

Tanzanite Mall



The Tanzanite Mall Project – Executive Summary



- **Developer/Sponsors:** Empire Properties Ltd
- **Location:** Located on Mwai Kabaki Road and currently includes GSM Home, at the Wheel outlets and Zero2Twelve.
- **Land Area:** 64,180 sqms (15.86 acres)
- **Mixed used:** Retail & Commercial Development with a Sports Complex, Offices & Residential tower.
- **Offering:** A family oriented one stop Shopping, Dining, Entertainment, Sports & International Convention Centre
- **Concept:** Designed to an International Standard, with consideration for the life style preferences of target demographic.
- **Scale:** 2 floors, 142 retail stores, 8 restaurants, 6 cafes, cinema, banks/ atms, food court, hyper market, ample parking
- **Target demographic:** Mid to high affluent clients, families, with affordable prices and variety of stores.
- **Conservation:** Designed to minimize environmental impact by using efficient lighting, cooling, ventilation systems as well as recycling and rainwater harvesting.

Modern, Spacious, Life Style, Family Orientated, Extensive Choice



Project Sponsor Profile

1. Name: **Mr. Joseph (Jove) Gonsalves**
 - a) Designation: Director & Majority shareholder in Empire Properties Limited and Empire Facility Services Company Ltd.
 - b) Brief Background:
 - Mr. Gonsalves is a renowned and experienced businessman with over 37 years of experience investing / developing/ leading/ implementing in businesses.
 - He has active interests in various businesses some of which include Amana Bank Ltd, Empire Facility Management Services Co Ltd and Empire Properties Ltd. .
 - In terms of property development projects, through his vision and leadership, his investment plan for this project valued in excess of 110m
 - His vision for Empire Properties is to create a new experience and add value to the commercial and residential real estate development in Tanzania.
 - Given his achievements and experience, he is well positioned to successfully execute and support the project as a sponsor.

Project Details



Project Details

Project Name	Tanzanite Mall
Description	Integrated family destination mall
Project Sponsor	Empire Properties Limited
Project Type	Commercial & Retail Property Development
Title	Owned by Empire Properties Ltd, under a 99 yr lease, with 86 yrs remaining.
Location	Mwai kibaki road(formerly Old Bagamoyo Road) The semi-developed property is located behind GSM and At The Wheel complex in Mikocheni, next to Tanesco.
website	www.Tanzanitemalls.com
Key Stats	<ul style="list-style-type: none">• Title deed remaining life: 86 years• Total Area: 64,180 sqms (15.86 acres)• Area to be constructed:<ul style="list-style-type: none">• Gross Built-up Area: 37,363 sqms• Gross Leasable Area: 24,780.51 sqm (exc sports block)• PH1-11,179 sqm• PH2-9,061 sqm• PH3-7,873 sqm• PH4-9,251 sqm
Anchor Tenant At a Glance	Carrefour Retail Hyper Supermarket

Project Details

Sub-Anchor A	GSM Homes (part of GSM Group of Companies) <ul style="list-style-type: none">• HQ in Tanzania, operating in 7 countries• Multiple logistics, manufacturing, trading & retail companies• GSM Homes specializes in high quality and mid furniture and décor.• Has existing GSM Home store at the project location
Sub-Anchor B	<ul style="list-style-type: none">• Hope Holdings Ltd• Affiliated to East Africa Retail Corporation - EARC which is associated in retailing of international franchise brands.• Running 8 retail brands in Tanzania i.e. Redtag, LC Waikiki, Skechers, Flormar, Bottega Verde, Amal, Papparoti and Dr. Sweets.• Variety includes Clothing and Fashion, Sport gear, Cosmetics and body & skin care Products
Other Tenants	<ul style="list-style-type: none">• Max• Babyshop• Shoe express• Umbro• Ipanema• Century Cinema• Kids World (FEC)• World Gym & Spa• etc.

1.0 Customer Focus

The management will ensure that customers are always a top priority. We will provide excellent customer service in all aspects of our business. We will ensure that our customers always have access to the products and services they need. We will strive to create an enjoyable shopping experience for our customers. We will also use customer feedback to continuously improve our services and products

1.1 Management Team

TANZANITE MALL management team will consist of experienced professionals from various backgrounds. We will have a team of experienced managers and supervisors who will be responsible for overseeing the day-to-day operations of the shopping mall. In addition, we will have a team of experienced marketing and sales professionals responsible for driving customer traffic and sales.

2.0 Success Factors

TANZANITE MALL's success will depend on several factors, including our ability to provide excellent customer service, our ability to source high-quality products and services, and our ability to market our products and services effectively. We will also need to be able to manage our operations and finances effectively. Additionally, we will need to be able to develop and maintain relationships with our suppliers and vendors.

3.0 Industry Analysis

The shopping mall industry has grown tremendously over the past 20 years, with the number of shopping malls in Dar es Salaam increasing every year. Shopping malls have become more popular Dar es Salaam community, providing various goods and services in one convenient location.

The shopping mall industry is highly competitive and fragmented, with major players such as The Slipway Shopping Centre, Sea Cliff Village, Mlimani City Mall, Shoppers Plaza, Aura Mall, Palm Village

Mlimani City shopping mall is the largest in the country with an area of 285,000 square feet. The mall caters to all your primary requirements, including banking, telecommunications, and transportation needs.

The growth is driven by several factors, including changing consumer preferences, technological advances, and an expanding global middle class

Despite the competition, there is still room for TANZANITE MALL to succeed. TANZANITE MALL will focus on providing a unique experience that appeals to local shoppers and differentiates them from larger national players. In addition, the mall will focus on providing services and amenities that other malls may not have, such as specialty stores, local restaurants, and entertainment options.

Overall, the shopping mall industry is expected to remain a lucrative market for the foreseeable future. With the right approach, locally owned malls can still achieve success in this crowded and competitive space.

4.0 Customer Analysis

Population Growth

While Dar es Salaam's population doesn't seem that large compared to some of the world's other cities, it is one of the fastest-growing in Africa. It is the third fastest-growing city in Africa and the ninth fastest-growing in the world. Dar es Salaam is a city located in Tanzania and was formerly known as Mzizima. It was once the capital city until 1974 when Dodoma was named as the capital. However, today, Dar es Salaam remains the largest commercial city in Tanzania in terms of population. Its population is the largest in all of East Africa. The total population of Dar es Salaam is over 8.0 million. The annual growth rate for the year 2023 was 4.96%. The population is expected to grow so much, that Dar es Salaam is expected to be the second largest city by population in the world by 2100, with a predicted population of 76 million.

City Size and Population Density

The city's land area is 538 square miles (1,393 square kilometers), making the population density 8,100 people per square mile (3,100 per square kilometer).

Demographics

We will rely on national demographics for the area as local statistics are not as detailed. In terms of ethnicity, the majority of the population is African, with a small percentage that includes European, Asian, and Arab.

When examining the religions among the population, we see a large portion as affiliated with Muslims and Christians

6.0 The marketing plan

The shopping mall business model will focus on five key aspects:

- **Target market identification:** The target market for this shopping mall business is consumers who are looking for a convenient, wide selection of products at competitive prices. The target market will consist of individuals with various income levels and spending habits.
- **Branding and positioning:** The shopping mall will be positioned as a premier shopping destination offering an extensive selection of products at competitive prices. The brand will be associated with quality and value.
- **Marketing mix:** The marketing mix for this shopping mall business will include traditional advertising, direct mail, online marketing, and public relations. The focus will be on reaching the target market and communicating the message of value and quality.
- **Professional website:** The shopping mall will have a professional website with an e-commerce platform for online shopping. The website will feature information about the mall, including store listings, events, promotions, and more. The website will be optimized for search engines and will include social media links.
- **Promotions strategy:** The promotions strategy for this shopping mall business will include discounts, coupons, loyalty programs, and special events. The promotions will drive traffic to the mall and increase sales. These promotions and discounts could include special offers on particular days, “buy one get one free” offers, and more.

The Project

1.0 Pricing

The pricing policy for the project will be based on the service cost and competition levels considering various variables namely:

- Service positioning
- Gain market share from competitors
- Stimulating and increasing demand and
- Achieving profitability and liquidity financial performance goals

The recommended market entry tariffs, the average rent is USD 20 per square meter per month

2.0 Monitoring and Evaluation

The Management has full commitment to ensuring good use of the resourced and sustainable environment and the well-being of the community with which they do business. Thus, the management philosophy is through business processes, managers will strive to ensure compliance with standards and the safety of the products and customers they serve.

3.0 Aspect of Project Sustainability

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The growth of the economic activities in Dar es Salaam City assures them of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

The Project

3.0 Project Investment Cost

In arriving at the total estimated cost of the project of US\$ 110,000,000, the quantity surveyor's estimates based on architects' preliminary designs, the cost of acquisition of Plots, and quotations for equipment have been taken into consideration.

Based on construction costs provided by the quantity surveyors and the project designers (architects) total capital outlay for the completion of the estimated complex including the cost of the Plots is estimated at US\$ 110,500,000 broken down as follows:

For the project to be a reality a total investment amounting to US \$ 110,500,000 is needed

1). Land and Building: Us \$80,000,000

The project has opted for constructing a modern commercial complex and the cost of land is estimated to cost US \$28,000,000.

2). Machinery and Equipment: US\$ 18,000,000

Some US \$18,000,000 is anticipated to be spent on the purchase of various commercial complex tools and equipment that will accommodate new technology

3). Motor Vehicles: US\$1,000,000

The project will need 5 double cabin picks, 8 light trucks, 2 trucks, and 1 minibus. These vehicles will be used to facilitate project business and for administrative purposes.

4). Furniture and Equipment: US \$2,000,000

This investment cost item has been estimated to cost US \$2,000,000. It will consist of the following

Estimated Project Cost

Item No	Cost Elements	Amount (USD m)
1	Land Cost	28.00
2	Building & civil cost	52.00
3	Plant & machinery cost	18.00
4	Furniture & fixtures	2.20
5	Preliminary and pre-operative costs	2.20
6	Contingencies	2.00
7	Escalations	2.60
8	Motor Vehicles	1.00
9	Other cost	2.50
	Total Estimated Project Cost	110.5

Project Status at April 2024

<input type="checkbox"/> Feasibility Study	completed
<input type="checkbox"/> Market Study	completed
<input type="checkbox"/> Financial Modelling	completed
<input type="checkbox"/> Architectural Design & QS	completed
<input type="checkbox"/> Environmental & Social Impact Assessment	completed
<input type="checkbox"/> ESIA Certificate	completed
<input type="checkbox"/> Construction Permit	No
<input type="checkbox"/> Contractor selected	Tender underway
<input type="checkbox"/> Anchor tenant TS	Yes
<input type="checkbox"/> Sub-Anchor	Yes , LOI to be signed

5).Pre-Operational Expenses: US\$ 400,000

They cover things like company registration, and expenses spent in exploring the viability of the project, especially the market/client identification exercise. This Pre-operational cost item also covers the architectural designs of project buildings and other engineering services. Also included under this item are issues like consultancy fees, legal fees, and recruitment and training costs of personnel.

6).Initial Working Capital: US\$800,000

Calculations as well as assumptions for working capital requirements, it is estimated that it will cost US \$ 800,000.

5.0 Financing pattern

The project will be financed by equity of 40% and a loan of 60%.

6.0 Project operating costs

To realize its intended objective the project will have to meet the operating costs estimated to be 15% of the total revenue

7.0 Financial Analysis

7.1 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. The capital investment allowance is 50%. The capital assets are exempted from customs duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied.

It is assumed that the major building raw material will be procured from the local market and others will be imported. Revenues have been conservatively estimated based on the experience of the promoters and trends in the real estate industry.

7.2 Financial Statements:

7.3 Projected Revenue

For projection purposes, it is assumed that the project's economic life is 10 years and that revenue from business commences from the first year of operation.

7.4 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 10 years. The position depicted is that the project earns profit throughout its life. Accumulated after-tax profits grow from. US \$1.26m in the first year to US \$34.86 in the 10-year

7.5 Projected Cash Flows

This is shown in the financial statements. The project has a positive end-of-year cash flow from year 1st, i.e. US \$1.877m of operation to the 10th year i.e. US \$28.853m

7.6 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under the same heading. Net worth of the project increases from US\$6.34m in the first year of operation to US \$ in the 10th year i.e US\$34.81m

7.7 Projected payback period

Total investment is US\$110.5m, the project payback Period is exactly 10 years, only

7.8 Projected loan repayments

The loan borrowed from a financial institution is expected to be fully paid within 5 years of projection operation

7.9 Projected Risks

This is a real estate investment; no major risks have been identified for this kind of project so far. Unless a change in the country's political and economic stability occurs the project is more likely to prosper very fast for a very long period. Like any other project, One such risk factor could be competition. As the country continues to liberalize its economy more investments will take place in the real estate sector. More supply of real estate facilities will tend to lower the demand for residential accommodation. However, market saturation will take place over a longer time since as explained above demands right now are fairly high and it will take time before it is satisfied. The other unlikely factor is gradually improving its quality of governance. It is therefore hoped that peace will be sustained indefinitely.

8.0 Economic Aspects

Implementation of this project will have the following social and economic values

- The project is an ideal option for utilization of the recently acquired prime site**
- The project will increase the share value of shareholders**
- The project will create employment for 400 people on a permanent contract basis as well as temporarily.**
- It will create more business opportunities for local suppliers and transporters, which will also have a trickle-down effect on environmental issues.**
- It will generate substantial revenue for the government in the form of corporate tax, value-added tax, and pay-as-you-earn.**
- The project will transfer knowledge and skills to the local investor as far as managing a big project**

9.0 Implementation

Project implementation is expected to be relatively very short once phase 1 has been approved it is estimated that the construction of the the first phase will be completed within two years whereas the total project will be completed within 4 years.

10.0 Recommendations

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by the Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 1997.

Value Proposition

- Empire Properties plans to transform the prime 16 acre land in Msasani area into a landmark vision that will be amongst the go to places in East Africa.
 - Under the visionary leadership of Mr. Jove Gonsalves – widely travelled Tanzanian entrepreneur, the main objective of the project is to provide a well inspired and trendy shopping mall, offices and convention centre to cater to the affluent neighbourhood.
 - Local shopping experience to showcase renowned international brands, hypermarket as a main anchor with stores for fashion, electronics, cinema, food and leisure.
 - The proposed development will offer 2 levels, 142 stores, 8 restaurants, 6 cafes, cinema, banks/ atms, food court, hyper market, ample parking, family entertainment, the plaza, amphi-theatre, football arena, convention center.
 - Opportunity to attract international brands & retailers into the Tanzanian market
 - The overall development has a ground coverage of 55% and 30% of the open space has been marked for future development.
 - Each of the activities proposed has been studied for their suitability to the catchment area and established to provide interconnectivity and circulation for the mall customers.
 - The architectural character of the development will be contemporary and incorporate suitable elements, LED graphics/ technology to align itself to global benchmarks.
 - The building will target carbon footprint optimization in construction and operation. i.e.
 - i. Photovoltaic cells used for street lighting to illuminate roads and outdoor areas.
 - ii. Rain water collection and treatments system for reuse in washrooms
 - iii. LED lighting for energy conservation etc.
- ✓ Family Orientated
 - ✓ Designed with lifestyle in mind
 - ✓ One Stop
 - ✓ Strategically & Centrally located
 - ✓ World Class Destination Mall
 - ✓ Commercial & Retail Shopping Mall
 - ✓ Multi-purpose Convention Centre
 - ✓ Family Entertainment Centre
 - ✓ Lifestyle Restaurant
 - ✓ Amphitheatre
 - ✓ Sports Centre with outdoor football facility, Padel tennis, Basketball and Pickleball
 - ✓ Entertainment Facilities
 - ✓ Green kiosk space
 - ✓ On Main Access Road - key route connecting rapidly growing areas to central Dar-Es-Salaam
 - ✓ Space, Space, Space
 - ✓ Within a residential area

Comparison with Existing Malls, DSM

TANZANITE MALL

- Prime location along Mwai Kibaki Road providing easy access to road network.
- The locality is a peri-urban planned area denominated by multi-storey residential and commercial properties.
- To be considered as the largest shopping mall in Dar es Salaam with a plot size of 64,180 sqm.
- Layout spread across 2 floors offering 142 retail stores, 8 restaurants, 6 cafes, cinema, banks/ ATMs, food court, hyper market.
- Designed to appeal to the widest tourist and local population across genders and age groups considering availability of a sports complex not offered by any other shopping mall.
- Ample parking.
- Provide Jobs
- Prominent Anchor and Sub Anchor tenants.
- Prime advertisement and marketing opportunities for corporates.

PROJECT TEAM



Project Team

Empire Properties is bringing together a team of innovators and builders to pioneer progressive forms of large-scale urban development

Mahajan & Aibara was established in 1979 and currently employs over 200 professionals from varied disciplines. Its partners are members of the Institute of Chartered Accountants as well as the Institute of Management Consultants of India. Mahajan & Aibara's offices are located in South Mumbai with branches in Bangalore, Delhi & Pune.

The company specialises in providing Management and Business Consulting Services for the Hospitality, Real Estate & Tourism Sectors. The M & A team has extensive experience in India and abroad of over 30 years and has offered advisory services to domestic and multinational clients as well as Government agencies.

Catering to the evolving market scenario, the organisation offers a spectrum of innovative advisory services ranging from site evaluation, concept, market assessment & feasibility studies to operator search & negotiations. In addition, they offer Asset Management services to assist owners and developers in optimising operations and enhancing profitability. We have also successfully helped clients raise private equity for their projects in the hospitality and real estate sectors.

Hawa - Moujaes Architects prides itself with over 32 years of professional experience in the Architecture and Engineering fields and a portfolio of distinguished projects.

With an experienced, coherent and qualified team of Architects, Structural Engineers, Mechanical Engineers, Electrical Engineers and Interior Designers they provide exceptionally high quality design services from their offices in Beirut, Dubai and Abuja to their network of clients in Lebanon, the Middle East and Africa.

Their clientele includes prestigious list of international individuals and businesses who expect only the highest standards of creativity, quality and service.

White both founding partners have been invited as jury panelists at the American University of Beirut's School of Architecture. their service team oversees and controls projects to the highest standards of international quality.

Spanning the entire spectrum of design and building, Empire Properties has the rare ability to bring together talented teams to realize ambitious goals.

The creativity, flexibility, and diverse talents of this team afford us the special ability to adapt and position Tanzanite for its distinct market.

For 20 years, Pendharkar & Associates has worked on projects throughout the East and South African region including Tanzania, Uganda, Rwanda, Botswana, Mozambique, Zambia, Burundi and South Africa. The company's core competencies are residential and commercial structures, industrial structures, bridges and culverts, project management, quantity survey, check engineering and non-destructive testing of concrete structures.

Established in 1990, Pendharkar & Associates is one of Tanzania's leading registered independent consulting engineering firms providing a wide variety of services in the civil and structural sectors. The company has successfully completed various projects in residential – towers and villas; commercial – hotel & resorts, towers, showrooms; infrastructural – bridges & railway bridges; and industrial – manufacturing plants, industrial plants, valued in excess of USD \$750 million and maintained the quality of services demanded by its national and international clientele.

Pendharkar & Associates boasts an experienced team in all areas of design and supervision which allows it to deliver projects on time, to budget and above the expectations of its clients. The company places emphasis in providing designs that enable simplicity of construction and together with its high quality technical documentation, aims to improve build-ability along with savings in time and cost during construction.

Brand Terminus develops Brand Concepts & Integrated Communications that help businesses stand out, connect with customers & stay relevant.

Over the past 14 years, the agency has helped over 100 prominent companies, established relevance and driven growth by creating customer experiences that drive brand loyalty – combining their strengths in building relevant brands.

Through strategy, they uncover and define unique truths by looking to research, studying the competitive landscape and getting to know the organization.

With this deep, factual understanding of what sets a business apart, they provide the tools to deliver uncommonly simple experiences that reinforce the brand, turn customers into brand champions and position the company for long-term growth.

By blending logic with magic they create thoughtful, unforgettable brand identities, systems and experiences that flex and evolve with a business' changing needs.

MAHAJAN & AIBARA
FINANCIAL ADVISORY

PENDHARKAR & ASSOCIATES LIMITED
CONSULTING ENGINEERS

OVM
Architects

BRAND TERMINUS
BRAND STRATEGY



Visuals

