

DOREM MEDICAL HOSPITAL LIMITED, LOCATED AT PLOT NO. 614, BLOCK 'A', HOUSE NO.614, BIMA ROAD, TABATA BIMA AREA, ILALA DISTRICT, DAR ES SALAAM

BUSINESS PROPOSAL HIGHLIGHTS

FOR

COMPLETION AND FURNISHING OF THE HOSPITAL BUILDING ALLIED WITH PURCHASE AND INSTALLATION OF MEDICAL MECHINERY, EQUIPMENT AND INSTRUMRNTS TO A PROPOSED REGIONAL LEVEL CATEGORY HOSPITAL



Prepared for:

Dorem Medical Hospital Limited

Plot Number 614, Block 'A'

Bima Road, Bima Area, Tabata Ward, Ilala District

Postal Code: 12104

P.O Box 15815,

Dar es Salaam

Tanzania

1. PROJECT INFORMATION HIGHLIGHTS

Project Name: Dorem Medical Hospital Limited

Project Promoter: *Dorem Medical Hospital Limited*; a limited liability company by shares that was incorporated on 30th April 2025, and issued certificate of incorporation No.184534398; specifically to provide general and specialized medical and healthcare services, initially focusing at Regional Level Categorized Hospital service.

Project Ownership: *Dorem Medical Hospital Limited*; is privately and family owned by local Tanzania citizens namely Mr. Exper J Massawe (70%) and Mrs Theckla E Massawe (30%) respectively.

Legal Status: Limited Liabilities by Guarantee Company

Contact Details: *Postal Address:* P.O.Box 15815, Dar es Salaam, Tanzania
Contact Person: Theckla Exper Massawe: Director and Shareholder
Mobile: +255 787 460 945 & +255 764 471 000
Email: expermassawe@yahoo.com

Project Concept : *Completion of construction, finishing and installation works of the Hospital building with allied infrastructure, facilities and services; specifically, flooring, electricity, communication, security and water supply system allied with engineering, mechanical, electrical and ancillary facilities service works.*

Purchase and installation of the following Hospital items

- ✓ *Furniture, shelves, fittings and fixture, wheel chairs, stretcher, laundry machine, treadmill machine and accessories, uniforms, bedsheets etc.;*
- ✓ *ICT Infrastructures, including but not limited to computers, power inventors, server, hardware and software with allied installation works;*
- ✓ *Medical machinery, equipment and instruments including but not limited to radiology machines, surgery equipment, dental equipment, ICU equipment, physiotherapy equipment, eye service kit, doctors rooms equipment, dressing and injection room equipment, labour ward equipment, vital sign monitor; Reproductive and Child Health (RCH) services unit items including; suction machine double, oxygen concentrator, neonatal bed hydraulic, infant warmer, vain finder, oxygen cylinder 10 Kgs, phototherapy machine, CPAP machine, CTG machine, incubator, infusion pump, pulse oximeter handheld, phototherapy eye shield,*

Detailed Project Estimated Investment Cost in TZS

| ITEM | EXISTING INVESTMENT | | PROPOSED INVESTMENT | | TOTAL |
|---|----------------------|--------------------|----------------------|--------------------|----------------------|
| | Owners Equity | Debt | Owners Equity | Debt | |
| HOSPITAL BUILDING | | | | | - |
| Preliminaries | 9,400,000 | - | 3,500,000 | - | 12,900,000 |
| Consultancy fee | 16,800,000 | - | 4,500,000 | - | 21,300,000 |
| Leasing Building/Acquisition of addition land | 68,000,000 | - | - | - | 68,000,000 |
| Land Development | 57,000,000 | - | - | - | 57,000,000 |
| Building renovations, partitions & allied construction works | 1,118,000,000 | - | 401,715,800 | - | 1,519,715,800 |
| Building Services (plumbing, waste systems, electricity, aircon) | 413,480,000 | - | 87,900,000 | - | 501,380,000 |
| Building Equipment (elevator and engineering passage etc) | 165,531,000 | - | 83,200,000 | - | 248,731,000 |
| Sub Total Infrastructure Costs | 1,848,211,000 | - | 580,815,800 | - | 2,429,026,800 |
| | | | | | - |
| 2. MEDICAL EQUIPMENT, INSTRUMENT AND OFFICEEQUIPMENT | | | | | - |
| Medical Equipment | 262,560,000 | - | 450,225,000 | 268,400,000 | 981,185,000 |
| Hospital Furniture | 36,000,000 | - | 214,567,000 | 114,600,000 | 365,167,000 |
| Motor Vehicle/cycle (Ordinary/Ambulance) | 55,300,000 | - | 85,000,000 | - | 140,300,000 |
| Standby Generator | 14,034,799 | - | 92,625,000 | - | 106,659,799 |
| Sub Total Medical Equipment, Instrument and Office Equipme | 367,894,799 | - | 842,417,000 | 383,000,000 | 1,593,311,799 |
| Working Caapital | - | 167,000,000 | 80,000,000 | 400,000,000 | 647,000,000 |
| TOTAL PROJECT COST | 2,216,105,799 | 167,000,000 | 1,503,232,800 | 783,000,000 | 4,669,338,599 |
| | | | 80% | 20% | |
| | | | 3,719,338,599 | 950,000,000 | |

Project Existing

Banking and Borrowing

Relationshipst:

Presently, the Hospital project is banking with CRDB Bank Ltd, but with no borrowing relationship in place,

Project Products/Services: Consistent with the Ministry of Health guidelines for the proposed Regional Level Hospital Category, the medical facility will provide general and specialised clinical care in medicine, paediatrics, obstetrics and gynaecology, surgery, ENT, ophthalmology, and anaesthesia; along with emergency, inpatients and outpatients service.

The hospital facility will also provide nursing services, clinical laboratory, radiology, electro-magnetic medical diagnostic services and pharmacy services; as well as administrative services operations including all personnel, accounting, medical records, housekeeping, ambulance, security, dietary and social services. In addition, specialized services based on the catchment population disease profile.

Project Target Market: The Hospital facility will cater for a general population of Tabata Bima suburb and the surrounding community in Ilala and Kinondoni districts respectively; devoting its capacity towards serving the population with general, specialised, efficient and quality medical services. The Hospital facility will also serve as an alternative medical facility for more 50 medical facilities referral cases in the catchment area, hence decongesting them.

The Rationale and

Justification:

The hospital facility anticipate to enhance specialised medical services outpatients services, through enhancement, installation and utilisation of the upmost medical diagnostic capacity and expertise, employment and commissioning of the new medical speciality areas that matches demography, development and epidemiology position of the catchment area; in turn heightening its business revenue and ultimately profitability

Project Operations:

The hospital plan to enter contract with qualified medical specialists from private and public sectors to supplement its resident medical team. Under the arrangement, consultants will exclusively providing specialised medical services on mutually agreed scheduled fees, time and period.

The resident medical team under the Managing Doctor assisted by the Hospital Manager will be responsible for ensuring fully compliance with all the Ministry of Health requirements for Regional Level Hospital Category and Medical Association of Tanganyika (MAT) accreditation standards including safety, quality care, operational efficiency, environmental compliance and professionalism.

Project Management: The hospital management is under the Managing Director, a professional medical doctor and administrator with over a decade practical experience in both public and private medical services.

The Hospital will also recruit a qualified, hospital medical doctor in charge, human resources and administration manager, finance and accounts manager etc. The hospital also will recruit specialized and qualified medical and non-medical staff to run the day to day medical service operations.

The hospital will continue to employ addition number of staff in the near future ranging from medical professional and specialized team to administrative services staff including but not limited to accounting, medical records, housekeeping, ambulance, security, dietary and social services to ensure quality and professional services.

Competitive Advantage

and Strategy:

These includes:

- ✓ The Hospital will be one of the largest general and specialised hospital facility in its main catchment area; hence has potential of operating with reasonably lower cost structure than its competitors.
- ✓ The Hospital facility location, experienced service configurations make it ideal alternative medical facility for secondary cases hence ensuring cost-effective occupancy levels of the project.

- ✓ Being privately owned supplementing special government health care service programs, will have access to government funds related to medical service programs, hence adding another line of revenue.
- ✓ The Hospital bills and revenues will essentially be capped by the case by case rates promulgated by quality, efficiency, effectiveness and specialised health care services; and will lined up with

Project Benefits: The project benefits are as follow:

- ✓ *Flexibility of the Hospital facility* to plan and implement its medical and healthcare services with allied specialised services without being locked into the infrastructure size and medical machine, equipment and instruments woes;
- ✓ *To save the catchment area community effectively* at the Reginal level category hospital facility; instead of referring them to other medical facilities for attention;
- ✓ *To improve, upgrade, facelift and enhance* the existing Hospital facility services;
- ✓ *To improve the Hospital medical services* efficiency, effectiveness, sustainability, and quality that respects the flexibility principles; and
- ✓ *To integrate the Hospital facility medical services* that responds the catchment area demographic, development and epidemiology at an increasing economy of scale and scope.

Project Economic Benefits and Social Corporate

Responsibility: The proposed hospital facility investment will have significant economic and social benefits to the residents of Tabata Bima Area, Ilala district, Dar es Salaam region, and the surrounding areas of the Dar es Salaam city as well to the country at large, as summarized below:-

- ✓ *Provision of effective, efficient, quality and specialized medical care services* to the community
- ✓ *Creation of direct employment opportunities* to Tanzanians;
- ✓ *Provision of income* to employees and other service providers;
- ✓ *Introduction of safe and high quality specialized medical care services;* and

- ✓ *Expansion of revenue* bases to both promoters and government.

Project Guiding Principles: These includes:

- ✓ *Market oriented* and customer focused;
- ✓ *Responsive to customer needs* and requirements;
- ✓ *Efficiency in organising* the Hospital business entities physical, financial and human assets to enhance productivity;
- ✓ *Quality, standard and focused training* to ensure the Hospital services efficiency and productivity;
- ✓ *Fostering collaboration*, mutual partnership and cost sharing with other interested stakeholders for accelerating the country's social and economic development;
- ✓ *Demonstrating transparency*, reliability and honesty in all aspects of the Hospital facility activities;
- ✓ *Promoting best practices* in delivery of quality services; and
- ✓ *Sustainability*: to operate within the revenue available without depleting financial, physical assets, human resources required for the future Hospital expansion and development.

Projected patients level: The hospital facility anticipate to increase outpatients' record from 42,804 per annum in year 1 to an average of 58,096 per annum in year 6; inpatients number will increase from 9,100 per annum in year 1 to an average of 11,614 per annum in year 6. The upward increase in number of outpatients will be accelerated by the anticipated improvement in the hospital medical services, capacity, facilities, specialties and diagnostic capacities.

Projected 12 months cash flows: The hospital projected 12 months cash flows between August 2025 and July 2026 show a positive net cash flows throughout with lowest deficit balance of TZS 12.0 million that will be offset by the proposed bank working capital facility. Overall, the cash flows suggest business. Any fluctuation in the net cash flow will be buffered by the herein proposed working capital limit (see Appendix 15).

Projected Financials: The projected project financials reveals the followings:

- ✓ The Project anticipate to generate an average revenue of TZS 3.89 billion in year 1 that will increase progressively to TZS 6.48 billion by year 6.
- ✓ The project anticipate to generate gross profit of TZS 1.74 billion in year 1 that will increase progressively to TZS 3.07 billion in year 6.

- ✓ The project will generate pre-tax and net tax margins of TZS 841.77 million and TZS 589.24 million respectively in year 1 that will increase progressively to TZS 2.13 billion and TZS 1.49 million respectively in year 6.
- ✓ Net cash flows after personnel costs, other operating costs and capital costs will be TZS 788 million and will remain positive throughout the project lifespan.
- ✓ The Project requires an equity commitment of TZS 3.58 billion that shall remain non-recoverable during project implementation.
- ✓ Both critical ratios including Interest Service and Debt Service are reasonable and above 1.5; portraying ability of the project to meet its external financial obligation comfortably.
- ✓ The Project is bankable from a credit standpoint, and yields an internal rate of return (IRR) of 24.121% and a positive Net Present Value (NPV) of TZS 563.66 million.

Financial Evaluation: The financial projections are appended and is evaluated as follows

Guiding Assumptions

Revenue projections:

- ✓ Revenue projections are based on the hospital 50 beds capacity for inpatients, stay length of inpatients, and occupancy rate. Others include laboratory services, diagnostic machinery, equipment services, surgical services, ICU, Pharmacy services, inpatient and outpatients' services, general and specialized consultations.
- ✓ The facility will operate 24 hours a day for a total of 365 days per annum.
- ✓ The hospital beds occupancy rate is estimated to start at 50% and increase progressive to stabilize at an average of 90%. Stay length of in patient is estimated at 2.5 day, and the hospital inpatients visits number is estimated to start at 9,100 in year 1 and increase progressively and stabilize at 11,614 visitors from year six.
- ✓ The outpatients visitors number is estimated at 412,804 in year one that will increase to 58,096 in year six.
- ✓ The hospital services assumed schedule of fee are as shown in Appendix 1 and will be constant and adjusted in farther years due to changes in socio-economic factors.
- ✓ Income tax rate of 30% is expected to remain unchanged during the projected period of six (6) years.

Operating Expenses: The main operating expenses include costs of running inpatients and outpatients, medical consultations, administrative costs, personnel, pharmacy, laboratory services and financial cost. - All together estimated to account for 76% of the project turnover. **See Appendix 6**

Re-investment expenditure: Re-investment expenditure has considered repurchase of new asset will occur when existing assets is being fully depreciated. It is further assumed that repair and maintenance costs will keep the hospital equipment productive for a long time before replacing them.

Financial Highlights: Financial forecasts of six years period (2026-2031) of the project lifetime have been worked out.

- ✓ Project costs are presented in **Appendices 2 & 3**,
- ✓ The assets depreciation schedule is presented in **Appendices 4 & 14**.
- ✓ Loan repayment schedule is presented in **Appendices 12 & 13**.
- ✓ Sales Projections annexed with operating expenses, administrative costs and manpower requirements are presented in **Appendices 5 & 6**.
- ✓ The projected income statement is presented in **Appendix 6**.
- ✓ The projected balance sheet is presented in **Appendix 7**.
- ✓ The twelve (12) months, month to month Cash flow projections between August 2025 and July 20261 is presented in **Appendix 15**.
- ✓ Projected Cash flows between 2021 and 2026 on year to year basis is presented in **Appendix 8**.
- ✓ Discounted cash flow projections (calculation for NPV and Internal Rate of Return – IRR) in **Appendix 9**.
- ✓ The Projected Critical Financial Ratios are presented in **Appendix 10**.

Facility Utilization plan: During the first year of operations, the hospital inpatients capacity will be 9,100 in year one that will increase to 11,614 in year six of the projected plan. During same period, the outpatient level will increase from an average of 42,804 in year one that will increase to 58,096 in year six.

Turnover and profitability: Will be follow:

- ✓ Revenue from the hospital services is projected to increase from TZS 3.89 billion in the first year to TZS 6.48 billion in year 6.
- ✓ Gross profit is projected to increase from TZS 1.74 billion in the first year to TZS 3.07 billion in year 6.
- ✓ Profits after capital and financial charges (depreciation and loan interest expenses) are projected to start at TZS 841.77 million in the first year, increasing to TZS 2.13 billion in year 6.
- ✓ Profits after taxation are projected to start at TZS 589.24 million in the first year, increasing to TZS 1.49 billion in year 6

Project Liquidity: The project is considered highly liquid; It generates positive net cash flows of TZS 788.11 million, interest and debt service ratio of 7.77 and 3.92 times respectively and acidic test ratio of 8.88 times in the first year of operations.

Due to its sound liquidity, the project will be capable and comfortably servicing its financial obligation liabilities starting from second year of operation after completion of construction works and start of operations; and still will retain adequate fund yearly for other future operations

Net Present Value

and Internal Rate of Return (IRR): Through the Discounted Cash Flow (DCF) method the project realizes an attractive Net Present Value of TZS563.66 million and Internal Rate of Return (IRR) of 24.12% which is above the cost of capital of 16%, hence indicating the project to be financially viable.

Conclusion and

Recommendation: In consideration of the sounding parameters indicated in the project evaluation and analysis, it is recognized that the proposed project is technically feasible, financially viable, and economically and socially sound, hence recommended for investment as proposed.

PROFILE OF THE DIRECTORS

1. Director.

Full Name : Theckla Exper Massawe
Nationality : Tanzanian
Contacts:
a) Postal: P.O Box 15815, Dar es Salaam, Tanzania
b) Physical: Kijitonyama Area, Dar es Salaam.
c) Mobile: +255 787 460 945
d) Email: expermassawe @yahoo.com

Age: 52 years

Qualification: Secondary School education with number seminar of certificates in business, entrepreneurship, management, processing and administration with over two decades' in small and medium business arena as trader, investor, importer, reseller and merchant

Professional: Entrepreneur

Experience: Over two decades in small and medium sized businesses as entrepreneur.

2. Director.

Full Name : Exper Joseph Massawe
Nationality : Tanzanian
Contacts:
a) Postal: P.O.Box 15815, Dar es Salaam, Tanzania
b) Physical: Kijitonyama area, Dar es Salaam
c) Mobile: +

Age: 59 years

Qualification: Advanced Secondary School Education with seminars, workshop and correspondence studies in business management, administration and entrepreneurship, sales and processing skills.

Professional: Entrepreneur.

Experience: Over three decades in small and medium sized businesses as entrepreneur.