

9.0 SOCIAL AND ENVIRONMENTAL IMPACT ASSESSMENT

9.1 Background Information

Environmental and Social Impact Assessment (ESIA) is one of the planning tools used to facilitate and promote sustainable development by integrating environmental and social considerations in decision making process and ensuring unnecessary damage to the environment is avoided and optimizes resources used and management opportunities. The chapter therefore addressed the social, economic and environmental issues associated with the project and provides relevant mitigation plan to prevent or minimize adverse impacts.

The proposed project site was for long time before used for up-country bus terminal before the Ubungo Municipal Council decided to relocate it to the current Magufuli bus terminal located at Mbezi.

For appropriate implementation of the proposed construction of Commercial Complex and logistic centre which includes but not limited to storm water drainage and sewerage system, the ESIA is will be conducted in accordance with Environmental Impact Assessment and Audit Regulations (2005), formulated after the Environmental Management Act (EMA) No. 20 of 2004. The full ESIA will conducted after the project developer concludes/executes the lease agreement with the land lord -Ubungo Municipal council.

9.2 Social Impact Assessment (SIA)

Through SIA, identification of positive and negative social impacts, proposed mitigation measures and their related costs which will be used as input to the economic project cost was analyzed as stipulated underneath.

9.2.1 Positive Social Impacts

During Mobilization, Construction and Operation Phases, the following are the positive social impacts which are likely to occur:

i. Benefit to Community from Employment

During mobilization, construction and operation phases, the proposed project will benefit nearby community in terms of employment and boosting local economy by the supply of goods and services.

ii. Benefit to Community from Business

During the operation phase, local people will be among the tenants in the facility, therefore will get profit in their business and benefit with the project

iii. Benefit to Community in terms of knowledge

During Construction phase local people will gain knowledge in terms of technology by participating in execution of various activities in the project.

iv. Increase of revenue to Ubungo Municipal Council and the Government as a whole

During operation phase, Ubungo Municipal Council will increase revenue from the project, and the Government will gain some taxes from the businesses and the developed structures as a whole.

v. Benefits to local producers and suppliers of construction materials

Procurement of materials locally will be a positive aspect of the project, as it will reduce the cost of the project and will benefit local producers and suppliers.

9.2.2 Negative Social Impacts

During Mobilization, Construction and Operation Phases, the following are the negative social Impact which might occur;

i. Disruption of Traffic Flow at Morogoro Road and Planned BRT Ubungo Station

The current set-up, location of the proposed commercial complex is adjacent to planed BRT terminal Building whose outlet is linked with Morogoro Road. Additional traffic along this infrastructure resulting from operationalization of the Commercial Complex is likely to lead to traffic congestion.

ii. Increased Pressure on Social Services and Utilities

The availability of the commercial complex at Ubungo and the number of people it will accommodate, has potential in increasing pressure on social services and utilities such as

water, waste water, solid waste collected facilities, electricity, etc. The demand may strain the existing service delivery system in one way or another.

9.2.3 Mitigation Measures

Negative impacts which are most likely to affect the social community in the execution of the proposed project as analysed in item above. This section provides summary of mitigation measures of those impacts:

i. Disruption of Traffic Flow at Ubungo BRT station and Morogoro road

Detailed analysis to be done during Engineering Design on the traffic flow for car parking, inlet and outlet vehicles entering the commercial complex in relation to traffic flow along the Morogoro Road.

ii. Increased Pressure on Social Services and Utilities

To liaise with various Services and utilities providers such as DAWASA, TANESCO, Telecommunication Companies etc. on the additional demand so that sufficient preparations will be done to ensure the additional capacity is accommodated.

Table 9.2.3 a : Cost related to Mitigation Measures

S/No.	POTENTIAL IMPACT	MITIGATION MEASURE	TARGET LEVEL	RESPONSIBLE INSTITUTION	ESTIMATED COST (Tshs)
1.	Disruption of Traffic Flow at BRT terminal Outlet and Morogoro Road	Ensure thorough review of Traffic Flow which will lead into Detailed Engineering design of Access Road and Car parking	No congestion on car parking and exist toll gate	<ul style="list-style-type: none"> • The Private Investor • BRT • Ubungo Municipal Council 	10,000,000
2.	Increased Pressure on Social Services and Utilities	Ensure timely liaison with Services and utilities providers is conducted	Services and utilities reallocation within proposed project site is incorporated in the BOQ	<ul style="list-style-type: none"> • The Private Investor • BRT • Ubungo Municipal Council 	10,000,000

9.3 Environmental Impact Assessment:

9.3.1 Environmental Due Diligence

Through this, identification of positive and negative environmental impacts, proposed mitigation measures and their related costs which was used as input to the economic project cost was analysed as stipulated underneath.

9.3.2 Positive Environmental Impacts

The proposed project site is located at former Ubungu bus terminal and adjacent to the proposed BRT Ubungu Terminal Building, accessed mainly with Morogoro road which will cater more than 90% of traffic movements.

The major positive and cumulative environmental impact includes plan to landscape the developed area using indigenous trees and lawns. This will bring about long-term changes to landscape character by reconfiguration of features and elements within the existing boundary.

9.3.3 Negative Environmental Impacts

Underneath are the negative environmental impacts expected from the project divided into three phases which includes Mobilization phase, Construction phase and Operation phase as follows:

9.3.3.1 Mobilization Phase

Under this phase major negative environmental impacts are related to site clearance, construction of access route for project vehicles and transportation of construction equipment's, materials and labour, setting up and operation of construction base camp and construction works as elaborated underneath:

i. Noise pollution from mobilization equipment and tools at site

The use of various noise-emitting heavy power equipment, tools and engines including compressors, generators and mixing machineries during site mobilization will lead to noise pollution to the site workers, Ubungu neighbourhood community and nearby locality.

ii. Deterioration / impairment of local air quality

The trucks and earth moving equipment which will be deploying construction materials such as cement, steel, wood, sand, stone, and aggregates etc. to site will emit dust and exhaust fumes which are unwanted atmospheric pollutants.

Atmospheric pollutants from engines of vehicles include Sulphur Dioxide (SO₂), Carbon Dioxide (CO₂) etc. Resulting main impact is impairment of local air quality, the extent of which will depend on quantities emitted, duration and prevailing atmospheric conditions.

iii. Depletion /Degradation of point of Source of construction materials

Extraction of construction materials such as gravel, sand, timber, water etc. from both authorized borrow pits, quarries on Government land, communal land, private- owned land and other sources are associated with rampant degradation at points of source whereby, in most cases no efforts for restoration / re-vegetation is carried out.

9.3.3.2 Construction Phase

Under this phase major negative environmental impacts are related to activities related to the construction phase of the project as follows:

i. Pollution of Soil and Water Resources

Refuelling and maintenance of large vehicles and machines which will take place at construction site will create the opportunity for accidental spills of hydrocarbons and contaminants could be washed into the environment. In addition to that, mismanagement of sludge from oil separator could be another source of hydrocarbon's contamination to the surrounding soil and water environment.

ii. Environmental Pollution from poor management of construction materials

During heavy rainfall and strong winds, fine materials from stockpiles of sand, gravel, and cement etc. are normally washed away. This contributes to turbidity and sedimentation with consequent negative impacts on environment quality of the locality.

iii. Air pollution from dust emission

Dust pollution regularly occurs during deployment of raw materials in trucks, trailers etc. Dust emission will have the potential impact on the air environment and affect most likely the site workers, BRT terminal users and nearby locality. Fine dust particles from concrete batch operations can enter neighbouring premises and adversely affect amenity as well as adverse health impacts.

iv. Noise Pollution

During construction phase, noise level would be relatively higher than normal because of use of a variety of heavy equipment and machinery such as compressors, electric grinders, bulldozer, excavators, loaders, trucks, engines (generator), vibrators, concrete mixers etc.

v. Environmental Pollution from Poor Management of Waste

Domestic waste and debris produced by construction activities if dumped unplanned destruct the view of landscape, bad smell and decrease aesthetic value of an area. Food waste attracts insects and scavengers some of which are potential vectors of diseases such as cholera, diarrhoea e.t.c which may create nuisance to users of premises.

9.3.3.3 Operation Phase

Under this phase major negative environmental impacts are related to activities related to the operation phase of the Project as follows:

i. Increased Waste during Operation

Considering the nature of the project, the Commercial Complex will include shops, restaurants, kids playing zones, snacks shops etc. where food wastes, liquid wastes from lavatories, waste papers e.t. c are expected to be produced in substantial amounts. Inadequate management of these wastes shall create unsightly condition on the area.

ii. Disruption of Storm water runoff

The increase in impermeable surface due to the added structures will result in increased storm water surface run-off and if not properly managed might lead to flooding of the project area.

iii. Vehicular Gas Emissions associated with transportation

Additional vehicular gas emissions are expected as apart from the normal current traffic vehicles the commercial complex is expected to handle additional vehicles from the operators and the customer of the Complex which will impair the air quality.

iv. Disposal of Liquid Waste (Sewerage)

The operation of the commercial complex will lead to production of sewerage which will give inconvenience in the linking to the existing public waste stabilization ponds due to the extensive construction of facilities which includes tarmac car parking, while the alternative of constructing independent Septic Tanks and Soak Pits will increase the operation cost due to frequent emptying caused by high water table level at the project site.

v. Noise Pollution Caused by Vehicles along Morogoro Road

As the proposed Commercial Complex will be located adjacent to live highway a Morogoro road with heavy traffic whose operations will lead to noise generated by the automobile engine.

9.3.4 Proposed Mitigation Measures

The negative impacts which are most likely to affect the environment in the execution of the proposed project have been identified and analysed in item 7.2.2 above and this section provides summary of mitigation measures of those impacts occurring during Mobilization phase, Construction phase and operation phase.

9.3.4.1 Mobilization Phase**i. Noise pollution from mobilization equipment and tools at site**

Machine operators in various sections with significant noise levels shall be provided with noise protective gears. Also, at this stage the selection and deployment of construction

equipment will be based on those with minimal noise level and educating the workforce on the issue of maintaining tranquillity.

ii. Deterioration / impairment of local air quality

Minimization of air emissions from exhausts shall be achieved by ensuring that Contractor is mobilizing well serviced and maintained equipment/new equipment and prohibiting the Contractor on site to use vehicles or equipment which generates excessive black smoke. In achieving that, the Employer's Project Manager will inspect vehicles/ machineries entering the site.

iii. Depletion /Degradation of point of Source of construction materials

Ensuring construction materials are brought by authorized suppliers from authorized sources with valid mining licenses provided by relevant Regulatory Bodies. The Project Manager shall ensure the restoration of the Borrow Pits/ Quarries after use, constituting levelling the area and planting of trees and/or grasses will be done in association with Local Government (Natural Resources Department) and local environmental NGO's.

9.3.4.2 Construction Phase

i. Pollution of Soil and Water Resources

To mitigate contamination of land and water due to accidental spills of fuel and lubricants, the Contractor shall have spill response plan, trained personnel who shall also maintain records and will be required to remediate any spills of hazardous substances caused by the construction project.

Moreover, the Contractor shall be required to have a plan in place to manage, treat and dispose of Hydrocarbon contaminated ground water extracted during dewatering activities.

ii. Environmental Pollution from poor management of construction materials

The Project Manager shall ensure the Contractor stock construction materials in an enclosure within the site and the stockpile is properly managed and controlled to limit

fugitive dust and being washed away during rainfall. The Contractor shall identify and retain safe storage areas and structures prior to arrival and replacement of construction materials.

iii. Air pollution from dust emission

The Contractor shall conduct scheduled access road dumping to prevent dust emission caused by movement of project vehicles, covering the project trucks carrying construction materials which might produce dust while delivering materials at site, control the speed limit of vehicles at site to minimize generation of dust.

iv. Noise Pollution

There shall be installation of portable barriers to shelter compressors and other small stationary equipment where necessary, use of equipment designed with noise control elements, ensuring the project vehicles have properly functioning mufflers and machine operators in various sections with significant noise levels shall be provided with noise protective gears.

v. Environmental Pollution from Poor Management of Waste

The contractor procurement bidding document shall enquire the Contractor to submit methodology on waste management during construction phase such as the use of waste disposal bins, fixing of warning notices and the “DO’s and DON’TS” etc.

It must be taken into note that, waste not suitable for incineration and general waste dumping (e.g., batteries, plastics, rubbers, tires etc.) shall be removed from the project for appropriate environmental measures.

9.3.4.3 Operation Phase

The mitigation measures for the identified negative environmental impact under this phase are as follows:

i. Increased Waste during Operation

The investor shall engage a garbage and wastewater collector to take garbage and waste water to dumping area, a framework cleaning contractor with adequate number of staff to clean the complex and the surroundings to required standards

ii. Disruption of Storm water runoff

Detailed hydrology analysis shall be conducted during Engineering Design of the Commercial Complex with reference to topographical features, amount of rainfall and catchments area as the major factors of the design of storm water channel.

iii. Vehicular Gas Emissions associated with transportation

Installation of notification signs at the entrance of the commercial complex and at the parking lot that vehicles which emit hazardous fumes are prohibited and conduct random inspection and give penalty to the vehicles which will be in the premises and emits hazardous emissions.

iv. Disposal of Liquid Waste (Sewerage)

Detailed analysis to be conducted during the Design stage on the best option as to whether to link the sewer system of the commercial complex with the existing Waste Stabilization Ponds through DAWASA main sewer instead of using Septic Tanks which will require frequent dislodging.

10.0 PROJECT RISK ASSESSMENT

The various risks associated with this commercial Complex business plan can be grouped into three categories which are Business Risk, Property Investment Risk, and Market Risks.

10.1 Business Risk

These could be viewed as the issues associated with the assumptions made for Shanghai Linghang. These may include the following:

- Estimated construction costs are greater than what is projected;
- The necessary time frame to execute the lease with Ubungo Municipal Council is greater than estimated and
- Shanghai Linghang does not properly manage the portfolio of properties and, as such does not meet its and projected returns or obligations.

10.2 Property Investment Risk

These could be viewed as the issues related to the acquisition assumptions and projected returns. These risks may include the following:

- Property acquisitions cannot be made as projected.
- Rental rates are less than projected.
- Operating expenses are greater than projected
- Renovations/improvements costs are greater than projected.
- Vacancy periods are greater than projected.
- Lease transactions are greater than projected.
- Tenant vacates property early.
- Late rental payments.
- Unexpected capital improvements.

10.3 Market Risk

These could be viewed as issues related to commercial market in general or specific to Dar es Salaam region. These risks may include:

- Interest rates increase, thereby making financing cost greater than projected and either reducing cash flow or making deals unobtainable.
- Supply of rental commercial spaces increases, which could lead to lower rents.
- Government policy initiatives that enhance opportunity for commercial spaces ownership and lure away would-be renters.
- Dar es Salaam City is impacted by negative events that causes major shift on commercial aspects.

10.4 Conclusion

The risks identified could affect Shanghai Linghang performance or ability to meet its financial obligations or targeted return; however, that the long-term benefits of this Ubungu commercial complex investment combined with the principals' expertise reduce these risks and will produce the projected returns and meet the obligations of Shanghai Linghang.