

ENHANCE DEVELOPERS LIMITED

REVISED FEASIBILITY STUDY

FOR

CONSTRUCTION OF OFFICE BUILDING

Enhance Developers Limited
P.O. Box 19716
DAR ES SALAAM

MAY 2025

1.0 EXECUTIVE SUMMARY

1.1 The Project:

This study covers the construction of Commercial Office for rental to multinational and national companies, banks and own use. Basically, the activities will be geared towards the building of office apartments, which will be equipped with up to- date equipment by Enhance Developers Limited. The ultimate purpose of the proposed venture is to apprehend the setting up of high-quality office apartments of International Standards. The project promoter's M/S Enhance Developers Limited have vast experience in the setting up/operating multi projects especially in the sector of construction. This report presents the Tech-economic and financial analysis on the setting up/operating of office building to be based in Dar es Salaam.

1.2 The promoters

The project is being sponsored by Enhance Developers Limited, a private limited liability company incorporated and registered in Tanzania under Certificate of Incorporation No. **69031** dated 18/12/2008. **Enhance Developers Limited** is owned by three shareholders. Both are well trained and have had long experiences in running and managing of commercial building. The names of the shareholders are as follows:

Shareholder	Shares	Nationality
Girdharbhai Meghjiratna Pindolia	58	Tanzanian
Darpan Girdharbhai Pindolia	41	British
Manasvi Mitin Hirani	1	Tanzanian

1.3 The Market

Tanzania's real estate sector continued to recover from the pandemic-induced challenges on the years 2019 with commercial property occupancy rate increasing, reflecting the recovery of businesses from the pandemic such as the COVID-19 pandemic and relocation of Government offices to Dodoma," resulting in a trend of tenants affected. Furthermore, The Central Bank of Tanzania report shows residential rental and sale prices picked up in prime and subprime locations with the annual rental prices continued to recover, reflecting the recovery of businesses, a pick-up in investment, as well as an increase in tenants' incomes. Tanzania real estate is currently a tenant-oriented market. Several studies have confirmed that vacancy in buildings in Dar es salaam CBD is indeed caused by three main factors which are market, building, and location (Remoy 2010). The intended project will be the first commercial office building in Sub-Saharan Africa to achieve both Leadership in Energy and Environmental design (LEED Platinum) and Well Building Standard (WELL) certification, ensuring that the project leads the region in sustainable and wellness-oriented office developments. This pioneering approach will distinguish it from competitors and make it highly attractive to multinational corporations, financial institutions, and organizations committed to environmental and social responsibility. The recent dynamics have made hospitality sector of commercial which include offices, motels, hotels, resorts and other tourist or business accommodation attractive to investors.

1.4 Location

The project will be located at **plot no 78, Upanga Area, Ilala, Dar es Salaam**. The office complex will be established in phases and will be easily accessible in most areas, especially the city center.

1.5 Project Cost and Financing Plan

The total cost of the project is estimated at **US\$18,000,000**. The following is the summary of the capital investment cost estimated:

Item	US\$
Fixed asset	
Land & civil works	13,992,781
Machinery and equipment	200,000
Vehicles	707,219
Furniture and fittings	3,000,000
Others	-
Pre-operational expenses	-
Sub total	17,900,000
Initial working capital	100,000
Grand total	18,000,000

1.6 Financing Plan

The promoters propose to finance the above investment costs in the following manner:

SOURCE	US \$
EQUITY	8,000,000
Loan	10,000,000
Total	18,000,000

1.6 Profitability

The business as indicated in the projected cash flow is commercially and financially viable. It will earn the company an average revenue of **US\$ 2.704M** annual from year 6 before tax profits and depreciation.

1.7 Economic Development Considerations

1.7.1 Employment Creation

The project will create approximately **15** jobs with capacity to establish the employment levels in the later years upon.

1.7.2 Government revenue

The government and other agencies will benefit from various taxes, fees and commissions that will be paid to the Treasury.

1.7.3 Social and Economic Impact

The proposed project will increase the provision of high-quality offices in the country. It will also increase the availability of quality furnished with up-to-date facilities and will result in increased healthy competition among real estate companies by securing leading tenants and addressing a clear market shortage. The project will represent an opportunity for Tanzania to strengthen its position as a leader in sustainable development and high-end commercial real estate in Sub-Saharan Africa.

1.7.5 Economies of Scale

Profitability is greatly affected by economies of scale. The project will be profitable and also will be able to support other sectors such as in manufacturing and transport as it will need a lot of building materials and

transportation facilities. It will increase profitability dramatically hence guaranteeing higher returns in the long run.

1.8 Conclusion and Recommendations

The executive summary highlights indicate that the proposed project will be financially and economic viable. The project aligns directly with several key government policies and regulations that prioritize sustainability, green building, and energy efficiency in commercial real estate. It is recommended that the project be accorded the required institutional and financial support to pave the way for its expeditious establishment and development.

2.0 THE PROJECT

M/S Enhance Developers Limited intends to construct an office building to be equipped with up to- date equipment's. Essentially the purpose of the proposed venture is to apprehend the setting up of high-quality offices of International Standards to be based in Dar es Salaam. The proposed project development strategy is to construct the office complexes which will be the first commercial office building in Sub-Saharan Africa to achieve both LEED Platinum and WELL certification, ensuring that the project leads the region in sustainable and wellness-oriented office developments. This pioneering approach will distinguish it from competitors and make it highly attractive to multinational corporations, financial institutions, and organizations committed to environmental and social responsibility. The project certifications will meet global sustainability standards, making it a preferred choice for organizations committed to reducing their carbon footprint and improving employee well-being. The project will use cutting-edge green technologies, including solar energy, water recycling systems, and energy-efficient HVAC systems, which will significantly reduce operational costs and carbon emissions. The cost savings from these energy-efficient systems will also be passed on to tenants, making The project to be financially attractive option for businesses.

The WELL certification ensures that the building's design enhances occupant health and productivity through features like natural lighting, improved air quality, and spaces designed for physical and mental well-being. This focus on wellness will make The project to be particularly appealing to companies focused on employee satisfaction and retention.: The building will incorporate smart technologies such as IoT-based energy

management systems, real-time air quality monitoring, and occupancy sensors. This modern infrastructure will attract tech-savvy tenants and ensure that the project remains relevant in the long term.

2.1 The Promoters

Enhance Developers Limited is a private liability company engaged in the real estate business. The company was incorporated and registered in Tanzania under Certificate of Incorporation **No. 69031** dated 18/12/2008. Enhance Developers Limited is owned by three shareholders. As follows

Shareholder	Shares	Nationality
Girdharbhai Meghjiratna Pindolia	58	Tanzanian
Darpan Girdharbhai Pindolia	41	British
Manasvi Mitin Hirani	1	Tanzanian

Enhance Developers Limited is a Real Estate Company and has over 15 years' experience in the market with interests in Commercial and Residential properties and developments. The company's good performance since its incorporation is the result of the shareholders sheer hard work and articulate management dynamism in real estate sector. The shareholders of enhance properties are the same shareholders who owns Estim Construction Company which to date prides itself as being a leading Tanzanian Contractor. This remarkable growth of the company can be attributed to its highly skilled and dedicated team of Managers, Engineers, Supervisors, Skilled Artisans and Labour Forces that totally encapsulate the company philosophy. Estim Construction Company has

proved that it has the required ability, competence and professional expertise to successfully complete various projects. Furthermore, the outlook of quality control, high standards and it's in house training of local staff members, has resulted in successful completion of numerous prestigious projects in Tanzania.

It is against this background that Estim Construction Company had developed its own philosophy

2.2 SITE AND LOCATION

The projects will be situated at plot ***no 78 Upanga Ilala Dar es Salaam***, a rapidly growing business hub. The project will benefit from a prime location that is highly accessible and in proximity to other commercial developments. The project will be a one-of-a-kind development in the heart of Upanga, Ilala Dar-es-salaam and will provide a level of quality & luxury offices standards never before experienced in Dar es Salaam. This ensures a steady flow of high-quality tenants. By being the first LEED Platinum and WELL-rated office building in the region. The proposed investment programme is expected to take a period of five years. The envisaged project site will easily be accessible and will be located not far from city center.

2.3. AUXILIARY SERVICES REQUIREMENT

- **Power Supply System**

An independent transformer will be provided to cater for the whole complex and for emergency power supply, a standby generator will be provided to supply the essential loads in an event of TANESCO power failure. Tanzania encourages the reduction of environmental impacts in

large-scale projects. By prioritizing eco-friendly materials and energy-efficient designs, the project will comply with this legal framework, which requires large projects to minimize their carbon footprint. The integration of green building practices, such as on-site renewable energy sources and water management systems, will be used by the project.

Fire Protection

It is proposed to provide fire detection and firefighting system consist of automatic and manual detection devises, alarm and communication system whereas firefighting system will feature portable extinguishers, hose reels, wet and dry rises and automatic sprinkler system.

Air conditioning & Ventilation

An individual/separate air conditioning system mainly split units and window type is proposed for the complex. Proper ventilation system will be providing throughout the year.

- **Security**

Security will be of prime importance surveillance cameras and access control will protect both tenants and customers alike.

2.3.3 Access Entrance

Wide inlet/entrance will be provided so as to facilitate smooth passenger of the tenants with their vehicles.

2.3.4 A Parking Space for the Complex

The complex will be provided with a parking space adequate to accommodate not less than 30 vehicles at any given time. This level space is anticipated to be adequate for purpose in question.

2.4 Environmental Aspect

The design of office building complex will be carried out with maximum consideration of environmental impact assessment. The apartments will be designed to receive maximum natural ventilation and light. Mechanical ventilation should be an alternative only in the absence of natural one. However, both cases should be considered according to the varying/changing climate. Another area where the environmental impact has to be considered is at the project surroundings.

The project will use cutting-edge green technologies, including solar energy, water recycling systems, and energy-efficient HVAC systems, which will significantly reduce operational costs and carbon emissions. The cost savings from these energy-efficient systems will also be passed on to tenants, making the project a financially attractive option for businesses. The WELL certification ensures that the building's design enhances occupant health and productivity through features like natural lighting, improved air quality, and spaces designed for physical and mental well-being. This focus on wellness will make the project particularly appealing to companies focused on employee satisfaction and retention.

2.0 MARKETING AND COMPLEX CAPACITY

3.1 MARKETING ASPECTS

Tanzania's real estate sector continued to recover from the pandemic-induced challenges of the three last years with commercial property occupancy rate increasing, reflecting the recovery of businesses from the pandemic. According to the Financial Stability Report released by the Bank of Tanzania (BoT), most of the selected commercial properties had an occupancy rate of more than 50 percent, indicating stability in the real estate market. Furthermore, The Central Bank of Tanzania report shows residential rental and sale prices picked up in prime and subprime locations with the annual rental prices continued to recover, reflecting the recovery of businesses, a pick-up in investment, as well as an increase in tenants' incomes. Several studies have confirmed that vacancy in buildings in Dar es salaam CBD is indeed caused by three main factors which are market, building, and location (Remoy 2010).

Tanzania's construction sector contributed 14.4 % to the country's real GDP with USD 1.5 billion in 2019, compared to USD 1.2 billion in 2015, an increase of 25%. The large residential housing market is dominated by individual homebuilders who account for over 70% of the total supply.

Housing demand is increasing by about 200,000 units annually, with the current housing deficit estimated at about 3 million units, according to Tanzania Ministry of Lands, Housing and Human Settlements Development.

Commercial real estate is also on the rise as the country emerges as a middle-income economy. Dar es Salaam is the main area of office and retail activity with a retail stock of 153,000 sqm.

The Central Bank report shows that residential rental and sale prices picked up in prime and subprime locations with the annual rental prices continued to recover, reflecting the recovery of businesses, a pick-up in investment, as well as an increase in tenants' incomes. The main reasons for the increasing of market potential in Tanzania is the improvement in business conditions, investment, employment and household income. The projected rebound in economic activities is expected to continue to boost the recovery of the property market. The stability in the real estate market is likely to minimize risks to financial stability given the significant links between property and credit markets. (INTERNET).

3.2 COMPETITION

By international standards the services provided by most of the competitors are not adequate. The same also is for office accommodation. Successful implementation of the proposed project will therefore increase the availability of quality office accommodation in Dar es Salaam. Experience from comparable establishments in the area indicate that the well managed furnished offices are needed by foreign mission and international organizations residing in Dar es Salaam. M/S Enhance Developers Limited will be seen as an additional and more affordable outlet within the vicinity of the city center easily accessible with ample parking space. Considering the location of M/S Enhance Developers Limited and the complimentary nature of the concept, it can be concluded that the overall proposal would not face any serious competition that

would threaten its viability and that the facility would be highly sought after by up-market travelers, the business community and some Tanzanian residents.

3.3 MARKETING

In Dar es salaam a well-organized facility found in prime locations are unable to cater to the growing demand and efforts are now directed towards establishment of office accommodation facilities to keep pace with the increasing Demand. The target market for **Enhance Developers Limited** will be up market, travellers, investors public and private institution. **M/S Enhance Developers Limited** has secured a Memorandum of Understanding (MOU) with Grant Thornton, a major global professional services firm, which will occupy part of the development. This early commitment by an internationally recognized entity demonstrates the credibility of the project and provides a foundation for securing further high-calibre tenants. Discussions are ongoing with large financial institutions, NGOs, and multinational corporations, many of whom are seeking premium office spaces in Dar es Salaam. These tenants are drawn by *the project* sustainable design, international certifications (LEED Platinum, WELL), and prime location in a market with limited availability of high-quality commercial real estate.

3.4 EXPECTED OCCUPANCY

The following factors combine to suggest that the occupancy Level **Enhance Developers Limited** office building will remain high: -

- i) Demand for quality office accommodation in Dar es Salaam is increasing.
- ii) Sponsors are willing to engage the reputed agents for exclusive marketing of the offices.

iii) Since infrastructure for implementation of the proposed project is in place, the facilities will be competitively priced in comparison with other office buildings to be built in the future in Dar es Salaam

V) Enhance Developers Limited will offer ample parking space

3.4.1 Like any property development in the world, the proposed project faces the risk of low occupancy in the initial months; however, extensive marketing, sales promotion and direct contract will mitigate this with potential clients.

3.4.2 Considering these strengths, it is reasonable to conclude that **Enhance Developers Limited office** facilities will be fully occupied from the first year of operation. However, the evaluation assumes a conservative occupancy level of 70% during the first year rising to 80% during the second year and a maximum of 90% by the third and 100% in the fourth year for planning and contingency purposes. Furthermore, a refined and impressive design concept, it should be possible to market and sell **Enhance Developers Limited Suites** well ahead of opening. Considering also the appealing environment of the location, proximity to central business district and all-market business activity area, competitive

4.0 MANAGEMENT AND ADMINISTRATION

4.1 MANAGEMENT

This success of a venture of this kind depends on the competence of the personnel recruited to manage. It is assumed that relevant personnel with requisite skills shall be available within the country. It is envisaged that the proposed manpower structure would give an effective control of the activities. The estate will be managed by Estate complex Board of Directors. This board will operate through the project manager who would manage the of the Estate operations. In Order to streamline the Office building operations, it is proposed to engage two key figures; Operational officer and the Project Accountant. These two along with the Project Manager will form the central operational core that will ensure the success of the project. With proper cooperation effective apprehension of quality level in terms of administrative, finance, accounts, sales, marketing and operative statuses. The project should also employ a qualified electrical technician who is a holder of full Technician certificate in electrical engineering. He should be capable of operating the electrical installations and maintenance of the same. He should also capable of identifying good workmanship for deployment should the need arise. He will liaise with relevant firms contracted for lift installation and management. Based on the proposed organization structure the project will initially employ a total of 15 persons.

4.2 Security System

It is recommended that the security of the complex be provided by an independent security company. This system is very popular for high-rise building owners in the country at present.

5.0 IMPLEMENTATION SCHEDULE

It is estimated that the project will be undertaken in phases and will take about 5 years to completion once the decision for implementation has been reached.

7 .0 INVESTMENT AND FINANCING

7 .1 ASSUMPTIONS

- The project construction time is assumed to be five years.
- The economic life of the project is 10 years
- The currency exchange rate of Tshs. 2600/- to one US\$ has been adopted

6.2 INVESTMENT STRUCTURE

The total initial investment in fixed assets is estimated at US\$ **18,000,000** and whose breakdown of which is as follows

Item	US\$
Fixed asset	
Land & civil works	13,992,781
Machinery and equipment	200,000
Vehicles	707,219
Furniture and fittings	3,000,000
Others	-
Pre-operational expenses	-
Sub total	17,900,000
Initial working capital	100,000
Grand total	18,000,000

6.3 FINANCING PATTERN

The total initial investment of US\$ **18,000,000** will be financed as follows;

SOURCE	US \$
EQUITY	8,000,000
Loan	10,000,000
Sub total	18,000,000

7.0 OPERATION COSTS

7.1 ASSUMPTIONS

The prices of inputs are assumed to remain constant over the ten years period because under rising inflation the prices and services will rise including those of outputs hence leaving the profit margin unchanged.

7.2 OPERATION COST STRUCTURE

The main items which will constitute the operating costs are displayed at the profit and loss account.

7.2.3 Operating Expenses

The cost items to the owner of hotel by the landlord include general maintenance of the office building, insurance of building against fire etc. salaries and wages, electricity and water, security, management fees and other general administrative responsibilities.

7.2.4 Depreciation

Depreciation rates have been calculated as follows:

Land, Building and Civil Works	5 % Straight line
Vehicle	25% Straight line
Pre-operational Expenses	20% Straight line
Equipment	12.5 Diminishing value

8.0 FINANCIAL AND ECONOMIC ANALYSIS

8.1 ASSUMPTION

- The prices are assumed to remain constant over the life of the project i.e., 10 years
- However, in case of changes in the costs of inputs, to maintain the desired profit margin the prices of the outputs will be accordingly adjusted
- The assumed capacity utilization levels are at 80% &85%, up to year 9.

8.2 PROJECTED INCOME

The project's income at full capacity utilization is estimated to average at **USD 2.704** million per annum.

8.4 PROJECTED CASH FLOWS

The project has a positive net cash flow from year of operation to the tenth year.

9.0 CONCLUSION AND RECOMMENDATIONS

Analysis of the viability of the Enhance Developers Limited project aimed at establishing Commercial Office for multinational and national companies and banks, shows that the proposal is financially viable and commercially attractive. From a national point of view, the timely implementation of the project will lead to following economic benefits: -

- The project will contribute towards the expansion of high-class accommodation facilities in Dar es Salaam;
- **Enhance Developers Limited** will provide indirect employment.
- The government will earn substantial revenue from the operation of the project in the form of value added tax. Furthermore, the project has high potential to generate revenue to the government in the form of corporation tax.

Strong sponsors promote the project with the ability to manage all the activities efficiently. The short implementation period combined with the envisaged financial returns makes the proposal highly attractive and ideal for supporting. This study recommends timely implementation of the proposal.

ENHANCE DEVELOPERS LIMITED
INVESTMENT COST

Item	US\$
Fixed asset	
Land & civil works	13,992,781
Machinery and equipment	200,000
Vehicles	707,219
Furniture and fittings	3,000,000
Others	-
Pre-operational expenses	-
Sub total	17,900,000
Initial working capital	100,000
Grand total	18,000,000

ENHANCE DEVELOPERS LIMITED

DEPRECIATION SCHEDULE

US\$

	Value	Rate%	1	2	3	4	5	6	7	8	9	10
Land and Civil Works	13,992,781	5.0	699,639	699,639	699,639	699,639	699,639	699,639	699,639	699,639	699,639	699,639
Machinery and Equipment	200,000	12.5	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	-	--
Furniture & Fittings	3,000,000	12.5	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	-	-
Motor Vehicles	707,219	25.0	176,805	176,805	176,805	176,805	-	-	-	-	-	-
Total			1,276,444	1,276,444	1,276,444	1,276,444	725,014	725,014	725,014	725,014	699,639	699,639

ENHANCE DEVELOPERS LIMITED

PROJECTED PROFIT AND LOSS

Project Analysis									
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Incoming Rental			2,313,600	2,458,200	2,458,200	2,704,020	2,704,020	2,704,020	2,704,020
Factor (rental Increase)			1.0	1.0	1.0	1.1	1.1	1.1	1.1
Shareholder Working Capital	2,000,000	2,000,000	2,000,000	-					
Loan	5,500,000	4,500,000							
Total	7,500,000	6,500,000	4,313,600	2,458,200	2,458,200	2,704,020	2,704,020	2,704,020	2,704,020
Maintenance		-	(231,360)	(245,820)	(245,820)	(270,402)	(270,402)	(270,402)	(270,402)
Interest	(193,741)	(864,226)	(992,558)	(829,044)	(666,937)	(512,313)	(362,464)	(217,503)	(75,408)
Depreciation			(902,898)	(902,898)	(902,898)	(902,898)	(902,898)	(902,898)	(902,898)
Insurance Cost			(33,750)	(33,750)	(33,750)	(33,750)	(33,750)	(33,750)	(33,750)
Commission to agent		-	(96,408)		(102,433)			(112,677)	
Corporation Tax		-	-	-	(151,909)	(295,397)	(340,352)	(350,037)	(426,468)
Construction cost of Building	(6,000,000)	(5,000,000)	(4,000,000)						
Total	(6,193,741)	(5,864,226)	(6,256,974)	(2,011,512)	(2,103,747)	(2,014,760)	(1,909,866)	(1,887,267)	(1,708,927)
Gross Surplus/Deficit	1,306,259	635,774	(1,943,374)	446,688	354,453	689,260	794,154	816,753	995,093
Net Surplus	1,306,259	635,774	(1,943,374)	446,688	354,453	689,260	794,154	816,753	995,093

ENHANCE DEVELOPERS LIMITED

PROJECTED CASH FLOW

	1	2	3	4	5	6	7	8	9
Net Surplus plus interest and depreciation	1,500,000	1,500,000	(47,918)	2,178,630	1,924,288	2,104,471	2,059,516	1,937,154	1,973,400
Bank Loan - Interest & principle	193,741	864,226	2,461,946	2,277,320	2,095,508	1,922,451	1,755,321	1,594,126	1,436,753
Net Surplus/(deficit)	1,306,259	635,774	(2,509,864)	(98,690)	(171,220)	182,020	304,195	343,028	536,647
Accumulated Net Surplus/(deficit)	1,306,259	1,942,033	(567,831)	(666,520)	(837,740)	(655,720)	(351,525)	(8,497)	528,150

