NATIONAL SOCIAL SECURITY FUND

RADISSON HOTEL MWANZA BUSINESS PLAN

1.0 INTRODUCTION

1.1. The Fund's investment portfolio contains real estate in which the Fund has completed project and on-going projects which are under construction. As part of our real estate portfolio, the Fund is currently constructing an international standard hotel in Mwanza City, which once opened is to be operated as the Radisson Hotel Mwanza and has been under construction since November 2013.

1.2. Further, on 21st August 2023, the Fund through letter with Ref. No. MA.371/301/02/171 awarded M/s Radisson Hospitality Belgium SRL/BV (Radisson) with Tender No. PA/004/HQ/2022-2023/NCS/35 for the provision of hotel management services for Mwanza Tourist Hotels.

1.3. Among the conditions that the Fund agreed with Radisson is for the hotel layout and conditions to meet their brand standards. This led to the changes in project layouts and costs as described below in this report. Further, to accommodate these changes, there was a need for the Fund to engage a third party to undertake the validation of the feasibility studies so as to obtain a current outlook on the respective projects.

1.4. Thus, on 21st May 2024, the Fund awarded Tender No. TR191/2023/2024/C/22 to HTI Consulting CC for the undertaking of validation of the Feasibility studies for the Fund's proposed hotel projects. Later, on 10th July 2024, HTI Consulting CC and the Fund signed the Consulting Agreement to allow the conducting of this exercise to commence.

1.5. HTI Consulting CC (HTI) carried out an updated feasibility study for the proposed Radisson Hotel Mwanza, whose initial draft report was submitted on 30th July 2024 and whose final report was submitted on 10th April 2025. This final market & feasibility study report is attached to this Business plan for reference accordingly.

1.6. Therefore, this report represents the Business plan for the execution of construction and operations of the proposed Radisson Hotel Mwanza by the National Social Security Fund (NSSF) in Capri Point, Mwanza City, Mwanza Region.

2.0 RADISSON HOTEL MWANZA PROJECT

2.1. PROPOSED PROPERTY LAYOUTS

Located on Plot No. 2, Block 'W' at Capri Point, Mwanza and opposite to the Bank of Tanzania Training centre with an approximate total floor area of 37,000.00 square meters. Further, there is space allocated for 100 parking spaces on the property.

2.2. DESCRIPTION OF FACILITIES

2.2.1. ROOMS

It has been proposed for the hotel to offer standard, deluxe, executive rooms, suites including a presidential suite that would total 183 rooms. These rooms will be built to a 4-star standard of the Radisson hotel brand through dialogue between the appointed Interior Designer, M/s Source IBA, and the Hotel Operator (Radisson) based on their brand standards. The different hotel rooms and amenities in the Mwanza Tourist Hotel break down as shown in **Table 3**.

TABLE 3: MWANZA TOURIST HOTEL ROOM TYPES

S/N	ROOM TYPE	NO. OF ROOMS	SIZE (SQM)
1	Guest Room Type 1	2	Approx. 34 square meters each
2	Guest Room Type 2	43	Approx. 30 square meters each
3	Guest Room Type 3	2	Approx. 32 square meters each
4	Guest Room Type 4	6	Approx. 36 square meters each
5	Guest Room Type 5	2	Approx. 36 square meters each
6	Guest Room Type 6	20	Approx. 31 square meters each
7	Guest Room Type 7	42	Approx. 40 square meters each
8	Guest Room Type 8	5	Approx. 28 square meters each
9	Guest Room Type 9	1	Approx. 56 square meters each
10	Guest Room Type 10	20	Approx. 33 square meters each
11	Guest Room Type 11	19	Approx. 48 square meters each
12	Accessible rooms	3	Approx. 40 square meters each
13	Extended Stay Suites	17	Approx. 102 to 157 square meters each
14	Presidential suites	1	Approx. 245 square meters

Total	**183**	

2.2.2. HOTEL FACILITIES

Details of hotel facilities are shown in **Table 4** below.

TABLE 4: MWANZA TOURIST HOTEL FACILITIES

S/N	FACILITY	NO. OF ITEMS
1	Shops	14
2	Bars	4
3	Restaurants	2
4	Banquet/Conference Hall	1
5	Mini Conference Hall	1
6	Offices	28
7	Board rooms	4
8	Swimming pool	1
9	Health & Beauty Shop/Spa & Swimming Pool/Jacuzzi;	1
10	Fitness centre/Gym	1
11	Rooftop Bar	1
12	Helipad	1

2.2.3. BACK OF HOUSE

The Back of House facilities are as seen in **table 5** below.

TABLE 5: BACK OF HOUSE FACILITIES

S/N	FACILITY	NO. OF ITEMS
1	Support preparation areas for the respective bars	4
2	Main Kitchen to service all restaurants	1
3	Room Service Kitchen	1
4	Support preparation areas for the respective Banquet/Conference Halls	2
5	Support preparation area for the Board rooms	1
6	Support preparation area for the Rooftop Bar	1

2.3. PROJECT STATUS

2.3.1. The project status is as per **Appendix No. 1** below.

2.3.2. Total Project Costs

The following are the current total estimated project costs as seen in **table 6** below:

TABLE 6: THE CURRENT TOTAL ESTIMATED MWANZA TOURIST HOTEL PROJECT COSTS

S/N	ITEM	CONTRACT SUM (TZS)	TZS:USD EXCHANGE RATE OF 1:2,700.00
			CONTRACT SUM (USD)
1	Civil & Building Works	93,953,214,099.09	34,797,486.70
2	Interior Design Finishing Works	43,700,000,000.00	16,185,185.19
3	Sub-total – Total Contractors' Fees	137,653,214,099.09	50,982,671.89
4	Main Consultants' fees	4,236,031,649.00	1,568,900.61
5	Interior Designer fees (Source IBA)	924,977,050.66	400,388.30
6	Sub-total – Total Consultants' Fees	5,161,008,699.66	1,969,288.91
Total Construction Costs		**142,814,808,798.75**	**52,894,373.63**
8	Land Costs	1,200,000,000.00	444,444.44
Total Project Costs		**144,014,808,798.75**	**53,338,818.07**
Total Costs Per Key		**786,966,168.30**	**291,468.95**

2.3.3. SUMMARY OF FINANCIAL ANALYSIS BY HTI CONSULTING (HTI)

Project Returns – Based on Tanzania Cost of Capital, Discount Rates, RHG Occupancy Rates with addition of Retail and Office Space rental Income (High Road Scenario in the study)

The assumptions here remain the same as above with the exception of:

i. Total estimated project costs of TZS 144,014,808,798.75;
ii. Project Life span is 20 years;
iii. Tanzania Cost of Capital (Cap) rate utilized is 5.00%;
iv. Discount rate utilized is 7.00%;
v. Base Fee of 1.5% of total revenue for first 3-years followed by rate of 2.0% of total revenue thereafter that is estimated to earn Radisson USD 1,764,127.00 over first 10-years;
vi. Maximum incentive management fee of 8.0% of Average Gross Operating Profits (AGOP) that is estimated to earn Radisson USD 2,133,936.00 over first 10-years;
vii. EBITDA will average at 24.6% when the hotel's performance stabilizes in 2029;
viii. GOP will average at 36.1% when the hotel's performance stabilizes in 2028;
ix. The average daily rate is estimated at 115.00 per night depending on the room type and client;
x. Total overhead costs account for 24.5% of total revenue;

xi. Hotel occupancy rate based on RHG market study projected from 45% to 65% occupancy rate from 2028 onwards;
xii. Tanzania Cost of Capital (Cap) rate utilized is 5.00%;
xiii. Discount rate utilized is 7.00%;
xiv. Proposed maximization of income from optimizing used space including not finishing the proposed executive lounge, bar and speciality restaurant as recommended by HTI in the study;
xv. Addition of rental and office space income.

Based on the Financial analysis carried out utilizing the above assumptions, the Project is seen as financially viable with a Positive NPV and Internal rate of return above the cost of borrowing as shown in Page 102 of the Mwanza Tourist Hotel Marketing and Feasibility Study and as seen below:

- NPV (USD): 5,506,821.00
- Project IRR 10 Yr of operations: 7.9%
- Project IRR 20 Yrs of Operations: 7.7%
- Payback Period: Q3 of year 16 of operations
- Discount Rate: 7.00%

NB: Full Financial Analysis including income projections can be found in the attached market and feasibility study (**Appendix No. 2**).

3.0 OBSERVATIONS

3.1. It should be noted that the market plan, financial projections and project capacities are included within the market and feasibility study, which is attached as **Appendix No. 2** accordingly.

3.2. All above project costs are as at 30th June 2024 that have been projected up to completion and provided to HTI Consulting CC to be included in the market and feasibility study. Further, it should be noted that construction is still ongoing in the projects and thus projected costs to completion could increase in the future if deemed necessary for project completion. Further, the Fund has planned to meet all project costs utilizing only internal resources only.

4.0 CONCLUSION

The Fund intends to complete this project for the purpose of operating an International Standard Four Star Hotel, whereby the acquisition of a Certificate of Incentives for this Radisson Hotel Mwanza project will allow for the Fund to obtain saving during the execution of this project for the benefit of the Fund, its stakeholders, Mwanza residents and all future welcomed guests.

5.0 SUBMISSION

This report represents the Business plan for the execution of construction and operations of the proposed Radisson Hotel Mwanza by the National Social Security Fund (NSSF) in Capri Point, Mwanza City, Mwanza Region.

DIRECTORATE OF PLANNING, INVESTMENT AND PROJECTS
NATIONAL SOCIAL SECURITY FUND (NSSF)

NATIONAL SOCIAL SECURITY FUND

PROJECT IMPLEMENTATION REPORT FOR THE PROPOSED CONSTRUCTION OF MWANZA TOURIST HOTEL

AUGUST, 2025

1. INTRODUCTION

Towards achieving one of its core objectives, the Fund is investing in Construction of Four-Star hotel at Capri-Point Mwanza Tanzania. The hotel project consists of 183 rooms and suites of various types including the special Presidential suite, restaurants, bars and sports lounge. Other available amenities in this project are conference facilities which accommodate to 500 individuals per occasion, boardrooms, swimming pools, helipad, gymnasium, SPA and designer shops.

The lead project consultant is M/s HAB Consult Ltd whereas the main contractor is M/s CRJE (EA) Ltd. Table 1 below identifies all parties and stakeholders in this project.

Table No. 1: Project Details

Na.	ROLE/POSITION	ORGANIZATION/FIRM
1.0	**PROJECT CONSULTANTS**	
1.1	Architect	M/s Hab Consult Ltd
1.2	Structural Engineer	M/s Lomo Consult Ltd
1.3	Quantity Surveyor	M/s Cost Data Consult Ltd
1.4	Service Engineer	M/s Electricplan (T) Ltd
1.5	Interior Designer	M/s Source IBA
1.6	Kitchen Consultant	M/s Cirk Kour Ltd
1.7	Landscape Consultant	M/s Design Concern Ltd
2.0	**PROJECT CONTRACTORS**	
2.1	Main Contractor	M/s CRJE (EA) Ltd
2.2	Electrical Sub-Contractor	M/s Derm Electrics Ltd
2.3	HVAC Sub-Contractor	M/s Berkeley Electrical Ltd
2.4	Plumbing Sub-Contractor	M/s Jandu Construction & Plumbers Ltd
2.5	ICT Sub-Contractor	M/s ZAK Solutions Ltd
2.6	Security Sub-Contractor	M/s ComSec Security Systems Ltd
2.7	Lift Installations Sub-Contractor	M/s F.E.C (EA) Ltd

2. PROJECT IMPLEMENTATION

Construction works related to this project commenced on November 2013 and the initial completion date was March 2016. However, due to contractual and operational challenges, the project could not be timely completed.

Currently the project is at finishing stage and the revised completion date now stands at 30th June 2027 (*as justified in the attached action plan*) whereas the overall project progress is 84%.

The hotel operator is Radisson Hotel Group (RHG) who was acquired through competitive selection method and signed an International Management Agreement (IMA) with the Fund on 16th May 2024. The overall project cost is estimated to be TZS 123 billion whereas as of 31st May 2025 a total of TZS 72.70 billion have been disbursed to project contractors and consultants in relation to this project.

3. ONGOING WORKS

In course of execution this project, the hotel operator made adjustments to some areas of the hotel which led to slight design alterations and demolitions so as to meet the RHG standards. Basically, the ongoing works are finalization of alterations, finishing works and external works.

i. Floor, wall and ceiling finishes at the hotel rooms and shared areas of the hotel building.
ii. Finishing works in the conference room and boardrooms.
iii. Finishing works at the new fire escape staircases.
iv. External works (soft landscaping, hard landscaping, construction of soak away pit and finishes to swimming pools.

APPENDIX NO. 1

ILLUSTRATIONS OF THE SAMPLE ROOM

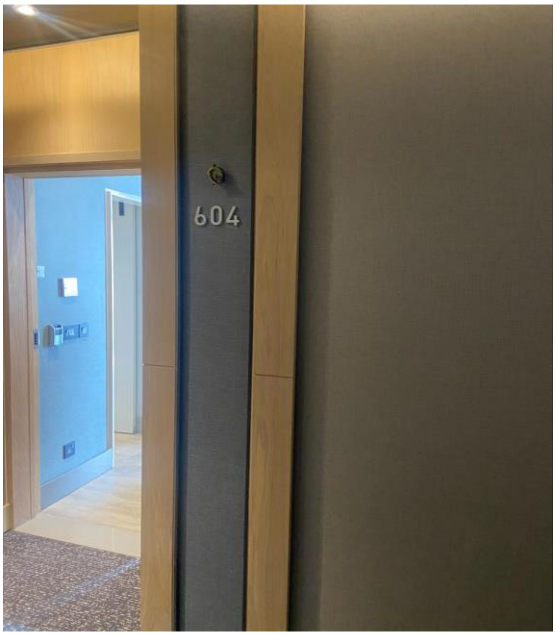


ILLUSTRATION OF ALTERATIONS TO MEET HOTEL OPERATOR STANDARS

Construction of Additional Fire Escape Staircase

Alterations in the Conference Room

4.Project Challenges

- High lead time for importation of building materials which are specified to meet Raddison standards since they are not available in the country as observed during construction of sample room.
- High tariffs and charges in compliance to statutory requirements during importation of the building materials from various regions of the globe as observed during construction of sample room.

5. Submission

I hereby submit this implementation report of the Proposed Construction of Mwanza Tourist Hotel.

APPENDIX NO. 1

Table 1: Project Implementation Plan for Mwanza Tourist Hotel As of 31st May 2025

Activity	Responsible	Output	Status	Completion Date
Design of the sample room	SOURCE IBA/HAB	Sample room drawings	• Complete	Complete
Submission of All Sample Materials for Mock up room	CRJE/ SOURCE IBA/HAB	Approved samples	• Complete	Complete
Physical approval of Mock Up Room	ALL	Sample room required for hotel operations	• Complete	Complete
Completion of demolitions and alteration	CRJE/SOURCE IBA	Complete structure as per hotel operator requirement	• Complete	Complete
Completion of external works	CRJE/HAB	Improved external façade and services to the building	• Consultant is finalizing drawing for external works due to slight changes to building services. It is expected the drawings to be completed by 15th June 2025 for works to be executed.	30th August 2025
Completion of Back of House	CRJE/HAB	Supporting facilities to hotel building	• Consultant is finalizing service drawings for BOH facilities. It is expected the designs to be completed by 15th June 2025 for works to be executed.	30th December 2025
Approval of alternatives to samples for use in finalizing the hotel (Value Engineering)	ALL	Cheaper materials compared to those used in the mock up room	• The main contractor has been instructed to look for alternatives to samples with same quality as approved samples in China which shall be used for finishing the rest of the hotel	30th July 2025
Procurement of Materials for finishing	CRJE	Materials for completion of hotel	• Procurement of materials has commenced on 20th January 2024 after physical approval of mock up room and alternative materials sourced at China.	30th March 2026

			• Procurement of materials for the rest of the hotel building shall be complete by 30th March 2026	
Completion of the Hotel Rooms and Common areas of the building	ALL	Mwanza Tourist Hotel	• The Hotel shall be partial complete by 31st December 2026 then after commissioning and testing of materials shall commence.	31st December 2026
Commencement of Operations	ALL	Tenable Hotel & Commencement of Operations	• The operations shall commence following testing of all services on 30th June 2027	30th June 2027

APPENDIX NO. 1

Mwanza Hotel Development

FINAL REPORT

NSSF

April 2025

Macroeconomic Environment

SECTION 1

- Understanding the macro-environment into which a hospitality project ("the Project") will enter and operate creates the base layer to feasibility assessment.
- In this section we provide an overview of the Tanzanian macro-economic and political situation, tourism landscape and unpack other factors which can influence and impact on the overall outcome of the Project.

Private and Confidential

Economic Indicators

Overview of Tanzania Macro Environment

Population

Tanzania holds the fifth-largest population in Africa at 62 million (as per 2022 country census), with a rapid growth rate of 3.1% yearly. Dar es Salaam is the nation's largest city, an economic hub with over seven million inhabitants, making it the largest city in East Africa but also the sixth-largest on the entire continent. Mwanza follows as the second-largest urban area with 1,311,000 residents.

Political Stability

Tanzania shines as a model of calm and political stability in Africa. Since its 1961 independence, the nation has maintained remarkable peace, evading civil strife and internal conflicts. With a united national identity, citizens coexist harmoniously without ethnic divides.

Tanzania has seen five seamless leadership transitions through democratic elections since independence. Notably, in 2021, the nation achieved a historic milestone by electing its first female president.

Economic Growth

Tanzania emerges as a swiftly expanding economy within the region, boasting a GDP growth of approximately 7% since 2010. While the pandemic led to a decline, hampering the crucial tourism sector, the nation's growth has rebounded. An estimated growth of 5.3% in 2022 is followed by 5.2% in 2023.

Tourism Value

Tanzania's wildlife treasures are globally acclaimed, with over a quarter of its land dedicated to protected areas. The country proudly boasts 22 National Parks, 32 Game Reserves, and diverse marine sanctuaries. Iconic destinations like the Serengeti, Ngorongoro Crater, and Kilimanjaro attract travelers from around the globe. In real terms, tourism is a money-spinning industry for the economy, generating 1.3 million jobs, USD 2.6 billion in revenue annually and representing approx. 18% of GPD and 25% of export receipts

Foreign Direct Investment

FDI in Tanzania has exhibited substantial growth. In 2021, FDI surged by an impressive 33%, amounting to USD 922 million, compared to the USD 695 million recorded in 2020. This trend continued into 2022, with FDI climbing by 19% to reach USD 1.1 billion. Leading the roster of countries channelling FDI into Tanzania are China, the USA, Mauritius, Spain, and India. The inflow of FDIs has predominantly centred around sectors such as commercial real estate, manufacturing, and transportation.

Source: Fitch Solutions

Economic Indicators

Economic Overview

- Tanzania is East Africa's second-largest economy after Kenya. As per the 2022 Tanzania census, the population sits at 62 million people. Tanzania is considered an attractive (consumer) market for foreign exporters. In addition to its relatively large population, Tanzania also reached an important milestone in 2020, when it formally graduated from low-income country (LIC) to lower-middle-income country (LMIC) status. This achievement reflects sustained macroeconomic stability that has supported growth as well as the country's rich natural endowments and strategic geographic position in the region.
- Tanzania has experienced strong economic growth in recent years, with an average growth of 6.3% in the last decade, thanks to a high level of exports in natural resources, developments in the tertiary sector (telecommunications, transportation, finance, tourism) and the establishment of a liberalisation programme. Although GDP growth decelerated since the outbreak of the COVID-19 pandemic, Tanzania was one of the rare economies not to fall into economic recession over this period and outperformed neighbouring economies in terms of GDP growth achieved. In 2021, the real GDP of the country grew by 4.9% reaching USD 70.28 billion according to the Bank of Tanzania; while in 2022 growth of 4.5% was achieved supported by public and private investment (mostly in infrastructure projects). For 2023, the IMF forecasts a GDP growth of 5.2%, followed by 6.1% in 2024, closer to the country's pre-pandemic average. Downside risks include weak fiscal metrics, elevated debt stocks and the ongoing effects of the Russian-Ukraine war (the two countries accounted for 11% of tourist arrivals before the conflict).
- Ambitious infrastructure development plans, as part of the government's Five-Year National Development programme (fiscal year 2021/2022 to 2025/26), will see a period of buoyant growth for the construction sector in the coming years. In particular, port and rail development will be significant drivers of infrastructure growth in the short to medium term. Dar es Salaam port - the country's main port, responsible for 95.0% of Tanzania's export-import volumes - is undergoing expansion, with the aim of almost doubling its capacity. Construction on Tanga port began in 2020, with the goal of adding oil export facilities in order to transport neighbouring Uganda's future crude production to international markets.
- Another major project expected to commence is an intra-regional rail network aimed at improving trade and transit links in the region, with the construction of new railway links set to connect Dar es Salaam with Kigali in Rwanda and Musongati in Burundi. In addition, a major area of growth for the economy will be the oil and gas sector with two significant projects planned which are anticipated to stimulate additional growth within the economy once kicked-off. The planned Likong'o-Mchinga LNG plant has the potential to spur the country's economic growth by an additional 2% once construction commences. In addition, Tanzania and Uganda have signed an agreement allowing for the construction of a 1,400 km crude oil pipeline between the two countries.

Economic Indicators (2017 – 2028f)

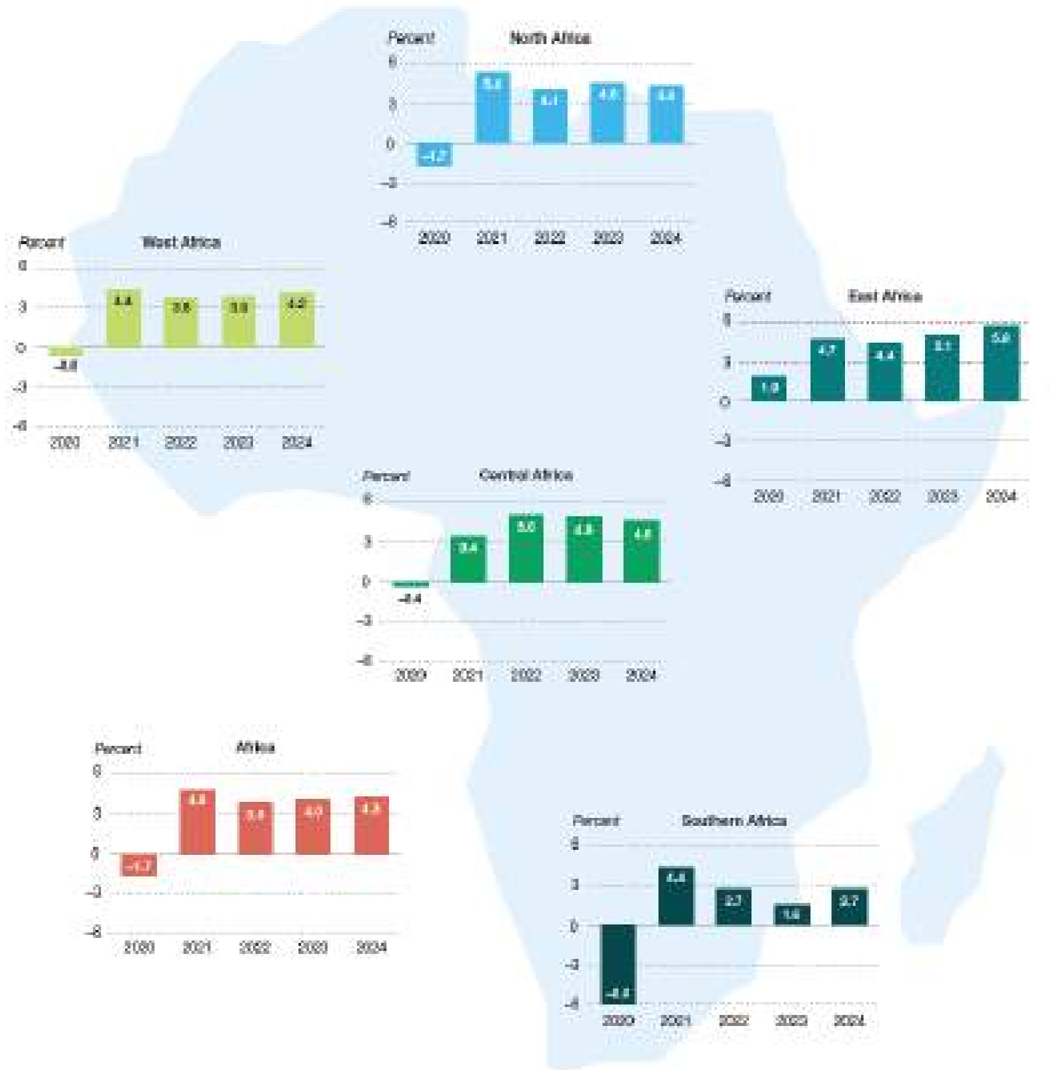
	2017	2018	2019	2020	2021	2022	2023	2024f	2025f	2026f	2027f	2028f
Nominal GDP (USDbn)	53,3	57,0	61,0	65,9	70,3	77,4	84,0	87,9	95,2	104,2	113,7	124,2
Real GDP Growth (%)	6,8%	7,0%	7,0%	4,8%	5,0%	4,7%	5,2%	6,1%	6,2%	6,8%	6,8%	6,8%
Exchange Rate LCU/USD	2228,9	2263,8	2288,2	2294,2	2297,8	2324,4	2420,0	2550,0	2625,0	2675,0	2725,0	2775,0
Lending Rate (%) eop	17,8%	17,4%	17,0%	16,7%	16,6%	16,2%	16,1%	16,1%	16,1%	16,1%	16,1%	15,9%
Central Bank Lending Rate (%)	9,0%	7,0%	7,0%	5,0%	5,0%	5,0%	5,0%	6,0%	6,8%	7,3%	7,5%	7,5%
Consumer Inflation (%)	5,3%	3,5%	3,5%	3,3%	3,7%	4,3%	3,8%	3,4%	3,9%	4,3%	4,5%	4,5%

Source: Fitch Solutions

Regional Growth Performance and Outlook

Tanzania Underpinning Growth within East Africa

- The neighbouring graphic showcases the GDP performance and future outlook across Africa's regions. Notably, in East Africa, where Tanzania, Kenya, and Rwanda lead the way, there are projections of achieving short-term GDP growth that surpasses the continental average.
- Growth in East Africa is estimated to have risen to 5.1% in 2023 from 4.4% in 2022, benefiting from declined commodity prices.
- East Africa primarily consists of nations that are significant net exporters of agricultural goods such as tea and coffee, as well as players in the mining industry. Growth in the region is forecasted to ease to 5.1% in 2023, followed by a sustained expansion of 5.8% in 2024. This growth is attributed to the resurgence in global commodity demand and an enhancement in domestic circumstances. These improvements, which follow a period of weakness caused by the Covid-19 pandemic, are expected to boost investments and economic performance.
- The projected growth in 2023–24 will be underpinned by sustained growth in Tanzania which accounts for 19% of the region's GDP, making it one of the region's top performers, with real GDP growth exceeding 6% since 2000. That growth has benefited from scaling up investments and exports in the agriculture sector.
- Rwanda will spearhead the region's growth, having maintained a steady 7% growth since 2000, with the exception of 2020. This momentum is expected to persist in both 2023 and 2024.
- Ethiopia, Kenya and Uganda are set to maintain their growth momentum, with average rates surpassing 5% in the medium term. Conversely, Sudan, despite recovering in 2021, is anticipated to face an extended recession stretching into 2024 due to potential risks, including political challenges. South Sudan might not achieve positive growth until 2024.



Source: African Development Bank

Tanzania Legislative Environment

Taxation Landscape

- Please note HTI are not tax-related experts and information provided in this section was gathered from external sources (PWC Tanzania). It is therefore recommended that the Client engages with a local tax/accounting firm to further unpack specific tax-related obligations and regulations.

- Historically the hospitality and tourism sector were VAT exempt, however in 2016 this was reversed and businesses in this sector must now adhere to the 18% VAT requirement.
- For imported goods, VAT is payable at the time of importation together with any customs and excise duties.
  - Import duties vary significantly. Generally, the following import duty rates are applicable:
    - 0% on raw materials and capital goods;
    - 10% on semi-finished goods;
    - 25% on finished consumer goods; and
    - 35% on specified goods;
- Apart from individual income taxes, payroll taxes include:
  - Skills and development levy of 4% of payroll cash costs. This applies to employers with 10 or more employees;
  - 20% social security contribution, which is normally split equally between employer and employee;
  - Workers compensation fund tariff charged at 0.5% of cash sums paid to employees. This is payable on a monthly basis.
- Property taxes are calculated on the value of a premises. The rate varies depending on the value and location of the property. The Tanzania Investment Centre provides the following costs:
  - Residential buildings: 0.15% of buildings value;
  - Commercial buildings: 0.2% of buildings value;
  - If a property is unvalued a flat fee of TZS 12,000 (normal building) or TZS 60,000 (per storey for a storey building) is levied.
- The local government authorities are entitled to charge a 0.3% Service Levy based on turnover generated by corporate bodies in the relevant district.

Key Tanzanian Taxation Figures (2024)

Structure	Charge
VAT	18%
Corporate Income Tax (CIT)	30%
Stamp duty	1% of the consideration
Tourism Business License (TALA)	Foreign entities: USD 5,000 per annum Local entities: USD 500 per annum
Tanzania Food and Drugs Authority (TFDA)	USD 100
Tourist Tax	USD 1.50 per person per night
Tourism License Fee	Estimated USD 2,500 (varies depending on location and product type)
Work Permits	Fixed fee depending on class Class A (Investor) USD 3,000 Class B (Employee) USD 2,000

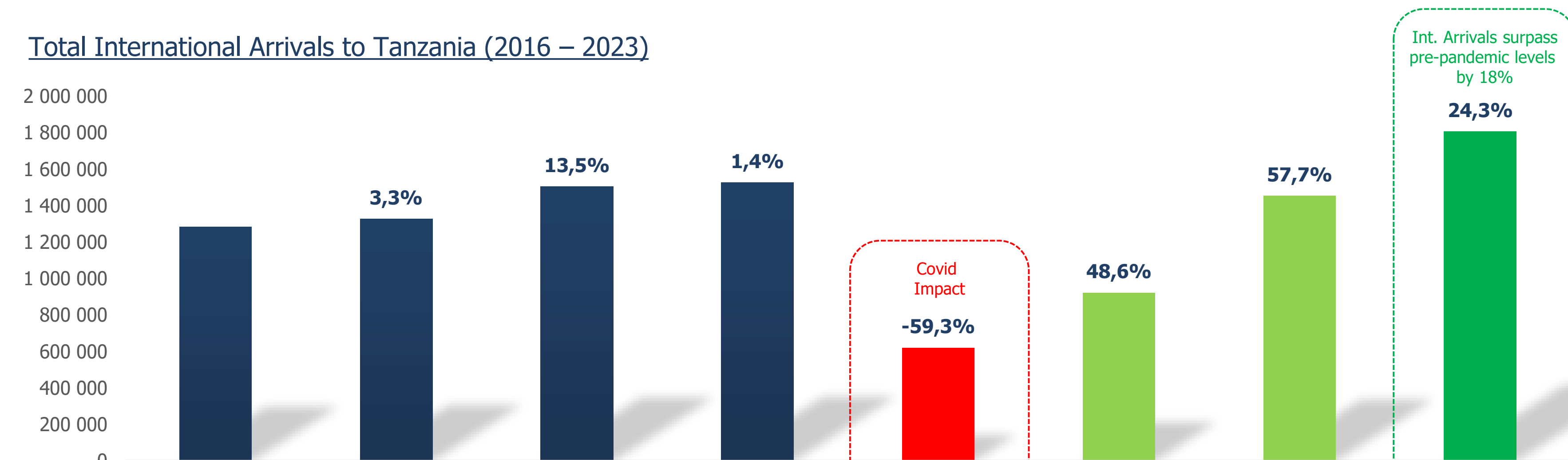
Source: PWC Tanzania / Tanzania Investment Centre

Tanzania International Arrivals

Signs of Growth Pre-Pandemic & Recovery

- Prior to the onset of the global pandemic, Tanzania had been experiencing steady growth in international tourist arrivals with a Compound Annual Growth Rate (CAGR) of 7.15% achieved in international arrivals between 2014 and 2019, with arrivals reaching 1,57 million by 2019.
- The tourism sector is of great importance to the Tanzanian economy, accounting for approximately 18% of the total Gross Domestic Product (GDP) in 2019. In addition, the sector is a dominant source of foreign exchange, accounting for 25% of total export earnings.
- Given the peaks realized in 2019, the timing of the global pandemic was unfortunate as the tourism boom was expected to continue into 2020. The introduction of travel bans, closure of international airports and lockdown activity internally saw international arrivals figures decline by nearly 60% in 2020.
- However, the quicker pace of reopening borders in Tanzania allowed international arrivals to return to growth in 2021, with international arrivals increasing by 48% to reach 922,692 for the year. This positive trend continued into 2022 with arrivals reaching a 95% recovery rate when compared with pre-pandemic levels.
- Based on 2023 figures released, international arrivals surpassed pre-pandemic levels by 18% to reach 1,8 million over the year. The continued growth in arrivals is a testament to the quality and attractiveness of the Tanzania tourism offering.

Total International Arrivals to Tanzania (2016 – 2023)



	2016	2017	2018	2019	2020	2021	2022	2023
Int. Arrivals	1 284 279	1 327 143	1 505 702	1 527 230	620 867	922 692	1 454 920	1 808 205

Source: Ministry of Natural Resources and Tourism

Tanzania International Air Arrivals

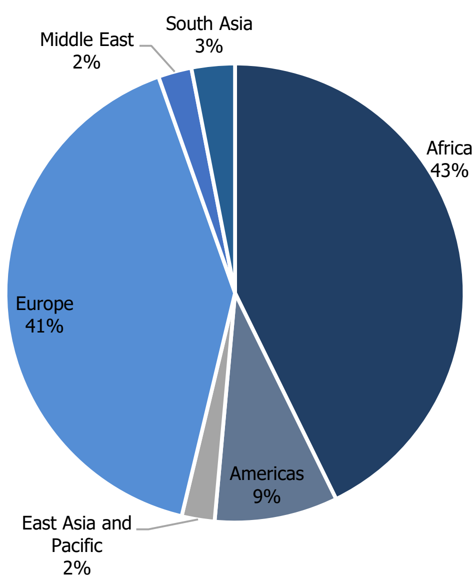
International Arrival Source Regions and Markets

- Africa remains the most dominant source region to Tanzania representing 43% of total arrivals in 2022. This is followed closely by Europe (41%). Following these two source regions, America accounted for 9%, South Asia accounted for 3% and both the Middle East and Asia Pacific represented 2% respectively.
- African markets primarily travel for business purposes which is of more relevance to the project under review. Kenya is the country's largest source market with cross-border trade and business between these two countries being common. This is then followed by South Africa which tends to undertake both business and leisure.
- With regards to the overseas markets, the USA, France, UK, Italy, Germany and Poland have been the most dominant overseas sources markets.

Purpose of Visit

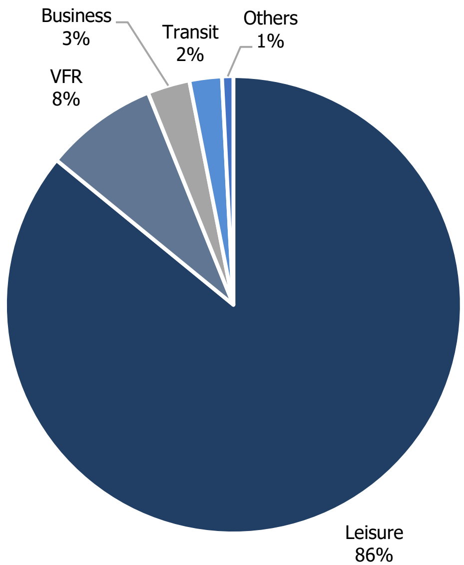
- Tanzania is blessed with a wide tourism offering, extending from the plains of the Serengeti, and the peaks of Mt Kilimanjaro to the beaches and history of Zanzibar.
- With this in mind, it is not surprising that the vast majority of international arrivals are for leisure-related purposes. Although leisure is the most dominant, the percentage it represents of overall international arrivals is inflated with many business tourists ticking "holiday" as their purpose of visit given the high prices associated with business visas in Tanzania with business travellers representing only 3% of overall air arrivals to the country.

Arrival Source Regions (2022)



Source: Ministry of Natural Resources and Tourism

Purpose of Visit to Tanzania (2022)



Source: Ministry of Natural Resources and Tourism

Mwanza Airport and Connectivity

Mwanza as a Regionally Connected City

- The region can easily be accessed by different modes including roads, train, water and air from most major cities of the East African Community as shown on the adjacent map.
- Since 2012, the government has been disbursing funds for major improvements at Mwanza Airport, including the expansion of runways, airport apron for passengers and cargo flights, installation of well-equipped plane control and meteorological towers, among others. The improvements have enabled the airport to accommodate Boeing 737 aircraft with 150 passengers capacity each, as well as eight caravan aircraft with a capacity of carrying 15 passengers each (at the same time).
- In 2019, the government embarked on the construction of a passenger building with the capacity to serve at least one million passengers annually. The terminal building was hampered by serious design flaws and sub-standard work. In March 2024 it was announced that a new contractor was appointed to complete the Mwanza Airport passenger terminal project as intended.

Mwanza Direct Air Routes


Current Terminal Building


New Terminal Building

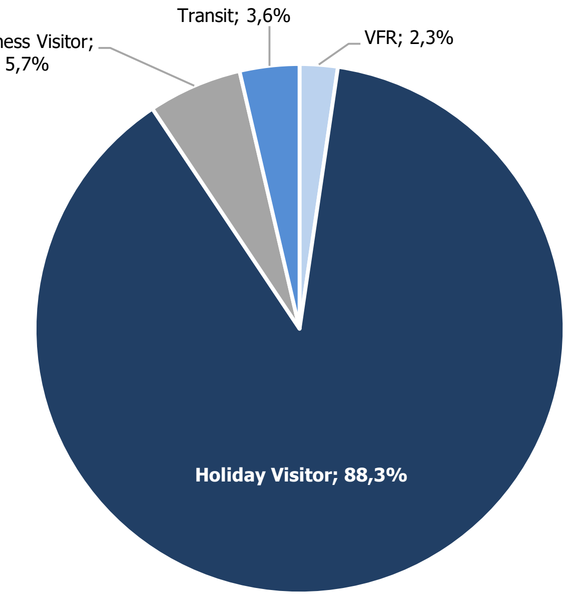
Mwanza Air Connectivity

Air Arrival Volumes

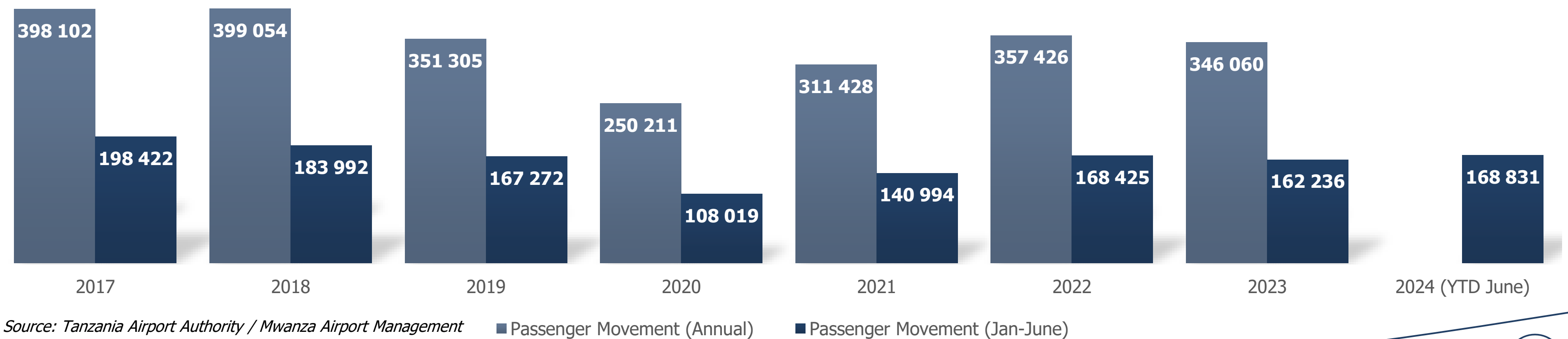
- The fastest mode of transport is by air via Mwanza International Airport. Currently, the airport has non-stop passenger flights connecting domestic markets in Tanzania as well as Uganda and Rwanda. There are four airlines operating flights to and from Mwanza including; Air Tanzania (national carrier), Precision Air, Coastal Aviation and Auric Air (which has its base of operations in Mwanza).
- International passenger arrival volumes to Mwanza are difficult to calculate due to arrival numbers being amalgamated with other smaller airports in Tanzania.
  - In 2022 around 1,813 international passenger arrivals were recorded at Mwanza International Airport (as recorded in the MNRT Statistical Bulletin 2022).
- The annual Statistical Abstract report only provides clarity on Domestic passenger arrival volumes to Mwanza.
  - Domestic air passenger arrivals to Mwanza were recorded at around 320,000 passengers, which is an 8.1% increase on 2019 levels.
  - Domestic air arrivals to Mwanza have shown no growth between 2015-2023 and remain at 81.0% of levels last seen in 2015 (427,000 passengers).
- Air arrivals to Mwanza remain limited, but positive initiatives to upgrade the airport may lead to improved access, open up new routes and grow passenger arrival volumes.

International Air Passenger Arrivals to Mwanza by Purpose of Visit (2022)

TOTAL INTERNATIONAL AIR PASSENGERS TO MWANZA:
1,813 OR 0,6% OF TOTAL PASSENGER ARRIVALS (2022)



Domestic Air Passenger Arrivals to Mwanza (2017 – 2023)



Source: Tanzania Airport Authority / Mwanza Airport Management

Overview of Mwanza City

SECTION 2

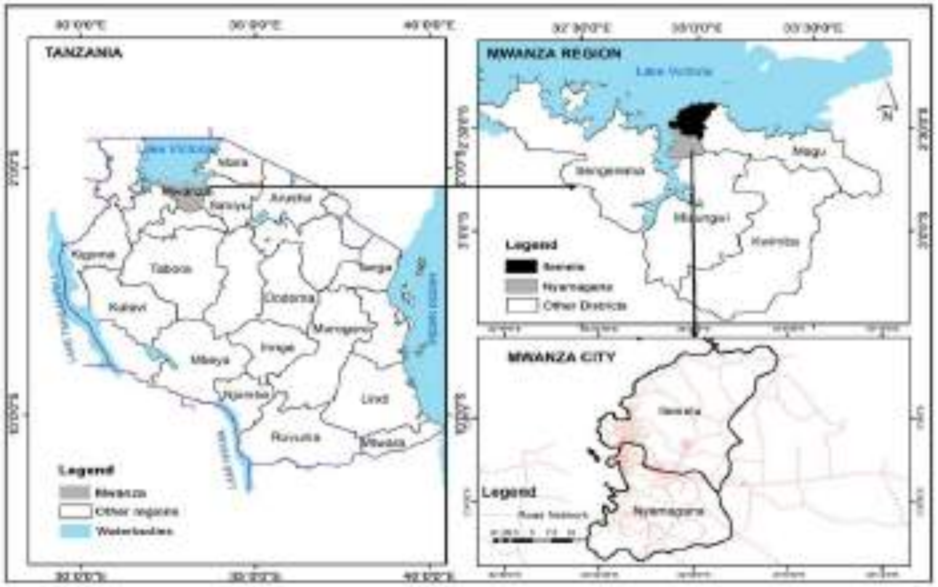
- Having understood the greater macro-economic environment in Tanzania, we will now focus on the economic drivers and vision for Mwanza City.
- In this section we provide an overview of Mwanza, development landscape and unpack other factors which can influence and impact on the overall outcome of the Project.

Introduction to Mwanza

Mwanza as a City

- The site of the hotel project is located in the city of Mwanza, which is situated on the Southern shore of Lake Victoria. Mwanza is the second largest urban settlement in Tanzania after Dar es Salaam. The economy of the Mwanza Region is primarily driven by fishing, agriculture, and mining.
- The city is the seat of the Mwanza Region and holds strategic and economic significance as an administrative centre, port on Lake Victoria and commercial centre within the Great Lakes region and the neighbouring East African Community (which includes countries such as Kenya, Uganda, Burundi and Rwanda).
- The city covers an area of 1,337 square kilometers, of which only 437 square kilometers are located on dry land. The city has a population of 1,282,474 (National Population and Housing Census 2022) with an annual population growth average of between 5-6%. Mwanza is surrounded by a diverse landscape, including mining, national parks and the waters of Lake Victoria. Tourism in Mwanza is underdeveloped, hosting local attractions such as Lake Victoria, Saa Nane Island and the city acts as a transit point to nearby national parks like Serengeti and Rubondo Island.
- The city is noted as an alternative gateway (vs. Arusha) to the Serengeti National Park. *The distance between Mwanza and the Ndabaka Gate of the Serengeti National Park is 136 km (known as the Serengeti's Western Corridor.). The distance between Mwanza and the Fort Ikoma Gate of the Serengeti National Park is 263 km.* There are several ways to get to the Serengeti National Park from Mwanza, including flights and by road – although conditions in certain areas may not be optimal. The Serengeti National Park has seven airstrips so it is easy to fly between Mwanza and the Serengeti. Coastal Aviation and Auric Air operate flights between Mwanza and the Serengeti. These flights are not regularly scheduled and are dependent on demand.
- Mwanza is touted as a more affordable option to access the Serengeti, which has been noted by tour operators as being incorrect as there tends to be an additional layer of logistics that is often overlooked and adds to the overall cost. Furthermore, routing guests and groups via Arusha is far more reliable and pleasant to guests.

Mwanza City in Context



Source: MyMaps

Introduction to Mwanza

Mwanza in Context of Mining and National Parks

- As seen in the image, Mwanza is strategically located between the mining-dominated South-West and the scenic national parks to the East.
- The thriving mining industry in the Mwanza region is the economic cornerstone, driving significant growth and development. As the gateway to several prominent mining operations such as the Geita Gold Mine, Bulyanhulu Gold Mine, and Buzwagi Gold Mine. Along with government, the mining industry is the largest demand driver of hotel accommodation in the City. New mining operations and the expansion of others as well as improvements to the connectivity and logistical transport capability of Mwanza will provide a much-needed boost to the economy of Mwanza.

Mwanza in Relation to Mining Activity and Parks

Source: MyMaps

Introduction to Mwanza

Major Projects in and near Mwanza

- ***Electrified Standard Gauge Railway Project ("SGR"):*** Forming part of the East African Railway Master Plan, the 1,800 kilometer SGR's is to reduce transport costs and enhance economic development by improving connection with land-locked countries (particularly Rwanda, Burundi and the DRC) to facilitate mainly import / export capabilities but also the movement of people via a reliable and extensive railway network. The SGR is designed to operate at a maximum speed of 160km/h for passengers and 120km/h for freight. Construction began in April 2017 and the new railway is scheduled to begin services in July 2024 with 65 of the 89 passenger carriages ordered for the services already delivered.
- The railway system will consist of major phases:
  - **Phase 1: Dar es Salaam – Morogoro Station, covering a distance of 300 kilometers (currently operational), Mororogoro to Dodoma (fully operational)**
  - Phase 2: Morogoro – Makutopora Station, covering a distance of 426 kilometers and transiting through Dodoma - relevant for the project under review as travel time between Dar es Salaam and Dodoma will be significantly reduced and aid in increased business travel to Dodoma.
  - Phase 3: Makutopora – Tabora Station, covering 368 kilometers
  - Phase 4: Tabora – Isaka Station, covering 130 kilometers
  - **Phase 5: Isaka – Mwanza Station, covering 341 kilometers and linking Dar es Salaam to the southern shores of Lake Victoria**
  - Phase 6: Tabora – Kigoma Station, covering 506 kilometers and linking to the eastern shores of Lake Tanganyika
- The progress of the SGR for the Dar es Salaam – Morogoro section (300 km) is complete, while the Morogoro – Makutupora section is nearly complete. Other sections are in various stage of completion including; 13.86% for the Makutupora – Tabora section, 5.38% for the Tabora – Isaka section, and 52.60% for the Mwanza – Isaka section. Although the Mwanza – Isaka section is estimated to be completed in 2024, overall progress on the SGR backbone has seen several delays and will likely take several years to be fully operational. As a result, Mwanza is unlikely to see full benefit of the SGR until the vital connection to Dar Es Salaam (for export purposes) is completed.

Mwanza-Isaka SGR Line

Introduction to Mwanza

Major Projects in and near Mwanza (Continued…)

- In addition to utilities, mobility and production infrastructure projects actively underway in and near Mwanza, there are also several mining projects underway with the aim of significantly increasing gold production capacity in the region. These projects ultimately benefit the economy of Mwanza and accelerate the city's position as a significant economic node of the country.
- ***Kigongo–Busisi Bridge (known as the Magufuli Bridge):*** The construction of the bridge is underway and quite advanced. The bridge will connect the Mwanza and Geita regions, providing ease of movement and importantly improving logistics for mining and export capability to and from the region. The main bridge has a total length of 520 meters and the project is expected to be completed by the end of 2024. It is reported to be the longest bridge in East Africa and the sixth-longest on the African continent At present, the only means of connection between Mwanza, Kigongo and Busisi is via a ferry. According to the Tanzania National Roads Agency, an average of 1,600 automobiles cross the Gulf of Mwanza using the ferry, every 24 hours. That number is expected to increase to 10,200 every 24-hours when the bridge is completed.

- ***The Mwanza Precious Metal Refinery ("MMPR"):*** A gold refinery located in Mwanza (near the airport) and was inaugurated on the 13th of June 2021. The facility sources precious metal from qualified sources authenticated by the Ministry of Minerals and other sellers from neighboring countries. It has the capacity of extracting 480 kilograms per day of 999,9 gold and 60 kilograms per day of silver. The refinery is the very first in Tanzania and fulfils a critical need for mineral processing industries in the country to cater to the purification of its abundant mineral resources, thus increasing the country's mining revenues and reducing mineral smuggling. The MPMR produces bullion bars to buyers mainly in the United Arab Emirates which is one of the largest international source markets.

Introduction to Mwanza

Major Projects in and near Mwanza (Continued…)

- ***Buckreef Gold Mine Expansion:*** The Buckreef Gold Mine has completed two mill expansions since it began operations in late 2021. Due to its high margin, open-pit nature, Buckreef Gold produced between 20,000 and 25,000 ounces in 2023. A third mill expansion is underway and will double the existing processing capacity and increase the number of ounces produced in fiscal 2024. The long-term goal of the aforementioned Buckreef Mine Development Project is to increase ore throughput by 75%-100% at full capacity, expanding the Buckreef Gold mining operation into a substantial gold producer in Tanzania.

- ***Nyanzaga Gold Project:*** Having now fully completed its acquisition of OreCorp, Perseus Mining is getting ready to advance the Nyanzaga gold project in Tanzania. Nyanzaga is located in the Lake Victoria goldfield of north-western Tanzania, approximately 60 km southwest of Mwanza. AngloGold Ashanti's Geita gold mine lies 80 km to the west and Barrick's Bulyanhulu mine 40 km to the south-west. Perseus is commencing feasibility-level mining studies on the Nyanzaga Gold Project is estimated to be completed by the fourth quarter of 2024. A final investment decision (based on the feasibility studies) is expected by year-end, enabling project development to commence in 2025 with the aim of first gold production during the first quarter of 2027.

Conclusion

- Mwanza is the second largest city in Tanzania and is seen as a strategic regional trade node as well as fulfils an important government and administrative role in northern Tanzania.
- Based on the UN-Habitat LED Settlement Baseline Survey (2020) as well as the UN Voluntary Review Report for Mwanza (2023), it is noted that Mwanza remains one of the poorer regions in Tanzania. Key social-economic indicators fall below the national average such as education, poverty, employment and GDP per capita tend to be below national averages.
- Although the economy of Mwanza is primarily driven by small-scale agriculture operations, government planning and policy documents emphasize capacity building and growth of the agricultural sector with the support of agencies like the Tanzania Investment Centre ("TIC") and the Export Processing Zones Authority ("EPZA"). There is a strong drive to establish ago-processing industries in and around Mwanza in order to enable small-scale farming to formalize and grow into medium-to-large-scale farming operations. This in turn is supported by infrastructure projects to enhance and unlock the processing, manufacturing and export capability of Mwanza. The mining sector is also a crucial economic sector and although several mining operations in the region are active, this sector remains underdeveloped (many mining sites are still at the survey and viability stage).
- The government of Tanzania is currently executing infrastructure development projects in Mwanza and surrounds that will foster the city's development and prosperity, contribute to higher productivity and growth, facilitate trade and connectivity, promote economic inclusion and ultimately contribute to the success of the development under question.
- Mwanza is well connected by road, rail, water and air transport. Upgrading of the airport as well as the linkage to the SGR is expected to yield even greater accessibility and connectivity to Mwanza – likely stimulating economic activity of the city and region.
- Mwanza is primarily a government and business hub, with the tourism sector remaining underdeveloped. Although Mwanza is touted as an alternative gateway to the Serengeti National Park, Arusha remains the preference of tourists due to ease of access and the reliability of flights and transportation to and from the Serengeti National Park. As noted by travel and tour operators, Mwanza lacks the appeal of established and known destinations such as Arusha. Should connectivity, flight capacity and logistical costs improve, it may aid in positioning Mwanza as a viable alternative to Arusha – but this remains unlikely in the short-to-medium term.
- Overall, Mwanza exhibits promising growth potential as a City. With numerous initiatives and strategic projects underway to bolster the economy of Mwanza, and in turn the viability of the subject development.

Site Assessment

SECTION 3

- A site visit was conducted in March 2024 to determine the suitability of the site to house the proposed development.
- This Section covers elements such as accessibility, site characteristics, size and overall appeal of the location to house the development under review.

Introduction to Site

Site Location and Size

- The development is located in the upmarket area of Capri Point, Mwanza.
- The site is located close to the Mwanza Central Business District ("CBD") and approximately 10 kilometres from the Mwanza International Airport.
- Most government parastatals, organisations, banks and private sector corporates are located in the Mwanza CBD, with some mining and industrial companies being located towards the southern urban edge of the City.
- Nearby developments include numerous hotels, the ferry terminals, the Nyamagana Stadium and the Bank of Tanzania Training Institute.
- The site has good accessibility off Station Road (tarred road of good quality) that links to the B6 / Makongoro main road connecting to the airport and the town of Usagara to the south.
- The development plot is situated on a corner, with the building being one of the tallest in Mwanza - therefore visibility will be excellent.
- The gradient of the site offers a gentle slope which again increases visibility for the development and offers sweeping views towards the lake and the city centre.
- The site is fully serviced and construction of the hotel has reached around 80% completion. Structurally the majority of the building is complete.
- Site imagery is provided on the following slide.

Development Site Location

Source: MyMaps

Development Site Boundary

Source: MyMaps

Around 24,000sqm site area

Construction commenced in November 2013 and has reached 80% completion as of July 2024

Zones for Commercial and Hospitality Components

Site Characteristics

Site Characteristics

Development Site Imagery

Source: HTI Consulting

Site Evaluation

Conclusion

Site Evaluation	--	-	-/+	+	++	Comment
Location						Prominent site location in Mwanza
Accessibility						Corner location with well established and good quality road networks leading to the site
Site Characteristics						Large site, elevated which will enhance visibility for the development and create attractive views over the city
Demand Generator Appeal						Close to CBD and most government and private sector institutions
Competitive Supply						Mwanza has a relatively small hospitality sector, however, the hotel will be the largest of its kind in the City by a large margin – the largest hotel in the market is only 73 rooms.
Rate Potential						The quality of hotel supply in the market is generally lacking and rates are relatively low. Government and NGO / Embassy demand is price-sensitive and often capped at allowance / per diem thresholds.

Source: HTI Consulting

Salient Points

- The site is well situated in an upmarket area of Mwanza and has excellent visibility and access to main arterials to the CBD, airport and out of the city.
- The site is well located near the CBD and close to most demand generators.
- The site does not have direct lake access, but has excellent 360 degree views of the lake and city of Mwanza.
- The bulk of supply in Mwanza is located relatively close to the site – providing more affordable alternatives.
- The site is large and has ample space for facilities and parking. Parking area is large, and could potentially be used as additional outdoor event space by incorporating a marquee tent – to cater for outdoor events, weddings, celebrations, etc.

Dar es Salaam Hotel Market Assessment

SECTION 4

Given the lack of formal hotel supply in Mwanza, an overview of supply and performance in Dar es Salaam is provided as a proxy-indication or benchmark of potential performance Mwanza.

In this Section we will highlight:

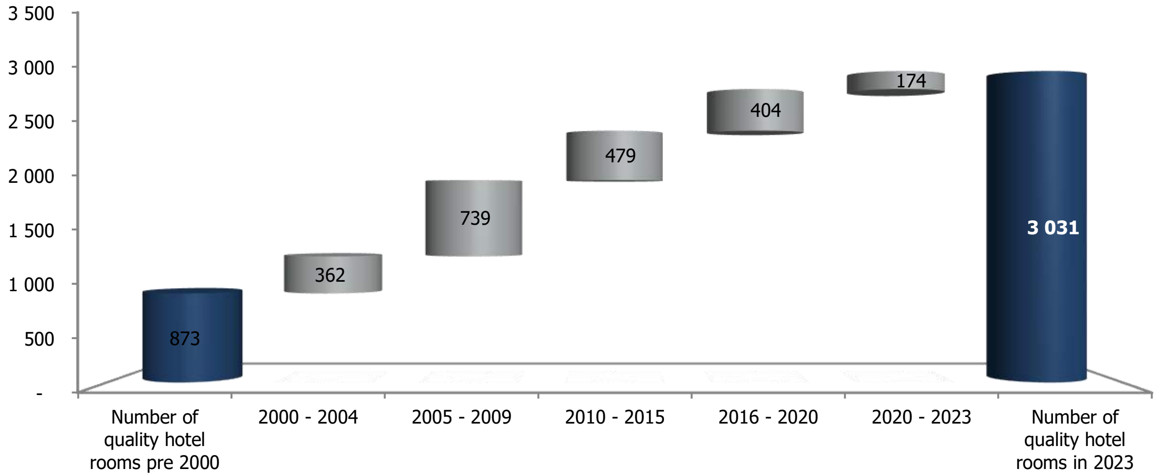
- An introduction to accommodation supply in Dar es Salaam;
- Hospitality demand drivers in Dar es Salaam;
- Hospitality performance in Dar es Salaam; and
- Demand generator feedback and rates paid in Dar es Salaam.

Hotel Supply

Growth in Supply

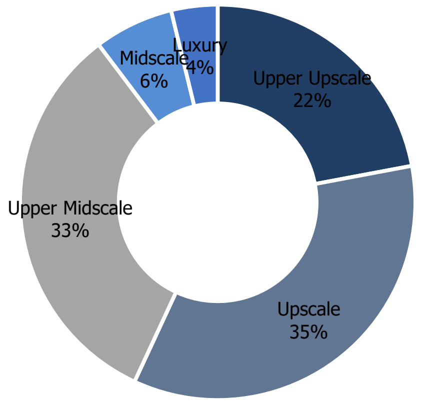
- Over the last two decades, investment into the hotel industry in Dar es Salaam has been strong. To date there are 30 quality hotels representing 3,031 rooms in Dar es Salaam, the majority of which are positioned at an Upscale (35%) or Upper Midscale (33%) level. Of the two dominant nodes, the CBD accounts for 62% of hotel supply compared with 38% being located in the Peninsula / Oyster Bay area.
- Unlike other African markets, franchise agreements are becoming more common in Dar es Salaam which has lead to decent brand penetration in the market. Of the quality rooms assessed, 64% is operated under either an international or regional operator with the most prominent operator being Marriott who has 6 properties (544 rooms) in the market. This is followed by IHG with 2 hotels accounting for 272 rooms.
- In terms of supply growth, more than 1,800 rooms entered the market between 2000 and 2019 with a supply cycle peak experienced between 2005 and 2009 as shown below. Most pandemic, Dar es Salaam has experienced an element of stagnation in supply growth with only 174 rooms entering the market in the last three years, namely the Element by Westin (109 rooms) and the Urban by CityBlue (65 rooms), both located in the Peninsular area. Although a slower period of supply growth is being experienced, international interest and investment into the hospitality sector in Dar es Salaam has been strong post Covid. Notably the City Lodge Hotel (148 keys) was acquired by the Actis investment fund and is now operating under a franchise with IHG as the Crowne Plaza Dar es Salaam. Marriott have signed a franchise to brand the ex-DoubleTree by Hilton in Oyster Bay (152 rooms) as a Delta Hotel by Marriott and a prominent international investment fund has undertake a Due Diligence to potentially acquire the Southern Sun Dar es Salaam (152 rooms). The aforementioned highlights stronger investor sentiment and confidence in the Dar es Salaam hospitality market.

Growth in Quality Room Supply in Dar es Salaam



Source: STR

Supply Segmentation in Dar es Salaam



Source: STR

Private and Confidential

Hotel Supply

Quality Room Supply

Hotel	Rooms	Opening	Operator	Grading	Node
Serena Dar Es Salaam Hotel	230	1995	Serena	Upper Upscale	CBD
Southern Sun Dar Es Salaam (permanently closed)	152	2001	Southern Sun	Upscale	CBD
Protea Hotel Dar Es Salaam Amani Beach	10	2013	Marriott	Upper Midscale	CBD
Protea Hotel Dar Es Salaam Oyster Bay	48	2001	Marriott	Upper Midscale	Peninsula
Golden Tulip Dar Es Salaam	91	2001	Groupe de Louvre	Upper Midscale	Peninsula
Peacock Millennium Towers Hotel	60	1999	Independent	Upscale	CBD
Hyatt Regency Dar es Salaam	182	2005	Hyatt	Upper Upscale	CBD
Hotel Sea Cliff	115	1998	Independent	Luxury	Peninsula
Protea Hotel Dar Es Salaam Courtyard	51	2001	Marriott	Upper Midscale	CBD
Four Points by Sheraton Dar es Salaam New Africa	174	1972	Marriott	Upscale	CBD
Peacock Hotel	81	1999	Independent	Midscale	CBD
Holiday Inn Dar Es Salaam City Centre	124	2009	IHG (franchise)	Upper Midscale	CBD
Sea Cliff Court Luxury Apartments	68	1998	Independent	Upscale	Peninsula
Hotel White Sands The Beach Resort & Conference Center	145	1993	Independent	Upper Midscale	Peninsula
Kunduchi Beach Hotel	138	2006	Independent	Upscale	Peninsula
Harbor View Suites	49	2010	Independent	Upper Midscale	CBD
Coral Beach Hotel	62	2009	Independent	Upper Midscale	Peninsula
Peninsula Hotel	45	2012	Independent	Upper Midscale	Peninsula
Hotel Slipway	39	2005	Independent	Upper Midscale	CBD
Kipepeo Beach Camp	20	2002	Independent	Upper Midscale	Peninsula
Colosseum Hotel & Fitness Club	42	2007	Independent	Upper Midscale	Peninsula
Tanzanite Executive Suites	65	2014	Independent	Upper Midscale	CBD
Onomo Hotel Dar Es Salaam	116	2015	ONOMO	Midscale	CBD
Ramada Resort by Wyndham	139	2015	Wyndham	Upscale	Other
Golden Tulip Dar City Center Hotel	55	2015	Groupe de Louvre	Upper Midscale	CBD
Johari Rotana Dar Es Salaam	256	2019	Rotana	Upper Upscale	CBD
Crowne Plaza Dar es Salaam (ex City Lodge Hotel)	148	2018	Westmont (since 2022)	Upper Midscale	CBD
Delta Hotel by Marriott Dar es Salaam (ex DoubleTree Oyster Bay)	152	2009	Marriott (since 2023)	Upscale	Peninsula
Element by Westin Dar es Salaam	109	2021	Marriott	Upscale	Peninsula
Urban by CityBlue Dar es Salaam	65	2021	CityBlue	Upscale	Peninsula
Total	**3,031**				

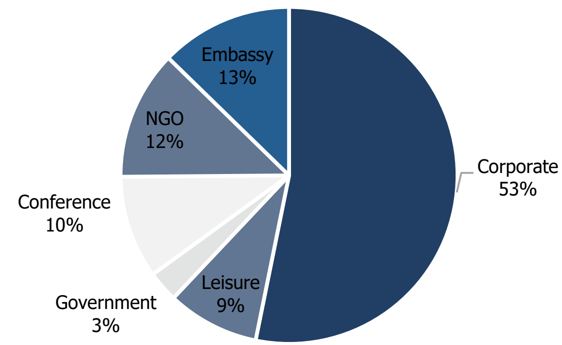
Source: STR

Demand Assessment

Market Drivers

- The **corporate** market is the main driver of hotel demand in Dar es Salaam, generating more than 50% of total market demand. Despite some movement to the Peninsula the CBD continues to be a base for major international financial institutes and various Embassy and High Commission facilities. Hotels in proximity to their office remain key for these demand generators and corporate demand remains strong for accommodation establishments in the CBD node with ease of access and quality highlighted as important.
- Although government relocations will position Dodoma as the political capital, the location of the port and international air access to Julius Nyere International Airport will continue to position Dar es Salaam as the commercial and economic capital. Market feedback did not allude to corporate relocation or downsizing in the short to medium term and indicated Dar es Salaam will remain the base from which corporates coordinate all activity in the country.
- The corporate market has however become increasingly rate sensitive as increases in supply combined with declines in demand have shifted the balance of power and corporates are able to negotiate better rates. Feedback indicates rates being paid by corporates in the CBD range from USD 100 to USD 170 (B&B, single occupancy). Comparatively the international NGO and Embassy segment have more buying power and rates being paid can reach USD 250. This is notably higher than other secondary markets in Tanzania, are substantially lower.
- The market share of **conferencing** and **Government** related demand has declined for hotels in the CBD in light of the focus on Government owned facilities and the Government shift to Dodoma. Whilst Government officials do still make use of hotels in the center for accommodation, the rate that Government is prepared to pay has declined creating additional rate pressure for hotels. As will be highlighted in the coming section, government per diems typically range from USD 50 to USD 300 depending on the staff level.
- In terms of **Embassy** demand, foreign delegates tend to stay primarily at the Hyatt Regency, the Southern Sun (when it was still open) and the Serena due to the superior positioning within the market. Averages rates paid by this segment range from USD 140 and USD 250 for mid-level delegates and USD 450 to USD 1,000 for senior delegates and Ambassadors which tend to make use of Suites. On of the key factors determining hotel utilization amongst this segment is the level of security provided by the property – this is key to node for the proposed development as strict security and safety measures will be need when catering to foreign delegations.

Market Mix in Dar es Salaam



Source: HTI Consulting

Overnight Conference Characteristic

Characteristic	
Market Drivers	Historically government, now the NGO and corporate market
Average Size	NGO: 100 pax Corporate: 20 – 50 pax
Average Length	NGO: 2 – 3 days Corporates: 1 – 2 days
Portion Overnighting	60% - 75%
Preferred Hotel Facilities (in CBD)	Serena Dar es Salaam ONOMO Hotel Hyatt Regency

Source: HTI Consulting

Demand Assessment

Demand Generator Feedback

- The below table highlights the salient points associated with Embassy, corporate and NGO hotel utilization in Dar es Salaam. In particular, rates paid is a good baseline assessment as Dar Es Salaam will likely be positioned above secondary markets like Mwanza.

	Embassy Demand	Corporate Demand	NGO Demand
Main Demand Driver	• Visitors attending meetings with the ambassador • Delegations meeting with Tanzanian government departments and officials	• Corporate market with head-office presence in the capital (primarily those located in the Peninsula) and travelling to Dar es Salaam for project / business purposes	• Government and NGO workshops or meetings
Primary Criteria for Usage	• **Security / Approved** – properties must be approved by various organizational policies • **Location** – within a reasonable perimeter from the embassy (15 minutes drive maximum) • **Quality –** consistent quality throughout an establishment is important with design (contemporary) and international standards being highlighted as important	• **Location –** proximity to head office, retail and entertainment facilities are prioritised • **Quality -** three star to five star depending on budgets of corporates • **Rate -** affordability is an increasing requirement as corporates cut back on travel spend	• **Location** – close to their offices / point of interest (minimize travel) • **Rate** – NGO's remain a price sensitive market, affordable rates are prioritized (per diem budgets) • **Approved** – properties must be approved by various organizational policies (i.e. UN requires hotels to be on an approved list with security and safety of properties assessed by specialist UN departments)
Rates Paid (USD)	• Rates vary between USD 140 and USD 300 with breakfast included • High level officials make use of Suites and rates paid range from USD 450 to USD 1,000	• Rates corporates are currently paying range from USD 90 to USD 150 per night (for 3 and 4 stars properties) • All rates are inclusive of breakfast	• Rates paid vary depending on the organization • Rates ranges between USD 80 to USD 160 per night • Higher rates are paid for international travelers than for regional/local travelers

Trends	• Average length of stay is between 4 to 6 nights
	• Top international delegates on short shay visits would request luxury hotel (even if its not within proximity)
	• Request upper upscale properties
		• Average length of stay is between 2 to 4 nights
		• Proximity to corporate head office is preferred to reduce exposure to traffic and overall travel time
		    • Currently hotels in the Peninsula are prioritised given the corporate decentralisation into this node
		• Majority of demand comes from South Africa, Europe and rest of Africa (primarily regional countries)
		• Most corporates making a concerted effort to reduce travel costs with travel group sizes decreasing from 4+ pax to 2+ pax
			• Average length of stay of 4 to 6 nights – sometimes a week
			• NGOs often travel as a small group of approximately 5 people
			• NGO's with per diem budgets prefer self catering accommodations
			    • They would pay a premium for a nicer room with kitchenette in order to reduce expenses on F&B costs
			• Some NGO's select new hotel service providers at the beginning of each financial year and issue an RFP to which hotels respond
			• International NGO's such as the World Bank have their rates negotiated in Washington DC which are often locked in for a predetermined period

Preferred Establish ments (focusing on CBD node)	• Hyatt Regency (international senior delegates) • Johari Rotana • Southern Sun (when it was open) • Serena • FourPoints	• FourPoints • Crowne Plaza • ONOMO • Holiday Inn • Hyatt Regency	• Serena Hotel (conference facilities) • Hyatt Regency (high level management) • FourPoints

Source: HTI Consulting

Market Performance

Metrics to Measure Hotel Performance

ADR – indicates the average revenue earned for an occupied room in a hotel on a given day. It thereby removes any taxes/levies, discounting and F&B costs associated with the rate

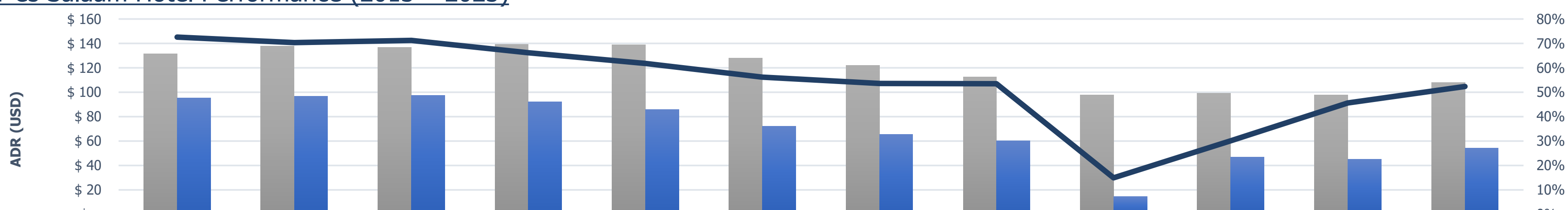
Occupancy – the percentage of available rooms that are occupied at a given time

RevPAR – combines the top two metrics (ARR x occupancy). RevPAR reflects a hotel's ability to fill its available rooms at an average rate

Market Performance

Historic Market Performance

- Historically (2013 and 2014) Dar es Salaam hotel performance was stable with healthy occupancy and ADR performance being driven by corporates (largely from the oil and gas sector). During these years, long-stay corporates were common as the Current Temporary Assignment ("CTA") visa enabled corporates more flexibility with working permits, which boosted occupancy levels throughout the market.
- In 2015, a combination of a supply increase (the opening of 262 branded rooms between 2014/2015) and the revoking of the CTA under the new Presidency saw a number of project-based international corporate travellers forced out of the country. This, combined with a new Government policy to use only Government-owned facilities for conferences and a significant cut in government spending saw both corporate and Government demand levels decline. Occupancy dropped by 5.1 percentage points in 2015 and a further 4.3 percentage points to reach 61.8% in 2016. A further decline, albeit slight was experienced between 2017 and 2019 driven by an increase in supply (opening of the Johari Rotana in 2019). Despite the increase in supply, occupancy remained buoyant in 2019 at a level of 53.4%.
- Whilst ADRs remained relatively stable between 2013 and 2016, from 2017 the continued decline in demand levels applied pressure to rates with market ADRs declining year on year to reach USD 113 by 2019. Hoteliers indicated high levels of rate pressure amongst competitors with rate undercuts often seen. It must be remembered that the Dar es Salaam market is primarily a 3 or 4-star hotel market, segments which often see a high level of cross-competition when securing business.
- Given market pressures, the timing of Covid-19 was unfortunate and further exacerbated the market's ability to recover from the previous stagnation in demand. 2020 saw declines in all market indices with occupancies reaching a substantial low of 14.9% whilst ADRs handled slightly better, declining by only 14.5% to USD 98. Despite being one of the first East African countries to reopen, market recovery was slow in 2021 and 2022. By 2023 ADRs had reached near full recovery, however, rate pressure remains apparent and the pre-pandemic highs have yet to be reached. Occupancy for the year reached 52.3% with hoteliers noting a pick-up in corporate and government demand during the year.
- Going forward it is likely that demand in Dar es Salaam will remain stable, however, the government is making headway with their move to Dodoma and once complete a notable portion of government-related demand will be displaced to Dodoma with Dar es Salaam relying more heavily on corporate related demand to push both occupancy and ADRs in the market.
- Dar es Salaam Hotel Performance (2013 – 2023)



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
ADR (USD)	$ 132	$ 138	$ 137	$ 139	$ 139	$ 128	$ 122	$ 113	$ 98	$ 99	$ 98	$ 108
RevPAR (USD)	$ 95	$ 97	$ 97	$ 92	$ 86	$ 72	$ 65	$ 60	$ 15	$ 47	$ 45	$ 54
Occ (%)	72,6%	70,3%	71,2%	66,1%	61,8%	56,2%	53,6%	53,4%	14,9%	30,1%	45,6%	52,3%

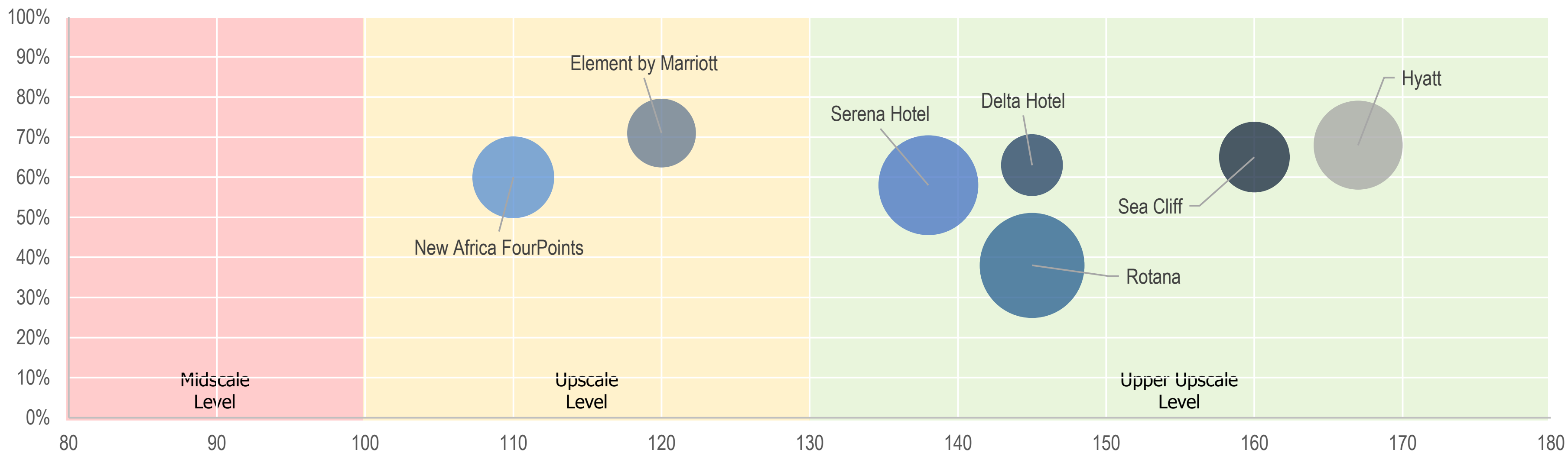
Source: STR

Market Performance

2023 Individual Performance

- The below graph provides an indication of the individual positioning and performance of a delineated competitive set – focusing on the Upscale and Upper Upscale segments (latest full set data). Their positioning on the graph is relative to their ADR (x-axis) and occupancy (y-axis) however the size of the bubble represents the number of rooms. Assessing where individual properties are performing relative to their market positioning can be utilised as a guide for potential hotel performance in Mwanza given its Upscale positioning. The majority of quality supply is performing at midscale to upper midscale levels with ADRs ranging from USD 85 to USD 115. There is a wide gap before reaching the ADR level achieved by the Hyatt Regency which is positioned at an upper upscale level. At this level, ADRs range from USD 150 to USD 170. The FourPoints and Element are the best Upscale products in the market, trading at ADRs of between USD 110 – 120. The FourPoints has been recently renovated and alterations to the offering were made while the Element Hotel opened in December 2021 and is an aparthotel-style concept (although it primarily caters to short-stay business). The Delta Hotel by Marriott is an outlier as it is classified as an upscale product – but management indicated that they are targeting an ADR of around USD 20 above the Element Hotel. They have largely been able to achieve this since renovating and re-opening in April 2023 with a limited room inventory (88 rooms). The second block of rooms (64 rooms) is still under renovation and is planned to open towards the end of 2024. Hotels offering conference facilities on the peninsula are limited, which makes the Delta a preferred conferencing hotel. Given that they only had 88 rooms to cater to conference delegates, they would typically retain higher paying delegates and accommodate the rest in the Element – boosting the Delta's rate and boosting the occupancy of the Element.
- Taking into account the Upscale position of properties in Dar Es Salaam, it is expected that the Mwanza property will trade within a similar band.

Dar es Salaam Individual Hotel Performance of Upscale and Upper Upscale Hotels (2023)



Source: HTI Consulting

Mwanza Hotel Market Assessment

SECTION 5

Having understood the market fundamentals in the greater Dar es Salaam market as a benchmark comparison for Mwanza, in this Section we will highlight:

- An introduction to accommodation supply in Mwanza;
- Hospitality demand drivers in Mwanza;
- Rate and occupancy levels in Mwanza; and
- Future hotel supply planned for Mwanza.

Private and Confidential

Mwanza Hotel Market

Supply Characteristics and Markets in Context

- Having explored the greater Dar es Salaam hotel market and performance metrics achieved by quality supply, we will now focus on the Mwanza hotel market.
- Although Mwanza is the second largest city in Tanzania, the hospitality offering remains under development when compared with the commercial capital, Dar es Salaam. The hospitality offering in the city has seen some growth but generally is of sub-standard quality. No international operators have a presence in Mwanza at present. According to the Mwanza City Council, there are around +70 formal accommodation establishments in Mwanza (including guest houses, lodges, hotels, etc.) and around +/- 1,450 rooms. Based on our assessment, there are around ten formal hotels in the market that are of decent quality – which accounts for less than 400 formal rooms in the market. When compared to over 3,000 formal rooms of good standard in Dar Es Salaam, it contextualises how incredibly small the Mwanza hotel market is, despite being the second largest city in Tanzania.
- Most hotels are economy or midscale, with only one hotel that can be considered upscale (Malaika Beach Resort) by international standards. Based on our assessment, no international standard 5-star hotel supply exists in the market. There are a number of hotels that offer conferencing facilities in the market typically catering for small to medium-sized meetings and conferences. Malaika Beach Resort has the largest conference venues in the market – being able to accommodate up to 3,000 pax for large events.
- Airport arrivals to Mwanza have been declining since 2015 and have only recently recovered above 2019 levels – with hotel accommodation in the market exhibiting a similar trend.

	Dar es Salaam	Dodoma	Mwanza
Positioning of Current Supply	Diverse supply offering, ranging from Midscale to Upper Upscale hotels. The most superior product is the Hyatt Hotel	Lack o quality supply with hotels primarily positioned between an Economy and Midscale level. The most superior product is the Best Western Dodoma City Hotel	Quality of hotel supply is general quite poor and hotels are mainly positioned in the Economy and Midscale level. The best product in the market is the Malaika Beach Resort.
Brand Penetration	Healthy • Has the highest level of brand penetration within mainland Tanzania • International and regional operators include: ONOMO, IHG, Marriott, Serena, Best Western, Golden Tulip	Weak • Supply is dominated by independently operated hotels • Only brand present is Best Western (under a franchise agreement)	None • No branded hotel supply present in the market
Number of Quality Rooms	3,000	~ 600	~ 400
Average Hotel Sizes	110 keys	60 keys	Less than 50 rooms
Average Occupancy (%)	52,3% (2023)	67,2% (2023)	59,2% (2023)
Average ADRs (USD)	USD 108 (2023)	USD 66 (2023)	USD 79 (2023)

Spotlight on Relevant Set

Introduction and Location of Relevant Set

- Although the proposed development will offer a level of service and quality that will outperform current supply in Mwanza, it remains important to understand the demand drivers in the market and current performance metrics achieved. For this, we have surveyed a select number of properties based on their quality (in relation to the market as a whole), their location and utilization by key demand drivers.
- The below map highlights the location of prominent hotel supply in the Mwanza market.
- The majority of supply is located around Capri Point and the CBD.
- Most hotel supply in the Mwanza market is small, comprising of less than 50 key.
- The largest hotel in he market is the Gold Crest Hotel with 73 rooms and is located in the CBD.
- Travel distance from the Mwanza CBD to the airport is around 10km or 20-30 minute depending on traffic along Makongoro road.

Hotel Tilapia
Economy / Midscale
36 keys

Victoria Palace Hotel
Economy / Midscale
39 keys

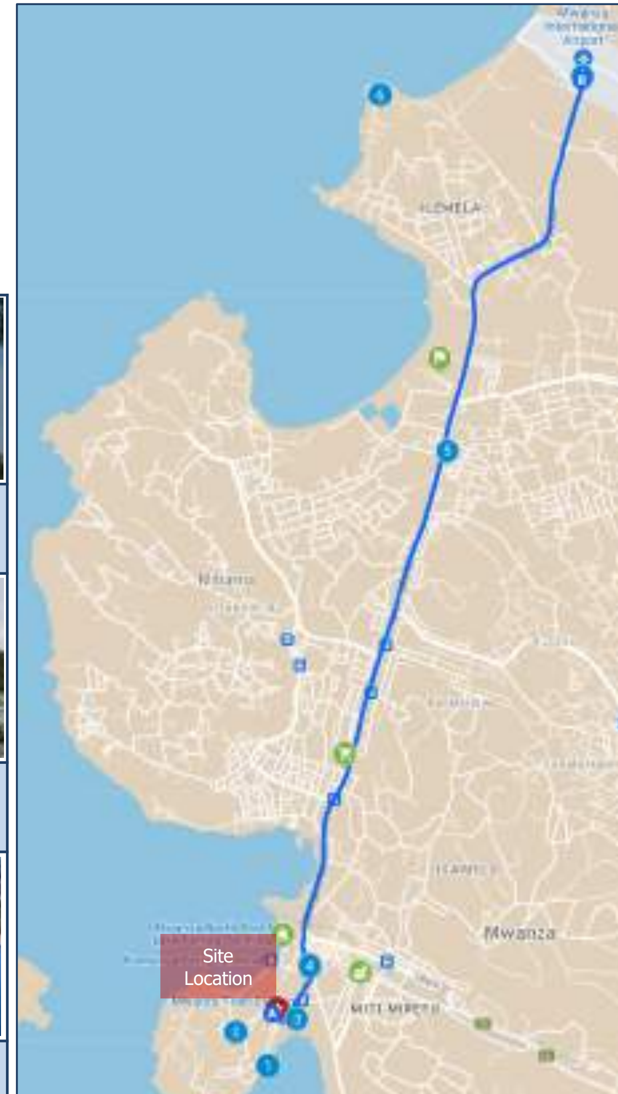
Ryan's Bay Hotel
Midscale Hotel
42 rooms + 5 apartments

Gold Crest Hotel
Midscale
73 keys

Adden Palace Hotel
Economy / Midscale
26 keys

Malaika Beach Resort
Upscale
50 keys

Location of Mwanza Relevant Set Hotels



Source: My Maps

Mwanza Hotel Market Assessment

Relevant Set

	Hotel	Malaika Beach Hotel	Gold Crest Hotel
General	Location	Lake Victoria, Mwanza	Mwanza City Centre
	Position	Upscale (4*)	Midscale (3*)
	Keys	50	73 rooms in total (but only 68 rooms functional at time of visit)
	Operator	Independent	Independent
Facilities	Conference	Victoria Room – 80-120 pax Ballroom – 150-300 pax Marquee – 300-3,000 pax	Yes – but in adjacent building Largest venue can accommodate 300-500 pax
	F&B	2 restaurant, a deli and pool bar	2 Restaurants, 1 Lounge, Rooftop bar, Coffee Shop
	Gym	Yes	Yes
	Pool	Yes	Yes
	Other	Private Beach, Dinning on the beach, Spa, Free Airport Shuttle, waterpark and playpark	Most rooms have balconies
Rooms	Room Typology	Executive Suite, Suite, Double Room	Standard, Deluxe, Suites, Family, Pres. Suite
	Single Rack Rate (USD)	Executive Suite $150 - $180 Suite $130 - 150 Double Room $ 125 - $140	Standard $80 - $110 Family: $120 - $133 Suite $157 - $173 Pres. Suite: $547
	Commentary	Room sizes range from 35 to 65 m²	Room Sizes range from 32 to 70 m²
Comments	Renovation / Expansion	Opened 2009 Renovated during Covid – 2019 Expansion plans	Opened 2011 Renovated 2021
	Unique Selling Point	On the Beach Resort, waterpark and kids play facilities, large conference facilities	Best formal hotel in city centre
	Quality Rating within Market context (low - high)		








Mwanza Hotel Market Assessment

Relevant Set

	Hotel	Ryan's Bay Hotel	Hotel Tilapia
General	Location	Lake Victoria, Mwanza	Lake Victoria, Mwanza
	Position	Midscale (3*)	Economy / Midscale (entry 3*)
	Keys	42 hotel rooms and 5 apartments	36
	Operator	Independent (Fortes Safaris Ltd.)	Independent
Facilities	Conference	Yes	Yes
	F&B	1 restaurant with pool and bar	1 restaurant, 2 bars, Coffee shop
	Gym	Yes	Yes
	Pool	Yes	Yes
	Other	Spa, Free Airport Shuttle, Laundry service and BBQ area	Free Airport Shuttle
Rooms	Room Typology	Standard, Deluxe, Executive Suite, Service Apartments	30 standard, 4 suites and 7 rooms on the houseboat known as The African Queen
	Single Rack Rate (USD)	Apartments - $ 205 (short) - $110 (long stay) Executive Suite: $180 - $230 Deluxe Room: $150 - $170 Standard Room: $110 - $140	Standard Room $112 Standard Double: $132 Suite $156 Levy Tax $1.5 is not included in the room rate per person per night.
	Commentary	Room sizes range from 30 to 50 m² Apartments around 80 m²	Room sizes range from 25 to 55 m²
Comments	Renovation / Expansion	Opened in 2008 No large renovation, just maintenance and upkeep Expansion plans	Opened in 1990 Experienced significant flooding and damage that was repaired (spa remains below waterline and flooded)
	Unique Selling Point	Has apartments	One of few properties on the lake
	Quality Rating within Market context (low - high)		








Mwanza Hotel Market Assessment

Relevant Set

	Hotel	Adden Palace Hotel	Victoria Palace Hotel
General	Location	Mwanza	Capri Point, Lake Victoria
	Position	Economy / Midscale (entry 3*)	Economy / Midscale (entry 3*)
	Keys	26	39
	Operator	Independent	Independent
Facilities	Conference	Yes. PAX 220	Yes, PAX 500
	F&B	Restaurant and bar	1 Restaurant
	Gym	Yes	Yes
	Pool	Yes	Yes
	Other	Spa, Landry Service	Laundry service, SPA
Rooms	Room Typology	Suite, Family, Standard	Standard, Deluxe, Suites, Presidential Suite
	Single Rack Rate (USD)	Standard $91 - $110 Family: $123- $136 Suite: $150 - $200	Standard: $40-$50 Deluxe: $50-$70 Executive: $60 - $80 Presidential Suite: $80 - $100
	Commentary	B&B	NA
Comments	Renovation / Expansion	Opened in 2015 Renovated in 2017	Opened 2011 Renovated between 2021-2022
	Unique Selling Point		N/A
	Quality Rating within Market context (low - high)		





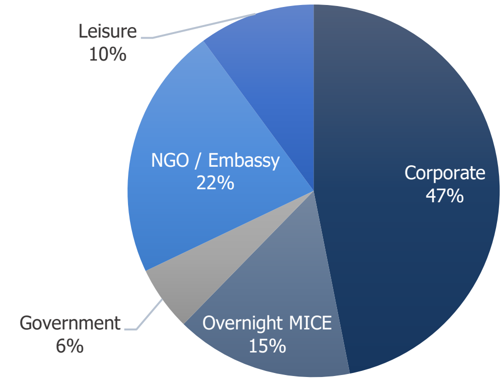



Demand Drivers

Market Mix

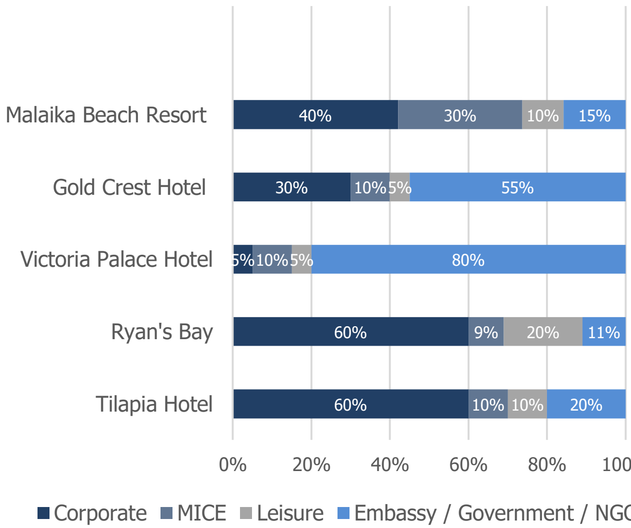
- **The Corporate sector (47% among the relevant set):** Includes mostly mining companies (including their consultants, managerial staff, etc.), construction companies (those not staying in the construction camps / villages) and other banking , insurance and services-related industries. It was noted by hotel managers we interviewed that corporate sector demand has seen an uptick in 2023 and 2024 (after the new President came into power), with numerous construction projects and mining-related activities ramping up. There is a small contingent of extended stay noted amongst this sector, primarily driven by the mining and construction sectors comprising stays ranging between 2-3 weeks and up to 3-6 months (mainly contractors).
- **Embassy / Government and NGO sector (28%):** This sector is intertwined as activities NGO and Embassy related activity an element of government-related business, similarly the inverse can be true. Embassy activity in Mwanza is minimal, with most demand for accommodation being driven by the government and NGO sector. Government officials are primarily traveling for meetings/workshops or fieldwork. The government sector in particular is price sensitive in that they would receive a designated per diem allowance but opt to save their allowance by making use of lower-priced accommodation options. Alternatively, twin rooms are utilised as this reduces individual travel costs. Furthermore, it was noted that Government entities require credit facilities at hotels in Mwanza that can take up to 6-9 months before they are settled. Hence properties such as Malaika Beach Resort and Ryan's Bay opted to limit their exposure to government-related business.
- **MICE sector (15%):** Meetings, conferences and events account for a small percentage of roomnight demand as it was mentioned by hotel managers that the event hosts would normally stay overnight as well as a small contingent of outside visitors (originating domestically and typically from Dar es Salaam or delegates originating from the wider Lake District Region) – *most delegates attending conferences or events are locals and do not stay overnight*. Malaika Beach Resort is the exception among the competitors as some delegates would add 1-2 days before or after the event / conference as a leisure trip) due to their unique offering. The NGO segment is also quite price-sensitive and would typically stay at the destination where the conference / meeting is being held for convenience. Weddings are a frequent occurrence among some hotels in the set such as Malaika Beach Resort and Gold Crest Hotel, with weddings taking place most Saturdays between May to December.
- **The Leisure and Other (10%):** Mostly includes leisure guests traveling to the Serengeti, thus transiting through Mwanza. There is a small component of weekend leisure at Malaika Beach Resort and Tilapia Hotel (both being situated on the lake), while Ryan's Bay operates a tour company (hence their larger share of leisure guests). International leisure is seasonal (typically June, July and August coinciding with migration in the Serengeti). This component of demand allows for people visiting friends and family, education-related travel and other forms of travel that are not common or consistent forms of business among the relevant set.

Relevant Set Market Mix (2023)



Source: HTI Consulting

Individual Market Mix (2023)



Source: HTI Consulting

Demand Assessment

Demand Generator Feedback

- The below table highlights the salient points associated with key demand generators in Mwanza.

Demand Generator Feedback (2024)

	Corporate Demand	Embassy Demand / NGO	Government Demand
Main Demand Driver	• Undertaking work in Mwanza, on construction projects or working for mines in the area • Attending meetings or workshops – mostly in mining space	• Meetings with government departments • Conferences or workshops with government departments and other agencies • Aid related travel and capacity building • Site visits to projects in surrounding area	• Meetings and workshops • Quarterly and Annual government meetings • Regional projects – i.e. National Government and National Departmental participation.
Primary Criteria for Usage	• **Quality** • **Rate** • **Proximity to office / client / activity / airport** – logistics of moving around plays a role in selecting a hotel	• **Facilities – Conferencing** • **Rate** • **Size / Capacity** – overall capacity to host and accommodation conference delegates • **Quality**	• **Rate**– most price sensitive segment • **Conference facilities**
Rates Paid (USD)	• Rates corporates are currently paying range from USD 70 to USD 130 per night • Higher end staff up to USD 180 at Malaika • All rates are inclusive of breakfast	• Embassy / NGO per diem allowance varies by organization but typically lower than Dar es Salaam and in line with or slightly lower than other secondary cities in Tanzania. • Total per diem ranges between USD 160 - 230 per day. • Lodging allowances ranges between USD 90 - 130 per day (maximum of USD 150) • The remainder of the per diem is allocated towards meals, transport and other.	Official per diem allowances range from: • Junior level staff: TZS 100,000 – 150,000 (USD 40 - 60) • Mid level staff: TZS 150,000 – 170,000 (USD 60 - 65) • Senior level staff: TZS 220,000 – 250,000 (USD 85 - 95) ***Above per diem rates will be active as of July 2024.**
Trends	• Mining and construction sector typically 2-3 week stays – some longer of 3-6 months • Services sector usually average stay of 2-3 nights (weekdays only) • Usually individual travelers or small groups of 2-3 pax on average	• Average length of stay is dependent of conference/workshop length with stays up to 5 days • NGOs doing workshops or aid work would spend 1-2 nights in Mwanza as a transit point to smaller towns / villages • Conferences an workshops are quite consistent, with smaller meetings every 2-3 weeks (30-50 pax) and quarterly larger events (100-120 pax)	• Average length of stay ranges from 2 to 4 nights
Current Hotel Utilisation	• Malaika Beach Resort (room quality, accessible location close to airport – also more senior staff stay here) • Ryan's Bay (consistent quality, close to city centre – more mid-level staff and price sensitive companies, also extended stay due to apartments) • Tilapia (affordability, on lake) • Gold Crest (affordability, in city centre)	• Gold Crest (Conferencing) • Victoria Palace (conferencing) • Tilapia (transient) • Ryan's Bay (transient) • Malaika (for larger events, but rate is too expensive)	• Victoria Palace (conferencing) • Gold Crest (Conferencing) • Other economy accommodation offerings
Usage of Proposed Development	• **Development is appealing and would be utilised** given the lack of quality facilities in the city. • Location is good although lacks the scenic setting of Malaika Beach Resort • Close to city centre and easy to move around • Conference facilities a good inclusion – could be utilised for some corporate getaways and for meeting / conferences • **Rates corporates are willing to pay for a superior, branded property typically around USD 120 up to USD 150-180 (relatively similar to current rates paid at Malaika Beach Resort) – not willing to exceed Malaika rates as these are already perceived to be high for the market and relative to Dar es Salaam.**	• Utilisation **would depend on rate structure**. Embassy / NGOs tend to have a lower per diem allowance in Mwanza with a focus on conference style hotels. • **Will make use of conferencing facilities** – but **may opt for more affordable accommodation** at Ryan's Bay / Tilapia due close proximity.	• Utilisation **would depend on rate structure**. • High utilisation for conferencing purposes. • 5 star positioning is preferred but rates would need to be aligned with government per diems as indicated above

Demand Drivers

Market Mix (continued)

- **Overnight MICE** demand refers to in-house conference and meeting activity that has resulted in roomnigth demand.
- Overnight conference demand is primarily driven by the NGO and government sectors, followed by NGOs and a small portion of corporate demand. Conferences held at hotel facilities tend to average 3 to 4 days in duration with a small portion of delegates overnighting at the hotel during the conference period – this indicates that the majority of delegates originate in Mwanza and its surrounds or delegates opt to utilise other (often times cheaper) hotel accommodation during these periods. Malaika is the most prominent conference hotel in the market and only around 40% of delegates typically overnight at the hotel – which is a much higher retention rate compared to Gold Crest and Victoria Palace Hotel which also offer conference facilities.
- Full-day conference packages at hotels assessed range from USD 35 to USD 50 - government conference demand packages are primarily charged and billed in local currency, thus DCP is on the lower end.
- Based on market feedback, hotel venues tend to be more popular than the Arusha Convention Centre with utilisation at the Arusha Convention Centre being low. However, given its larger capacity, the Arusha Convention Centre hosts all major parliamentary events with hotels attracting workshop and conference-related demand.

Overnight MICE Details (2023)

	Percentage of Market Mix (2023)	Conf. Venues	Max. Capacity	Half Day Package (USD)	Full Day Package (USD)	Average Number of Conf. per Month	Average Delegation Size (Pax)	% Delegation Overnighting
Malaika Beach Resort	30%	5	300 in venue 3,000 in marquee	N/A	40-50	20-30 Pax: 1-2 per week 50-80 Pax: 1-2 per week 80-150 Pax: 20 per annum +300 Pax: 6-7 per annum	80-120	40%
Gold Crest Hotel	10%	4	300 seated	40	35-50	20 pax or less: 2-3 per week 50-80 pax: 2-3 per week +100 pax: 1 every 2 weeks	80-100	10% (sometimes even less)
Victoria Palace Hotel	10%	4	150-200 pax	N/A	35-50	20-30 pax: 1 a week 50-80 pax: 1-2 a month 90-150: 1 a month	50	20%-30%

Source: HTI Consulting

Relevant Set Performance

Rack Rates

- The below table indicates the current average food and beverage spend among competitor hotels.
- Take-up for Breakfast, Lunch and Dinner is indicated below. As can be seen, most hotels receive nearly full take-up by guests for breakfast – mainly because room rates typically include breakfast. Lunch take-up is very limited, with only around 20% of in-house guests typically eating lunch at the establishments. Dinner take-up varies, with Malaika achieving the highest take-up rate for dinner due to the location of the hotel and limited offerings being available in the immediate vicinity. Hotel Tilapia is a popular dinner location due to its open lawns and dining next to the lake.
- Among the competitors, Malaika receives limited external patronage at its dining facilities during the week due to its location out of the city. However, over weekends, management has indicated that they can easily receive 50-60 external covers per day and sometimes over 100 covers per day over weekends. It should be noted that patronage is driven up significantly by the children's playpark / waterpark and the setting next to the lake. Malaika Hotel in particular has a strong local following as a result of its family-friendly facilities.

F&B Spend and Take-Up (2024)

	Breakfast		Lunch		Dinner	
	Price	Take-Up	Price (USD)	Take-Up	Price (USD)	Take-Up
Malaika Beach Resort	USD 20	100%	USD 18-20	20%-25%	USD 20-25	70%-80% (limited walkins during week but 50-60 walkins during the weekend)
Ryan's Bay	TZS 18,000	100%	TZS 25,000	15%	TZS 25,000	20%-30% (+/-20 walkins a day)
Tilapia Hotel	USD 15	100%	USD 12-15	15%-20%	USD 15-20	60%-70% (+/-15-20 walkins per day)
Gold Crest Hotel	TZS 25,000	90%-100%	TZS 18,000 – 30,000	10%-15%	TZS 18,000 – 30,000	50%-60% (limited walkins)

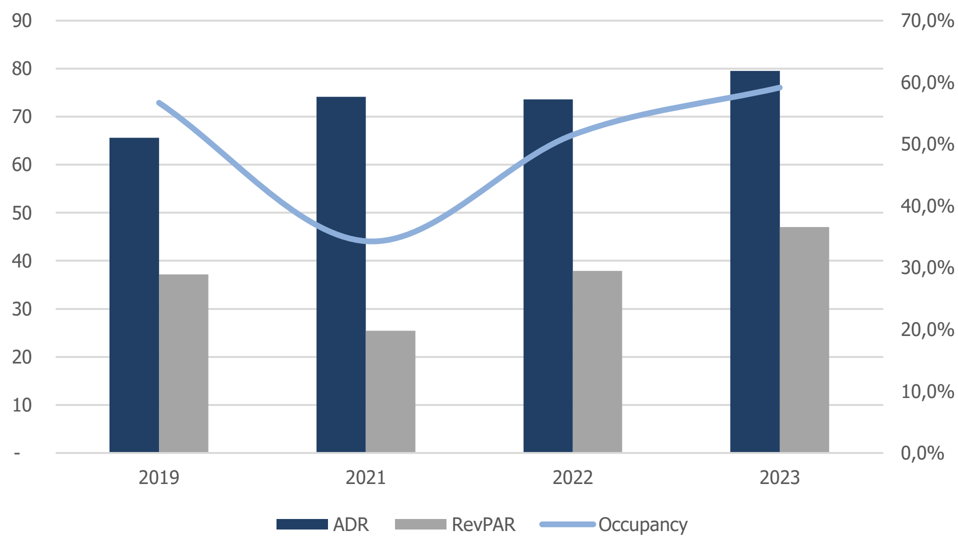
Source: HTI Consulting

Relevant Set Performance

Competitor Set Performance

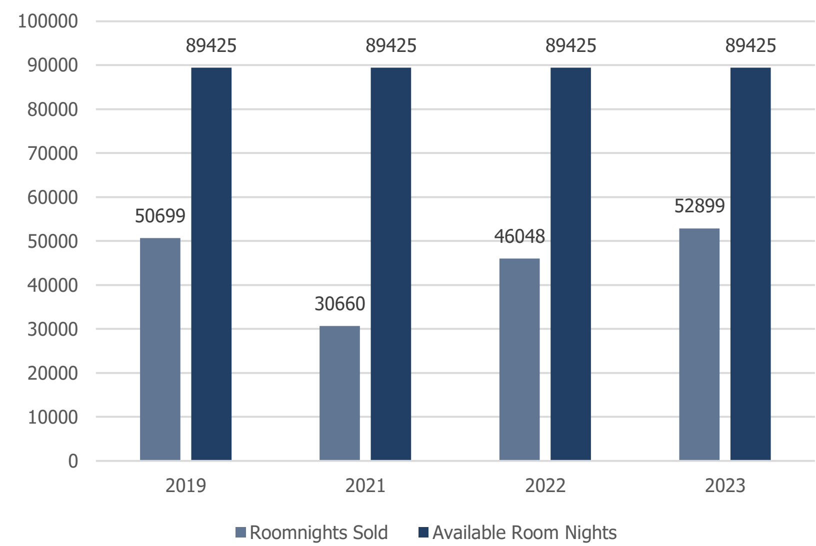
- The Mwanza hospitality market lacks significant depth of quality hotel supply – thus historic reporting and statistics are not readily available and the following performance-related data and insight are based on hotel managerial interviews held by HTI Consulting.
- The competitive set under review accounted for 245 rooms across (five properties including Tilapia Hotel, Ryan's Bay Hotel, Victoria Palace Hotel, Gold Crest Hotel and Malaika Beach Resort). In total, 89,425 roomnights are available annually amongst the set. In 2019, the competitive set achieved an occupancy of 56,7% at an ADR of USD 66. There was disrupted trading during 2020 and we have only obtained trading data for subsequent years. The market achieved an occupancy of 34,3% in 2021 at an ADR of USD 74, which resulted in a RevPAR of USD 25 compared to USD 37 in 2019. The market continued to recover in 2022, reaching an average occupancy of 51,5%, with ADR remaining flat on 2021 levels. Overall, RevPAR exceeded 2019 levels at USD 38. During 2023, the competitive set fully recovered and exceeded 2019 occupancy levels at 59,2%. ADR also showed growth in 2023, increasing to USD 79. This resulted in RevPAR growing to USD 47 (USD 10 higher compared to 2019 levels).
- When assessing the number of roomnights sold, the market achieved 4% growth on 2019 levels from 50,699 roomnights sold (in 2019) to 52,899 roomnights sold in 2023.

Historic Competitive Set Performance (ADR, Occ, RevPAR)



Source: HTI Consulting

Historic Roomnights Available vs. Sold



Relevant Set Performance

Market and Individual Performance

- The adjacent graph highlights the individual performance of properties assessed with the x-axis representing the ADR (USD) achieved and the y-axis being the occupancy (%). The size of the bubble highlights the key count of each property.
- Overall demand (occupancy) levels among the competitive set have improved and fully recovered post-Covid, even indicating some growth. Malaika Beach Resort is the best-performing property in the market due to its quality, setting and overall offering. Some hotels are considering expanding their room inventory, which in a relatively shallow market is expected to impact on occupancy of the market overall. Management at various establishments in Mwanza are optimistic about demand levels in 2024, indicating that they have already noted stronger occupancies compared to 2023 and are largely driven by major infrastructure projects as well as the mining sector.
- ADR in the Mwanza market is low, with the Malaika Beach Resort again performing the best among the competitive set. The lack of government business is noted as one of the primary reasons they are able to achieve a stronger ADR, as government per diems are capped and generally government and parastatal workers traveling to Mwanza often demand substantial discounts as they would rather save a portion of their per diem for personal use than spend it on proper accommodation (often staying in sub-standard accommodation as a result). It was noted that Mwanza is a highly price-sensitive market and that rate increase is limited to $2-$3 increases per annum – with some properties making by-annual adjustments to rate of $3-$5 to retain business. The compound annual growth rate of ADR between 2019-2023 is around 5%, although this is from a very low base – and again resembles just over a $3 per annum increase (which substantiates market opinions as stated above).
- Overall, RevPAR in the market has recovered well but remains very low and well behind markets such as Dar es Salaam – making it a very difficult market for a new entrant to generate a good return (given the current state of development costs). However, Malaika Beach Resort is managing to achieve a RevPAR of around $94, which is well above the average of Dar es Salaam and even outperforms the Hyatt Regency (which is the best-performing property in Dar es Salaam).

Relevant Set Market Performance (2023 vs 2019)

Occupancy (%)

2023: 59% 2019: 57% Recovery: 104%

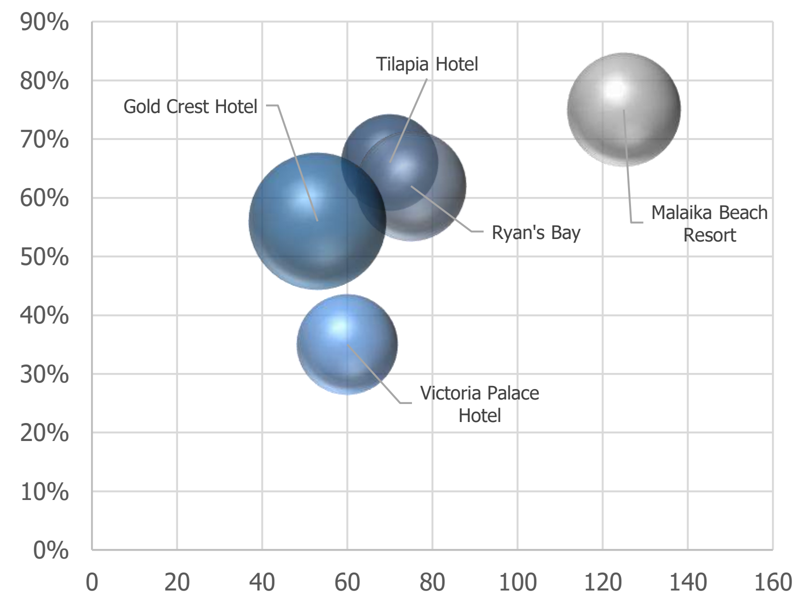
ADR (USD)

2023: USD 79 2019: USD 66 Recovery: 121%

RevPAR (USD)

2023: USD 47 2019: USD 37 Recovery: 126%

Relevant Set Individual Performance (2023)



Source: HTI Consulting

Future Hotel Supply

Planned Hotel Supply for Mwanza

- As per our research and feedback from competitors in Mwanza, there are now new hotels planned for the city with the exception of the NSSF project. It was noted that some properties have gone through renovation whilst others are considering renovation soon – in order to stay relevant in the market.
- The only two properties that have indicated planned expansion include:
  - Malaika Beach Resort is planning to expand its room inventory from 50 to 130 rooms (adding 80 additional rooms). It was indicated that an adjacent piece of land is available for the planned expansion and that designs and approvals are in an advanced stage, with construction likely to commence towards Q3 of 2024. Management indicated that they have a very capable contractor who is able to expedite construction with the first units coming online during the first half of 2025 and full completion of the expansion is expected towards the latter half of 2025.
  - Ryan's Bay is planning to add an additional 20 apartments to their room inventory, although it was stated that these are not new plans and are unlikely to materialize soon. An area for the expansion has been provisioned and initial designs have been done according to management. Management indicated that they will likely only proceed with the expansion once occupancy improves.
- As a result, we have made provision for an additional 100 rooms to enter the market from 2025 to 2030. At the time of our research, we were not made aware of any additional planned hotels to enter the market.

Hotel Concept Recommendations

SECTION 6

This section provides commentary on the existing development (which is 80% complete). Our feedback is based on our visit to the Site, discussions with the appointed Operator and a review of the most recent concept proposed.

In this section we unpack the following:

- Development availability within the market and positioning of the development;
- Initial design and concept recommendations;
- Recommendations / comments on the number of units and size of units; Recommendations / comments on facilities included as well as potential alternative uses of spaces in the hotel.

Overview of the Current Hotel Layout and Proposed Scheme

Construction Progress

- The pictures below were taken during our site visit and reflect the current development progress of various areas in the hotel. Based on Client feedback the hotel is around 80% complete, with the structure largely being completed. With the appointment of the Operator and once the design work is finalized, finishing and fit can commence.
- Based on our assessment of works completed to date – the hotel will likely be completed towards the end of 2025, with a first full year of trading in 2026.







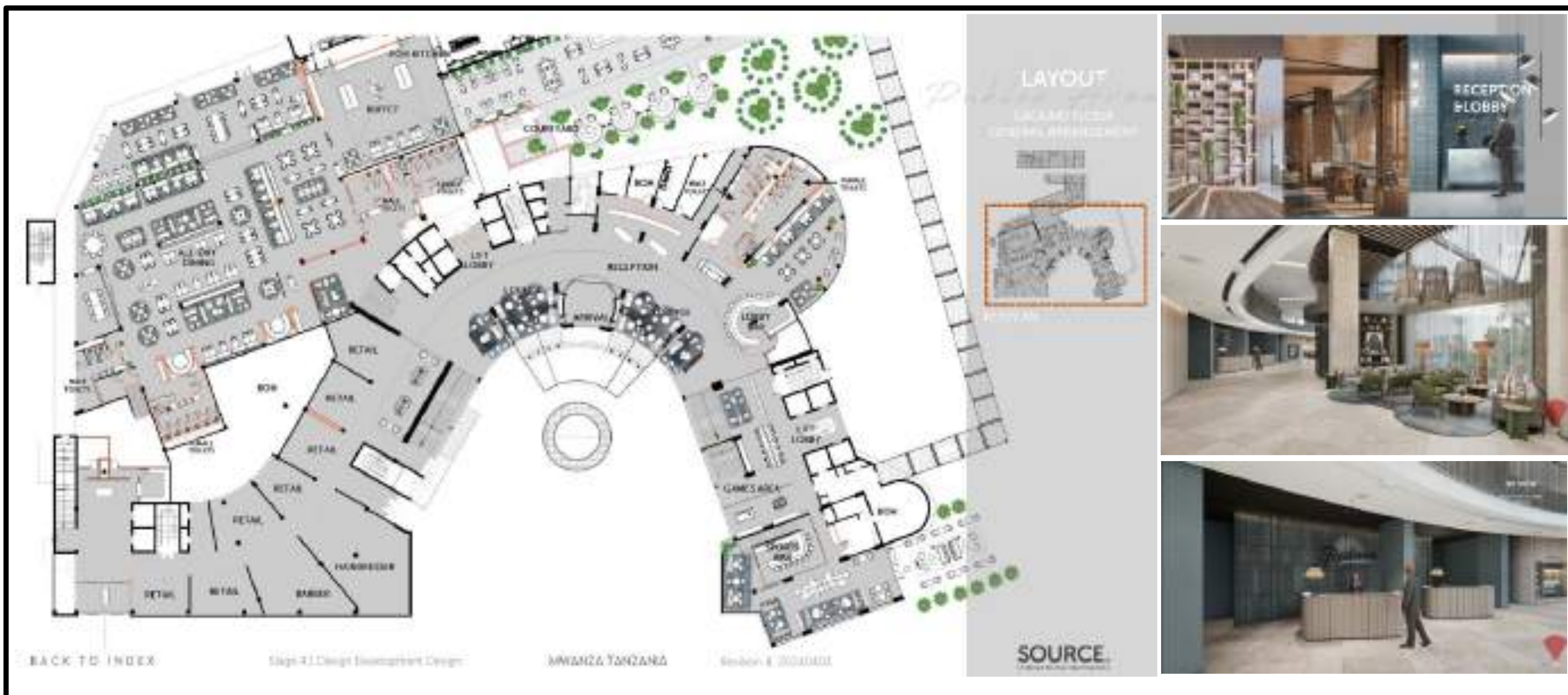


Hotel Concept Recommendations

Overview of the Current Hotel Layout and Proposed Scheme

General Description of Hotel

- The hotel comprises 15 floors, with a helipad on the roof, an outdoor pool and lounge area on the ground floor and a guest pool area on the 4th floor. The hotel has staggered floor plates allowing for corner terraces. The lobby, reception, lobby bar, all dining, executive lounge and retail / lettable space are proposed on the ground floor. The ground and 1st floor are designed as an open volume space. A sports bar is spread across the ground and 1st floor. Conference and meeting facilities as well as the business centre are proposed on the 2nd and 3rd floor. The gym and spa are proposed on the 4th floor. Various food and beverage outlets are spread across the ground floor, the 4th floor and the 15th floor (rooftop).
- The hotel currently offers 168 rooms, however, due to some structural changes and suggestions from the Operator, the number of keys will likely increase. There are two current proposals (which will be discussed in more detail later in this section):
  - 183 room configuration (new baseline)
  - 196 room configuration (proposal based on Operator input)

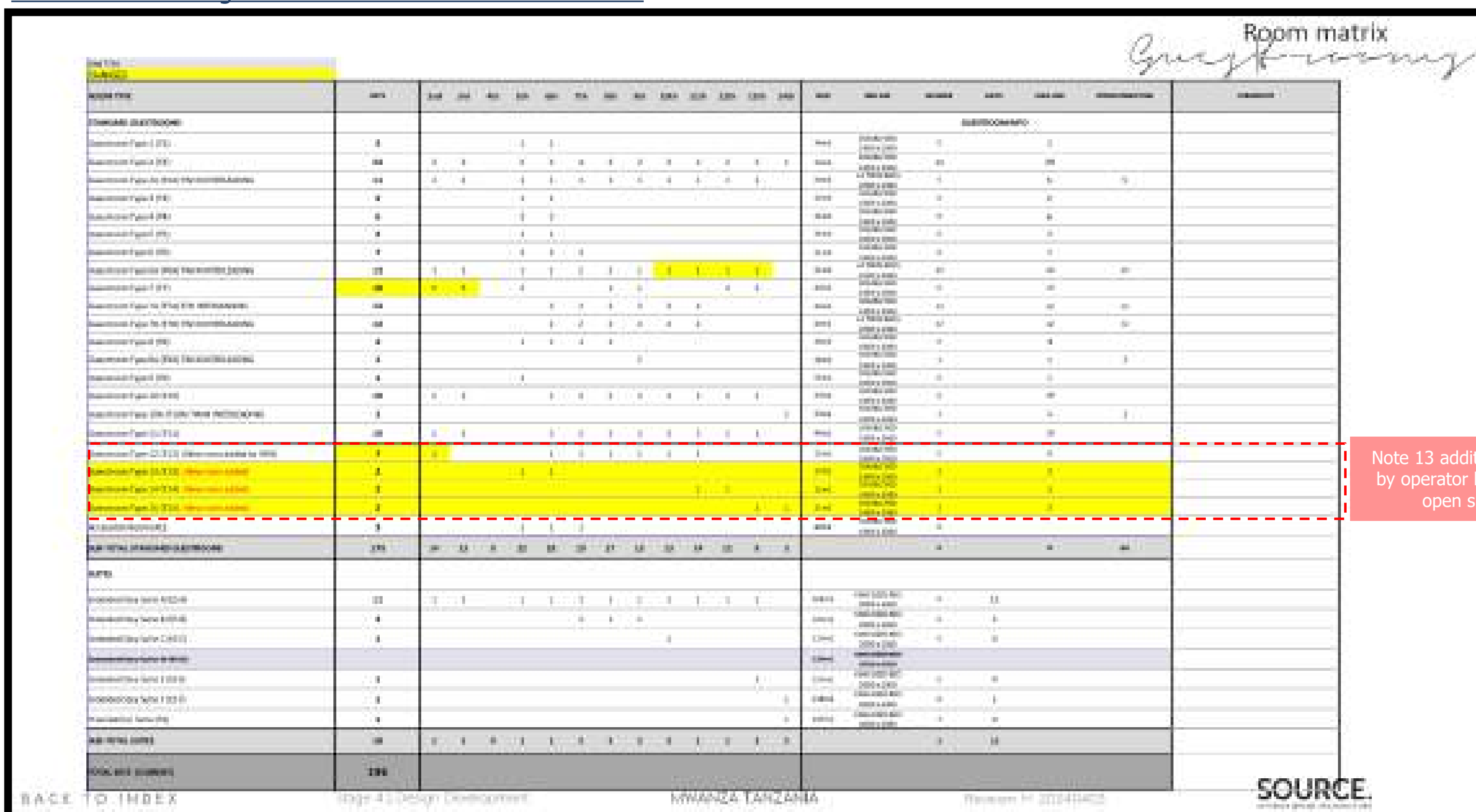


Overview of the Current Hotel Layout and Proposed Scheme

Room Configuration

- At present, the Hotel comprises 168 rooms in total (as built), comprising of; 79 standard rooms, 52 Executive Rooms, 20 Luxury Rooms, 16 Apartments and 1 Presidential suite. However, in order for the hotel to comply with international fire, life and safety standards, an additional fire escape has been required by the operator. As a result, some rooms needed to be reconfigured (split) and as a consequence, room inventory has increased to 183 rooms. The Operator has also recommended the conversion of certain public spaces, resulting in an additional 13 rooms being created. This resulted in the proposed two schemes – one scheme comprising 183 rooms (which is the new baseline) and another of 196 rooms (additional rooms being proposed by the Operator) – *the 168-room option is no longer a consideration as per instruction from the Client.*
- The room matrix below provides the latest adjusted room configuration – *note rooms highlighted below are additions proposed by the operator (i.e. 13 additional rooms).*

Latest Room Configuration: 186 and 196 Room Scheme

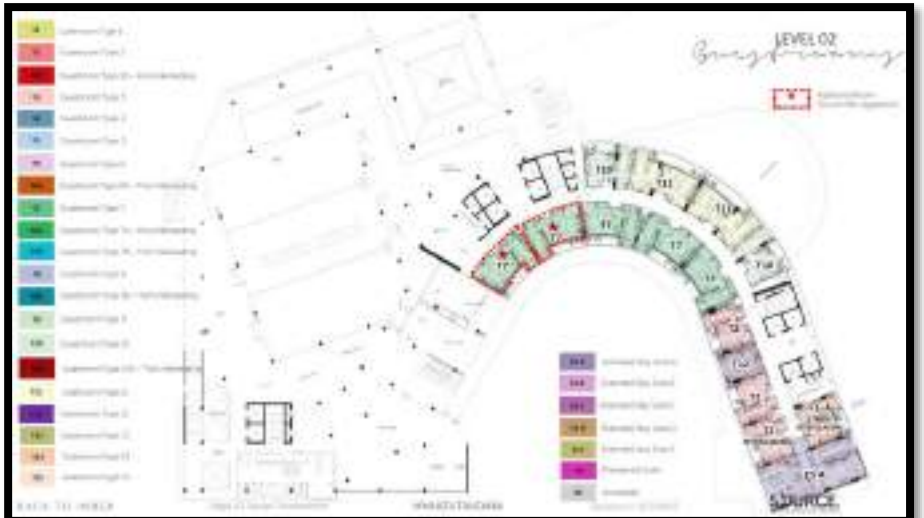


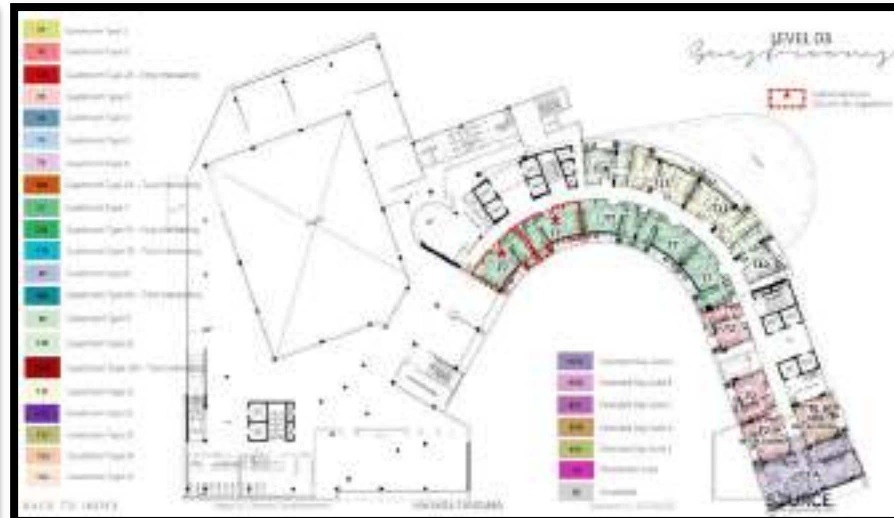
Note 13 additional rooms proposed by operator by converting public / open spaces on floors.

Overview of the Current Hotel Layout and Proposed Scheme

Rooms (Continued…)

- Adjustments to room inventory for floors 2-6 are indicated below:



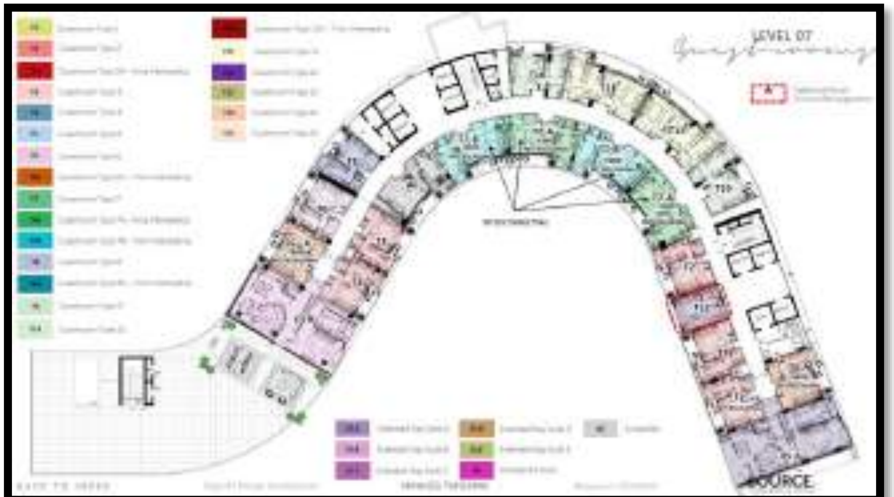


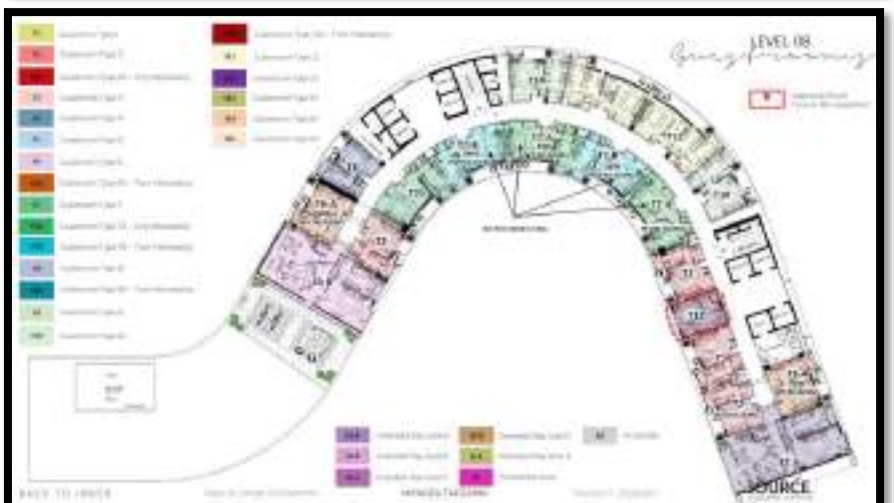
Source: SOURCE IBA

Overview of the Current Hotel Layout and Proposed Scheme

Rooms (Continued…)

- Adjustments to room inventory for floors 7-10 are indicated below:



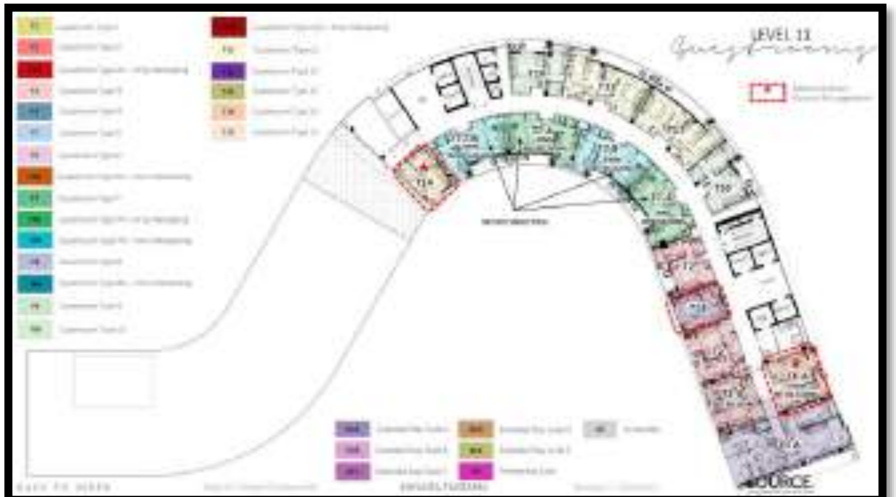


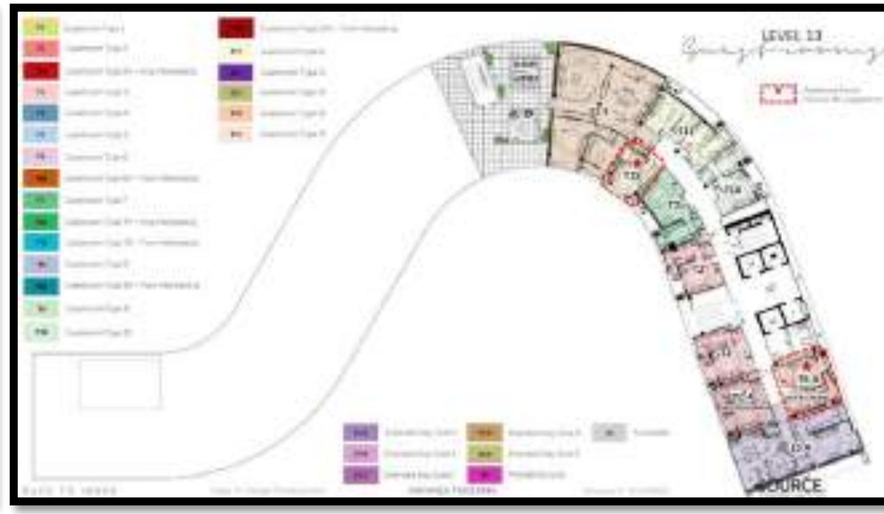
Source: SOURCE IBA

Overview of the Current Hotel Layout and Proposed Scheme

Rooms (Continued…)

- Adjustments to room inventory for floors 11-14 are indicated below:





Source: SOURCE IBA

Overview of the Current Hotel Layout and Proposed Scheme

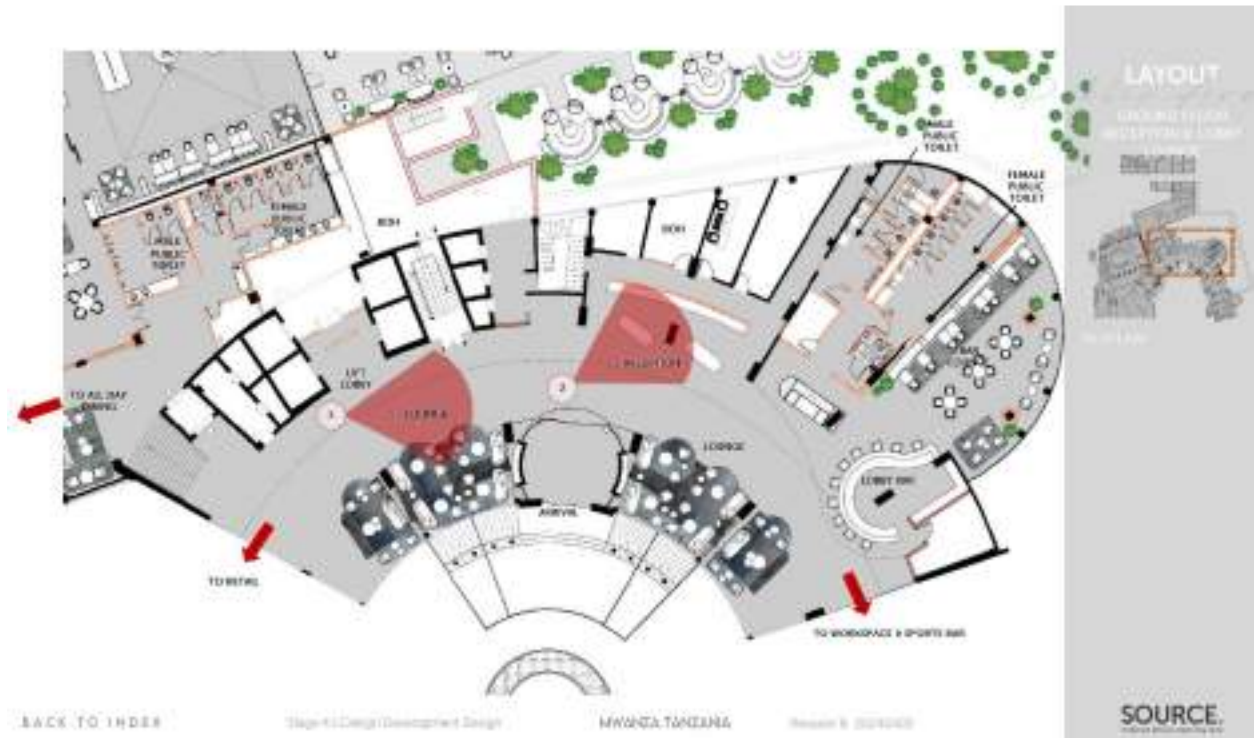
Food and Beverage Facilities

- All-Day dining facility accommodating 388 pax (312 pax internal seating + 76 pax courtyard seating)

Overview of the Current Hotel Layout and Proposed Scheme

Food and Beverage Facilities (Continued…)

- 1x Lobby Grab and Go & Lobby accommodating 68 pax



Overview of the Current Hotel Layout and Proposed Scheme

Food and Beverage Facilities (Continued…)

- 1x Sports Bar facility (spread across Ground and 1st floor) accommodating 96 pax (76 pax internal seating + 20 pax terrace seating)

Overview of the Current Hotel Layout and Proposed Scheme

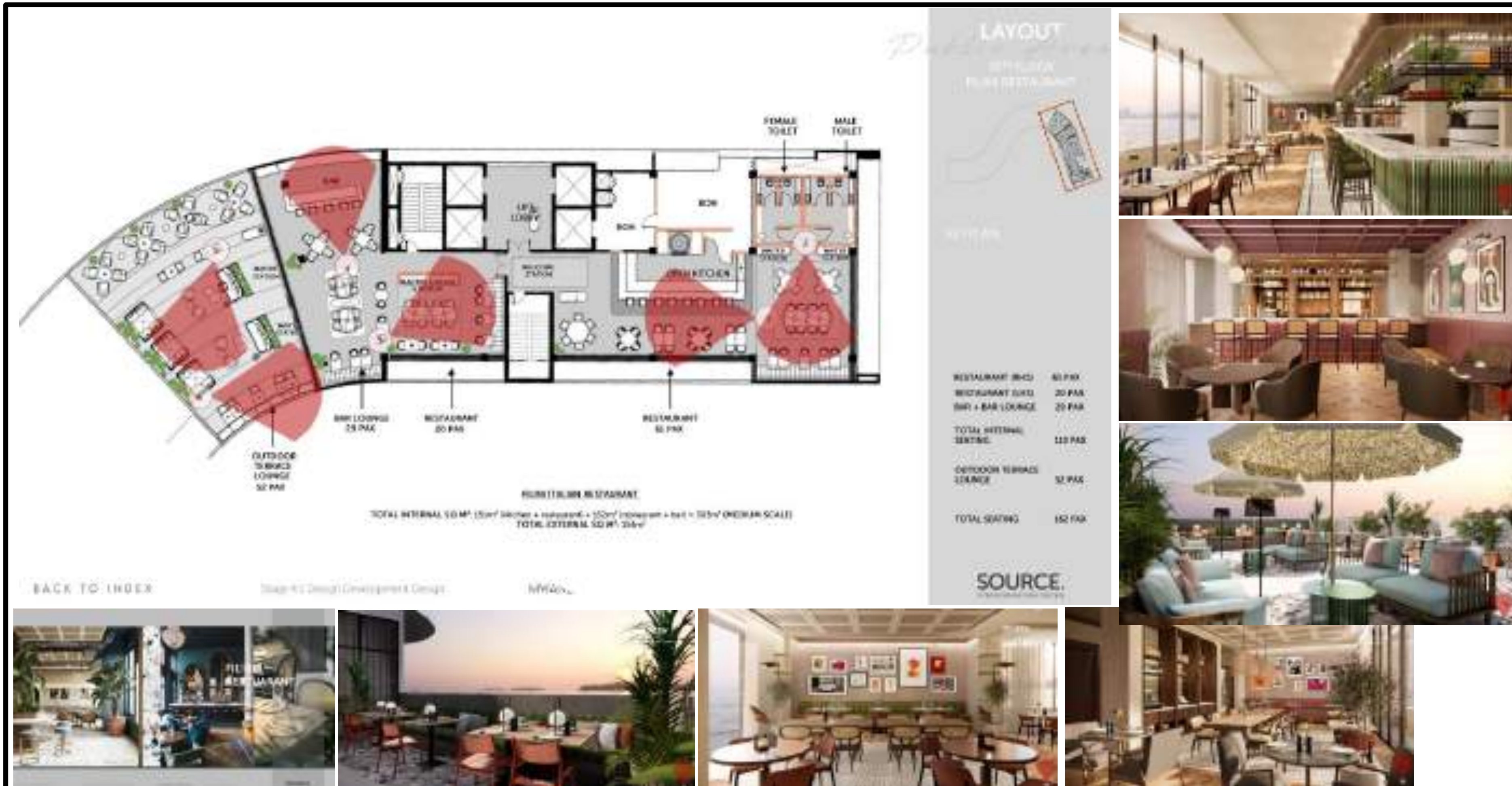
Food and Beverage Facilities (Continued…)

- 1x Specialty Restaurant (situated on 4th floor next to gym) accommodating 116 pax (54 pax internal seating + 62 pax terrace seating)

Overview of the Current Hotel Layout and Proposed Scheme

Food and Beverage Facilities (Continued…)

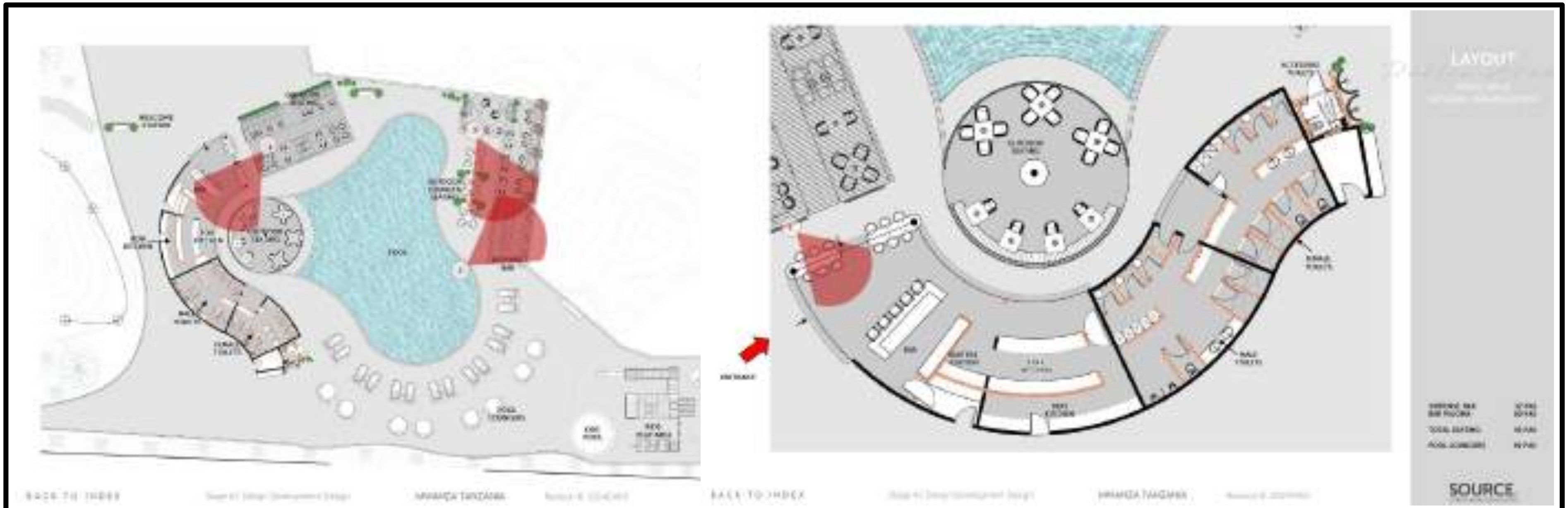
- 1x Rooftop Restaurant (situated on 15th floor) accommodating 162 pax (110 pax internal seating + 52 pax terrace seating)



Overview of the Current Hotel Layout and Proposed Scheme

Food and Beverage Facilities (Continued…)

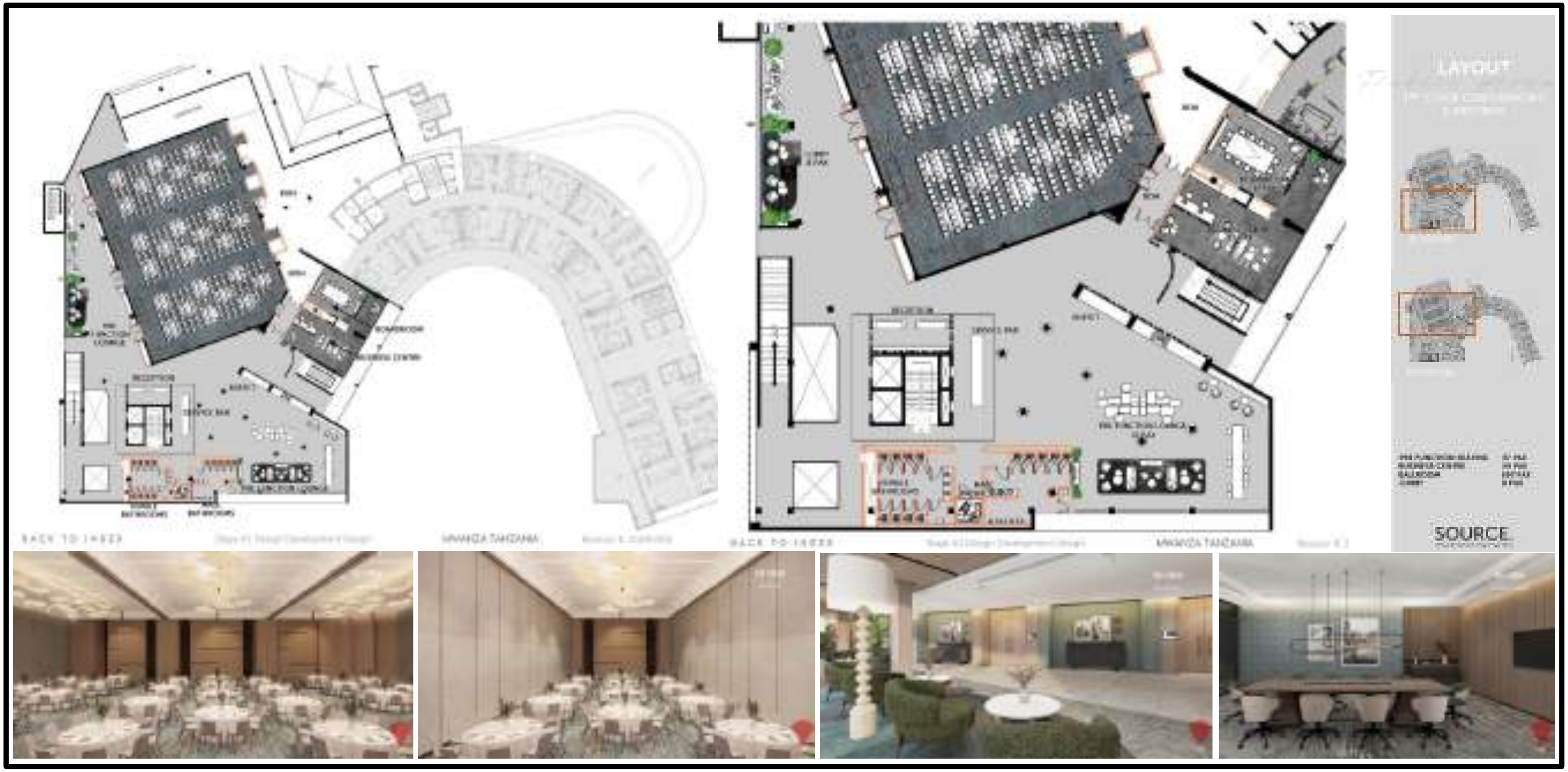
- 1x Pool Bar and Restaurant (situated outside on Ground floor) accommodating 115 pax and 22 pool loungers



Overview of the Current Hotel Layout and Proposed Scheme

Conference and Meeting Rooms

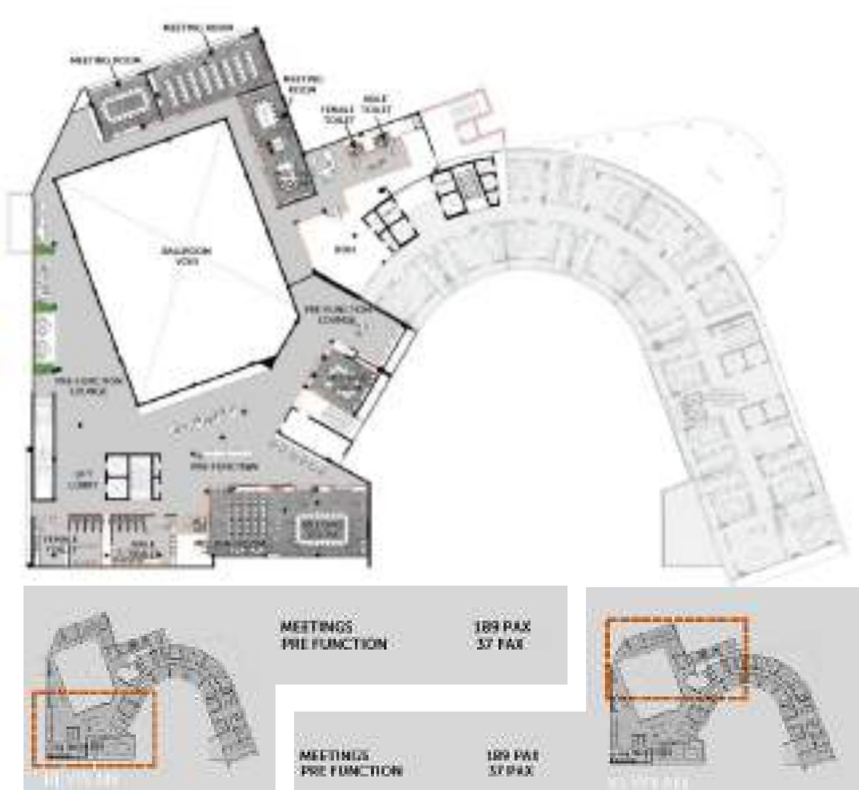
- 1x Ballroom accommodating 697 pax (can be subdivided) – situated on 2nd floor
- 1x Pre-Function and Lobby Area accommodating 45 pax (seated) – situated on 2nd floor
- 1x Business Centre that can accommodate 24 pax (seated) – situated on 2nd floor
- 1x Boardroom accommodating 12 pax (seated) – situated on 2nd floor



Overview of the Current Hotel Layout and Proposed Scheme

Conference and Meeting Rooms (Continued…)

- 2x Meeting rooms accommodating 12 pax (seated) – situated on 3rd floor
- 1x Meeting room accommodating 18 pax (seated) – situated on 3rd floor
- 1x Meeting room accommodating 24 pax (seated) – situated on 3rd floor
- 1x Meeting room accommodating 48 pax (seated cinema style) – situated on 3rd floor
- 1x Sub-divisible meeting room accommodating 30 pax seated and 45 pax seated simultaneously – situated on 3rd floor
- 1x Pre-Function, Lobby and Lounge Area accommodating 37 pax – situated on 3rd floor



Overview of the Current Hotel Layout and Proposed Scheme

Guest Facilities

- 1x Spa with 4x treatment rooms (1x couples and 3x singles).
- A reception, retail area, manicure & pedicure section, steam room, sauna, relaxation area and changing rooms have been proposed. A pool area is located between the spa and gym.

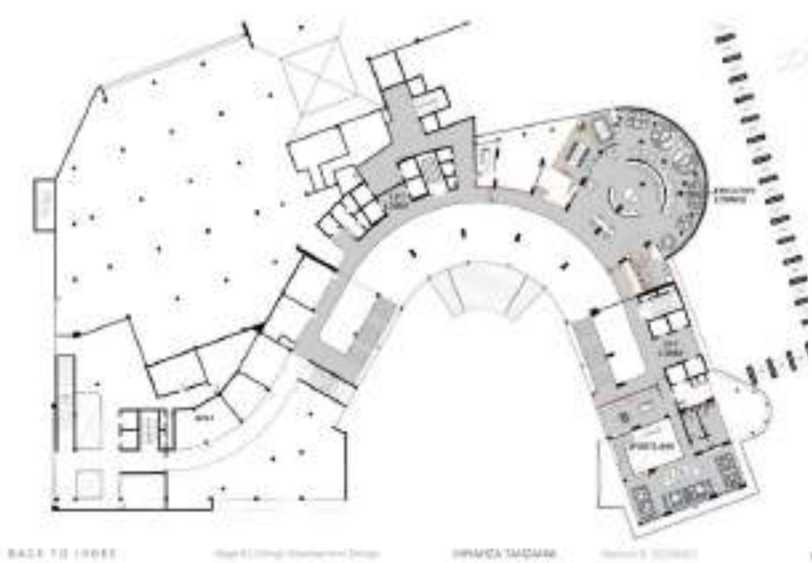
Recreational Facilities

- A large gym with change rooms, a locker room, a cardio and weight section as well as a studio space. A pool area is located adjacent to the gym.

Overview of the Current Hotel Layout and Proposed Scheme

Guest Facilities

- 1x Executive Lounge facility (situated on the 1st floor) accommodating 75 pax (67 pax seated + 8 pax boardroom)



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Overview of the Current Hotel Layout and Proposed Scheme

- Below is a summary of all hotel facilities as per the concept document provided to us:
  - The adjusted room inventory (from the 168 as built) comprises of two potential schemes:
    - 183 room configuration (new baseline)
    - 196 room configuration (proposal from the Operator)
  - The proposed concept provides for seven F&B outlets:
    - 1x All-Day dining facility accommodating 388 pax (312 pax internal seating + 76 pax courtyard seating)
    - 1x Lobby Grab and Go & Lobby accommodating 68 pax
    - 1x Sports Bar facility accommodating 96 pax (76 pax internal seating + 20 pax terrace seating)
    - 1x Specialty Restaurant accommodating 116 pax (54 pax internal seating + 62 pax terrace seating)
    - 1x Rooftop Restaurant accommodating 162 pax (110 pax internal seating + 52 pax terrace seating)
    - 1x Pool Bar and Restaurant accommodating 115 pax and 22 pool loungers
  - Conference and Meeting facilities comprise of:
    - 1x Ballroom accommodating 697 pax (can be subdivided)
    - 1x Pre-Function and Lobby Area accommodating 45 pax (seated)
    - 1x Business Centre that can accommodate 24 pax (seated)
    - 1x Boardroom accommodating 12 pax (seated)
    - 2x Meeting rooms accommodating 12 pax (seated)
    - 1x Meeting room accommodating 18 pax (seated)
    - 1x Meeting room accommodating 24 pax (seated)
    - 1x Meeting room accommodating 48 pax (seated cinema style)
    - 1x Sub-divisible meeting room accommodating 30 pax seated and 45 pax seated simultaneously
    - 1x Pre-Function, Lobby and Lounge Area accommodating 37 pax
  - Additional hotel facilities:
    - 1x Spa with 4x treatment rooms (1x couples and 3x singles) with a reception, retail area, manicure & pedicure section, steam room, sauna, relaxation area and changing rooms
    - A large gym with change rooms, a locker room, a cardio and weight section as well as a studio space
    - A pool area is located between the spa and gym
    - 1x Executive Lounge facility accommodating 75 pax (67 pax seated + 8 pax boardroom)
    - 1x Games area
    - 9x Retail outlets
    - Helipad

Recommendations

Rooms and Configuration

- Due to the curvature of the building, room sizes vary. This creates a number of potential permutations in terms of classifying rooms from a pricing perspective. In order to re-create a standardized basis from which we can assign a pricing model we have provided a proposed classification model in the adjacent Table. In total, the existing proposal comprises 183 rooms with the operator proposing the addition of 13 rooms by means of converting certain spaces in the hotel (increasing the potential room count to 196).
- We have attempted to retain the classification of rooms compared to the "as-built 168 configuration", but due to size variations, we have introduced additional room classifications based on room sizing. This resulted in seven room tiers, with "Standard Rooms" ranging from 21-28 sqm in size, "Deluxe Rooms" (a new tier) ranging between 30-36 sqm in size, "Executive Rooms" ranging from 40-48 sqm in size and an outlier room of 56 sqm being allocated as a "Luxury Room" or "Junior Suite". These tiers are typical hotel rooms and under the current configuration account for 165 rooms, with an additional 13 proposed by the operator – bringing the total potential room count to 178.
- There are 15 "Apartments" rooms comprising 102-117 sqm, two large "Suites" of 138 and 157 sqm and 1 presidential suite – bringing the total to 18 rooms. All apartment / extended stay suites are corner units and the designs available to us indicate one, two and three-bedroom permutations, although the floor layouts only specify 1 bedroom apartments (indicated on the design document as "ES A"). These apartments do have an inter-leading foyer that allows rooms to be "locked-off". Each unit offers an outdoor terrace area, a lounge area, a guest bathroom and a dining area with a kitchenette. All room permutations have on-suite bathrooms, with the master bedroom providing a bath and shower.
- The presidential suite offers three bedrooms (all with on-suite bathrooms with the master having a bath and shower), a guest bathroom, a lounge and a dining area with a kitchenette.
- All rooms have been designed to Radisson brand specifications (4-star level) and offer a product superior to any currently available in the market.

Proposed Classification of Room Categories

Type / Classification		Size (Sqm)	Number of Rooms Available	Number of Additional Rooms Proposed	Comments
Hotel Rooms	Standard Rooms	21	0	2	*Operator Additions*
		25	0	9	*Operator Additions*
		27	0	2	*Operator Additions*
		28	5		
	Deluxe Rooms	30	43		
		31	20		
		32	2		
		33	20		
		34	2		
		36	8		
	Executive Rooms	40	45		
		48	19		
	Luxury Room / Junior Suite	56	1		
Total Hotel Rooms			**165**	**13**	**13 Additional Rooms Proposed by Operator**
Apartments / Suites	Apartments / Suites	102	11		*Likely 1 Bedroom*
		107	3		*Likely 1 Bedroom*
		117	1		*Likely 2 Bedroom*
	Premium Suites	138	1		*Likely 3 Bedroom*
		157	1		*Likely 3 Bedroom*
	Presidential / Suite	245	1		
Total Apartments / Suites			**18**	**0**	**No Changes**
Room Total and Additions			**183**	**13**	**Scheme 1 – 183 Rooms**
Grand Total			**196**		**Scheme 2- 196 Rooms**

Source: HTI Consulting

Hotel Concept Recommendations

Recommendations

F&B Outlets

- **F&B outlets can accommodate a total of 1,020 pax simultaneously** – i.e. 5.5x total room inventory. In our opinion, the F&B outlets provided are disproportionate to the size of the hotel and the market in general. Based on the Radisson brand specifications, only an All-Day dining and a Lobby Bar are required from a brand compliance perspective – all other/additional F&B facilities are optional. We are of the opinion that there are redundancies in the F&B outlets that would likely dilute patronage across all outlets. Therefore, our view is that the F&B facilities provided should be reduced / repurposed to alternative uses to bolster revenue-generating potential in the hotel.

Recommendations Relating to F&B Outlets

	Comments	Opinion	Recommendation
All Day dining facility	• This outlet will be on of the largest dedicated restaurant in the market and sufficiently accommodates guests and conference requirements. • An All-Day dining facility is a brand requirement.	• Optimal use of designated space provided in hotel • Meets brand requirements • Has sufficient seating / covers – layout can even be adjusted to accommodate additional covers if required • Good concept, look and feel	• **Outlet should be retained** – no major amendment required • Outdoor landscaping and gardens would enhance experience – **lean into incorporation of outdoor elements to enhance guest and visitor experience**
Lobby Lounge and Grab and Go	• Complimentary to guest experience • Creates a positive social environment to facilitate impromptu meetings, guest interactions and an enjoyable guest experience • The lobby and arrival experience is an important component of the guest experience and first impression • Lobby lounge is a brand requirement – but Grab and Go element is optional	• Proposed lobby lounge is an effective use of designated space provided in hotel • Provides guests with lite meal options • Complies with brand standards	• **Lobby lounge should be retained** • The Grab and Go area proposed **can be incorporated into the lobby bar in the lobby lounge rather than a dedicated** space to be more efficient – but depends on Client preference

Sports Bar	• Overall a strong concept
	• Spread over a large area (two floors)
		• A dedicated sports bar is not a requirement and elements of the concept could be incorporated in the lobby lounge or as part of the outdoor Pool Area (bolstering external appeal) or rooftop restaurant
		• The sports bard comprises of quite a large space that could be better utilized for alternative uses such as lettable space
		• We are of the opinion that this outlet is redundant
			• **Outlet should not be retained**
			• Space is better utilized to incorporate one or more of the following elements:
			  • Relocation of the gym area
			  • Relocation of the Spa
			  • Convert space into lettable office space

Executive Lounge	• The location of the executive lounge is next to the Sports Bar and may be better suited as a gym, spa or lettable space.
	• Operationally, an executive lounge does not generate a return to justify its inclusion
	• An Executive Lounge is not a brand requirement
		• Given the price sensitive nature of the market, the inclusion of an executive lounge would unlikely bolster rate
		• An executive lounge is not common in the market and has not been a requirement for guests based on our research
		• The Executive Lounge, in our opinion is redundant and its removal would not impact brand standards / requirements
			• **Outlet should not be retained**
			• Space is better utilized to incorporate one or more of the following elements:
			  • Relocation of the gym area
			  • Relocation of the Spa
			  • Convert space into lettable office space
			  • Relocation of business centre (should need arise)

Specialty Restaurant	• Due to the large number of F&B outlets already included in the concept, this outlet is seen to be a non-essential and will likely only dilute patronage at other outlets.
	• Not a brand requirement (optional)
		• The Specialty Restaurant is situated adjacent to the gym area, and may be better suited to accommodate the spa or converted to lettable space.	• **Outlet should not be retained**
			• Space is better utilized to incorporate one or more of the following elements:
			  • Relocation of the gym area
			  • Relocation of the Spa
			  • Convert space into lettable office space

The Rooftop Restaurant	• Offers exceptional views and is a good use of space • Not a brand requirement (optional)	• This outlet is best suited as the Hotel's only specialty restaurant. • Elements of the sport's bar could also be incorporated into the concept. • The outlet would likely be a popular outlet for external patronage as well as in-house guest usage	• **Outlet should be retained** • Concept may require adjustment based on removal of other F&B outlets as recommended – based on Client preference.
The Pool Bar and Restaurant	• The Pool Bar and Restaurant would be a good addition to cater to external patronage especially during weekends.	• Given that this area has already been constructed, we recommend that it be retained and should have its own unique identity to drive external patronage.	• **Outlet should be retained** • Potentially adjust concept to include elements of the sports bar concept to bolster appeal

Recommendations

Conference and Meeting Facilities

- As indicated in our review of the proposed concept, the hotel currently offers extensive conferencing facilities spread across the 2nd and 3rd floors.
- The are effectively eight (8) dedicated meeting / boardrooms (considering one is sub-divisible) as well as a large ballroom (that can be sub-divided) and dedicated pre-function areas on both the 2nd and 3rd floors. This will position the hotel as the largest conference hotel (in terms of the number of venues) in the market by a significant margin.
- Although the hotel does not have the largest conference and events venue, the on-ground parking area on the ground floor could be utilized (as demand dictates) for the set-up of marquee tents to cater for larger conferences, events, weddings and celebrations that exceed 1,000 pax (which are not as frequent in the market based on our research).
- Based on our research, venues of between 20-30 and 50-80 pax are in the highest demand in the market, with prominent hotels hosting 2-3 small and medium-sized meetings per week. As a result, the hotel sufficiently caters to market needs currently and for the foreseeable future. In our opinion, the hotel has sufficient conference and meeting capacity with a good degree of flexibility in its venue offering.
- The hotel also has a large All-Day Dining outlet to sufficiently cater for conferencing demand.
- We envisage that the quality of conference venues and the high standard of service provided by the Operator will exceed that of the current market offering, thus making the hotel particularly appealing to the government, NGO and corporate market, which are the main drivers of conferences and events in this market. Referring back to the Market Demand Section of the report, residential / overnight conference guests only account for around 20%-30% of all delegates on average – therefore we are of the opinion that the hotel has sufficient room capacity to cater to overnight guests. There is also sufficient room inventory in the surrounding node to cater to any overflow requirements should it be required.
- We do note that the conference floors are directly adjacent to the rooms. We have raised the question around potential noise and privacy / security issues on site and to the interior designer and have been informed that adequate access and noise control barriers (walls, doors, glass panels, etc.) would be incorporated to mitigate such concerns.
- Where possible conference facilities should offer natural light and blackout blinds for the windows.
- In our opinion, the general design and aesthetics of the conference facilities are good and greatly exceed market standards.
- Given that the business centre is located on the same floor as the ballroom, it could be used as an additional breakaway room or meeting room should the need arise. The business centre does seem to have access control to mitigate any overlap between conference delegates (external) and in-house guests.

Recommendations

Other Guest Facilities

- **Spa:** As indicated earlier, the hotel offers a spa with several treatment rooms and amenities / services. Based on our experience, spas tend to be difficult to operate profitably and largely depend on market dynamics and population income. From a market perspective, the hotel is expected to attract mostly corporate demand (largely transitional demand) thus we expect a relatively low uptake for the spa from this perspective. A very small portion of leisure demand exists in the market (again largely transitional stays) and we expect some take-up from this segment of the market. Government and NGO demand for spas tend to be low as their per diem allowances do not provide for such leisure activities – *and as mentioned, there is a trend amongst government and parastatals to limit the spending of their per diem allowance and retain as much as possible for personal use*. Taking this into account, we would recommend the spa component be outsourced and/or revised.
    - We would recommend limiting the facilities to two treatment rooms (1x couple and 1x single) and either reducing or relocating to a smaller venue in the hotel.
    - A small retail component can be included at the reception desk rather than a dedicated space.
    - A small manicure and pedicure section can be incorporated, but this would be a service better suited to a tenant in one of the retail outlets in the hotel on ground level.
    - A steam room, sauna and relaxation area are in our opinion not required as these facilities would require additional maintenance and cleaning as well as increased utility expenses of the hotel. A sauna / steam room would be better suited in the gym should the Client wish to retain these features.
- **Gym:** A large gym with change rooms, a locker room, a cardio and weight section as well as a studio space is currently incorporated in the concept. The gym occupies a large part of the 4th floor that could be better suited to lettable space (such as offices). Most hotels offer a small gym space with limited equipment as it is not an income-generating component of the hotel and although requested by guests, it often has a relatively low utilization rate. Therefore, we would propose relocating the gym to a smaller area in the hotel.
- **Pool Area on 4th floor:** The pool area is already constructed and can be utilized by guests. Loungers and possibly a small bar / refreshment station could be incorporated.
- **Games area:** The games area is not required given limited leisure demand – if possible this space can be integrated into the lobby lounge area for additional seating or can be integrated into the Sports Bar Area which we recommend to be converted into potential office space (if possible).
- **Retail Outlets:** The hotel offers nine retail outlets on the ground floor. We recommend retaining these outlets as additional revenue drivers for the hotel. They would be best suited towards guest services (such as manicure / pedicure services, souvenir / clothing shops, forex and banking services, travel agent / flight desks, etc.).
- **Helipad:** The hotel offers a helipad for VIPs. It has already been constructed and the operating license has been issued. We have requested but not obtained any information relating to the cost of operating such a facility from a licensing and permit renewal perspective.

Private and Confidential

Conclusion

The Opportunity and Positioning

- Based upon our research and knowledge of the market, there is scope for the development of an internationally branded hotel in Mwanza which is driven by the notable lack of quality supply that adequately caters to market needs.
- The development would be the first internationally branded hotel in the market, thereby establishing itself as a market leader, generating healthy levels of demand from corporates (mostly mining, financial services and professional services), NGOs and foreign delegations as well as government officials.
- Based on demand feedback and the rate yields being achieved in Dar es Salaam, which have been utilised as a benchmark given the poor quality of properties in Mwanza, we confirm that an Upscale positioning for the development (4-star level) is an appropriate positioning for the Hotel. Furthermore, given the poor quality of supply in the market and due to the Hotel being a modern greenfield hotel aligned to international standards, it will offer a noticeably superior product by Mwanza standards (and even compared to some properties in Dar es Salaam).
- The hotel offers significant conference and meeting capacity with a high degree of flexibility that would appeal to Corporates, NGOs and Government.

Adjustments to Concept

- We would recommend retaining the 183-room configuration as the hotel is significantly larger than any competitor in the current market, with market occupancy being relatively low. Incorporating the 13 additional rooms will increase room inventory and dilute occupancy levels as well as result in higher development costs which will impact on returns of the project. Based on our current demand modelling scenarios (unless market dynamics shift), we do not foresee that the additional room inventory would be required in the short-to-medium term. Although the implementation of the additional rooms
- Based on our assessment of the conference and meeting spaces, we are of the opinion that there is sufficient capacity available to service the market currently as well as potential excess capacity to cater for future demand requirements. In addition, these spaces have already been constructed and deviating from the current development programme would likely result in additional costs – therefore, the conference and meeting spaces should be retained current design.
- Depending on Client preference, it is recommended that the lobby lounge, bar and grab-and-go area be consolidated into a single space to create efficiency and limit fit-out costs. The area has been retained but may require amendments to the concept / design.
- We recommend reducing the number of F&B outlets to four (1x All-Day Dining, 1x Pool Restaurant and Bar, 1x Lobby Lounge and Bar / Grab and Go and 1x Specialty Rooftop Restaurant) – to prevent dilution of patronage levels and curtail expensive fit-out costs and limit operational expenses.
- The speciality restaurant on the 4th floor is in our opinion redundant and should be assigned to an alternative use. By relocating and reducing the size of the gym and spa, the entire 4th floor can be opened up and either mothballed (to reduce fit-out costs) or used as lettable office space (to generate additional income).
- We recommend repurposing the Sports Bar (which is in our opinion unnecessary) to lettable office space or to accommodate the relocation of the spa and gym.

Conclusion

Adjustments to Concept (Continued…)

- Below is a summary of key hotel facilities as per the concept document and an area schedule provided by the Client's Engineer. The purpose of this Table is to illustrate space redundancy and floor area gained for alternative use such as lettable office space. The practicality of these changes will need to be discussed with, and verified by the Interior Designers as well as the Operator and should align to Client preferences. Our view is to maximize efficiency and revenue generation as well as to reduce fit-out costs and mitigate potential operating costs associated with the incorporation of various facilities.

Floor	Usage	Size Allocation	Recommendation
Ground Floor	• Reception & Lobby lounge	• 190.26 sqm	• Retain, may require reconfiguration based on consolidation of spaces recommended
	• Grab & Go & Work space	• 73.8 sqm	• Consolidate with lobby lounge
	• Sport Bar	• 189 sqm	• Space redundancy – can be consolidated with other outlets such as lobby lounge, pool and restaurant area of All-Day Dining
	• Market & Patisseries	• 83.24 sqm	• Consolidated with lobby lounge
	• All day Dinning	• 1,200 sqm	• Retain, but may need some adjustments based on consolidation of spaces
1st Floor	• Executive Lounge	• 286.6 sqm	• Not required – alternative use recommended – potentially allocated to gym and spa
	• Sport Bar	• 119.6 sqm	• Not required – alternative use recommended • Concept to be consolidated in other F&B outlets
2nd Floor	• Pre-function Lounge	• 315.94 sqm	• Retain
	• Ball room & Business	• 711.87 sqm	• Retain
3rd Floor	• Pre-function & Meeting rooms	• 628.06 sqm	• Retain
	• Meeting room & Ablutions	• 446.9 sqm	• Retain
4th Floor	• Fitness	• 106.87 sqm	• Retain fitness centre – but reduce size and potentially relocation required
	• Specialty Restaurant	• 165.8 sqm	• Not required – alternative use recommended
	• Spa	• 159.8 sqm	• Retain spa – but reduce size and offering. Potentially relocation required
	• Pool Area	• 230.78 sqm	• Retain for guest use only – may require addition of a small refreshment station for guests
15th Floor	• Rooftop Restaurant	• 264.6 sqm	• Retain
Total Potentially Redundant / Relocation / Reconfigured Space	• Sport Bar • Executive Lounge • Specialty Restaurant • Fitness • Spa	• 308,6 sqm • 286.6 sqm • 165.8 sqm • 106.87 sqm • 159.80 sqm	• Sports bar to be consolidated with other F&B outlets, freeing up the space for alternative use of mothballing • Executive lounge not required and can be made available for alternative uses • Specialty restaurant not required and can be assigned to an alternative use or mothballed • Can be relocated to Executive Lounge area • Can be relocated to Executive Lounge area
Space Assigned to Alternative Use	• Sports bar assigned to alternative use – possibly lettable office space • Executive Lounge to house gym and spa facility • 4th floor areas including specialty restaurant, fitness centre and spa to be assigned to alternative use or mothballed.		• Additional space can be created through relocation of these facilities – effectively freeing-up the fourth floor (taking into account the redundant specialty restaurant). • This change would result in a total of 432,47 sqm of free space of the 4th floor alone (not taking into account the 4th floor Pool area). • Together with the Sports Bar area, a total of 741,07 sqm can be re-assigned to alternative uses such as lettable office space.

Hotel Projected Demand

SECTION 7

In order to project demand for a proposed hospitality development, there are two methods which can be adopted namely the “fair share supply and demand method” or the “demand build-up” method.

For the purpose of this market assessment we have chosen to use the “fair share” supply and demand method considering the well established hotel environment and constant markets which are unlikely to change significantly in the near future.

Introduction to Projected Demand

Introduction

- In order to project demand for a proposed hospitality development, there are two methods which can be adopted namely the "fair share supply and demand method" or the "demand build-up" method.
- The "fair share" supply and demand method is ideally used when projecting hotel demand in an existing, established and relatively stable hotel market. In this method the current competitive supply is determined as well as the addition of future supply. Additionally, demand is projected based on current conditions and future projected demand growth.
- The "demand build-up" method is used where markets are new or unstable and where hotels are not necessarily likely to compete directly with one another. Base data is used to project potential demand for a particular area and hotel.
- For the purpose of this market assessment, we have chosen to use the "fair share" supply and demand method considering the well-established hotel environment and constant markets which are unlikely to change significantly in the near future. As part of this analysis, the competitive set analysed with whom the proposed development will compete.

Methodology

- The potential future demand for hotels in the competitive set is determined by estimating current performance data relating to the demand for such establishments and applying a growth factor to this demand. On the supply side, we have gathered information on the supply of competitive rooms in the area and have also taken possible future developments into consideration by estimating the number of additional rooms which will be added to the market. We have also made allowance for other possible future developments which could be developed, but as yet are not known about or planned.
- We have compared future demand and supply levels, which yields a projection of average occupancies for the relevant market as a whole. We have analysed this to ascertain the hotel's likely fair share of the available market. We then developed projections of future occupancies of the proposed project based on its expected competitive advantage over the other competitors in the market by determining how much more than fair share the proposed project will be able to attract. The supply and demand projections assist in determining the optimum size of the proposed development by giving an indication of how many rooms can be absorbed into the market and what effect the additional rooms will have on the performance of the market.
- We have modelled our projections on a **183 key upscale hotel entering the market in 2026** in accordance with research outcomes outlined during the course of this study.

Demand Growth

Introduction

- Information on the hotel market in Mwanza was gathered and has been incorporated into the supply and demand model. The relevant set accounted for 245 rooms but we have also assumed an additional 100 rooms from the rest of the market. The projections in this model are based on the performance of the relevant set which achieved an average occupancy of 56.7% in 2023.

Demand Growth and Market Mix

- Driven by an active corporate and NGO/Embassy market (accounting for the largest share of roomnights sold in Mwanza), recovery in the Mwanza hospitality market has fully recovered post-pandemic. Most hotels in the set have fully recovered in terms of occupancy and have seen ADR improve – indicating a growing and healthy market. This bodes well for the proposed development as the hotel will be entering a fully recovered environment.
- Hotel demand and occupancy growth are strongly linked to economic activity within Tanzania, with variations based on the nature of business in the market and localized development activity. For this reason, we have used the economic growth of Tanzania as a baseline and adjusted growth estimates for each of the market drivers accordingly. The adjacent Illustration indicates the estimated 10-year average growth rates by market driver relative to the baseline economic growth of the country.
- The **corporate market** is most active in Mwanza and we expect stronger growth from this sector over the projected period as a result of numerous infrastructure projects and mining activity. We estimate growth will exceed projected GDP growth for the country by +1% for the next 3 years and will then taper back. On average, we estimate demand growth originating from this segment of the market at 7,1% per annum over a 10-year period.
- Overall the **market as a whole is projected to achieve an average growth rate of around 6.5% per annum** over the assessed period and is ultimately aligned with economic growth projections for the country.
- Based on the above growth rates, **segmentation in Mwanza is to change slightly, albeit remain a fairly similar structure** to the current trend in the market. Estimated market mix (including the addition of 100 rooms from the rest of the market) is projected as follows (over the assessed period on average):
    - Corporate: 52%
    - Overnight MICE: 13%
    - Government: 5%
    - NGO / Embassy: 22%
    - Leisure and Other: 9%

Average 10 year Market Growth Rates

Corporate

7.1% demand growth

Growth Above Baseline

Baseline Economic Growth

6.5% GDP growth

Growth Below Baseline

Overnight Conference

6.3% demand growth

NGO / Embassy

6.3% demand growth

Government

5.3% demand growth

Leisure

4.7% demand growth

Source: HTI Consulting

Demand Growth

Future Supply

- As indicated, the only additional room supply we have accounted for is the Malaika Beach Resort Expansion of 80 rooms (in 2026 – coinciding with the opening of the Subject Hotel) and the 20-room expansion of Ryan's Bay (estimated to occur in 2030). Although this may seem notably weak, the limited depth of the market needs to be considered.
- The introduction of the Subject Hotel is expected in 2026 and the addition of 183 rooms severely impacts the market occupancy overall. During 2026, room supply in the market is expected to increase by 76%, nearly doubling room capacity from 345 rooms to 608.
- The combined effect of these developments (including the proposed development) will see fair share market occupancies drop to an estimated 39,1% by the end of 2026 and is only expected to recover back to 50% between 2031 and 2032 (in 6-7 years after the opening of the Subject Hotel). This is shown in the Table below which outlines the growth in supply and its overall effect on share market occupancies. The fair share occupancy of a hotel is the occupancy that a hotel should achieve if it is attaining its correct market position.
- The results of our projections indicate that there is limited space in the market to absorb additional room supply, as the increase in supply is significantly outpacing demand growth. It should be noted that this trend represents a relatively informal hotel market with limited quality hotel supply and it is expected that the Subject Hotel will be of significantly superior quality – thus allowing it to effectively consolidate a large portion of demand in the market from competing properties.

Projected Supply Growth and its Effect on Fairshare Market Occupancy (2023 - 2033)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Room nights supply	125 925	125 925	125 925	221 920	221 920	221 920	221 920	229 220	229 220	229 220	229 220
Growth		0,0%	0,0%	76,2%	0,0%	0,0%	0,0%	3,3%	0,0%	0,0%	0,0%
Room nights demand	71 416	75 795	80 837	86 668	92 581	98 903	105 013	111 505	118 405	125 737	133 529
Demand Growth		6,1%	6,7%	7,2%	6,8%	6,8%	6,2%	6,2%	6,2%	6,2%	6,2%
Fair-share Occupancy (CompSet)	56,7%	60,2%	64,2%	39,1%	41,7%	44,6%	47,3%	48,6%	51,7%	54,9%	58,3%

Source: HTI Consulting

Demand for the Proposed Development

Fair share Percentage, Displaced Demand and Created Demand

- Given the lack of quality facilities in Mwanza, the proposed hotel is likely to achieve a higher fair share of market demand.
- It is expected that the hotel would be able to quickly grow its fair share of corporate business to around +5% on a stabilized basis.
- The Subject Hotel's key strength is its extensive conferencing facilities and we estimate that the hotel would be able to gain a significant fair share (+50% on stabilization) of the overnight conferencing business due to its modern facilities offered. It should also be noted that overnight conferencing demand in the market is fairly limited as most delegates attending conferences or events are locals and do not stay overnight. Regardless, conference-related business from NGOs, government, corporates and local weddings, celebrations and events are imperative to the overall success of the development.
- The higher than its fair share of government demand is projected due to the offering of the hotel. Government demand will however remain limited due to restrictive per diem allowances and general preference to stay in more affordable accommodation in order to retain a portion of their allowances for personal use. It is anticipated that higher-level government officials will make use of the hotel, however junior and medium-level staff may opt to remain at current accommodation providers. With that being said, fair share percentages will grow year on year, stabilizing at around +5%.
- The NGO / Embassy segment follows a similar trend to that of the Government sector. Although allowances are higher than that of Government officials, this segment remains price-sensitive. We estimate a greater than fair share of around +5% on stabilization.
- The Subject Hotel is expected to attract a greater fair share of the market for leisure demand given the quality and facilities on offer as well as the hotel having a known international brand. We project a greater than fair share of +20% on stabilization for this segment.
- Taking all of the above assumptions into account, it is estimated that the Subject Hotel will attract around a third (33%) of all roomnight demand in the market – making it the most significant player in the market.

Percentage Greater/Less than Fair Share of the Market

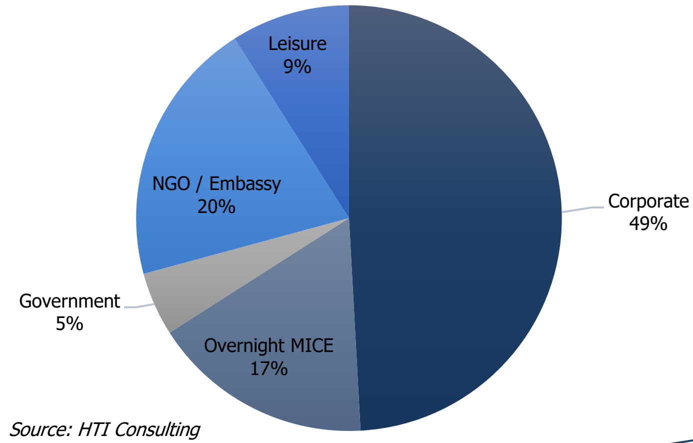
Hotel Fair Share	2026	2027	Stabilisation Onwards
Corporate	1,0%	4,0%	5,0%
Overnight MICE	30,0%	40,0%	50,0%
Government	1,0%	4,0%	5,0%
NGO / Embassy	1,0%	4,0%	5,0%
Leisure and Other	5,0%	15,0%	20,0%

Source: HTI Consulting

Stabilized Market Mix

- Taking into account demand growth parameters and fair share adjustments, market segmentation of the proposed development is likely to differ slightly from the market as a whole - with a higher proportion of overnight MICE business expected. Other market segments will remain relatively in line with the market.
- The projected stabilized market mix is shown in the Graph below.

Projected Market Mix for the Hotel



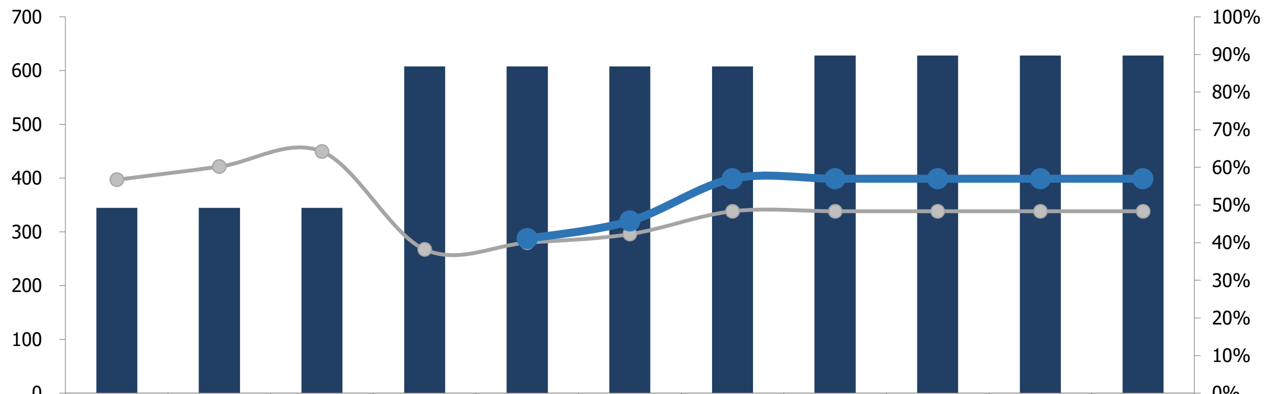
Source: HTI Consulting

Occupancy

Proposed Hotel Performance Projections

- Taking into account supply and demand fundamentals and the unique elements of the development that enable it to:
    - Achieve greater than its fairshare of the key market segment;
    - Consolidate demand from poorer quality hotel establishments in the market; and
    - Become the dominant player in the market – if priced appropriately.
- The hotel is expected to achieve an opening occupancy of around 41% in 2026. Once stabilised, which within the hospitality market takes approximately three years, occupancy performance grows steadily to reach a stabilized occupancy of 57% in year three (2028). This is stronger than the stabilised occupancy projected for the market as a whole and reiterates the Hotel's ability to position itself as the market leader in Mwanza.

Hotel Projected Occupancy vs Market Occupancy (2023 - 2033)



	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Additions to supply (number rooms)	345	345	345	608	608	608	608	628	628	628	628
Market Occupancy with Stab	56,7%	60,2%	64,2%	38,2%	40,0%	42,2%	48,3%	48,3%	48,3%	48,3%	48,3%
NSSF Mwanza Occupancy with Stab					41,0%	45,7%	57,0%	57,0%	57,0%	57,0%	57,0%

Market Stabilised Occupancy 48.3%

Proposed Hotel Stabilised Occupancy 57.0%

Source: HTI Consulting

- The entry of an internationally branded hotel at the size and scale of that proposed will put the Mwanza market under severe pressure due to the limited depth of the hospitality sector in the market. Our projections indicate that the hotel will consolidate a significant amount of demand from poorer quality establishments, bringing down market occupancy to around 40% once the hotel has entered the market. Based on our experience in other markets where there are severe strain on occupancy levels, it is common for properties of lower standard to start lowering rate in order to compete for market share – this may be a likely scenario for Mwanza.

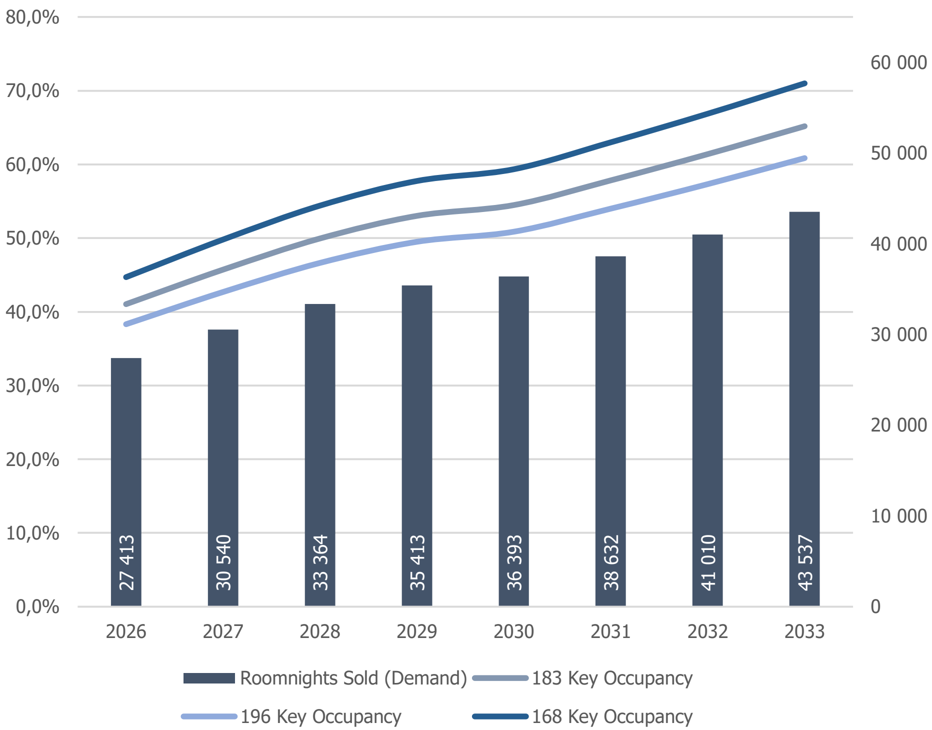
Private and Confidential

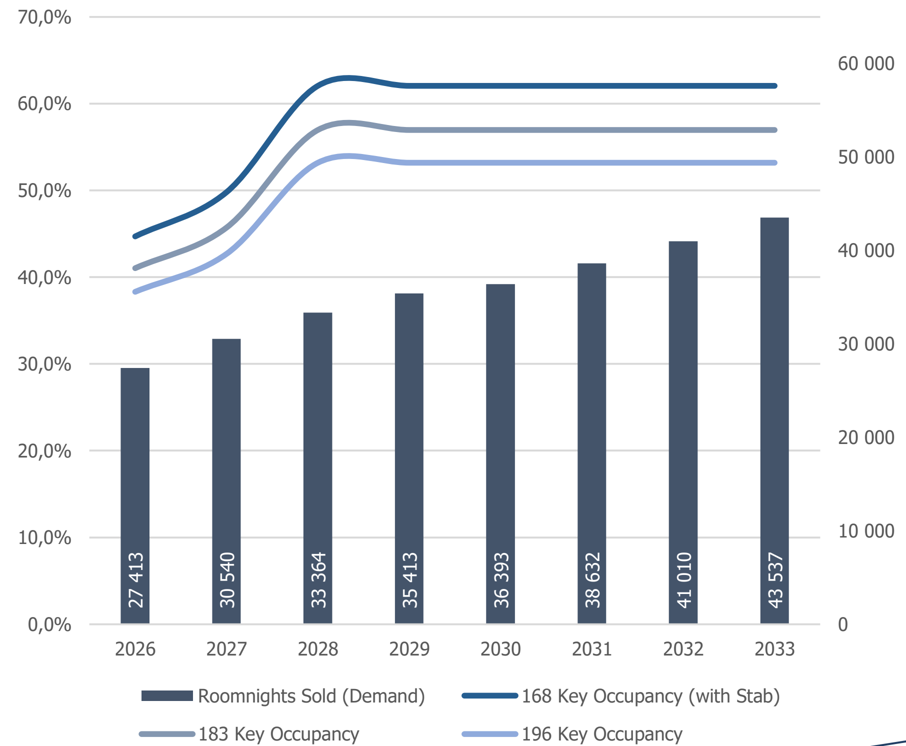
Occupancy

Impact on Occupancy at Various Room Configurations

- The Graphs below illustrate indicative occupancy levels for the original 168-room configuration and the proposed 196-room configuration based on adjustments to room inventory only. We have also provided graphs to illustrate the natural demand growth curve projected for each configuration as well as stabilised averages.
- It is clear that the additional room inventory impacts achievable occupancies given that market demand is limited. This further substantiates our view that increasing the number of rooms to 196 will only dilute occupancy. The additional room inventory will also put further strain on an already subdued market. Furthermore, given that the 196-room scenario has more standard rooms, it will also likely dilute ADR due to the higher weighting on lower-tier rooms, thus impacting negatively on RevPAR.
- The cost of implementing the changes to the key count will also adversely impact returns.

Hotel Projected Occupancy: Ramp-Up vs. Stabilised





Source: HTI Consulting

Hotel Revenue Projections

SECTION 8

In this section we have performed revenue projections and prepared statements of profit and loss, cash flows and investment analysis for the proposed hotel development.

These projections have been compiled in accordance with the Uniform System of Accounts for Leisure Industry (USALI).

Introduction

Introduction

- In this Section, we have performed revenue projections and prepared statements of profit and loss, cash flows and investment analysis for the Subject Hotel. These projections have been compiled in accordance with the Uniform System of Accounts for the Leisure Industry (USALI). Projections to income before fixed charges were made on the hotel.

Assumptions

- Key assumptions findings and analysis for the project include the following:
  - The development will consist of 183 keys.
  - Average Exchange Rate LCU/USD over 10 year period: TZS 3,000 (flat rate as per Client instruction)
  - A base date of December 2023 has been assumed. The property is expected to open in January 2026 (14-month completion period assumed).
  - All amounts are in USD and are net of any relevant taxes.
  - As per benchmarks within the hospitality industry the terminal value of the hotel is estimated using a 10% Cap Rate. In addition a discount rate of 12.24% has been utilised which incorporates investment and country risk. An additional scenario *as per the Tanzania Average Cost of Capital provided by NSSF* is provided, assuming a Cap Rate of 5.0%, with a discount rate of 7.0% (thus a 2.0% margin for country and investment risk).
  - Base inflation has been projected at an average of 2,0% over the construction period and 2.0% from 2026 onwards.
  - As per international hotel operator benchmarks, an FF&E reserve of 1.00% in the first year leading up to 4.00% in the fourth year (and thereafter) has been incorporated.
  - For the purpose of this report, insurance and property taxes have been estimated at 0.20% and 0.30% on development cost respectively.
  - Operator Fees have been based on the commercial terms received from Radisson Hotel Group:

Base Fee Percentage	% of Total Revenue
Year 1 of Operations	1.5%
Year 2 of Operations	1.5%
Year 3 of Operations	1.5%
Year 4 of Operations and onwards	2.0%

AGOP Percentage	% of AGOP
0% - 19.99%	0%
20% - 24.99%	5%
25% – 29.99%	6%
30% - 39.99%	7%
40.0% and above	8%

Sales and Marketing Fee	% of Rooms Revenue
Year 1 of Operations	1.25%
Year 2 of Operations	1.25%
Year 3 of Operations	1.25%
Year 4 of Operations and onwards	2.5%

Commonly Utilised Terminology

Metrics to Measure Hotel Performance

ADR – indicates the average revenue earned for an occupied room in a hotel on a given day. It thereby removes any taxes/levies, discounting and F&B costs associated with the rate

Occupancy – the percentage of available rooms that are occupied at a given time

RevPAR – combines the top two metrics (ARR x occupancy). RevPAR reflects a hotel's ability to fill its available rooms at an average rate

Financial Bases

Rooms Revenue - Occupancy, Average Room Rates and RevPAR

- Based on our understanding of future supply and demand, we estimate that the subject upscale hotel can achieve the following occupancies and average room rates (see table below). We expect the hotel to reach stabilized occupancies after its third year of operations (2028) which aligns with the short and medium-term development outlook for Mwanza as well as the limited depth of the hotel market.

Projected Performance Levels of the Proposed Hotel (2026 - 2031)

Year	2026	2027	2028	2029	2030	2031
Occupancy	41,0%	45,7%	57,0%	57,0%	57,0%	57,0%
Rooms sold	27 371	30 510	38 058	38 058	38 058	38 058
Beds Sold	36 693	40 974	51 268	51 268	51 268	51 268
Average Room Rate (USD)	120	123	127	130	132	135
Average Room Rate Growth		2,8%	3,0%	2,0%	2,0%	2,0%
RevPar (USD)	49	56	72	74	75	77
RevPar Growth		14,6%	28,4%	2,0%	2,0%	2,0%
Rooms Revenue	3 284 931	3 763 063	4 832 710	4 929 364	5 027 951	5 128 510
Rooms % of Total Revenue	56,0%	52,5%	51,3%	51,3%	51,3%	51,3%

Source: HTI Consulting

- In the first full year (2026) of operations, the hotel is projected to achieve an **occupancy of 41.0%.** The hotel is projected to reach a **stabilised position by the third year of operations (2028) at an occupancy of 57.0%**. The hotel will be the largest and first internationally branded hotel in the market. This is expected to consolidate a substantial amount of roomnight demand in the market. It is important to note that a property of this size in Mwanza will need to price itself accordingly in order to compete effectively in a very price-sensitive market as it will have a significant impact on achievable occupancies.
- Based on a **current term ADR of USD 115** (as shown in the following slides) and taking into account inflation during the construction period, a **first-year ADR of USD 120** is projected (compared to the market average of USD 79 in 2023). As will be seen in the coming slide, an ADR differs from the quoted Rack Rate with items such as VAT (18%), breakfast costs (USD 18) and discounting being removed from the rack rate to result in the overall achieved rate by room type and market segment as discounts differ depending on the market segment (some being more rate sensitive than others). Government and NGO per diem rates are set and these thresholds are not commonly exceeded without substantial motivation required. Given that these segments have to date been accommodated in Mwanza at prevailing rates, the subject hotel will need to comply with these parameters.
- Overall Rooms Revenue amounts to USD 3,3 million in the first year and grows to USD 5,1 million in 2031. The Rooms Department will remain the primary driver of hotel revenue throughout the assessed period however conference demand is anticipated to be strong given the status of the development which will drive decent levels of revenue within the Food and Beverage Department and Banqueting.

Hotel Revenue Projections

Financial Base

Rooms Revenue - Average Daily Rate

Note: We have adjusted Government Rates to be in lines with that of Corporate Rates as per the Client's request. In addition, discounting on conference related rates were amended to compensate for the above mentioned alteration.

- The table below provides an overview of the rate structure per room type for the subject hotel.

	Market segment	No. of Rooms	% of rooms	Double Occupancy	Single rate	Double rate	Average total Discount	VAT	What Clients will Pay Single	What Clients will Pay Double	Less Breakfast, and other	Average room rate
Standard	Corporate	5	13%	10%	130	169	5%	18%	124	161	18	91
	Conference	5	27%	10%	130	169	20%	18%	104	135	18	74
	Governement	5	25%	5%	130	169	5%	18%	124	161	18	90
	NGO / Embassy	5	25%	5%	130	169	30%	18%	91	118	18	62
	Leisure	5	10%	90%	130	169	5%	18%	124	161	18	104
	Total Standard	**5**			**130**	**169**						**80**
Deluxe Rooms	Corporate	95	46%	10%	155	202	5%	18%	147	191	18	112
	Conference	95	20%	10%	155	202	20%	18%	124	161	18	91
	Governement	95	4%	10%	155	202	5%	18%	147	191	18	112
	NGO / Embassy	95	20%	5%	155	202	30%	18%	109	141	18	77
	Leisure	95	10%	90%	155	202	5%	18%	147	191	18	129
	Total Family Studios	**95**			**155**	**202**						**103**
Executive rooms	Corporate	64	60%	5%	190	247	5%	18%	181	235	18	139
	Conference	64	10%	5%	190	247	20%	18%	152	198	18	115
	Governement	64	3%	5%	190	247	5%	18%	181	235	18	139
	NGO / Embassy	64	20%	5%	190	247	30%	18%	133	173	18	98
	Leisure	64	7%	90%	190	247	5%	18%	181	235	18	165
	Total Executive Rooms	**64**			**190**	**247**						**130**
Luxury Room / Junior Suite	Corporate	1	58%	5%	230	299	5%	18%	219	284	18	172
	Conference	1	10%	5%	230	299	20%	18%	184	239	18	142
	Governement	1	2%	5%	230	299	5%	18%	219	284	18	172
	NGO / Embassy	1	20%	5%	230	299	30%	18%	161	209	18	122
	Leisure	1	10%	90%	230	299	5%	18%	219	284	18	206
	Total Luxury Room / Junior Suite	**1**			**230**	**299**						**162**
1 Bedroom Apartment	Long stay	14	70%	100%	260	260	50%	18%	130	130	0	110
	Short stay	14	30%	100%	260	260	50%	18%	247	247	18	179
	Total T1	**14**			**260**	**260**						**121**
2 Bedroom Apartment	Long stay	2	70%	100%	320	320	50%	18%	160	160	0	136
	Short stay	2	30%	100%	320	320	5%	18%	304	304	18	227
	Total T2	**2**			**320**	**320**						**148**
3 Bedroom Apartment	Long stay	1	70%	100%	360	360	50%	18%	180	180	0	153
	Short stay	1	30%	100%	360	360	5%	18%	342	342	18	259
	Total T3	**1**			**360**	**360**						**167**
Presidential Suite	Corporate	1	25%	50%	800	1 040	10%	18%	720	936	18	679
	Conference	1	5%	50%	800	1 040	20%	18%	640	832	18	601
	Governement	1	50%	50%	800	1 040	10%	18%	720	936	18	679
	NGO / Embassy	1	15%	50%	800	1 040	40%	18%	480	624	18	445
	Leisure	1	5%	90%	800	1 040	10%	18%	720	936	18	746
	Total Presidential Suite	**1**			**800**	**1 040**						**643**
	TOTAL	**183**										**115**

Hotel Revenue Projections

Financial Base

Rooms Revenue - Average Daily Rate

- The table below provides an overview and summary of the rate structure per room type for the subject hotel. The purpose of this table is to illustrate (based on our research and market feedback) the appropriate rate bands the various market segments are willing to pay and which room typologies can accommodate certain levels of seniority per market segment. In most cases, we have slightly exceeded the rate band in order to bolster the rate.

Projected rates for market segments and seniority of staff as well as by room types (2023 values – In USD and TZS)

Rate Band by Seniority and Rates paid by Room Type		Corporate	Conference	Government	NGO / Embassy	Leisure
Reference Bands (USD)	Junior / Low Level Staff	***70-90***	***Similar to NGO / Embassy Rates***	***Aligned with Corporate Rates***	***90-100***	***Similar to Corporate Rates***
	Mid Level / Managers Staff	***100-130***			***100-130***	
	Senior Level Staff	***150-180***			***130-150***	
Standard		124	104	124	91	124
Deluxe Rooms		147	124	147	109	147
Executive rooms		181	152	181	133	181
Luxury Room / Junior Suite		219	184	219	161	219
Presidential Suite		720	640	720	480	720
Reference Bands (TZS)	Junior / Low Level Staff	***Predominantly USD Prices***	***Similar to NGO / Embassy Rates***	***Aligned with Corporate Rates***	***Predominantly USD Prices***	***Predominantly USD Prices***
	Mid Level / Managers Staff					
	Senior Level Staff					
Standard		370 500	312 000	370 500	273 000	370 500
Deluxe Rooms		441 750	372 000	441 750	325 500	441 750
Executive rooms		541 500	456 000	541 500	399 000	541 500
Luxury Room / Junior Suite		655 500	552 000	655 500	483 000	655 500
Presidential Suite		2 160 000	2 160 000	1 920 000	2 160 000	1 440 000

Source: HTI Consulting

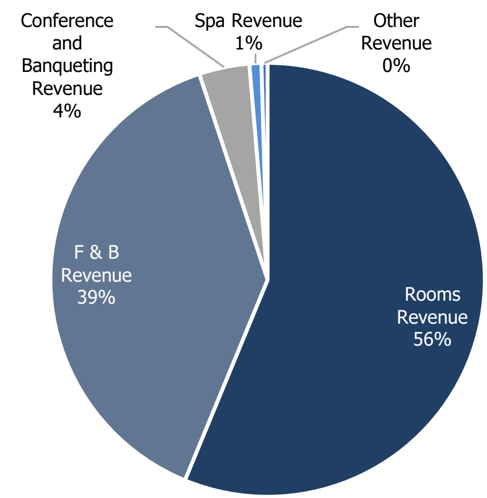
- As can be seen in the table above, we have taken a slightly more aggressive approach to rate due to:
  - Current pricing in the market considering factors such as quality and offering of competitors, their size and individual market mix;
  - The quality and offering of the hotel;
  - The fact that it will be the only internationally branded and operated hotel in the market;
  - Consideration regarding a degree of parity across other NSSF projects and their respective market.

Financial Base

Departmental Revenues

- As seen in conference-focused hotels, generally Rooms and F&B departmental revenue is split 60%/40% or 50%/50% (or somewhere in-between these broad baselines.
- Based on our projections we anticipate that Rooms Department will remain the main driver of revenue, accounting for around 51% of total revenue. F&B Departmental revenue is estimated to contribute nearly 40% of total revenue, given that conferencing is a sizeable portion of business. In addition, we have taken into account the diverse restaurant offerings, in particular the Rooftop Specialty Restaurant and the outdoor Pool Bar and Restaurant – which we anticipate to be popular for external patronage. As a result, the proportion of F&B revenue relative to total revenue is much higher than in a conventional business hotel.
- Although **conferencing** activity will be a strong driver of roomnight demand at the hotel, revenue is small as conference revenue refers only to the venue hire component of MICE activity. All F&B-related conference revenue falls under the F&B revenue, aligned with USALI principles. For this reason, conference venue revenue drives 4% of total revenue once stabilised.
- **Other Revenues** account for 1% of total revenues during stabilization. This includes revenues such as parking, laundry, transfers, telephone etc.
- **Spa revenue** will also drive around 1% of total revenue. This is due to the nature of the development with business/conference travellers being the most prominent – markets that typically have a lower utilisation of spa facilities. With that in mind, we anticipate leisure guests and external users will be the main drivers of spa revenue, with an average treatment cost projected at USD 22 incorporated into the model.
- The breakdown of revenue per department has been provided below. During the first operational year, Total Revenues generated by the hotel are projected at USD 5,9 million and grow to USD 10,8 million by the tenth year.

Stabilised Revenue Split (2028)



Source: HTI Consulting

Departmental Revenues (2026 - 2035)

In USD	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Rooms Revenue	3 284 931	3 763 063	4 832 710	4 929 364	5 027 951	5 128 510	5 231 080	5 335 702	5 442 416	5 551 264
F & B Revenue	2 356 158	3 030 147	4 022 956	4 103 415	4 185 484	4 269 193	4 354 577	4 441 669	4 530 502	4 621 112
Conference and Banqueting Revenue	149 162	281 821	419 727	428 122	436 684	445 418	454 326	463 413	472 681	482 135
Spa Revenue	45 470	60 225	91 702	93 536	95 407	97 315	99 261	101 247	103 272	105 337
Other Revenue	30 791	35 072	44 761	45 656	46 569	47 500	48 450	49 419	50 408	51 416
Total Revenues	**5 866 512**	**7 170 328**	**9 411 856**	**9 600 093**	**9 792 095**	**9 987 937**	**10 187 695**	**10 391 449**	**10 599 278**	**10 811 264**

Source: HTI Consulting

Financial Base

Food and Beverage Revenues

- In estimating the average food spending and levels of utilization by in-house and external guests, we have taken into account the location of the hotel and its proximity and access to the external population centers as well as the proximity to residential nodes. F&B outlets proposed include a main all-day dining full-service F&B outlet offering a buffet breakfast and a la carte lunch and dinner menus, coupled with a rooftop speciality restaurant offering dinner only, and an outdoor pool bar and restaurant serving lunch and dinner as well as a lobby lounge / grab & go outlet. The full-service restaurant will also cater the any MICE-related business. All outlets will be open to the public, this increases total covers and overall revenue generated by this department. The revenue generated by the all-day dining and rooftop terrace has been separated and provided in the table below. The all-day dining generates a larger portion of total F&B revenue as this facility caters to the conference market. We anticipate the outdoor pool bar and restaurant to appeal to outside covers and locals residing in Mwanza.

Average Spend and Covers per Outlet

F&B Outlets Summarised (USD)			2026	2027	2028	2029	2030
All Day Dining	Breakfast	Revenue	811 243	959 204	1 244 462	1 269 352	1 294 739
		Covers per day	*118*	*137*	*174*	*174*	*174*
		Average Spend / Cover	*19*	*19*	*20*	*20*	*20*
	Lunch	Revenue	301 666	513 932	750 411	765 419	780 727
		Covers per day	*63*	*103*	*147*	*147*	*147*
		Average Spend / Cover	*13*	*14*	*14*	*14*	*15*
	Dinner (Including Room Service)	Revenue	569 192	664 608	850 781	867 796	885 152
		Covers per day	*66*	*76*	*95*	*95*	*95*
		Average Spend / Cover	*24*	*24*	*25*	*25*	*26*
	Snacks	Revenue	137 199	232 891	339 138	345 921	352 840
		Covers per day	*60*	*101*	*145*	*145*	*145*
		Average Spend / Cover	*6*	*6*	*6*	*7*	*7*
	Total All Day Dining Revenue		**1 819 300**	**2 370 635**	**3 184 792**	**3 248 488**	**3 313 458**
	Total All Day Dining Covers per day		***306***	***417***	***561***	***561***	***561***
	Average All Day Dining Cover Cost		***16***	***16***	***16***	***16***	***16***
Rooftop Speciality	Dinner (Only)	**Revenue**	**174 735**	**244 192**	**334 966**	**341 665**	**348 498**
		Covers per day	***19***	***26***	***35***	***35***	***35***
		Average Spend / Cover	***25***	***26***	***26***	***27***	***27***
Outdoor Pool Bar and Restaurant	Lunch	Revenue	126 070	143 721	169 931	173 330	176 796
		Covers per day	*23*	*26*	*30*	*30*	*30*
		Average Spend / Cover	*15*	*15*	*16*	*16*	*16*
	Dinner	Revenue	197 766	228 642	285 467	291 176	297 000
		Covers per day	*36*	*41*	*50*	*50*	*50*
		Average Spend / Cover	*15*	*15*	*16*	*16*	*16*
	Total Pool Bar and Restaurant Dining Revenue		**323 836**	**372 362**	**455 398**	**464 506**	**473 796**
	Total Pool Bar and Restaurant Covers per day		***59***	***67***	***80***	***80***	***80***
	Average All Day Dining Cover Cost		***15***	***15***	***16***	***16***	***16***
Lobby Lounge / Grab & Go		**Revenue**	**38 287**	**42 958**	**47 800**	**48 756**	**49 732**
		Covers per day	***10***	***11***	***12***	***12***	***12***
		Average Spend / Cover	***10***	***11***	***11***	***11***	***11***
All F&B Outlets (Includes Conference Packages, Room Service, etc.)		**Total Revenue**	**2 356 158**	**3 030 147**	**4 022 956**	**4 103 415**	**4 185 484**
		Total Covers per Day	***394***	***520***	***688***	***688***	***688***
		Average Spend / Cover	***16***	***16***	***16***	***16***	***17***

Financial Base

Events/Conference and Banqueting Revenue

- MICE revenue (made up of room hire only) accounts for around 4% of revenue in stabilization. MICE facilities proposed are more diverse in sizing and flexibility than those currently offered by competitors. It is anticipated that the development will displace a portion of MICE business from most other competitors as the location is more accessible to the CBD and convenient.
- The proposed development will cater primarily to NGO / Government and corporate events with a strong government push expected given the status of the development. Small to medium-sized events averaging 30 to 80 delegates are projected to be the most frequent with around 3 events anticipated per week once stabilised. This is followed by larger events with an average delegation of 300 pax. We anticipate around 8 large events to be hosted at the hotel per annum. It must be noted that support from government departments and NGOs will be critical in order to reach the aforementioned conference utilisation projections incorporated.
- We have allowed for a Full Day Conference Package Rate ("DCP") of USD 50 per delegate (in 2026). Half-Day DCP is projected at USD 30 per delegate (in 2026). Keeping in line with the current market trend where the majority of conference and event delegates do not overnight – the bulk of conference and event delegates are day delegates.

Banqueting Revenue and Event Attendees (2026 - 2031)

Average event size	Duration in days	Average number of conferences per week					
		2026	2027	2028	2029	2030	2031
30	3,00	1,0	2,0	3,0	3,0	3,0	3,0
80	2,00	1,0	2,0	3,0	3,0	3,0	3,0
300	2,00	0,1	0,1	0,2	0,2	0,2	0,2
Residential delegate days (annual)		4 358	5 010	6 409	6 409	6 409	6 409
Day delegate days (annual)		12 242	25 190	37 391	37 391	37 391	37 391
Total delegate days (annual)		16 600	30 200	43 800	43 800	43 800	43 800
Average per day		45,5	82,7	120,0	120,0	120,0	120,0
Total conference revenue (USD)		**149 162**	**281 821**	**419 727**	**428 122**	**436 684**	**445 418**

Full Day DCP
USD 50 (2026)

Half-Day DCP
USD 30 (2026)

Source: HTI Consulting

Financial Base

Departmental Profitability

- Departmental profits have been based on guidelines received from existing hotels in Tanzania as well as regional references and have been adjusted to the nature and size of the subject hotel.
- Overall operational profitability in the stabilised year is 60.6% which amounts to USD 5,7 million in 2028. By the tenth year, departmental profits grow to USD 6,5 million.

Stabilised Departmental Profitability (2028)

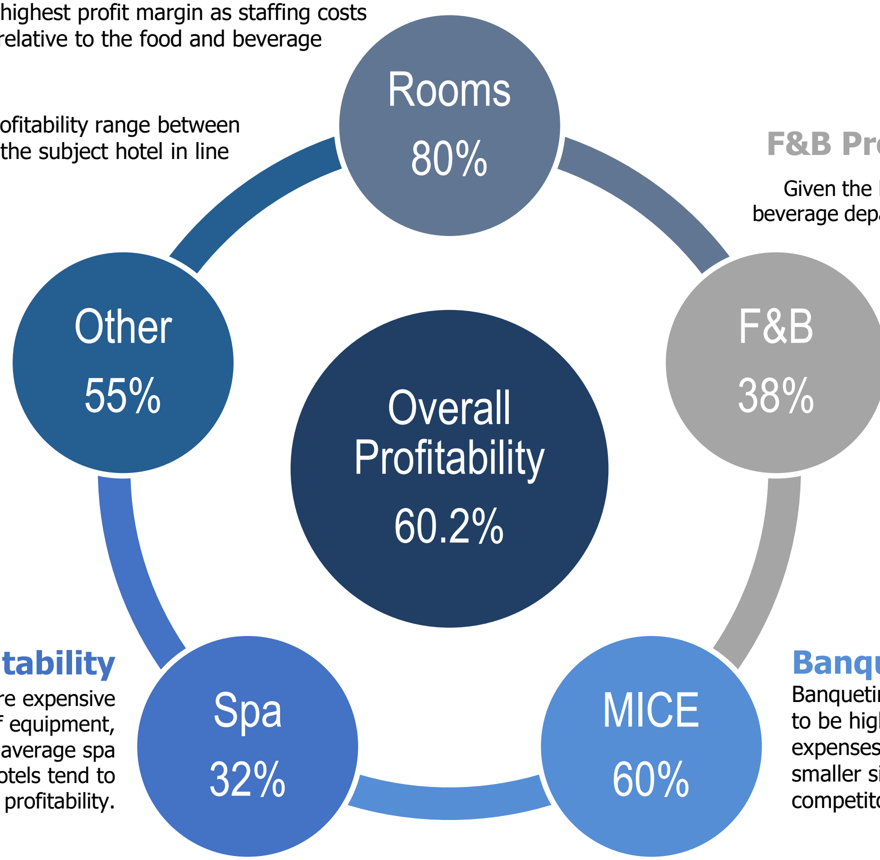
Rooms Profitability

The rooms department records the highest profit margin as staffing costs and general costs are much lower relative to the food and beverage department.

\Typical market norms for rooms profitability range between 76% - 85% and we have stabilised the subject hotel in line with this range.

Other Dept. Profitability

Other profits are high given the limited expenses associated with this department. When compared to market norms – which range from 50%-65%.



F&B Profitability

Given the high proportion of variable costs within the food and beverage department, profitability is usually much lower than that of the rooms department.

This is particularity true for an upscale hotel due to the quality and diversity of food (the majority of which will need to be imported) offerings that will need to be provided.

Conferencing hotels also tend to achieve slightly higher margins on F&B – around 32%-42%. For this reason, profitability within this department is above typical benchmarks, stabilizing at 38%.

Spa Profitability

Spa profits are limited due to the more expensive nature of this department in terms of equipment, products and staff required. On average spa facilities within business style hotels tend to achieve between 28%-42% profitability.

Banqueting Profitability

Banqueting departmental profits are expected to be high due to the limited number of expenses needed for venue hire as well as the smaller size of facilities when primary MICE competitors

Overhead Costs

Stabilised Overhead Costs

- Total overhead costs account for 24.5% of total revenue during the stabilized year (2028) with Admin. and General being the most costly overhead which is common when branding under an international operator.

Stabilized Overhead Costs Percentage of Total Revenue (2028)

Admin & General	IT	Sales & Marketing	Property Maintenance	Utilities	**Total Overhead Expenses**
10.0%	1.5%	3.5%	4.0%	5.5%	**24.5%**

- **Administrative & General ("A&G")** costs in addition to salaries & wages for administrative functions, usually include other related expenses such as credit card commissions, operating supplies, print and stationery costs or telecommunications inter alia. We expect this cost to account for 12.0% of revenue in 2026. A&G expenses are expected to decrease as a percentage of revenue to 10.0% on stabilisation and increase in line with inflation thereafter.
- **IT costs** normally average around 1.5% - 2.0% of revenue amongst international operators, with the anticipated 1.5% in line with benchmark percentages seen in Dar es Salaam.
- **Sales & Marketing** expenses account for costs generated by commercial efforts to promote the property. This includes amongst others, marketing research, brochures or advertising campaigns. We expect Marketing costs to account for 3.5% of total revenue on stabilisation. Marketing costs exclude the marketing fees paid to the operator which adds an additional 1.5% during the first three years of operation and will then stabilise at 2.5% going forward – as stipulated by the Operator.
- **Property Operations & Maintenance** expenses should cover the maintenance of electrical and mechanical equipment, heating and ventilation systems as well as any other expenses required to ensure the proper and functional operation of the property. This cost usually increases over the first few years of operation, stabilising at 4.0%.
- **Energy costs** account for the cost of electricity, gas, oil, water or any other energy costs related to the operation of the property. Energy costs for the subject property are expected to stabilize in line with typical market norms at around 5.5% of revenue – after initially starting from a higher base percentage relative to revenue.
- **Total overheads** are expected to increase in efficiency as the property ramps up and stabilized. Stabilised overheads are projected at 24.5% of revenue by 2028 or around USD 2.3 million.

Management Fees

Base and Incentive Fees

Base Management Fee

Base Fees are the basic cost of employing a management company and are determined as a percentage of total revenues. In the "older style" management contracts, this percentage often remained fixed, and could be as high as 3% in initial proposals. In modern contracts in Africa, this figure lies closer to 2% initially and increases to about 2.5% to 2.75% over a five year period, however small scale luxury developments tend to still reach 3%.

A progressive base fee is a must for owners, as it alleviates some of the pressure on cash flows during the initial years of operations, a notoriously difficult period for new hotels. When management companies propose or accept this kind of base fee structure, they are effectively offering to shoulder some of the initial risk in exchange for a higher percentage fee later in the following years.

The following Base Management Fee was negotiated and approved by Radisson Hotel Group for the Mwanza property.

Base Management Fee

	Base Fee (%)	USD Value
Year 1 of Operations	1.5%	87 998
Year 2 of Operations	1.5%	107 555
Year 3 of Operations	1.5%	141 178
Year 4 of Operations and onwards	2.0%	192 002
Total Base Fee over 10 year period	2.00%	1 764 127

Incentive Management Fee

Incentive fees should be designed to entice operators into achieving higher performance standards and are therefore calculated as a percentage of gross operating profit "GOP".

Fees should ideally not be payable until a specific pre-determined Gross Operating Profit "GOP" level has been achieved. Thereafter, incentive fee percentages should increase progressively based on higher tiers of GOP percentages.

These tiered or threshold-based mechanisms can be negotiated to the extent where initial fees can be as low as 0% at low GOP levels, with higher incentives provided of up to 10% –11% at GOP levels of 45% – 50% or higher. Average incentive fees of 7% or 8% are usually seen at GOP's of between 30% and 40% and fees of 8% or 9% at GOP's of 40% to 50% depending on the attractiveness and profitability of the market.

This steeper progressive structure alleviates the financial pressure imposed on the owner in early years, and provides management companies with higher potential incentive fees to entice managers to maximize the performance of the hotel.

The following Base Management Fee structure was negotiated and approved by Radisson Hotel Group for the Mwanza property.

Incentive Management Fee

AGOP Percentage	% of AGOP
0% - 19.99%	0%
20% - 24.99%	5%
25% – 29.99%	6%
30% - 39.99%	7%
40.0% and above	8%

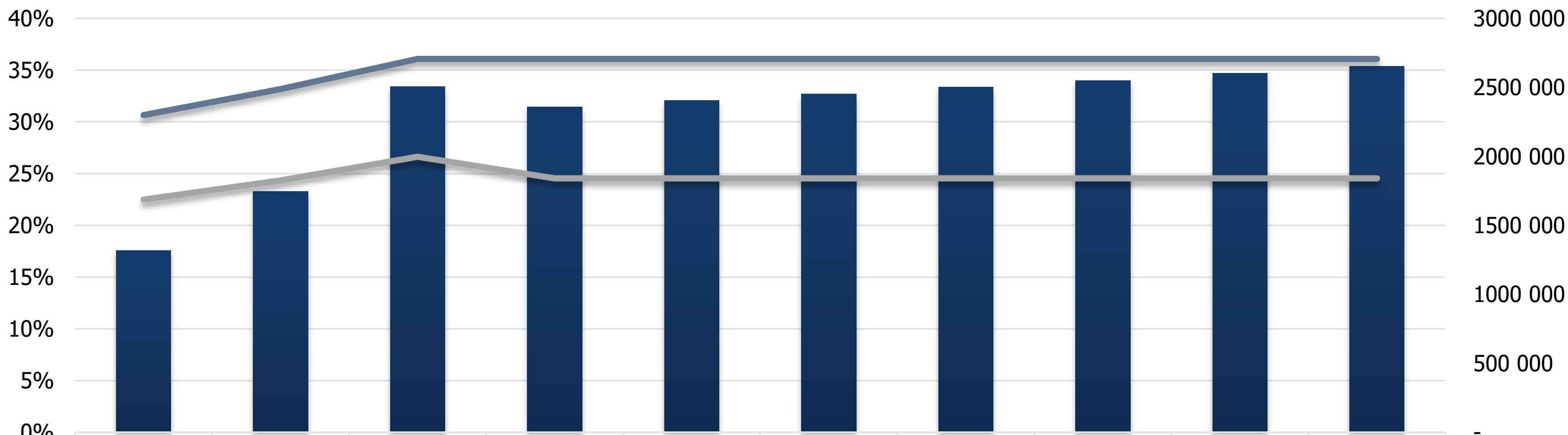
	Stabilised Incentive Fee (%)	USD Value
Total Incentive Fee over 10 year period	7.00%	2 133 936

Profit Margins

GOP and EBITDA

- Overall the GOP achieved by the hotel is projected at 30.7% in its first full year, stabilizing at 36.1% from 2028 onwards. This level of stabilized performance is aligned with upscale (4 star) business style hotels and makes them often times more profitable than hotels positioned at higher level. As an example, 5 star hotels tend to have lower GOP margins with the Hyatt Regency indicating GOP levels around 30% where achieved during 2023.
- Looking at Earnings Before Income Tax, Depreciation and Amortization (EBITDA) bottom line performance is healthy averaging around 24.6% when stabilized (taking into account the FF&E reserve ramp-up over four years). This equates to a bottom line profit of **USD 1,3 million (TZS 3.96 billion) in the first year growing to USD 2,7 million (TZS 7,96 billion) by the tenth year**.
- Strong conference demand which results in healthy stabilized occupancy for the property, coupled with the overall under-developed and supplied nature of the market attribute to the sustainable level of profitability associated with development.

EBITDA (USD) and Profit Margins (2026 - 2035)



	2 026	2 027	2 028	2 029	2 030	2 031	2 032	2 033	2 034	2 035
EBITDA / NOI	1318 785	1745 212	2504 966	2357 121	2404 263	2452 348	2501 395	2551 423	2602 452	2654 501
GOP	30,7%	33,2%	36,1%	36,1%	36,1%	36,1%	36,1%	36,1%	36,1%	36,1%
EBITDA	22,5%	24,3%	26,6%	24,6%	24,6%	24,6%	24,6%	24,6%	24,6%	24,6%

Source: HTI Consulting

Hotel Revenue Projections

Profit and Loss Statement (USD)

NSSF Mwanza Upscale Hotel																				
YEAR	Dec-26		Dec-27		Dec-28		Dec-29		Dec-30		Dec-31		Dec-32		Dec-33		Dec-34		Dec-35	
Operating Days	365		365		365		365		365		365		365		365		365		365	
Rooms	183		183		183		183		183		183		183		183		183		183	
Rooms Available	66 795		66 795		66 795		66 795		66 795		66 795		66 795		66 795		66 795		66 795	
Rooms Sold	27 371		30 510		38 058		38 058		38 058		38 058		38 058		38 058		38 058		38 058	
Occupancy	**41,0%**		**45,7%**		**57,0%**		**57,0%**		**57,0%**		**57,0%**		**57,0%**		**57,0%**		**57,0%**		**57,0%**	
Occupancy Growth			11,5%		24,7%		0,0%		0,0%		0,0%		0,0%		0,0%		0,0%		0,0%	
ADR	**120**		**123**		**127**		**130**		**132**		**135**		**137**		**140**		**143**		**146**	
ADR Growth			2,8%		3,0%		2,0%		2,0%		2,0%		2,0%		2,0%		2,0%		2,0%	
RevPAR	**49**		**56**		**72**		**74**		**75**		**77**		**78**		**80**		**81**		**83**	
RevPAR Growth			14,6%		28,4%		2,0%		2,0%		2,0%		2,0%		2,0%		2,0%		2,0%	
REVENUES																				
Rooms Revenue	3 284 931	56,0%	3 763 063	52,5%	4 832 710	51,3%	4 929 364	51,3%	5 027 951	51,3%	5 128 510	51,3%	5 231 080	51,3%	5 335 702	51,3%	5 442 416	51,3%	5 551 264	51,3%
F & B Revenue	2 356 158	40,2%	3 030 147	42,3%	4 022 956	42,7%	4 103 415	42,7%	4 185 484	42,7%	4 269 193	42,7%	4 354 577	42,7%	4 441 669	42,7%	4 530 502	42,7%	4 621 112	42,7%
Conference and Banqueting Revenue	149 162	2,5%	281 821	3,9%	419 727	4,5%	428 122	4,5%	436 684	4,5%	445 418	4,5%	454 326	4,5%	463 413	4,5%	472 681	4,5%	482 135	4,5%
Spa Revenue	45 470	0,8%	60 225	0,8%	91 702	1,0%	93 536	1,0%	95 407	1,0%	97 315	1,0%	99 261	1,0%	101 247	1,0%	103 272	1,0%	105 337	1,0%
Other Revenue	30 791	0,5%	35 072	0,5%	44 761	0,5%	45 656	0,5%	46 569	0,5%	47 500	0,5%	48 450	0,5%	49 419	0,5%	50 408	0,5%	51 416	0,5%
TOTAL REVENUE	**5 866 512**	**100%**	**7 170 328**	**100%**	**9 411 856**	**100%**	**9 600 093**	**100%**	**9 792 095**	**100%**	**9 987 937**	**100%**	**10 187 695**	**100%**	**10 391 449**	**100%**	**10 599 278**	**100%**	**10 811 264**	**100%**
Revenue Growth			22,2%		31,3%		2,0%		2,0%		2,0%		2,0%		2,0%		2,0%		2,0%	
DEPARTMENTAL COSTS																				
Rooms Department	788 384	24,0%	827 874	22,0%	966 542	20,0%	985 873	20,0%	1 005 590	20,0%	1 025 702	20,0%	1 046 216	20,0%	1 067 140	20,0%	1 088 483	20,0%	1 110 253	20,0%
F&B Department	1 531 503	65,0%	1 908 993	63,0%	2 494 233	62,0%	2 544 118	62,0%	2 595 000	62,0%	2 646 900	62,0%	2 699 838	62,0%	2 753 835	62,0%	2 808 911	62,0%	2 865 090	62,0%
Conference and Banqueting Department	59 665	40,0%	112 728	40,0%	167 891	40,0%	171 249	40,0%	174 674	40,0%	178 167	40,0%	181 730	40,0%	185 365	40,0%	189 072	40,0%	192 854	40,0%
Spa Department	31 829	70,0%	41 555	69,0%	62 358	68,0%	63 605	68,0%	64 877	68,0%	66 174	68,0%	67 498	68,0%	68 848	68,0%	70 225	68,0%	71 629	68,0%
Other Departments	13 856	45,0%	15 782	45,0%	20 142	45,0%	20 545	45,0%	20 956	45,0%	21 375	45,0%	21 803	45,0%	22 239	45,0%	22 683	45,0%	23 137	45,0%
TOTAL DEPARTMENTAL COSTS	**2 425 236**	**41,3%**	**2 906 933**	**40,5%**	**3 711 165**	**39,4%**	**3 785 389**	**39,4%**	**3 861 096**	**39,4%**	**3 938 318**	**39,4%**	**4 017 085**	**39,4%**	**4 097 426**	**39,4%**	**4 179 375**	**39,4%**	**4 262 963**	**39,4%**
Departmental Costs Growth			19,9%		27,7%		2,0%		2,0%		2,0%		2,0%		2,0%		2,0%		2,0%	
DEPARTMENTAL PROFIT																				
Rooms Department	2 496 548	76,0%	2 935 189	78,0%	3 866 168	80,0%	3 943 491	80,0%	4 022 361	80,0%	4 102 808	80,0%	4 184 864	80,0%	4 268 562	80,0%	4 353 933	80,0%	4 441 011	80,0%
F&B Department	824 655	35,0%	1 121 154	37,0%	1 528 723	38,0%	1 559 298	38,0%	1 590 484	38,0%	1 622 293	38,0%	1 654 739	38,0%	1 687 834	38,0%	1 721 591	38,0%	1 756 023	38,0%
Conference and Banqueting Department	89 497	60,0%	169 093	60,0%	251 836	60,0%	256 873	60,0%	262 010	60,0%	267 251	60,0%	272 596	60,0%	278 048	60,0%	283 609	60,0%	289 281	60,0%
Spa Department	13 641	30,0%	18 670	31,0%	29 345	32,0%	29 932	32,0%	30 530	32,0%	31 141	32,0%	31 764	32,0%	32 399	32,0%	33 047	32,0%	33 708	32,0%
Other Departments	16 935	55,0%	19 290	55,0%	24 618	55,0%	25 111	55,0%	25 613	55,0%	26 125	55,0%	26 648	55,0%	27 181	55,0%	27 724	55,0%	28 279	55,0%
TOTAL DEPARTMENTAL PROFIT	**3 441 276**	**58,7%**	**4 263 396**	**59,5%**	**5 700 690**	**60,6%**	**5 814 704**	**60,6%**	**5 930 998**	**60,6%**	**6 049 618**	**60,6%**	**6 170 611**	**60,6%**	**6 294 023**	**60,6%**	**6 419 903**	**60,6%**	**6 548 301**	**60,6%**
Departmental Profit Gowth			23,9%		33,7%		2,0%		2,0%		2,0%		2,0%		2,0%		2,0%		2,0%	
UNDISTRIBUTED OPERATING EXPENSES																				
Administration, Management and General	703 981	12,0%	788 736	11,0%	941 186	10,0%	960 009	10,0%	979 209	10,0%	998 794	10,0%	1 018 770	10,0%	1 039 145	10,0%	1 059 928	10,0%	1 081 126	10,0%
IT	117 330	2,0%	129 066	1,8%	141 178	1,5%	144 001	1,5%	146 881	1,5%	149 819	1,5%	152 815	1,5%	155 872	1,5%	158 989	1,5%	162 169	1,5%
Energy	381 323	6,5%	430 220	6,0%	517 652	5,5%	528 005	5,5%	538 565	5,5%	549 337	5,5%	560 323	5,5%	571 530	5,5%	582 960	5,5%	594 620	5,5%
Marketing	263 993	4,5%	286 813	4,0%	329 415	3,5%	336 003	3,5%	342 723	3,5%	349 578	3,5%	356 569	3,5%	363 701	3,5%	370 975	3,5%	378 394	3,5%
Repairs & Maintenance	175 995	3,0%	250 961	3,5%	376 474	4,0%	384 004	4,0%	391 684	4,0%	399 517	4,0%	407 508	4,0%	415 658	4,0%	423 971	4,0%	432 451	4,0%
TOTAL UNDISTRIBUTED EXPENSES	1 642 623	28,0%	1 885 796	26,3%	2 305 905	24,5%	2 352 023	24,5%	2 399 063	24,5%	2 447 045	24,5%	2 495 985	24,5%	2 545 905	24,5%	2 596 823	24,5%	2 648 760	24,5%
Undistributed Expenses Growth			14,8%		22,3%		2,0%		2,0%		2,0%		2,0%		2,0%		2,0%		2,0%	
GOP BEFORE FEES	1 798 653	30,7%	2 377 599	33,2%	3 394 786	36,1%	3 462 681	36,1%	3 531 935	36,1%	3 602 574	36,1%	3 674 625	36,1%	3 748 118	36,1%	3 823 080	36,1%	3 899 542	36,1%
GOP Growth			32,2%		42,8%		2,0%		2,0%		2,0%		2,0%		2,0%		2,0%		2,0%	
MANAGEMENT FEE																				
Base Fee	87 998	**1,50%**	107 555	**1,50%**	141 178	**1,50%**	192 002	**2,00%**	195 842	**2,00%**	199 759	**2,00%**	203 754	**2,00%**	207 829	**2,00%**	211 986	**2,00%**	216 225	**2,00%**
Marketing Fee	41 062	**1,25%**	47 038	**1,25%**	60 409	**1,25%**	123 234	**2,50%**	125 699	**2,50%**	128 213	**2,50%**	130 777	**2,50%**	133 393	**2,50%**	136 060	**2,50%**	138 782	**2,50%**
Total Fees	129 059	2,2%	154 593	2,2%	201 587	2,1%	315 236	3,3%	321 541	3,3%	327 971	3,3%	334 531	3,3%	341 222	3,3%	348 046	3,3%	355 007	3,3%
AGOP	**1 669 594**	**28,5%**	**2 223 006**	**31,0%**	**3 193 199**	**33,9%**	**3 147 445**	**32,8%**	**3 210 394**	**32,8%**	**3 274 602**	**32,8%**	**3 340 094**	**32,8%**	**3 406 896**	**32,8%**	**3 475 034**	**32,8%**	**3 544 535**	**32,8%**
Incentive Fee (on AGOP)	116 872	7,0%	155 610	7,0%	223 524	7,0%	220 321	7,0%	224 728	7,0%	229 222	7,0%	233 807	7,0%	238 483	7,0%	243 252	7,0%	248 117	7,0%
INCOME BEFORE FIXED CHARGES	1 552 722	26,5%	2 067 396	28,8%	2 969 675	31,6%	2 927 124	30,5%	2 985 667	30,5%	3 045 380	30,5%	3 106 288	30,5%	3 168 413	30,5%	3 231 782	30,5%	3 296 417	30,5%
FIXED CHARGES																				
FF&E Reserve	58 665	1,0%	143 407	2,0%	282 356	3,0%	384 004	4,0%	391 684	4,0%	399 517	4,0%	407 508	4,0%	415 658	4,0%	423 971	4,0%	432 451	4,0%
Property Taxes	75 117	1,3%	76 619	1,1%	78 151	0,8%	79 714	0,8%	81 309	0,8%	82 935	0,8%	84 593	0,8%	86 285	0,8%	88 011	0,8%	89 771	0,8%
Insurance	100 155	1,7%	102 159	1,4%	104 202	1,1%	106 286	1,1%	108 411	1,1%	110 580	1,1%	112 791	1,1%	115 047	1,1%	117 348	1,1%	119 695	1,1%
TOTAL FIXED CHARGES	233 937	4,0%	322 184	4,5%	464 709	4,9%	570 004	4,0%	581 404	4,0%	593 032	4,0%	604 893	4,0%	616 990	4,0%	629 330	4,0%	641 917	4,0%
EBITDA	1 318 785	22,5%	1 745 211	24,3%	2 504 966	26,6%	2 357 120	24,6%	2 404 263	24,6%	2 452 348	24,6%	2 501 395	24,6%	2 551 423	24,6%	2 602 451	24,6%	2 654 501	24,6%

Hotel Revenue Projections

Profit and Loss Statement (local currency)

	2026f	2027f	2028f	2029f	2030f	2031f	2032f	2033f	2034f	2035f
Average Exchange Rate LCU/USD over 10 year period	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000
NSSF Mwanza Upscale Hotel (TZS)										
YEAR	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30	Dec-31	Dec-32	Dec-33	Dec-34	Dec-35
Operating Days	365	365	365	365	365	365	365	365	365	365
Rooms	183	120	120	120	120	120	120	120	120	120
Rooms Available	66 795	66 795	66 795	66 795	66 795	66 795	66 795	66 795	66 795	66 795
Rooms Sold	27 371	30 510	38 058	38 058	38 058	38 058	38 058	38 058	38 058	38 058
Occupancy	**41,0%**	**45,7%**	**57,0%**	**57,0%**	**57,0%**	**57,0%**	**57,0%**	**57,0%**	**57,0%**	**57,0%**
Occupancy Growth		**17,1%**	**18,8%**	**12,3%**	**0,0%**	**0,0%**	**0,0%**	**0,0%**	**0,0%**	**0,0%**
ADR	**360 045,3**	**370 011,8**	**380 946,4**	**388 565,3**	**396 336,6**	**404 263,4**	**412 348,6**	**420 595,6**	**429 007,5**	**437 587,7**
ADR Growth		3,3%	2,5%	3,4%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%
RevPAR	**147 537,9**	**169 012,5**	**217 054,1**	**221 395,2**	**225 823,1**	**230 339,6**	**234 946,3**	**239 645,3**	**244 438,2**	**249 326,9**
RevPAR Growth		21,0%	21,7%	16,1%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%
REVENUES										
Rooms Revenue	9 854 794 231	11 289 189 412	14 498 128 997	14 788 091 577	15 083 853 409	15 385 530 477	15 693 241 087	16 007 105 908	16 327 248 027	16 653 792 987
F & B Revenue	7 068 473 791	9 090 441 596	12 068 868 664	12 310 246 037	12 556 450 958	12 807 579 977	13 063 731 576	13 325 006 208	13 591 506 332	13 863 336 459
Conference and Banqueting Revenue	447 484 761	845 462 980	1 259 181 334	1 284 364 961	1 310 052 260	1 336 253 306	1 362 978 372	1 390 237 939	1 418 042 698	1 446 403 552
Spa Revenue	136 408 963	180 675 323	275 106 693	280 608 827	286 221 003	291 945 423	297 784 332	303 740 019	309 814 819	316 011 115
Other Revenue	92 373 680	105 215 497	134 281 681	136 967 315	139 706 661	142 500 794	145 350 810	148 257 826	151 222 983	154 247 443
TOTAL REVENUE	**17 599 535 425**	**21 510 984 809**	**28 235 567 370**	**28 800 278 717**	**29 376 284 291**	**29 963 809 977**	**30 563 086 177**	**31 174 347 900**	**31 797 834 858**	**32 433 791 555**
Revenue Growth		26,8%	24,8%	16,9%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%
DEPARTMENTAL COSTS										
Rooms Department	2 365 150 615	2 483 621 671	2 899 625 799	2 957 618 315	3 016 770 682	3 077 106 095	3 138 648 217	3 201 421 182	3 265 449 605	3 330 758 597
F&B Department	4 594 507 964	5 726 978 206	7 482 698 571	7 632 352 543	7 784 999 594	7 940 699 586	8 099 513 577	8 261 503 849	8 426 733 926	8 595 268 604
Conference and Banqueting Department	178 993 904	338 185 192	503 672 534	513 745 984	524 020 904	534 501 322	545 191 349	556 095 176	567 217 079	578 561 421
Spa Department	95 486 274	124 665 973	187 072 551	190 814 002	194 630 282	198 522 888	202 493 346	206 543 213	210 674 077	214 887 558
Other Departments	41 568 156	47 346 974	60 426 757	61 635 292	62 867 998	64 125 357	65 407 865	66 716 022	68 050 342	69 411 349
TOTAL DEPARTMENTAL COSTS	**7 275 706 914**	**8 720 798 015**	**11 133 496 212**	**11 356 166 137**	**11 583 289 459**	**11 814 955 249**	**12 051 254 354**	**12 292 279 441**	**12 538 125 029**	**12 788 887 530**
Departmental Costs Growth		23,7%	20,5%	17,1%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%
DEPARTMENTAL PROFIT										
Rooms Department	7 489 643 615	8 805 567 742	11 598 503 198	11 830 473 262	12 067 082 727	12 308 424 382	12 554 592 869	12 805 684 727	13 061 798 421	13 323 034 390
F&B Department	2 473 965 827	3 363 463 391	4 586 170 092	4 677 893 494	4 771 451 364	4 866 880 391	4 964 217 999	5 063 502 359	5 164 772 406	5 268 067 854
Conference and Banqueting Department	268 490 857	507 277 788	755 508 801	770 618 977	786 031 356	801 751 983	817 787 023	834 142 763	850 825 619	867 842 131
Spa Department	40 922 689	56 009 350	88 034 142	89 794 825	91 590 721	93 422 536	95 290 986	97 196 806	99 140 742	101 123 557
Other Departments	50 805 524	57 868 524	73 854 925	75 332 023	76 838 664	78 375 437	79 942 946	81 541 805	83 172 641	84 836 093
TOTAL DEPARTMENTAL PROFIT	**10 323 828 512**	**12 790 186 794**	**17 102 071 157**	**17 444 112 580**	**17 792 994 832**	**18 148 854 729**	**18 511 831 823**	**18 882 068 460**	**19 259 709 829**	**19 644 904 025**
Departmental Profit Gowth		28,5%	26,9%	16,8%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%
UNDISTRIBUTED OPERATING EXPENSES										
Administration, Management and General	2 111 944 251	2 366 208 329	2 823 556 737	2 880 027 872	2 937 628 429	2 996 380 998	3 056 308 618	3 117 434 790	3 179 783 486	3 243 379 156
IT	351 990 709	387 197 727	423 533 511	432 004 181	440 644 264	449 457 150	458 446 293	467 615 219	476 967 523	486 506 873
Energy	1 143 969 803	1 290 659 089	1 552 956 205	1 584 015 329	1 615 695 636	1 648 009 549	1 680 969 740	1 714 589 135	1 748 880 917	1 783 858 536
Marketing	791 979 094	860 439 392	988 244 858	1 008 009 755	1 028 169 950	1 048 733 349	1 069 708 016	1 091 102 177	1 112 924 220	1 135 182 704
Repairs & Maintenance	527 986 063	752 884 468	1 129 422 695	1 152 011 149	1 175 051 372	1 198 552 399	1 222 523 447	1 246 973 916	1 271 913 394	1 297 351 662
TOTAL UNDISTRIBUTED EXPENSES	4 927 869 919	5 657 389 389	6 917 714 615	7 056 068 346	7 197 189 711	7 341 133 504	7 487 956 173	7 637 715 296	7 790 469 600	7 946 278 991
Undistributed Expenses Growth		21,9%	18,8%	16,9%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%
GOP BEFORE FEES	5 395 958 592	7 132 797 404	10 184 356 542	10 388 044 235	10 595 805 121	10 807 721 224	11 023 875 650	11 244 353 164	11 469 240 229	11 698 625 034
GOP Growth		33,3%	32,3%	16,8%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%
MANAGEMENT FEE										
Base Fee	263 993 031	322 664 772	423 533 511	576 005 574	587 525 686	599 276 200	611 261 724	623 486 958	635 956 697	648 675 831
Marketing Fee	123 184 928	141 114 868	181 226 612	369 702 289	377 096 335	384 638 262	392 331 027	400 177 648	408 181 201	416 344 825
Total Fees	387 177 959	463 779 640	604 760 123	945 707 864	964 622 021	983 914 461	1 003 592 751	1 023 664 606	1 044 137 898	1 065 020 656
AGOP	**5 131 965 561**	**6 810 132 632**	**9 760 823 031**	**9 812 038 660**	**10 008 279 435**	**10 208 445 025**	**10 412 613 926**	**10 620 866 206**	**10 833 283 531**	**11 049 949 203**
Incentive Fee (on AGOP)	**350 614 644**	**466 831 244**	**670 571 749**	**660 963 546**	**674 182 817**	**687 666 473**	**701 419 803**	**715 448 199**	**729 757 163**	**744 352 306**
INCOME BEFORE FIXED CHARGES	4 658 165 989	6 202 186 521	8 909 024 670	8 781 372 825	8 957 000 283	9 136 140 289	9 318 863 096	9 505 240 359	9 695 345 168	9 889 252 072
FIXED CHARGES										
FF&E Reserve	175 995 354	430 219 696	847 067 021	1 152 011 149	1 175 051 372	1 198 552 399	1 222 523 447	1 246 973 916	1 271 913 394	1 297 351 662
Property Taxes	225 349 734	229 856 728	234 453 863	239 142 940	243 925 799	248 804 315	253 780 401	258 856 009	264 033 129	269 313 792
Insurance	300 466 312	306 475 638	312 605 151	318 857 254	325 234 399	331 739 087	338 373 868	345 141 346	352 044 173	359 085 056
TOTAL FIXED CHARGES	701 811 400	966 552 062	1 394 126 035	1 710 011 342	1 744 211 569	1 779 095 801	1 814 677 717	1 850 971 271	1 887 990 696	1 925 750 510
EBITDA	**3 956 354 589**	**5 235 634 459**	**7 514 898 635**	**7 071 361 482**	**7 212 788 713**	**7 357 044 489**	**7 504 185 379**	**7 654 269 088**	**7 807 354 471**	**7 963 501 562**

Hotel Returns Analysis

SECTION 9

Based on the Financial Projections and overall Net Income generated by the hotel development as per the previous section, this section outlines financial returns for the development.

Components such as development costs, financial leveraging and cashflow analysis are incorporated to determine the following:

- Debt Service Coverage Ratio (DSCR)
- Internal Rate of Return (IRR)
- Development Yields

Financial Bases

Investment Cost

- Development cost have been provided to us by the Client and based on the cost of completing the original 163 room hotel as well as cost of completion of the 196 room option. No development costs were provided for the 183 room option and we have, to the best of our ability, used a median value to estimate the potential cost for this option. The development costs will need to be verified by a professional quantity surveyor and any changes or updates will be taken into consideration in our Return Analysis model. The tables below indicate the cost of the 168 and 196 room configurations as well as our estimate for the 183 room configuration taking into account our recommendations relating to the changes to the concept.
- Construction cost estimates were converted at a rate of 1:2600 – which resembles an estimated blended conversion rate, taking into account construction costs and procurement already spent to date as well as how advanced the project is in terms of final construction and procurement expenses yet to be incurred. This project is slightly more advanced than that of Dar es Salaam, and therefore will likely be less exposed to current and future currency depreciation – resulting in a slightly lower conversion rate**.**
- ***The development cost we estimated in current terms is USD 50,077,719 (TZS 130,202,068,359) – to be verified by a professional quantity surveyor.***

Mwanza Tourist Hotel (All figures are VAT Incl.) - 168 Room Option				
Item	**Contract Sum (TZS)**	**Already Spent**	**Remaining**	**Total**
Civil & Building Works	93 953 214 099	65 645 456 911	28 307 757 188	93 953 214 099
Expected Hotel Finishing	30 000 000 000	0	30 000 000 000	30 000 000 000
Sub-total (Total Contractors' Sum)	**123 953 214 099**	**65 645 456 911**	**58 307 757 188**	**123 953 214 099**
Consultancy Services (Main Consultant)	4 236 617 649	3 075 416 560	1 161 201 089	4 236 617 649
Consultancy Services (Interior Design)	924 977 051	211 287 311	713 689 739	924 977 051
Expected Additional Costs	2 000 000 000	0	0	0
Sub-total (Consultancy Services)	**7 161 594 700**	**3 286 703 871**	**1 874 890 828**	**5 161 594 700**
Sub-total (Construction Costs)	**131 114 808 799**	**68 932 160 782**	**62 182 648 017**	**131 114 808 799**
Land Costs	1 200 000 000	1 200 000 000	0	1 200 000 000
Total Project Costs	**132 314 808 799**	**70 132 160 782**	**60 182 648 017**	**130 314 808 799**
USD Conversion (@TZS 2,600)	**50 890 311**	**26 973 908**	**23 147 172**	**50 121 080**
Total Cost per Key	**302 919**		**298 340**	

Mwanza Tourist Hotel (All figures are VAT Incl.) - 196 Room Option				
Item	**Contract Sum (TZS)**	**Already Spent**	**Remaining**	**Total**
Civil & Building Works	93 953 214 099	65 645 456 911	28 307 757 188	93 953 214 099
Expected Hotel Finishing	43 700 000 000	0	43 700 000 000	43 700 000 000
Sub-total (Total Contractors' Sum)	**137 653 214 099**	**65 645 456 911**	**72 007 757 188**	**137 653 214 099**
Consultancy Services (Main Consultant)	4 236 617 649	3 075 416 560	1 161 201 089	4 236 617 649
Consultancy Services (Interior Design)	924 977 051	211 287 311	713 689 739	924 977 051
Expected Additional Costs	0	0	0	0
Sub-total (Consultancy Services)	**5 161 594 700**	**3 286 703 871**	**1 874 890 828**	**5 161 594 700**
Sub-total (Construction Costs)	**142 814 808 799**	**68 932 160 782**	**73 882 648 017**	**142 814 808 799**
Land Costs	1 200 000 000	1 200 000 000	0	1 200 000 000
Total Project Costs	**144 014 808 799**	**70 132 160 782**	**73 882 648 017**	**144 014 808 799**
USD Conversion (@TZS 2,600)	**55 390 311**	**26 973 908**	**28 416 403**	**55 390 311**
Total Cost per Key	**282 604**		**282 604**	

Mwanza Tourist Hotel (All figures are VAT Incl.) - 183 Room Option Estimate				
Item	**Contract Sum (TZS)**	**Already Spent**	**Remaining**	**Total**
Civil & Building Works	93 953 214 099	65 645 456 911	28 307 757 188	93 953 214 099
Expected Hotel Finishing	36 740 000 000	0	36 740 000 000	36 740 000 000
Sub-total (Total Contractors' Sum)	**137 653 214 099**	**65 645 456 911**	**65 047 757 188**	**130 693 214 099**
Consultancy Services (Main Consultant)	4 236 617 649	3 075 416 560	1 161 201 089	4 236 617 649
Consultancy Services (Interior Design)	924 977 051	211 287 311	713 689 739	924 977 051
Expected Additional Costs	0	0	0	0
Sub-total (Consultancy Services)	**5 161 594 700**	**3 286 703 871**	**1 874 890 828**	**5 161 594 700**
Sub-total (Construction Costs)	**142 814 808 799**	**68 932 160 782**	**73 882 648 017**	**142 814 808 799**
Land Costs	1 200 000 000	1 200 000 000	0	1 200 000 000
Total Project Costs	**144 014 808 799**	**70 132 160 782**	**66 922 648 017**	**137 054 808 799**
USD Conversion (@TZS 2,600)	**55 390 311**	**26 973 908**	**25 739 480**	**52 713 388**
Total Cost per Key	**302 679**		**288 051**	
Estimated Reduction - Changes to Concept	**5%**		**2 635 669**	
Adjusted Total Development Cost	**273 649**		**50 077 719**	

Financial Bases

Cash Flow (Project)

- The cash flow generated by the property as well as the development cost timeline is presented in the table below from 2024 to 2035. In order to assess the viability of the project on its own, we have assumed any financial structure in the following table. All amounts mentioned are on a pre-tax basis with an average exchange rate of TZS 3,000 to 1 USD incorporated.
- Payback period is projected to be during Q1 of the 19th Operating Year.

Consolidated Cash Flow USD and TZS (2024 - 2035)

USD (000')	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Inflow												
EBITDA before FF&E Reserve			1 377	1 889	2 787	2 741	2 796	2 852	2 909	2 967	3 026	3 087
Total (inflow)	0	0	1 377	1 889	2 787	2 741	2 796	2 852	2 909	2 967	3 026	3 087
Outflow												
Development cost	20 031	30 047										
FF&E Reserve			58,7	143,4	282,4	384,0	391,7	399,5	407,5	415,7	424,0	432,5
Total (outflow)	20 031	30 047	58,7	143,4	282,4	384,0	391,7	399,5	407,5	415,7	424,0	432,5
Net Cashflow	**-20 031**	**-30 047**	**1 319**	**1 745**	**2 505**	**2 357**	**2 404**	**2 452**	**2 501**	**2 551**	**2 602**	**2 655**
Net Cashflow (Cumulative)	-20 031	-50 078	-48 759	-47 014	-44 509	-42 152	-39 747	-37 295	-34 794	-32 242	-29 640	-26 985

Source: HTI Consulting

TZS (000')	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Inflow												
EBITDA before FF&E Reserve			4 132 350	5 665 855	8 361 966	8 223 373	8 387 840	8 555 597	8 726 709	8 901 243	9 079 268	9 260 853
Total (inflow)			4 132 350	5 665 855	8 361 966	8 223 373	8 387 840	8 555 597	8 726 709	8 901 243	9 079 268	9 260 853
Outflow												
Development cost	60 093 262	90 139 893										
FF&E Reserve			175 995	430 220	847 067	1 152 011	1 175 051	1 198 552	1 222 523	1 246 974	1 271 913	1 297 352
Total (outflow)	60 093 262	90 139 893	175 995	430 220	847 067	1 152 011	1 175 051	1 198 552	1 222 523	1 246 974	1 271 913	1 297 352
Net Cashflow	**-60 093 262**	**-90 139 893**	**3 956 355**	**5 235 635**	**7 514 899**	**7 071 362**	**7 212 789**	**7 357 045**	**7 504 185**	**7 654 269**	**7 807 355**	**7 963 502**
Net Cashflow (Cumulative)	-60 093 262	-150 233 156	-146 276 801	-141 041 166	-133 526 267	-126 454 906	-119 242 117	-111 885 072	-104 380 887	-96 726 618	-88 919 263	-80 955 762

Hotel Return Analysis

Financial Bases

20 Year Cash Flow (Project)

Hotel 20 Year Cashflow Generation

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Free Cashflows (USD)	-20 031 087	-30 046 631	1 318 785	1 745 212	2 504 966	2 357 121	2 404 263	2 452 348	2 501 395	2 551 423	2 602 452	2 654 501	2 707 591	2 761 742	2 816 977	2 873 317	2 930 783	2 989 399	3 049 187	3 110 170	3 172 374	3 235 821
Cumulative Cashflows (USD)	-20 031 087	-50 077 719	-48 758 934	-47 013 722	-44 508 756	-42 151 635	-39 747 372	-37 295 024	-34 793 629	-32 242 206	-29 639 754	-26 985 254	-24 277 663	-21 515 921	-18 698 944	-15 825 627	-12 894 844	-9 905 445	-6 856 258	-3 746 088	-573 714	2 662 107

Combined (With Alternative Uses) 20 Year Cashflow Generation

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Free Cashflows (USD)	-20 031 087	-30 046 631	1 432 866	1 864 316	2 629 219	2 486 517	2 535 601	2 585 656	2 636 703	2 688 760	2 741 849	2 795 989	2 851 198	2 907 497	2 964 908	3 023 452	3 083 153	3 144 032	3 206 113	3 269 421	3 333 978	3 399 810
Cumulative Cashflows (USD)	-20 031 087	-50 077 719	-48 644 853	-46 780 537	-44 151 318	-41 664 800	-39 129 200	-36 543 543	-33 906 841	-31 218 081	-28 476 232	-25 680 244	-22 829 046	-19 921 549	-16 956 641	-13 933 189	-10 850 037	-7 706 005	-4 499 892	-1 230 471	2 103 507	5 503 317

Local Currency (1 USD = TZS 3,000)

Hotel 20 Year Cashflow Generation

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Free Cashflows (TZS)	-60 093 262 319	-90 139 893 479	3 956 354 589	5 235 634 817	7 514 899 202	7 071 361 538	7 212 788 769	7 357 044 544	7 504 185 435	7 654 269 144	7 807 354 527	7 963 501 617	8 122 771 650	8 285 227 083	8 450 931 624	8 619 950 257	8 792 349 262	8 968 196 247	9 147 560 172	9 330 511 376	9 517 121 603	9 707 464 035
Cumulative Cashflows (TZS)	-60 093 262 319	-150 233 155 799	-146 276 801 209	-141 041 166 393	-133 526 267 191	-126 454 905 652	-119 242 116 883	-111 885 072 339	-104 380 886 904	-96 726 617 760	-88 919 263 233	-80 955 761 616	-72 832 989 966	-64 547 762 883	-56 096 831 259	-47 476 881 002	-38 684 531 740	-29 716 335 492	-20 568 775 320	-11 238 263 945	-1 721 142 341	7 986 321 694

Combined 20 Year Cashflow Generation

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Free Cashflows (TZS)	-60 093 262 319	-90 139 893 479	4 298 598 089	5 592 947 990	7 887 657 135	7 459 551 980	7 606 802 068	7 756 968 043	7 910 107 786	8 066 280 330	8 225 545 881	8 387 965 842	8 553 592 914	8 722 490 425	8 894 722 952	9 070 356 348	9 249 457 765	9 432 095 682	9 618 339 931	9 808 261 720	10 001 933 667	10 199 429 821
Cumulative Cashflows (TZS)	-60 093 262 319	-150 233 155 799	-145 934 557 710	-140 341 609 720	-132 453 952 585	-124 994 400 605	-117 387 598 537	-109 630 630 494	-101 720 522 708	-93 654 242 378	-85 428 696 497	-77 040 730 656	-68 487 137 742	-59 764 647 316	-50 869 924 364	-41 799 568 017	-32 550 110 252	-23 118 014 570	-13 499 674 640	-3 691 412 919	6 310 520 748	16 509 950 569

Source: HTI Consulting

Return Analysis – Hotel Only

Developers Returns

Returns Analysis

- We have assumed the Project will be equity funded and have not incorporated any debt financing associated with the Project at this stage.
- When utilising Cap Rate (5.0%) and Discount Rate (7.0%) inputs as per the Tanzania Average Cost of Capital, the 10 Year Project returns increase to 4.6% and 5.5% over a 20 Year period - NPV of USD – 8,594,725 is achieved.
- A few key factors impact on the return. The protracted development timeframe (11-years since development started in 2013) and implications on the development cost (cost escalation, changes to concept, conformity to operator standards, etc.). Furthermore, revenue generation potential is impacted by limited depth in the Mwanza hospitality market as well as a very price sensitive market from a rate perspective. It is important to limit the extent of completion costs as additional development cost will negatively impact on returns. Based on our assessment, there is little value in increasing key count (as market demand is constrained and limited) and additional F&B outlets are not sustainable in the market. The development has progressed beyond the current market capacity and it will likely take several years to fully be absorbed in the market. This has an impact on short-and-medium term returns.

Project Returns based on Tanzania Average Cost of Capital

Project IRR 10 Yr of operations	**4.6%**
Project IRR 20 Yrs of operations	5.5%
Cap Rate	**5.0%**
Discount Rate	**7.0%**
NPV	- 8,594,725 (USD)

Note: The Capitalisation and Discount Rates specified above are as per the Tanzania Average Cost of Capital

Yields Analysis

- The yield (before tax) of 5.3% in the 10th year Again, high development costs, the scale of the development and local market dynamics impact on revenue generating potential and ultimately the weak yield.

Project Yields (2026 – 2035)

EBITDA (000s)	Development costs (000s)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Cash Flows	50 078	1 319	1 745	2 505	2 357	2 404	2 452	2 501	2 551	2 602	2 655
Yields		*2,6%*	*3,5%*	*5,0%*	*4,7%*	*4,8%*	*4,9%*	*5,0%*	*5,1%*	*5,2%*	*5,3%*

Source: HTI Consulting

Addition of Retail and Office Rentals

Introduction and Assumptions

- In this section we have performed revenue projections and prepared statements of profit and loss, cash flows for the tenanted office and retail outlets as proposed. Note we have not been provide with the retail outlet square meterage in the area schedule and have assumed nine units at 50 sqm per unit on average.
- Based on our assessment of Mwanza, office rentals vary between USD 8-10 per sqm on average with Rock City Mall charging up to USD 14 per sqm inclusive of VAT. We have assumed renal amount per square meter of USD 12 and excluded VAT, which takes the net rental amount to around USD 10 per sqm. **Leasing terms in Mwanza's commercial sector are also quite flexible, typically requiring a minimum lease period of six months with a one-month security deposit.**
- Retail rental amounts vary significantly in Mwanza. Retail premises on ground and mezzanine levels are typically let at a rate of TZS 1,000 (USD 6-8) per square meter – excluding VAT. These are typically larger spaces with smaller **retail units in prime location being able to reach a premium** o roughly double the market average, i.e. USD 12-14 per sqm. For this purposes of this exercise we have used an average rental rate of USD 15 per square for the subject property due to the quality of the space and prime location.
- We project the alternative use spaces to generate around USD 114,081 in additional profits to the EBITDA of the hotel during the first year operations. By stabilization in 2028, the retail and office spaces should contribute around USD 124,253 to the bottom line of the hotel.

Summary of Operating Profit and Loss (2026 – 2035) – Offices and Retail

		Dec-2026	Dec-2027	Dec-2028	Dec-2029	Dec-2030	Dec-2031	Dec-2032	Dec-2033	Dec-2034	Dec-2035	Dec-2036	Dec-2037
	USD												
Offices area (sqm)		741	741	741	741	741	741	741	741	741	741	741	741
Average rental	10	10,2	10,3	10,5	10,6	10,8	10,9	11,1	11,3	11,4	11,6	11,8	12,0
		15,0%	12,5%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%
Vacancy rate		15,0%	12,5%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%
Monthly rent		6 402	6 689	6 983	7 088	7 194	7 302	7 411	7 523	7 635	7 750	7 866	7 984
Retail area (sqm) - Banking Hall		450											
Average rental	15,0	15,5	15,7	16,0	16,2	16,4	16,7	16,9	17,2	17,5	17,7	18,0	18,2
		10,0%	7,5%	5,0%									
Vacancy rate													
Revenue month		6 274	6 545	6 823	7 290	7 399	7 510	7 623	7 737	7 853	7 971	8 090	8 212
Total Revenue (USD)		**152 108**	**158 806**	**165 670**	**172 529**	**175 117**	**177 744**	**180 410**	**183 116**	**185 863**	**188 651**	**191 481**	**194 353**
Operational expense	15,0%	22 816	23 821	24 851	25 879	26 268	26 662	27 061	27 467	27 879	28 298	28 722	29 153
Management fee	5,0%	7 605	7 940	8 284	8 626	8 756	8 887	9 020	9 156	9 293	9 433	9 574	9 718
GOP		121 687	127 045	132 536	138 023	140 094	142 195	144 328	146 493	148 690	150 921	153 184	155 482
			4,4%	4,3%	4,1%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	
Fixed Charges													
Insurance	0,0%	-	-	-	-	-	-	-	-	-	-	-	-
Property Tax / Rates	0,0%	-	-	-	-	-	-	-	-	-	-	-	-
Total		-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses													
Capital Reserve		5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
		7 605	7 940	8 284	8 626	8 756	8 887	9 020	9 156	9 293	9 433	9 574	9 718
EBITDA / NOI		**114 081**	**119 104**	**124 253**	**129 397**	**131 338**	**133 308**	**135 307**	**137 337**	**139 397**	**141 488**	**143 610**	**145 765**
Statistics													
GOP		80,0%	80,0%	80,0%	80,0%	80,0%	80,0%	80,0%	80,0%	80,0%	80,0%	80,0%	80,0%
EBITDA		75,0%	75,0%	75,0%	75,0%	75,0%	75,0%	75,0%	75,0%	75,0%	75,0%	75,0%	75,0%

Source: HTI Consulting

Key assumptions findings and analysis for this component includes the following:

As is currently the trend all costs are expected to be passed on to the tenant (water, electricity, etc.) with the land lord required to make repairs and reparation to the buildings;

For this purpose a capital reserve of 5% of total rental income has been assumed throughout the assessed period;

Individual water and electricity metres should be installed in each unit to ensure tenants are billed correctly – alternatively a flat rental charge of USD 2-3 per square meter can be charged to cover basic services – as is the norm in the market.

Financial Bases

Combined Cash Flow (Project) – Hotel, Retail and Offices

- The cash flow generated by the property including retail and office component timeline is presented in the table below from 2024 to 2035. In order to assess the viability of the project including the recommendations made regarding alternative uses of redundant spaces in the hotel. All amounts mentioned are on a pre-tax basis with an average exchange rate of TZS 3,000 to 1 USD incorporated. The additional income generated from these spaces are minor, however, they do not require expensive fit out as their original uses did. This results in reduced development costs as well as a minor additional revenue stream.

Combined Cash Flow USD and TZS (2024 - 2035)

USD (000')	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Inflow												
EBTIDA Before FF&E Reserve Hotel			1 377	1 889	2 787	2 741	2 796	2 852	2 909	2 967	3 026	3 087
EBTIDA before Capital Reserve Tenanted Office/Retail			122	127	133	138	140	142	144	146	149	151
Total (inflow)			**1 499**	**2 016**	**2 920**	**2 879**	**2 936**	**2 994**	**3 053**	**3 114**	**3 175**	**3 238**
Outflow												
Development cost	20 031	30 047										
FF&E Reserve Hotel			59	143	282	384	392	400	408	416	424	432
Capital Reserve Office/Retail			8	8	8	9	9	9	9	9	9	9
Total (outflow)	**20 031**	**30 047**	**66**	**151**	**291**	**393**	**400**	**408**	**417**	**425**	**433**	**442**
Net Cashflow	**-20 031**	**-30 047**	**1 433**	**1 864**	**2 629**	**2 487**	**2 536**	**2 586**	**2 637**	**2 689**	**2 742**	**2 796**
Net Cashflow (Cumulative)	**-20 031**	**-50 078**	**-48 645**	**-46 781**	**-44 151**	**-41 665**	**-39 129**	**-36 544**	**-33 907**	**-31 218**	**-28 476**	**-25 680**

Source: HTI Consulting

TZS (000')	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Inflow												
EBTIDA Before FF&E Reserve Hotel			4 132 350	5 665 855	8 361 966	8 223 373	8 387 840	8 555 597	8 726 709	8 901 243	9 079 268	9 260 853
EBTIDA before Capital Reserve Tenanted Office/Retail			365 060	381 134	397 608	414 070	420 281	426 585	432 984	439 479	446 071	452 762
Total (inflow)			**4 497 410**	**6 046 989**	**8 759 575**	**8 637 442**	**8 808 121**	**8 982 182**	**9 159 693**	**9 340 722**	**9 525 339**	**9 713 615**
Outflow												
Development cost	60 093 262	90 139 893										
FF&E Reserve Hotel			175 995	430 220	847 067	1 152 011	1 175 051	1 198 552	1 222 523	1 246 974	1 271 913	1 297 352
Capital Reserve Office/Retail			22 816	23 821	24 851	25 879	26 268	26 662	27 061	27 467	27 879	28 298
Total (outflow)	**60 093 262**	**90 139 893**	**198 812**	**454 041**	**871 918**	**1 177 891**	**1 201 319**	**1 225 214**	**1 249 585**	**1 274 441**	**1 299 793**	**1 325 649**
Net Cashflow	**-60 093 262**	**-90 139 893**	**4 298 598**	**5 592 948**	**7 887 657**	**7 459 552**	**7 606 802**	**7 756 968**	**7 910 108**	**8 066 280**	**8 225 546**	**8 387 966**
Net Cashflow (Cumulative)	**-60 093 262**	**-150 233 156**	**-145 934 558**	**-140 341 610**	**-132 453 953**	**-124 994 401**	**-117 387 599**	**-109 630 630**	**-101 720 523**	**-93 654 242**	**-85 428 696**	**-77 040 731**

Source: HTI Consulting

Return Analysis – Combined Uses

Developers Returns

Returns Analysis

- When utilising Cap Rate (5.0%) and Discount Rate (7.0%) inputs as per the Tanzania Average Cost of Capital, the 10 Year Project returns increase to 5.2% and 5.9% over a 20 Year period.
- It is key to take note that incorporating alternative uses into the hotel by utilizing redundant spaces may result in a reduction of overall development costs due to savings on fit our costs (this needs to be verified by the Quantity Surveyor) and provides an additional revenue stream. These spaces can be leased out quite profitably as nearly all expenses are passed onto the tenant.

Project Returns based on Tanzania Average Cost of Capital

Project IRR 10 Yr of operations	**5.2%**
Project IRR 20 Yrs of operations	5.9%
Cap Rate	**5.0%**
Discount Rate	**7.0%**
NPV	- 6,324,987 (USD)

Note: The Capitalisation and Discount Rates specified above are as per the Tanzania Average Cost of Capital.

Yields Analysis

- The yield (before tax) of 5.6% in the 10th year (compared to 5.3% for the hotel only). This remains low compared to typical hotel developments as well as other commercial real estate in Tanzania.

Project Yields (2026 – 2035)

+20% on total revenue

EBITDA (000s)	Development costs (000s)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Cash Flows	50 078	1 768	2 287	3 206	3 037	3 097	3 158	3 220	3 283	3 348	3 414
Yields		*3,5%*	*4,6%*	*6,4%*	*6,1%*	*6,2%*	*6,3%*	*6,4%*	*6,6%*	*6,7%*	*6,8%*

+10% on total revenue

EBITDA (000s)	Development costs (000s)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Cash Flows	50 078	1 600	2 075	2 917	2 761	2 815	2 871	2 928	2 985	3 044	3 104
Yields		*3,2%*	*4,1%*	*5,8%*	*5,5%*	*5,6%*	*5,7%*	*5,8%*	*6,0%*	*6,1%*	*6,2%*

Base case scenario

EBITDA (000s)	Development costs (000s)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Cash Flows	50 078	1 433	1 864	2 629	2 487	2 536	2 586	2 637	2 689	2 742	2 796
Yields		*2,9%*	*3,7%*	*5,3%*	*5,0%*	*5,1%*	*5,2%*	*5,3%*	*5,4%*	*5,5%*	*5,6%*

-10% on total revenue

EBITDA (000s)	Development costs (000s)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Cash Flows	50 078	1 267	1 655	2 343	2 213	2 257	2 302	2 347	2 393	2 441	2 489
Yields		*2,5%*	*3,3%*	*4,7%*	*4,4%*	*4,5%*	*4,6%*	*4,7%*	*4,8%*	*4,9%*	*5,0%*

-20% on total revenue

EBITDA (000s)	Development costs (000s)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Cash Flows	50 078	1 102	1 446	2 057	1 942	1 980	2 019	2 059	2 100	2 141	2 183
Yields		*2,2%*	*2,9%*	*4,1%*	*3,9%*	*4,0%*	*4,0%*	*4,1%*	*4,2%*	*4,3%*	*4,4%*

Source: HTI Consulting

Hotel Sensitivity Analysis

SECTION 10

Having outlined the Revenue streams, profitability and returns associated with the hotel development a Sensitivity Analysis of key metrics has been includes to provide insight into how a change (up or down) in a metric can impact the overall viability of a Project.

Sensitivity Analysis is key to any financial decision and is a section Banks and other financiers request when assessing a potential investment opportunity.

Assumptions

Assumptions

- In order to test the volatility of the returns on the project, we ran a sensitivity analysis on 4 variables:
    - ADR
    - Occupancy Rate
    - Development Cost
    - Total Gross Revenue
- Our models analyse the changes in the Project IRR (10 Years) should an increase or decrease of the following occur:
    - 5% and 10% in ADR
    - 3 and 5 percentage points in occupancy
    - 10% and 20% in total development cost
    - 5% and 10% in gross Revenue
- We also analysed the combined effects of the changes on various variables (ADR & occupancy, development cost & gross revenue) in order to have a more realistic view of potential future projections and in order to assess the extent of the impact on project returns.
- The change of 5% and 10% in ADR has been applied on the base data (2022). The base ADR has then been projected at growth rates already applied in the model (which have not been adjusted).
- Changes in occupancy rate and gross revenue has been applied consistently to each year of financial projections.
- The development cost figures used as a base are based on total construction cost for the hotel component only.

Internal Rate of Return

Results

- A decrease of 10.0% in development costs will increase the 10 Year Project IRR to 5.8% which is the best result when changing only one variable. For this reason cognisance should be placed on streamlining construction costs and overall finishing's, without foregoing on quality where possible, as this can contribute to the overall success of the project.
- The combined effect of a reduction in development costs (-10%) and increase in revenues (+10%) has a positive impact on the returns with 10 Year Project IRRs increasing to 7.0%. When increasing both ADR (+10%) and occupancy (+500p), 10 Year Project IRRs improve to 6.4%. This indicates that a higher focus on achieving competitive rates and strong occupancies – if possible – by the management company could significantly contribute to the success of the project.

Revenue & Development Cost Sensitivity

Project IRR – 10 Years

	Development cost				
	110%	105%	100%	95%	90%
Revenue + 10%	4,6%	5,1%	5,7%	6,3%	7,0%
Revenue + 5%	4,0%	4,6%	5,2%	5,8%	6,4%
Base Revenue	3,4%	4,0%	**4,6%**	5,2%	5,8%
Revenue - 5%	2,8%	3,4%	4,0%	4,6%	5,2%
Revenue - 10%	2,2%	2,8%	3,3%	3,9%	4,6%

Source: HTI Consulting

Project IRR – 20 Years

	Development cost				
	110%	105%	100%	95%	90%
Revenue + 10%	5,5%	5,9%	6,3%	6,7%	7,1%
Revenue + 5%	5,2%	5,5%	5,9%	6,3%	6,7%
Base Revenue	4,8%	5,2%	**5,5%**	5,9%	6,4%
Revenue - 5%	4,4%	4,8%	5,1%	5,5%	6,0%
Revenue - 10%	4,0%	4,4%	4,7%	5,1%	5,5%

Occupancy & ADR Sensitivity

Project IRR – 10 Years

	ADR -10%	ADR -5%	Base ADR	ADR +5%	ADR +10%
Occ. +500 bps	4,4%	4,9%	5,4%	5,9%	6,4%
Occ. +300bps	4,0%	4,6%	5,1%	5,6%	6,1%
Base Occ.	3,5%	4,1%	**4,6%**	5,1%	5,5%
Occ. - 300bps	3,0%	3,5%	4,0%	4,5%	5,0%
Occ. - 500 bps	2,6%	3,2%	3,6%	4,1%	4,6%

Source: HTI Consulting

Project IRR – 20 Years

	ADR -10%	ADR -5%	Base ADR	ADR +5%	ADR +10%
Occ. +500 bps	5,4%	5,8%	6,1%	6,4%	6,8%
Occ. +300bps	5,2%	5,5%	5,9%	6,2%	6,5%
Base Occ.	4,9%	5,2%	**5,5%**	5,9%	6,2%
Occ. - 300bps	4,5%	4,9%	5,2%	5,5%	5,8%
Occ. - 500 bps	4,3%	4,6%	4,9%	5,2%	5,5%

Yields

Results

+20% on total revenue

EBITDA (000s)	Development costs (000s)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Cash Flows	50 078	1 618	2 130	3 042	2 866	2 923	2 982	3 041	3 102	3 164	3 227
Yields		*3,2%*	*4,3%*	*6,1%*	*5,7%*	*5,8%*	*6,0%*	*6,1%*	*6,2%*	*6,3%*	*6,4%*

+10% on total revenue

EBITDA (000s)	Development costs (000s)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Cash Flows	50 078	1 468	1 938	2 774	2 611	2 664	2 717	2 771	2 827	2 883	2 941
Yields		*2,9%*	*3,9%*	*5,5%*	*5,2%*	*5,3%*	*5,4%*	*5,5%*	*5,6%*	*5,8%*	*5,9%*

Base case scenario

EBITDA (000s)	Development costs (000s)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Cash Flows	50 078	1 319	1 745	2 505	2 357	2 404	2 452	2 501	2 551	2 602	2 655
Yields		*2,6%*	*3,5%*	*5,0%*	*4,7%*	*4,8%*	*4,9%*	*5,0%*	*5,1%*	*5,2%*	*5,3%*

-10% on total revenue

EBITDA (000s)	Development costs (000s)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Cash Flows	50 078	1 169	1 553	2 236	2 103	2 145	2 188	2 232	2 276	2 322	2 368
Yields		*2,3%*	*3,1%*	*4,5%*	*4,2%*	*4,3%*	*4,4%*	*4,5%*	*4,5%*	*4,6%*	*4,7%*

-20% on total revenue

EBITDA (000s)	Development costs (000s)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Cash Flows	50 078	1 020	1 360	1 968	1 848	1 885	1 923	1 962	2 001	2 041	2 082
Yields		*2,0%*	*2,7%*	*3,9%*	*3,7%*	*3,8%*	*3,8%*	*3,9%*	*4,0%*	*4,1%*	*4,2%*

Source: HTI Consulting

High-Road Scenario

- In addition to the sensitivity analysis conducted on our baseline Financial projections, we have also provided an upside or high-road scenario as requested by the Client. The main changes to the assumptions and inputs relate to upward adjustments to both Occupancy and Rate, with an improved stabilised position. These projections do not constitute what HTI think are achievable, but rather provides an additional improved scenario taking into account the Client and Operator's views on Occupancy and Rate.
- Based on the scenario outlined below, we adjusted occupancy to 45% in Year 1, 55% in Year 2 and stabilizing in Year 3 at 65%. Additional, we adjusted the opening ADR to USD 135, increasing by around USD 5 per year to USD 145 by the stabilized year (increasing in line with inflation thereafter).
- **If the hotel operator manages to attain the targeted occupancy and rates projected by them, and the cost of capital remains as per the stated Tanzania average cost of capital, then the high-road scenario could be achieved.**

Project Returns based on Tanzania Average Cost of Capital

Project IRR 10 Yr of operations	**7.9%**
Project IRR 20 Yrs of operations	7.7%
Cap Rate	**5.0%**
Discount Rate	**7.0%**
NPV	+ 5,506,821 (USD)
Payback Period	Q3 of the 16th Operating Year

***Note: The Capitalisation and Discount Rates specified above are as per the Tanzania Average Cost of Capital**

in USD	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Number of accommodation	183	183	183	183	183	183	183	183	183	183
Overall Occupancy	**45,0%**	**55,0%**	**65,0%**	**65,0%**	**65,0%**	**65,0%**	**65,0%**	**65,0%**	**65,0%**	**65,0%**
Overall ADR	**135**	**140**	**145**	**148**	**151**	**154**	**157**	**160**	**163**	**166**
Hotel REVPAR	60,65	77,12	94,21	96,09	98,01	99,97	101,97	104,01	106,09	108,21
Total Revenue (000's)	**6 768**	**8 912**	**11 193**	**11 416**	**11 645**	**11 878**	**12 115**	**12 357**	**12 605**	**12 857**
Total Departmental Costs	2 697	3 434	4 201	4 286	4 371	4 459	4 548	4 639	4 732	4 826
Department Operating Profit (000's)	**4 071**	**5 478**	**6 991**	**7 131**	**7 273**	**7 419**	**7 567**	**7 719**	**7 873**	**8 030**
Departmental Operating Profit %	60,2%	61,5%	62,5%	62,5%	62,5%	62,5%	62,5%	62,5%	62,5%	62,5%
Overhead Expenses (000"s)	1 895	2 344	2 742	2 797	2 853	2 910	2 968	3 028	3 088	3 150
Gross Operating Profit	**2 176**	**3 134**	**4 249**	**4 334**	**4 421**	**4 509**	**4 599**	**4 691**	**4 785**	**4 881**
Gross Operating Profit %	**32,2%**	**35,2%**	**38,0%**	**38,0%**	**38,0%**	**38,0%**	**38,0%**	**38,0%**	**38,0%**	**38,0%**
Base Management Fees (000's)	101,5	133,7	167,9	228,3	232,9	237,6	242,3	247,1	252,1	257,1
Adjusted GOP (000's)	2 024	2 936	4 002	3 945	4 024	4 104	4 187	4 270	4 356	4 443
Adjusted GOP %	29,9%	32,9%	35,8%	34,6%	34,6%	34,6%	34,6%	34,6%	34,6%	34,6%
Incentive Fees (000's)	141,7	205,5	280,2	276,2	281,7	287,3	293,1	298,9	304,9	311,0
Income before Fixed Charges (000's)	**1 882**	**2 730**	**3 722**	**3 669**	**3 742**	**3 817**	**3 893**	**3 971**	**4 051**	**4 132**
Insurance (000's)	75,1	76,6	78,2	79,7	81,3	82,9	84,6	86,3	88,0	89,8
Property Tax/Rates (000's)	100,2	102,2	104,2	106,3	108,4	110,6	112,8	115,0	117,3	119,7
FF&E Reserve (000's)	67,7	178,2	335,8	456,7	465,8	475,1	484,6	494,3	504,2	514,3
EBITDA (000's)	**1 639**	**2 373**	**3 204**	**3 026**	**3 087**	**3 149**	**3 211**	**3 276**	**3 341**	**3 408**
EBITDA %	24,2%	26,6%	28,6%	26,5%	26,5%	26,5%	26,5%	26,5%	26,5%	26,5%
Yield	*3,3%*	*4,7%*	*6,4%*	*6,0%*	*6,2%*	*6,3%*	*6,4%*	*6,5%*	*6,7%*	*6,8%*

- When using the Tanzania Average Cost of Capital inputs, an IRR of 7.9% over 10-years and 7.7% over 20-years is achieved.
- The payback period is reduced to Q3 of the 16th year of operations and overall yield is stronger.
- Project NPV improves to USD 5,5 million

Overall Viability and Conclusion

SECTION 13

Having undertaken a full Market and Financial Feasibility, this section will outline the salient points that indicate an overall viable (or not) investment opportunity with regards to the Subject Hotel in Mwanza.

Investment SWOT

Strengths

- Positive economic outlook for the Tanzania with bold infrastructure projects and progress in the oil and gas sector
- Mwanza the second largest city in Tanzania and holds strategic administrative and economic importance
- Strong location near the Mwanza CBD
- Expanse of land parcel and facilities
- Largest hotel and most extensive conference venues in Mwanza
- Strength of Owner and network/reach within the government sector

Opportunities

- Opportunity to become the market leader in Mwanza in terms of size, quality and facilities on offer – will set a new standard for the market
- Will be the only internationally branded hotel in the market – providing guests with comfort in terms of consistent quality and service
- Conference component, if priced correctly, can consolidate events being hosted in the market at the subject hotel
- If competitively priced, the subject Hotel is likely to consolidate room demand in the market
- Employment development and job creation through inclusion of professional hotel management company
- Extensive conference facilities are sufficient to cater to long term needs of the market

Weaknesses

- Market performance is relatively poor
- Limited depth in Mwanza hospitality market
- Hotel is dependent on conference demand and must accommodate all segments of demand to achieve sustainable occupancy – thus impacting on rate
- Substantial rate sensitivity in market
- Hotel concept and design exceeds that of market need in Mwanza

Threats

- Pandemics and other disasters
- Cut in government conference and travel expenditure would weaken demand for the development
- Large size is reliant on conference business as well as government and NGOs (which tends to have lower rates) - declines in conference demand can result in unsustainable occupancy levels and weakened returns
- Price sensitivity in the market – reductions or imposed limitations on accommodation and conferencing spends and allowances may impact rates adversely
- Additional supply entering the market will put severe pressure on the market as a whole, possibly leading to even more rate discounting in the market
- Weakened returns if completion costs exceed viable levels

Source: HTI Consulting

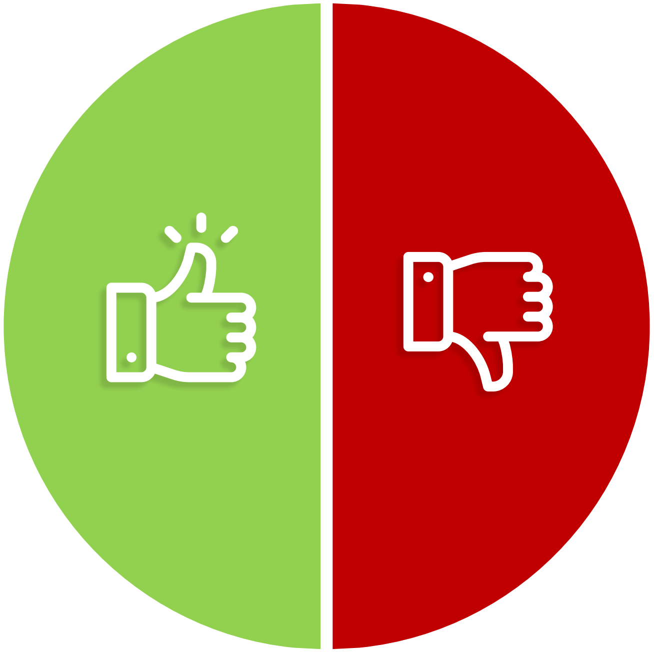
Overall Viability

Project Strengths vs Risks

- Although there is development opportunity within the Mwanza hospitality market, the limited depth of hotel supply and price sensitive market impacts on overall performance of the project. Furthermore, the scope and design of the project exceeds that of what the market requires – thus development costs are high relative to revenue generated and yields achieved.

Project Strengths

- ✓ Mwanza's economy is likely to benefit from both local initiatives as well as major strategic projects regionally and in Tanzania
- ✓ Mwanza the second largest city in Tanzania and holds strategic administrative and economic importance
- ✓ Strong location near the Mwanza CBD
- ✓ Largest hotel and most extensive conference venues in Mwanza
- ✓ Strength of Owner and network/reach within the government sector
- ✓ First internationally branded hotel in the market
- ✓ Hotel likely to be able to consolidate market demand from other poorer quality hotels in the vicinity



Source: HTI Consulting

Project Risks

- × Hotel will have a significant impact on market performance
- × Limited buy-in from leisure STO market as Mwanza is not seen as an attractive entry point to the Serengeti compared to more established markets like Arusha
- × In order to attain sustainable occupancy levels, the hotel must cater to a wide variety of demand segments, thus impacting rate due price sensitivity and allowances / per diems among certain segments of the market
- × Hotel design, scale and facilities included exceed that currently required by the market – we noted several redundancies
- × Large room count can limit occupancy maximisation
- × High estimated improvement construction and completion costs – impacting on viability and returns of the project

Overall Viability and Conclusion

Overall Viability

Risk Mitigation

- We have provided below critical factors to consider regarding continued investment in the asset:
  - **Development in advanced stage and nearly complete:** With the project sitting at around 80% completion (having completed the bulk of construction), the bulk of construction cost required to complete the project relates to fit-out and OS&E. Not completing the project will result in significant sunk costs that would be very difficult to recuperate.
  - **Compliance with operator standards and fire, life & safety:** Some internal reconfiguration and additions are required in order to comply with operator standards as well as FLS requirements - directly impacting on safety standards and potential liability that could originate from non-compliance. Non-compliance will result in the potential inability to appoint an international operator to manage the property, requiring the Client to seek alternative local / regional operators or to manage the property themselves (which is a considerable risk).
  - **Disposal not an option:** It is unlikely that the development costs spent to date would be recovered through disposal. An incoming buyer would likely buy the asset at a significant discount given its lengthy construction timeframe, market risks (secondary nature of the market) as well buyer adjustments to construction / completion risks associated with the project. Should the Client wish to dispose of the asset, it is unlikely that the construction costs spent to date would be recouped.
  - **Optimization of scheme to improve sustainability:** As noted in this report, the project has several redundancies in terms of facilities offered and are over specified in terms of market demand. We have recommended alterations to improve to limit operational inefficiencies and further unwarranted capital expenditure that will impact on performance and returns.
  - **Market dominance:** The project will be the first and only branded property in the market that is managed by international hotel operator. It will be the first and only international standard product in the Mwanza market. The Hotel will offer the largest number of rooms in the market as well as offer the most extensive conference facilities in the market – future proofing the asset. If appropriately priced, the Hotel should have the ability to consolidate and displace demand from poorer quality products in the market.
  - **Market demand:** Based on our assessment, market demand exists for an additional Hotel in Mwanza. Medium-to-Long term market fundamentals are positive. The issue is not whether the market exhibits potential for a development of this nature, but rather the size and development costs of the project that is impacting on performance and returns.
  - **Further delays keeping the door open for the entry of competitors:** The protracted development timeframe of the project has led to the entry of additional market competition. This is likely to continue should further delays occur, increasing competition and diluting potential market share.
- Based on the above, the following risk mitigating factors should be considered in order to preserve project returns:
  - **Ongoing project management and cost control:** It is critical that the final stages of construction and fit-out be closely monitored and managed in order to avoid any delays and cost overruns.
  - **Active asset management:** The Client should consider appointing an independent asset manager for at least the initial years of operations in order to ensure the operator achieves budget and build-up the necessary skillset internally required to navigate complexities relating to the management and ownership of a complex real estate asset such as a hotel.
  - **Consider alternative uses for redundant uses to diversify revenue streams:** Alternative uses such as offices and small retail space could assist in diversifying and bolstering revenue generating ability.
  - **Limitation of cost overruns and further delays to completion:** The final stages of the project will be critical in order to ensure effective cost control and timeous opening – mitigating further cost overruns and delays in opening.

Overall Viability

Conclusion

- Taking into consideration the above project risk assessment, coupled with the upside case financial projections and the balance of estimated completion costs, the proposed investment achieves **an overall Project IRR of 7.7% achieved on a 20 year basis.**
- It is of critical importance that any additional cost associated with completion of the project be kept to a minimal and that the concept be adjusted accordingly in order to reduce completion and fit-out costs.
- If the hotel operator manages to attain the targeted occupancy and rates projected by them, and the NSSF's cost of capital remains at the stated Tanzania average cost of capital, then the high-road scenario could be achieved.
- ***Taking into account the factors listed on the previous slide, the most prudent option would be to complete the project. Regardless of project performance and returns, disposal is not likely to result in recuperation of construction cost spent to date. The most pragmatic approach would be to complete the project in order to generate income from the asset.***